

Sarama Resources Ltd

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2025 and 2024

(Expressed in United States Dollars)

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Sarama Resources Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Sarama Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company recorded a loss of \$2,779,504 and had a net cash outflow from operating activities of \$1,957,857 during the year ended December 31, 2025, and, as of that date, the Company had available cash of \$865,855 and a deficit of current assets over current liabilities of \$1,013,917. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

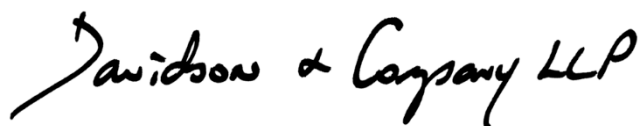
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

March 31, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"). Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, consistent with reasonable cost, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognises its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Andrew Dinning"
Executive Chairman
March 31, 2026

(signed) "Lui Evangelista"
CFO
March 31, 2026

Sarama Resources Ltd
An Exploration Stage Company
Consolidated Statement of Financial Position
Expressed in United States Dollars

	Note	As at December 31, 2025 \$	As at December 31, 2024 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	865,855	1,148,675
Security deposits		23,385	21,713
Other receivables		25,661	30,047
Prepayments		21,077	24,402
Total current assets		<u>935,978</u>	<u>1,224,837</u>
Non-current assets			
Plant and equipment	6	5,633	13,197
Total non-current assets		<u>5,633</u>	<u>13,197</u>
Total assets		<u>941,611</u>	<u>1,238,034</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	16	1,257,791	1,239,772
Provision for employee entitlements		204,976	139,884
Derivative liability	8	487,128	49,379
Total current liabilities		<u>1,949,895</u>	<u>1,429,035</u>
Non-current liabilities			
Provision for employee entitlements		295	41,998
Total non-current liabilities		<u>295</u>	<u>41,998</u>
Total liabilities		<u>1,950,190</u>	<u>1,471,033</u>
DEFICIENCY			
Share capital	8(b)	63,262,916	61,513,987
Share-based payments reserve	8(d)	5,577,508	5,322,513
Accumulated losses		(69,849,003)	(67,069,499)
Total deficiency		<u>(1,008,579)</u>	<u>(232,999)</u>
Total liabilities and deficiency		<u>941,611</u>	<u>1,238,034</u>

Nature of operations and going concern (Note 1)

Arbitration proceeding (Note 18)

These consolidated financial statements are authorised for issue by the Board of Directors on March 31, 2026.

They are signed on the Company's behalf by:

(Signed) "Andrew Dinning" Andrew Dinning, Director

(Signed) "Simon Jackson" Simon Jackson, Director

The accompanying notes are an integral part of these consolidated financial statements.

Sarama Resources Ltd
An Exploration Stage Company
Consolidated Statement of Loss and Comprehensive Loss
Expressed in United States Dollars

	Note	Year ended December 31, 2025	Year ended December 31, 2024
Income			
Interest income		33,489	18,479
Gain on disposal of assets		-	53,705
Gain on disposal of subsidiaries	3	-	152,769
Total income		<u>33,489</u>	<u>224,953</u>
Expenses			
Accounting and audit		52,519	21,870
Depreciation	6	2,945	4,476
Directors' fees	17	87,491	96,219
Exploration expenditure as incurred	4	1,326,142	1,288,894
Fair value (gain) / loss on warrants carried at fair value through profit or loss	8	207,146	(26,416)
Finance charges		11,335	4,380
Foreign exchange (gain) / loss		38,541	(26,949)
Impairment of royalty		-	23,130
Insurance		37,032	35,231
Marketing and investor relations		31,687	4,367
Office and general		174,030	168,575
Professional fees		301,996	322,035
Salaries	17	432,679	656,717
Share of losses of associate	7	-	1,836,171
Stock-based compensation	8(f), 17	102,597	88,449
Travel		6,853	10,675
Total expenses		<u>2,812,993</u>	<u>4,507,824</u>
Loss and comprehensive loss for the year		<u>2,779,504</u>	<u>4,282,871</u>
Basic and diluted loss per share	14	(0.7) cents	(1.9) cents
Weighted average number of shares			
Basic and diluted		407,401,733	222,137,453

The accompanying notes are an integral part of these consolidated financial statements.

Sarama Resources Ltd
An Exploration Stage Company
Consolidated Statement of Cash Flows
Expressed in United States Dollars

		Year ended December 31, 2025	Year ended December 31, 2024
	Note		
Cash flows from operating activities			
Payments to suppliers and employees		(1,017,539)	(786,210)
Payments for exploration and evaluation		(973,807)	(553,481)
Interest received		33,489	18,479
Net cash used in operating activities	15	(1,957,857)	(1,321,212)
Cash flows from investing activities			
Purchase of plant and equipment	6	(5,667)	(1,363)
Proceeds from sale of plant and equipment		-	53,705
Proceeds from disposal of subsidiaries	3	-	160,000
Net cash from / (used in) investing activities		(5,667)	212,342
Cash flows from financing activities			
Common shares and warrants issued for cash		1,763,440	2,000,114
Payment of share issue costs		(128,953)	(146,935)
Net cash from financing activities		1,634,487	1,853,179
Net increase / (decrease) in cash and cash equivalents		(329,037)	744,309
Net foreign exchange differences		46,217	(88,155)
Cash and cash equivalents at beginning of the year		1,148,675	492,521
Cash and cash equivalents at end of the year		865,855	1,148,675
Supplemental cash flow information (Note 15)			

The accompanying notes are an integral part of these consolidated financial statements.

