



**Notice of Annual and Special Meeting of Shareholders**

**and**

**Management Information Circular**

**For Meeting to be held on June 22, 2015**

**East Africa Metals Inc.**  
Suite 700, 1055 West Georgia Street  
Vancouver, British Columbia  
V6E 3P3

May 8, 2015

## EAST AFRICA METALS INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of the holders of common shares of East Africa Metals Inc. (the “**Company**”) will be held at Suite 700, 1055 West Georgia Street, Vancouver, British Columbia on June 22, 2015 at 10:00 a.m. (Vancouver time) for the following purposes:

1. To receive and consider the Company’s audited consolidated financial statements and management’s discussion and analysis of the Company for the year ended December 31, 2014, together with the report of the auditors thereon;
2. To elect the directors of the Company for the ensuing year;
3. To appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year;
4. To consider and, if deemed appropriate, pass, with or without variation, a resolution to approve the amended and restated stock option plan, as described in the accompanying management information circular;
5. To consider and, if deemed appropriate, pass, with or without variation, a resolution to approve the Company’s 10% rolling stock option plan, as amended, as described in the accompanying management information circular; and
6. To transact such further or other business as may properly come before the Meeting and any adjournments thereof.

This notice is accompanied by a management information circular, a financial statement request form, and either a form of proxy for registered shareholders or a voting instruction form for beneficial shareholders. A copy of the audited consolidated financial statements and management’s discussion and analysis of the Company for the year ended December 31, 2014, were previously mailed on April 29, 2015 to shareholders who requested such documents. Shareholders are able to request to receive copies of the Company’s annual and/or interim financial statements and related management’s discussion and analysis by marking the appropriate box(es) on the request for financial statements. The audited consolidated financial statements and management’s discussion and analysis of the Company for the year ended December 31, 2014, are otherwise available upon request to the Company or they can be found under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.eastafricametals.com](http://www.eastafricametals.com).

The board of directors of the Company has by resolution fixed the close of business on May 8, 2015 as the record date, being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

The board of directors of the Company has by resolution fixed 10:00 a.m. (Vancouver time) on June 18, 2015, or no later than 48 hours before the time of any adjourned meeting (excluding Saturdays, Sundays and holidays), as the time before which proxies to be used or acted upon at the Meeting or any adjournment thereof shall be deposited with the Company’s transfer agent.

**DATED** at Vancouver, British Columbia this 8<sup>th</sup> day of May, 2015.

By Order of the Board of Directors

*“Andrew Lee Smith”*

Andrew Lee Smith  
Chief Executive Officer

**Registered shareholders who are unable to attend the Meeting are requested to complete, date, sign and return their form of proxy in the enclosed envelope. If you are a non-registered shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.**

**EAST AFRICA METALS INC.**

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V6E 3P3

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**MANAGEMENT INFORMATION CIRCULAR**

Unless otherwise stated, the information contained in this management information circular is as of May 8, 2015 and dollar amounts referenced herein are expressed in Canadian dollars, unless otherwise stated.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The Company is providing this management information circular and either a form of proxy for registered shareholders or a voting instruction form for non-registered shareholders (see below under "Non-Registered Shareholders") in connection with management's solicitation of proxies for use at the annual and special meeting (the "**Meeting**") of holders of common shares (the "**Common Shares**") of the Company to be held at Suite 700 – 1055 West Georgia Street, Vancouver, British Columbia on June 22, 2015 at 10:00 a.m. (Vancouver time) and at any adjournments thereof. References in this management information circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Company and the Company may use the services of an outside proxy solicitation agency to solicit proxies. The costs of solicitation will be borne by the Company.

**Completion and Return of Proxies**

Completed proxies must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., either at its office at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by facsimile transmission to 1-866-249-7775, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

**Appointment and Revocation of Proxies**

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company's transfer agent indicated on the enclosed envelope no later than 10:00 a.m. (Vancouver time) on June 18, 2015, or no later than 48 hours before the time of any adjourned meeting (excluding Saturdays, Sundays and holidays).**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the registered office of the Company (Suite 700 – 1055 West Georgia Street, Vancouver, British Columbia V6E 3P3) at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting prior to its commencement or in any other manner permitted by law.

**Only registered shareholders have the right to revoke a proxy in this manner. Non-Registered Shareholders (as defined below) who wish to change their vote must arrange for their Intermediary (as defined below) to revoke the proxy on their behalf.**

### **Exercise of Discretion by Proxies**

The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of all the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this management information circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

### **Non-Registered Shareholders**

**The information set out in this section is important to many shareholders of the Company as a substantial number of shareholders do not hold their Common Shares in their own name.**

**Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting.** Most shareholders of the Company are “non-registered” shareholders (“**Non-Registered Shareholders**”) because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. The Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

There are two kinds of Non-Registered Shareholders: (i) those who object to their name being made known to the issuers of securities which they own (called “OBOs” for Objecting Beneficial Owners); and (ii) those who do not object to their name being made known to the issuers of securities which they own (called “NOBOs” for Non-Objecting Beneficial Owners).

Issuers can request and obtain a list of their NOBOs from Intermediaries via their transfer agents, pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of Reporting Issuers* (“**NI 54-101**”) and issuers can use this NOBO list for distribution of proxy-related materials directly to NOBOs. The Company has decided to take advantage of those provisions of NI 54-101 that allow it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive copies of the Notice of Meeting, this management information circular and a voting instruction form (which includes a place to request copies of the Company’s annual and/or interim financial statements and related management’s discussion and analysis) (collectively, the “**Meeting Materials**”) from the Company’s transfer agent, Computershare Investor Services Inc. The voting instruction form is to be completed and returned to Computershare Investor Services Inc. in the envelope provided or by facsimile transmission at 1-866-249-7775. Computershare Investor Services Inc. will tabulate the results of the voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by voting instruction forms they receive. Alternatively, NOBOs may vote following the instructions on the voting instruction form, via the internet or by telephone.

With respect to OBOs, in accordance with applicable securities law requirements, the Company will have distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for distribution to such Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless they have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the OBO and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow; or
- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the OBO when submitting the proxy. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and **deposit it with the Company, c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by facsimile transmission at 1-866-249-7775.**

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of their Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person’s name in the blank space provided. **In**

**either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

As of May 8, 2015, 102,249,661 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting has been fixed as May 8, 2015. In accordance with the provisions of the *Canada Business Corporations Act* (the “**CBCA**”), the Company will prepare a list of holders of Common Shares as of such record date. Each holder of Common Shares named in the list will be entitled to vote the shares shown opposite their name on the list at the Meeting. All such holders of record of Common Shares are entitled either to attend and vote thereat in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company’s transfer agent within the time specified in the accompanying Notice of Meeting, to attend and vote thereat by proxy the Common Shares held by them.

To the knowledge of the Company’s directors and executive officers, and based on existing information as of the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of voting securities of the Company, except as set forth in the table below.

Name of Shareholder	Number and Percent of Common Shares Held	Number of Warrants Held <sup>(1)</sup>
SinoTech (Hong Kong) Corporation Limited	25,339,433 (24.8%) <sup>(2)(3)(4)</sup>	3,500,000
Goldrock Resources Corporation Limited	7,568,512 (7.4%) <sup>(2)(3)(4)</sup>	5,504,372
Beijing Donia Resources Co., Ltd.	1,380,117 (1.3%) <sup>(2)(3)(4)</sup>	280,702
<b>TOTAL</b>	<b>34,288,062 (33.5%)</b>	<b>9,285,074</b>

Notes

- (1) Each common share purchase warrant (the “**Warrants**”) entitles the holder to acquire one Common Share at an exercise price of \$0.23 until May 7, 2017.
- (2) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been obtained by the Company from publicly disclosed information and/or furnished by SinoTech (Hong Kong) Corporation Limited (“**SinoTech**”), Goldrock Resources Corporation Limited (“**Goldrock**”) and Beijing Donia Resources Co., Ltd. (“**Beijing Donia**”).
- (3) Dr. Jingbin Wang, a director and Chairman of the Company, was a director of SinoTech until March 14, 2014, is a director of Goldrock, and was a director and chairman of Beijing Donia until February 28, 2014. Dr. Wang also holds 526,350 Common Shares, options to acquire 892,500 Common Shares and 142,800 Warrants. These options include 350,000 options (“**Tigray Options**”) granted by Tigray Resources Inc. (“**Tigray**”). Upon exercise of the 350,000 Tigray Options, Dr. Wang will receive 192,500 Common Shares and 140,000 Warrants. Pursuant to the Arrangement (as defined under “Interest of Informed Persons in Material Transactions” below), all holders of outstanding Tigray Options and share purchase warrants issued by Tigray (“**Tigray Warrants**”) are entitled to receive upon the subsequent exercise thereof, for the same aggregate consideration payable, the number of Common Shares and Warrants of the Company on the basis of the Exchange Ratio (as defined under

"Interest of Informed Persons in Material Transactions" below), to reflect the consideration to be received by Tigray Shareholders (as defined herein) pursuant to the Arrangement.

