EAST AFRICA METALS INC.
(an exploration stage company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended September 30, 2013 and 2012

Expressed in Canadian dollars

(Unaudited – prepared by management)

Notice to Reader: As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these interim financial statements.

EAST AFRICA METALS INC.

(an exploration stage company)

Condensed Interim Consolidated Balance Sheets - unaudited

Expressed in Canadian dollars, unless otherwise stated

	September 30, 2013	June 30, 2013
Assets		
Current assets		
Cash and cash equivalents (Note 6)	$ 9,687,794	$ 5,072,586
Short-term investments	11,623,826	13,240,050
Restricted cash (Note 1)	--	3,999,994
Accounts receivable (Notes 7 and 14)	1,619,990	1,572,481
Marketable securities and other assets (Note 9)	1,294,466	956,275
Prepaid expenses and deposits	399,141	493,466
	24,625,217	25,334,852
Mineral property interests (Note 11)	5,903,704	5,961,798
Property and equipment (Note 10)	1,674,102	1,843,254
	$ 32,203,023	$ 33,139,904
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 8 and 14)	$ 947,417	$ 821,819
	947,417	821,819
Equity		
Share capital (Note 13 (b))	33,873,666	33,873,666
Contributed surplus (Note 13 (d))	145,644,115	145,279,147
Accumulated other comprehensive income	108,510	28,119
Deficit	(148,370,685)	(146,862,847)
	31,255,606	32,318,085
	$ 32,203,023	$ 33,139,904

Nature of operations and spinout transaction (Note 1)

Approved on behalf of the Board

(signed) "Andrew Lee Smith"　　　　(signed) "Dr. Antony Harwood"

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

EAST AFRICA METALS INC.
(an exploration stage company)
Condensed Interim Consolidated Statements of Operations - unaudited
Expressed in Canadian dollars, unless otherwise stated

	Three months ended September 30, 2013	2012
Expenses		
Amortization (Note 10)	$ 59,372	$ 71,783
Directors and advisory board fees	21,750	29,899
Exploration and evaluation expenditure (Note 12)	679,494	1,806,739
Investor/shareholder communications and filing fees	31,404	48,220
Legal, audit and audit related fees	91,919	250,906
Management consulting fees	58,632	55,174
Project generation	155,815	52,639
Office and administration	79,500	52,281
Rent and occupancy costs	56,831	51,844
Salary and benefits	89,120	87,073
Share-based compensation (Note 13 (d))	299,274	1,404,630
	1,623,111	3,911,188
Loss from operations	(1,623,111)	(3,911,188)
Foreign exchange loss	(55,179)	(584,428)
Change in fair value of other assets (Note 9)	116,941	--
Interest income	53,511	239,218
Net loss for the period	(1,507,838)	(4,256,398)
Loss per share, basic and diluted	$ (0.02)	$ (0.06)
Weighted average number of common shares used in the calculation of loss per share – basic and diluted (Note 13 (b))	66,830,772	66,516,082

Condensed Interim Consolidated Statements of Comprehensive Income (Loss) - unaudited
Expressed in Canadian dollars, unless otherwise stated

	Three months ended September 30, 2013	2012
Net loss for the period	$ (1,507,838)	$ (4,256,398)
Items that may be reclassified to statement of operations		
Currency translation adjustment	(140,859)	(303,623)
Unrealized gain on investments, net of deferred income tax (Note 9)	221,250	11,854
Comprehensive loss for the period	$ (1,427,447)	$ (4,548,167)

EAST AFRICA METALS INC.

(an exploration stage company)

