EAST AFRICA METALS INC.
(an exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2014,
the six month transitional fiscal year ended December 31, 2013,
and the year ended June 30, 2013

Expressed in Canadian dollars

April 27, 2015

Independent Auditor's Report

To the Shareholders of East Africa Metals Inc.

We have audited the accompanying consolidated financial statements of East Africa Metals Inc., which comprise the consolidated balance sheets as at December 31, 2014, December 31, 2013 and June 30, 2013 and the consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for the year ended December 31, 2014, the six month period ended December 31, 2013 and the year ended June 30, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of East Africa Metals Inc. as at December 31, 2014, December 31, 2013 and June 30, 2013 and its financial performance and its cash flows for the year ended December 31, 2014, the six month period ended December 31, 2013 and the year ended June 30, 2013 in accordance with International Financial Reporting Standards.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants

EAST AFRICA METALS INC.
(an exploration stage company)
Consolidated Balance Sheets
Expressed in Canadian dollars, unless otherwise stated

	December 31, 2014	December 31, 2013	June 30, 2013
Assets			
Current assets			
Cash and cash equivalents (Note 9)	$ 2,216,673	$ 6,184,190	$ 5,072,586
Short-term investments	8,220,825	11,659,449	13,240,050
Restricted cash	--	--	3,999,994
Accounts receivable (Note 10)	719,770	1,910,268	1,572,481
Loan receivable (Note 11)	--	1,842,613	--
Marketable securities and other assets (Note 13)	--	2,151,951	956,275
Prepaid expenses and deposits	261,846	347,797	493,466
	11,419,114	24,096,268	25,334,852
Mineral property interests (Note 15)	20,056,226	6,111,159	5,961,798
Property and equipment (Note 14)	1,829,485	1,582,542	1,843,254
	$ 33,304,825	$ 31,789,969	$ 33,139,904
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities (Note 12)	$ 1,075,993	$ 786,540	$ 821,819
Warrants derivative liability (Notes 8 and 17)	1,630	--	--
	1,077,623	786,540	821,819
Non-current liabilities			
Leasehold inducement (Note 24)	131,146	--	--
Total liabilities	1,208,769	786,540	821,819
Equity			
Share capital (Note 18(b))	38,179,332	33,873,666	33,873,666
Warrants (Note 18(e))	1,407,076	--	--
Contributed surplus (Note 18(d))	145,943,957	145,644,115	145,279,147
Accumulated other comprehensive income	1,843,341	696,424	28,119
Deficit	(159,652,398)	(149,210,776)	(146,862,847)
	27,721,308	31,003,429	32,318,085
Non-controlling interest (Notes 8 and 15)	4,374,748	--	--
	32,096,056	31,003,429	32,318,085
	$ 33,304,825	$ 31,789,969	$ 33,139,904

Nature of operations and spinout transaction (Notes 1 and 2)
Commitments (Note 24)
Subsequent events (Notes 15 and 24)

Approved on behalf of the Board

(signed) "David Parsons"　　　　(signed) "Dr. Antony Harwood"

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

EAST AFRICA METALS INC.

(an exploration stage company)

Consolidated Statements of Operations

Expressed in Canadian dollars, unless otherwise stated

	Year ended December 31, 2014	Six months ended December 31, 2013	Year ended June 30, 2013
Expenses			
Amortization (Note 14)	$ 148,973	$ 114,480	$ 276,103
Corporate transaction fees	--	--	1,830,556
Directors and advisory board fees	76,595	42,667	282,198
Exploration and evaluation expenditure (Note 16)	5,272,245	1,380,771	4,611,066
Investor/shareholder communications and filing fees	330,748	42,601	402,437
Legal, audit and audit related fees	195,516	197,235	975,442
Management consulting fees and expenses	567,561	115,984	1,133,415
Office and administration	513,331	130,836	888,416
Project generation	377,204	280,482	246,970
Rent and occupancy costs	232,842	113,768	213,723
Salary and benefits	421,353	164,042	1,652,389
Share-based compensation (Note 18(d))	21,616	299,274	1,404,630
Write-off of mineral property interests (Note 15)	2,375,466	31,205	--
	10,533,450	2,913,345	13,917,345
Loss before under-noted items	(10,533,450)	(2,913,345)	(13,917,345)
Change in fair value of other assets (Note 13)	(154,979)	212,371	(85,318)
Change in fair value of other assets with loan receivables (Notes 11 and 13)	(388,630)	157,256	--
Change in fair value of warrants derivative liability (Note 17)	167,630	--	--
Finance income (Note 11)	229,280	47,620	--
Foreign exchange gain (loss)	170,317	12,553	(72,002)
Gain (loss) on sale of marketable securities (Note 13)	(38,150)	16,236	--
Loss on disposal of property and equipment (Note 14)	(27,511)	--	--
Interest income	190,916	119,380	904,435
Other	(266,626)	--	--
Net loss for period	(10,651,203)	(2,347,929)	(13,170,230)
Net loss attributable to:			
Shareholders	(10,441,622)	(2,347,929)	(13,170,230)
Non-controlling interest	(209,581)	--	--
Loss per share, basic and diluted	$ (0.12)	$ (0.03)	$ (0.20)
Weighted average number of common shares used in the calculation of loss per share – basic and diluted	89,646,641	67,305,842	66,830,772

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in Canadian dollars)

	Year ended December 31, 2014	Six months ended December 31, 2013	Year ended June 30, 2013
Net loss for period	$ (10,651,203)	$ (2,347,929)	$ (13,170,230)
Items that may be reclassified to statement of operations			
Currency translation adjustment			
Attributable to shareholders of Company	1,319,351	79,705	297,785
Attributable to shareholders of non-controlling interest	285,292	--	--
Unrealized gain (loss) on investments, net of deferred income tax (Note 13)	(172,430)	604,836	(871,216)
Realized gain on investment transferred to net loss	31,377	(16,236)	--
Comprehensive loss	(9,187,613)	(1,679,624)	(13,743,661)
Attributable to shareholders of Company	(9,263,324)	(1,679,624)	(13,743,661)
Attributable to shareholders of non-controlling interest	75,711	--	--
	$ (9,187,613)	$ (1,679,624)	$ (13,743,661)

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

EAST AFRICA METALS INC.

(an exploration stage company)

Consolidated Statements of Changes in Equity

For the year ended December 31, 2014, the six months ended December 31, 2013, and the year ended June 30, 2013

Expressed in Canadian dollars, unless otherwise stated

	Common Shares Without Par Value				Accumulated Other Comprehensive Income		Total Common Shareholders' Equity	Non-Controlling Interest	
	Shares	Amount	Warrants	Contributed Surplus		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	$ --	$ 103,582,893
Issued for cash									
Stock options exercised (Note 18(d))	2,209,535	1,044,569	--	(417,976)	--	--	626,593	--	626,593
Share-based compensation (Note 18(d))	--	--	--	1,852,260	--	--	1,852,260	--	1,852,260
Unrealized loss on investments (Note 13)	--	--	--	--	(871,216)	--	(871,216)	--	(871,216)
Warrants expired, unexercised (Note 18(e))	--	--	(2,263,787)	2,263,787	--	--	--	--	--
Shark Arrangement (Notes 1, 2 and 18(b))	(201,917,638)	(170,381,189)	--	110,381,189	--	--	(60,000,000)	--	(60,000,000)
Issuance of shares (Note 18(b))	67,305,842	--	--	--	--	--	--	--	--
Currency translation adjustment on foreign operations	--	--	--	--	297,785	--	297,785	--	297,785
Net loss for the period	--	--	--	--	--	(13,170,230)	(13,170,230)	--	(13,170,230)
Balance, June 30, 2013	67,305,842	$ 33,873,666	$ --	$ 145,279,147	$ 28,119	$ (146,862,847)	$ 32,318,085	$ --	$ 32,318,085
Share-based compensation (Note 18(d))	--	--	--	364,968	--	--	364,968	--	364,968
Unrealized gain on investments (Note 13)	--	--	--	--	604,836	--	604,836	--	604,836
Unrealized gain on investments transferred to net loss (Note 13)	--	--	--	--	(16,236)	--	(16,236)	--	(16,236)
Currency translation adjustment on foreign operations	--	--	--	--	79,705	--	79,705	--	79,705
Net loss for the period	--	--	--	--	--	(2,347,929)	(2,347,929)	--	(2,347,929)
Balance, December 31, 2013	67,305,842	$ 33,873,666	$ --	$ 145,644,115	$ 696,424	$ (149,210,776)	$ 31,003,429	$ --	$ 31,003,429

EAST AFRICA METALS INC.

(an exploration stage company)

Consolidated Statements of Changes in Equity

For the year ended December 31, 2014, the six months ended December 31, 2013, and the year ended June 30, 2013

Expressed in Canadian dollars, unless otherwise stated

	Common Shares Without Par Value				Accumulated Other Comprehensive Income		Total Common Shareholders' Equity	Non-Controlling Interest	
	Shares	Amount	Warrants	Contributed Surplus		Deficit			Total Equity
Balance, December 31, 2013	67,305,842	$ 33,873,666	$ --	$ 145,644,115	$ 696,424	$ (149,210,776)	$ 31,003,429	$ --	$ 31,003,429
Repurchase of common shares under normal course issuer bid (Note 18(b))	(932,500)	(330,755)	--	191,356	--	--	(139,399)	--	(139,399)
Shares issued – Tigray acquisition (Notes 8 and 18(b))	35,326,319	4,592,421	--	--	--	--	4,592,421	--	4,592,421
Shares issued for mineral property interest (Notes 15 and 18(b))	550,000	44,000	--	--	--	--	44,000	--	44,000
Share-based compensation (Note 18(d))	--	--	--	21,616	--	--	21,616	--	21,616
Stock options – Tigray acquisition (Notes 8 and 18(d))	--	--	--	86,870	--	--	86,870	--	86,870
Warrants issued – Tigray acquisition (Notes 8 and 18(e))	--	--	1,311,421	--	--	--	1,311,421	--	1,311,421
Warrants – Tigray acquisition (Notes 8 and 18(e))	--	--	87,280	--	--	--	87,280	--	87,280
Warrants issued for mineral property interest (Notes 15 and 18(e))	--	--	8,375	--	--	--	8,375	--	8,375
Acquisition of Tigray (Note 8)	--	--	--	--	--	--	--	4,299,037	4,299,037
Unrealized loss on investments	--	--	--	--	(172,340)	--	(172,340)	--	(172,340)
Unrealized gain on investments transferred to net loss (Note 13)	--	--	--	--	31,377	--	31,377	--	31,377
Currency translation adjustment on foreign operations	--	--	--	--	1,287,880	--	1,287,880	285,292	1,573,172
Net loss for the period	--	--	--	--	--	(10,441,622)	(10,441,622)	(209,581)	(10,651,203)
Balance, December 31, 2014	102,249,661	$ 38,179,332	$ 1,407,076	$ 145,943,957	$ 1,843,341	$ (159,652,398)	$ 27,721,308	$ 4,374,748	$ 32,096,056

EAST AFRICA METALS INC.