- (4) Ms. Ge Mao, a director of the Company, has been a director of SinoTech since March 14, 2014, a director of Goldrock since March 11, 2013, and General Manager of Beijing Donia since March 26, 2013. Ms. Mao also holds 300,000 Tigray Options. Upon exercise of the 300,000 Tigray Options, Ms. Mao will receive 165,000 Common Shares and 120,000 Warrants.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Company was incorporated on December 7, 2012, and became a reporting issuer on April 4, 2013. On January 24, 2014, the Company changed its year end from June 30 to December 31. The following statement of executive compensation provides details of all compensation paid during the financial year ended December 31, 2014.

### ***Compensation Governance***

The Company's executive compensation program is administered by the compensation committee (the "**Compensation Committee**") comprised of three independent directors, Dr. Jingbin Wang (Chairman), Antony Harwood and David Parsons. The Compensation Committee has, as part of its mandate, the responsibility for reviewing recommendations from management for subsequent approval by the board of directors (the "**Board**") of the Company with respect to the appointment and remuneration of executive officers of the Company. The Compensation Committee also monitors the performance of the Company's executive officers and reviews the design and competitiveness of the Company's executive compensation plans.

The Board looks to the past experience of each director in determining the composition of the Compensation Committee and strives to include a broad range of skills and experience that will allow the committee to make appropriate decisions and to act independently.

By virtue of their respective experiences as executives in the mining industry, and their exposure to public policy, corporate governance, domestic markets and regulatory matters, each member possesses the relevant decision making skills that make them suitable members of the committee. A general description of the education and experience of each Compensation Committee member which is relevant to the performance of his responsibilities as a Compensation Committee member is contained in their respective biographies set out under "Particulars of Matters to be Acted Upon – Election of Directors – Director Biographies".

### ***Executive Compensation Program***

While the Board has not adopted a written program concerning the compensation of named executive officers (as defined in Form 51-102F6 *Statement of Executive Compensation*), it has developed a consistent approach relating to executive compensation. The objective in the determination of executive compensation is the need to provide total compensation packages that will:

- ensure external competitiveness by developing and maintaining compensation levels that reflect current market rates of pay;
- promote pay-for-performance levels that rewards consistently high performance levels;

- provide the Company with the resources to recruit and retain a highly capable work force; and
- establish incentives to develop and achieve performance targets that maximize the success and value of the Company to the benefit of the shareholders and other stakeholders.

The Company's executive compensation program is based on a pay-for-performance philosophy. It is designed to retain, encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term. The Compensation Committee reviews and recommends to the Board base salaries based on a number of factors enabling the Company to compete for and retain executives critical to the Company's long-term success. Incentive compensation in the form of cash bonuses is directly tied to corporate and individual performance. Share ownership opportunities through stock options are provided to align the interests of executive officers with the longer term interests of shareholders. Independent consultants may be retained on an as needed basis by the Company to assess the executive compensation program.

Compensation for the Named Executive Officers (as defined below under "Summary Compensation Table") consists of consulting fees or base salaries, along with annual incentive compensation in the form of a discretionary bonus and a longer term incentive in the form of stock options. The compensation attempts to pay competitively in the aggregate as well as deliver an appropriate balance between annual compensation (base salary and cash bonuses) and long-term compensation (stock options). The relative portions of annual compensation and long-term incentives for the Named Executive Officers are intended to provide a significant portion of the executive's compensation through long-term incentives.

In determining specific compensation amounts for the Named Executive Officers, the Compensation Committee considers factors such as experience, individual performance, length of service, role in achieving corporate objectives, positive production, exploration and development results, stock price, and compensation compared to other employment opportunities for executives. As an executive officer's level of responsibility increases, a greater percentage of total compensation is based on performance (as opposed to base salary and standard employee benefits) and the mix of total compensation shifts towards annual bonuses and in particular stock options, thereby increasing the mutuality of interest between executive officers and shareholders. The Company does not have precise criteria or formulas to determine global remuneration of Named Executive Officers and uses the experience and knowledge of the market of its senior officers and Board to do so. The Company is designing its compensation program to reward the success of the Company in achieving its technical and financial objectives. The Company operates in a volatile market and the following elements of the compensation package are required to provide the motivation to Named Executive Officers and other employees and achieve retention of the Company's skilled people in such market.

### ***Base Salary / Consulting Fees***

The Compensation Committee reviews available market data for other mining companies of a similar size, although a specific benchmark is not targeted and a formal peer group has not been established, and makes recommendations regarding the compensation of its executive officers and directors, for approval by the Board. The following base salaries/consulting fees were paid to the Company's Named Executive Officers for the financial year ended December 31, 2014:



<b>Name of Officer</b>	<b>Title of Officer</b>	<b>Fees</b>
Andrew Lee Smith	Chief Executive Officer	\$244,417 <sup>(1)</sup>
Peter Granata	Chief Financial Officer	\$144,263 <sup>(2)</sup>
Jeffrey Heidema	Vice President, Exploration	\$125,485 <sup>(3)</sup>
Denis Dillip	President of Canaco Tanzania Limited	US\$189,600

Notes

- (1) Consulting fees paid to Iron Mask Explorations Ltd., a company controlled by Mr. Smith, \$15,250 of this amount reflects compensation received by Mr. Smith in connection with his role as a director of the Company.
- (2) Up until April 30, 2014, the annual salary of Mr. Granata was allocated between the Company and another public company based on time spent on each entity. This amount reflects the amount incurred by the Company.
- (3) Up until April 30, 2014, the annual salary of Mr. Heidema was allocated between the Company and another public company based on time spent on each entity. This amount reflects the amount incurred by the Company.

The Named Executive Officers are also reimbursed for actual expenses reasonably incurred in connection with the performance of their duties. The consulting contract with the Company's Chief Executive Officer will expire on December 31, 2015 unless renewed by the Company. The Board determines the base salaries for the Named Executive Officers. The Chief Executive Officer determines the base salaries for officers and employees of the Company based on assigned responsibilities and performance of each of the officers and employees.

***Annual Bonus***

The Board determines, on a discretionary basis, incentive awards or bonuses to be paid by the Company to the executive officers of the Company, in respect of a financial year, following advice from the Compensation Committee. The Chief Executive Officer determines, on a discretionary basis, bonuses to be paid by the Company to all other eligible employees and consultants of the Company in respect of a financial year. Corporate performance is assessed by reference to a number of factors, including the Company's progress towards budgeted milestones, corporate efficiency and success in enhancing shareholder value relative to peer companies. Individual performance is measured by reviewing personal performance and other significant factors, such as level of responsibility and importance of the position to the Company. The individual performance factor allows the Company to recognize and reward those individuals whose efforts have particularly assisted the Company to attain its corporate performance objectives. The Company did not pay any bonuses to the Named Executive Officers during the financial year ended December 31, 2014.

***Stock Options***

The Compensation Committee recommends the number of stock options to be granted to the Company's executive officers, subject to approval by the Board. Previous grants of stock options to the Company's executive officers are taken into consideration when considering new grants. During the financial year ended December 31, 2014, the Company did not grant any stock options to the Named Executive Officers.

***Risk Management***

The Compensation Committee is responsible for ensuring the application of the compensation policy is appropriately aligned to support its stated objectives and encourage the right management behaviours, while avoiding excessive risk-taking by executive officers. Given the current stage of development and the limited elements of executive compensation, at this time,

the Board has not formally assessed the implications of the risk associated with the compensation policies and practices.

### **Hedging**

The Company does not permit its executive officers or directors to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

### **Summary Compensation Table**

The following table provides information regarding compensation earned by the Company's Chief Executive Officer, Chief Financial Officer, Vice President, Exploration, and President of Canaco Tanzania Limited (together, the "**Named Executive Officers**") for the financial year ended December 31, 2014 and the period from December 7, 2012, (date of incorporation) to December 31, 2013 (such period herein referred to as "**2013**"). There were no other executive officers of the Company who individually earned more than \$150,000 in total compensation.

