

EAST AFRICA METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED
DECEMBER 31, 2014

This Management's Discussion and Analysis ("MD&A") provides a review of the performance of the operations of East Africa Metals Inc. (collectively, with its subsidiaries, "East Africa" or the "Company") for the year ended December 31, 2014 ("Fiscal 2014"), compared to the six month transitional fiscal period ended December 31, 2013 ("HY 2014"). As the Company has changed its year end from June 30 to December 31, effective December 31, 2013, accordingly this MD&A at times references the 12 months ended June 30, 2013, as Fiscal 2013. The MD&A has been prepared on the basis of available information up to April 27, 2015, and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014, and the corresponding notes to the financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents are available on SEDAR at www.sedar.com. All dollar amounts are expressed in Canadian dollars except where indicated otherwise.

Cautionary Statement Regarding Forward-Looking Information

This MD&A may contain certain forward-looking statements concerning anticipated development in the Company's operations in future periods, "forward-looking information," within the meaning of applicable Canadian securities legislation. The forward-looking statements are set forth principally under the heading "Outlook" in this MD&A and may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "plan", "expect", "intend", "estimate", "forecast", "project", "budget", "schedule", "may", "will", "could", "might", "should" or variations of such words or similar words or expressions. Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the potential impact on the Company's strength, depth and value proposition as a result of the engagement of the investor relations consultants risks associated with the integration of Tigray's business with the Company's; risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of the Company's projections and estimates; realization of mineral resource estimates, interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; actual results of current exploration activities; government regulation; political or economic developments; foreign taxation risks; statements relating to the defense of a lawsuit; the expected outcome of a lawsuit; environmental risks; insurance risks; capital expenditures; operating or technical difficulties in connection with development activities; personnel relations; the speculative nature of strategic metal exploration and development including the risks of contests over title to properties; and changes in project parameters as plans continue to be refined, as well as those risk factors set out in the Company's listing application dated July 8, 2013, and Tigray's Management Information Circular dated March 28, 2014. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported inferred mineral resources as the estimation is uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading inferred mineral resources to an indicated or measured mineral resource category. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the successful integration of Tigray's business with the Company; the price of gold; the demand for gold; the ability to carry on exploration and development activities; the timely receipt of any required approvals; the ability to obtain qualified personnel, equipment and services in a timely and cost-efficient manner; the ability to operate in a safe, efficient and effective manner; and the regulatory framework regarding environmental matters, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The Company does not update or revise forward looking information even if new information becomes available unless legislation requires the Company do so. Accordingly, readers should not place undue reliance on forward-looking information contained herein, except in accordance with applicable securities laws.

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INTRODUCTION

East Africa was incorporated on December 7, 2012, under the Canada Business Corporations Act. The address of the Company’s corporate office and principal place of business is Suite 700, 1055 W. 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”.

On May 7, 2014, 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 Canada Business Corporations Act (“CBCA”).

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 (together the “Ethiopian Projects”).

Refer to the “Corporate Transaction and Outlook” section below for further information on the Tigray Arrangement. Additional information on the Company’s mineral property interests discussed in this MD&A can be found on the Company’s website at www.eastafricametals.com.

CORPORATE TRANSACTIONS AND OUTLOOK

In October 2014, the Company retained LS Global Investments Corp. (“LS Global Investments”) to provide European investor relations services for six months and Ward Kondas to provide investor relations services for the North American market for ten months (*see the Company’s news release dated October 8, 2014*). Subsequent to the completion of the Tigray Arrangement and a strategic review of the Company’s business development strategy, the Company believes that Q4 2014 was the time to engage the market with the value proposition that the Company has been building over the past 18 months.

Ms. Shahinian, BBA, is the principal of LS Global Investments, a boutique corporate finance consultancy firm specializing in connecting companies with business opportunities, markets and financing in North America and

specifically in Europe. She has over 12 years of progressive experience with several organizations developing business development and marketing strategies. In addition to strong presentation and negotiation skills, Ms. Shahinian is fluent in four languages, including German.

Mr. Kondas has 14 years of public market experience in the mining and conventional and alternative energy space in both corporate communications and corporate finance roles. Mr. Kondas formerly served with Allegiant Financial Group Inc., where he managed the company's investment banking and operational advisory business, covering corporate finance, mergers and acquisitions, and public and private equity financing.

The Company continues to explore strategic opportunities for the Magambazi project including identifying a joint venture partner or potential buyers of the project. The Company has entered into preliminary discussions with a number of potential strategic partners to develop the Magambazi property which may provide the company revenue through a streaming or royalty model.

On April 15, 2015, the Company announced that a settlement has been concluded with Harpreet Sangha, who filed a notice of civil claim seeking damages of \$16 million based on his alleged entitlement to a finder's fee in connection with a \$1.6 million private placement financing concluded in 2009 by Canaco Resources Inc. (now named Orca Gold Inc. - see *East Africa news release dated May 8, 2013*). Under the terms of the settlement agreement, East Africa has paid \$10,000 to Mr. Sangha and Mr. Sangha has released the Company from any and all claims in respect of the matter. East Africa was "spun out" of Orca Gold Inc. ("Orca") in April 2013. As part of that transaction East Africa agreed to assume certain liabilities. Mr. Sangha's claim was such a liability and East Africa indemnified Orca in respect of it.

Corporate Transaction – East Africa and Tigray

On February 24, 2014, the Company and Tigray jointly announced that they had entered into the Tigray Arrangement pursuant to which East Africa agreed to acquire all of the issued and outstanding common shares of Tigray (other than the Tigray Shares it already owns).

On May 1, 2014, Tigray announced its shareholders voted to approve the Tigray Arrangement under the *Canada Business Corporations Act* with East Africa. The resolution approving the Tigray Arrangement was approved by 99.7% of the votes cast by Tigray's shareholders present in person or represented by proxy at the meeting as well as 99.0% of the votes cast by Tigray's shareholders after excluding Tigray Shares held by interested parties which includes shares held by East Africa and its directors and officers, as required pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

On May 7, 2014 ("the "Effective Date"), East Africa announced that it had completed the acquisition of the Tigray Shares, other than the Tigray Shares already held by East Africa, by way of a plan of 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 Resources Inc. ("Canaco"), now Orca.

Under the terms of the Tigray Arrangement, East Africa acquired all of the issued and outstanding common shares of Tigray on the basis of 0.55 of an East Africa Share and 0.40 of an East Africa Warrant (together 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, but will otherwise continue to be governed by the same terms and conditions as the original Tigray warrant and option certificate.

The measurement of the consideration is based on an East Africa common share price of \$0.13, representing the opening price on the Exchange on May 7, 2014, and that there were 72.2 million Tigray common shares issued and outstanding on closing less 8 million shares representing the Company's initial investment in Tigray. Under IFRS the actual measurement date of the consideration and allocation of the acquisition to the identifiable assets and liabilities occurs on the date the consideration is paid and the goods are received.

The fair value of the securities recorded in the Company's financial statements which are included in the consideration is based on:

Description of securities	Number of securities	Fair value
East Africa common shares issued for outstanding Tigray common shares (a)	35,326,319	\$ 4,592,421
East Africa Warrants issued for outstanding Tigray common shares (b)	25,691,867	1,311,421
East Africa common shares issuable for outstanding Tigray stock options (c)	2,316,600	86,870
East Africa Warrants issuable for outstanding Tigray stock options (c)	6,683,503	87,280
	70,018,289	\$ 6,077,992

The fair value of the securities issued or issuable is comprised of:

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

(b) East Africa Warrants issued - 25,691,867 East Africa Warrants issued and 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) East Africa Shares and Warrants issuable - 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 and warrants, 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.

The fair values have been determined by the management of East Africa for the Tigray Arrangement and are based on the best information management has available. Each issued and outstanding Tigray warrant and option will be exercisable as at and after the effective time of the Tigray Arrangement to acquire that number of East Africa Shares 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 and option certificate.

The total accounting 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

For further details of the Tigray Arrangement, please see Tigray's management information circular dated March 28, 2014, and East Africa's news release on May 7, 2014, each of which is available on SEDAR at www.sedar.com.

For accounting purposes, Tigray is not considered a business under IFRS 3 “Business Combinations” as at the time of the acquisition it was 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	CAD
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

Corporate Transaction – Canaco Resources Inc. and Shark Minerals Inc. (“Shark”)

On April 4, 2013, Canaco closed a share purchase agreement between Canaco, 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 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 of the effective date of the Spinout.

DESCRIPTION OF THE BUSINESS

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. East Africa’s major mineral properties include the Harvest and the Adyabo Projects in Ethiopia, and the Handeni Project in Tanzania.

Ethiopia

Ethiopia is located in northeast Africa, in the region termed the Horn of Africa. The country is landlocked and is comprised topographically of predominantly high plateaux. The population is diverse in terms of languages spoken and religious beliefs. Ethiopia has steadily improved in economic development since 2002 according to The Economist magazine’s website. In November 2014, The Economist publication “The World in 2015” forecasts growth in Ethiopia for 2015 to be an estimated 7.0%. New mining regulations (“Proclamations”) were issued in 1993 with the purpose of promoting the exploration and development of Ethiopia’s natural resources. The proclamations allow for business incentives that include security of tenure, the right to sell minerals, preferential duty and tax provisions on equipment and machinery, a 5-8 % production royalty (revised in Proclamation 678/2010), a 25% income tax on taxable income, and a structuring to allow for repatriation of profits. The Company currently has interests in two areas in Ethiopia, the Harvest Project and the Adyabo Project. The Harvest Project and Adyabo Project have a combined total of approximately 380 square kilometres. In addition to the ongoing exploration work at the Ethiopian Projects, East Africa is actively pursuing additional ground acquisitions to further solidify the company’s position as a premier explorer in Northern Ethiopia.

