EAST AFRICA METALS INC.
(an exploration stage company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2016 and 2015

Expressed in Canadian dollars

(Unaudited – prepared by management)

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

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

	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 839,277	$ 2,319,653
Accounts receivable (Note 7)	647,334	660,779
Prepaid expenses and deposits	95,140	206,547
	1,581,751	3,186,979
Taxes recoverable (Note 7)	191,021	204,349
Mineral property interests (Note 8)	21,813,018	23,779,063
Property and equipment (Note 10)	1,466,511	1,657,705
	$ 25,052,301	$ 28,828,096
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 281,445	$ 1,161,662
	281,445	1,161,662
Non-current liability		
Leasehold inducement	98,359	104,917
Total liabilities	379,804	1,266,579
Equity		
Share capital (Note 11(b))	38,209,582	38,209,582
Warrant (Note 11(e))	1,408,806	1,408,806
Contributed surplus (Note 11(d))	146,140,692	145,953,144
Accumulated other comprehensive income	3,909,754	5,106,630
Deficit	(169,199,681)	(167,703,138)
	20,469,153	22,975,024
Non-controlling interest (Note 8)	4,203,344	4,586,493
	24,672,497	27,561,517
	$ 25,052,301	$ 28,828,096

Nature of operations, and going concern (Note 1)
Tanzanian Definitive Agreement (Note 2)
Subsequent events (Note 15)

Approved on behalf of the Board

(signed) “David Parsons"

(signed) “Dr. Antony Harwood”

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
Expenses		
Amortization (Note 10)	$ 22,136	$ 22,256
Directors and advisory board fees	13,067	16,530
Exploration and evaluation expenditure (Note 9)	923,258	2,225,759
Investor/shareholder communications and filing fees	30,346	89,977
Legal, audit and audit related fees	30,954	170,853
Management consulting fees and expenses	182,089	130,998
Office and administration	84,953	133,333
Rent and occupancy costs	37,682	38,982
Salaries and benefits	56,724	103,313
Share-based compensation (Note 11(d))	116,372	5,108
	1,497,581	2,937,109
Foreign exchange gain (loss)	45,405	(71,151)
Interest income	(553)	(25,144)
Net loss for the period	1,542,433	2,840,814
Net loss attributable to:		
Shareholders	1,496,543	2,559,417
Non-controlling interest	45,890	281,397
Loss per share, basic and diluted	$ 0.01	$ 0.03
Weighted average number of common shares used in the calculation of loss per share – basic and diluted	102,799,661	102,249,661

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
Net loss for the period	$ 1,542,433	$ 2,840,814
Items that may be reclassified to statement of operations		
Currency translation adjustment		
Attributable to shareholders of Company	1,196,876	(1,587,207)
Attributable to shareholders of non-controlling interest	337,259	(426,360)
Comprehensive loss for the period	3,076,568	827,247
Attributable to shareholders of Company	2,693,419	972,210
Attributable to shareholders for non-controlling interest	383,149	(144,963)
	$ 3,076,568	$ 827,247

EAST AFRICA METALS INC.

(an exploration stage company)

Condensed Interim Consolidated Statements of Changes in Equity - unaudited

For the three months ended March 31, 2016 and March 31, 2015

Expressed in Canadian dollars, unless otherwise stated

	Common Shares Without Par Value				Accumulated Other		Total Common	Non-	
	Shares	Amount	Warrants	Contributed Surplus	Comprehensive Income	Deficit	Shareholders' Equity	Controlling Interest	Total Equity
Balance, December 31, 2014	102,249,661	$ 38,179,332	$ 1,407,076	$145,943,957	$ 1,843,341	$ (159,652,398)	$ 27,721,308	$ 4,374,748	$ 32,096,056
Share-based compensation (Note 11(d))	--	--	--	5,108	--	--	5,108	--	5,108
Currency translation adjustment on foreign operations	--	--	--	--	1,587,207	--	1,587,207	426,360	2,013,567
Net loss for the period	--	--	--	--	--	(2,559,417)	(2,559,417)	(281,397)	(2,840,814)
Balance, March 31, 2015	102,249,661	$ 38,179,332	$ 1,407,076	$145,949,065	$ 3,430,548	$ (162,211,815)	$ 26,754,206	$ 4,519,711	$ 31,273,917
Balance, December 31, 2015	102,799,661	$ 38,209,582	$ 1,408,806	$145,953,144	$ 5,106,630	$ (167,703,138)	$ 22,975,024	$ 4,586,493	$ 27,561,517
Share-based compensation (Note 11(d))	--	--	--	187,548	--	--	187,548	--	187,548
Currency translation adjustment on foreign operations	--	--	--	--	(1,196,876)	--	(1,196,876)	(337,259)	(1,534,135)
Net loss for the period	--	--	--	--	--	(1,496,543)	(1,496,543)	(45,890)	(1,542,433)
Balance, March 31, 2016	102,799,661	$38,209,582	$ 1,408,806	$146,140,692	$ 3,909,754	$ (169,199,681)	$ 20,469,153	$ 4,203,344	$ 24,672,497

EAST AFRICA METALS INC.