Name and Principal Position	Year	Salary	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation		All Other Compensation	Total Compensation
					Annual-Incentive Plans	Long-term Incentive Plans		
Andrew Lee Smith Chief Executive Officer	2014	Nil	Nil	Nil	Nil	Nil	\$244,417 <sup>(2)</sup>	\$244,417
	2013	Nil	Nil	\$69,343 <sup>(1)</sup>	Nil	Nil	\$157,125 <sup>(2)</sup>	\$226,468
Peter Granata Chief Financial Officer	2014	\$114,263 <sup>(3)</sup>	Nil	Nil	Nil	Nil	\$8,191 <sup>(4)</sup>	\$122,454
	2013	\$52,275 <sup>(3)</sup>	Nil	\$18,248 <sup>(1)</sup>	\$1,490	Nil	\$2,378 <sup>(4)</sup>	\$74,391
Jeffrey Heidema Vice President Exploration	2014	\$125,485 <sup>(3)</sup>	Nil	Nil	Nil	Nil	\$11,922 <sup>(4)</sup>	\$137,407
	2013	\$112,500 <sup>(3)</sup>	Nil	\$18,248 <sup>(1)</sup>	\$1,780	Nil	\$3,882 <sup>(4)</sup>	\$136,410
Denis Dillip President of Canaco Tanzania Limited	2014	US\$189,600	Nil	Nil	Nil	Nil	US\$3,488 <sup>(5)</sup>	US\$193,088
	2013	US\$142,000	Nil	US\$14,127 <sup>(1)</sup>	Nil	Nil	US\$3,721 <sup>(5)</sup>	US\$159,849

#### Notes

- (1) Calculated by multiplying the number of options granted by their value established in accordance with the Black-Scholes valuation model, using the following weighted average assumptions: expected option term of 2.31 years; volatility of 96%; dividend yield of nil and a risk-free interest rate of 1.20%.
- (2) Consulting fees were paid to Iron Mask Explorations Ltd., a company controlled by Mr. Smith, \$15,250 of this amount reflects compensation received by Mr. Smith in connection with his role as a director of the Company.
- (3) Up until April 30, 2014, the annual salary of each of Messrs. Granata and Heidema was allocated between the Company and another public company based on time spent on each entity. These amounts reflect the amounts incurred by the Company.
- (4) Represents payments to Messrs. Granata and Heidema for health benefits and long-term disability benefits.
- (5) Represents payments to Mr. Dillip for health benefits.

### **Incentive Plan Awards**

#### **Outstanding Option-based Awards**

The following table provides information regarding the incentive plan awards (option-based awards) outstanding for each Named Executive Officer as of December 31, 2014. All option awards vest immediately upon their respective dates of grant and expire five years from their

respective dates of grant. There are no incentive plan awards in the form of share-based awards outstanding for the Named Executive Officers.

Name	Option-based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money options <sup>(1)</sup> (\$)
Andrew Lee Smith	950,000 302,500 <sup>(2)</sup>	0.135 0.191	August 19, 2018 August 19, 2018	Nil Nil
Peter Granata	250,000 82,500 <sup>(3)</sup>	0.135 0.191	August 19, 2018 August 19, 2018	Nil Nil
Jeffrey Heidema	250,000 110,000 <sup>(4)</sup>	0.135 0.191	August 19, 2018 August 19, 2018	Nil Nil
Denis Dillip	200,000	0.135	August 19, 2018	Nil

#### Notes

- (1) The value of unexercised in-the-money options is calculated by multiplying the difference between the closing price of the Common Shares on the TSX Venture Exchange (the "TSXV") on December 31, 2014, which was \$0.07, and the option exercise price, by the number of outstanding options. Where the difference is negative, the options are not in-the-money and no value is reported. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) These underlying Common Shares represent 550,000 Tigray Options held by Mr. Smith. Upon exercise of the 550,000 Tigray Options, Mr. Smith will receive 302,500 Common Shares and 220,000 Warrants.
- (3) These underlying Common Shares represent the 150,000 Tigray Options held by Mr. Granata. Upon exercise of the 150,000 Tigray Options, Mr. Granata will receive 82,500 Common Shares and 60,000 Warrants.
- (4) These underlying Common Shares represent the 200,000 Tigray Options held by Mr. Heidema. Upon exercise of the 200,000 Tigray Options, Mr. Heidema will receive 110,000 Common Shares and 80,000 Warrants.

#### ***Value Vested or Earned During the Year***

During the financial year ended December 31, 2014, the Company did not grant any share-based awards or non-equity incentive plan awards to the Named Executive Officers.

#### **Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

#### **Termination and Change of Control Benefits**

Other than as set out below, there are no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in responsibilities of the Named Executive Officer following a change of control of the Company or, in the case of Mr. Smith, a Corporate Transaction (as defined below).

#### **Chief Executive Officer**

The Company's Chief Executive Officer, Andrew Lee Smith, provides management and consulting services to the Company pursuant to a consulting agreement with Iron Mask Explorations Ltd. (the "Consultant") dated July 1, 2014 (the "Consulting Agreement"). Pursuant to such agreement, the Company may terminate the Consulting Agreement, upon

written notice at any time and by providing the Consultant with (i) a lump sum payment equal to \$750,000, (ii) payment of all outstanding fees accrued to the date of termination, (iii) reimbursement of any outstanding expenses, and (iv) immediate vesting of all unvested stock options, if any, as of the date of termination (collectively, the “**CEO Termination Payment**”). In the event that the Company enters into a written agreement providing for a Corporate Transaction (as defined below) or a Corporate Transaction occurs and, within six months the Consultant terminates the Consulting Agreement as a result of the occurrence of a Triggering Event (as defined below), the Consultant will be entitled to items (i), (ii) and (iii) of the CEO Termination Payment, and will also be entitled to the immediate vesting of all unvested stock options, if any, as of the date of notice of termination is delivered. The Consulting Agreement will expire on December 31, 2015 unless renewed by written notice provided by the Company to the Consultant 30 days prior to the expiry date and agreed to by the Consultant before the expiry date. If the Consulting Agreement expires without being renewed, the Consultant will not be entitled to the lump sum payment referred to in item (i) of the CEO Termination Payment and the unvested stock options will not vest upon expiry of the Consulting Agreement.

Under the terms of the Consulting Agreement, a “Corporate Transaction” means the occurrence of any of the following events:

- (a) at least 50% of the fair-market value of all of the Company’s assets are sold;
- (b) a direct or indirect acquisition of voting securities (as defined in the *Securities Act* (British Columbia)) by a person or group of persons (excluding the Chief Executive Officer or any person associated with the Chief Executive Officer, or SinoTech or any person associated with SinoTech) that when added to any voting securities already owned, directly or indirectly, by such person or group of persons at the time of the acquisition constitute 20% or more of the outstanding voting securities of the Company;
- (c) at least 50% of the Company’s then nominees for election to its Board are not elected at any annual or special meeting of shareholders of the Company;
- (d) at least 50% of the Company’s incumbent Board are not nominated for election to the Board at any annual or special meeting of shareholders of the Company;
- (e) the liquidation, dissolution, or winding-up of the Company;
- (f) the amalgamation, merger, or arrangement of the Company with or into another entity where the shareholders of the Company immediately prior to the transaction will hold less than 51% of the voting securities (as defined in the *Securities Act* (British Columbia)) of the resulting entity upon completion of the transaction; or
- (g) any other event which, in the opinion of the Board, reasonably constitutes a Corporate Transaction of the Company.

Under the terms of the Consulting Agreement, a “Triggering Event” means any one of the following events which occurs without the Chief Executive Officer’s express agreement in writing:

- (a) a material adverse change to any of the Chief Executive Officer’s duties, powers, rights, discretion, prestige, title, or fee, as they existed immediately prior to a Corporate Transaction;

- (b) a material adverse change in the office or body to whom the Chief Executive Officer's reports immediately prior to a Corporate Transaction, except if such office or body is of equivalent rank or stature, provided that this shall not include a change resulting from a promotion in the normal course of business;
- (c) a material adverse change to the Chief Executive Officer's working location(s), as existed immediately prior to a Corporate Transaction; or
- (d) a material adverse increase in the amount of travel required of the Chief Executive Officer, as existed immediately prior to a Corporate Transaction.

***President of Canaco Tanzania Limited***

The President of Canaco Tanzania Limited, Denis Dillip, provides management services to Canaco Tanzania Limited pursuant to an employment agreement dated October 1, 2011. The contract does not have an expiry date.

Pursuant to such agreement, in the event the President of Canaco Tanzania Limited is terminated without cause, he is entitled to one year's gross annual salary.

***Other – Chief Financial Officer and Vice President, Exploration***

Mr. Peter Granata and Mr. Jeffrey Heidema do not currently have employment agreements with the Company. The previous employment agreements with Messrs. Granata and Heidema expired on June 30, 2014. The Company and Messrs. Granata and Heidema are currently negotiating employment agreements and as of the date hereof, the terms of such employment agreements have not been settled.

**Estimated Incremental Payments on Change of Control and Termination Without Cause**

The following table provides details regarding the estimated incremental payments from the Company to each of the Named Executive Officers on termination without cause, a Corporate Transaction (in the case of Mr. Smith) or a change of control (including a termination of engagement within six months of a triggering event), assuming the triggering event occurred on December 31, 2014.