Where applicable, information within this MD&A which pertains to the Harvest and Adyabo Projects may reference work performed by Tigray before the completion of the Tigray Arrangement on May 7, 2014. References to Tigray news releases before May 7, 2014, can be found on the Company’s website at www.eastafricametals.com.

HARVEST PROJECT – ETHIOPIA

The Company has a 70% interest in the Harvest Project with the remaining 30% held by Ezana Mining Development Plc (“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 costs until completion of a feasibility study.

Subsequent to the 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.

Harvest Project is located 600 kilometres north of Ethiopia's capital city of Addis Ababa. It is located in the highly prospective Asmara Mineral Belt in the southern part of the Arabian Nubian Shield (ANS), 90 to 140 kilometres southwest of the Debarwa and Emba Derho volcanogenic massive sulphide (VMS) discoveries in Eritrea and SE of the Bisha deposit. Bisha is now a producing gold-copper-zinc-silver mine with over 25 million tonnes at 1% copper and 0.7 grams per tonne gold of ore in reserves. Vein-related gold deposits are also typical of the ANS, including the giant >13 million ounce Sukari deposit in Egypt, the one million ounce gold discovery at Koka-Zara in central Eritrea and the approx. 140,000 ounce per year gold producer at Lega Dembi in southern Ethiopia.

The Harvest Project comprises four exploration concessions - Nefasit, Hamlo, Terakimti, and Igub - covering approximately 116 square kilometres, located in the Arabian Nubian Shield in Northern Ethiopia. The Harvest concessions have the potential to host a gold-enriched, polymetallic volcanogenic massive sulphide ("VMS") deposit beneath gold-rich gossans previously identified by surface trenching, in addition to orogenic Au deposits.

Terakimti Initial Mineral Resource

On January 27, 2014, Tigray announced its initial National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") compliant gold, copper, silver and zinc mineral resource estimate for the Terakimti area of its Harvest Project in Ethiopia. This mineral resource estimate is contained within the first prospect discovered at the Harvest Project in 2009 and incorporates 16,495 metres of drilling in 79 diamond drill holes. Terakimti is defined at surface by a 800 metre surface NE-SW gossan expression, with the mineralized deposit dipping steeply to the southeast, plunging moderately northeast, and remaining open to extension down plunge at depth. The deposit is located within 7 kilometres of both a paved highway, and the high-voltage power grid line.

The Terakimti deposit is the most advanced prospect on the Harvest Project and Table 1 below summarizes the classification of the mineral resource estimate.

Table 1 Mineral Resource Estimate

Mineralization Class	Ore Type	NSR Cut-Off (\$/t)	Contained Metals								
			Tonnes ('000s)	Cu %	Au g/t	Ag g/t	Zn %	Cu ('000 lb)	Au ('000 oz)	Ag ('000 oz)	Zn ('000 lb)
Indicated	Oxide	25.9	290	0.06	2.55	10.5	0.02	-	24	98	-
	Sulphide	23.9	1,841	2.20	1.06	17.5	1.65	89,477	63	1,033	66,871
	Sub-Total Indicated		2,131					89,477	86	1,130	66,871
Inferred	Oxide	25.9	398	0.13	4.77	7.2	0.07	-	61	92	-
	Sulphide	23.9	2,583	1.09	0.96	20.6	1.42	62,187	80	1,712	77,101
	Underground Primary	63.9	939	0.69	0.84	15.2	2.92	14,198	25	459	60,358
	Sub-Total Inferred		3,920					76,385	166	2,264	137,459

The mineral resource estimate effective January 17, 2014, was completed by David Thomas, P. Geo, of Fladgate Exploration Consulting Corporation, who is an independent "qualified person" under NI 43-101. For further information on mineral resource estimation methodology, data validation, and quality control refer to the Company's news release dated January 27, 2014, available on the Company's website at www.eastafricametals.com.

As at April 27, 2015, the Company has approximately completed 70% of its 5,200 meter planned Reverse Circulation ("RC") drill program at Terakimti. The RC drill program at the Terakimti VHMS deposit is to define a gold oxide resource on a 20 x 20 metre spaced drill pattern. Results have been received for the first 18 RC drill holes, confirming continuity of oxide mineralization below cover and corroborating strong gold grades, as indicated in trench sampling and broad spaced diamond drilling. The RC drilling is focused primarily on the zoned weathering profile, which includes, from top to bottom; gold-rich oxide (gossan), gold-silver rich oxide (gossan), gold-silver rich transition material (pyrite sand) and supergene-enriched massive sulphide.

Highlight drill results for TRC001 to 018 from the drilling results received to date include:

Gold Rich Oxide

- TRC001 - 10 metres at 6.54 grams per tonne gold (section 53840N);
- TRC002 - 19 metres at 6.87 grams per tonne gold (section 53860N);
- TRC004 - 14 metres at 7.63 grams per tonne gold (section 54020N);
- TRC013 - 15 metres at 12.36 grams per tonne gold (section 54080N); and
- TRC016 - 13 metres at 4.65 grams per tonne gold (section 54100N).

Gold-Silver Rich Oxide

- TRC0017 - 4 metres at 9.64 grams per tonne gold and 1,151.9 grams per tonne silver.

Supergene Enriched Massive Sulphide

- TRC0017 - 13 metres at 1.56 grams per tonne gold, 2.57% copper and 292.6 grams per tonne silver.

Path Forward

Forward work at Harvest will be prioritized to target oxide resource upgrade work, and related engineering studies.

Open Pit Economics Sensitivity Analysis

A low sensitivity and a three year average price comparison on open pit economics was also conducted, to assess project potential and risk due to commodity price fluctuation. From these scenarios outlined in Table 2, the project illustrates consistency in metal content as prices decrease, and show upside potential in pit expansion to depth, as prices increase. Table 2 summarizes the open pit economics sensitivity analysis.

Table 2 Open Pit Economics Sensitivity Analysis

Open Pit Total Tonnage and Metal Sensitivity	%Tonnes	Cu Metal	Au Metal	Ag Metal	Zn Metal
Low Case	-2.9%	-0.7%	-0.9%	-0.8%	-1.4%
Base Case	0.0%	0.0%	0.0%	0.0%	0.0%
Optimistic (3yr avg)	16.4%	7.1%	9.5%	11.3%	21.6%

Low Case - - Cu \$3.20/lb, Au \$1250/oz, Ag \$20/oz, Zn \$0.80/lb

Base Case - Cu \$3.50/lb, Au \$1400/oz, Ag \$25/oz, Zn \$0.90/lb

3 year average - Cu \$3.60/lb, Au \$1548/oz, Ag \$29.90/oz, Zn \$0.90/lb

Metallurgy

Metallurgical work is considered preliminary in nature and is on-going. A total of 16 composite samples were designed for testing at the Blue Coast Research metallurgical facility in Parksville, BC. These composites were formed from ¼" diamond core from 28 separate drill holes, profiling representation from gold enriched oxide mineralization, copper enriched supergene mineralization, and copper-zinc primary mineralization. Oxide mineralization has been shown to be amenable to conventional leaching, with initial South and North Oxide zone composites illustrating 100 micron grind gold recoveries of 75-80%, and coarser size heap leach type material would be slightly lower at 71-75%. Additional test work, engineering, and trade-off studies would be required to establish the most attractive economic option.

Copper enriched supergene mineralization, derived from the combination of several composite samples, provided provisional Locked Cycle Test results with high copper recoveries of 90% and a concentrate grade of 25%. Locked Cycle Testing on a single composite sample of primary sulfide mineralization resulted in 89% copper recovery being achieved at a 25% concentrate grade, with 86% zinc recovery to a separate concentrate grading 60% zinc. Both concentrates contain gold and silver credits with the potential to prove attractive in a marketing context. One composite test conducted on transition mineralization did not respond favourably to initial conventional floatation, and will require additional review. The metallurgical work conducted to date is considered very preliminary, and more comprehensive work will also follow more detailed drill testing and

sampling. Additional metallurgical work will form part of the oxide resource update work conducted at Terakimti.

VTEM09

The VTEM09 airborne electromagnetic (“EM”) anomaly is located on the Terakimti concession approximately five kilometres east-northeast of Terakimti, and comprises a strong bedrock conductor over 200 metres in strike length hosting several malachite-rich gossan outcrops (*refer to the Company’s news release dated October 16, 2012*).

Four trenches (up to 1.5 metres deep and 103 metres long) were originally completed over 160 metres of strike length in late 2012. Assays from continuous channel sampling of 40-metre spaced trenches across the VTEM09 EM anomaly on the Harvest Project have yielded the following gold bearing intercepts, from northeast to southwest:

- Trench 02 - 10 metres at 3.85 grams per tonne gold, 26 grams per tonne silver, 0.84% copper and 0.67% lead, including 5 metres at 7.27 grams per tonne gold, 45 grams per tonne silver, 0.65% copper and 1.14% lead. This intercept is within a broad copper-rich zone averaging 74.85 metres at 0.43% copper;
- Trench 03 - 2 metres at 9.58 grams per tonne gold, 161 grams per tonne silver, 0.21% copper and 0.78% lead.