(an exploration stage company)

Consolidated Statements of Cash Flows

Expressed in Canadian dollars, unless otherwise stated

	Year ended December 31, 2014	Six months ended December 31, 2013	Year ended June 30, 2013
Cash flows provided by (used for) operating activities			
Loss for the period	$ (10,651,203)	$ (2,347,929)	$ (13,170,230)
Items not involving cash			
Amortization – administration (Note 14)	148,973	114,480	276,103
Amortization – exploration and evaluation (Note 14)	350,107	159,960	385,278
Share based compensation – administration (Note 18(d))	21,616	299,274	1,404,630
Share based compensation – exploration evaluation (Note 18(d))	--	65,694	447,630
Unrealized foreign exchange gain (loss)	(176,285)	12,533	72,002
Change in fair value of marketable securities and other assets (Note 13)	543,609	(369,627)	85,318
Change in fair value of warrants derivative liability (Note 17)	(167,630)	--	--
Finance income (Note 11)	(229,280)	(47,620)	--
Interest income	(62,667)	27,551	--
Other	266,622	--	--
Gain (loss) on marketable securities and other assets (Note 13)	38,150	(16,236)	--
Loss on disposal of property and equipment (Note 14)	27,511	--	--
Write-off of mineral property interests (Note 15)	2,375,466	31,205	--
Changes in operating assets and liabilities			
Accounts receivable	211,527	(317,096)	(454,917)
Restricted Cash (Note 1)	--	3,999,994	(3,999,994)
Prepaid expenses, deposits, materials and supplies	267,186	145,669	280,129
Accounts payable and accrued liabilities	(7,746)	(67,721)	(598,255)
	(7,044,044)	1,690,131	(15,272,306)
Cash flows provided by (used for) investing activities			
Cash received from acquisition of Tigray (Note 8)	294,448	--	--
Tigray transaction costs (Note 8)	(354,504)	--	--
Disposal of marketable securities and other assets (Note 13)	175,257	--	--
Purchase of marketable securities and other assets (Note 13)	--	--	(1,200,000)
Tigray Loan (Note 11)	--	(2,000,000)	--
Mineral property interests acquisitions (Note 15)	(467,156)	(117,966)	(457,655)
Purchase of equipment (Note 14)	(147,907)	--	(75,290)
Redemption of short-term investments	15,310,078	4,117,300	92,901,513
Purchase of short-term investments	(11,658,859)	(2,564,252)	(55,198,051)
	3,151,357	(564,918)	35,970,517
Cash flows provided by (used for) from financing activities			
Shark Arrangement (Notes 1 and 2)	--	--	(60,000,000)
Proceeds from exercise of stock options	--	--	626,593
Repurchase of common shares - normal course issuer bid (Note18(b))	(139,399)	--	--
	(139,399)	--	(59,373,407)
Effects of exchange rate changes on cash and cash equivalents	64,569	(13,609)	(35,818)
Increase (Decrease) in cash and cash equivalents	(3,967,517)	1,111,604	(38,711,014)
Cash and cash equivalents, beginning of period	6,184,190	5,072,586	43,783,600
Cash and cash equivalents, end of period	$ 2,216,673	$ 6,184,190	$ 5,072,586
Non-cash investing and financing activities			
Shark Arrangement (Notes 1 and 2)	$ --	$ --	$ 110,381,189
Expiry of warrants (Note 18 (e))	--	--	2,263,787
Tigray Arrangement – common shares (Notes 1 and 8)	4,592,421	--	--
Tigray Arrangement – warrants (Notes 1 and 8)	1,311,421	--	--
Mineral property interest – common shares (Notes 15 and 18(b))	44,000	--	--
Mineral property interest – warrants (Notes 15 and 18(e))	8,375	--	--
Normal course issuer bid (Note 18(b))	191,356	--	--

1. Nature of operations, arrangements and spinout transaction

East Africa Metals Inc. ("East Africa" or the "Company") was incorporated on December 7, 2012, under the Canada Business Corporations Act ("CBCA"). The address of the Company's corporate office and principal place of business is Suite 700, 1055 West Georgia 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.

East Africa is a mineral exploration company focused on the identification, acquisition, exploration, and development of base and precious metal resource properties in Ethiopia and Tanzania. The Company's major mineral properties consist of two projects in Ethiopia, the Harvest Project and the Adyabo Project and one project in Tanzania, the Handeni Project.

The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of the properties.

The Company has changed its year end from June 30 to December 31, effective December 31, 2013. Accordingly, the fiscal year ended December 31, 2013, is a shortened six month transitional fiscal year.

Tigray Arrangement

On May 7, 2014 ("the "Effective Date"), East Africa announced that it had completed the acquisition of all of the issued and outstanding common shares (the "Tigray Shares") of Tigray Resources Inc. ("Tigray"), other than the Tigray Shares already held by East Africa, by way of a plan of arrangement (the "Tigray Arrangement") under the CBCA. Tigray was incorporated on September 23, 2010, under the CBCA. Tigray was formed for the purpose of acquiring Harvest Mining Plc ("Harvest Project") and until June 30, 2011, was a wholly owned subsidiary of Canaco, now Orca Gold Inc. ("Orca"). Tigray is a mineral exploration company focused on the identification, acquisition, exploration, and development of base and precious metal resource properties in Ethiopia. Tigray has two projects in Ethiopia, the Harvest Project and the Adyabo Project. Refer to Note 8 for further details.

Shark Arrangement 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 "Shark Arrangement"). In connection with the Shark Arrangement 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 and changed its name to Orca.

Immediately prior to the Shark Arrangement and the 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, certain liabilities and $60,000,000 in cash and short-term investments as defined in the agreement, to East Africa and (b) distributed all of the shares of East Africa to the shareholders of Canaco immediately prior to giving effect to the Shark Arrangement on the basis of one (1) East Africa share for every three (3) pre-Consolidation Canaco shares held by shareholders as at the completion of the Spinout.

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, 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, and its related comparatives are 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 as a result of the Spinout.

3. Statement of compliance and basis of preparation

These consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors on April 27, 2015.

4. Significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared on an accrual basis and are on an historical costs basis, except for certain financial instruments which are measured at fair value. The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

These consolidated financial statements are prepared in Canadian dollars, with all amounts rounded to the nearest dollar, unless otherwise stated.

(b) Consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries - Canaco Resources (BC) 2009 Inc., Canaco Tanzania Limited, Canaco Resources Holdings Inc., Canaco Tanzania Holdings Inc., Tigray Resources Inc., Tigray Resources Holdings Inc., Tigray Ethiopia Holdings Inc., Tigray Resources Incorporated PLC, a 70% interest in Harvest Mining PLC and a structured private entity incorporated in Tanzania - Denwill Mining Services Limited for the purposes of consolidation. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions in Canada are eliminated on consolidation, with the exception of any unrealized gains and losses with Harvest Mining PLC which would then be eliminated on a pro-rata ownership basis. The functional currency of the Company and its subsidiaries in the British Virgin Islands ("BVI") is the Canadian dollar and the functional currency of its Tanzanian and Ethiopian subsidiaries is the US dollar ("USD").

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

Expressed in Canadian dollars, unless otherwise stated

4. Significant accounting policies (continued)

(b) Consolidation (continued)

The principal subsidiaries of East Africa and their geographic locations at December 31, 2014, were as follows:

Name of subsidiary	Principal Activity	Location	Proportion of ownership interest and/or voting power held
Canaco Resources (BC) 2009 Inc.	Holding company	Canada	100%
Canaco Tanzania Limited	Mineral exploration	Tanzania	100%
Canaco Resources Holdings Inc.	Holding company	BVI	100%
Canaco Tanzania Holdings Inc.	Holding company	BVI	100%
Tigray Resources Inc.	Holding company	Canada	100%
Tigray Resources Holdings Inc.	Holding company	BVI	100%
Tigray Ethiopia Holdings Inc.	Holding company	BVI	100%
Tigray Resources Incorporated PLC	Mineral exploration	Ethiopia	100%
Harvest Mining PLC	Mineral exploration	Ethiopia	70%
Denwill Mining Services Limited	Mineral exploration	Tanzania	100% (consolidated structured entity)

Structured entities are entities controlled by the Company which were designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Structured entities controlled by the Company were established under terms that impose strict limitations on the decision-making powers of the structured entities' management and that results in the Company receiving the majority of the benefits related to the structured entities' operations and net assets, being exposed to the majority of risks incident to the structured entities' activities, and retaining the majority of the residual or ownership risks related to the structured entities or their assets.

The Company accounts for Denwill Mining Services Limited ("Denwill") as a structured entity in accordance with IFRS 10 Consolidated Financial Statements. The Company has concluded that it controls this entity as the Company has the power to control the principal economic and strategic decisions on exploration activities. Refer to Note 5(a) for further information.

(c) Cash and cash equivalents

Cash is cash on deposit with banks and cash equivalents are money market investments with maturities on the date of acquisition of 90 days or less. Cash and cash equivalents are readily convertible to cash and are subject to insignificant changes in value.

(d) Short-term investments

Short-term investments include amounts held as cash term deposits in banks with maturities at date of purchase of between 90 days and one year.

(e) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans are considered to be impaired when there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the loan, the estimated future cash flows of the loan have been affected. Loans are considered past due once the borrower has failed to make payments within 30 days of the contractual due date. Alternatively, if there has been a specific event which gives rise to uncertainty as to the ultimate collectability of a loan, including those loans that are less than 30 days in arrears, the loan is declared to be impaired.

Objective evidence of an impairment of a loan could include: significant financial difficulty of the borrower; breach of contract such as a default or delinquency in interest or principal payments; or it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

4. Significant accounting policies (continued)

(f) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses result from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an operation's functional currency. These gains and losses are recognized in the consolidated statements of operations.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(ii) Translation of foreign operations results into the presentation currency

The results and balance sheets of all the Company's subsidiaries with functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of the consolidated balance sheet;
- Income and expenses are translated at monthly average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences are recognized as a currency translation adjustment in the statements of comprehensive income (loss).