Sarama Resources Ltd
An Exploration Stage Company
Consolidated Statement of Changes in Equity (Deficiency)
Expressed in United States Dollars

	Number of common shares	Share capital (Note 7)	Share-based payments reserve	Accumulated losses	Total
		\$	\$	\$	\$
Balance at December 31, 2023	181,422,169	58,959,589	5,160,207	(62,786,628)	1,333,168
Loss and comprehensive loss for the year	-	-	-	(4,282,871)	(4,282,871)
Issue of shares (8(b))	166,515,646	2,801,633	-	-	2,801,633
Fair value of share issue ascribed to warrants and recorded as derivative liability (8(b))	-	(55,525)	-	-	(55,525)
Share issuance costs (8(b))	-	(191,710)	-	-	(191,710)
Stock-based acquisition	-	-	73,857	-	73,857
Stock-based compensation - options (8(d)(i))	-	-	88,449	-	88,449
Balance at December 31, 2024	347,937,815	61,513,987	5,322,513	(67,069,499)	(232,999)
Loss and comprehensive loss for the year	-	-	-	(2,779,504)	(2,779,504)
Issue of shares (8(b))	115,132,706	2,260,883	-	-	2,260,883
Fair value of share issue ascribed to warrants and recorded as derivative liability (8(b))	-	(230,603)	-	-	(230,603)
Share issuance costs (8(b))	-	(281,351)	-	-	(281,351)
Stock-based broker warrants	-	-	152,398	-	152,398
Stock-based compensation - options (8(d)(i))	-	-	102,597	-	102,597
Balance at December 31, 2025	463,070,521	63,262,916	5,577,508	(69,849,003)	(1,008,579)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Sarama Resources Ltd (the “Company” or “Sarama”) was incorporated on April 8, 2010, under the laws of the Province of British Columbia, Canada. The Company’s address is Unit 8, 245 Churchill Avenue, Subiaco, Western Australia, Australia 6008. The Company’s registered office address is Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver BC, Canada, V6C 3E8. The Company is listed on the TSX Venture Exchange (“TSXV”) under the symbol “SWA” and on the Australian Securities Exchange (“ASX”) under the symbol “SRR”.

ASX uses an electronic system called CHESS for the clearance and settlement of trades on ASX. The Company is incorporated in British Columbia, Canada, and the requirements of British Columbia law are such that registered shareholders have the right to receive a stock certificate, with such requirement not permitting the CHESS system of holding uncertificated securities. Accordingly, to enable companies such as the Company to have their securities cleared and settled electronically through CHESS, depositary instruments called CDIs are issued. CDIs represent the beneficial interest in the underlying shares in a foreign company such as the Company and are traded in a manner similar to shares of Australian companies listed on ASX. Each CDI is equivalent to one Share.

Statement of compliance

These consolidated financial statements have been prepared in United States Dollars.

The board of directors of the Company have approved these consolidated financial statements on March 31, 2026.

Business Activities

The consolidated entity, consisting of Sarama Resources Ltd. and its subsidiaries is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties. As at December 31, 2025, the Company is in the process of exploring its principal mineral properties and has not yet determined whether the properties contain gold reserves that are economically recoverable.

The consolidated financial statements for the year ended December 31, 2025, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company’s interest in equity accounted investments.

Basis of Presentation

These consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through profit or loss and in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Going Concern

The consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the consolidated financial statements for the year ended December 31, 2025, the Company recorded a loss of \$2,779,504 and had a net cash outflow from operating activities of \$1,957,857. As at December 31, 2025, the Company had available cash of \$865,855 and a deficit of current assets over current liabilities of \$1,013,917.

The Directors have reviewed cashflow forecasts for the upcoming period and assessed that the Company will need to complete a capital raising or obtain alternative sources of financing to support forecast future cashflows over the relevant period of twelve months from the anticipated date of signing of these financial statements. A process is currently being conducted to determine the likely timing and quantum of these future sources of funding.

Should this capital raising or alternative source of financing not eventuate, or not eventuate on a sufficiently timely basis, there is a material uncertainty that may cast significant doubt as to whether the consolidated entity will

Sarama Resources Ltd
An Exploration Stage Company
Notes to the Consolidated Financial Statements
Expressed in United States Dollars unless otherwise stated

continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

2. MATERIAL ACCOUNTING POLICIES

a) Standards and Interpretations applicable to December 31, 2025

In the year ended December 31, 2025, the Directors have reviewed all the new and revised Standards and Interpretations issued by the IASB that are relevant to the consolidated entity and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the consolidated entity's accounting policies.

b) Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the year ended December 31, 2025. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the consolidated entity and, therefore, no change is necessary to the consolidated entity's accounting policies.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure of Financial Statements (IFRS 18), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three defined categories of operating, investing and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes.

IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and early application is permitted. The Company is currently assessing the effect of this new standard on its financial statements.

c) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at December 31, 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities over which the Company has control (Note 12). The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

d) Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of each of the Company's consolidated entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The

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consolidated financial statements are presented in United States dollars (“USD”), which is the Company’s functional and presentation currency.

(b) Transactions and Balances

Monetary assets and liabilities of the Company are translated into USD at the exchange rate in effect at balance date while non-monetary assets and liabilities, revenues and expenses are translated using exchange rates in effect at the time of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented separately in profit or loss for the financial year.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair-value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Functional Currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the balance date,
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

e) Financial Instruments

Cash and cash equivalents are classified as current assets and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places the majority of its cash holdings with an Australian financial institution which has a high credit rating.

Non-derivative financial assets and liabilities

The Company has the following non-derivative financial assets and liabilities:

- i. **Receivables**
Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value, less any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.
- ii. **Financial assets at fair value through profit or loss (FVTPL)**
Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit or loss. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.
- iii. **Amounts payable and other accrued liabilities**

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Such financial liabilities are recognised initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method if significant.

f) Exploration and Evaluation Assets

Mineral exploration, evaluation, and acquisition costs are expensed as incurred based upon each area of interest. Where a decision has been made to proceed with development in respect of a particular area of interest, all future costs are recorded as a development asset.

g) Impairment of Plant and Equipment

At the end of each reporting period, the carrying amounts of the Company's plant and equipment are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of these assets is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value-of-money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised within profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

h) Plant and Equipment

The cost of all plant and equipment is stated at historical cost less depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Assets are depreciated over their estimated useful service lives using the straight-line method as follows:

Office equipment	4 years
Plant and equipment	3 years
Motor vehicles	4 years

i) Stock-based Compensation

The fair value of share purchase options or warrants granted is determined by the Black-Scholes option pricing model using estimates for the volatility of the trading price of the Company's stock, the expected lives of share purchase options awarded, the fair value of the Company's shares and the risk-free interest rate.

For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date on which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The estimated fair value of awards of share purchase options is charged to expense over the vesting period, with offsetting amounts to equity. If the share purchase options are granted for past services, they are expensed immediately. If the share purchase options are forfeited prior to vesting, no amounts are charged to expense. If share purchase options are exercised, then the fair value of the options is reclassified from stock-based compensation reserve to share capital.

At each reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share purchase options or warrants that are expected to vest. The corresponding entry is recognised in the stock-based compensation reserve.