Subsequent to trenching, a single diamond drill hole was completed on the VTEM09 VMS prospect, and confirms the third significant VMS discovery at Harvest. Drill results have identified similar tenor base and precious metal mineralization to that at Terakimti, and additional diamond drilling is planned to further define this VMS mineralization. Diamond drilling has been completed at VTEM09 in the first quarter of 2015 (4ddh for 574 metres in total), and drill results are pending.

IGUB

Three trenches were completed at the Igub prospect, in the north east section of the Harvest Project, to test gold soil anomalies and areas with minor artisanal bedrock workings and limited outcrop. Peak results from Widak include 48 metres at 3.06 grams per tonne gold (IGT002).

Igub Trench Results

Trench		From (m)	To (m)	Interval (m) ²	Gold grams/tonne ¹	Prospect
IGT001		23.30	31.30	8.00	1.29	Widak
IGT002		2.00	50.00	48.00	3.06	Widak
	including	2.00	36.00	34.00	4.03	
	including	12.00	20.00	8.00	11.11	
IGT003 ³		0.00	12.00	12.00	2.72	Igub

¹Intervals use 0.3 grams per tonne Au cutoff value

²True thickness intervals cannot be determined

³ Extension from previous trench

The results are preliminary in nature, as the orientation of mineralization with respect to trench coverage is unknown due to lack of outcrop surface definition. Follow-up mapping, soil sampling and trenching will be conducted.

ADYABO PROJECT - ETHIOPIA

On November 1, 2012, Tigray completed the first stage of a three-year option agreement to acquire up to an 80% interest in the Adi Dairo and West Shire concessions, the Adyabo Project, from an arm’s-length party. The concessions are located adjacent to Tigray’s Harvest Project in Ethiopia. Under the terms of the agreement, Tigray, through its Ethiopian subsidiary Tigray Resources Incorporated PLC (“TRI PLC”), has the option to acquire up to an undivided 80% interest in the two concessions in two phases, allowing Tigray a period of time to conduct exploration to develop a comprehensive assessment of the mineral potential of the properties. The first phase, already earned, allowed Tigray to earn a 55% interest in exchange for (a) a payment of \$300,000 in cash (paid) and the issuance of 300,000 common shares (issued), on the date of receipt of the Exchange approval; and (b) a payment of \$300,000 in cash (paid) and the issuance of 300,000 common shares to be made on November 1, 2013

(issued). Subsequent to the Tigray Arrangement, East Africa may earn an additional 25% interest in the second phase of the agreement in exchange for (a) a payment of \$300,000 (paid) in cash and the issuance of 550,000 East Africa Shares (issued) and 400,000 East Africa Warrants (issued) on November 1, 2014 and (b) the issuance of 550,000 East Africa Shares and 400,000 East Africa Warrants on November 1, 2015. Furthermore, on receipt of a positive feasibility study, East Africa will issue 550,000 East Africa Shares and 400,000 East Africa Warrants to the optionor, and on commencement of commercial production, the Company will 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.

The concessions are considered prospective for VMS and orogenic (structurally controlled) gold deposits, and contain numerous alluvial, elluvial and bedrock gold workings as well as several large gold and gold-copper-arsenic anomalies defined by previous companies' stream-sediment sampling programs.

Adyabo is located in the locally underexplored area of the Arabian Nubian Shield. The geology of the project area includes variably sheared and deformed mafic and ultramafic rocks intruded by multiple generations of gabbro, pyroxenite, granite and granodiorite. Large shear zones contain several bedrock gold workings. Previous work on the concessions included stream sediment sampling, a 300-metre spaced airborne electromagnetic and magnetic survey, traverse rock-chip sampling, and reconnaissance mapping. During due diligence on the properties, the Tigray exploration team reviewed the geology of several sections of the project including Mato Bula, Sentraley and Adi Gozomo, the highlight being Mato Bula.

Mato Bula

Mato Bula is a 2.1-kilometre long gold and base metal soil anomaly with numerous deep artisanal gold workings at its centre, multiple high-grade gold assays from rock chip and channel samples, large zones of silicified rocks forming two large silica-rich hills (alteration, silcrete formation due to weathering, or a siliceous cap over an intrusive system) and several zones of malachite-rich gossan and breccia. Extensive active artisanal gold bedrock workings are present over a strike-length of 500 metres with several shafts up to 45 metres deep. During early reconnaissance Tigray selected a total of ten rock-chip samples from mineralized faces and artisanal spoil heaps. These samples average 37 grams per tonne gold with five samples greater than 50 grams per tonne gold. Samples range between 100 and 1.37 grams per tonne gold. A total of 11 unbiased samples from artisanal miners' waste dumps (spoil heaps) over a 180-metre strike length at the centre of the artisanal workings averaged 20.8 grams per tonne gold, with nine samples grading more than 11.6 grams per tonne gold and two samples grading 0.12 and 2.4 grams per tonne gold, respectively.

Soil sampling over the area was conducted on a 40-by-40 metre grid to accurately define targets and identify multi-element associations. A 1.7-kilometre long anomaly of more than 100 parts-per-billion gold was defined and a second zone in the north increases the length of the target to 2.1-kilometres. The gold anomaly includes a zoned copper-lead-zinc-molybdenum-barium soil anomaly, with multiple values of copper, lead and zinc over 0.1% in soils and peak results of 9,724 parts per million copper, 8,087 parts per million zinc, 1,363 parts per million lead, 23 parts per million molybdenum, 73 parts per million arsenic, 2.8% barium and 1,134 parts per million tungsten were identified by Niton XRF results.

Previous continuous channel sampling in a few accessible areas around the main workings over a 180-metre strike length gave the following peak results:

- 4 metres at 6.70 grams per tonne gold (terminated in mineralization both sides) in a four-metre channel at crest of Mato Bula;
- 4 metres at 5.71 grams per tonne gold (terminated in mineralization both sides) from a four-metre channel on a buttress between two lines of deep workings where the mineralized zone is a minimum of 12 metres true width;
- 4 metres at 4.87 grams per tonne gold from a four-metre channel across the centre of the southern part of the workings;
- 2 metres at 4.53 grams per tonne gold from a two-metre channel across a minor pit at the south end of the artisanal workings.

During 2012, Tigray collected four grab samples from areas of limited outcrop between 80 and 120 metres southwest of the end of the workings yielded values of 40.7 grams per tonne gold, 19.9 grams per tonne gold, 5.27

grams per tonne gold and 0.12 grams per tonne gold. From existing data, the primary high-grade gold target thus far defined by high-grade rock chip samples is 350 metres long within the overall target zone of 2.1-kilometres strike length.

Significant alteration associated with the hosting mafic shear zone and associated quartz veins include abundant sulfide and gossan, silica, sericite and carbonate alteration. Two large silica hills are present northeast of the main gold workings (600 by 250 metres at Silica Hill and 220 by 120 metres at Mato Bula North). The silica hills are zoned, with gold and molybdenum anomalism over the silica zones and copper, lead and zinc surrounding, abutting, and partially overlapping the silica hills. Base metal enriched jasperoid zones are also present. The assemblage has signatures reflective of a VMS type mineralized system, with a possible high-grade gold component. If the silica hills are caps over mineralized intrusions (i.e. porphyry), there is also potential for skarn type mineralization as several limestone outcrops have been mapped in the vicinity.

Continuous channel sampling of 12 exploration trenches from 1.0 to 1.5 metres deep were completed during August to September 2012 for a total of 654 metres to test along strike and stratigraphically above and below the Central Lode of the main workings in areas of poor outcrop (*refer to Tigray's news release dated January 24, 2013*). Three gold-bearing lode horizons have now been identified over 90 metres in width, including the Central Lode (main gold workings are focused on this), the Upper Lode, which is 20 to 33 metres west of the Central Lode, and the Lower Lode, which is 50 metres east of the main workings. Results include, from southwest to northeast:

- Trench 03 - 10 metres at 1.68 grams per tonne gold from the Upper Lode and 8 metres at 1.23 grams per tonne gold from the Central Lode (110 metres west-southwest of the main gold workings);
- Trench 06 - 20 metres at 0.66 grams per tonne gold from the Upper Lode and 11 metres at 1.19 grams per tonne gold from the Central Lode (west-southwest end of main gold workings);
- Trench 02 - 10 metres at 1.94 grams per tonne gold (Upper Lode) 27 metres west of the main stope in the Central Lode;
- Trench 01 - 1 metre at 2.81 grams per tonne gold (edge of Central Lode open into stopes to east);
- Trench 07 - 51 metres east of Central Lode - 11 metres at 3.31 grams per tonne gold in the Lower Lode; and
- Trench 12 - 7 metres at 0.7 grams per tonne gold in Lower Lode.

Significant copper was intersected at Mato Bula North, where trench 08 intersected nine metres at 0.87% copper including two metres at 1.83% copper, remaining open to the west.

Tigray completed a Phase One Drill program on two identified key prioritized areas, Mato Bula and Mato Bula North, and also completed channel sampling at Da Tambuk. Five diamond drill holes at the Mato Bula Prospect tested approximately 500 metres of strike and one drill hole tested the Mato Bula North Prospect situated one kilometre to the northeast of the Mato Bula Prospect. Encouraging geochemical results for Da Tambuk (trench sampling of 4metres @ 14.53g/t Au), approximately 3km along strike of the Mato Bula North Prospect, advance the prospectivity of this new emerging target (*refer to Tigray's news release dated July 16, 2013*).