The parent company has monetary items that are inter-company receivables from foreign operations. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is in substance a part of the parent company's net investment in that foreign operation. On consolidation, such exchange differences are recognized in the statements of comprehensive income and accumulated other comprehensive income in equity. When a foreign operation is sold, such exchange differences are recognized in the consolidated statements of operations as part of the gain or loss on sale.

(g) Financial instruments

Financial assets and liabilities are initially recognized at fair value on the consolidated balance sheet when the Company becomes a party to the contractual provisions of the instrument. Measurement in subsequent periods depends on the financial instrument's classification.

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- Cash and cash equivalents have been designated as loans and receivables.
- Receivables and short-term deposits have been designated as loans and receivables and are thus recorded at amortized cost, net of anticipated collection costs, if any.
- Accounts payable and accrued liabilities are initially recorded at fair value and subsequently measured at amortized cost.
- Held for trading financial instruments ("other assets") are measured at fair value. All gains and losses are included in the consolidated statements of operations in the period in which they arise.
- Available-for-sale ("Marketable Securities") are non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income ("OCI"). 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.

4. Significant accounting policies (continued)

(g) Financial instruments (continued)

The three levels of the fair value hierarchy are:

- Level 1 – Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and
- Level 3 – Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

(h) Impairment of financial assets

Financial assets, other than those at fair value through the consolidated statements of operations, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(i) Non-controlling interest

Non-controlling interest represents equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interest is presented as a component of equity. The loss and each component of other comprehensive income are attributed to non-controlling interests where applicable.

(j) Mineral property interests and exploration and evaluation expenditures

Acquisition of mineral property interests

The Company capitalizes the direct costs of acquiring and maintaining mineral property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

From time to time, the Company acquires and disposes of mineral property interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as mineral property costs (recoveries) when payments are made or received until the original cost is recovered and after which subsequent recoveries are charged to the consolidated statements of operations.

Ownership in mineral property interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties.

(k) Mineral property interests and exploration and evaluation expenditures

Exploration and evaluation expenditures (“Exploration expenditures”)

The Company’s Exploration expenditures are charged to the consolidated statements of operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration and development expenditures are capitalized. Exploration expenditures include salary costs of geologists, field employees and local management.

(l) Property and equipment

Property and equipment are stated at cost as at the date of acquisition or completion and are available for their intended use. Residual values, method of amortization (depreciation) and useful lives of the assets are reviewed annually and adjusted if expectations differ from previous estimates. Amortization (depreciation) related to property and equipment used in exploration and evaluation activities are classified within Exploration expenditures.

4. Significant accounting policies (continued)

(l) Property and equipment (continued)

The Company amortizes (depreciates) property and equipment using the straight-line method over their useful lives as follows:

• Buildings and roads	5-10 years
• Office furniture and equipment	5-10 years
• Computer equipment and software	2-4 years
• Vehicles	4 years
• Leasehold improvements	over the term of the lease

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of operations.

(m) Impairment of non-financial assets

(i) Impairment

The Company's mineral property interests and property and equipment are reviewed for indications of impairment at each reporting period. If indication of impairment exists, the asset's recoverable amount is estimated.

The Company performs an impairment test when events or circumstances occur which indicate the assets may not be recoverable. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Impairment tests are performed on a project by project basis with each project representing a cash generating unit. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and recognized in the consolidated statements of operations.

(ii) Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Share-based compensation

The Company grants stock options to directors, officers, employees and service providers. Each tranche in an award is considered a separate award with its own vesting period and fair values. The Company applies the fair-value method of accounting for share-based compensation. The fair value is calculated using the Black-Scholes option pricing model.

Share-based compensation for employees and others providing similar services are determined based on the grant date fair value. Share-based compensation for non-employees is determined based on the fair value of the goods or services received or option granted measured at the date on which the Company obtains such goods or services.

Share-based compensation expense is recognized over each tranche's vesting period, in the consolidated statements of operations or capitalized as appropriate, based on the number of awards that vest less the estimated forfeitures. The number of forfeitures likely to occur is estimated on grant date. If and when stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital.

(o) Income tax

Income tax on the consolidated statement of operations for the years presented comprises current and deferred tax. Income tax is recognized in the consolidated statements of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for any adjustment to tax payable in respect of previous years.

4. Significant accounting policies (continued)

(o) Income tax (continued)

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

(p) Loss per share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. The diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and their equivalents are reflected in diluted earnings per share by application of the treasury method, whereby all 'in the money" options and warrants are assumed to have been exercised at the beginning of the year and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the year. If the Company incurs losses, basic and diluted loss per share is the same as the exercise of options and warrants is considered to be anti-dilutive.

(q) Share capital

(i) The proceeds from the exercise of stock options and warrants, in addition to the estimated fair value attributable to these equity instruments, are recorded as share capital when exercised. Warrants issued are recorded at the estimated fair value using the Black-Scholes pricing model.

(ii) Share capital issued for non-monetary consideration is recorded at an amount based on estimated fair market value reduced by an estimate of transaction costs incurred when issuing shares for cash.

(iii) On unit offerings, the Company prorates the proceeds between the relative fair values of the shares issued and the Black-Scholes value of the warrants issued.

(r) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in consolidated statements of operations such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to a translation of foreign operations. The Company's comprehensive income (loss) and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

(s) Operating lease and lease inducements

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are charged to the consolidated statement of operations loss on a straight-line basis over the period of the lease. Related expenses, such as maintenance and insurance expenses are charged to the consolidated statement of operations as incurred. Leasehold inducements are amortized to rent expense on a straight-line basis over the term of the lease.

5. 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 estimates and 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 and judgments. 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 judgments, 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 structured entity – Denwill Mining Services Limited

Denwill is consolidated as a structured entity (formerly a Special Purpose Entity), and the purpose of which is for the benefit of the Company to acquire primary mining licenses ("PML") in Magambazi, restricted to citizens of Tanzania (see Note 15). During the year ended June 30, 2011, the Company provided funds to Denwill for the payments for the Magambazi PMLs. Concurrently, during the year ended June 30, 2011, the Company and Denwill entered into an agreement whereby the Company is granted an option to acquire all of the issued and outstanding shares of Denwill for US$40,000, which has not yet been exercised. The Company has assessed it has control over Denwill as Denwill's three directors are directors of the Company's Tanzanian subsidiary, it provides funds for the payments of PML's and it has the power to direct the exploration activities, which affects the risks and rewards from the Magambazi property.

(b) Asset acquisitions

The Company has determined that the acquisition of Tigray (see Note 8) was an asset acquisition rather than a business combination. This is considered a significant judgment that could have a material impact on the assets and liabilities recognized. The purchase consideration is allocated to the identifiable assets acquired and liabilities assumed based on their fair values at the date of acquisition. The determination of the fair value requires the management to make assumptions, estimates and judgments regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities.

(c) Continuity of interests accounting

As described in Notes 1 and 2, during the year-ended June 30, 2013, Canaco transferred all of its assets other than certain assets, certain liabilities and $60,000,000 in cash, short-term investments as defined in the agreement, to East Africa and distributed all of the shares of East Africa 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 certain assets, certain liabilities, $60,000,000 in cash and short-term investments, and the management of the Company. As there was no substantive change in the Company, management concluded that the Shark Arrangement 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, and its related comparatives will be the historical results of Canaco.

(d) Impairment of Mineral Property Interest

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases. Determining whether to test for impairment of Mineral Property Interest requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale. Management concluded for specific Tanzanian Mineral Property Interests that the exploration for and evaluation of mineral resources indicate there is no commercial viable mineral resource.

5. Significant accounting estimates and judgments (continued)

(d) Impairment of Mineral Property Interest (continued)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period (refer to Note 15 for impairment write-downs).

6. Adoption of new or revised IFRSs

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(a) Amendment to *IAS 36, Impairment of Assets* ("IAS 36")

IAS 36 was amended in May 2013 to make small changes to the disclosures required by IAS 36 when an impairment loss is recognized or reversed. The amendments require the disclosure of the recoverable amount of an asset or cash generating unit ("CGU") at the time an impairment loss has been recognized or reversed and detailed disclosure of how the associated fair value less costs of disposal has been determined. The amendments are effective for accounting periods beginning on or after January 1, 2014, with earlier adoption permitted. The Company has concluded there was no significant impact of adopting this standard.

(b) Accounting for levies imposed by governments

IFRIC 21, Accounting for levies imposed by governments ("IFRIC 21") is an interpretation on the accounting for levies. IFRIC 21 will affect entities that are subject to levies that are not income taxes within the scope of IAS 12 Income Taxes. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and should be applied retrospectively. Earlier adoption is permitted. The Company has concluded there was no significant impact of adopting this standard.

7. IFRSs not yet effective

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

(a) *IFRS 9 Financial Instruments* ("IFRS 9")

The final version of IFRS 9 was issued by the IASB in July 2014 and will replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses.

It also includes changes in respect of credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

Expressed in Canadian dollars, unless otherwise stated

7. IFRSs not yet effective (continued)

(b) *IFRS 10 amendment*

Sale or contribution of assets between an investor and its associate IFRS 10, Consolidated Financial Statements ("IFRS 10") has been amended to address an inconsistency between IFRS 10 and IAS 28, Investments in Associates. The main consequence of the amendment is that a full gain or loss is recognized when the transaction involves a business combination, and whereas a partial gain is recognized when the transaction involves assets that do not constitute a business. The amendment is effective for years beginning January 1, 2016. The Company is in the process of determining the extent of the impact of adopting this standard.

8. Acquisition of Tigray Resources Inc.

On May 7, 2014, East Africa announced that it had completed the acquisition of all of the Tigray Shares, other than the Tigray Shares already held by East Africa, by way of the Tigray Arrangement. Under the terms of the Tigray Arrangement, East Africa acquired all of the outstanding common shares of Tigray on the basis of 0.55 of an East Africa Share and 0.40 of an East Africa Warrant (the "Exchange Ratio") for each Tigray Share held by Tigray shareholders. Each East Africa Warrant will entitle the holder to purchase one common share of East Africa at a price of $0.23 and is exercisable for a period of three (3) years from the Effective Date. Each issued and outstanding Tigray warrant and option will be exercisable as at and after the Effective Date of the Tigray Arrangement to acquire that number of East Africa Shares as is determined based on the Exchange Ratio and the same terms of an East Africa Warrant, in lieu of receiving Tigray Shares. The outstanding Tigray warrants and options will continue to be governed by the same terms and conditions as the original Tigray warrant and option certificate except that upon exercise of each warrant or option, the shareholder would receive 0.55 of East Africa Share and 0.40 of an East Africa Warrant.