Condensed Interim Consolidated Statements of Changes in Equity – unaudited

For the three months ended September 30, 2013 and September 30, 2012

Expressed in Canadian dollars, unless otherwise stated

	Common Shares Without Par Value				Accumulated Other		
	Shares	Amount	Warrants	Contributed Surplus	Comprehensive Income	Deficit	Total Equity
Balance, June 30, 2012	199,708,103	$203,210,286	$ 2,263,787	$ 31,199,887	$ 601,550	$ (133,692,617)	$ 103,582,893
Issued for cash							
Stock options exercised (Notes 13 (b) and (d))	80,000	37,561	--	(13,921)	--	--	23,640
Share-based compensation (Note 13 (d))	--	--	--	1,852,260	--	--	1,852,260
Unrealized loss on investments (Note 9)	--	--	--	--	11,854	--	11,854
Currency translation adjustment on foreign operations	--	--	--	--	(303,623)	--	(303,623)
Net loss for the period	--	--	--	--	--	(4,256,398)	(4,256,398)
Balance, September 30, 2012	199,788,103	203,247,847	2,263,787	33,038,226	309,781	(137,949,015)	100,910,626
Balance, June 30, 2013	67,305,842	33,873,666	--	145,279,147	28,119	(146,862,847)	32,318,085
Share-based compensation (Note 13 (d))	--	--	--	364,968	--	--	364,968
Unrealized loss on investments (Note 9)	--	--	--	--	221,250	--	221,250
Currency translation adjustment on foreign operations	--	--	--	--	(140,859)	--	(140,859)
Net loss for the period	--	--	--	--	--	(1,507,838)	(1,507,838)
Balance, September 30, 2013	67,305,842	$ 33,873,666	$ --	$ 145,644,115	$ 108,510	$ (148,370,685)	$ 31,255,606

EAST AFRICA METALS INC.

(an exploration stage company)

Condensed Interim Consolidated Statements of Cash Flows - unaudited

Expressed in Canadian dollars, unless otherwise stated

	Three months ended September 30, 2013	2012
Cash flows provided by (used for) operating activities		
Net loss	$ (1,507,838)	$ (4,256,398)
Items not involving cash		
Amortization – administration (Note 10)	59,372	71,783
Amortization – exploration and evaluation (Note 12)	79,865	64,234
Share-based compensation – administration (Note 13 (d))	299,274	1,404,630
Share-based compensation – exploration and evaluation (Notes 12 & 13 (d))	65,694	447,630
Foreign exchange loss	56,631	462,176
Change in fair value of share purchase warrants (Note 9)	(116,941)	--
Interest income	(46,788)	--
Changes in operating assets and liabilities		
Accounts receivable	36,840	(286,556)
Prepaid expenses	94,325	103,575
Restricted cash (Note 1)	3,999,994	--
Accounts payable and accrued liabilities	123,636	(739,020)
	3,144,064	(2,727,946)
Cash flows provided by (used for) investing activities		
Mineral property acquisitions (Note 11)	(52,118)	(57,748)
Purchase of equipment (Note 10)	--	(47,553)
Redemption of short-term investments	2,582,179	1,672,316
Purchase of short-term investments	(1,003,516)	--
	1,526,545	1,567,015
Cash flows provided by (used for) financing activities		
Shares and warrants issued for cash, net of share issue costs	--	23,640
	--	23,640
Effects of exchange rate changes on cash and cash equivalents	(55,401)	(524,700)
Increase (decrease) in cash and cash equivalents	4,615,208	(1,661,991)
Cash and cash equivalents, beginning of period	5,072,586	43,783,600
Cash and cash equivalents, end of period	$ 9,687,794	$ 42,121,609

1. Nature of operations, arrangement agreement and spinout transaction

East Africa Metals Inc. ("East Africa Metals" or the "Company) was incorporated on December 7, 2012, under the Canada Business Corporations Act. The address of the Company's corporate office and principal place of business is Suite 3114, 1055 Dunsmuir Street, Vancouver, British Columbia, Canada. On July 11, 2013, the Company commenced trading on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the trading symbol "EAM".

The Company was initially a wholly-owned subsidiary of Canaco Resources Inc. ("Canaco") and was formed for the purpose of a spinout of the assets of Canaco which included all the assets and liabilities of Canaco other than $60,000,000 in cash, short-term investments and certain liabilities pursuant to a spinout transaction.

Arrangement Agreement and spinout transaction

During the year-ended June 30, 2013, Canaco closed a share purchase agreement between Canaco, Shark Minerals Inc. ("Shark") and the shareholders of Shark dated December 14, 2012. Under the agreement Canaco acquired all of the outstanding common shares of Shark in exchange for the issuance of 118,584,735 of its common shares (the "Arrangement Agreement"). In connection with the Arrangement Agreement and effective on April 4, 2013, Canaco also completed a share consolidation (the "Consolidation") on the basis of one (1) new share for three (3) existing shares resulting in issued capital of 106,834,124 common shares and changed its name to Orca Gold Inc. ("Orca Gold"). At the closing of the Arrangement Agreement and the Consolidation, Orca Gold is 63% owned by former Canaco shareholders and 37% owned by former Shark shareholders.