The high-grade gold mineralization at Mato Bula is associated with chalcopyrite-rich quartz veins hosted within a silica-sericite-chlorite-pyrite alteration zone. Rock chip and trench sampling at Mato Bula delineated a well-defined surface target over 800 metres long including three gold-bearing mineralized lodes (*refer to Tigray's news release dated January 24, 2013*), within a 2km long geochemical Cu-Au anomalous zone. The lodes from NW to SE comprise the Upper Lode, the Main Lode (main gold artisanal workings) and the Lower Lode, defining a 70 metres to 85 metres wide target zone. The five initial holes at Mato Bula tested part of this target, between 35 metres and 120 metres below surface on five drill sections spaced at 60 metres to 220 metres apart, with best grade mineralization beneath the base of oxidation.

Although exploration is at an early stage, the geological setting with volcanic and volcanoclastic rocks and associated chert and limestone, the associated schistose sericite-chlorite alteration assemblages, and both high-grade gold with lesser, but significant, copper, and thicker zones of lower-grade copper-gold mineralization suggest that this is a deposit style or variant not previously discovered in the Arabian-Nubian Shield in Northern Ethiopia. The Mato Bula prospect occurs in a region in which there are known VMS deposits, and there are both Zn-Pb soil anomalies and barite horizons defined in the vicinity.

A planned diamond drill program totalling 2,700 metres was undertaken to expand upon the discovery at Mato Bula (*refer to Tigray's news release dated July 16, 2013*), and to follow up on other exploration success. An extended version of this program was completed in late June 2014 (highlight results for Mato Bula listed below).

The follow-up program of 15 additional diamond drill holes (WMD007 to 021) was completed in Q2 2014 and totaled 3,356 metres. Drilling on 80 metre sections targeted extensions to mineralization defined during the Phase 1 diamond drilling campaign (WMD002 to 006). This drilling has extended mineralization to depth over 220 vertical metres below surface, and defined a series of steeply plunging, high-grade gold mineralized shoots.

Highlights include;

- Section 19880N - WMD007 drilled 100 vertical metres down dip of mineralization intersected in WMD006 (12.28 metres grading 12.25 grams per tonne gold and 0.30% copper - *refer to Tigray's news release dated July 16, 2013*) at Silica Hill, and intersected 28.20 metres at 8.50 grams per tonne gold and 0.24 percent copper including 17.55 metres at 13.18 grams per tonne gold and 0.27 percent copper, from 179.75 metres drill depth.
- Section 19960N - WMD009 drilled 80 metres grid north of WMD006 and 007, and intersected 14.87 metres at 4.49 grams per tonne gold and 0.04 percent copper including 7.90 metres at 7.95 grams per tonne gold and 0.05 percent copper, from 164.20 metres drill depth.
- Section 19400N - WMD012 drilled the depth extension to previous mineralization at Mato Bula South (WMD004), and intersected 12.98 metres at 4.40 grams per tonne gold and 0.87 percent copper from 105.62 metres drill depth.
- Section 19320N - WMD011 drilled 80 metres south of previous drilling at Mato Bula South (WMD004), and intersected 13.98 metres at 2.28 grams per tonne gold and 0.74 percent copper including 5.43 metres at 4.88 grams per tonne gold and 0.82 percent copper, from 126.25 metres drill depth.
- 34.04 metres at 5.65 grams per tonne gold and 0.29 percent copper (WMD019 - Section 19880N) including 17.48 metres at 9.50 grams per tonne gold and 0.43 percent copper, from 171.13 metres drill depth at Silica Hill. WMD019 was drilled 80 vertical metres down dip of mineralization intersected in WMD007 (28.20 metres at 8.50 grams per tonne gold and 0.24 percent copper - *refer to Tigray's news release dated April 7, 2014*), highlighting a high-grade gold shoot persistent from surface to over 220 metres depth.
- 4.29 metres at 8.06 grams per tonne gold and 0.61 percent copper, from 165.85 metres (WMD016 - Section 19640N) at Mato Bula, approximately 80 metres vertically below WMD005 (6.61 metres at 5.3 grams per tonne gold and 0.26 percent copper - *refer to Tigray's news release dated July 16, 2013*).

During Q4 2014 and Q1 2015 the company completed its follow-up diamond drill program at Mato Bula. Highlights from the drill program at Mato Bula include;

- 22.91 metres at 14.34 grams per tonne gold including 8.50 metres at 36.92 grams per tonne gold, from 101.09 metres drill depth (WMD032 - Section 20280N-oblique). WMD032 was drilled to test a key targeted multi-element soil anomaly within the Mato Bula prospect, on the northern section of Silica Hill.
- 24.50 metres at 1.67 grams per tonne gold and 0.61 percent copper, including 3.35 metres at 5.45 grams per tonne gold and 0.61 percent copper from 204.30 metres (WMD027 - Section 19320N), approximately 130 metres down-plunge and 80 metres south of the Upper Lode intersection in WMD004 (8.20 metres at 4.90 grams per tonne gold and 0.73 percent copper from 127.10 metres – *refer to Tigray's news release dated July 16, 2013*).
- 10.65 metres at 3.38 grams per tonne gold and 0.89 percent copper from 62.35 metres (WMD028 – Section 19400N), 70 metres up dip from the Upper Lode intersection in WMD004.
- 4.85 metres at 5.75 grams per tonne gold and 0.65 percent copper from 113.35 metres, and 2.75 metres at 8.76 grams per tonne gold from 138.75 metres (WMD024 – Section 20790N).

During Q1 2015 an additional follow-up diamond drill program to the above drill program of three holes was drilled to test: 1) near surface mineralization on the southern extension of Jasper Hill (WMD035 intersected 0.90 metres at 14.50 grams per tonne gold and 0.10 percent copper); and 2) the down plunge position of the main shoot

at Silica Hill. WMD034 intersected 20.00 metres at 0.80 grams per tonne gold and 0.05 percent copper from 339.35 metres. This drilling has reduced the potential for the Silica Hill Shoot to extend much below 270m from surface.

Mato Bula North

Mato Bula North is a 200 metre long malachite-rich silica alteration zone (hill) with abundant copper-rich porphyry dikes, and adjacent gold surface targets as defined by soil geochemistry. Significant copper was previously defined at Mato Bula North where Trench 08 chip samples returned nine metres at 0.87% copper (remaining open to the west). Drilling has defined disseminated, stringer, vein and massive sulphide vein style Cu-Au mineralization associated with very intense silica alteration. Drillhole WMD001 has tested part of the target, but the drillhole required abandonment short of the planned 145 metre final depth. It is interpreted that the hole did not fully test the entire target, as defined from surface showings. Drill results include 17.35 metres grading 1.65% copper, 0.40 grams tonne gold, including 11.55 metres grading 2.05 % copper and 0.47 grams per tonne gold, from 53.80 metres (*refer to the Tigray's news release dated July 16, 2013*). A total of five diamond drill holes have tested this target in the past two quarters, and final results are pending.

Mato Bula South

Recent ground review has identified new artisanal workings over 600m south of existing Mato Bula South mineralization. Ground review is on-going.

Silica Hill, Mato Bula Main, and Mato Bula South are part of the Mato Bula Trend, a mineralized corridor now defined over 8 kilometres in strike length (and includes the Da Tambuk and Adi Nigisti prospects). Gold-copper mineralization is interpreted to be part of a VMS, submarine porphyry style related Cu-Au system, exhibiting high-grade Au-Cu quartz veins and possible replacement styles of mineralization.

Da Tambuk

This prospect was initially defined by a gold soil anomaly located approximately four kilometres north-northeast along strike of Mato Bula. The anomaly comprises a one kilometre long by approximately 100 metre wide high-order (>100 parts per billion gold) soil gold signature, with a peak soil value of >5,000 parts per billion gold (five grams per tonne gold) and eight samples grading >0.5 grams per tonne gold in soil. Numerous zones of silicic alteration and sulfide mineralization are associated with the target. Associated anomalous elements in soil sampling include silver (peak value of 3.45 parts per million silver), several >0.25 grams per tonne silver values, and lower-order lead and molybdenum anomalies.

Rock chip results from 15 grab samples over 1.4 kilometres in strike length over Da Tambuk include peak results of 2.61 grams per tonne gold and 0.63 grams per tonne gold, with weakly elevated lead (peak of 0.21% lead) and copper (peak of 650 parts per million copper).

Infill soil sampling results and channel sampling from two trenches for Da Tambuk were received (*refer to Tigray's news release dated January 24th, 2013, for previous results*). Soil sampling at 40 metres x 40 metres has highlighted a 1.5km long >50ppb gold anomaly over an intense sericite alteration zone with variable silica alteration and zones of sulphide. Trenching over the northern end of the soil anomaly has encountered 16 metres @ 3.95 g/t Au (Trench ADT004 with 2 metres continuous rock chip channel sampling), including 4 metres @ 14.53 g/t Au. Multiple trenches over the target have now been completed.

Planned first pass drilling over 240 metres strike at Da Tambuk has tested the down dip extent of surface gold mineralization (trench sampling at Da Tambuk revealed 4 metres at 14.53 grams per tonne gold - *refer to Tigray's news release dated July 16, 2013*).