For accounting purposes, Tigray is not considered as a business under *IFRS 3 "Business Combinations"* as at the time of the acquisition it is not capable of generating outputs that can provide a return to East Africa. As a result, the Tigray Arrangement has been accounted for as an asset acquisition.

The allocation of the consideration to the assets and liabilities acquired is as follows:

Allocation of assets and liabilities		
Current assets	$	521,329
Mineral property interests		14,527,698
Property and equipment		215,939
Current liabilities		(212,713)
Non-controlling interest		(4,299,037)
	$	10,753,216

The total consideration relating to the Tigray Arrangement is summarized below:

Consideration		
Common shares issued	$	4,592,421
Warrants issued		1,311,421
Fair value of Tigray stock options assumed		86,870
Fair value of Tigray warrants assumed		87,280
Fair value of warrants derivative liability assumed		169,260
Fair value of Tigray Shares and warrants held		958,667
Loan and interest receivable from Tigray		2,071,893
Fair value of Tigray warrants held in connection with the loan		6,075
Other receivables from Tigray		1,113,054
Transaction costs		356,275
Total consideration	$	10,753,216

8. Acquisition of Tigray Resources Inc. (continued)

Total consideration of $10,753,216 is comprised of:

a) 35,326,319 East Africa Shares issued with a fair value of $4,592,421 based on the opening price of an East Africa's share on May 7, 2014, at $0.13 per share.

b) 25,691,867 East Africa Warrants issued with a fair value of $1,311,421. The fair value was determined using the Black-Scholes option pricing model based on the following assumptions: expected dividend yield of 0%, expected volatility of 81.81%, risk-free rate of 1.17% and expected life of 3 years.

c) 2,316,600 East Africa Shares and 1,684,800 East Africa Warrants are issuable on exercise of the outstanding stock options of Tigray and 4,998,703 East Africa Shares are issuable on exercise of the outstanding share purchase warrants of Tigray. The outstanding Tigray stock options are accounted for under *IFRS 2 Share-based payments* as the stock options have been modified as a result that they are exercisable at the Exchange Ratio of 0.55 for an East Africa Share and 0.40 for an East Africa Warrant. The fair value of Tigray's outstanding stock options of $86,870 and the fair value of the East Africa Warrants of $87,280, issuable on the exercise of Tigray's outstanding stock options, was determined using the Black-Scholes option pricing model based on the following assumptions: stock option exercise price (post Exchange Ratio) $0.19 and Tigray warrant exercise price (post Exchange Ratio) of $0.23 to $0.73, expected dividend yield of 0%, expected volatility of 48.69% to 86.33%, risk-free rate of 1.05% to 1.17%, and expected life of 0.38 years to 3 years.

d) As part of the acquisition of Tigray, the legal existence of the Tigray share purchase warrants was continued; however, the share purchase warrants were modified such that they are exercisable for 0.55 of a common share of East Africa and for 0.40 of a warrant of East Africa. As a result, the modified East Africa Warrants have been recognized as a liability rather than an equity instrument of the consolidated group in these consolidated financial statements on the basis that a Tigray share purchase warrant which is settled in another warrant meets the definition of a financial liability rather than equity instrument under *IAS 32 Financial instruments: presentation*. Accordingly, the modified Tigray share purchase warrants will be measured on a recurring basis at fair value until the earlier of expiry or exercise. Subsequent gains or losses are to be recognized in the consolidated statement of operations.

The financial liability fair value of $169,260, related to the 3,635,420 East Africa Warrants, was determined using the Black-Scholes option pricing model based on the following assumptions: exercise price of $0.23, expected dividend yield of 0%, expected volatility of 84.89% to 89.33%, risk-free rate of 1.07% to 1.17% and expected life of 2.05 years to 2.62 years.

e) On April 19, 2013, the Company acquired 8,000,000 shares and 4,000,000 share purchase warrants of Tigray (see Note 13). Each warrant allowed the holder to purchase one common share of Tigray at an exercise price of $0.20 until April 19, 2015. The shares were valued at $800,000 based on the closing price immediately before the completion of the Tigray Arrangement. The 4,000,000 share purchase warrants were voluntarily cancelled and were fair valued immediately before completion of the Tigray Arrangement at $158,667 using the Black-Scholes option pricing model based on the following assumptions: expected dividend yield of 0%, expected volatility of 155.39%, risk-free rate of 1.05% and expected life of 0.95 years.

f) On December 4, 2013, the Company granted a loan of $2,000,000 to Tigray due and payable in full on June 3, 2014 (see Note 11). The loan bore an interest rate of 12% per annum, calculated and compounded quarterly. In connection with the loan, Tigray issued 8,000,000 share purchase warrants to East Africa, with each share purchase warrant exercisable at a price of $0.15 at any time prior to June 3, 2014, the maturity date of the loan ("Maturity Date"). The carrying loan payable and interest accrual carrying amounts of $2,071,893 on the closing of the Tigray Arrangement were recorded as part of the consideration. The 8,000,000 share purchase warrants were voluntarily cancelled and were fair valued immediately before completion of the Tigray Arrangement at $6,075 using the Black-Scholes option pricing model based on the following assumptions: expected dividend yield of 0%, expected volatility of 92.47%, risk-free rate of 1.05% and expected life of 0.08 years.

g) $1,113,054 payable to East Africa for exploration related costs and administrative expenses paid on behalf of Tigray.

h) Transaction costs of $356,275 have been included as part of the consideration.

Expressed in Canadian dollars, unless otherwise stated

9. Cash and cash equivalents

	December 31, 2014	December 31, 2013	June 30, 2013
Cash	$ 2,216,673	$ 5,038,803	$ 2,890,767
Cash equivalents	--	1,145,387	2,181,819
	$ 2,216,673	$ 6,184,190	$ 5,072,586

10. Accounts receivable

During the year ended December 31, 2014, insurance receivable of $767,403 related to the British Columbia Securities Commission hearing costs was recovered under the Company's insurance policy.

	December 31, 2014	December 31, 2013	June 30, 2013
Insurance receivable and tax receivables	$ 596,562	$ 1,018,562	$ 956,040
Related parties and other receivables	123,208	891,706	616,441
	$ 719,770	$ 1,910,268	$ 1,572,481

11. Loan receivable

On December 3, 2013, the Company entered into a $2,000,000 loan agreement with Tigray. The loan was due and payable in full on the Maturity Date, subject to a six-month extension period ("Extension Period"). The loan was secured by a charge on the shares of Tigray Resources Holdings Inc., a wholly-owned subsidiary of Tigray, which holds the controlling interest in Tigray's Ethiopian subsidiaries and mineral projects. The loan bore an interest at a rate of 12% per annum, calculated and compounded quarterly, and was payable in full on the Maturity Date. In connection with the loan, Tigray issued an aggregate of 8,000,000 warrants to the Company, with each warrant entitling the holder to purchase one common share of Tigray at a price of $0.15 at any time prior to the Maturity Date, including the Extension Period. The number of warrants was to be reduced or cancelled on a pro-rata basis if the loan was reduced or paid out prior to the Maturity Date and any such reduction or cancellation was to occur within 30 days after the reduction or paying out of the loan.

The grant date fair value of the warrants was estimated at $237,449 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 167.2%; risk free interest rate of 1.06% and expected life of 0.5 years. The estimated grant date fair value of the warrants and associated costs were discounted to the loan and were being recognized as income over the term of the loan.

As part of the consideration of the Tigray Arrangement (see Note 8), the fair value of the loan receivable and interest accrual of $2,071,893 (December 31, 2013 – $1,842,613; June 30, 2013 - $Nil) and the fair value of the warrants of $6,075 (December 31, 2013 – $394,705; June 30, 2013 – $Nil) was estimated respectively on May 7, 2014. The warrants were fair valued using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, expected volatility 92.47%, risk free interest rate 1.05% and an expected life of 0.08 years.

The fair value loss of $388,630 for the share purchase warrants ("other assets") for the period ended prior to the completion of the Tigray Arrangement (period ended December 31, 2013 – gain of $157,256; year ended June 30, 2013 – $Nil) was recorded through the consolidated statements of operations. The warrants were voluntarily cancelled upon the completion of the Tigray Arrangement.

	Carrying Value
As at June 30, 2013	$ --
Amortized cost of the loan	1,794,993
Finance (accretion) income	47,620
As at December 31, 2013	1,842,613
Finance (accretion) income	229,280
Acquisition of Tigray	(2,071,893)
As at December 31, 2014	$ --

Expressed in Canadian dollars, unless otherwise stated

12. Accounts payable and accrued liabilities

	December 31, 2014	December 31, 2013	June 30, 2013
Trade payables	$ 900,641	$ 558,641	$ 403,241
Accrued liabilities	175,352	227,899	418,578
	$ 1,075,993	$ 786,540	$ 821,819

13. Marketable securities and other assets

	Candente Gold Corp.		Tigray Resources Inc.		Total
	Quantity (Shares / warrants)	Carrying Value	Quantity	Carrying Value	Carrying Value
Marketable securities					
As at December 31, 2013	4,045,000	$ 323,600	8,000,000	$ 1,120,000	$ 1,443,600
Acquisition of Tigray (Note 8)	--	--	(8,000,000)	(800,000)	(800,000)
Disposals	(4,045,000)	(182,030)	--	--	(182,030)
Change in fair value	--	(141,570)	--	(320,000)	(461,570)
As at December 31, 2014	--	--	--	--	--
Other assets (warrants)					
As at December 31, 2013	--	--	12,000,000	708,351	708,351
Acquisition of Tigray (Note 8)	--	--	(12,000,000)	(164,742)	(164,742)
Change in fair value	--	--	--	(543,609)	(543,609)
As at December 31, 2014	--	--	--	--	--
Marketable securities and other assets					
As at December 31, 2014	--	$ --	--	$ --	$ --
As at December 31, 2013	4,045,000	$ 323,600	20,000,000	$ 1,828,351	$ 2,151,951