<b>Compensation<sup>(1)</sup></b>	<b>Andrew Lee Smith</b>	<b>Peter Granata</b>	<b>Jeffrey Heidema</b>	<b>Dennis Dillip</b>
Severance Period	Lump sum payment	Nil	Nil	1 year
Severance Payment	\$750,000	Nil	Nil	US\$189,600
Options	Immediately vest	N/A	N/A	N/A
<b>TOTALS</b>	<b>\$750,000</b>	<b>Nil</b>	<b>Nil</b>	<b>US\$189,600</b>

Notes

(1) These amounts do not include any statutory entitlements.

**Director Compensation**

For the financial year ended December 31, 2014, Directors were compensated for their services as directors through payment of directors' fees. Directors may be granted stock options and

may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

Andrew Lee Smith, Chief Executive Officer of the Company, received \$15,250 for his role as Director of the Company, a member of the Corporate Governance and Nominating Committee and as a member of the Audit Committee for that time he served as a member during 2014. See “Statement of Executive Compensation – Summary Compensation Table” above for compensation paid to Mr. Smith.

The fees paid to the Board members for 2014 were as follows:

Function	Fees Paid for period January 1 to June 30, 2014	Fees Paid for period July 1 to December 31, 2014
Board		
Non-Executive Chair	\$9,000	\$7,500
Member	\$6,000	\$3,750
Audit Committee		
Chair	\$4,500	\$3,750
Member	\$3,000	\$1,250
Compensation Committee		
Chair	\$2,000	\$1,000
Member	\$1,000	\$500
Corporate Governance and Nominating Committee		
Chair	\$1,000	\$1,000
Member	\$500	\$500

### ***Director Compensation Table***

The following table provides information regarding directors fees paid by the Company for the financial year ended December 31, 2014:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Shuixing Fu <sup>(1)</sup>	\$7,000	Nil	Nil	Nil	Nil	Nil	\$7,000
Antony Harwood	\$17,500	Nil	Nil	Nil	Nil	\$20,000 <sup>(2)</sup>	\$37,500
Ge Mao	\$5,500	Nil	Nil	Nil	Nil	Nil	\$5,500
David Parsons	\$8,000	Nil	Nil	Nil	Nil	\$382 <sup>(3)</sup>	\$8,000
Jingbin Wang	\$23,000	Nil	Nil	Nil	Nil	Nil	\$23,000

#### Notes

- (1) Mr. Fu did not stand for re-election at the Company's annual and special meeting of shareholders held on June 19, 2014. This amount reflects the director and committee fees paid to Mr. Fu for the period he served as a director during the year ended December 31, 2014.
- (2) Dr. Harwood received fees for his services on the Special Committee formed in connection with the Arrangement.
- (3) This amount represents a contribution to the Canada Pension Plan made by the Company for the benefit of David Parsons.

## Outstanding Option-based Awards

The following table provides information regarding the incentive plan awards (option-based awards) outstanding for each non-executive director of the Company as of December 31, 2014. All option awards vest immediately upon their respective dates of grant and expire five years from their respective dates of grant. There are no incentive plan awards in the form of share-based awards outstanding for the non-executive directors of the Company.

Name	Option-based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(1)</sup> (\$)
Antony Harwood	600,000	0.135	August 19, 2018	Nil
Ge Mao	165,000 <sup>(2)</sup>	0.191	August 19, 2018	Nil
David Parsons	165,000 <sup>(3)</sup>	0.191	August 19, 2018	Nil
Jingbin Wang	700,000 192,500 <sup>(4)</sup>	0.135 0.191	August 19, 2018 August 19, 2018	Nil Nil

### Notes

- (1) The value of unexercised in-the-money stock options is calculated by multiplying the difference between the closing price of the Common Shares on the TSXV on December 31, 2014, which was \$0.07, and the stock option exercise price, by the number of outstanding stock options. Where the difference is negative, the stock options are not in-the-money and no value is reported. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) These options represent the 300,000 Tigray Options. Upon exercise of the 300,000 Tigray Options, Ms. Mao will receive 165,000 Common Shares and 120,000 Warrants.
- (3) These options represent the 300,000 Tigray Options. Upon exercise of the 300,000 Tigray Options, Mr. Parsons will receive 165,000 Common Shares and 120,000 Warrants.
- (4) These options represent the 350,000 Tigray Options. Upon exercise of the 350,000 Tigray Options, Dr. Wang will receive 192,500 Common Shares and 140,000 Warrants.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans <sup>(2)</sup>
Equity compensation plans approved by securityholders	8,017,500	\$0.154	2,207,466
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	8,017,500	\$0.154	2,207,466

#### Notes

- (1) Represents the number of Common Shares reserved for issuance upon exercise of outstanding options granted under the Prior Plan (as defined herein) as of December 31, 2014, including the Common Shares to be issued upon exercise of 3,850,000 Tigray Options. Upon exercise of the 3,850,000 Tigray Options, the holders thereof will receive 2,117,500 Common Shares and 1,540,000 Warrants.
- (2) Represents the number of Common Shares remaining available for future issuance upon exercise of stock options that may be granted under the Prior Plan as of December 31, 2014 and based on 10% of the number of Common Shares issued and outstanding as of December 31, 2014. The maximum number of Common Shares which may be issued pursuant to stock options granted under the Prior Plan and any other security-based compensation plans of the Company is 10% of the issued and outstanding Common Shares from time to time. See "Particulars of Matters to be Acted Upon – Approval of Amended and Restated Stock Option Plan" and "Particulars of Matters to be Acted Upon – Annual Approval of Rolling 10% Prior Plan" for further details concerning the Company's stock option plan.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No (a) director or executive officer of the Company who has held such position at any time since January 1, 2014; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than directors and executive officers of the Company having an interest in the resolutions regarding the approval of the Company's stock option plan as such persons are eligible to participate in such plan.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed below, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries since January 1, 2014.

#### Arrangement

On May 7, 2014, the Company acquired all of the issued and outstanding common shares of Tigray (the "**Tigray Shares**"), by way of a statutory plan of arrangement (the "**Arrangement**") under section 192 of the CBCA. Pursuant to the Arrangement, among other things, holders of Tigray Shares ("**Tigray Shareholders**") other than the Company, as at the effective time of the Arrangement, were entitled to receive 0.55 of a Common Share and 0.40 of a Warrant for each Tigray Share held (the "**Exchange Ratio**"). Each whole Warrant entitles the holder to acquire one Common Share at a price of \$0.23 until May 7, 2017. Pursuant to the Arrangement, all holders of outstanding Tigray Warrants and Tigray Options are entitled to receive upon the subsequent exercise thereof, for the same aggregate consideration payable, the number of Common Shares and Warrants on the basis of the Exchange Ratio, to reflect the consideration received by Tigray Shareholders pursuant to the Arrangement. Prior to the Arrangement, a control person of the Company was also a control person of Tigray, two directors of the Company were also directors of Tigray, and the Chief Executive Officer, Chief Financial Officer and Vice President Exploration of the Company were also the Chief Executive Officer, Chief Financial Officer and Vice President Exploration of Tigray.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As at May 8, 2015, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or any of its subsidiaries which is owing to the



Company or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

## **MANAGEMENT CONTRACTS**

No management functions of the Company or its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or its subsidiaries.

## **CORPORATE GOVERNANCE DISCLOSURE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Company's shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below, in accordance with Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)*.

### **Independence of the Board**

For the financial year ended December 31, 2014, the Board consisted of five directors, four of whom are considered by the Board to be independent on the basis that they do not have a material relationship with the Company which could, in the view of the Board, be reasonably expected to interfere with the exercise of their independent judgment. Andrew Lee Smith is not independent as he is also the Chief Executive Officer of the Company.

The Chairman of the Board, Dr. Jingbin Wang, is considered by the Board to be an independent director. For the financial year ended December 31, 2014, there were no meetings of the independent directors.

### **Management Supervision by Board**

To facilitate the Board's independent supervision over management, the following structures and processes are in place:

- (a) there are no members of management on the Board, other than the Chief Executive Officer of the Company;
- (b) when appropriate, members of management, including the Chief Executive Officer, are not present for the discussion and determination of certain matters at

- meetings of the Board;
- (c) the compensation of the Chief Executive Officer and other executive officers are considered, in their absence, by the Compensation Committee at least once a year; and
- (d) in addition to the standing committees of the Board, independent committees are appointed from time to time, when appropriate.

### **Role of Chairman**

The role of the Chairman of the Board is to chair all meetings of the Board in a manner that promotes meaningful discussion, and to provide leadership to the Board to enhance the Board's effectiveness in meeting its responsibilities. The Chairman's responsibilities include ensuring that the Board works together as a cohesive team with open communication and that a process is in place by which the effectiveness of the Board, its committees and its individual directors can be evaluated on a regular basis. The Chairman also acts as a liaison between the Board and management to ensure that the relationship between the Board and management is professional and constructive and ensures that the allocation of responsibilities and the boundaries between Board and management are clearly understood.