(an exploration stage company)

Condensed Interim Consolidated Statements of Cash Flows - unaudited

Expressed in Canadian dollars, unless otherwise stated

	Three months ended March 31, 2016	Three months ended March 31, 2015
Cash flows provided by (used for) operating activities		
Loss for the period	$ (1,542,433)	$ (2,840,814)
Items not involving cash		
Amortization – administration (Note 10)	22,136	22,256
Amortization – exploration and evaluation (Note 9)	84,689	111,977
Amortization – leasehold inducement	(6,558)	(6,558)
Share based compensation – administration (Note 11(d))	116,372	5,108
Share based compensation – exploration (Notes 9 and 11(d))	71,176	--
Unrealized foreign exchange gain (loss)	38,534	(66,099)
Interest income	--	(22,491)
Changes in operating assets and liabilities		
Accounts receivable and taxes recoverable	461,484	(61,792)
Prepaid expenses, deposits, materials and supplies	108,802	1,242
Accounts payable and accrued liabilities	(870,660)	(199,984)
	(1,516,458)	(3,057,155)
Cash flows provided by (used for) investing activities		
Mineral property interests acquisitions (Note 8)	(64,113)	(43,440)
Definitive Agreement instalment deposit (Notes 2 and 8)	133,958	--
Purchase of equipment (Note 10)	--	(301,062)
Redemption of short-term investments	--	3,285,437
	69,845	2,940,935
Effects of exchange rate changes on cash and cash equivalents	(33,763)	22,365
Decrease in cash and cash equivalents	(1,480,376)	(93,855)
Cash and cash equivalents, beginning of period	2,319,653	2,216,673
Cash and cash equivalents, end of period	$ 839,277	$ 2,122,818

1. Nature of operations and going concern

East Africa Metals Inc. ("East Africa" or the "Company") was incorporated on December 7, 2012, under the Canada Business Corporations Act. The address of the Company's corporate office and principal place of business is Suite 700, 1055 West Georgia Street, Vancouver, British Columbia, Canada. On July 11, 2013, the Company commenced trading on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the trading symbol "EAM".

East Africa is a mineral exploration company focused on the identification, acquisition, exploration, development and/or sale of base and precious mineral resource properties in Ethiopia and Tanzania. The Company's major mineral properties consist of two projects in Ethiopia, the Harvest Project and the Adyabo Project and one project in Tanzania, the Handeni Properties. The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of such properties.

These unaudited condensed interim consolidated financial statements ("Interim Financial Statements") are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended ("period ended") March 31, 2016, the Company incurred a net loss attributable to shareholders totaling $1,496,543 (2015 – $2,559,417) and as at March 31, 2016, had an accumulated deficit of $169,199,681 (December 31, 2015 – $167,703,138) and working capital of $1,300,306 (December 31, 2015 - $2,025,317). Subsequent to March 31, 2016, the Company announced the fully subscribed non-brokered private placement ("Private Placement") for gross proceeds of $1,000,000. Refer to Note 15 for further details on the Private Placement.

Based on the Company's financial position at March 31, 2016, the available funds are not considered adequate to meet requirements for the estimated operations, exploration and development expenditures in the coming twelve-month period. These requirements may be adversely impacted by an absence of normal available financing due to the continued uncertainty in the Exchange and commodity markets. To address its financing requirements, the Company will seek financing through and not limited to the sale of non-strategic assets, debt financing, gold streaming contracts or similar hybrid instruments, equity financing and optioning its mineral properties. However, there is no assurance that such financing will be available. This uncertainty casts significant doubt upon the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these Interim Financial Statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported income and expenses and the consolidated balance sheets classifications used. Such adjustments could be material.