	Candente Gold Corp.		Tigray Resources Inc.		Total
	Quantity (Shares / warrants)	Carrying Value	Quantity	Carrying Value	Carrying Value
Marketable securities					
As at June 30, 2013	4,250,000	$ 255,000	8,000,000	$ 600,000	$ 855,000
Release from escrow	--	--	--	--	--
Disposals	(205,000)	(16,236)	--	--	(16,236)
Change in fair value	--	84,836	--	520,000	604,836
As at December 31, 2013	4,045,000	323,600	8,000,000	1,120,000	1,443,600
Other assets (warrants)					
As at June 30, 2013	--	--	4,000,000	101,275	101,275
Additions	--	--	8,000,000	237,449	237,449
Change in fair value	--	--	--	369,627	369,627
As at December 31, 2013	--	--	12,000,000	708,351	708,351
Marketable securities and other assets					
As at December 31, 2013	4,045,000	$ 323,600	20,000,000	$ 1,828,351	$ 2,151,951
As at June 30, 2013	4,250,000	$ 255,000	12,000,000	$ 701,275	$ 956,275

Expressed in Canadian dollars, unless otherwise stated

13. Marketable securities and other assets (continued)

	Candente Gold Corp.		Tigray Resources Inc.		Total
	Quantity (Shares / warrants)	Carrying Value	Quantity	Carrying Value	Carrying Value
Marketable securities					
As at June 30, 2012	2,975,000	$ 535,500	--	$ --	$ 535,500
Release from escrow	1,275,000	177,309	--	--	177,309
Additions	--	--	8,000,000	1,013,407	1,013,407
Change in fair value	--	(457,809)	--	(413,407)	(871,216)
As at June 30, 2013	4,250,000	255,000	8,000,000	600,000	855,000
Other assets (warrants)					
As at June 30, 2012	--	--	--	--	--
Additions	--	--	4,000,000	186,593	186,593
Change in fair value	--	--	--	(85,318)	(85,318)
As at June 30, 2013	--	--	4,000,000	101,275	101,275
Marketable securities and other assets					
As at June 30, 2013	4,250,000	$ 255,000	12,000,000	$ 701,275	$ 956,275
As at June 30, 2012	2,975,000	$ 535,500	--	$ --	$ 535,500

Candente Gold Corp. ("Candente Gold")

On January 4, 2010, Candente Gold's common shares were listed on the Exchange and have been marked to market since that date with changes in fair value recorded in other comprehensive income. For year ended December 31, 2014, an unrealized marked to market loss of $141,570 (period ended December 31, 2013 – gain of $84,836; year ended June 30, 2013 – loss of $457,809) was recorded in other comprehensive income. For the year ended December 31, 2014, the Company sold 4,045,000 Candente Gold's common shares for total proceeds of $182,030 before commission of $6,773. These common shares were recorded at a nominal value when issued. Revaluation gains previously included in accumulated other comprehensive income in the amount of $182,030 before commission was transferred to the consolidated statements of operations as loss on sale of marketable securities.

The common shares were subject to a Voluntary Escrow Agreement; whereby, 10% of the shares were released on the date Candente Gold was listed on the TSX and the balance was released in equal tranches of 15% every six months over a three-year period. In the year ended June 30, 2013, the Company reclassified the remaining 1,275,000 common shares such all common shares were released from escrow.

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 had directors and officers in common. Each unit comprised of 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 December 3, 2013, the Company entered into a $2,000,000 loan agreement with Tigray (see Note 11). In connection with the loan, the Company received 8,000,000 Tigray's share purchase warrants with each warrant entitling the holder to purchase one common share of Tigray at a price of $0.15 at any time prior to the Maturity Date. The initial value of the warrants, $237,449 (see Note 11), was discounted to the loan and recognized as income over the term of the loan. On December 31, 2013, these share purchase warrants were valued at $394,705 using the Black Scholes Option Pricing Model.

Expressed in Canadian dollars, unless otherwise stated

13. Marketable securities and other assets (continued)

As part of the consideration of the Tigray Arrangement (see Note 8(e)), the Company's investment in 8,000,000 common shares of Tigray was valued at $800,000 based on the close price of a Tigray share on May 7, 2014. The revaluation loss previously included in accumulated other comprehensive income in the amount of $213,407 was transferred to the consolidated statements of operations as loss on marketable securities. As part of the consideration of the Tigray Arrangement (see Notes 8(e) and (f)), the 12,000,000 share purchase warrants were voluntarily cancelled and fair valued at $164,742 on May 7, 2014, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 92.47% to 155.39%, risk free interest rate of 1.05% and an expected life of 0.08 years to 0.95 years (December 31, 2013 – expected dividend yield 0%, expected volatility 149.90% to 167.20%, risk free interest rate 1.06% to 1.10% and an expected life of 0.42 years to 1.30 years).

For the period ended prior to the completion of the Tigray Arrangement, an unrealized marked to market loss of $320,000 (period ended December 31, 2013 – gain of $520,000; year ended June 30, 2013 – loss of $413,407) for the 8,000,000 common shares held was recorded in other comprehensive income. For the period ended prior to the completion of the Tigray Arrangement, there was a change in fair value of share purchase warrants of $154,979 (period ended December 31, 2013 – increase of $212,371; year ended June 30, 2013 – decrease of 85,318) for the 4,000,000 share purchase warrants related to Tigray equity placement and a change in fair value of share purchase warrants of $388,630 (period ended December 31, 2013 – increase of $157,256; year ended June 30, 2013 - $Nil) related to the 8,000,000 share purchase warrants received in relation to the loan to Tigray (see Note 11). As a result, a total change in fair value of $543,609 (period ended December 31, 2013 – increase of $369,627; year ended June 30, 2013 – decrease of $85,318) for the 12,000,000 share purchase warrants (December 31, 2013 – 12,000,000 share purchase warrants; June 30, 2013 – 4,000,000 share purchase warrants) was included in the consolidated statements of operations.

14. Property and equipment

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

	Buildings and roads	Office furniture and field equipment	Computers and software	Leasehold improvements	Vehicles	Total
Cost						
As at December 31, 2013	$ 1,611,900	$ 801,769	$ 439,949	$ 357,092	$ --	$ 3,210,710
Acquisition of Tigray (Note 8)	38,206	166,959	10,774	--	--	215,939
Additions	--	99,591	5,963	187,880	141,619	435,053
Disposals	--	(92,201)	--	--	--	(92,201)
Foreign exchange	152,068	59,920	8,111	7,323	--	227,422
As at December 31, 2014	$ 1,802,174	$ 1,036,038	$ 464,797	$ 552,295	$ 141,619	$ 3,996,923

	Buildings and roads	Office furniture and field equipment	Computers and software	Leasehold improvements	Vehicles	Total
Accumulated amortization						
As at December 31, 2013	$ 502,298	$ 443,229	$ 388,922	$ 293,719	$ --	$ 1,628,168
Amortization	--	53,072	36,206	59,695	--	148,973
Disposals	--	(64,690)	--	--	--	(64,690)
Exploration amortization	210,639	120,008	15,641	3,819	--	350,107
Foreign exchange	56,162	33,964	7,572	7,182	--	104,880
As at December 31, 2014	$ 769,099	$ 585,583	$ 448,341	$ 364,415	$ --	$ 2,167,438
Net book value						
As at December 31, 2014	$ 1,033,075	$ 450,455	$ 16,456	$ 187,880	$ 141,619	$ 1,829,485
As at December 31, 2013	1,109,602	358,540	51,027	63,373	$ --	1,582,542

Expressed in Canadian dollars, unless otherwise stated

14. Property and equipment (continued)

	Buildings and roads	Office furniture and field 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	18,285	5,535	912	896	25,628
As at December 31, 2013	$ 1,611,900	$ 801,769	$ 439,949	$ 357,092	$ 3,210,710

	Buildings and roads	Office furniture and field 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	--	23,415	51,582	39,483	114,480
Disposals	--	--	--	--	--
Exploration amortization	96,170	44,900	4,139	14,751	159,960
Foreign exchange	6,306	3,762	865	967	11,900
As at December 31, 2013	$ 502,298	$ 443,229	$ 388,922	$ 293,719	$ 1,628,168

Net book value					
As at December 31, 2013	$ 1,109,602	$ 358,540	$ 51,027	$ 63,373	$ 1,582,542
As at June 30, 2013	1,193,793	425,082	106,701	117,678	1,843,254

	Buildings and roads	Office furniture and field equipment	Computers and software	Leasehold improvements	Total
Cost					
As at June 30, 2012	$ 1,526,018	$ 779,503	$ 417,450	$ 353,554	$ 3,076,525
Additions	47,785	1,560	25,945	--	75,290
Disposals	--	(951)	(6,924)	--	(7,875)
Foreign exchange	19,812	16,122	2,566	2,642	41,142
As at June 30, 2013	$ 1,593,615	$ 796,234	$ 439,037	$ 356,196	$ 3,185,082

	Buildings and roads	Office furniture and field equipment	Computers and software	Leasehold improvements	Total
Accumulated amortization					
As at June 30, 2012	$ 181,366	$ 213,374	$ 167,711	$ 114,636	$ 677,087
Amortization	--	57,238	139,903	78,962	276,103
Disposals	--	(301)	(4,134)	--	(4,435)
Exploration amortization	216,122	100,418	25,428	43,310	385,278
Foreign exchange	2,334	423	3,428	1,610	7,795
As at June 30, 2013	$ 399,822	$ 371,152	$ 332,336	$ 238,518	$ 1,341,828

Net book value					
As at June 30, 2013	$ 1,193,793	$ 425,082	$ 106,701	$ 117,678	$ 1,843,254
As at June 30, 2012	1,344,652	566,129	249,739	238,918	2,399,438

Expressed in Canadian dollars, unless otherwise stated

15. Mineral property interests

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

	Tanzania, Handeni properties	Tanzania, other properties	Ethiopia Harvest Project	Ethiopia Adyabo Project	Total
Acquisition costs					
As at December 31, 2013	$ 2,815,705	$ 3,295,454	$ --	$ --	$ 6,111,159
Property payments	(108,495)	112,886	675	352,051	357,117
Acquisition of Tigray (Note 8)	--	--	14,163,673	364,025	14,527,698
Write-off	(659,432)	(1,716,034)	--	--	(2,375,466)
Foreign exchange	177,275	294,267	940,040	24,136	1,435,718
As at December 31, 2014	$ 2,225,053	$ 1,986,573	$ 15,104,388	$ 740,212	$ 20,056,226

	Tanzania, Handeni properties	Tanzania, other properties	Ethiopia Harvest Project	Ethiopia Adyabo Project	Total
Acquisition costs					
As at June 30, 2013	$ 2,681,607	$ 3,280,191	$ --	$ --	$ 5,961,798
Property payments	108,545	9,421	--	--	117,966
Write-off	--	(31,205)	--	--	(31,205)
Foreign exchange	25,553	37,047	--	--	62,600
As at December 31, 2013	$ 2,815,705	$ 3,295,454	$ --	$ --	$ 6,111,159

	Tanzania, Handeni properties	Tanzania, other properties	Ethiopia Harvest Project	Ethiopia Adyabo Project	Total
Acquisition costs					
As at June 30, 2012	$ 2,481,173	$ 2,828,733	$ --	$ --	$ 5,309,906
Property payments	102,211	355,444	--	--	457,655
Foreign exchange	98,223	96,014	--	--	194,237
As at June 30, 2013	$ 2,681,607	$ 3,280,191	$ --	$ --	$ 5,961,798

Harvest Project

The Harvest Project in Ethiopia consists of four exploration concessions. The four concessions are known as Nefasit, Hamlo, Terakimti, and Igub. The Company has a 70% interest in the Harvest Project with the remaining 30% held with Ezana Mining Development ("Ezana"), an Ethiopian company. The non-controlling interest is carried at 30% until the completion of the feasibility study. The Company is responsible for all exploration costs until completion of a feasibility study. Subsequent to the completion of a feasibility study any approved contributions by the Company for which Ezana elects not to contribute or elects to contribute less than its equity interest could increase the Company's interest.