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Expressed in United States Dollars unless otherwise stated

j) Basic and Diluted Earnings/Loss per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the result attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share does not adjust the profit or loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

k) Share Warrants

In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency, and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value through profit or loss in accordance with the requirements of IAS 32 Financial Instruments: Presentation. The financial liability will be accounted for at fair value through profit or loss until such time that the warrants are exercised or lapse, at which point the liability will be transferred to equity.

l) Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date applicable to the period of expected realisation or settlement.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

m) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. Refer to note 13 for further information.

n) Critical Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below.

Measurement of warrants and stock options

The Company determines the fair value of both warrants and options classified as liabilities at fair value through profit or loss using the Black-Scholes Model. Note 8 provides detailed information about the key assumptions used in the determination of the fair value of options and warrants.

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3. GAIN ON DISPOSAL OF SUBSIDIARIES

	December 31, 2025	December 31, 2024
	\$	\$
Gain on disposal of subsidiaries		
Proceeds on sale of subsidiaries	-	160,000
Less net assets disposed	-	(7,231)
	-	152,769

During the year ended December 31, 2024, the Company divested two entities; Burkina Faso Holdings Limited (the holding entity) and its wholly owned subsidiary operating in Burkina Faso - Sarama Faso SARL.

4. EXPLORATION

	Cosmo Project, Western Australia, Australia	Mt Venn Project, Western Australia, Australia	Sanutura Project Burkina Faso	Total
	2025			
Acquisition	43,597	269,522	-	313,119
Camp	2,167	3,398	7,540	13,105
Drilling	-	7,908	-	7,908
Geochemistry	231,453	32,487	-	263,940
Geological	212,257	101,473	-	313,730
Native Title	10,642	61,387	-	72,029
Government fees	93,005	58,369	-	151,374
Administration	-	-	190,937	190,937
Expenditure incurred during the year	593,121	534,544	198,477	1,326,142
	2024			
Acquisition	592,473	-	-	592,473
Camp	-	-	57,421	57,421
Drilling	-	-	-	-
Geochemistry	75,657	-	-	75,657
Geological	285	-	-	285
Native Title	101,735	-	-	101,735
Government fees	51,868	-	-	51,868
Administration	-	-	409,455	409,455
Expenditure incurred during the year	822,018	-	466,876	1,288,894

Cosmo Project

During the year ended December 31, 2024, the Company acquired an 80% interest in the Cosmo Gold Project (the “**Cosmo Project**”) in Western Australia from Cosmo Gold Limited (“**Cosmo**”) and Adelong Gold Limited (“**Adelong**”). Sarama, through a wholly owned subsidiary, was also granted the right to acquire the remaining 20% interest within a 2-year period post completion (the “**Transaction**”).

- Consideration for the acquisition of the 80% interest in the Cosmo Project was as follows;
 - issuance of 25 million shares in Sarama (in the form of CDIs) to Adelong (Note 8(b));

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- issuance of 7.5 million unlisted options to acquire shares in Sarama (in the form of CDIs) to Adelong (2-year expiry, A\$0.05/option strike price, converting on 1:1 basis) (Note 8(b));
 - payment of A\$50,000 to Cosmo within 21 days of execution of the acquisition (paid);
 - payment of A\$50,000 to Cosmo upon Sarama receiving shareholder approval for the transaction (paid);
 - payments relating to Native Title Access Agreements totalling approximately A\$112,000 (paid);
 - payments relating to statutory tenement fees totalling approximately A\$76,000 (paid); and
 - payments relating to exploration activities totalling approximately A\$139,000 (paid).
- Upon completion of the Transaction, Sarama (via its subsidiary) and Cosmo will form an unincorporated joint venture (“JV”) (in respect of Cosmo’s current interest in the Project) with key terms as follows:
 - initial participating interests of 80% Sarama / 20% Cosmo;
 - Sarama shall ‘free carry’ Cosmo’s interest in the JV and will solely fund all JV activities through to a ‘decision to mine’ being made;
 - Sarama shall assume initial operatorship of the Project and will have the right to determine direction of JV activities;
 - for a minimum period of 24 months following completion of the Transaction, Sarama undertakes to maintain the Project tenements in ‘good standing’, including satisfying all expenditure conditions and payment of all tenement-related fees, administrative costs and assuming Cosmo’s obligations (including cost responsibility) under certain third-party agreements;
 - following a ‘decision to mine’ being made, Sarama and Cosmo must each fund all expenditure under the JV on a pro-rata basis, with standard provisions for dilution in the event a party does not fund its pro-rata share;
 - in the event a party’s interest in the JV falls below 10%, the party’s interest will automatically convert to 0.5% net smelter return royalty; and
 - within the period of 24 months following completion of the Transaction, Sarama has the right to purchase Cosmo’s 20% interest in the JV for A\$1.25M, which may be satisfied by either a cash payment or shares (CDIs) in Sarama.

Mt Venn Project

During the year ended December 31, 2025, the Company and its 100% subsidiary acquired an 80% interest in the Mt Venn Project from Orbminco Limited (“Orbminco”), with the remaining 20% interest continuing to be held by Cazaly Resources Limited (ASX: CAZ). The Project is operated under an unincorporated joint venture (“JV”) and Sarama, via a 100%-owned subsidiary, is operator and manager of the JV. Orbminco does not hold any residual interest in the Project.

Consideration for Sarama, via a 100%-owned subsidiary, acquiring all of Orbminco’s 80% interest in the Mt Venn Project was as follows:

- Cash payment of A\$20,000 for exclusivity fee to Orbminco (paid);
- Issuance to Orbminco of the 12,000,000 CDIs (Note 8(b)); and
- Cash payments on behalf of Orbminco for project annual exploration licence government rental fees totalling approximately A\$39,900 (paid).

The JV agreement grants Sarama’s subsidiary exclusive right of access to the Mt Venn Project to conduct exploration and feasibility activities.

Sarama’s subsidiary is responsible for all costs incurred by the JV until the completion of a Pre-Feasibility Study on the Mt Venn Project (the “**Free Carry Period**”). At that point, Cazaly may elect to start contributing its pro-rata share of future JV expenditure to maintain its 20% interest, or alternatively, elect to withdraw from the JV. In the event that Cazaly withdraws, its interest will be transferred to Sarama’s subsidiary and it will be granted a 2% net smelter return (“NSR”) royalty on minerals extracted from the Mt Venn Project.

