

24 October 2024



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# SARAMA RESOURCES SECURES FUNDING FOR BURKINA FASO ARBITRATION CLAIM

## *Paves the Way for Lodgement of Substantial Damages Claim*

**VANCOUVER, CANADA / PERTH, AUSTRALIA.** Sarama Resources Ltd. (“**Sarama**” or the “**Company**”) (ASX:SRR, TSX-V:SWA) is pleased to advise that it has 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 (the “**Government**”).

The Dispute pertains to the illegal withdrawal of the Company’s rights to the Tankoro 2 Exploration Permit (the “**Permit**”) (*refer news release 5 September 2023*). The Permit covered the Tankoro Deposit which was the focal point of the Company’s Sanutura Project (the “**Project**”) which featured a multi-million ounce gold resource.

### **Litigation Funding Agreement**

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**”).

Security of the Facility is limited to the Claim, associated potential proceeds and all benefits arising from the property and assets of the subsidiary companies comprising the ownership chain (the “**Chain**”) pertaining to the Project (*refer Annual Information Form, 2 April 2024*). The Facility has been structured to enable the Company to continue to operate and consolidate its business outside the Chain without encumbrance or lien from the LFA.

All monies advanced through the Facility are non-recourse and repayable only in the event of a successful Claim or settlement of the Dispute that results in the receipt of Proceeds (“**Proceeds**”) by the Company or in the event of a default by Sarama under the LFA. 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 Funder’s return is directly tied to the successful award and settlement of the Claim, with the total amount payable being a function of time and total Proceeds received. The priorities for distribution of received Proceeds are set out in the LFA and where commercially and legally sensitive, shall remain confidential.

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. A detailed budget has been approved as part of the LFA, which covers all expected legal and ancillary costs associated with the arbitration process.

### **Plans for Arbitration**

On 29 November 2023, the Company issued a Notice of Intent to Submit Claims to Arbitration under a bilateral investment treaty between Canada and Burkina Faso. The Government of Burkina Faso did not respond substantively to the Company’s efforts to reach an amicable resolution of the dispute. With funding to support legal costs secured, the Company is now preparing to lodge a Request for Arbitration with the World Bank’s International Centre for Settlement of Investment Disputes (“**ICSID**”). The Company will seek full compensation for the loss suffered which may

#### **AUSTRALIA**

Suite 8, 245 Churchill Avenue  
Subiaco, Western Australia 6008

PO Box 575, Subiaco  
Western Australia 6904

T +61 (0) 8 9363 7600  
F +61 (0) 8 9382 4309

E [info@saramaresources.com](mailto:info@saramaresources.com)  
ARBN: 143 964 649

[www.saramaresources.com](http://www.saramaresources.com)

include, but will not be limited to, the value of the Permit, the value of the Company's historic investments in the Project, the value of the Project at the time the Permit was withdrawn and damages the Company has suffered as a direct result of the Government's actions. The Project hosted a multi-million-ounce gold resource which was the subject of a substantially complete Preliminary Economic Assessment and fast-tracked development study at the time of the Government's illegal actions.

The Company has engaged Boies Schiller Flexner (UK) LLP ("**BSF**"), a leading international law firm, to assist with legal matters pertaining to the dispute (*refer news release 17 October 2023*). BSF is an internationally recognised dispute resolution law firm with extensive experience representing investors in international investment arbitrations in the mining and natural resources sectors worldwide.

## **Background to Claim**

On 31 August 2023, the Company received notification from the Minister of Energy, Mines and Quarries of Burkina Faso (the "**Minister**") that the Company's application for the Permit, received in August 2021 and granted to Sarama in November 2021 had been purportedly "rejected", even though the previous Minister had approved the Permit in accordance with the applicable laws nearly two years prior.

On 6 September 2023, during his public presentation at the Africa Down Under Mining Conference in Perth, the Minister, Simon-Pierre Boussim, stated that the Permit was available for purchase. Based on the notification from the Minister and his subsequent actions, the Company was forced to interpret the Minister's letter of 25 August 2023 as withdrawing the Company's rights to the Permit. The Minister did not respond to subsequent correspondence from the Company on the matter.

The unlawful withdrawal of the Permit by the Minister, resulting in the removal of the rights to the land conferred thereunder, has rendered the Project valueless to Sarama, consequently destroying the value of the Company's investment in the Project.

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### **Sarama's President, CEO & MD, Andrew Dinning, commented:**

"The establishment of a non-recourse funding facility to cover all expenses related to the Company's arbitration case represents a major step forward in its pursuit of redress for the substantial damages suffered as a result of the Government of Burkina Faso's illegal actions.

Sarama's legal representatives, Boies Schiller Flexner, are highly experienced and have a very successful track record in international investment disputes, including an arbitration claim brought by Indiana Resources (ASX:IDA) against Tanzania which saw the company recently receive the first tranche of a US\$90M settlement.

The Company will now proceed with filing a Request for Arbitration and intends to prosecute its case to the fullest extent possible."

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For further information, please contact:

Company Activities

**Andrew Dinning** or **Paul Schmiede**

Sarama Resources Ltd

e: [info@saramaresources.com](mailto:info@saramaresources.com)

t: +61 8 9363 7600

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The Company will file a material change report setting out key features of the LFA, which will be available under Sarama's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

This announcement has been authorised by the Board of Sarama Resources.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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### **CAUTION REGARDING FORWARD LOOKING INFORMATION**

*Information in this news release that is not a statement of historical fact constitutes forward-looking information. Such forward looking information includes, but is not limited to: the sufficiency and continued availability of funding for arbitration; statements regarding the possibility of initiating international arbitration proceedings in accordance with the bilateral investment treaty between Canada and Burkina Faso; the impact, if any, of the actions of the Government on the Company's investments in mineral projects in Burkina Faso; the ability for the Company to successfully recover proceeds of an award or settlement from Burkina Faso; the filing of the material change report; the occurrence of an event of default or material adverse change under the LFA; and providing further information in due course. Actual results may vary from the forward-looking information due to known and unknown risks, uncertainties and other factors. Such factors include, among others, risks related to the uncertainty as to the outcome of arbitration; the success of the Claim; foreign country and political risks, including risks relating to foreign operations and expropriation or nationalization of mining operations; delays in obtaining or failure to obtain governmental permits, or non-compliance with permits; as well as those factors disclosed in the Company's publicly filed documents. Readers should not place undue reliance on forward-looking information.*

*Sarama does not undertake to update any forward-looking information, except as required by applicable laws.*