2. Significant events and transactions

Tanzanian Definitive Agreement

On June 10, 2015, East Africa signed a binding agreement ("Definitive Agreement") with an arm's length private exploration and development company (the "Developer") with management based in the United Kingdom and Tanzania, to acquire and develop East Africa's Handeni properties and Other Properties in Tanzania. On December 4, 2015, the Company provided an extension to the effective date to February 29, 2016, including the requirement for a US$100,000 (CAD$133,030) non-refundable deposit (received). On March 5, 2016, (the "Tanzanian Effective Date") the Company completed the execution of the Definitive Agreement and the Gold Purchase Agreement with the Developer. During the period ended March 31, 2016, the Company received a further instalment of US$100,000 (CAD$133,958) and accrued US$300,000 (CAD$389,610 − Note 7). Subsequent to March 31, 2016, the Developer provided a further instalment of US$75,000 (CAD$98,425) and the Company is in discussions with the Developer on the outstanding instalment payments.

Under the terms of the agreements, the Developer will:

(a) pay East Africa US$2,000,000 (US$200,000 paid) in cash for a 100% interest in the Handeni properties, which includes the Magambazi Project, all of "Tanzania - Other properties" owned by East Africa in Tanzania and the camp, equipment and other assets (together the "Tanzanian Assets") within 12 months of the Tanzanian Effective Date;

2. Significant events and transactions (continued)

Tanzanian Definitive Agreement (continued)

(b) convey to East Africa the right to receive a 1.6% net smelter royalty on production, capped at US$1,800,000;

(c) convey to East Africa the right to purchase 30% of gold produced ("Gold Purchase Agreement") during mining operations established at any of the Tanzanian Assets, for a per ounce payment equal to the lesser of: (i) production cost plus 15% based on the Developer's historical and budgeted production costs, and (ii) the prevailing market price for gold as per the Gold Purchase Agreement;

(d) issue treasury shares of the Developer that is expected to represent 9.9% of the Developer's publicly listed outstanding shares. The Developer intends to list on the London Stock Exchange's AIM and expects to issue such shares to East Africa before the listing; and

(e) offer East Africa a seat on the Board of Directors of the Developer and a seat on the Management Committee of the Magambazi Project.

East Africa will not be required to contribute to capital or exploration expenditures with respect to the construction and development of any of the Tanzanian Assets. Pursuant to the Definitive Agreement, the Company recognized CAD$188,764 (Note 7) in accounts receivable for the Tanzanian recoverable operating expenses between October 16, 2015 and March 31, 2016, from the Developer and recognized CAD$389,610 (US$300,000) for the outstanding payments related to the first instalment of US$500,000. The final payment of US$1,500,000 ("Balance Payment") is due no later than 12 months from the Tanzanian Effective Date and the Developer has the option to terminate the Definitive Agreement before this date. If Definitive Agreement is terminated before the Balance Payment is completed the recoverable operating expenses will remain payable by the Developer to the Company.

Further, the Developer will provide a complete guarantee under which the Developer will pay East Africa advanced cash payment of US$592,500 for every quarter after 48 months from the Tanzanian Effective Date that 8,000 ounces of gold is not produced. East Africa will have a right of first offer and a right to re-acquire the properties if commercial production, defined when production reaches 8,000 ounces per quarter, is not reached in four years from the Tanzanian Effective Date or if the project is abandoned.

3. Statement of compliance

These Interim Financial Statements have been prepared in accordance with *IAS 34 – Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted. These Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

The accounting policies applied in the preparation of these Interim Financial Statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2015. These Interim Financial Statements were approved by the Board of Directors on May 26, 2016.

4. Basis of preparation

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

5. Significant accounting estimates and judgments

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

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

The Company has identified the following critical accounting policies under which significant 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) Going Concern

These Interim Financial Statements have been prepared on the assumption that the Company is able to continue as a going concern. The Company has estimated its development, exploration and operational expenditure for the coming 12 months from historical and projected costs of its development, exploration and corporate programs. The Company's expected commitments is based on management's best estimates of operating conditions for its preparation of its mining licence application for the Harvest Project, updated mineral resource work, on-going drill programs, exploration and corporate requirements in the context of current economic conditions and today's capital market climate. Refer to Note 1.

(b) Investment in structured entity – Denwill Mining Services Limited ("Denwill")

Denwill is consolidated as a structured entity and the purpose of which is for the benefit of the Company to acquire primary mining licenses ("PML") in Magambazi, restricted to citizens of Tanzania (see Note 8). 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 1) Denwill's three directors are directors of the Company's 100% owned subsidiary Canaco Tanzanian Limited, 2) the Company provides funds for the payments of PML's, and 3) has the power to direct the exploration activities, which affects the risks and rewards from the Magambazi Project.