Following the end of the Free Carry Period and in the event Cazaly has elected to contribute its pro rata share of Mt Venn Project costs, the JV participants will be subject to industry standard ‘contribute or dilute’ provisions in respect of their interests. In the event a JV participant’s interest falls below 5%, it will be deemed to have

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withdrawn from the JV and its interest automatically converted to a 2% NSR royalty on minerals extracted from the Mt Venn Project.

Sanutura Project

Since 2023, the Company has been in dispute with the Government of Burkina Faso regarding the illegal withdrawal of its rights to the Tankoro permit within the Sanutura Project. The Company is pursuing arbitration (refer Note 18) under the Agreement between the Government of Canada and the Government of Burkina Faso for the Promotion and Protection of Investments.

5. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
	\$	\$
Cash at bank and in hand	111,831	22,533
Deposits at call	754,024	1,126,142
	865,855	1,148,675

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made on a rolling overnight basis and earn interest at the respective short-term deposit rates.

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 9.

6. PLANT AND EQUIPMENT

	December 31, 2025			
	Plant and Equipment	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Opening net book value	6,140	4,020	3,037	13,197
Additions	-	-	5,667	5,667
Depreciation	(5,932)	(4,020)	(3,279)	(13,231)
Closing net book value	208	-	5,425	5,633
Cost	109,612	28,922	253,158	391,692
Accumulated Depreciation	(109,404)	(28,922)	(247,733)	(386,059)
Closing net book value	208	-	5,425	5,633

Depreciation is allocated within the statement of loss as follows.

Depreciation: \$2,945 (2024: \$4,476)

Exploration expenditure as incurred: \$10,286 (2024: \$14,338)

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	December 31, 2024			
	Plant and Equipment	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Opening net book value	13,734	13,659	6,704	34,097
Additions	-	-	1,363	1,363
Disposals at Cost	(115,086)	(69,855)	(526)	(185,467)
Disposal – Accum depn	109,877	69,855	526	180,258
Impairment at Cost	(29,070)	-	-	(29,070)
Impairment – Accum depn	29,070	-	-	29,070
Depreciation	(2,385)	(9,639)	(5,030)	(17,054)
Closing net book value	6,140	4,020	3,037	13,197
Cost	109,612	28,922	247,491	386,025
Accumulated Depreciation	(103,472)	(24,902)	(244,454)	(372,828)
Closing net book value	6,140	4,020	3,037	13,197

7. INVESTMENT IN ASSOCIATE

The Company has determined that it has significant influence over Joint Venture BFI Inc., a joint venture focussed on the exploration and evaluation of the Karankasso Project (“the Project”) in Burkina Faso, as it holds 17.45% (2024: 17.58%) of the voting power as well as holding 2 out of the 4 Board positions. The Company’s interest is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on IFRS financial statements, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below. The Company has not made any additional contributions during the year ended December 31, 2025.

Summarised statement of financial position of Joint Venture BFI Inc.:

	December 31, 2025	December 31, 2024
	\$	\$
Current assets	301,970	189,812
Non-current assets	-	-
Current liabilities	(75,058)	(103,850)
Non-current liabilities	(5,632,412)	(5,443,813)
Equity	(5,405,500)	(5,357,851)
Reconciliation to carrying amount of investment		
Company’s share of equity	(943,260)	(944,589)
Plus additional contributions	1,365,851	1,365,851
	422,591	421,262
Notional premium on acquisition by JV	(422,591)	(421,262)
Karankasso Project Joint Venture– at cost	-	-
Reconciliation of carrying amount of investment		
	December 31, 2025	December 31, 2024
	\$	\$
Opening carrying amount	1,836,171	1,836,171
Share of loss after tax	(1,836,171)	(1,836,171)
Closing carrying amount	-	-

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As the share of equity associated losses exceeds the Company's interest in the investee, the investment has been written down to nil.

8. SHARE CAPITAL

(a) Authorised Share Capital

At December 31, 2025, the authorised share capital comprised an unlimited number of common shares without par value.

(b) Issued Share Capital

Details	2025 Number of shares	2025 \$	2024 Number of shares	2024 \$
Balance at January 1	347,937,815	61,513,987	181,422,169	58,959,589
Issue of shares under private placement (i), (ii), (iii), (v), (viii)	90,000,000	1,763,440	119,166,666	2,003,913
Issue of shares for debt (iv), (vii)	13,132,706	247,173	22,348,980	299,163
Issue of shares for acquisition of exploration projects (vi), (ix)	12,000,000	250,270	25,000,000	498,557
Share issuance costs	-	(281,351)	-	(191,710)
Fair value warrants issued	-	(230,603)	-	(55,525)
Balance December 31 (net of costs)	463,070,521	63,262,916	347,937,815	61,513,987

(i) Private Placement April 2024

On April 16, 2024, the Company closed Tranche 2 of its A\$520,000 equity placement ("**April 24 Placement**"). The second and final Tranche of the April 24 Placement raised aggregate gross proceeds of A\$50,000 with the Company issuing 2,500,000 CDIs at an issue price of A\$0.02 per CDI. Each new CDI issued will rank equally with existing CDIs on issue and each CDI will represent a beneficial interest in one common share of the Company.

(ii) Private Placement Tranche 1 - June 2024

On June 24, 2024, the Company closed tranche 1 of its A\$1m equity placement ("**Placement**"). Tranche 1 of the Placement raised aggregate gross proceeds of A\$900,000 with the Company issuing 45,000,000 CDIs at an issue price of A\$0.02 per CDI. Tranche 2 of the Placement will consist of the remaining 5,000,000 CDIs.

(iii) Private Placement Tranche 2 - September 2024

On September 12, 2024, the Company closed tranche 2 of its A\$1m equity placement ("**Tranche 2 Placement**"). Tranche 2 Placement raised aggregate gross proceeds of A\$100,000 with the Company issuing 5,000,000 CDIs at an issue price of A\$0.02 per CDI.

(iv) Shares for Debt – September 2024

On September 16, 2024, the Company completed the issue of shares in part settlement of deferred executive salaries and director fees (the "**Shares for Debt**"). The Shares for Debt arrangement comprised the issue of 22,348,980 CDIs at a fair value of A\$0.02 per CDI, equivalent to A\$446,980 (US\$299,163).