Adyabo Project

As at November 30, 2013, prior to the Tigray Arrangement, Tigray completed the first phase of the option agreement under which it may acquire up to an undivided 80% interest in the Adyabo Project in two phases. The Adyabo Project consists of two exploration concessions, West Shire and Adi Dairo, located in the Tigray National Regional State of Ethiopia. The first phase has allowed Tigray to earn a 55% interest in the properties in exchange for payment of $300,000 in cash (paid) and the issuance of 300,000 common shares (issued) of Tigray on the Effective Date of the transaction, which was November 1, 2012, and a second payment of $300,000 (paid) and the issuance of 300,000 common shares (issued) of Tigray on November 1, 2013.

15. Mineral property interests (continued)

Subsequent to the Tigray Arrangement, the second phase will allow the Company to earn an additional 25% in exchange for (a) payment of $300,000 (paid) in cash and the issuance of an additional 550,000 East Africa Shares (issued) and 400,000 East Africa Warrants (issued) by November 1, 2014, and (b) the issuance of an additional 550,000 East Africa Shares and 400,000 East Africa Warrants by November 1, 2015. On receipt of a positive feasibility study, the Company shall issue 550,000 East Africa Shares and 400,000 East Africa Warrants to the optionor, and on commencement of commercial production, the Company shall issue 275,000 East Africa Shares and 200,000 East Africa Warrants to the optionor. The optionor may elect to convert the remaining 20% interest into a 2.0% net smelter royalty ("NSR"), and the Company will have the option to buy back 1.0% of the NSR for a cash payment of $5,000,000.

Tanzania – Handeni properties

The Handeni properties 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") and a mining Licence ("ML"). During the year ended December 31, 2014, the Company had finalized and received its Mining Licence for the Handeni property.

As at December 31, 2014, December 31, 2013, and June 30, 2013, the Company had:

a) through a structured entity, 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% NSR with an option for the Company to buy back 1.0% of the NSR for US$250,000.

   During the year ended December 31, 2014, the Company decided to discontinue its exploration program on the PML, terminated the Agreement and recorded an impairment charge of $163,829.

b) through a structured entity, made the third payment of US$50,000 on a second Handeni PML exploration and option agreement ("2nd Agreement"), with a different third party than noted in a) above. The 2nd 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 2nd Agreement is subject to a 2.0% NSR with an option for the Company to buy back 1.0% of the NSR for US$250,000.

   During the year ended December 31, 2014, the Company decided to discontinue its exploration program on the PML, terminated the 2nd Agreement and recorded an impairment charge of $165,203.

c) accrued for the third payment for the Kwadijava PML exploration and purchase option agreement. The Kwadijava agreement includes payments of US$100,000 in Year 1 (paid); US$120,000 in year two (paid) and US$140,000 (accrued) in year three.

   For the year ended December 31, 2014, the Company terminated the option agreement and reversed the accrual of US$140,000. Subsequent to December 31, 2014, the Company entered into a five-year retention agreement whereby the option holders agreed to hold the property on behalf of the Company for a fee of US$30,000. This arrangement allows the Company to retain the property for other use connected to its mining activities in the adjacent properties.

d) During the year ended December 31, 2014, the Company decided to discontinue its exploration program for a claim on the Handeni property and recorded an impairment charge of $330,400.

Tanzania – Other properties

The Company's "Other properties" consists of five non-contiguous claims. The properties are located in the Handeni district, Tanga Region of Tanzania. During the year ended December 31, 2014, the Company decided to discontinue its exploration program and abandoned non-strategic claims within Tanzania – Other properties. The Company recorded an impairment charge totaling $1,716,034.

Expressed in Canadian dollars, unless otherwise stated

16. Exploration expenditures

As a result of the Tigray Arrangement, East Africa acquired the Harvest and Adyabo Projects (see Notes 1 and 8). For the year ended December 31, 2014, the Exploration expenditure related for the Harvest and Adyabo Projects is from May 7, 2014 to December 31, 2014. Details of the Company's Exploration expenditure are as follows:

	Tanzania, Handeni Properties	Tanzania other properties	Ethiopia Harvest Project	Ethiopia Adyabo Project	Year ended December 31, 2014
Exploration expenditures					
Amortization	$ 308,008	$ --	$ 27,911	$ 14,188	$ 350,107
Camp and administration costs	873,924	44,308	94,255	566,173	1,578,660
Drilling	--	--	194,880	1,864,410	2,059,290
Geochemistry	9,479	5,956	120,812	72,854	209,101
Geology	11,677	927	178,999	337,483	529,086
Geometallurgy	--	--	614	12,225	12,839
Geophysics	--	--	--	1,060	1,060
Project management and consulting	46,403	--	--	--	46,403
Technical services	183,476	87,129	86,456	128,638	485,699
Total for the year	1,432,967	138,320	703,927	2,997,031	5,272,245
Cumulative Exploration expenditures as at December 31, 2013	64,368,846	1,415,386	--	--	65,784,232
Cumulative Exploration expenditures as at December 31, 2014	$65,801,813	$ 1,553,706	$ 703,927	$ 2,997,031	$ 71,056,477

	Tanzania, Handeni Properties	Tanzania other properties	Six months ended December 31, 2013
Exploration expenditures			
Amortization	$ 159,960	$ --	$ 159,960
Camp and administration costs	698,417	86,048	784,465
Geochemistry	6,337	81,835	88,172
Geology	10,354	1,345	11,699
Project management and consulting	21,916	--	21,916
Share-based compensation	65,694	--	65,694
Technical services	85,855	163,010	248,865
Total for the period	1,048,533	332,238	1,380,771
Cumulative Exploration expenditures as at June 30, 2013	63,320,313	1,083,148	64,403,461
Cumulative Exploration expenditures as at December 31, 2013	$ 64,368,846	$ 1,415,386	$ 65,784,232

Expressed in Canadian dollars, unless otherwise stated

16. Exploration expenditures (continued)

	Tanzania, Handeni Properties	Tanzania other properties	Year ended June 30, 2013
Exploration expenditures			
Amortization	$ 385,278	$ --	$ 385,278
Camp and administration costs	1,122,982	186,272	1,309,254
Drilling	154,875	--	154,875
Geochemistry	44,210	314,344	358,554
Geology	47,648	339,646	387,294
Project development	873,749	--	873,749
Project management and consulting	262,598	--	262,598
Share-based compensation	447,630	--	447,630
Technical services	206,231	225,603	431,834
Total for the year	3,545,201	1,065,865	4,611,066
Cumulative Exploration expenditures as at June 30, 2012	59,775,112	17,283	59,792,395
Cumulative Exploration expenditures as at June 30, 2013	$ 63,320,313	$ 1,083,148	$ 64,403,461

17. Warrants derivative liability

As part of the consideration for Tigray (see Note 8 (d)), the Company reserved 3,635,420 East Africa Warrants issuable on exercise of 9,088,550 warrants of Tigray. On May 7, 2014, the fair value of the warrants was estimated at $169,260.

For the year ended December 31, 2014, 5,018,550 Tigray warrants that on exercise would be exchanged for 2,007,420 East Africa Warrants based on the Exchange Ratio expired unexercised. The liability of $98,067 determined upon the acquisition of Tigray was derecognized from the consolidated balance sheets and accounted for as a change in fair value on the consolidated statements of operations.

As at December 31, 2014, the number of East Africa Warrants reserved for 4,070,000 Tigray warrants was 1,628,000 (see Note 18 (e)) and revalued at $1,630 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 54.02%; risk free interest rate of 1.00% and expected life of 1.40 years. The change in fair value of $69,563 was recorded through the consolidated statements of operations.

The Company recognized a total change in fair value of $167,630 during the year ended December 31, 2014.

	Carrying Value
As at December 31, 2013 and June 30, 2013	$ --
Acquisition of Tigray	169,260
Change in fair value	(167,630)
As at December 31, 2014	$ 1,630

18. Share capital

As at December 31, 2014, the Company's share capital consisted of the following:

(a) Authorized: Unlimited common shares without par value

(b) Issued and outstanding: 102,249,661 (December 31, 2013 and June 30, 2013 – 67,305,842) common shares

On January 24, 2014, the Company initiated a normal course issuer bid through the facilities of the Exchange for a one year period commencing January 29, 2014, and ending January 28, 2015. The Company could repurchase for cancellation up to 4,000,000 common shares in its own capital stock. For the year ended December 31, 2014, the Company purchased and cancelled 932,500 common shares at an average price of approximately $0.149, totaled $139,399 (including transaction costs). The average cost base of each share purchased was $0.50 resulting in the difference from the purchase price and cost base of $191,356 being recorded in contributed surplus.

Expressed in Canadian dollars, unless otherwise stated

18. Share capital (continued)

On May 7, 2014, the Company issued 35,326,319 common shares at a fair value of $4,592,421 as part of the acquisition of Tigray (see Note 8).

On October 28, 2014, the Company issued 550,000 common shares and 400,000 warrants, in lieu of Tigray shares and warrants, at a fair value of $44,000 and $8,375 respectively pursuant to the option agreement to acquire an additional 25% interest in the Adyabo Project (see Note 15 and 18(e)).

