EAST AFRICA METALS INC.

INTERIM MD&A - QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2016

This Interim MD&A - Quarterly Highlights ("Interim MD&A" or "Quarterly Highlights") provides a review of the business activities of East Africa Metals Inc. (collectively, with its subsidiaries, "East Africa" or the "Company") for the three months ended March 31, 2016 ("Q1 2016"), compared to the three months ended March 31, 2015 ("Q1 2015"). This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. The Interim MD&A has been prepared on the basis of available information up to May 26, 2016 and should be read in conjunction with the Company's unaudited condensed interim financial statements ("Interim Financial Statements") for the three months ended March 31, 2016, the audited consolidated financial statements ("Annual Financial Statements") for the year ended December 31, 2015, the corresponding notes to the Annual Financial Statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and Management's Discussion and Analysis for the year end December 31, 2015 ("Annual MD&A"). 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 Interim 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 in this Interim 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 negotiation of a Tanzanian Definitive Agreement reflecting the conditions, terms and timing outlined herein; delays with respect to required payments and regulatory approvals; results of the due diligence review; recoverability of Tanzanian VAT receivable; early exploration; the ability of East Africa to identify any other corporate opportunities for the Company; the possibility that the Company may not be able to generate sufficient cash to service its planned operations and may be force to take other options; the risk the Company may not be able to continue as a going concern; the possibility the Company will require additional financing to develop the Harvest Project into a mining operation; the risks associated with obtaining necessary licences or permits including and not limited to Ethiopian Government approval of any future mining licence applications for the Company's Ethiopian Projects; risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of the Company's projections and estimates, including the initial and any updates to the mineral resource for the Adyabo, Harvest and Magambazi Projects; 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; 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 Resources Inc.'s ("Tigray") 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 any 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 to 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".

East Africa is a mineral exploration company focused on the identification, acquisition, exploration, development and/or sale of base and precious metal resource properties in Ethiopia and Tanzania. East Africa's key mineral assets include the Harvest and the Adyabo Projects (together the "Ethiopian Projects") in Ethiopia, and the Handeni Properties in Tanzania. Additional information on the Company's mineral property interests discussed in this Interim MD&A can be found on the Company's website at www.eastafricametals.com.

KEY OPERATING MILESTONES

- On January 11, 2016, the Company released initial results of a follow–up diamond drilling on the Adyabo Resources, with the results from the Mato Bula Silica Hill area. Highlight intersections from the Mato Bula Silica Hill Resource infill drilling include;
    - 19.50 metres at 21.67 grams per tonne gold including 8.6 metres at 46.81 grams per tonne gold, from 103.35 metres drill depth (WMD050 - Section 19920N).
    - 20.69 metres at 18.37 grams per tonne gold including 10.67 metres at 34.23 grams per tonne gold, from 87.5 metres drill depth (WMD053 - Section 19880N).
    - The highlighted intersections are situated in adjacent proximity to former highest grade intercepts encountered at Silica Hill, and it is anticipated they will improve confidence in the refinement and definition of the existing resource.
    - A table of all Adyabo Project intercept results, related maps and further information can be located on the Company's respective news releases and on the Company's website www.eastafricametals.com.
- On March 22, 2016, East Africa announced the results for this follow-up diamond drill program at Da Tambuk (Adyabo Project), with highlight intersections including;
    - 8.14 metres at 26.84 grams per tonne gold including 4.14 metres at 52.42 grams per tonne gold**,** from 83.40 metres drill depth (ADD020 - Section 23640N).
    - 25.15 metres at 3.81 grams per tonne gold including 9.00 metres at 7.68 grams per tonne gold, from 119.85 metres drill depth (ADD017 - Section 23720N).
    - A table of all Adyabo Project intercept results, related maps and further information can be located on the Company's respective news releases and on the Company's website www.eastafricametals.com.
- On February 1, 2016, East Africa announced it has received confirmation from the holder of a 20% participating interest on the Adyabo property that it wishes to convert its 20% interest to a 2% net smelter return ("NSR") royalty.
    - The Company retains the option to buy back 1.0% of the NSR for a cash payment of C$5,000,000. Upon execution of an NSR agreement, the Company will hold a 100% undivided interest in the Adyabo property, subject to the 2% NSR.
    - The Company is in the process of finalizing the agreement to convert the 20% interest into a 2% NSR
- On March 5, 2016, (the "Tanzanian Effective Date") the Company completed the execution of the Definitive Agreement and the Gold Purchase Agreement with an arm's length private exploration and development company (the "Developer").
    - Under the terms of the Definitive and Gold Purchase Agreements among other things the Developer is to pay East Africa US$2,000,000 in cash for a 100% interest in the Handeni property and other assets (together the "Tanzanian Assets") and convey to East Africa the right to acquire a gold stream equal to 30% of the life of mine gold production from all of the Tanzanian Assets;
    - For further information please refer to "Proposed Transaction".