(v) Private Placement Tranche 1 - November 2024

On November 27, 2024, the Company closed Tranche 1 of its private placement (the "**Placement**") raising proceeds of A\$2.0m by issuing 66,666,666 CDIs at an issue price of A\$0.03 per CDI. Tranche 2 of the Placement will consist of 16,666,666 free attaching unlisted warrants (each a "Placement Warrant") and 14,000,000 broker warrants (each a "Broker Warrant" and together with the Placement Warrants, the "Warrants"), with each Warrant exercisable at A\$0.09 and expiring on 30 November 2028.

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(vi) *Shares for Acquisition of Cosmo Gold Project - December 2024*

On December 4, 2024, the Company completed the acquisition of a majority interest in the Cosmo Gold Project (the “Project”) in Western Australia with the Company issuing 25,000,000 CDIs at an issue price of A\$0.031 per security, for consideration of A\$775,000 (US\$498,557). The Company also issued 7,500,000 warrants (exercisable at A\$0.05/warrant for a period of 2-years after issue and converting to Sarama CDIs at a rate of 1:1) (Note 4).

(vii) *Shares for Debt – February 2025*

On February 10, 2025, the Company completed the issue of shares in part settlement of deferred executive salaries and director fees (the “**Shares for Debt**”). The Shares for Debt arrangement comprised the issue of 13,132,706 CDIs at a fair value of A\$0.03 per CDI, equivalent to A\$393,981 (US\$247,173).

(viii) *Private Placement July 2025 – Oct 2025*

On July 8, 2025, the Company closed Tranche 1 of its private placement (the “**Placement**”) raising proceeds of A\$2.6m by issuing 86,666,667 CDIs at an issue price of A\$0.03 per CDI. Tranche 2 (“**Tranche 2**”) of the Placement consisted of 30,000,000 free attaching unlisted options (each a “**Placement Option**”) and 19,166,666 broker options (each a “**Broker Option**” and together with the Placement Options, the “**Options**”), with each Option exercisable at A\$0.09 and expiring on 30 November 2028. Tranche 2 of the Placement consisted of 3,333,333 CDIs and 1,111,111 attaching options (which are included in the total number of Placement Options specified above) to a director, Mr Andrew Dinning (“**Director CDIs**”). The Broker Options and 28,888,889 Placement Options were issued on October 7, 2025. The CDIs and options issued to Mr Dinning were issued on October 21, 2025. Funds received from Tranche 2 was A\$100,000.

(ix) *Shares for Acquisition of Mt Venn Gold Project – July 2025*

On July 22, 2025 the Company completed the acquisition of a majority interest in the Mt Venn Project (the “Project”) in Western Australia with the Company issuing 12,000,000 CDIs at a fair value of A\$0.032 per security, for consideration of A\$384,000 (US\$250,270) (Note 4).

(c) **Warrants**

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (A\$)
Balance – December 31, 2023	19,030,183	0.21
Issued	7,500,000	0.05
Expired	(6,530,183)	0.29
Balance – December 31, 2024	20,000,000	0.13
Issued	79,833,332	0.09
Expired	(2,500,000)	0.27
Balance – December 31, 2025	97,333,332	0.09

The Company has issued warrants as part of its capital raising and exploration programs. The details of all warrants still on issue are detailed below.

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Warrant issue	Total Warrants Issued	Exercise Price (A\$)	Estimated fair value of warrants (A\$)	Estimated fair value per warrant (A\$)	Expiry Date
<u>Acquisition Warrants issued</u>					
December 5, 2024 (e)	7,500,000	0.05	42,269	0.005	December 5, 2026
<u>Broker Warrants issued</u>					
February 10, 2025 (c)	14,000,000	0.09	71,625	0.005	November 30, 2028
October 7, 2025 (a)	19,166,666	0.09	233,446	0.012	November 30, 2028
Sub Total	40,666,666		347,340	0.009	
<u>Shareholder Warrants issued</u>					
April 13, 2023	6,875,000	0.15	327,460	0.048	April 13, 2026
June 14, 2023	1,312,180	0.15	30,368	0.023	June 14, 2026
June 21, 2023	1,812,820	0.15	35,236	0.019	June 21, 2026
February 10, 2025 (d)	16,666,666	0.09	85,268	0.005	November 30, 2028
October 7, 2025 (b)	28,888,889	0.09	340,158	0.003	November 30, 2028
October 21, 2025 (b)	1,111,111	0.09	13,083	0.003	November 30, 2028
Sub Total	56,666,666		831,573	0.015	
Total Warrants	97,333,332		1,178,193	0.012	

- a) 19,166,666 broker warrants were issued on October 7, 2025, to a broker assisting a private placement conducted by the Company in July 2025, at an exercise price of A\$0.09 each and expire on November 30, 2028. The warrants were issued at a fair value of US\$152,398 (A\$233,446)
- b) A total of 30,000,000 shareholder warrants were issued with 28,888,889 being issued on October 7, 2025 and 1,111,111 being issued on 21 October 2025, in relation to a private placement conducted by the Company in July 2025. The warrants are exercisable at A\$0.09 and expire on November 30, 2028. The warrants were issued at a fair value of US\$230,603 (A\$353,241)
- c) 14,000,000 broker warrants were issued on February 10, 2025, to brokers assisting a private placement conducted by the Company in November 2024, at an exercise price of A\$0.09 each and expire on November 30, 2028. As the service to which the warrants related was completed at the time of the placement, the value of the warrants has been recorded in the prior year. The warrants were issued at a fair value of US\$46,641 (A\$71,625)
- d) 16,666,666 shareholder warrants were issued on February 10, 2025, in relation to a private placement conducted by the Company in November 2024. The warrants are exercisable at A\$0.09 and expire on November 30, 2028. As the warrants were promised during the placement to shareholders, the value of the warrants has been recorded in the year ended December 31, 2024. The warrants were issued at a fair value of US\$55,525 (A\$85,268)

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- e) 7,500,000 acquisition warrants were issued to Adelong Gold Limited, as directed by Cosmo Gold Limited (“**Cosmo**”), on December 5, 2024, as part consideration of definitive agreement executed by the Company and Cosmo on August 13, 2024, for the acquisition of an initial 80% interest in the Cosmo Gold project in Western Australia. The warrants were issued at an exercise price of A\$0.05 expiring on December 5, 2026, at a fair value of \$27,216 (A\$42,269).

The fair value of the acquisition warrants are recognised within the share-based payments reserve, within the equity section of the financial statements, in accordance with IFRS 2.