### **Meetings of the Board**

The Board meets as frequently as necessary depending on the nature of the business and affairs which the Company faces from time to time. For the financial year ended December 31, 2014, there were no Board meetings.

### **Directorships**

The following table provides details regarding directorships held by the directors and nominee directors of the Company in other reporting issuers.

<b>Name of Director and Nominee Director</b>	<b>Name of Other Reporting Issuer</b>
David Parsons	True North Gems Inc. (since 2010)
Antony Harwood	Montero Mining and Exploration Ltd. (since 2011) Tesoro Minerals Corp. (since 2013)
Ge Mao	Enterprise Uranium Limited (since 2012) Nickel North Exploration Corp. (since 2013)
Andrew Lee Smith	Resinco Capital Partners Inc. (since 2014) Scorpio Gold Corporation (since 2007) True North Gems Inc. (since 2002)
Jingbin Wang	Enterprise Metals Limited (since 2011) Nickel North Exploration Corp. (since 2012) Orca Gold Inc. (since 2009)

### **Orientation and Continuing Education**

The Chief Executive Officer of the Company is responsible for ensuring that new directors are provided with an orientation and education program which will include information about the duties and obligations of directors, the business and operations of the Company, documents

from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education of the Company's directors, the Chief Executive Officer of the Company will: (a) periodically canvas the directors to determine their training and education needs and interests; (b) arrange ongoing visitation by directors to the Company's operations; (c) arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Company; and (d) encourage and facilitate presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.

### **Ethical Business Conduct**

On March 28, 2013, the Board adopted a written Code of Business Conduct and Ethics (the "**Code**") for its directors, officers, employees and consultants. A copy of the Code is available on the Company's website at [www.eastafricametals.com](http://www.eastafricametals.com).

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to employees, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer of the Company has a material interest, which include ensuring that directors and officers are familiar with the Code and, in particular, rules concerning reporting conflicts of interest and obtaining direction from the Chief Executive Officer of the Company regarding any potential conflicts of interest.

The Code provides specific guidelines and policies for dealing with situations that may be encountered in the workforce in order to promote an open and positive work environment. The Code details the Company's policies on: employee relations, harassment and anti-discrimination; and business and governmental relations, among other things.

The Code allows directors, officers and employees who feel a violation has occurred to report the actual or potential compliance infraction to the Chairman of the Audit Committee, on a confidential, anonymous basis. Following receipt of any complaints, the Audit Committee will investigate each matter and take corrective disciplinary actions if appropriate.

### **Nomination of Directors**

The corporate governance and nominating committee (the "**Corporate Governance and Nominating Committee**") has responsibility for identifying potential Board candidates. The Corporate Governance and Nominating Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mining industry are consulted for possible candidates.

## **Compensation of Directors and the Chief Executive Officer**

The Compensation Committee recommends to the Board the compensation of the Chief Executive Officer of the Company. The Compensation Committee has the responsibility for determining compensation for the directors and senior management to be recommended to the Board for approval. The Compensation Committee reviews compensation paid to directors and chief executive officers of companies of similar size and stage of development in the mineral exploration/mining industry and determines appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation, the Compensation Committee will annually review the performance of the Chief Executive Officer in light of the Company's objectives and consider other factors which may have impacted the success of the Company in achieving its objectives.

## **Board Committees**

The Company has three committees of the Board at present, being the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee.

The Audit Committee is comprised of three of the Company's five directors: David Parsons (Chairman), Antony Harwood and Ge Mao, each of whom is considered to be independent.

The Compensation Committee is comprised of three of the Company's five directors: Jingbin Wang (Chairman), Antony Harwood and David Parsons, each of whom is considered to be independent.

The Corporate Governance and Nominating Committee is comprised of three of the Company's five directors: Antony Harwood (Chairman), Andrew Lee Smith and Ge Mao. Dr. Harwood and Ms. Mao are considered to be independent.

## **Assessments**

The Board, its Audit Committee and its individual directors are assessed regularly, at least on an annual basis, as to their effectiveness and contribution. In addition, the Chairman of the Board encourages discussion amongst the directors or the committee members, as the case may be, as to their evaluation of their own effectiveness over the course of the year. All directors and/or committee members are free to make suggestions for improvement of the practice of the Board and/or its committees at any time and are encouraged to do so.

## **Expectations of Management**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

## **AUDIT COMMITTEE DISCLOSURE**

### **The Audit Committee's Charter**

The text of the Company's Audit Committee Charter is attached to this management information

circular as Schedule “A”.

### Composition of the Audit Committee

The following are the current members of the Audit Committee:

Name	Independence <sup>(1)</sup>	Financial Literacy <sup>(1)</sup>
David Parsons	Yes	Yes
Antony Harwood	Yes	Yes
Ge Mao	Yes	Yes

Note

(1) As defined by NI 52-110.

### Relevant Education and Experience

A general description of the education and experience of each Audit Committee member which is relevant to the performance of their responsibilities as an Audit Committee member is contained in their respective biographies set out under “Particulars of Matters to be Acted Upon – Election of Directors – Director Biographies”.

### Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set forth under the heading “Specific Duties and Responsibilities of the Audit Committee – External Auditors” in the Company’s Audit Committee Charter which is attached to this management information circular as Schedule “A”.

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company’s external auditors for financial years ending December 31, 2014 and 2013, are as follows:

Financial Year Ending December 31	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2014	\$55,000	\$25,000	Nil	Nil
2013	\$201,000	\$141,700	Nil	Nil

## **Exemption in Section 6.1 of NI 52-110**

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirements of Part 5 (*Reporting Obligations*).

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Election of Directors**

The Company's Articles of Incorporation provide that the Board consist of a minimum of one and a maximum of 10 directors. The Board currently consists of five directors and the Board has fixed the number of directors to be elected at the Meeting at five. At the Meeting, the five persons named hereunder will be proposed for election as directors of the Company (the "Nominees"). **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the election of the Nominees.** Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority will be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve. Each director elected will hold office until the close of the first annual meeting of shareholders of the Company following the director's election or until their successor is duly elected or appointed, unless their office is earlier vacated in accordance with the by-laws of the Company. Each of the Nominees was elected at the last annual meeting of the Company's shareholders held on June 19, 2014.

### **Advance Notice Requirement**

Section 3.05 of the Company's by-laws (the "By-law") requires advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders other than pursuant to: (i) a proposal made in accordance with the CBCA; or (ii) a requisition of the shareholders made in accordance with the CBCA. Among other things, the By-law fixes a deadline by which shareholders must submit director nominations to the corporate secretary of the Company prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in such notice for an effective nomination to occur. Pursuant to the By-law, no person will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the By-law. Pursuant to the By-law, in the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made by the Company, notice may be made not later than the close of business on the 10<sup>th</sup> day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made.

The following table sets forth certain information with respect to each Nominee. Such information is as of May 8, 2015 and based upon information furnished by the respective Nominee. The principal occupations, businesses or employments of each of the Nominees within the past five years are disclosed in the brief biographies set forth below the table.

Name, Jurisdiction of Residence	Principal Occupation	Date First Became a Director of the Company	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
<b>Dr. Jingbin Wang</b> <sup>(2)</sup> Beijing, China	Chairman and General Manager of Sinotech Minerals Exploration Co., Ltd.; President of Beijing Institute of Geology for Mineral Resource; and Vice President of China Nonferrous Metals Industry Association	March 28, 2013	34,814,412 <sup>(4)(5)</sup>
<b>Andrew Lee Smith</b> <sup>(3)</sup> British Columbia, Canada	Chief Executive Officer of the Company	December 7, 2012	807,824 <sup>(6)</sup>
<b>Dr. Antony Harwood</b> <sup>(1)(2)(3)</sup> Kensington, South Africa	President and Chief Executive Officer of Montero Mining and Exploration Ltd.	March 28, 2013	Nil <sup>(7)</sup>
<b>Ge Mao</b> <sup>(1)(3)</sup> Beijing, China	Deputy General Manager of Sinotech Minerals Exploration Co. Ltd.; General Manager of Beijing Donia; and director of SinoTech and Goldrock	June 19, 2014	34,288,062 <sup>(4)(8)</sup>
<b>David Parsons</b> <sup>(1)(2)</sup> British Columbia, Canada	Vice President, Insurance, of Goldcorp Inc.	June 19, 2014	559,186 <sup>(9)</sup>