- On May 17, 2016, the Company announced a non-brokered private placement (the "Private Placement") of 10,000,000 units (the "Units") at a price of $0.10 per unit ("Units") for gross proceeds of $1,000,000. Refer to section titled "Other MD&A Requirements" for further details.

OUTLOOK

As of the date of this Interim MD&A, the Company's focus is on advancing the Ethiopian Projects. This includes management focusing on completing the work required to obtain a mining licence for the Terakimti Oxide Resource. In parallel, the Company continues discussions with a number of interested parties to provide the funding, and not limited to, for the development of the Terakimti Oxide Resource (on the receipt of a mining licence) through financing sources including and not limited to sale of non-strategic assets, debt finance, streaming contracts and/or equity placements. East Africa will continue to advance the Adyabo Project through resource upgrading and further advanced testwork which is expected to commence during Q3 2016. The Company has released initial mineral resource estimates on each of its exploration projects at Harvest, Adyabo and Magambazi.

For the three months ended March 31, 2016, the Company had incurred a net loss attributable to shareholders totaling $1,496,543 (Q1 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 surplus of $1,300,306 (December 31, 2015 - $2,025,317). Subsequent to March 31, 2016, the Company announced the fully subscribed Private Placement for gross proceeds of $1,000,000.

Based on the Company's financial position as at March 31, 2016, the available funds, including the funds from the Private Placement, 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: a lack of normal available financing, obtaining a mining licence for the Harvest Project and continued uncertainty in the Exchange and commodity markets. To address its financing requirements, the Company will seek financing through and not limited to sale of non-strategic assets, debt financing, gold streaming contracts, 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 the 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.

The outcome of these measures cannot be predicted at this time and Management's ability to complete these measures will depend on market conditions and its ability to identify and secure financing. The Company's Board of Directors has approved pursuing these measures. Refer to the "Liquidity" section for further details.

PROPOSED TRANSACTION

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). 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$275,000 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;

(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 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 the Developer terminates the Definitive Agreement before the Balance Payment is completed the recoverable operating expenses will remain payable from 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.

CURRENT COMPANY OBJECTIVES

Current objectives are:

1. Complete the resource update on the Adyabo Project and assess resources growth potential along the prospective Mato Bula Trend (Adyabo Project);
2. Works towards the submission of a mining licence application for the updated Terakimti Oxide Resources;
3. Commence the preliminary work for the preparation for a mining licence application on the Adyabo Project;
4. Assess new potential exploration opportunities in Ethiopia;
5. Continue to work with the Developer to meet the conditions of the Magambazi Definitive Agreement;
6. Continue to examine opportunities to raise capital including debt finance, equity financing, merger and acquisitions, strategic alliances, joint ventures and optioning its mineral properties for equity, cash and/or expenditure commitments.