The fair value of shareholder warrants are recognised as a derivative liability in the financial statements in accordance with IAS 32. As the exercise price of the warrants is denominated in Australian dollars (“AUD”), which is different from the Company’s functional currency (United States dollars (“USD”)), the warrants do not meet the "fixed-for-fixed" criteria under IAS 32, Financial Instruments: Presentation. Consequently, the warrants are classified as a derivative financial liability.

The derivative liability was initially measured at its fair value on the date of issuance and is subsequently re-measured at each reporting date. Unrealized gains and losses arising from the re-measurement are recognized in the consolidated statement of loss and comprehensive loss.

The following table illustrates the changes in the derivative liability for the year:

	Number of Warrants issued in CAD	Number of Warrants issued in AUD	Carrying amount in USD
Balance – December 31, 2023	4,863,517	10,000,000	22,136
Warrants Issued		16,666,666	55,525
Warrants Expired	(4,863,517)	-	-
Changes in fair value of derivative liability	-	-	(28,282)
Balance – December 31, 2024	-	26,666,666	49,379
Warrants Issued		30,000,000	230,603
Warrants Expired	-	-	-
Changes in fair value of derivative liability	-	-	207,146
Balance – December 31, 2025	-	56,666,666	487,128

The fair value of the derivative warrant liability as at December 31, 2025, and at issuance was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2025	At issuance
Risk-free interest rate	2.58%	2.92 - 4.22%
Volatility	81%	46 - 64%
Expected life	0.3 to 2.9 years	3 to 4 years
Expected dividend yield	0%	0%

The fair value of the warrants recognised in the financial statements has been estimated using the Black-Scholes Option-Pricing Model at inception with the following assumptions:

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Warrant issue	Price of Security on issue date	Risk – free interest rate	Expected dividend yield	Expected stock price volatility	Remaining warrant life
Broker Warrants issued October 7, 2025	A\$0.03	2.92%	0%	85%	35 months
Shareholder Warrants issued October 7, 2025, and October 21, 2025	A\$0.03	2.92%	0%	85%	35 months
Broker Warrants issued February 10, 2025	A\$0.03	2.98%	0%	54%	35 months
Shareholder Warrants issued February 10, 2025	A\$0.03	2.98%	0%	54%	35 months
Acquisition Warrants issued December 5, 2024	A\$0.03	3.03%	0%	55%	11 months
Shareholder Warrants issued June 21, 2023	A\$0.08	4.22%	0%	62%	6 months
Shareholder Warrants issued June 14, 2023	A\$0.08	4.15%	0%	61%	6 months
Shareholder Warrants issued April 13, 2023	A\$0.12	3.59%	0%	64%	4 months

(d) Company Stock Option Plan

The Company has a stock option plan (the “**Plan**”) that provides for the issuance of up to 10% of the issued and outstanding shares of the Company. The board of directors is authorised to set the exercise price, expiry date, and vesting provisions for each grant, subject to the policies of the TSX Venture Exchange. The plan provides for a maximum grant period of ten years. Options can be exercised at any time prior to their expiry date.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price (A\$)
Balance – December 31, 2023	12,690,000	0.23
Granted	9,900,000	0.03
Expired	(3,158,336)	0.39
Balance – December 31, 2024	19,431,664	0.10
Granted	4,550,000	0.04
Expired	(2,721,665)	0.22
Balance – December 31, 2025	21,259,999	0.07

As at December 31, 2025 the following stock options were outstanding and exercisable:

Grant Date	No.	Exercise Price	Expiry Date
April 20, 2023 (fully vested)	6,809,999	A\$0.16	April 20, 2026
July 23, 2024 (fully vested)	9,900,000	A\$0.03	July 23, 2027
April 2, 2025 (fully vested)	4,550,000	A\$0.04	April 2, 2028
	21,259,999		

4,550,000 options were granted in the period ended December 31, 2025 (period ended December 31, 2024: 9,900,000).

For the period ended December 31, 2025, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock-based compensation as follows:

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	April 2, 2025
Total options granted	4,550,000
Exercise price	A\$0.04
Estimated fair value of compensation recognised	\$52,765
Balance to be recognised over remaining vesting period	\$nil
Estimated fair value per option	A\$0.02

The fair value of the stock-based compensation recognised in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following assumptions:

	April 2, 2025
Share price of underlying security on date of grant	A\$0.034
Risk-free interest rate	2.45%
Expected dividend yield	0%
Expected stock price volatility	90%
Expected option life in years	3 years

The share price volatility is based on historical data and reflects the assumption that historical volatility over a period similar to the life of the option is indicative of future trends, which may not necessarily be indicative of exercise patterns that may occur.

No options were exercised in the year ended December 31, 2025 (December 31, 2024: Nil).

2,721,665 options expired in the year ended December 31, 2025 at a weighted average exercise price and life of C\$0.20 and 3 years respectively (period ended December 31, 2024: 3,158,336 options expired at a weighted average exercise price and life of C\$0.35 and 3 years respectively).

(e) Equity Incentive Plan

The Company has an equity incentive plan that provides for the issuance of equity incentives, together with any other security-based compensation arrangements, of up to 10% of the issued and outstanding shares at any time. The Board of directors is authorised to determine which directors, officers, employees or consultants are eligible to receive equity incentives ('Awards') under the Equity Incentive Plan; determine conditions under which Awards be granted, vested or exercised, including the expiry date, exercise price and vesting schedule of the Equity Incentives, and determine the number of Shares to be covered by any Award.

Details are as follows:

Grant Date	Restricted Share Units ("RSUs")		Performance Share Units ("PSUs")	
	Outstanding	Vested	Outstanding	Vested
April 11, 2025	2,310,000	-	9,240,000	-

The Awards are subject to the following vesting conditions:

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Vesting Condition	Expiry Date	Number of incentives
No lost time injuries from the date of grant until the expiry date at any of the Company's projects	11 April 2026	1,155,000
20 day VWAP reaches a minimum of A\$0.06/share for a continuous period of 10 trading days	11 April 2028	4,042,500
Drill program returns 3 or more downhole intersection of a minimum of 20gm gold at the Cosmo Project or Mt Venn Project, with a minimum cut-off grade of 0.5 grams per tonne of gold and a minimum intercept length of 1 metre.	11 April 2028	1,155,000
The announcement of a Maiden Mineral Resource Estimate in accordance with the JORC Code of 200,000 ounces of gold at a 0.5g/t gold cut off of at least the Inferred category.	11 April 2028	2,887,500
Continuous service of 18 months from date of grant	11 October 2026	2,310,000

RSUs

Each RSU is redeemable into one common share of the Company.