(c) Asset held for sale

The Company has announced the proposed sale of its assets in Tanzania to a third party (see Note 2). Following the guidance under IFRS 5, *"Noncurrent assets held for sale and discontinued operations",* management applied significant judgement to determine the classification of asset held for sale and whether an impairment assessment was required, as at March 31, 2016. In concluding its judgement, management evaluated the duration of time for which the disposal group has been classified as an asset held for sale, the good standing of the exploration licenses, the continued commitment of the Company to actively sell the assets, the likelihood of shareholders' and regulatory approval and the recoverable amount through the sale. There is no assurance that the Company will complete the sale within one year and obtain in-country approvals. Management has assessed that the assets in Tanzania should not be classified as held for sale as at March 31, 2016.

(d) Impairment Assessment - Tanzania

Management identified the Definitive Agreement to sell the Tanzanian Assets as an indicator of impairment and performed an impairment assessment on its Tanzanian Assets. Management impairment assessment identified that the carrying amount did not exceed the recoverable amount of the Tanzanian Assets. Management used the fair value less costs of disposal to calculate the recoverable amount. In estimating the fair value less costs of disposal, the Company used a market approach. The Company's market approach calculated a fair value of comparable companies ("Peer") using an average of Peer's enterprise value to ounces. The Peer enterprise value inputs include the Peer market capitalization, cash, short-term assets and liabilities. The Peer's enterprise value and the gold equivalent ounces of its properties are used to calculate an enterprise value / ounce (EV/ounce) value.

5. Significant accounting estimates and judgments (continued)

(d) Impairment Assessment – Tanzania (continued)

In estimating fair value less costs of disposal, management's judgement was involved in identifying the Peer group. Management assumptions included criteria that would identify the Peer characteristics similar to the Company and its Tanzanian Assets. The criteria included market capitalization, continent of operations (Africa), commodity, stage of development and amount of mineral resources.

(e) Tanzanian Value Added Tax ("VAT") receivable recoverability

At March 31, 2016, $191,021 (Note 7) was due to the Company's foreign subsidiary from the foreign government for VAT. The foreign government has concluded that the Company's foreign subsidiary does not qualify for VAT refund, as the Company's foreign subsidiary had not generated taxable supplies. The Company's foreign subsidiary professional advisors have advised in their opinion the foreign government's conclusion is not consistent with the foreign country regulations. The Company has commenced correspondence with the foreign government on this matter.

The Company's assessment of its ability to collect its foreign VAT accounts receivable required judgement on the Government's position. The Company's foreign advisors have indicated that the VAT receivable should be recoverable. Management made a judgement with respect to the ability to receive payment from the foreign government and concluded that a provision against outstanding receivables is not necessary. In addition, management determined that in accordance to the foreign government's position the government should pay the VAT receivable no later than when the Company's foreign subsidiary generates taxable supplies. A change in this judgment in future periods may have an impact on statement of operations or receipt of other evidence indicating that collection is unlikely.

(f) Tanzanian Definitive Agreement receivable recoverability

With the execution of the Definitive Agreement, as at March 31, 2016, $389,610 (US$300,000) was due to the Company's for the outstanding instalments for the first payment of US$500,000. Subsequent to March 31, 2016, the Company received an additional $98,425 (US$75,000) instalment payment and the Company is in discussions with the Developer on the outstanding instalment payments.

The Company's assessment of its ability to collect its outstanding receivable required judgement on the ability of the Developer to complete the outstanding payments related to the first payment tranche of US$500,000. The Developer has indicated to the Company that financing is close to finalizing and has been delayed to unforeseen circumstances. The Company is in discussions with the Developer on the outstanding instalment payments. The Developer is committed to completing the first instalment by providing a further installment of US$75,000 made subsequent to March 31, 2016. Management made a judgement with respect to the ability to receive the final installment payments from the Developer and concluded that a provision against outstanding receivables is not necessary based on the preceding facts. A change in this judgment in future periods may have an impact on statement of operations based on receipt of other evidence indicating that collection is unlikely.

(g) Valuation of share based compensation

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. Option pricing models require the input of highly subjective assumptions including the expected price volatility, forfeiture rate and expected life. Historical price volatility, forfeiture rate and option expected life were used as a starting point for the development of future expectations. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options at the date of grant. The Company commenced trading on the Exchange on July 2013, which results in limited history to calculate the forfeiture rate and the expected life of the stock options based on the stock option term. As a result, management judged that estimated forfeiture rate to zero and the expected life of the stock options is 2.5 years based on 1) EAM released a second mineral resource in Ethiopia (May 2015) to add to the mineral resources at Harvest and Magambazi Projects; 2) The Company plans to submit mining licence applications for the Harvest and Adyabo Projects; and 3) Management is continuing discussions with third parties for potential financing for the development of the Terakimti Resource. A change in these judgments and estimates in future periods may have an impact on the statement of operations.