Immediately prior to the Arrangement Agreement and Consolidation, Canaco completed a spinout transaction (the "Spinout") by way of a plan of arrangement whereby Canaco (a) transferred all of its assets other than certain assets and $60,000,000 in cash, short-term investments and certain liabilities as defined in the agreement, to East Africa Metals and (b) distributed all of the shares of East Africa Metals to the shareholders of Canaco immediately prior to giving effect to the Arrangement Agreement on the basis of one (1) East Africa Metals share for every three (3) pre-Consolidation Canaco shares held by shareholders as of the effective date of the Spinout. In addition to the cash and short-term investments noted above, $4,000,000 was set aside in an account jointly controlled by Orca Gold and East Africa Metals to cover any potential future costs that may be incurred after April 4, 2013, as a result of the British Columbia Securities Commission ("BCSC") hearing. Under the terms of the Arrangement Agreement and Spinout, once the BCSC hearing and outcome are concluded, the unexpended balance of these funds will be released to East Africa Metals. On August 7, 2013, the BCSC dismissed the allegations regarding the grant of stock options and the disclosure of the infill drill results made by Canaco. On September 27, 2013, the jointly controlled account was collapsed and the restricted cash was transferred into the Company's operating bank account.

2. Continuity of interests accounting

The legal form of the Spinout provided that on April 4, 2013, Canaco transferred materially all of the assets and liabilities of Canaco to East Africa Metals, except for cash and short-term investments of $60,000,000 and sufficient funds to pay certain liabilities outstanding as at April 4, 2013. For accounting purposes, under a continuity of business basis of presentation the continuing business of East Africa Metals, and its related comparatives will be the historical results of Canaco. Accordingly in the year-ended June 30, 2013, an adjustment of $110,381,189 from share capital to contributed surplus reflects the share capital of the East Africa Metals as a result of the Spinout.

3. Statement of compliance

The Company prepares its condensed interim consolidated financial statements ("financial statements") in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The accounting policies applied in these interim financial statements are based on IFRS effective for the period ended September 30, 2013

These condensed interim consolidated financial statements were approved by the Board of Directors on November 28, 2013.

4. Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes to the financial statements where applicable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Company has identified the following critical accounting policies under which significant estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's balance sheet reported in future periods.

(a) Investment in Tigray Resources Inc. ("Tigray") - share purchase warrants

Share purchase warrants held as other assets are measured at fair value using the Black-Scholes Option Pricing Model. The fair value estimates derived through the use of this model are subject to the use of subjective assumptions similar to those described for share-based compensation including historical price volatility, forfeiture rate and expected option life. Changes in the subjective input assumptions can materially affect the fair value estimate.

(b) Continuity of interests accounting

As described in Note 1 and 2, during the year-ended June 30, 2013, Canaco transferred all of its assets other than certain assets and $60,000,000 in cash, short-term investments and certain liabilities as defined in the agreement, to East Africa Metals and distributed all of the shares of East Africa Metals to the shareholders of Canaco. As a result there was no substantive change to the shareholder's interest, the assets of the company, other than $60,000,000 in cash and short-term investments, and the management of the Company. As there was no substantive change in the Company, the Arrangement Agreement represents a rearrangement of the legal interests. Consequently, for accounting purposes, under a continuity of business basis of presentation the continuing business of East Africa Metals, and its related comparatives will be the historical results of Canaco.

(c) Investment in associate – Tigray Resources Inc.

In the year-ended June 30, 2013, as disclosed in Note 9, the Company acquired 8,000,000 units of Tigray's non-brokered private placement (the "Equity Placement"). The Company and Tigray have Directors and officers in common. On completion of the Equity Placement, the Company held 8,000,000 common shares and 4,000,000 share purchase warrants, representing approximately 13.4% of the then outstanding common shares of Tigray, assuming exercise of all warrants. Management has considered whether Tigray is an associate because of the acquisition of shares in Tigray which was an independent business decision of East Africa Metals given that there are two pre-existing directors in common of the respective entities. Management concluded that the investment should be categorized as available-for-sale rather than as an associate as the share ownership is below 20% and does not provide any rights to Board appointments of Tigray nor other indicators of significant influence. Management believes that the directors in common do not exercise any significant influence on behalf of East Africa over the direction of Tigray in fulfillment of their fiduciary responsibilities. As a result, East Africa Metals has not recorded its investment in Tigray using the equity method of accounting.