Harvest Project Path Forward

East Africa will continue to advance the Harvest Project through the preparation of the mining licence application and associated required reports for the Updated Terakimti Oxide Resource. Management continues with discussions with the key stakeholders for the timing of the submission of the application and receipt of the mining licence. In parallel with the mining licence application the Company continues discussions with a number of 3rd parties to provide funding for the development of the Updated Terakimti Oxide Resource. The funding may include and not limited to debt finance, gold streaming contracts, and/or an equity placement in East Africa.

In connection with the above objectives, the Company prepares to engage the detailed engineering studies and development plans for its Terakimti Gold Oxide Project. To facilitate this process on March 15, 2016, the Company announced the appointment of Sean I. Waller, P.Eng, to the Company's Board of Directors and Chairman of the Board's Project Development Committee. Mr. Waller is a mineral processing engineer, registered as a Professional Engineer in British Columbia. Mr. Waller has over 30 years of International minerals industry experience including company and project management, evaluation, design and operation. Mr. Waller was appointed to lead the Company's development of the technical project specifications required to advance the Company's Ethiopian assets toward commercial viability. Further to this on April 19, 2015, the Company announced Peter J. Hawley, Chris Zerga and Jay Melnyk as additions to the Project Development Committee.

Mr. Hawley, BSc, BEng, P.Geo, founder of Scorpio Mining Corporation, and has over 30 years of mining industry experience that spans grassroots exploration through to development and production and has worked extensively with a large number of intermediate and senior mining companies including Teck, Noranda, Placer Dome and Barrick Gold.

Mr. Zerga has worked in the mining industry for over 30 years and is currently employed by Scorpio Gold Corporation as its General Manager for their Mineral Ridge Gold property located in Silver Peak Nevada. Prior to holding this position Mr. Zerga held various positions ranging from Mill, Refinery, and Laboratory Manager and Metallurgical accountant for several companies including Newmont, Freeport McMoRan, Anglogold and Queenstake.

Mr. Melnyk, has more than 25 years of international and domestic mining engineering experience, predominantly in open-pit mines, with additional underground and exploration experience, Mr. Melnyk is recognized as an expert in pit optimization, pit phase design, mine scheduling, equipment selection, cost estimating, project management, resource modeling, and construction management. Mr. Melnyk has also provided extensive mine engineering expertise to Nevsun Resource Ltd.'s Bisha Au-Ag-Cu-Zn Mine in Eritrea.

Adyabo Project Path Forward

East Africa will continue to advance the Adyabo Project through a resource update following the core deposit area infill drilling program that commenced in Q1 2016 with an update anticipated during Q2 2016. The Company continues to assess cost effective methods of gold targeting and further resource upgrades along the highly prospective Mato Bula Trend. In addition, the Company will continue building momentum in forwarding the project through on-going community relations work and socio economic studies, in accordance with application requirements for a Mining Licence.

Tanzanian Assets Path forward

The Company will continue to move forward with the Magambazi LOI and the Developer to advance the Magambazi Project. Subsequent to March 31, 2016, the Developer provide a further installment of US$75,000 (CAD$98,425) and the Company is in discussions with the Developer on the outstanding instalment payments. Refer to the "Proposed Transactions" for further information.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with the Company's Annual Financial Statements, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The Company's operations are in one industry – the acquisition, exploration and development of gold, copper, and other precious and base metals. At March 31, 2016, East Africa has three geographic locations: Canada (head office), Ethiopia and Tanzania. Information discussed herein reflects the Company as a consolidated entity, consistent with the Company's determination that the one industry in which the Company operates provides the most meaningful information for an exploration stage enterprise.

FINANCIAL POSITION

The following financial data is derived from the Company's Interim Financial Statements as at March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Total assets	$ 25,052,301	$ 28,828,096
Total liabilities	379,804	1,266,579
Equity (before non-controlling interest)	20,469,153	22,975,024

Total assets

The $3,775,795 decrease represents a reduction in cash for related exploration and head office expenditure and foreign exchange losses on the translation of USD to CAD of the foreign operations. Notwithstanding periodic or one-time transactions and subject to changes in foreign exchange, total assets will generally remain constant from one period to the next, less the cost of expenditures on activities not capitalized such as mineral property interest and property and equipment. All direct costs associated with exploration of these properties are expensed as incurred. The decrease is offset by the collection of $450,000 insurance recovery related to the British Columbia Commission hearing costs. A further offset to the decrease relates to the Company recorded in accounts receivable the remaining Definitive Agreement instalment of US$300,000 (CAD$389,610) with a corresponding reduction in mineral property interests.