Expressed in Canadian dollars, unless otherwise stated

6. IFRSs not yet effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee. 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, and is available for early adoption. In addition, the credit risk 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 16 Leases ("IFRS 16")*

In January 2016, the IASB announced its new leasing standard, *IFRS 16*. The new standard will eliminate the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The new standard will present a single on-balance sheet accounting model that is similar to current finance lease accounting. The new standard will take effect for fiscal years starting on or after January 1, 2019. The Company expects the new standard to result in some leases that are currently accounted for under the operating lease method being added to the balance sheet. The Company is in the process of determining the extent of the impact of adopting this standard.

7. Accounts receivable

	March 31, 2016	December 31, 2015
Current		
Insurance recoverable	$ --	$ 450,000
Tanzanian Definitive Agreement	578,374	82,433
Related parties and other receivables	32,357	26,397
Taxes recoverable	36,603	101,949
	647,334	660,779
Non-current		
Taxes recoverable	$ 191,021	$ 204,349

Insurance recoverable relates to the British Columbia Securities Commission hearing costs, which are covered under the Company's insurance policy. The recovery was received during the period ended March 31, 2016. Non-current taxes receivable relates to VAT refund claim from Tanzanian government. Refer to Note 5 (e) for further details. The Tanzanian Definitive Agreement receivable relates to outstanding instalment payments and recoverable operating expenses for Tanzanian Assets. Refer to Notes 2 and 5 (f) for further details.

Expressed in Canadian dollars, unless otherwise stated

8. Mineral property interests

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

	Tanzania, Handeni properties	Tanzania, other properties	Ethiopia Harvest Project	Ethiopia Adyabo Project	Total
Acquisition costs					
As at December 31, 2015	$ 2,529,204	$ 2,382,821	$ 18,019,853	$ 847,185	$ 23,779,063
Property payments	43,829	19,732	--	552	64,113
Property payments recoveries	(43,829)	(19,732)	--	--	(63,561)
Definitive Agreement deposit	(531,467)	--	--	--	(531,467)
Foreign exchange	(149,113)	(146,861)	(1,110,655)	(28,501)	(1,435,130)
As at March 31, 2016	$ 1,848,624	$ 2,235,960	$ 16,909,198	$ 819,236	$ 21,813,018

	Tanzania, Handeni properties	Tanzania, other properties	Ethiopia Harvest Project	Ethiopia Adyabo Project	Total
Acquisition costs					
As at December 31, 2014	$ 2,225,053	$ 1,986,573	$ 15,104,388	$ 740,212	$ 20,056,226
Property payments	43,289	--	--	151	43,440
Foreign exchange	182,379	182,373	1,386,619	35,605	1,786,976
As at March 31, 2015	$ 2,450,721	$ 2,168,946	$ 16,491,007	$ 775,968	$ 21,886,642

Harvest Project

The Harvest Project in Ethiopia consists of three exploration concessions on the Harvest exploration licence. The three concessions are known as Hamlo, Terakimti, and Igub. The exploration licence has a term of 10 years and expires in 2017. The Ethiopian regulations allows for retentions to the exploration licence term. Company has a 70% interest in the Harvest Project with the remaining 30% held with Ezana Mining Development.

Adyabo Project

The Adyabo Project consists of two exploration licences, West Shire and Adi Dairo, located in the Tigray National Regional State of Ethiopia. The exploration licences have a term of 10 years and expires in 2017. The Ethiopian regulations allows for retentions to the exploration licence term. The Company has an undivided 80% interest in the Property. Once the Company has received government approval on a positive feasibility study, the Company shall issue 550,000 East Africa common shares and 400,000 East Africa share purchase warrants to the optionor, and on commencement of commercial production, the Company shall issue 275,000 East Africa common shares and 200,000 East Africa share purchase 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. During the period ended March 31, 2016, the Company received confirmation from the optionor to convert its 20% interest to a 2.0% NSR. Upon the execution of a NSR agreement, the Company will hold a 100% undivided interest in the Adyabo Project, subject to the 2.0% NSR.

Tanzania – Handeni properties& Other Properties

As identified in Note 2 the Company has entered into a Definitive Agreement to sell and develop the Tanzania Handeni properties and Other properties. The properties are located in the Handeni district, Tanga Region of Tanzania. The Company has two mining licenses covering the Magambazi resource. In 2010, the Magambazi agreement was restructured and transferred from the original optionor, Magambazi Mines Company Limited, to Denwill for US$1,800,000, subject to the 2% NSR. Magambazi is owned 100% by Denwill, a structured entity controlled by East Africa, and East Africa has an option agreement to acquire a 100% interest upon payment of US$40,000. As at March 31, 2016, the option has not yet been exercised. The Company's "Other properties" consists of three claims. The properties are located in the Handeni district, Tanga Region of Tanzania.