Notes

- (1) Member of the Audit Committee. Mr. Parsons is the Chairman of the Audit Committee.
- (2) Member of the Compensation Committee. Dr. Wang is the Chairman of the Compensation Committee.
- (3) Member of the Corporate Governance and Nominating Committee. Dr. Harwood is the Chairman of the Corporate Governance and Nominating Committee.
- (4) 25,339,433 of these Common Shares are held by SinoTech, 7,568,512 of these Common Shares are held by Goldrock, and 1,380,117 of these Common shares are held by Beijing Donia. SinoTech also holds 3,500,000 Warrants, Goldrock also holds 5,504,372 Warrants, and Beijing Donia also holds 280,702 Warrants. Dr. Wang was a director of SinoTech until March 14, 2014, is a director of Goldrock, and was a director and chairman of Beijing Donia until February 28, 2014. Ms. Mao has been a director of SinoTech since March 14, 2014, a director of Goldrock since March 11, 2013, and General Manager of Beijing Donia since March 26, 2013.
- (5) 526,350 of these Common Shares are held directly by Dr. Wang. Dr. Wang also holds 892,500 stock options and 142,800 Warrants. These options include 350,000 Tigray Options. Upon exercise of the 350,000 Tigray Options, Dr. Wang will receive 192,500 Common Shares and 140,000 Warrants.
- (6) Mr. Smith also holds 1,252,500 stock options and 216,721 Warrants. These options include 550,000 Tigray Options. Upon exercise of the 550,000 Tigray Options, Mr. Smith will receive 302,500 Common Shares and 220,000 Warrants.
- (7) Dr. Harwood holds 600,000 stock options.
- (8) Ms. Mao also holds 300,000 Tigray Options. Upon exercise of the 300,000 Tigray Options, Ms. Mao will receive 165,000 Common Shares and 120,000 Warrants.
- (9) Mr. Parsons also holds 202,560 Warrants and 300,000 Tigray Options. Upon exercise of the 300,000 Tigray Options, Mr. Parsons will receive 165,000 Common Shares and 120,000 Warrants.

**Director Biographies**

The principal occupations, businesses or employments of each of the Nominees within the past five years are as disclosed in the brief biographies set forth below.

**Dr. Jingbin Wang. Ph.D., Geology – Chairman of the Board.** Dr. Wang is currently the Chairman and General Manager of Sinotech Minerals Exploration Co. He is a leader in the non-

ferrous metals industry in China as an expert in mineral exploration and mining with 29 years of experience. He has been granted the title of National Youth Expert for Outstanding Contribution in China for his great success in prospecting results and scientific research. Dr. Wang has also been President of Beijing Institute of Geology for Mineral Resources since 2002, and Vice President of China Nonferrous Metals Industry Association since 2008. Dr. Wang is also a director of Goldrock, was a director of SinoTech until March 14, 2014, was Executive Director of China Nonferrous Metals Resource Geological Survey until February 25, 2015, and resigned as a director and chairman of Beijing Donia on February 28, 2014.

**Andrew Lee Smith, B.Sc., P.Geo. – Chief Executive Officer and Director.** Mr. Smith is currently the Chief Executive Officer and a director of the Company. He has over 30 years of experience in successfully exploring, developing and operating African and North American base and precious metal mining projects. Mr. Smith was Chief Executive Officer, President and a director of Tigray from 2010 to 2014. Mr. Smith co-founded Canaco Resources Inc. in 2004 and served as President, Chief Executive Officer and a director since that time until Canaco Resources Inc.'s acquisition of Shark Minerals Inc. in 2013. Mr. Smith co-founded True North Gems Inc. in 2001 and continues to serve as a director of that company. Mr. Smith holds a B.Sc. and is a professional geologist as well as a member of the Association of Professional Engineers and Geoscientists of British Columbia.

**Dr. Antony Harwood, B.Sc., PhD. – Director.** Dr. Harwood is an economic geologist with over 30 years of experience in the mining industry. Dr. Harwood is currently President and Chief Executive Officer of Montero Mining and Exploration Ltd. (TSXV), a rare earth element focused company with its flagship property, the Wigu Hill Rare Earth Project in Tanzania. Montero Mining Exploration Ltd. also holds phosphate assets in South Africa. Additionally, Dr. Harwood is a non-executive Director of Tesoro Minerals Corp. (TSXV). Previously he was a non-executive Director of Endeavour Mining Corporation (TSX/Australian Securities Exchange), previously Adamas Resources, and Executive Chairman of Universal Coal plc (Australian Securities Exchange). Prior to joining Montero Mining and Exploration Ltd., Dr. Harwood was President and Chief Executive Officer of Africo Resources Ltd., which he took to the Toronto Stock Exchange, raising investments totalling \$124 million during his tenure, from 1998 to 2006, Dr. Harwood was Vice President Global Generative Exploration for Placer Dome Inc. Prior to this, Dr. Harwood was founder of Harwood International Ltd., a geological consulting company which he operated for 10 years focused on exploration in Africa and prior to this he held the position as a lecturer at University of Wales, Cardiff, United Kingdom and University of Natal, Durban, South Africa. Dr. Harwood graduated from the University of Wales, Cardiff in the United Kingdom with a BSc (Hons) *cum laude* and a PhD degree in Economic Geology.

**Ge Mao – Director.** Ms. Mao is Deputy General Manager of Sinotech Minerals Exploration Co. Ltd. and General Manager of Beijing Donia. Ms. Mao is also a director of SinoTech since March 14, 2014 and a director of Goldrock since 2013. Before joining Sinotech Minerals Exploration Co. in 2013, Ms. Mao was chief executive officer and director of Worldtex Capital Resources Ltd. She graduated from the Beijing Institute of Technology University in 1991 and obtained her MBA from Richard Ivey Business School of Western Ontario University in 2003. Ms. Mao is also on the board of several publicly listed exploration companies on the Australian Stock Exchange and the TSXV, including chairman of Enterprise Uranium Ltd., and director of Nickel North Exploration Corp. Ms. Mao has many years experience in mining and capital markets in China and Canada.

**David Parsons, C.G.A. – Director.** Mr. Parsons is currently the Vice President, Insurance, of Goldcorp Inc. where he is responsible for corporate risk. Prior to such appointment in 2010,



from October 2004 to 2010, he was Director, Corporate Services and Financial Analysis, of Goldcorp Inc. Since 2001, he was employed by Wheaton River Minerals Ltd. and served as Controller until October 2004. Mr. Parsons was directly involved in the acquisitions by Wheaton River Minerals Ltd. and the subsequent merger with Goldcorp Inc. in 2005. He holds a Bachelor of Arts degree from the University of British Columbia and is a Certified General Accountant with over 25 years experience in the gold mining industry, having served in the roles of Controller, Chief Financial Officer and director of public companies.

***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

The following information, not being within the knowledge of the Company, has been furnished by the respective Nominee.

No proposed director:

- (a) is, as at the date of this management information circular, or has been, within 10 years before the date of this management information circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is, as at the date of this management information circular, or has been within 10 years before the date of this management information circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this management information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

PricewaterhouseCoopers LLP, Chartered Accountants, of Suite 700 - 250 Howe Street, Vancouver, British Columbia, V6C 3S7, are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of PricewaterhouseCoopers LLP as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors. PricewaterhouseCoopers LLP were first appointed as the Company's auditors on April 4, 2013.

### **Approval of Amended and Restated Stock Option Plan**

On May 8, 2015, the Board adopted an amended and restated stock option plan so as to convert the previously adopted 10% rolling stock option plan (the "**Prior Plan**") into a 20% fixed stock option plan (the "**Amended and Restated Stock Option Plan**") and to make the Prior Plan Amendments (as defined below) all in order to enhance the Company's ability to compensate employees, officers and directors by means other than cash incentives. Pursuant to the Amended and Restated Stock Option Plan, options entitling the purchase of an aggregate of 20,449,932 Common Shares may be granted to directors, officers, employees, and consultants or management company employees of the Company from time to time. The Amended and Restated Stock Option Plan is subject to the approval of the TSXV and the Disinterested Shareholders (as defined herein). At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution giving approval to the Amended and Restated Stock Option Plan. See "Shareholder Approval Requirements" below.

### ***Summary of the Amended and Restated Stock Option Plan***

The aggregate number of Common Shares reserved for issuance under the Amended and Restated Stock Option Plan, and the number of Common Shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 20,449,932 (which amounted to 20% of the issued and outstanding Common Shares at the time of implementation of the Amended and Restated Stock Option Plan). As at the date hereof, no options have been granted under the Amended and Restated Stock Option Plan. All outstanding options were granted under the Prior Plan.

The purpose of the Amended and Restated Stock Option Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the Company's shareholders. Options are exercisable over periods of up to 10 years as determined by the Board and at exercise prices as determined by the Board, which will not be less than the closing price of the Common Shares on the day immediately prior to the date of grant, less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSXV, subject to a minimum exercise price of \$0.10.