Total liabilities

As at March 31, 2016 and December 31, 2015, the Company's total liabilities are predominately comprised of trade payables and accruals. The decrease in total liabilities of $886,775 as at December 31, 2015, compared to March 31, 2016, is the related to the non-recurring Tanzanian severance payable of US$245,030 (CAD$339,122) as the Company prepares to hand over the Tanzanian Assets to the Developer. As at December 31, 2015, the Company was engaged in a drill program at its Ethiopian properties and the associated expenditures were settled in Q1 2016.

Total equity

The decrease of equity is predominately a result of the net loss for Q1 2016, of $1,496,543 attributable to shareholders (Q1 2015 − $2,559,417) and foreign exchange loss of $1,196,876 attributable to shareholders (Q1 2015 – foreign exchange gain of $1,587,207) on the translation of its foreign operations into Canadian dollars. During the three months ended March 31, 2016, the Company granted 12 million stock options and 2.75 million bonus shares. Refer to the section "Other MD&A Requirements" for further information.

RESULTS OF OPERATIONS

The selected period information and summary of financial results in this Interim MD&A should be read in conjunction with the Company's Interim Financial Statements for the three months ended March 31, 2016 and 2015. The following financial data are derived from the Company`s Interim Financial Statements for the three months ended March 31, 2016 and 2015 respectively:

	Three months ended March 31, 2016	2015
Revenue	$ Nil	$ Nil
Exploration and evaluation expenditures	923,258	2,225,759
Other expenditures*	619,175	615,055
Net loss for the period	1,542,433	2,840,814
Net loss for the period and attributable to shareholders	1,496,543	2,559,417
Basic and diluted loss per share and attributable to shareholders	$ 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
Distributions or Dividends	$ Nil	$ Nil

* Non-GAAP measure - Other expenditures represents all other expenditures, other than Exploration and Evaluation expenditures, disclosed in the statement of operations and includes non-cash items.

LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2016 ("Q1 2016"), COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2015 ("Q1 2015")

The loss for Q1 2016 is $1,542,433 compared to a loss for Q1 2015 of $2,840,814. The significant items contributing to the Q1 2016 loss includes exploration costs of $923,258 (Q1 2015 – $2,225,759), management consulting fees of $182,089 (Q1 2015 – $130,998), share-based compensation of $116,372 (Q1 2015 − $5,108), office and administration of $84,953 (Q1 2015 − $133,333), and legal, audit and related fees of $30,954 (Q1 2015 − $170,853). Significant balances and changes are discussed below.

Exploration and evaluation expenditure ("Exploration Expenditures")

Exploration Expenditures incurred costs of $923,258 in Q1 2016 compared to $2,225,759 in Q1 2015. Diamond infill drilling expenditure of $190,066 (Q1 2015 − $468,350) was incurred on the Adyabo Project in preparation for an update to the initial Mineral Resource Estimate. The decrease of $1,302,501in exploration expenditure is a result of completing an in-fill drill program phase on the Adyabo Resource in preparation for an updated resource compared to the Q1 2015 in which the Company had undertaken an RC drill program on the Terakimti Oxide Resource and a diamond drill program on the Adyabo Project.

Camp and administration costs ("camp costs") of $392,349 (Q1 2015 − $520,606) represents in-country expenses such as salary, legal, accounting, office costs, and project management expenses to manage the foreign operations. The decrease in camp costs and geology is a result of the Company moving from exploration focus activities to a preliminary resource and engineer activities in preparation for mining licence applications. This change in focus results in less expenditures with reduced activity. The decrease in the preliminary resource and engineering studies is a result of timing of receipt of metallurgical results, expected in Q2 2016, in relation to the Terakimti mineral resource.