Follow-up drilling to the first pass at Da Tambuk has tested the down dip extent of surface gold mineralization defined by geochemical and trench sampling (trench sampling [ADT004] at Da Tambuk yielded 16 metres at 3.95 grams per tonne gold, including 4 metres at 14.53 grams per tonne gold - *refer to Tigray's news release dated July 16, 2013*). The drill results include:

- Section 23680N - ADD002 drilled the most northern section tested and intersected 12.00 metres at 17.34 grams per tonne gold and 0.32 percent copper including 5 metres at 40.97 grams per tonne gold and 0.59 percent copper, from 52.75 metres drill depth.
- Section 23600N - ADD001 intersected 19.53 metres at 3.51 grams per tonne gold and 0.1 percent copper, from 41.30 metres drill depth (50 metres vertically beneath trench ADT004).

- Section 23600N - ADD004 intersected 9.69 metres at 3.96 grams per tonne gold including 2.00 metres at 13.25 grams per tonne gold from 86.21 metres drill depth (86.00 metres vertically below trench ADT004 and 40.00 metres vertically below the intercept in ADD001).
- Section 23520N - ADD003 drilled on the most southern section, intersected, 3.00 metres at 4.2 grams per tonne gold from 83.42 metres drill depth (80 metres vertically below surface).

The follow-up drill program of four additional holes (ADD005 to 008) totalling 782 metres were completed at Da Tambuk, targeting extensions to mineralization defined in holes ADD001 to 004 in Q3 2014 (*refer to the Company's news release dated October 3, 2014*). The recent drilling has expanded previously defined high-grade gold mineralization to 140 vertical metres below surface, and 40 metres along strike to the north, defining a north plunging high-grade gold shoot.

Highlights from the recent drilling at Da Tambuk include;

- 13.55 metres at 4.65 grams per tonne gold including 5.55 metres at 10.78 grams per tonne gold, from 123.55 metres drill depth (ADD007 - Section 23680N). ADD007 was drilled 80 vertical metres down dip of mineralization intersected in ADD002 (12.00 metres at 17.34 grams per tonne gold and 0.32 percent copper from 52.75 metres drill depth (*refer to Tigray's news release dated March 11, 2014*)).
- 16.65 metres at 3.29 grams per tonne gold and 0.21 percent copper, including 4.30 metres at 10.13 grams per tonne gold and 0.22 percent copper from 99.15 metres (ADD006 - Section 23720N), approximately 80 metres vertically below surface and 40 metres north of ADD002.

The recent phase of exploration diamond drilling continues on the northern extension to mineralization at Da Tambuk. Three 80m spaced diamond drill holes at Da Tambuk were completed to test: 1) the southern extension to mineralization near surface; and 2) the potential down plunge position of the strong-grade shoot previously reported (13.55 metres at 4.65 grams per tonne gold from 123.55 metres (ADD007 – *refer to the Company's news release dated October 3rd, 2014*)). None of the holes drilled intersected similar strong grade mineralization and ADD010 intersected 27.00 metres at 0.79 grams per tonne gold, including 2.00 metres at 3.50 grams per tonne gold. The drill results are interpreted to provide more definitive plunge information on the system (including the near miss in ADD010), with plunge now interpreted to be 30 degrees to grid north and shallower than previously inferred. Drilling has commenced to test the new interpreted plunge position on the northern extension of Da Tambuk. Results from this drill test are pending.

Path Forward

Additional future work is dependent upon results as pending analyses from diamond drilling.

Quality Control

The planning, execution and monitoring of Tigray's and the Company's quality control programs at the projects in Ethiopia are under the supervision of Jeff Heidema, P.Geo., the Company's Vice President Exploration. Mr. Heidema is a Qualified Person as defined by National Instrument 43-101.

Diamond drill core samples, RC samples, and rock samples have undergone preliminary preparation at the Acme Laboratories facility in Ankara, Turkey and are crushed to 80% passing 10-mesh and pulverized to 85% passing 200-mesh (Acme R200-1000 package, now PRP70-1KG). Analyses are conducted at Acme Laboratories in Vancouver, Canada, utilizing Aqua Regia digestion and ICP-ES. RC analyses utilize Aqua Regia digestion and ICP-MS/ICP-ES (AQ270) for base metal and silver analyses. Precious metal analyses are conducted via Fire Assay Fusion with AA finish, and gravimetric analyses for over-limit samples. Blanks and certified reference standards are inserted into the sample stream to monitor laboratory performance.

Soil samples were collected using -60 mesh screening, with reference standards included in every 50 samples, and replicates included every 25 samples. Preparation and analyses were conducted at Ultratrace in Perth, Australia, with Aqua Regia digestion, and ICP-MS finish for gold and silver. Initial core samples were prepared and analyzed at ALS in North Vancouver, Canada, with trace work done by ICP-MS, and Fire Assay analyses conducted on over-limit copper, zinc, lead and silver mineralization. Fire Assay was conducted for all gold analyses. Blanks and certified reference standards were inserted into the sample stream to monitor laboratory performance.

HANDENI PROJECT – TANZANIA

East Africa is focused on mineral exploration in the Handeni gold district in eastern Tanzania. One of the Company's key properties is Handeni, located 173 kilometres northwest of Dar es Salaam and 35 kilometres south of the town of Handeni. Additional preliminary exploration is being conducted on peripheral properties to Handeni. Work conducted on peripheral properties includes geological mapping, soil sampling, and localized trenching.

Pursuant to the Shark Arrangement, Canaco spun-out its mineral property interests to East Africa, including its material property Handeni. The Handeni property consists of two contiguous mineral tenures totalling approximately 83.5 square kilometres and two mining licences covering 9.9 square kilometers. The Magambazi Property ("Magambazi") is owned 100% by Denwill Mining Services Ltd. ("Denwill"), a structured entity controlled by East Africa, and East Africa has an option agreement to acquire a 100% interest upon payment of \$40,000. Denwill acquired Magambazi by payment of US\$1,800,000, and granted the vendors a 2.0% NSR royalty.

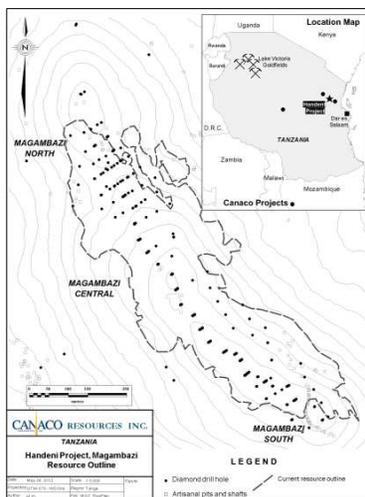
Where applicable, information within this MD&A which pertains to the Handeni property may reference work performed by Canaco before the Shark Arrangement and the subsequent transfer of the Handeni property to East Africa on April 4, 2013.

Magambazi Property

Magambazi Drill Program

The Handeni gold district consists of numerous gold-bearing zones defined by artisanal workings over a 15-kilometre trend, highlighted by the Magambazi discovery. The Magambazi, Magambazi Central and Magambazi North prospects form a 1.4-kilometre long trend of gold mineralization defined by soil geochemical anomalies and artisanal mine workings. This trend represents a segment of the total 15 kilometres of gold occurrences and anomalous gold geochemistry known to be contained within the Handeni Project area. Figure 1 illustrates the extent and distribution of drilling in the Magambazi area.

Figure 1- Extent of Magambazi Exploration Drilling



MAGAMBAZI INITIAL MINERAL RESOURCE

On May 15, 2012, Canaco published an initial mineral resource estimate for Magambazi of its Handeni Project in Tanzania. Using a cut-off grade of 0.5 grams per tonne gold, Magambazi is estimated to contain an indicated mineral resource of 15.2 million tonnes grading 1.48 grams per tonne gold and containing 721,300 ounces of gold, as well as an inferred mineral resource estimate of 6.7 million tonnes grading 1.36 grams per tonne gold and 292,400 ounces of gold.

Table 1 below summarizes the classification of mineral resources within the mineral resource block model.

Table 1 – Initial Magambazi Mineral Resource Estimate Summary – May 2012

Category	Estimated Quantities		
	Tonnes (000s)	Average grade (grams/tonne gold)	Contained gold (ounces)
Indicated	15,186	1.48	721,300
Inferred	6,683	1.36	292,400

Note: Quantities are estimated using a cut-off grade of 0.5 grams per tonne gold, a gold price of US\$1,250 per ounce, and data from 102,600 metres of diamond drilling in 397 holes.

Table 2 below presents a summary of the estimated mineral resource for a range of cut-off grades.

Table 2 - Cut-off Grade Sensitivities

Cut-off grade (grams/tonne gold)	Indicated			Inferred		
	Tonnes (000s)	Average grade (grams/tonne gold)	Contained gold (ounces)	Tonnes (000s)	Average grade (grams/tonne gold)	Contained gold (ounces)
0.3	19,685	1.23	777,500	9,256	1.09	324,500
0.4	17,218	1.36	750,300	7,831	1.23	308,800
0.5	15,186	1.48	721,300	6,683	1.36	292,400
0.6	13,392	1.60	689,900	5,593	1.52	273,400
0.7	11,884	1.72	658,700	4,791	1.67	256,800
1.0	8,593	2.07	570,600	3,058	2.14	210,700

For information on mineral resource estimation methodology, data validation, and quality control refer to the Company's website at www.eastafricametals.com.