5. Adoption of new or revised IFRSs

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Interpretations Committee ("IFRIC"). The Standards impacted that are applicable to the Company are as follows:

(a) IFRS 10 Consolidated Financial Statements ("IFRS 10")

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities" and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company has adopted this new standard and there is no impact on the consolidated financial statements.

Expressed in Canadian dollars, unless otherwise stated

5. Adoption of new or revised IFRSs (continued)

(b) IFRS 11 Joint Arrangements ("IFRS 11")

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. This accounting requirement is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company has adopted this new standard and there is no impact on the consolidated financial statements.

(c) IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12")
IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company has assessed that additional disclosures will be required in the 2014 consolidated financial statements. The Company shall disclose the significant judgements and assumptions it has made in determining the nature of its interest in another entity or arrangement, and in determining the type of arrangement in which it has an interest; and information about its interests in subsidiaries, joint arrangements and associates; and structured entities that are not controlled by the Company. The disclosure requirements are not required for interim consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Company will make any relevant disclosures in its annual statements for the year ending June 30, 2014.

(d) IFRS 13 Fair Value Measurements ("IFRS 13")

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. The Company has adopted this new standard. Refer to Note 15 for disclosures.

(e) Amendment to IAS 1, Presentation of Financial Statements

The amendments to IAS 1 require items to be grouped within other comprehensive income that may be reclassified to profit or loss and those that will not be reclassified and the amendments are effective for annual periods beginning on or after January 1, 2013. The Company has amended its condensed interim consolidated statements of comprehensive loss to reflect the presentation changes required under the amended IAS 1. There is no net impact on comprehensive income.

6. Cash and cash equivalents

	September 30, 2013	**June 30, 2013**
Cash	$ 7,496,185	$ 2,890,767
Cash equivalents	2,191,609	2,181,819
	$ 9,687,794	$ 5,072,586

7. Accounts receivable

Accounts receivable includes insurance receivable related to the BCSC hearing costs (Refer to Note 1) which are covered under the Company's insurance policy.

	September 30, 2013	**June 30, 2013**
Insurance receivable and taxes receivable	$ 960,896	$ 956,040
Related parties and other receivables	659,094	616,441
	$ 1,619,990	$ 1,572,481

Expressed in Canadian dollars, unless otherwise stated

8. Accounts payable and accrued liabilities

		September 30, 2013		June 30, 2013
Trade payables	$	623,766	$	403,241
Accrued liabilities		323,651		418,578
	$	947,417	$	821,819

9. Marketable securities, other assets and investment

	Candente Gold Corp.			Tigray Resources Inc.			Total	
	Quantity (Shares / warrants)		Carrying Value	Quantity (Shares / Warrants)		Carrying Value		Carrying Value
Marketable securities								
As at June 30, 2013	4,250,000	$	255,000	8,000,000	$	600,000	$	855,000
Additions	--		--	--		--		--
Change in fair value	--		21,250	--		200,000		221,250
As at September 30, 2013	4,250,000		276,250	8,000,000		800,000		1,076,250
Other assets (warrants)								
As at June 30, 2013	--		--	4,000,000		101,275		101,275
Additions	--		--	--		--		--
Change in fair value	--		--	--		116,941		116,941
As at September 30, 2013	--		--	4,000,000		218,216		218,216
As at September 30, 2013	**4,250,000**	**$**	**276,250**	**12,000,000**	**$**	**1,018,216**	**$**	**1,294,466**

Candente Gold Corp.

On January 4, 2010, Candente Gold's common shares were listed on the TSX and have been marked to market since that date with changes in fair value recorded in other comprehensive income. For the period ended September 30, 2013, an unrealized marked to market gain of $21,250 (September 30, 2012 – gain of $11,854) was recorded in other comprehensive income.

Tigray Resources Inc.