The aggregate number of options granted to all persons retained to provide investor relations activities must not exceed 2% of the issued shares of the Company in any 12 month period. The aggregate number of options granted to any one consultant (other than an employee or

director of the Company) in a 12 month period must not exceed 2% of the issued shares of the Company. The Amended and Restated Stock Option Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion, provided that if required by any stock exchange on which the Common Shares trade, options issued to a Person conducting Investor Relations Activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three month period.

Except as otherwise determined by the Board and subject to the limitation that options may not be exercised later than 10 years from their date of grant, if a participant ceases to be an eligible person for any reason whatsoever other than death, each option held by the participant will cease to be exercisable 90 days after the termination date, or such longer period as determined by the Board. If any portion of an option is not vested by the termination date, that portion of the option may not be exercised by the participant or by a permitted assign of such participant unless the Board determines otherwise. For greater certainty, any such determination regarding the period for exercise or vesting of options made by the Board may be made at any time subsequent to the date of grant of options, provided, however, that the Board may not extend the period for exercise beyond the expiry date of the option. If a participant ceases to be an eligible person because their relationship with the Company or an affiliate of the Company is terminated by the Company or an affiliate of the Company, as applicable, for cause, such participant's options shall cease to be exercisable immediately upon the termination date.

The policies of the TSXV require that the Company must obtain Disinterested Shareholder approval for the Amended and Restated Stock Option Plan if the stock option plan, together with all of the Company's previously established and outstanding stock option plans or grants, could permit at any time:

- (a) The aggregate number of Common Shares reserved for issuance under stock options granted to insiders (as a group) at any point in time to exceed 10% of the issued Common Shares;
- (b) The grant to insiders (as a group), within a 12 month period, of an aggregate number of options to exceed 10% of the issued Common Shares, calculated on the date an option is granted to any insider; or
- (c) The aggregate number of options granted to any one person (and companies wholly owned by that person) within a 12 month period to exceed 5% of the issued Common Shares, calculated on the date an option is granted to the person;

(collectively, the "**Permitted Conditions**").

As the Amended and Restated Stock Option Plan allows the Permitted Conditions, the Board will seek Disinterested Shareholder approval of the Amended and Restated Stock Option Plan Resolution at the Meeting.

Except as otherwise set out below, the Board shall seek shareholder and regulatory approval for any amendments to the Amended and Restated Stock Option Plan. The approval of disinterested shareholders will be required for any reduction in the exercise price of a previously granted option to an insider of the Company. The Board may discontinue the Amended and Restated Stock Option Plan at any time without first obtaining shareholder approval, provided that, without the consent of a participant, such discontinuance may not in any manner adversely

affect the participant's rights under any Option granted under the Amended and Restated Stock Option Plan.

The Board may, subject to receipt of requisite regulatory approval, where required, and without further shareholder approval, in its sole discretion make the following amendments to the Amended and Restated Stock Option Plan:

- (a) amending typographical, clerical and grammatical errors;
- (b) reflecting changes to applicable securities laws;
- (c) changing the termination provisions of an option or the Amended and Restated Stock Option Plan which do not entail an extension beyond the original expiry date;
- (d) including the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Amended and Restated Stock Option Plan reserve; and
- (e) ensuring that the options granted under the Amended and Restated Stock Option Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a participant may from time to time be resident or a citizen.

Notwithstanding the foregoing, the Company shall obtain requisite shareholder approval and where applicable, Disinterested Shareholder approval, in respect of amendments to the Amended and Restated Stock Option Plan to the extent such approval is required by any applicable laws or regulations.

### ***Shareholder Approval Requirements***

The Amended and Restated Stock Option Plan must be approved and ratified by Disinterested Shareholders and submitted to the TSXV for approval.

“**Disinterested Shareholders**” are the shareholders of the Company other than (a) directors and senior officers of the Company; and (b) directors and senior officers of a company that is an insider of the Company or subsidiary of the Company; to whom options may be granted under the Amended and Restated Stock Option Plan and their associates. As such, the votes attaching to an aggregate of approximately 2,621,496 Common Shares, which are beneficially owned or over which control or direction is exercised by the directors and senior officers of the Company and subsidiaries and their respective associates, representing approximately 2.6% of the Company's issued Common Shares entitled to vote at the Meeting, will be withheld from voting on the resolution approving the Amended and Restated Stock Option Plan.

The Company believes the Amended and Restated Stock Option Plan enables the Company to better align the interests of the Company's directors and officers with those of shareholders and reduces the cash compensation the Company would otherwise have to pay.

At the Meeting, Disinterested Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution, in the form set out below (the “**Amended and Restated Stock Option Plan Resolution**”), subject to such amendments,

variations or additions as may be approved at the Meeting, approving the Amended and Restated Stock Option Plan.

The Board and management recommend the adoption of the Amended and Restated Stock Option Plan Resolution. To be effective, the Amended and Restated Stock Option Plan Resolution must be approved by not less than a majority of the votes cast by Disinterested Shareholders present in person, or represented by proxy, at the Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the Amended and Restated Stock Option Plan Resolution.**

The text of the Amended and Restated Stock Option Plan Resolution to be submitted to Disinterested Shareholders at the Meeting is set forth below:

“BE IT RESOLVED THAT (as an ordinary resolution by disinterested vote):

1. the implementation by the Board of Directors of the Company's Amended and Restated Stock Option Plan, all as more particularly described in the Company's management information circular dated May 8, 2015, with such changes to the Amended and Restated Stock Option Plan as may be required by the TSX Venture Exchange, is approved, ratified and confirmed; and
2. any director or officer of the Company is hereby authorized for and on behalf of the Company to execute and deliver all documents and instruments and to take such other actions as such director or officer may determine to be necessary or desirable to implement these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

Assuming Disinterested Shareholder approval of the Amended and Restated Stock Option Plan is received at the Meeting, the Company plans to apply to the TSXV for final acceptance of the Amended and Restated Stock Option Plan following the Meeting. Should the TSXV not issue its final acceptance of the Amended and Restated Stock Option Plan or should the Amended and Restated Stock Option Plan not receive the required Disinterested Shareholder approval at the Meeting, the Amended and Restated Stock Option Plan will terminate, and the Prior Plan will remain in place. In the event that either of such instances may occur, the Company will, at the Meeting, seek shareholder approval of the Prior Plan as is required annually by the policies of the TSXV.

The Amended and Restated Stock Option Plan was prepared in accordance with the current TSXV policies. A copy of the Amended and Restated Stock Option Plan is available upon request by any shareholder at no charge, or may be reviewed at the Company's registered office during normal business hours until the date of the Meeting.

### **Annual Approval of Rolling 10% Prior Plan**

Effective March 28, 2013, the Board adopted the Prior Plan which was approved by shareholders of Canaco Resources Inc. on March 28, 2013 in connection with the plan of arrangement among Canaco Resources Inc., its shareholders and the Company, and also approved by the shareholders at the annual meeting of the Company's shareholders held on June 19, 2014. On May 8, 2015, the Board approved certain amendments to the Prior Plan (the

**“Prior Plan Amendments”**) to clarify existing provisions of the Prior Plan that do not have the effect of altering the scope, nature and intent of such provisions. The Prior Plan Amendments were as follows:

- (a) no more than an aggregate of 2% of the issued shares of the Company may be granted to all persons conducting investor relations activities in any 12 month period;
- (b) the aggregate number of Common Shares reserved for issuance under stock options granted to insiders (as a group) at any point in time shall not exceed 10% of the issued Common Shares;
- (c) regarding stock options granted to employees, consultants or management company employees, the Company represents that the optionee is a bona fide employee, consultant or management company employee, as the case may be;
- (d) no acceleration of the vesting provisions on investor relations options is allowed without prior TSXV acceptance;
- (e) a minimum exercise price cannot be established unless the options are allocated to particular persons;
- (f) the Prior Plan must receive shareholder and TSXV approval annually at a shareholder meeting; and
- (g) a press release is required at the time of the grant for options granted to insiders and investor relations service providers.

The Prior Plan was prepared in accordance with the current TSXV policies. A copy of the Prior Plan is available upon request by any shareholder at no charge, or may be reviewed at the Company's registered office during normal business hours until the date of the Meeting and is also available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Should the Amended and Restated Stock Option Plan as described above under heading “Approval of Amended and Restated Stock Option Plan” not receive the required Disinterested Shareholder approval at the Meeting, or should the Amended and Restated Stock Option Plan receive the required Disinterested Shareholder approval at the Meeting but not receive final acceptance by the TSXV on submission to be made following the Meeting, the Amended and Restated Stock Option Plan will terminate, and the Prior Plan will remain in place. In the event that either of such instances may occur, shareholders will be asked at the Meeting to consider and, if thought advisable, to pass an ordinary resolution giving annual approval to the Prior Plan as is required by the policies of the TSXV, so that the Company can continue to avail itself of this important element of compensation, which does not require cash disbursement by the Company.