Agreement for Development of Magambazi

The Company continues to advance discussions with interested parties with the objective of identifying a development partner to joint venture or purchase Magambazi. To date, a number of parties have been identified and due diligence has been completed, including site visits, and ongoing discussions continue regarding the terms of a potential development partnership.

In the event that partnership discussions do not lead to a sale or joint venture of Magambazi, the Company expects to initiate a review of the mineral resource estimate and conceptual mine plans in an effort to find opportunities to enhance the potential project economics. This review is expected to include a re-evaluation of the mineral resource based on selective mining of the high-grade core of Magambazi. The process would refine the current block model utilizing existing data which the Company expects will more precisely delineate continuous, high-grade mineralized zones within the mineral resource area and produce a mineral resource estimate for selective mine planning, which the Company believes will give it an edge to re-engage in partnership discussions to develop Magambazi. For further details refer to the Company's January 25, 2014, news release.

The Company remains confident that there is an opportunity to improve the grade of Magambazi's mineral resource and is considering alternative approaches to conceptual mining operations that would reflect current commodity prices, enhance the potential project economics, and create value for our shareholders through the development of what the Company feels is a valuable asset.

Mining Licence

East Africa's has now fully permitted Magambazi for project development and commercial mining operations. East Africa has completed the expansion of the Mining Licence footprint at Magambazi and now has two mining licences (ML525/2014 and ML480/2012) covering 9.9 square kilometers.

Prior to submitting applications for the expanded Mining License, Canaco received an Environmental Impact Assessment ("EIA") certificate from the Tanzanian government for the entire Handeni property, including Magambazi on November 16, 2012. This achievement was the culmination of a two-year process involving environmental studies, ministerial reviews and public hearings. The receipt of the EIA certificate was the first step in the mine permitting process and a prerequisite for a Tanzanian mining licence.

CURRENT COMPANY OBJECTIVES

Current objectives of the Company are to:

1. Complete additional drilling to upgrade the Terakimti resource through extension and infill drilling, with the purpose of improving definition of the deposit and acquire more information on metal zonation. Particular emphasis will be placed on oxide definition;
2. Advance work on assessing oxide mineralization established from Terakimti resource.
3. Follow-up qualification of additional base and precious metal soil anomalies, and rank for potential drill testing;
4. Assess new potential exploration opportunities in Ethiopia;
5. Identify a strategic partner to develop the Magambazi project;
6. Continue to examine opportunities to raise capital including equity financing, merger and acquisitions, strategic alliances, joint ventures and optioning its mineral properties for equity, cash and/or expenditure commitments.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Company has changed its year end from June 30 to December 31, effective December 31, 2013. Accordingly, comparative fiscal year ended December 31, 2013 (“HY 2014”) is a six month transitional fiscal period and June 30, 2013 (“Fiscal 2013”) is a twelve month period.

As at December 31, 2014, the Company had cash and cash equivalents and short-term investments of \$10,437,498, and current liabilities of \$1,077,623, compared to cash and cash equivalents and short-term investments of \$17,843,639 and current liabilities of \$786,540 at December 31, 2013. As at December 31, 2014, share capital and warrants totalled \$39,586,408 compared to \$33,873,666 as at December 31, 2013. The increase in share capital and warrant relates to the Tigray Arrangement (refer to the “*Corporate Transactions and Outlook*” section for further details).

RESULTS OF OPERATIONS

(Information extracted from the Company's audited consolidated financial statements for the year ended December 31, 2014, six months ended December 31, 2013 and the year ended June 30, 2013, expressed in Canadian dollars):

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

LOSS FOR THE YEAR ENDED DECEMBER 31, 2014 (FISCAL 2014), COMPARED TO THE SIX MONTHS ENDED DECEMBER 31, 2013 (“HY 2014”)

The loss for Fiscal 2014 is \$10,651,203 compared to a loss for HY 2014 of \$2,347,929. The significant items contributing to the Fiscal 2014 loss includes exploration costs of \$5,272,245 (HY 2014 – \$1,380,771), write-off of mineral property interests of \$2,375,466 (HY 2014 – \$31,205), management consulting fees and expenses of \$567,561 (HY 2014 - \$115,984), a decrease in change in fair value of other assets of \$543,609 (HY 2014 – increase of \$369,627), office and administration of \$513,331 (HY 2014 - \$130,836), salary and benefits of \$421,353 (HY 2014 – \$164,042) and investor/shareholder communications and filing fees of \$330,748 (HY 2014 - \$42,601). Significant balances and changes are discussed below.

Exploration and evaluation expenditure (“Exploration Expenditures”)

Exploration Expenditures incurred costs of \$5,272,245 in Fiscal 2014 compared to \$1,380,771 in HY 2014. With the addition of the Tigray projects (see “Corporate Transaction – East Africa and Tigray’s section for details) the Company incurred new Exploration Expenditures of \$3,700,958 for the period from May 7, 2014 to December 31,

2014. In addition, a portion of the increase is due to the full twelve months for Fiscal 2014 compared to the transitional six month period for HY 2014.

The significant expenditure on the Ethiopian Projects was for two drill programs that were undertaken during the period from May 2014 to December 2014 on the Ethiopian Projects. The Company incurred \$2,059,290 in drilling and related costs for a diamond drill program on the Adyabo Project and a RC drill program on the Harvest Project (see “Description of The Business” – “Adyabo Project - Ethiopia” for further details on the drill program.). The new Exploration Expenditures on the Ethiopian Projects were offset with reduced exploration activity at Magambazi as the Company continues to explore strategic opportunities including identifying a joint venture partner or potential buyers of Magambazi.

Details of East Africa’ Exploration Expenditures are as follows:

	Year ended December 31, 2014			Six months ended December 31, 2013		
	Tanzania	Ethiopia	Total	Tanzania	Ethiopia	Total
Exploration Expenditures						
Amortization	\$ 308,008	\$ 42,099	\$ 350,107	\$ 159,960	\$ --	159,960
Camp and administration costs	918,232	660,428	1,578,660	784,465	--	784,465
Drilling	--	2,059,290	2,059,290	--	--	--
Geochemistry	15,435	193,666	209,101	88,172	--	88,172
Geology	12,604	516,482	529,086	11,699	--	11,699
Geometallurgy	--	12,839	12,839	--	--	--
Geophysics	--	1,060	1,060	--	--	--
Project management and consulting	46,403	--	46,403	21,916	--	21,916
Share-based compensation	--	--	--	65,694	--	65,694
Technical services	270,605	215,094	485,699	248,865	--	248,865
Total for the period	1,571,287	3,700,958	5,272,245	1,380,771	--	1,380,771
Balance at the beginning of the period	65,784,232	--	65,784,232	64,403,461	--	64,403,461
Cumulative balance at the end of the period	\$ 67,355,519	\$ 3,700,958	\$ 71,056,477	\$ 65,784,232	\$ --	\$ 65,784,232

Write-off of mineral property interests

In Fiscal 2014 the Company decided to discontinue its exploration program for non-strategic claims on the Handeni and Tanzania Other Properties as exploration results to date indicate that there is no commercial viable mineral resource. As a result, the Company wrote off \$2,375,466 mineral property interests, compared to \$31,205 in HY 2014. The impairment of Handeni and Other Properties for Fiscal 2014 was \$659,432 and \$1,716,034 respectively.

Management consulting fees and expenses

In Fiscal 2014, the Company paid management consulting fees and expenses of \$567,561 compared to \$115,984 in HY 2014, an increase of \$451,577. In Fiscal 2014, \$229,167 (HY 2014 – \$93,750) was paid to a management company for services provided for consulting fees rendered by an officer of the Company and \$120,000 (HY 2014 – \$Nil) was paid to an advisor for services provided on Ethiopian business practice and regulations. In addition, a portion of the increase is due to the full twelve months for Fiscal 2014 compared to the transitional six month period for HY 2014.

Change in fair value of other assets

In Fiscal 2014, the Company recognized a decrease in the fair value of the 12,000,000 Tigray share purchases warrants of \$543,609 (HY 2014 – increase of \$369,627). Of the 12,000,000 warrants, the Company acquired 4,000,000 share purchase warrants in Tigray’s equity placement in April 2013 and received 8,000,000 share purchase warrants related to the loan of \$2,000,000 provided to Tigray in December 2013. The significant driver in the decrease in the fair value of \$913,236 is related to the decrease in Tigray’s share price from \$0.14 to \$0.10 since December 31, 2013, until the completion of the Tigray Arrangement. In Fiscal 2014, the Company recognized finance income of \$229,280 on the loan (HY 2014 – \$47,620).

Office and administration

Office and administration costs totalled \$513,331 in Fiscal 2014, compared to \$130,836 in FY 2014, an increase of \$382,495. Costs for office and administration include office expenses, travel expense for corporate head office

staff, network services and insurance. The increase is attributable to moving expenses for a new Vancouver office premise and higher travel expenses for overseas trips for the Ethiopian projects. The remaining increase is primarily due to the full twelve months for Fiscal 2014 compared to the transitional six month period for HY 2014

Salaries and benefits

Salaries and benefits expense in Fiscal 2014 totalled \$421,353 compared to \$164,042 in HY 2014, an increase of \$257,311. Previous to the acquisition of Tigray a portion of East Africa staff time was charged to Tigray. Subsequent to the Tigray transaction all salaries as recognized in East Africa. In addition, a portion of the increase is due to the full twelve months for Fiscal 2014 compared to the transitional six month period for HY 2014.