During the year-ended June 30, 2013, the Company acquired 8,000,000 units of Tigray's Equity Placement at a price of $0.15 per unit. The Company and Tigray have Directors and officers in common. Each unit comprises one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant allows the holder to purchase one common share of Tigray at an exercise price of $0.20 for a period of two years from the date of closing. On completion of the Equity Placement, the Company held 8,000,000 common shares and 4,000,000 share purchase warrants, representing approximately 13.4% of the then outstanding common shares of Tigray, assuming exercise of all warrants.

The Company's investment in common shares of Tigray was valued at the close price of the shares on the Exchange on September 30, 2013. The fair value of the share purchase warrants was estimated using the Black-Scholes Option Pricing Model with the following inputs:

	September 30, 2013	June 30, 2013
Expected life (years)	1.55	1.8
Volatility	154.96%	113.05%
Dividend yield	--	--
Risk free rate	1.19%	1.25%

Expressed in Canadian dollars, unless otherwise stated

9. Marketable securities, other assets and investment (continued)

For the period ended September 30, 2013, an unrealized marked to market gain of $200,000 (September 30, 2012 – $Nil) was recorded in other comprehensive income and a change in fair value of share purchase warrants of $116,941 (September 30, 2012 - $Nil) was included in consolidated statements of operations.

10. Property and equipment

Details of the Company's property and equipment are as follows:

	Buildings and roads	Office furniture and equipment	Computers and software	Leasehold improvements	Total
Cost					
As at June 30, 2013	$ 1,593,615	$ 796,234	$ 439,037	$ 356,196	$ 3,185,082
Additions	--	--	--	--	--
Disposals	--	--	--	--	--
Foreign exchange	(33,315)	(10,085)	(1,663)	(1,631)	(46,694)
As at September 30, 2013	$ 1,560,300	$ 786,149	$ 437,374	$ 354,565	$ 3,138,388

	Buildings and roads	Office furniture and equipment	Computers and software	Leasehold improvements	Total
Accumulated amortization					
As at June 30, 2013	$ 399,822	$ 371,152	$ 332,336	$ 238,518	$ 1,341,828
Amortization	--	10,710	28,908	19,754	59,372
Disposals	--	--	--	--	--
Exploration amortization	47,850	22,309	2,369	7,337	79,865
Foreign exchange	(8,561)	(5,964)	(931)	(1,323)	(16,779)
As at September 30, 2013	$ 439,111	$ 398,207	$ 362,682	$ 264,286	$ 1,464,286
Net book value					
As at June 30, 2013	$ 1,193,793	$ 425,082	$ 106,701	$ 117,678	$ 1,843,254
As at September 30, 2013	$ 1,121,189	$ 387,942	$ 74,692	$ 90,279	$ 1,674,102

11. Mineral property interests

Details of the Company's mineral property interests are as follows:

	Tanzania, Handeni properties	Tanzania, other properties	Total
Acquisition costs			
As at June 30, 2013	$ 2,681,607	$ 3,280,191	$ 5,961,798
Property payments	51,573	545	52,118
Foreign exchange	(43,156)	(67,056)	(110,212)
As at September 30, 2013	$ 2,690,024	$ 3,213,680	$ 5,903,704

Tanzania – Handeni properties

The Handeni Gold Project consists of two contiguous claims, Magambazi and Kilindi. The properties are located in the Handeni district, Tanga Region of Tanzania. The Kilindi property is 100% owned by the Company and is subject to a Prospecting Licence ("PL").

Expressed in Canadian dollars, unless otherwise stated

11. Mineral property interests (continued)

During the period ended September 30, 2013, the Company had:

a) made the third payment of US$50,000 on a Handeni PML exploration and purchase option agreement ("Agreement') to acquire 100% interest in the PML. The Agreement includes payments of US$50,000 in year one (paid); US$50,000 in year two (paid) and US$50,000 in year three (paid). The Company has a purchase option to acquire the PML for US$400,000. The Agreement is subject to a 2.0% Net Smelter Returns Royalty ("NSR") with an option for the Company to buy back 1.0% of the NSR for US$250,000.