Expressed in Canadian dollars, unless otherwise stated

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

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

	Tanzania, Handeni Properties	Tanzania other properties	Ethiopia Harvest Project	Ethiopia Adyabo Project	Three months ended March 31, 2016
Exploration expenditures					
Amortization	$ 59,440	$ --	$ 5,925	$ 19,324	$ 84,689
Camp and administration costs	105,492	--	106,149	180,708	392,349
Drilling	--	--	2,529	190,066	192,595
Geochemistry	721	--	2,586	51,831	55,138
Geology	1,704	--	6,171	48,287	56,162
Preliminary resource and engineering studies	--	--	--	7,682	7,682
Project management and consulting	11,064	--	--	--	11,064
Share-based compensation	--	--	35,588	35,588	71,176
Technical services	--	--	17,515	34,888	52,403
Total for the period	178,421	--	176,463	568,374	923,258
Cumulative Exploration expenditures as at December 31, 2015	67,830,501	1,555,550	2,940,539	5,633,585	77,960,175
Cumulative Exploration expenditures as at March 31, 2016	$68,008,922	$ 1,555,550	$ 3,117,002	$ 6,201,959	$ 78,883,433

	Tanzania, Handeni Properties	Tanzania other properties	Ethiopia Harvest Project	Ethiopia Adyabo Project	Three months ended March 31, 2015
Exploration expenditures					
Amortization	$ 83,972	$ --	$ 11,719	$ 16,286	$ 111,977
Camp and administration costs	265,250	--	87,080	168,276	520,606
Drilling	--	--	691,776	468,350	1,160,126
Geochemistry	1,943	--	12,684	9,773	24,400
Geology	2,860	--	74,332	92,452	169,644
Preliminary resource and engineering studies	--	--	44,994	64,046	109,040
Project management and consulting	13,032	--	--	--	13,032
Technical services	25,445	1,844	35,369	54,276	116,934
Total for the period	392,502	1,844	957,954	873,459	2,225,759
Cumulative Exploration expenditures as at December 31, 2014	65,801,813	1,553,706	703,927	2,997,031	71,056,477
Cumulative Exploration expenditures as at March 31, 2015	$66,194,315	$ 1,555,550	$ 1,661,881	$ 3,870,490	$ 73,282,236

Expressed in Canadian dollars, unless otherwise stated

10. Property and equipment

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

	Buildings and roads	Office and field equipment	Computers and software	Leasehold improvements	Vehicles	Total
Cost						
As at December 31, 2015	$ 2,156,983	$ 1,213,556	$ 505,091	$ 569,289	$ 168,952	$ 4,613,871
Foreign exchange	(135,173)	(59,060)	(8,176)	(6,474)	(10,413)	(219,296)
As at March 31, 2016	$ 2,021,810	$ 1,154,496	$ 496,915	$ 562,815	$ 158,539	$ 4,394,575

	Buildings and roads	Office and field equipment	Computers and software	Leasehold improvements	Vehicles	Total
Accumulated amortization						
As at December 31, 2015	$ 1,173,053	$ 838,700	$ 485,636	$ 417,420	$ 41,357	$ 2,956,166
Amortization	--	10,832	1,910	9,394	--	22,136
Exploration amortization	53,582	19,975	1,384	--	9,748	84,689
Foreign exchange	(75,707)	(41,922)	(7,740)	(6,474)	(3,084)	(134,927)
As at March 31, 2016	$ 1,150,928	$ 827,585	$ 481,190	$ 420,340	$ 48,021	$ 2,928,064
As at March 31, 2016	$ 870,882	$ 326,911	$ 15,725	$ 142,475	$ 110,518	$ 1,466,511
As at December 31, 2015	983,930	374,856	19,455	151,869	127,595	1,657,705

	Buildings and roads	Office and field equipment	Computers and software	Leasehold improvements	Vehicles	Total
Cost						
As at December 31, 2014	$ 1,802,174	$ 1,036,038	$ 464,797	$ 552,295	$ 141,619	$ 3,996,923
Additions	--	8,264	10,019	--	--	18,283
Foreign exchange	168,768	69,272	9,832	8,083	13,001	268,956
As at March 31, 2015	$ 1,970,942	$ 1,113,574	$ 484,648	$ 560,378	$ 154,620	$ 4,284,162