Investor/shareholder communications and filing fees

Investor/shareholder communications and filing fees includes transfer agent, filing fees, and investor relations activities, including news release dissemination, consulting fees paid to external consultants, and other communications with shareholders and stakeholders, including travel expense. Expenses of \$330,748 were incurred in Fiscal 2014, compared to \$42,601 in HY 2014, an increase of \$288,147. The increase is aligned with the Company's objective to engage the European and North American markets with the value proposition that the Company has been building over the past 18 months.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Revenue	Loss₍₁₎	Loss per share, basic
Fiscal 2014			
December 31, 2014	Nil	(5,543,878) ⁽⁴⁾	(0.05)
September 30, 2014	Nil	(1,799,713)	(0.02)
June 30, 2014	Nil	(2,006,250)	(0.02)
March 31, 2014	Nil	(1,301,362)	(0.02)
Fiscal 2014 – H/Y₍₃₎			
December 31, 2013	Nil	(840,091)	(0.01)
September 30, 2013	Nil	(1,507,838)	(0.02)
Fiscal 2013			
June 30, 2013	Nil	(1,374,482) ⁽²⁾	(0.02)
March 31, 2013	Nil	(4,474,057)	(0.02)
December 31, 2012	Nil	(3,065,293)	(0.02)
September 30, 2012	Nil	(4,256,398)	(0.02)

(1) Values may not add to reported amount for the periods due to rounding.

(2) In Q4 2013, the decrease is primarily due to reduced exploration activity at Magambazi as the Company continues to explore strategic opportunities including identifying a joint venture partner or potential buyers of the property.

(3) A shortened six month transitional fiscal year as a result of the change of year end from June 30 to December 31, effective December 31, 2013.

(4) In Q4 2014, the increase is primarily due to the expenditures on the acquired Ethiopian projects and the write-down of mineral property interests.

LOSS FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 (Q4 2014), COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2013 (Q2 HY 2014)

The loss for Q4 2014 is \$5,543,878 compared to a loss for Q2 HY 2014 of \$840,091. The significant items contributing to the Q4 2014 loss includes write-off of mineral property interests of \$2,370,528 (Q2 HY 2014 – \$31,205), exploration costs of \$2,175,552 (Q2 HY 2014 - \$701,277), management consulting fees and expenses of \$206,380 (Q2 HY 2014 - \$57,352) and investor/shareholder communications and filing fees of \$185,420 (Q2 HY 2014 - \$11,197). Significant changes and balances are discussed below.

Write-off of mineral property interests

In Q4 2014, the Company wrote off \$2,370,528 mineral property interests, compared to \$31,205 in Q2 HY 2014. Of which, \$329,032 relates to the termination of option agreements to acquire 100% interest in two primary mining licenses ("PML") within Handeni properties. The remaining \$2,041,496 relates to the abandonment of numerous PLs within Tanzania other properties.

Exploration Expenditures

Exploration Expenditures for Q4 2014 of \$2,175,553 increased from Q2 HY 2014 of \$701,277. The increase is a result of the acquisition of the Tigray projects (see “Corporate Transaction – East Africa and Tigray’s section for details). The Company incurred Exploration Expenditures for the Ethiopian Projects of \$1,857,686 for the period from October 1, 2014, to December 31, 2014. The significant expenditure on the Ethiopian Projects was for two drill programs that were undertaken during Q4 2014 on the Ethiopian Projects. The Company incurred \$1,160,940 in drilling and related costs for a diamond drill program on the Adyabo Project and a RC drill program on the Harvest Project (see “Description of The Business” – “Adyabo Project - Ethiopia” for further details on the drill program.). The new Exploration Expenditures on the Ethiopian Projects were offset with reduced exploration activity at Magambazi as the Company continues to explore strategic opportunities including identifying a joint venture partner or potential buyers of Magambazi.

Details of East Africa’ Exploration Expenditures are as follows:

	Three months ended December 31, 2014			Three months ended December 31, 2013		
	Tanzania	Ethiopia	Total	Tanzania	Ethiopia	Total
Exploration Expenditures						
Amortization	\$ 77,335	\$ 17,016	\$ 94,351	\$ 80,095	\$ --	\$ 80,095
Camp and administration costs	170,032	305,066	475,098	450,040	--	450,040
Drilling	--	1,160,940	1,160,940	--	--	--
Geochemistry	827	47,270	48,097	51,759	--	51,759
Geology	1,950	223,539	225,489	3,466	--	3,466
Geometallurgy	--	12,839	12,839	--	--	--
Geophysics	--	360	360	--	--	--
Project development	--	--	--	(12,255)	--	(12,255)
Project management and consulting	11,929	--	11,929	11,014	--	11,014
Technical services	55,794	90,656	146,450	117,158	--	117,158
Total for the period	317,867	1,857,686	2,175,553	701,277	--	701,277
Balance at the beginning of the period	67,037,652	1,843,272	68,880,924	65,082,955	--	65,082,955
Cumulative balance at the end of the period	\$ 67,355,519	\$ 3,700,958	\$ 71,056,477	\$ 65,784,232	\$ --	\$ 65,784,232

Management consulting fees and expenses

Management consulting fees and expenses totalled \$206,380 in Q4 2014 compared to \$57,352 in Q2 HY 2014, an increase of \$149,028. In Q4 2014, the Company paid management consulting fees of \$77,500 to a management company for services provided for consulting fees rendered by an officer of the Company as compared to Q2 HY 2014 of \$31,875. Additionally, \$60,000 (Q2 HY 2014 – \$Nil) was paid to an advisor for services provided on Ethiopian business practice and regulations and \$25,000 (Q2 HY 2014 – \$Nil) was paid to a consulting company for financial advisory service in Q4 2014.

Investor/shareholder communications and filing fees

Investor/shareholder communications and filing fees includes transfer agent, filing fees, and investor relations activities, including news release dissemination, consulting fees paid to external consultants, and other communications with shareholders and stakeholders, including travel expense. Expenses of \$185,420 were incurred in Q4 2014, compared to \$11,197 in Q2 HY 2014, an increase of \$174,223. The increase is aligned with the Company’s objective to engage the European and North American markets with the value proposition that the Company has been building over the past 18 months.

LIQUIDITY

As at December 31, 2014, the Company had cash and cash equivalents of \$2,216,673, short-term investments of \$8,220,825, other current assets of \$981,616 and current liabilities of \$1,077,623, compared to cash and cash equivalents of \$6,184,190, short-term investments of \$11,659,449, other current assets of \$6,252,629 and current liabilities of \$786,540 as at December 31, 2013.

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

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.

Management believes that the Company's working capital as at December 31, 2014, of \$10,341,491 (December 31, 2013 - \$23,309,728) is adequate to support its operations, exploration and acquisition and development opportunities for the coming twelve months.

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.

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 equity placements to meet its operating requirements, after taking into account existing cash.

CAPITAL RESOURCES

The Company has historically met its exploration capital requirements through the completion of equity placements and may be impacted by continued poor market conditions and further downward trends. Trends affecting the Company's liquidity may be dictated by the demands on financial resources created by the advancing nature of the Company's exploration assets and the pursuit of a growth strategy that targets property acquisition, with the exploration commitments and the Company's ability to access the financial resources required to meet these demands. As the exploration properties advance through exploration, they typically require more capital-intensive programs that apply pressure to the Company's financial resources. Additional planned exploration programs and any future pre-development programs will result in a decrease to the Company's current liquidity.

In acquiring the required capital to pursue the Company's business plan, capital will be generated from a combination of accessing equity markets, procuring industry partners for its primary exploration assets or sale of exploration assets for equity positions or cash. In the event that additional funding is required, there can be no assurances that such funds will be available and/or on terms acceptable by the Company.

Trends that affect the market generally, and the perception of the Company within the marketplace, can affect the Company's ability to access capital in both a positive and negative way. Trends in this general market are defined by fluctuations in the global economy and the demand for metals and commodity prices. Trends in the perception of the Company in the resource marketplace may be affected by general trends in the resource equity markets which may in turn impact the Company's performance in creating shareholder value and in demonstrating the ability to manage the Company's affairs and achieve mandated objectives.

Uncertainty is a prevalent element in exploration and therefore can, on occasion, impede the Company's ability to meet its financial requirements and result in an inability to advance exploration assets and meet objectives in a timely manner.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial deposits. There is also no assurance that if a commercial deposit is discovered that the ore body would be economical for commercial production. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon a number of factors, which are beyond the Company's control. Some of these factors are the attributes of the deposit, market, government policies and regulation and environmental protection.

Capital Expenditures

During the year ended December 31, 2014, the Company expended \$357,117 (HY 2014 - \$117,966) on maintenance payments of mineral property interests which have been capitalized. In addition, as a result of the Tigray Arrangement the Company acquired the Harvest and Adyabo Projects and recognized \$14,527,698 in mineral property interest and \$215,939 in property and equipment additions (refer to the section "Corporate Transactions and Outlook" for further details).

Mineral property capital expenditures and acquisitions are summarized as follows:

	Tanzania, Handeni properties	Tanzania, other properties	Harvest Project	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	--	--	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	Harvest Project	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

Subsequent to December 31, 2014, the Company entered into a five (5) year retention agreement whereby the optionor agreed to retain the license of Kwadijava property in Ethiopia on behalf of the Company for a fee of US\$30,000.