On April 4, 2013, as a result of the Shark Arrangement (see Note 1), Canaco's outstanding shares of 201,917,638 were assigned to Orca. Immediately prior to the Shark Arrangement, on the basis of one (1) East Africa share for every three (3) pre-Consolidation Canaco shares, 67,305,842 shares were distributed to Canaco shareholders. As a result of the Shark Arrangement the Company's loss per share for the year ended June 30, 2013, was calculated using 66,830,772 weighted average number of common shares. The recalculated loss per share for the year ended June 30, 2013, was ($0.20).

(c) Escrowed shares

As at December 31, 2014, 675,045 (December 31, 2013 and June 30, 2013 – 507,553) common shares are held in escrow. In connection with the acquisition of Tigray (see Note 8), 167,492 common shares are held in escrow based on the Exchange Ratio and the number of outstanding Tigray escrow shares of 304,530, immediately prior to the Effective Date. The release of these shares is based on the future Exploration expenditure, 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 are summarized as follows:

	Number of options outstanding	Weighted average exercise price
Balance, June 30, 2012	13,259,535	$ 2.96
Granted	6,000,000	0.40
Exercised	(2,209,535)	0.28
Expired and forfeited	(2,605,000)	2.65
Shark Arrangement	(14,445,000)	2.36
Outstanding and exercisable, June 30, 2013	--	--
Granted	5,000,000	0.14
Outstanding and exercisable, December 31, 2013	5,000,000	0.14
Granted	1,150,000	0.14
Expired and forfeited	(250,000)	0.14
Outstanding, December 31, 2014	5,900,000	0.14
Exercisable, December 31, 2014	4,900,000	$ 0.14

Expressed in Canadian dollars, unless otherwise stated

18. Share capital (continued)

(d) Share-based compensation (continued)

During the year ended December 31, 2014, the Company granted 150,000 stock options to an employee and 1,000,000 stock options to two consultants and recorded total share-based compensation of $21,616. The fair value of the 5,000,000 stock options granted during the six month period ended December 31, 2013 (June 30, 2013 – 6,000,000), totaled $364,968 (June 30, 2013 – $1,852,260), of which $299,274 (June 30, 2013 – $1,404,630) were recorded as share-based compensation and $65,694 (June 30, 2013 – $447,630) was recognized as share-based compensation within Exploration expenditure (Note 16).

These options were valued using the Black-Scholes model based on the following assumptions:

	Year ended December 31, 2014	**Six months ended December 31, 2013**	**Year ended June 30, 2013**
Expected life	1.77 years to 4.74 years	2.31 years	2.90 years
Volatility	85.58% to 98.26%	96.00%	140.24%
Dividend yield	--	--	--
Risk free rate	1.00% to 1.37%	1.20%	1.16%

Pursuant to the Tigray Arrangement, all Tigray outstanding stock options at the Effective date will be exercisable to acquire that number of East Africa Shares and East Africa Warrants as is determined based on the Exchange Ratio, in lieu of receiving Tigray Shares, but will otherwise continue to be governed by the same terms and conditions as the original Tigray stock option certificate. The fair value of Tigray outstanding stock options of $86,870 (see Note 8(c)) was estimated using the Black-Scholes option pricing model with the following assumptions: exercise price (post Exchange Ratio) of $0.19, expected dividend yield of 0%, expected volatility of 86.33%, risk-free rate of 1.05% and an expected life of 1.59 years.

As at December 31, 2014, there were 3,850,000 Tigray stock options outstanding that on exercise would be exchanged for 2,117,500 East Africa Shares and 1,540,000 East Africa Warrants.

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2014:

Options outstanding				**Options exercisable**	
Number outstanding	**Weighted average exercise price**	**Weighted average remaining life**	**Expiry date**	**Number exercisable**	**Weighted average exercise price**
4,750,000	$ 0.14	3.64 years	August 19, 2018	4,750,000	$ 0.14
150,000	0.14	4.38 years	May 16, 2019	150,000	0.14
1,000,000	0.14	1.77 years	October 6, 2016	--	--
5,900,000	$ 0.14	3.34 years		4,900,000	$ 0.14

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.

Expressed in Canadian dollars, unless otherwise stated

18. Share capital (continued)

(e) Share-purchase warrants

Details of share-purchase warrants activity are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance, June 30, 2012	897,465	$ 5.21
Expired	(897,465)	5.21
Balance, June 30, 2013, and December 31, 2013	--	--
Issued on acquisition of Tigray (Note 8)	25,691,867	0.23
Issued on mineral property interests (Note 15)	400,000	0.23
Balance, December 31, 2014	26,091,867	$ 0.23

Pursuant to the Tigray Arrangement (see Note 8), the Company has issued 25,691,867 warrants based on the Exchange Ratio and the number of outstanding shares immediately prior to the Effective Date. The fair value of $1,311,421 was estimated using the Black-Scholes option pricing model with the following assumptions: exercise price of $0.23, expected dividend yield of 0%, expected volatility of 81.81%, risk-free rate of 1.17% and an expected life of 3 years. In addition, all Tigray outstanding warrants at the Effective Date will be exercisable to acquire that number of East Africa Shares and East Africa Warrants as is determined based on the Exchange Ratio, in lieu of receiving Tigray Shares, but will otherwise continue to be governed by the same terms and conditions as the original Tigray warrant certificate. The fair value of East Africa Warrants in connection with outstanding Tigray warrants and stock options of $87,280 was estimated using the Black-Scholes option pricing model with the following assumptions: exercise price (post Exchange Ratio) of $0.23 to $0.73, dividend yield of 0%, expected volatility of 48.69% to 81.81%, risk-free rate of 1.05% to 1.17% and an expected life of 0.38 years to 3.00 years.

As at December 31, 2014, there were 4,070,000 Tigray warrants outstanding that on exercise would be exchanged for 2,238,500 East Africa Shares and 1,628,000 East Africa Warrants. In addition, there are 1,540,000 East Africa Warrants that can be issued on the exercise of 3,850,000 outstanding Tigray stock options.

For the year ended June 30, 2013, 897,465 warrants valued at $2,263,787 expired unexercised.

The following table summarizes information about the warrants outstanding and exercisable at December 31, 2014:

Warrants outstanding and exercisable at December 31, 2014	Weighted average exercise price	Weighted average remaining contractual life	Expiry date
25,691,867	$ 0.23	2.35 years	May 7, 2017
400,000	0.23	2.35 years	May 7, 2017
26,091,867	$ 0.23	2.35 years	

19. Related party transactions

(a) Related parties

	Year ended December 31, 2014	Six months ended December 31, 2013	Year ended June 30, 2013
Services rendered and expenses incurred (vii):			
Services and related expenses (i)	$ 630,659	$ 316,960	$ 791,346
Management fees (ii)	281,667	116,250	1,011,875
Loan interest income (v)	--	(18,065)	--
Geological services (vi)	65,100	--	--

Expressed in Canadian dollars, unless otherwise stated

19. Related party transactions (continued)

(a) Related parties (continued)

	December 31, 2014	December 31, 2013	June 30, 2013
Balances receivable from (vii):			
Reimbursement of shared costs (iii)	$ 43,048	$ 755,926	$ 616,441
Loan and interest receivable (v)	--	2,018,065	--
	43,048	2,773,991	616,441
Balances payable to (vii):			
Services rendered (i)	(39,480)	(144,971)	(129,500)
Directors and officers (iv)	(21,297)	(30,469)	(27,607)
	$ (60,777)	$ (175,440)	$ (157,107)

Related parties:

(i) Services and related expenses are paid for 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 and consulting fees to a company with directors in common.

(iii) The Company shares office premises with two other companies that have directors and an officer in common and expenses were reimbursed at cost.

(iv) Director fees and salaries paid or accrued to directors and officers of the Company.

(v) On December 3, 2013, the Company entered into a $2,000,000 loan agreement with Tigray, company with directors in common. This amount reflects the face value of the loan and interest receivable to represent the legal repayment. Refer to Note 11 for the fair value balances and further details. The loan was included as part of the consideration for the acquisition of Tigray completed on May 7, 2014 (see Note 8).

(vi) Fees are paid to a related company for geological services. The related company and the Company have directors in common.

(vii) 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 balances 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:

	Year ended December 31, 2014	Six months ended December 31, 2013	Year ended June 30, 2013
Directors fees, key management personnel salaries and short-term benefits	$ 545,545	$ 276,348	$ 1,841,926
Share-based compensation	--	244,529	879,824
	$ 545,545	$ 520,877	$ 2,721,750

Expressed in Canadian dollars, unless otherwise stated

20. Financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The book values of cash and cash equivalents, short-term investments, accounts receivable, warrants derivative liability and accounts payables and accrued liabilities are representative of their respective fair values due to the short-term nature of these instruments. As at December 31, 2014, the classifications of the financial instruments are shown in the table below:

	Loans and receivables	Other financial liabilities	Total carrying value
As at December 31, 2014			
Cash and cash equivalents	$ 2,216,673	$ --	$ 2,216,673
Short-term investments	8,220,825	--	8,220,825
Accounts receivable	260,119	--	260,119
Accounts payable and accrued liabilities	--	(1,075,993)	(1,075,993)
Warrants derivative liability	--	(1,630)	(1,630)
	$ 10,697,617	$ (1,077,623)	$ 9,619,994

	Fair value through profit or loss	Available-for-sale	Loans and receivables	Other financial liabilities	Total carrying value
As at December 31, 2013					
Cash and cash equivalents	$ --	$ --	$ 6,184,190	$ --	$ 6,184,190
Short-term investments	--	--	11,659,449	--	11,659,449
Accounts receivable	--	--	1,664,875	--	1,664,875
Loan receivable	--	--	1,842,613	--	1,842,613
Marketable securities and other assets	708,351	1,443,600	--	--	2,151,951
Accounts payable and accrued liabilities	--	--	--	(786,540)	(786,540)
	$ 708,351	$ 1,443,600	$ 21,351,127	$ (786,540)	$ 22,716,538

	Fair value through profit or loss	Available-for-sale	Loans and receivables	Other financial liabilities	Total carrying value
As at June 30, 2013					
Cash	$ --	$ --	$ 5,072,586	$ --	$ 5,072,586
Short-term investments	--	--	13,240,050	--	13,240,050
Restricted cash	--	--	3,999,994	--	3,999,994
Accounts receivable	--	--	1,394,335	--	1,394,335
Marketable securities and other assets	101,275	855,000	--	--	956,275
Accounts payable and accrued liabilities	--	--	--	(821,819)	(821,819)
	$ 101,275	$ 855,000	$ 23,706,965	$ (821,819)	$ 23,841,421

Expressed in Canadian dollars, unless otherwise stated

20. Financial instruments (continued)

Fair values

The Company's financial assets and liabilities are classified based on the lowest level of input significant to the fair value measurement based on the fair value hierarchy (refer to note 4(g)). The fair values of the Company's financial instruments measured as at December 31, 2014, December 31, 2013, and June 30, 2013, constitute Level 1 and 2 for marketable securities and other assets (share purchase warrants) and warrants derivative liability (refer to Notes 13 and 17 respectively for inputs used).