12. Exploration and evaluation expenditure ("exploration expenditure")

Details of the Company's exploration expenditure are as follows:

	Tanzania, Handeni Properties	Tanzania other properties	Period ended September 30, 2013
Exploration expenditure			
Amortization	$ 79,865	$ --	$ 79,865
Camp and administration costs	291,193	43,232	334,425
Geochemistry	1,628	34,785	36,413
Geology	6,888	1,345	8,233
Project development	12,255	--	12,255
Project management and consulting	10,902	--	10,902
Share-based compensation	65,694	--	65,694
Technical services	45,691	86,016	131,707
Total for the period ended September 30, 2013	514,116	165,378	679,494
Cumulative exploration expenditure as at June 30, 2013	63,320,313	1,083,148	64,403,461
Cumulative exploration expenditure as at September 30, 2013	$ 63,834,429	$ 1,248,526	$ 65,082,955

	Tanzania, Handeni Properties	Tanzania other properties	Period ended September 30, 2012
Exploration expenditure			
Amortization	$ 64,234	$ --	$ 64,234
Camp and administration costs	285,579	33,619	319,198
Drilling	59,464	19,991	79,455
Geochemistry	3,495	27,152	30,647
Geology	12,216	141,769	153,985
Project development	622,182	--	622,182
Project management and consulting	52,130	--	52,130
Share-based compensation	447,630	--	447,630
Technical services	36,174	1,104	37,278
Total for the period ended September 30, 2012	1,583,104	223,635	1,806,739
Cumulative exploration expenditure as at June 30, 2012	59,775,112	17,283	59,792,395
Cumulative exploration expenditure as at September 30, 2012	$ 61,358,216	$ 240,918	$ 61,599,134

Expressed in Canadian dollars, unless otherwise stated

13. Share capital

As at September 30, 2013, the Company's share capital consisted of the following:

(a) Authorized: Unlimited common shares without par value

(b) Issued and outstanding: 67,305,842 (June 30, 2013 – 67,305,842) common shares

For the period ended September 30, 2013, no common shares were issued by the Company (September 30, 2012: 80,000 common shares).

During the year-end June 30, 2013, as a result of the Arrangement Agreement (Refer to Note 1), Canaco's outstanding shares of 201,917,638 were assigned to Orca. Immediately prior to the Arrangement Agreement, on the basis of one (1) East Africa Metals share for every three (3) pre-Consolidation Canaco shares, 67,305,842 shares were distributed to Canaco shareholders. As a result of the Arrangement Agreement, for the Company's Loss per Share for the period ending September 30, 2012, the Company recalculated the weighted average number of common shares using post consolidation shares. The recalculated Loss per Share for the period ended September 30, 2012, was ($0.06).

(c) Escrowed shares

As at September 30, 2013, 507,553 (June 30, 2012 – 507,553) common shares are held in escrow. The release of these shares is based on the future exploration expenditures, discovery of an ore deposit and achieving commercial mineral production.

(d) Share-based compensation

The Company has established a share purchase option plan whereby the Board of Directors may grant stock options to directors, officers, employees or consultants in order to more closely align the grant-recipients' interests with those of shareholders.

The Company has been authorized by its shareholders to grant stock options of up to ten percent (10%) of the number of common shares issued and outstanding. Options granted are subject to a maximum term of ten years from the date of grant. The exercise price of an option must be determined in accordance with the share purchase option plan. Options vest at the time the stock options are granted unless determined otherwise by the Board of Directors, other than options granted to consultants performing investor relations activities, which vest in stages over twelve months with no more than one quarter vesting in any three-month period.

Details of stock option activity during the period ended September 30, 2013, are as follows:

	Number of options outstanding	Weighted average exercise price
Balance, June 30, 2013	--	$ --
Granted	5,000,000	$ 0.135
Exercised	--	$ --
Outstanding and exercisable, September 30, 2013	5,000,000	$ 0.135

The fair value of the 5,000,000 (September 30, 2012 – 6,000,000) options granted in the period which vested on the grant date, totalled $364,968 (September 30, 2012 – $1,852,260), of which $299,274 (September 30, 2012 – $1,404,630) was recorded as share-based compensation expense and $65,694 (September 30, 2012 – $447,630) was recognized as share-based compensation expense within exploration expenditure. The options were valued using the Black-Scholes model based on the following assumptions:

	2013	2012
Expected life	2.31 years	--
Volatility	96.00%	--
Dividend yield	--	--
Risk free rate	1.20%	--

Expressed in Canadian dollars, unless otherwise stated

13. Share capital (continued)

(d) Share-based compensation (continued)

Option pricing models require the input of subjective assumptions including the expected volatility. The expected volatility is based on the historical volatility of the Company's common shares. Changes in the subjective input assumptions can materially affect the fair value estimate.