	Buildings and roads	Office and field equipment	Computers and software	Leasehold improvements	Vehicles	Total
Accumulated amortization						
As at December 31, 2014	$ 769,099	$ 585,583	$ 448,341	$ 364,415	$ --	$ 2,167,438
Amortization	--	10,043	3,210	9,003	--	22,256
Exploration amortization	60,086	37,810	4,839	--	9,242	111,977
Foreign exchange	71,838	43,203	9,126	8,084	190	132,441
As at March 31, 2015	$ 901,023	$ 676,639	$ 465,516	$ 381,502	$ 9,432	$ 2,434,112

Net book value						
As at March 31, 2015	$ 1,069,919	$ 436,935	$ 19,132	$ 178,876	$ 145,188	$ 1,850,050
As at December 31, 2014	1,033,075	450,455	16,456	187,880	141,619	1,829,485

Expressed in Canadian dollars, unless otherwise stated

11. Share capital

As at March 31, 2016, the Company's share capital consisted of the following:

(a) Authorized: Unlimited common shares without par value.

(b) Issued and outstanding: 102,799,661 (December 31, 2015 – 102,799,661) common shares.

For the three months ended March 31, 2016 and 2015, the Company issued no common shares.

(c) Escrowed shares

As at March 31, 2016, 675,045 (December 31, 2015 – 675,045) common shares are held in escrow. The release of these shares is based on the future Exploration expenditure, discovery of an ore deposit and achieving commercial mineral production.

(d) Share-based compensation

The Company has established a stock option plan whereby the Board of Directors may grant stock options to directors, officers, employees or consultants in order to more closely align the grant-recipients' interests with those of shareholders. Pursuant to the Amended and Restated 2015 stock option plan, the Company has been authorized by its shareholders to grant stock options of up to twenty percent (20%) of the number of common shares issued and outstanding. Stock options granted are subject to a maximum term of ten years from the date of grant. The exercise price of a stock option must be determined in accordance with the share purchase option plan. Stock options vest at the time the stock options are granted unless determined otherwise by the Board of Directors, other than stock options granted to consultants performing investor relations activities, which vest in stages over twelve months with no more than one quarter vesting in any three-month period.

The value of 12,000,000 stock options granted during the three months ended March 31, 2016, which vested on the grant date, totaled $187,548, of which $116,372 was recorded as share-based compensation expense and $71,176 was recognized as share-based compensation expense within exploration expenditure. The stock options were valued using the Black-Scholes model based on the following assumptions: expected dividend yield of 0%, expected volatility of 88.80% to 93.27%, risk-free rate of 0.48% to 0.49% and expected life of 2.5 years.

As at March 31, 2016, there were 3,750,000 (December 31, 2015 – 3,750,000) Tigray stock options outstanding that on exercise would be exchanged for 2,062,500 East Africa Shares (December 31, 2015 – 2,062,500) and 1,500,000 (December 31, 2015 – 1,500,000) East Africa Warrants.

Details of stock options activity during the periods ended March 31, 2016 and 2015 are as follows:

	Number of options outstanding	Weighted average exercise price
Balance, December 31, 2015	4,750,000	$ 0.14
Issued	12,000,000	0.10
Outstanding and exercisable, March 31, 2016	16,750,000	$ 0.11
Outstanding and exercisable, December 31, 2015	4,750,000	$ 0.14

	Number of options outstanding	Weighted average exercise price
Outstanding, March 31, 2015 and December 31, 2014	5,900,000	$ 0.14
Exercisable as at March 31, 2015	5,150,000	$ 0.14
Exercisable as at December 31, 2014	4,900,000	$ 0.14

Expressed in Canadian dollars, unless otherwise stated

11. Share capital (continued)

(d) Share-based compensation (continued)

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2016:

Options outstanding				Options exercisable	
Number outstanding	Weighted average exercise price	Weighted average remaining life	Expiry date	Number exercisable	Weighted average exercise price
4,600,000	$ 0.14	2.39 years	August 19, 2018	4,600,000	$ 0.14
150,000	0.14	3.13 years	May 16, 2019	150,000	0.14
11,000,000	0.10	4.80 years	January 15, 2021	11,000,000	0.10
1,000,000	0.10	4.98 years	March 23, 2021	1,000,000	0.10
16,750,000	$ 0.11	4.13 years		16,750,000	$ 0.11

(e) Share-purchase warrants

Details of share-purchase warrants activity during the periods ended March 31, 2016 and 2015 are as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance, March 31, 2016 & December 31, 2015	26,491,867	0.23
Balance, March 31, 2015 & December 31, 2014	26,091,867	$ 0.23

The following table summarizes information about the warrants outstanding and exercisable at March 31, 2016:

Warrants outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life	Expiry date
25,691,867	$ 0.23	1.10 years	May 7, 2017
400,000	0.23	1.10 years	May 7, 2017
400,000	0.23	1.10 years	May 7, 2017
26,491,867	$ 0.23	1.10 years	

As at March 31, 2016, there are 1,500,000 East Africa Warrants (December 31, 2015 – 1,500,000) that can be issued on the exercise of outstanding 3,750,000 Tigray stock options (December 31, 2015 – 3,750,000).