A summary of East Africa's Exploration Expenditures are as follows:

	Three months ended March 31, 2016			Three months ended March 31, 2015		
	Tanzania	Ethiopia	Total	Tanzania	Ethiopia	Total
Exploration Expenditures						
Amortization	$ 59,440	$ 25,249	$ 84,689	$ 83,972	$ 28,005	$ 111,977
Camp and administration costs	105,492	286,857	392,349	265,250	255,356	520,606
Drilling	--	192,595	192,595	--	1,160,126	1,160,126
Geochemistry	721	54,417	55,138	1,943	22,457	24,400
Geology	1,704	54,458	56,162	2,860	166,784	169,644
Preliminary resource and engineering studies	--	7,682	7,682	--	109,040	109,040
Project management and consulting	11,064	--	11,064	13,032	--	13,032
Share-based compensation	--	71,176	71,176	--	--	--
Technical services	--	52,403	52,403	27,289	89,645	116,934
Total for the period	178,421	744,837	923,258	394,346	1,831,413	2,225,759
Balance at the beginning of the period	69,386,051	8,574,124	77,960,175	67,355,519	3,700,958	71,056,477
Cumulative balance at the end of the period	$ 69,564,472	$ 9,318,961	$ 78,883,433	$ 67,749,865	$ 5,532,371	$ 73,282,236

Management consulting fees

In Q1 2016, the Company recorded management consulting fees and expenses of $182,089 compared to $130,998 in Q1 2015, an increase of $51,091. In Q1 2016, the Company recorded $62,500 (Q1 2015 − $62,500) for consulting fees provided by a management company controlled by an officer of the Company, $11,875 (Q1 2015 − $15,000) was paid to a related party for Chinese translation and administration services, $30,600 (Q1 2015 − $Nil) was paid for corporate secretary services, and $30,183 (Q1 2015 − $Nil) was paid to a consulting company for advisory services.

Share-based compensation

In Q1 2016, the Company granted 12 million stock options to employees, officers, directors and consultants, and recorded share-based compensation of $187,548 (Q1 2015 − $5,108). Of which, $116,372 (Q1 2015 − $5,108) was recorded as share-based compensation expense and $71,176 (Q1 2015 − $Nil) was recognized as share-based compensation expense within exploration expenditures.

Office and administration

Office and administration costs totalled $84,953 in Q1 2016, compared to $133,333 in Q1 2015. Costs for office and administration include office expenses, travel expense for corporate head office staff, network services and insurance. The decrease of $48,380 is related to savings gained from moving to a smaller office and the Company's objective to reduce head office costs.

Legal, audit and related fees

In Q1 2016, the Company incurred legal, audit and related fees of $30,954 compared to $170,853 in Q1 2015, a decrease of $139,899. The Q1 2015 fees were primarily attributed to the legal costs of $109,900 related to the Harpreet Sangha claim and subsequent to March 31, 2015, the Company paid $10,000 to Harpreet Sangha in settlement of the dispute.

LIQUIDITY

As at March 31, 2016, the Company had cash and cash equivalents of $839,277, other current assets of $742,474 and current liabilities of $281,445, compared to cash and cash equivalents of $2,319,653, other current assets of $867,326 and current liabilities of $1,161,662 as at December 31, 2015.

As at March 31, 2016 and December 31, 2015, the Company had the following commitments:

		March 31, 2016		December 31, 2015
No later than 1 year	$	333,076	$	342,572
Later than 1 year and no later than 5 years		825,849		899,890
Later than 5 years		--		--
	$	1,158,925	$	1,242,462

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.