During the period ended September 30, 2013, no stock options were exercised (September 30, 2012 – 80,000).

14. Related party transactions

(a) Related parties

	Three months ended September 30, 2013	Three months ended September 30, 2012
Services rendered and expenses incurred (v):		
Services and related expenses (i)	$ 143,599	$ 243,379
Management fees (ii)	52,375	46,875

	September 30, 2013	June 30, 2013
Balances receivable from (v):		
Reimbursement of shared costs (iii)	$ 570,020	$ 614,441
	570,020	614,441
Balances payable to (v):		
Services rendered (i)	(129,500)	(129,500)
Directors and officers (iv)	(100,962)	(27,607)
	$ (230,462)	$ (157,107)

(a) Related parties

- (i) Services and related expenses are paid for or received from related parties with directors in common.
- (ii) Management fees were paid to a privately held company for the services of an officer of the Company.
- (iii) The Company shares office premises with two other companies that have directors in common and expenses were reimbursed at cost.
- (iv) Director fees and salaries paid or accrued to directors and officers of the Company.
- (v) These transactions were in the normal course of business recorded at their exchange amounts, which was established and agreed to by the related parties. The balances payable are included in accounts payable and accrued liabilities and the amounts receivable are included in accounts receivable.

(b) Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group.

Details of key management personnel compensation is as follows:

	Three months ended September 30, 2013	Three months ended September 30, 2012
Directors fees, key management personnel salaries and short-term benefits	$ 145,030	$ 230,455
Share-based compensation	244,529	879,824
	$ 389,559	$ 1,110,279

Expressed in Canadian dollars, unless otherwise stated

15. Financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. As at September 2013, the classifications of the financial instruments are shown in the table below:

	Fair value through profit or loss	Financial assets available-for-sale	Total carrying value
As at September 30, 2013			
Marketable securities	$ --	$ 1,076,250	$ 1,076,250
Other assets	218,216	--	218,216
	$ 218,216	$ 1,076,250	$ 1,294,466

From time to time, the Company may make strategic investments in other private or publicly traded entities. These investments may take the form of common shares and share purchase warrants. For accounting purpose, the Company has determined that any share purchase warrants held are derivative financial instruments and any change in fair value is included in the consolidated statements of operations for the period. The fair value of share purchase warrants is measured using Black-Scholes that uses inputs that are primarily based on market indicators. Refer to Note 9 for the inputs used in the fair value measurement. Any common shares (equities) held are designated as available-for-sale and any change in fair value is included in other comprehensive income (loss), until such time as the common shares are sold or otherwise disposed of at which time any gains or losses will be included in the consolidated statements of operations for the period. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from OCI and recognized in the consolidated statements of operations.

The following table presents the Company's financial assets that are measured at fair value as at September 30, 2013:

	Level 1	Level 2	Level 3	Total
As at September 30, 2013				
Marketable securities	$ 1,076,250	$ --	--	$ 1,076,250
Other Assets	--	218,216	--	218,216
	$ 1,076,250	$ 218,216	$ --	$ 1,294,466

The fair values of the Company's financial instruments measured at September 30, 2013, constitute Level 1 for marketable securities and Level 2 for other assets (share purchase warrants).

16. Geographical segment information

The Company's activities are all in the one industry segment of mineral property acquisition, exploration and development. Following is a summary of net loss, assets and liabilities by geographical segment:

	Canada	Tanzania	Total
For the period ended September 30, 2013			
Net loss for the period	$ 897,154	$ 610,684	$ 1,507,838
As at September 30, 2013			
Total liabilities	(535,986)	(411,431)	(947,417)
Total non-current assets	863,594	6,714,212	7,577,806
Total assets	25,071,785	7,131,238	32,203,023

	Canada	Tanzania	Total
For the period ended September 30, 2012			
Net loss for the period	$ 2,922,630	$ 1,333,768	$ 4,256,398
As at September 30, 2012			
Total liabilities	(500,906)	(198,446)	(699,352)
Total non-current assets	1,211,243	6,330,370	7,541,613
Total assets	94,400,546	7,209,432	101,609,978