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 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:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair values of the Company's financial instruments measured as at December 31, 2014 and December 31, 2013, constitute Level 1 and 2 for marketable securities and other assets (share purchase warrants) and warrants derivative liability.

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

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) 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) 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 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. As at December 31, 2014 and 2013, the Company is exposed to currency risk through the following assets and liabilities dominated in Euros (“EUR”), Australian dollars (“AUD”), United States Dollars (“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)	--

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) 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%).

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) to the interest earned in the Company statements of operations per annum.

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'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 its expected administrative, explorations and potential acquisition requirements for the coming fiscal year.

TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company transacted with individuals and companies considered to be related parties. Related party transactions involve normal commercial compensation for services rendered by senior management, officers, and directors of the Company, by companies with which they were associated as owners, contractors or employees. For the year ended and as at December 31, 2014, the Company had recorded the following significant related party transactions:

For the year ended December 31, 2014, the Company incurred goods and services for Tigray, True North Gems Inc. and Nickel North Exploration Corp. totaling \$630,659 (HY 2014 – \$316,960) for shared office, administration and exploration expenses.

As at December 31, 2014, the Company had receivables of \$43,048 (December 31, 2013 - \$755,926) from True North Gems Inc. and Nickel North Exploration Corp. for outstanding payments for shared office, administration, and exploration expenses.

For the year ended December 31, 2014, the Company incurred management consulting fees of \$281,667 (HY 2014 – \$116,250). Of this amount \$229,167 (HY 2014 – \$93,750) were paid to a privately held company controlled by the CEO for management services.

As at December 31, 2014, a payable of \$39,480 (December 31, 2013 – \$144,971) was payable to SinoTech for geological, administrative and language translation services. SinoTech has a control interest in the Company.

Fees, salaries and benefits, which can include share-based compensation, paid to directors and senior key management totalled \$545,545 for year ended December 31, 2014 (HY 2014 – \$520,877). Senior key management includes the CEO, VP of Exploration, and the CFO. As at December 31, 2014, the Company recorded a payable of \$21,297 (December 31, 2013 – \$30,469) for past director and consulting services provided by directors and officers and reimbursement of expenses.

On December 3, 2013, the Company entered into a \$2,000,000 loan agreement with Tigray, company with directors in common. The loan was due and payable in full on June 3, 2014, subject to a six-month 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. For the year ended December 31, 2014, the Company earned interest income from the loan of \$229,280 (HY 2014 – \$47,620). As a result of the Tigray Arrangement the loan was recognized as part of the consideration for the acquisition of Tigray. Refer to the "*Corporate Transactions and Outlook – East Africa and Tigray's*" section for further details.

On May 7, 2014, the Company announced that they had completed the Tigray Arrangement pursuant to which East Africa agreed to acquire all of the issued and outstanding common shares of Tigray (other than the Tigray Shares it already owned). Refer to the "*Corporate Transactions and Outlook – East Africa and Tigray's*" section for further details.

CRITICAL ACCOUNTING ESTIMATES

The details of the Company's accounting policies are presented in Note 4 of the audited consolidated financial statements for the year ended December 31, 2014. The Company's financial statements are prepared in accordance with IFRS.

The preparation of the consolidated 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. 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 PMLs in Magambazi, restricted to citizens of Tanzania. 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 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

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 and as a result wrote-off \$2,375,466 of mineral property interests acquisition costs.

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.

CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New Accounting Policies

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.

IFRS Accounting policies not yet effective

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

(a) *IFRS 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.

(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.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Currently, the certification required by the Company's certifying officers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate, does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make in the certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS*Financial Risk*

The Company relies on equity financings to fund its activities. While it has been successful in raising funds in the past, there is no guarantee that adequate funds will be available in the future. The Company had cash and cash equivalents of \$2,216,673, short-term investments of \$8,220,825, and working capital of \$10,341,491 as at December 31, 2014. Based on current planned expenditures at its mineral property interests in Tanzania and Ethiopia, management believes that the Company has sufficient capital resources to fund current levels of activity for the coming twelve months.

Currency Risk

The Company's corporate head office is in Vancouver, Canada and the Company maintains the majority of its funds in Canadian dollars. Since the onset of the credit crisis in 2008 there still exists significant fluctuation in the value of the Canadian dollar against other currencies and because the Company operates in foreign countries it may be exposed to significant currency risk. In addition, its operations may be affected by rapid price fluctuation in the countries it operates in.

Environmental Risk

The Company is subject to substantial environmental requirements which could cause a restriction or suspension of certain operations. The current and anticipated future operations and exploration activities of the Company in Tanzania and Ethiopia require permits from various governmental authorities and such operations and exploration activities are and will be governed by federal, regional and local laws and regulations governing various elements of the mining industry including, without limitation, land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, and other matters. The Company's projects are all in the exploration stage and as a result activities at Handeni, Harvest and Adyabo have caused little environmental impact to date due to the early stage of its activity. The Company conducts certain environmental restoration efforts including drill rig platform cleanup and the sealing of drill holes among other cleanup activities to rehabilitate areas affected by its operations and it is the Company's intention to ensure that the environmental impact on areas where it operates is mitigated by restoration and rehabilitation of affected areas.

The Company is subject to environmental requirements which could cause a restriction or suspension of certain operations. The current and anticipated future operations and exploration activities of the Company in Tanzania and Ethiopia require permits from various governmental authorities and such operations and exploration activities are and will be governed by federal, regional and local laws and regulations governing various elements of the mining industry including, without limitation, land use, the protection of the environment, prospecting, development,

production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, and other matters.

Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations

Exploration Risk

The Company has no production of minerals and its properties are all currently at the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine the presence of any such deposit.

The exploration and development of mineral deposits involves significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be fully mitigated. The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations all have an impact on the economic viability of a mineral deposit. These unique environments could limit or reduce production possibilities or if conditions are permissive for potential natural disasters, such as severe weather, could negatively impact facilities, equipment and the safety of its workers dramatically.

The marketability of minerals is affected by numerous factors beyond the control of the Company. These factors include, but are not limited to, market fluctuations, government regulations relating to prices, taxes and royalties, allowable production, import, exports and supply and demand. One or more of these risk elements could have an impact on costs of the operations and if significant enough, reduce the profitability of future production and threaten the continuation of a particular project or operations altogether.

Commercial Viability

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection, import of specialized equipment and services and reclamation and closure obligations all have an impact on the economic viability of a mineral deposit. Other potential impacts could include the location of the mineral deposit. These unique environments could limit or reduce production possibilities or if conditions are right for potential natural disasters, such as severe weather, could negatively impact facilities, equipment and the safety of its workers dramatically.

Macroeconomic Risk

From a macroeconomic perspective, ongoing global market uncertainty has led to a significant reduction in risk appetite with respect to funding investment into exploration companies. The ability for exploration companies to access capital through traditional means may be significantly diminished, with the possible long-term result that projects may take longer to develop, or may not be developed at all.

Business Acquisition Risk

East Africa may pursue the acquisition of exploration properties and companies. The search for attractive acquisition opportunities and the completion of suitable transactions are time consuming and expensive, divert management attention away from the Company's existing business and may be unsuccessful. Any acquisition that East Africa may choose to complete may be of a significant size, may change the scale of East Africa's business and operations and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. Such risks may include there may be a significant change in market prices after East Africa has committed to complete the transaction and established the purchase price or share exchange ratio; or any potential resource may prove to be below expectations; or if the Company chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Foreign Countries and Political Policy Risk

The Company has interests in exploration properties that are located in the developing countries of Tanzania and Ethiopia and the mineral exploration of the Company may be affected in varying degrees by political instability and government regulations relating to foreign investment and the mining industry. Changes, if any, in mining or investment policies or shifts in political attitude in Tanzania and/or Ethiopia may adversely affect the Company's operations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, royalties, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Amendments to current laws, regulations and permits governing operations and activities of mining or exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures or require abandonment or delays in development of properties. There have been extreme cases in Venezuela, Bolivia and Argentina where active mining interests have been nationalized. Such changes are viewed negatively in the investment community and can lead to share price erosion and difficulty in accessing capital to advance projects. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and results of operations.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial deposits. There is also no assurance that if a commercial deposit is discovered that the ore body would be economical for commercial production. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon a number of factors, which are beyond the Company's control. Some of these factors are the attributes of the deposit, market, government policies and regulation and environmental protection

OTHER MD&A REQUIREMENTSAdditional Disclosure for Venture Issuers without Significant Revenue

Refer to elsewhere in this MD&A or the Company's consolidated financial statements for capitalized or expensed exploration and development costs, general and administration expenses and other significant costs. Additional information relating to the Company is on SEDAR at www.sedar.com.

Outstanding Shares

As at April 27, 2015, the Company has 102,249,661 common shares issued and outstanding.

As at April 27, 2015, the Company has 26,091,867 warrants issued and outstanding.

As at April 27, 2015, the remaining following stock options are outstanding:

Options outstanding	Options exercisable	Exercise price
4,750,000	4,750,000	\$0.14
150,000	150,000	0.14
1,000,000	500,000	0.14
5,900,000	5,400,000	\$0.14

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this annual MD&A. Readers of this annual MD&A and other filings can review and obtain copies of our filings from SEDAR at www.sedar.com and copies will be provided to anyone who requests it.