As at March 31, 2016, with the Company's working capital being $1,300,306 (December 31, 2015 - $2,025,317) and including the gross proceeds from the Private Placement of $1,000,000 announced subsequent to March 31, 2016, the Company estimates that it does not have available funds to meet requirements for the coming twelve months based on current planned expenditures for operations, exploration and development of its mineral property interests. Planned expenditures includes and not limited to the mining licence application and associated costs for the Terakimti Oxide Resources and in-fill drilling and associated costs to update the Adyabo initial mineral resource in preparation for a mining licence application. The Company is currently assessing the costs for the required documents applicable for the Terakimti Oxide Resource and Adyabo mining licence application. These uncertainties cast significant doubt on the ability of the Company to continue as a going concern.

The Company's approximate monthly administration costs whilst monitoring costs until receiving the Terakimti mine permit and obtaining financing for development ("Interim Phase") are $135,000. The planned drill and metallurgical program for the next twelve months is budgeted for approximately $1,430,000. During this Interim Phase the site and camp costs are approximately $125,000 monthly to maintain the normal operations in Ethiopia and Tanzania. These balances are non-GAAP financial measures and have been determined on the Q1 expenditures and budgeted operations adjusted for and non-cash and one-off items. The monthly administration costs represent head office costs adjusted for non-cash and one-off items. The site and camp costs includes expenses for geologists, administrative staff and costs of operating the Ethiopian offices and warehouses.

The Interim Financial Statements for the three months ended March 31, 2016, were prepared on a going concern basis which contemplates the realization of assets and the settlement of liabilities in the normal course of operations.

The Company has commenced discussions with a number of interested parties to provide the funding for the development of the Terakimti resource on the receipt of mining licence, on-going exploration and general administration costs. Funding options discussions include and not limited to the sale of non-strategic assets, debt finance, gold streaming contracts and/or equity placements. In addition, the Company has executed the Definitive Agreement with the Developer during the three months ended March 31, 2016, for the sale of the Tanzanian Assets and received instalment payments of US$200,000. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate capital funds from the sale of non-strategic assets, debt financing, equity financings or by other form of financing including joint venture arrangements, optioning of its mineral properties for cash and/or expenditure commitments. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration and/or development activities or relinquish rights to certain of its interests. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

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.

The Company has commenced discussion with a number of interested parties in providing capital funding to advance the Company's Harvest Project. Refer to the sections "Outlook" and "Liquidity" for further information. Additional planned exploration programs and any future development programs will result in a decrease to the Company's current liquidity. In obtaining the required capital to pursue the Company's business plan, capital may be generated from, or a combination of, debt financing, 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 development of mineral assets, therefore it 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 three months ended March 31, 2016, the Company expended $64,113 (Q1 2015 – $43,440) on maintenance payments of mineral property which have been capitalized. Mineral property capital expenditures and acquisitions for Q1 2016 are summarized 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

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 three months ended and as at March 31, 2016, the Company had recorded the following significant related party transactions:

For the three months ended March 31, 2016, the Company incurred reimbursable goods and services for True North Gems Inc. and Nickel North Exploration Corp. totaling $28,635 (Q1 2015 – $61,711) for shared office, administration and exploration expenditures.

For the three months ended March 31, 2016, the Company incurred management consulting fees of $74,375 (Q1 2015 – $77,500). Of this amount The Company recorded $62,500 (Q1 2015 – $62,500) for management services provided by a privately held company controlled by the CEO.

For Q1 2016, the Company recorded fees of $284,968 (Q1 2015 – $155,723) to directors and senior key management for consulting fees, director fees, and salaries and benefits, all which can include share-based compensation. Senior key management includes the CEO, VP of Exploration, and the CFO.

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 Generally Accepted Accounting Principles ("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.

NON-GAAP FINANCIAL MEASURES – OTHER EXPENDITURES AND MONTHLY EXPENDITURES

The Company uses the non-GAAP financial measures of other expenditures and the liquidity monthly expenditures balances to manage, evaluate operating performance and prepare the Company's Interim MD&A. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Company's performance. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Where Non-GAAP financial measures cannot be matched to the Interim Financial Statements disclosures additional disclosure and/or reconciliation may be provided within the Non-GAAP disclosure if deemed necessary.