During the period ended December 31, 2025, the Company granted 2,310,000 RSUs (December 31, 2025 – nil) at an average fair value of A\$0.029 (December 31, 2024 – nil) each to employees of the Company. The RSUs will vest upon continuous service eighteen months after the grant date.

During the period ended December 31, 2025, no (December 31, 2024 – nil) RSUs were redeemed for an equal number of common shares of the Company, and no (December 31, 2024 – nil) unvested RSUs were forfeited.

PSUs

Each PSU is redeemable into one common share of the Company.

During the period ended December 31, 2025, the Company granted 9,240,000 PSUs (December 31, 2024 – nil) at an average fair value of A\$0.027 (December 31, 2024 – nil) each to employees of the Company. The PSUs will vest upon meeting certain conditions as follows;

- twelve months after the grant date (1,155,000 PSUs)
- within three years after the grant date (8,085,000 PSUs)

During the period ended December 31, 2025, no (December 31, 2024 – nil) PSUs were redeemed for an equal number of common shares of the Company, and no (December 31, 2024 – nil) unvested PSUs were forfeited.

(f) Stock-Based Compensation

The following table summarizes stock-based compensation expense by unit type:

	2025	2024
	\$	\$
Stock Options	52,765	88,449
Restricted share units	20,489	-
Performance share units	29,343	-
Total stock-based compensation	102,597	88,449

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9. INCOME TAXES

<i>A reconciliation of the income tax at statutory rates is as follows:</i>	December 31, 2025	December 31, 2024
	\$	\$
Loss for the year before income tax	(2,779,504)	(4,282,871)
“Prima facie” income tax benefit at 27% (2024: 27%)	(750,466)	(1,156,375)
Tax effect of permanent differences:		
Stock – based payments	27,701	23,881
Foreign exchange (gains) / losses	12,288	(3,871)
Fair value gain on warrants carried at fair value through profit or loss	55,929	(7,132)
Capital raising costs	(88,798)	(56,383)
Non-deductible exploration expenses	7,118	49,702
Deferred tax assets not brought to account	736,228	1,150,178
Income tax benefit	-	-
Deferred tax assets and liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax liabilities:	-	-
Deferred tax assets:		
Tax losses	5,637,296	4,747,315
Exploration expenditure	9,815,209	8,555,308
	15,452,505	13,302,623
Deferred tax assets not recognised	(15,452,505)	(13,302,623)
Deferred tax assets recognised at December 31	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses - Canada	5,194,758	4,622,177
Tax losses - Australia	317,162	-
Tax losses - Burkina Faso	125,376	125,138
Exploration expenditure	9,815,209	8,555,308
	15,452,505	13,302,623

10. FINANCIAL INSTRUMENTS

The Company is exposed to financial risks through the normal course of its business operations. The key risks impacting the Company’s financial instruments are considered to be foreign currency risk, interest rate risk, liquidity risk, credit risk and equity price risk. The Company’s financial instruments exposed to these risks are cash and short-term deposits, receivables, trade payables and investments in foreign operations.

The executive management team monitors the financial instrument risk to which it is exposed and assesses the impact and likelihood of those risks on an ongoing basis. Where material, these risks are reported and reviewed by the board of directors.

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(a) Fair Values

The fair value of the Company's financial instruments approximates their carrying values due to the immediate or short-term maturity of these financial instruments. The Company's financial assets and liabilities are measured and recognised at fair value as at December 31, 2025 according to the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities (level 1),
- (b) quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability (level 2), and
- (c) prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity) (level 3).

(b) Financial Instrument Risk Exposure

Foreign currency risk

The Company has international operations in Australia, West Africa, namely Burkina Faso, and an administrative office in Western Australia. The multiple locations expose the Company to foreign exchange risk as detailed below:

- Canadian dollar (CAD) – primary source of Company funding and its corporate and regulatory costs.
- Australian dollar (AUD) – administrative costs in Western Australia.
- Euro and Communauté Financière Africaine Francs (CFA) – funding of African operations.

Management's policy is to actively manage foreign exchange risk. Management mitigates foreign exchange risk by continuously monitoring forecasts and spot prices of foreign currency and holding foreign currency based on expected future expenditure commitments.

The carrying amounts of the Company's financial assets and liabilities are denominated in USD, except as set out below:

	As at December 31, 2025		
	AUD	CAD	Euro
	\$	\$	€
Cash and cash equivalents	1,234,765	4,588	30,630
Payables	1,007,822	267,247	26,418
	<hr/>		
	As at December 31, 2024		
	AUD	CAD	Euro
	\$	\$	€
Cash and cash equivalents	1,817,543	3,338	16,216
Payables	1,409,460	248,476	26,870

Sensitivity

Based on the financial instruments held as at December 31, 2025, had the US dollar weakened/strengthened by 10% against the AUD, CAD or Euro, with all other variables held constant, the Company's losses/gains for the year would have been mainly as a result of foreign exchange gains/losses in translation of foreign denominated currencies. The following table summarises the sensitivity of the Company's cash and cash equivalents to changes in foreign exchange rates.

The Company's exposure to other foreign exchange movements is not material.

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	As at December 31, 2025		
	AUD \$	CAD \$	Euro €
USD Strengthened by 10%	(75,000)	(304)	(3,269)
USD Weakened by 10%	91,667	372	3,995
	As at December 31, 2024		
	AUD \$	CAD \$	Euro €
USD Strengthened by 10%	(23,015)	15,505	1,006
USD Weakened by 10%	28,129	(18,950)	(1,230)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable.

The Company has reduced its credit risk by holding all of its cash and cash equivalents with an Australian financial institution, whose Moody's Investor Service rating is Aa2, except for working capital requirements in West Africa.

Liquidity risk

Ultimate responsibility for liquidity risk rests with the Board of Directors, who oversee a liquidity risk management framework for the management of the Company's funding and liquidity requirements.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are adequate funds available to meet its operating and growth objectives. The Company relies on issuance of shares to fund exploration programs and will most likely issue additional shares in the future.

Interest rate risk

The Company is exposed to interest rate risk as entities in the Company deposit funds at both short-term fixed and floating rates of interest. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at variable rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responding to changes in economic conditions and the risk characteristics of the underlying

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assets. There were no changes in the Company's approach to capital management during the year ended December 31, 2025. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable. The Company is not subject to externally imposed capital requirements.