	Level 1	Level 2	Level 3	Total
As at December 31, 2014				
Warrants derivative liability	$ --	$ (1,630)	$ --	$ (1,630)
	$ --	$ (1,630)	$ --	$ (1,630)

	Level 1	Level 2	Level 3	Total
As at December 31, 2013				
Marketable securities and other assets	$ 1,443,600	$ 708,351	$ --	$ 2,151,951
	$ 1,443,600	$ 708,351	$ --	$ 2,151,951

	Level 1	Level 2	Level 3	Total
As at June 30, 2013				
Marketable securities and other assets	$ 855,000	$ 101,275	$ --	$ 956,275
	$ 855,000	$ 101,275	$ --	$ 956,275

Management of financial risk

The Company's financial instruments are exposed to certain financial risks including price risk, currency risk, interest rate risk, credit risk and liquidity risk.

Price Risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet as marketable securities ("available-for-sale"). The Company has not mitigated against price risk on these financial assets. The Company's investments in equity of other entities that are publicly traded are included on the Exchange. As at December 31, 2014, the Company had $Nil (December 31, 2013 – $1,443,600 and June 30, 2013 – $855,000) in available-for-sale assets. Based on the net exposure as at December 31, 2014, and assuming all other variables held constant, a 10% depreciation or appreciation on the equity instruments would result in a decrease /increase of $Nil (December 31, 2013 – $144,360 and June 30, 2013 – $85,000) in the Company's equity account accumulated other comprehensive income and the consolidated statement of comprehensive income (loss).

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Ethiopia and Tanzania and a portion of its expenses are incurred in Euros, Australian dollars, US dollars, Tanzanian shillings and Ethiopian birrs. A significant change in the currency exchange rates between the functional currencies relative to these currencies could have an effect on the Company's results of operations. The Company has not hedged its exposure to currency fluctuations.

Expressed in Canadian dollars, unless otherwise stated

20. Financial instruments (continued)

Currency risk

As at December 31, 2014, December 31, 2013, and June 30, 2013, the Company is exposed to currency risk through the following assets and liabilities dominated in Euros ("EUR"), Australian dollars ("AUD"), USD, Ethiopian Birr ("ETB"), Tanzanian shillings ("TSH") and Ethiopian birrs ("ETB"):

	EUR	AUD	USD	TSH	ETB
As at December 31, 2014					
Cash and cash equivalents	€ --	$ --	$ 606,791	142,968,211	3,899,356
Short-term investments	--	--	1,000,000	--	--
Accounts receivable	--	--	--	--	294,973
Accounts payable and accrued liabilities	(24,152)	(40,511)	(422,580)	(359,996)	(398,974)
	€ (24,152)	$ (40,511)	$ 1,184,211	142,608,215	3,795,355

	EUR	AUD	USD	TSH	ETB
As at December 31, 2013					
Cash and cash equivalents	€ --	$ --	$ 1,786,674	103,499,017	--
Accounts payable and accrued liabilities	--	--	(12,413)	(215,309,361)	--
	€ --	$ --	$ 1,774,261	(111,810,344)	--

	EUR	AUD	USD	TSH	ETB
As at June 30, 2013					
Cash and cash equivalents	€ --	$ --	$ 2,869,630	219,397,971	--
Accounts payable and accrued liabilities	(319)	(1,317)	(11,195)	(5,474,996)	--
	€ (319)	$ (1,317)	$ 2,858,435	213,922,975	--

Based on the above net exposure as at December 31, 2014, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against these currencies would result in a decrease/increase of $161,728 (December 31, 2013 – $182,098 and June 30, 2013 – $312,960) in the Company's consolidated statements of operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from the interest rate impact on cash and cash equivalent and short term investments. The Company earns interest on its cash and cash equivalents and short term investments based on current market interest rates, which during the year ended December 31, 2014, ranged between 1.4% to 1.9% (period ended December 31, 2013 – 1.4% to 2.1% and year ended June 30, 2013 – 1.2% to 2.0%).

Based on the amount of cash and cash equivalents and short term investments as at December 31, 2014, and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an increase/ decrease of $52,187 (period ended December 31, 2013 – $89,218 and year ended June 30, 2013 – $91,563) to the interest earned in the Company statements of operations per annum.

Expressed in Canadian dollars, unless otherwise stated

20. Financial instruments (continued)

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, short-term investments and receivables. Cash and cash equivalents and short-term investments consist of GIC's and short-term deposits issued by major Canadian banks. Receivables mainly consist of leasehold inducement receivable and trade receivables from related parties. The carrying amount of cash and cash equivalents, short-term investments, receivables from related parties and other accounts receivable represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with the financial liabilities. The Company has a planning and budget process in place by which it anticipates and determines the funds necessary to support normal operation requirements and development of its mineral property interests. The Company coordinates the planning and budgeting process with its financing activities through the capital management process described in Note 21.

The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments with maturities greater than 90 days from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash. As at December 31, 2014, the Company has sufficient cash on hand to meet its current liabilities and it's expected administrative, explorations and potential acquisition requirements for the coming fiscal year.

21. Management of capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

In the management of capital, the Company includes the components of equity attributable to common shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company's investment policy is to limit investments to guaranteed investment certificates, banker's acceptance notes, investment savings accounts or money market funds with high quality financial institutions in Canada, selected with regards to the expected timing of expenditures from continuing operations. At present, the Company has investments in savings accounts and guaranteed investment certificates of varying terms.

22. Income tax

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates as at December 31, 2014 of 26.00% (December 31, 2013 – 26.00% and June 30, 2013 - 25.38%) as follows:

	December 31, 2014	December 31, 2013	June 30, 2013
Expected tax recovery	$ (2,789,053)	$ (610,462)	$ (3,341,946)
Stock based compensation and other permanent differences	66,248	14,659	(756,487)
Tax rate differences	14,179	(108,130)	(250,533)
Tax impact of restructuring	120,874	--	2,478,807
Unrecognized tax assets	2,587,752	703,933	1,870,159
Income tax expense	$ --	$ --	$ --

Expressed in Canadian dollars, unless otherwise stated

22. Income tax (continued)

As at December 31, 2014, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to utilize such differences:

	December 31, 2014	December 31, 2013	June 30, 2013
Non-capital loss carry forwards – Canada	$ 5,860,000	$ 1,062,000	$ 357,000
Non-capital loss carry forwards – Tanzania	7,966,000	6,289,000	5,617,000
Non-capital loss carry forwards – Ethiopia	15,699,000	--	--
Financing and other costs	442,000	--	--
Unamortized capital costs in excess of net book value	356,000	193,000	79,000
Mineral properties	66,354,000	58,662,000	57,260,000
Unrealized gain on available-for-sale investments	--	(339,000)	669,000
Total unrecognized deferred tax assets	$ 96,677,000	$ 65,867,000	$ 63,982,000

As a result of the Shark Arrangement (refer to Notes 1 and 2) Orca became the legal entity and inherited all of Canaco's accumulated non-capital losses up until April 4, 2013. The below non-capital losses represent the losses of East Africa from April 4, 2013. At December 31, 2014, the Company has accumulated non-capital losses of approximately $5,860,000 (December 31, 2013 – $1,062,000 and June 30, 2013 – $357,000) which may be carried forward to apply against future year's income for Canadian income tax purposes subject to final determination by taxation authorities, expiring as follows:

Year	$
2030	249,000
2031	992,000
2032	1,467,000
2033	1,111,000
2034	2,041,000
	5,860,000

23. 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	Ethiopia	Total
For the year ended December 31, 2014				
Net loss for the year	$ 3,308,429	$ 3,655,674	$ 3,687,100	$ 10,651,203
As at December 31, 2014				
Total liabilities	(1,196,516)	(861)	(11,392)	(1,208,769)
Total non-current assets	871,762	5,114,838	15,899,111	21,885,711
Total assets	11,309,630	5,586,529	16,408,666	33,304,825

	Canada	Tanzania	Ethiopia	Total
For the six months ended December 31, 2013				
Net loss for the period	$ 1,002,011	$ 1,345,918	$ --	$ 2,347,929
As at December 31, 2013				
Total liabilities	(357,525)	(429,015)	--	(786,540)
Total non-current assets	808,486	6,885,215	--	7,693,701
Total assets	24,507,001	7,282,968	--	31,789,969

Expressed in Canadian dollars, unless otherwise stated

23. Geographical segment information (continued)

	Canada	Tanzania	Ethiopia	Total
For the year ended June 30, 2013				
Net loss for the year	$ 9,003,438	$ 4,166,792	$ --	$ 13,170,230
As at June 30, 2013				
Total liabilities	(380,868)	(440,951)	--	(821,819)
Total non-current assets	922,966	6,882,086	--	7,805,052
Total assets	25,834,579	7,305,325	--	33,139,904

24. Commitments

As at December 31, 2014, the Company had the following commitments:

	December 31, 2014	December 31, 2013	June 30, 2013
No later than 1 year	$ 762,668	$ 174,371	$ 180,884
Later than 1 year and no later than 5 years	1,221,891	36,080	117,852
Later than 5 years	--	--	--
	$ 1,984,559	$ 210,451	$ 298,736

As at December 31, 2014 the significant commitments include:

On June 18, 2014, the Company extended the agreement with a third party drilling company for a further minimum drilling meterage of 6,000 meters at a rate of US$125 per meter not including consumables and other fees, during the period from July 1, 2014 to June 30, 2015.

On October 10, 2014, the Company entered into an agreement with a third party drilling company for a reverse circulation drilling meterage of 4,000 meters at a rate in the range between US$69 per meter and US$72 per meter not including consumables and other fees, during the period from November 20, 2014 to January 31, 2015.

During the year ended December 31, 2014, the Company entered into a five (5) year operating lease for office premises commencing on January 1, 2015. The monthly lease payment and building operating costs before estimated rent recoveries is approximately $24,000. Pursuant to the lease agreement, the Company is entitled to leasehold inducement of $131,146. The amount is included in accounts receivable (Note 10) with a corresponding deferred credit amortized on a straight line basis over the term of the lease.