RISK FACTORS

Below are the known risk factors for this Interim MD&A. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for a complete list of risk factors that may impact the Company. You can review and obtain copies of the Company's filings from SEDAR at www.sedar.com or from the Company's website www.eastafricametals.com.

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 $839,277 and working capital of $1,300,306 as at March 31, 2016. The Company estimates that it does not have available funds to meet requirements for the coming twelve months based on current planned expenditures for operations, exploration and development of its mineral property interests. See the "Liquidity" section of this Interim MD&A for further discussion on the Company's ability to operate as a going concern.

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 and receivables. Cash and cash equivalents consist of Guaranteed Investment Certificates and short-term deposits issued by major Canadian banks. Receivables mainly consist of the Tanzanian Definitive Agreement receivable and trade receivables from related parties. The carrying amount of cash and cash equivalents, Tanzanian Definitive Agreement, receivables from related parties, tax receivables and other accounts receivable represents the Company's maximum exposure to credit risk. As at the date of this Interim MD&A, a foreign government had concluded that the Company's foreign subsidiary does not qualify for VAT refund (taxes recoverable), 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 As a result, Taxes Recoverable could be exposed to the credit risk associated with the potential rejection of the Foreign Government to grant the taxes recoverable.

In addition, 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 first installment payment from the Developer and concluded that a provision against outstanding receivables is not necessary based on the preceding facts. As a result, the first instalment receivable could be exposed to the credit risk associated with the unfulfilled payments from the Developer.

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 for exploration stage enterprises.

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 concerning the expected timing of expenditures from continuing operations. The Company ensures that sufficient funds are raised from private placements or other sources to meet its operating requirements, after taking into account existing cash.

The Company manages liquidity risk through the management of its capital resources as described in the section "Capital Resources". As at March 31, 2016, the Company had cash and cash equivalents of $839,277 (December 31, 2015 - $2,319,653) to settle current liabilities of $281,445 (December 31, 2015 – $1,161,662). The Company estimates that it does not have available funds, including the fully subscribed Private Placement of $1,000,000 announced subsequent to March 31, 2016, to meet requirements for the coming twelve months based on current planned expenditures for operations, exploration and development of its mineral property interests. See the "Liquidity" section of this Interim MD&A for further discussion on the Company's ability to operate as a going concern.

OTHER MD&A REQUIREMENTS

Additional Disclosure for Venture Issuers without Significant Revenue

Refer to elsewhere in this Interim MD&A or the Company's Interim 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

During the three months ended March 31, 2016, the Company issued 11 million stock options to certain directors, officers, employees and consultants pursuant to the Company's Stock Option Plan. The stock options have an exercise price of $0.10 per share and an expiry date of January 15, 2021.In addition, the Company has granted an aggregate of 1 million stock options to a director pursuant to the Company's Stock Option Plan. The stock options have an exercise price of $0.10 per share and an expiry date of March 23, 2021. 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.

The Company's Board of Directors has also approved of the grant of up to 2,750,000 bonus common shares to certain officers of the Company, subject to a vesting schedule of the later of July 1, 2016, or the date a mining license for the Company's Harvest Project is issued. The shares have a deemed issue price of $0.10 per common share, and represents 2.7% of the Company's current number of outstanding common shares. The shares are also subject to the Exchange Hold Period, a voluntary hold period expiring March 1, 2017, shareholder approval and approval of the Exchange.

Subsequent to March 31, 2016, the Company announced the fully subscribed Private Placement of 10,000,000 Units of the Company 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.

As at May 26, 2016, the Company has 102,799,661 common shares issued and outstanding.

As at May 26, 2016, the Company has 26,491,867 warrants issued and outstanding.

As at May 26, 2016, the Company had 19,412,500 options outstanding and exercisable.

APPROVAL

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