The properties in which the Company currently has interests are in the exploration stage. As such, the Company does not recognise revenue from its exploration properties. The Company's historical source of capital has consisted of the issue of equity securities, options and warrants. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is exposed to various funding and market risks which could curtail its access to funds.

12. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name of entity	Country of Incorporation	Class of shares	Functional Currency	Equity holding %	
				2025	2024
Yikarri Resources Pty Ltd	Australia	Ordinary	USD	100	100
Sarama Investments Ltd	British Virgin Islands	Ordinary	USD	100	100
Sarama Investments (No.2) Limited	British Virgin Islands	Ordinary	USD	100	100
Sarama Investments Mali Limited	British Virgin Islands	Ordinary	USD	100	100
Vasto Mining Limited	British Virgin Islands	Ordinary	USD	100	100
SWA BF No.3 Investments Limited	British Virgin Islands	Ordinary	USD	100	100
Sarama Mining Burkina SUARL	Burkina Faso	Ordinary	USD	100	100
SWA SARL	Burkina Faso	Ordinary	USD	100	100
Eburnean Resources Limited – Burkina SARL	Burkina Faso	Ordinary	USD	100	100
Pedsam Mining Limited (Liberia)	Liberia	Ordinary	USD	100	100

13. SEGMENT REPORTING

The Company consider the Board of Directors to be the chief operating decision maker.

The Company has one business segment, being the acquisition, exploration and potential development of mineral properties. The Company has operations in two geographic area, being Australia and Burkina Faso.

As at and for the year ended December 31, 2025

	Burkina Faso	Australia	Corporate	Total
	\$	\$	\$	\$
Plant and equipment	342	-	5,291	5,633

As at and for the year ended December 31, 2024

	Burkina Faso	Australia	Corporate	Total
	\$	\$	\$	\$
Plant and equipment	10,628	-	2,569	13,197

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14. BASIC AND DILUTED LOSS PER SHARE

	December 31, 2025	December 31, 2024
	Cents per share	Cents per share
Basic and diluted loss per share	(0.7)	(1.9)
	\$	\$
Net loss used in calculating basic/diluted loss per share	(2,779,504)	(4,282,871)
Weighted average number of shares on issue during the period used in the calculation of basic loss per share	407,401,733	222,137,453

Diluted loss per share as at December 31, 2025 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after tax to net cash flows from operations

	December 31, 2025	December 31, 2024
	\$	\$
Loss for the year	(2,779,504)	(4,282,871)
Depreciation	13,231	17,055
Fair value loss / (gain) on warrants carried at fair value through profit or loss	207,146	(26,416)
Disposal costs	-	7,231
Share of losses of associates	-	1,836,171
Impairment of royalty	-	23,130
Stock-based exploration	250,270	526,146
Stock-based compensation	102,597	88,449
Movements in provisions	-	(11,849)
Net exchange differences – (gain)/loss	45,512	(14,339)
Net cash outflows used in operating activities before change in working capital	(2,160,748)	(1,837,293)
Change in working capital	202,891	516,081
Net cash outflows used in operating activities	(1,957,857)	(1,321,212)

16. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
	\$	\$
Accounts payable	349,150	248,574
Directors' fees	24,695	42,996
Deferred salaries	542,179	657,052
Annual leave entitlements	341,767	291,150
	<u>1,257,791</u>	<u>1,239,772</u>

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Deferred salaries and annual leave entitlement (together “employee entitlements”) relate to 3 key management personnel, and each have agreed a contract variation to their employment agreement whereby:

- i) if an employment contract is terminated, the employee will not enforce immediate payment of their employee entitlements.
- ii) the variation remains in place until January 1, 2027.
- iii) in the event this employment agreement is terminated by either party prior to January 1, 2027, the employee agrees to convert any employee entitlements payable into an unsecured loan from the Company with interest accrued based on 90 day bank bill swap rate plus 8%.
- iv) if the Company is subject to a change of Control event, the loan becomes due and payable immediately.
- v) In the event a Change of Control event occurs this variation terminates immediately.

17. RELATED PARTY TRANSACTIONS

Parent Entity

Sarama Resources Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 12.

Associates

Interests in associates are set out in Note 7.

Transactions with related parties

The following remuneration to Key Management Personnel was recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Year	Salary (2) \$	Directors’ Fees \$	Stock-based compensation \$	Pension value (1) \$	Total compensation \$
2025	708,732	87,491	102,597	49,457	948,367
2024	736,272	96,219	88,449	61,466	982,406

Notes:

- (1) The Company is required by applicable law in Australia to make an annual contribution of 12% (effective from July 1, 2025) of gross annual salary to the nominated superannuation funds of Australian employees. Subject to the prevailing legislation, employees are able to elect a higher rate at which the Company contributes. The Company contributes to superannuation funds of Australian resident named executive officers (NEO) at a rate of 12% of base salary per year, in addition to the base salary. The Company does not provide defined benefit plans or other pension entitlements for any of its employees.
- (2) The salaries of key management personnel are paid in Australian and Canadian dollars and are therefore subject to currency variation when converted to United States dollars.

Receivable from and payable to related parties

The following transactions occurred with related parties:

	December 31, 2025	December 31, 2024
	\$	\$
Current payables:		
Directors’ fees	24,695	42,996
Deferred salaries	542,179	657,052
Accounts payable	148,757	-

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

18. ARBITRATION PROCEEDINGS – LITIGATION FUNDING

In October 2024, the Company advised that it had entered into a Litigation Funding Agreement (“LFA”) with Locke Capital II LLC, an arm’s length party that specializes in providing funding for dispute resolution (the “Funder”) to commence international arbitration proceedings in relation to its investment dispute (the “Dispute”) with the Government of Burkina Faso. (refer announcement October 24, 2024)

The LFA provides a four-year non-recourse loan facility (“Facility”) of US\$4.4 million to the Company to cover all fees and expenses related to its Claim to Arbitration (the “Claim”). If there is no settlement or award (or no default by Sarama under the LFA), the Company does not have an obligation to repay the loan. In the event of the occurrence of a material adverse change under the LFA, the Funder shall be entitled to recover only those funds which were advanced but remain unspent.

The Company has engaged Boies Schiller Flexner (UK) LLP (“BSF”), a leading international law firm, to assist with legal matters pertaining to the Dispute. The costs incurred by BSF are presented to the Company for approval prior to being submitted for payment by the Funder.