12. Related party transactions

(a) Related parties

	Three months ended	
	March 31, 2016	March 31, 2015
Services rendered and expenses incurred (v):		
Services and related expenses (i)	$ 28,635	$ 61,711
Management and consulting fees (ii)	74,375	77,500

	March 31, 2016	December 31, 2015
Balances receivable from (v):		
Reimbursement of shared costs (iii)	$ 25,921	$ 8,491
	25,921	8,491
Balances payable to (v):		
Services rendered (i)	(15,154)	(15,136)
Directors and officers (iv)	(15,237)	(2,231)
	$ (30,391)	$ (17,367)

Expressed in Canadian dollars, unless otherwise stated

12. Related party transactions (continued)

Related parties' transactions:

(i) Geological and administration services and related expenses are paid to related parties with directors in common.

(ii) Management fees were paid to a privately held company for the services of an officer of the Company and consulting fees to a company with directors in common.

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

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

(v) These transactions were in the normal course of business, which are recorded at their exchanged amounts and was established and agreed to by the related parties. The balances payable are included in accounts payable and accrued liabilities and the balances receivable are included in accounts receivable.

(b) Key management personnel

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

	Three months ended			
		March 31, 2016		**March 31, 2015**
Directors fees, key management personnel salaries and short-term benefits	$	136,817	$	155,723
Stock based compensation		148,151		--
	$	284,968	$	155,723

13. Financial instruments

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. As at March 31, 2016, the Company did not have any financial assets and liabilities classified within the three levels of the hierarchy.

The three levels of the fair value hierarchy are:

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

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, and accounts receivable are representative of their respective fair values due to the short-term nature of these instruments. The fair value of accounts payable may be less than the carrying value as a result of the Company's credit and liquidity risk (See Note 1). As at March 31, 2016 and December 31, 2015, the classifications of the financial instruments are shown in the table below:

		Loans and receivables		**Other financial liabilities**		**Total carrying value**
As at March 31, 2016						
Cash and cash equivalents	$	839,277	$	--	$	839,277
Tanzanian Definitive Agreement and related parties		610,731		--		610,731
Accounts payable		--		(108,747)		(108,747)
	$	1,450,008	$	(108,747)	$	1,341,261

Expressed in Canadian dollars, unless otherwise stated

13. Financial instruments (continued)

	Loans and receivables	Other financial liabilities	Total carrying value
As at December 31, 2015			
Cash and cash equivalents	$ 2,319,653	$ --	$ 2,319,653
Insurance recoverable and related parties	558,830	--	558,830
Accounts payable	--	(992,640)	(992,640)
	$ 2,878,483	$ (992,640)	$ 1,885,843

14. Geographical segment information

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

	Canada	Tanzania	Ethiopia	Total
For the period ended March 31, 2016				
Net loss for the period	$ 674,840	$ 183,940	$ 683,653	$ 1,542,433
As at March 31, 2016				
Total non-current assets	823,690	4,961,440	17,685,420	23,470,550

	Canada	Tanzania	Ethiopia	Total
For the three months ended March 31, 2015				
Net loss for the period	$ 660,895	$ 421,090	$ 1,758,829	$ 2,840,814
As at March 31, 2015				
Total non-current assets	861,689	5,543,977	17,331,026	23,736,692

15. Subsequent events

(a) Subsequent to March 31, 2016, the Company announced the fully subscribed Private Placement of 10,000,000 Units (the "Units') at a price of $0.10 per unit for gross proceeds of $1,000,000. Each Unit consists of one common share of the Company and one-half of one non-transferable common share purchase warrant (a "Warrant"). Each whole Warrant will entitle the holder thereof to purchase one common share at an exercise price of $0.25 for a period of 24 months from the date of closing.

If at any time after the date that is four months after the date of issuance of the warrants, the Company's common shares have a closing price on the Exchange (or such other exchange on which the common shares may be traded at such time) greater than $0.30 per share for a period of 10 consecutive trading days, the Company will be entitled to accelerate the expiry date of the warrants upon 20 days' notice given by news release, and the warrants will then expire on the 20th day after the date of such notice.

(b) Subsequent to March 31, 2016, the Company granted 600,000 stock options to consultants of the Company. The stock options have an exercise price of $0.15 per share and an expiry date of April 29, 2021.