The Prior Plan is a rolling stock option plan which sets the number of options available for grant by the Company under the Prior Plan, and any other security based compensation plan of the Company, at an amount equal to 10% of the Company's issued and outstanding Common Shares from time to time. Under the TSXV policies, the Prior Plan must be approved by the Company's shareholders on an annual basis. Therefore, shareholders are being asked to approve the Prior Plan at the Meeting. The terms of the Prior Plan are the same as the terms for the Amended and Restated Stock Option Plan set out above except that:

- (a) the amount of options available for grant is different;
- (b) the aggregate number of Common Shares which may be reserved for issuance to insiders (as a group) at any point in time shall not exceed 10% of the issued Common Shares;
- (c) the grant to insiders (as a group), within a 12 month period, of an aggregate number of options shall not exceed 10% of the issued Common Shares, calculated on the date an option is granted to an insider; and
- (d) the aggregate number of options granted to any one person (and companies wholly owned by that person) within a 12 month period shall not exceed 5% of the issued Common Shares, calculated on the date an option is granted to an insider.

As of May 8, 2015, 102,249,661 Common Shares were issued and outstanding. As of such date, the number of Common Shares issuable upon exercise of options that may be granted under the Prior Plan is 10,224,966 being 10% of the issued and outstanding Common Shares. As of May 8, 2015, the Company had 7,517,500 options outstanding under the Prior Plan representing approximately 7% of the issued and outstanding Common Shares. These options include 3,850,000 options granted by Tigray, which entitle the holders thereof to acquire 2,117,500 Common Shares and 1,540,000 Warrants on exercise. Pursuant to the Arrangement all holders of outstanding Tigray Warrants and options to acquire Tigray Shares are entitled to receive upon the subsequent exercise thereof, for the same aggregate consideration payable, the number of Common Shares and Warrants of the Company on the basis of the Exchange Ratio to reflect the consideration to be received by Tigray Shareholders pursuant to the Arrangement.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution, in the form set out below (the “**Prior Plan Resolution**”), subject to such amendments, variations or additions as may be approved at the Meeting, approving the Prior Plan.

The Board and management recommend the adoption of the Prior Plan Resolution. To be effective, the Prior Plan Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the Prior Plan Resolution.**

The text of the Prior Plan Resolution to be submitted to shareholders at the Meeting is set forth below:

“BE IT RESOLVED THAT:

1. subject to regulatory approval, the Company’s 10% rolling 2013 Stock Option Plan, pursuant to which the Board of Directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company’s issued and outstanding shares being reserved to any one person on a yearly basis, be and is hereby approved; and

2. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer be necessary or desirable to carry out the foregoing resolution.”

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile. Shareholders may contact the Company at (604) 488-0822 to request copies of the Company's financial statements and management's discussion and analysis.

Financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis of the Company for the financial year ended December 31, 2014, which are filed on SEDAR.

On January 24, 2014 the Company received acceptance from the TSXV to initiate a normal course issuer bid through the facilities of the TSXV. Under the normal course issuer bid, the Company was authorized to repurchase for cancellation up to 4,000,000 Common Shares by way of open market transactions through the facilities of the TSXV during the one year period commencing January 29, 2014 and ending January 28, 2015. During the period from January 29, 2014 until the date of this management information circular the Company purchased a total of 932,500 Common Shares under the normal course issuer bid representing 0.9% of its issued and outstanding Common Shares. Shareholders may contact the Company at (604) 488-0822 to request for a copy of the Company's notice of intention to commence the normal course issuer bid.

### **SHAREHOLDER PROPOSALS**

Any shareholder who wishes to submit a proposal for consideration at the next annual meeting of shareholders must comply with section 137 of the *Canada Business Corporations Act*. In order to have a proposal and any supporting statement included in the Company's management information circular for the next annual meeting of shareholders, the proposal and supporting statement must be received by the Company no later than February 19, 2016.

### **DIRECTORS' APPROVAL**

The contents of this management information circular and the sending thereof to the Company's shareholders have been approved by the Board.

**DATED** at Vancouver, British Columbia, this 8<sup>th</sup> day of May, 2015.

### **BY ORDER OF THE BOARD OF DIRECTORS**

“Andrew Lee Smith”  
Chief Executive Officer



## **SCHEDULE “A”**

### **EAST AFRICA METALS INC. AUDIT COMMITTEE CHARTER**

The Board of Directors (the “**Board**”) of East Africa Metals Inc., a Canadian federal corporation (the “**Company**”), approves and adopts the following Audit Committee Charter to specify the composition, roles and responsibilities of the Audit Committee (the “**Committee**”).

#### **Purpose**

The purpose of the Committee is to assist the Board in fulfilling its responsibility for the oversight of the financial reporting process. The purpose of this Charter is to ensure that the Company maintains a strong, effective and independent audit committee, to enhance the quality of financial disclosure made by the Company and to foster increased investor confidence in both the Company and Canada’s capital markets. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company’s Management to ensure that the independent auditors serve the interests of shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will review financial reports or other financial information provided by the Company to regulatory authorities and shareholders and review the integrity, adequacy and timeliness of the financial reporting and disclosure practices of the Company. The Committee will monitor the independence and performance of the Company’s independent auditors.

#### **Composition and Procedures of the Audit Committee**

The Committee shall consist of at least three (3) directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. While the Board may recommend a Chairman for the Committee, the Committee shall have the discretion to appoint the Chairman from amongst its members. The Committee shall establish procedures for quorum, notice and timing of meetings subject to the proviso that a quorum shall be no less than two (2) Committee members. Meetings shall be held no less regularly than once per quarter to review the audited financial statements and interim financial statements of the Company. At least one (1) member of the Committee shall be independent and the Board and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members’ independent judgment. At least (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

#### **Specific Duties and Responsibilities of the Audit Committee**

##### **External Audit**

- (1) The Committee shall recommend to the Board:

- (a) the external auditors to be nominated for the purpose of preparing or issuing an auditors' report performing other audit, review or attest services for the Company; and
  - (b) the compensation of the external auditors.
- (2) The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Company, including the resolution of disagreements between Management and the external auditors regarding financial reporting.
- (3) The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditors.
- (4) The Committee satisfies the pre-approval requirement in paragraph (3) if:
  - (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiary entities to the Company's external auditors during the fiscal year in which the services are provided;
  - (b) the Company or the subsidiary entity of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
  - (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to who authority to grant such approvals has been delegated by the Committee.
- (5) With respect to pre-approval:
  - (a) the Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement in paragraph (3).
  - (b) the pre-approval of non-audit services by any member to whom authority has been delegated pursuant to paragraph (5)(a) must be presented to the Committee at its first scheduled meeting following such pre-approval.
- (6) The Committee satisfies the pre-approval requirement in paragraph (3) if it adopts specific policies and procedures for the engagement of the non-audit services, if:
  - (a) the pre-approval policies and procedures are detailed as to the particular services;
  - (b) the Committee is informed of each non-audit service; and
  - (c) the procedures do not include delegation of the Committee's responsibilities to Management.

- (7) The Committee shall monitor the independence of the independent auditors and establish procedures for confirming annually the independence of the independent auditors and any relationships that may impact upon the objectivity and the independence of the external auditors.

#### Financial Reporting

- (8) The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
- (9) The Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in paragraph (8), and must periodically assess the adequacy of those procedures.
- (10) The Committee shall review the clarity of the financial statement presentation with a view to ensuring that the financial statements provide meaningful and readily understandable information to shareholders and the investing public.

#### Internal Controls

- (11) The Committee must establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (12) The Committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (13) The Committee shall review with Management and independent auditors the quality and the appropriateness of the Company's financial reporting and accounting policies, standards, and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
- (14) The Committee shall review with Management and the external auditors the audit plan for the year-end financial statements prior to the commencement of the year end audit.
- (15) The Committee shall review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

#### Authority

- (16) The Committee shall have the authority:
  - (a) to conduct any investigation appropriate to fulfilling its responsibilities and shall have direct access to the outside auditors, management and any employee of

the Company to discuss any matters within the Committee's purview, in separate executive sessions, to discuss any matters that the Committee, or these persons, believe should be discussed privately;

- (b) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (c) to set and pay the compensation for any advisors employed by the Committee;
- (d) to communicate directly with the internal and external auditors; and
- (e) to delegate to its Chairman or any of its members the responsibility for any particular matters that the Committee deems appropriate.

#### **ADOPTION OF THE AUDIT COMMITTEE CHARTER AND AMENDMENTS**

The Committee shall review and recommend to the Board any updates to this Charter. All changes to this Charter require approval by the Board. This Charter was adopted and approved by the Board of Directors of the Company on March 28, 2013.