EAST AFRICA METALS INC.

INTERIM MD&A - QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 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 June 30, 2016 ("Q2 2016"), compared to the three ended June 30, 2015 ("Q2 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 August 23, 2016 and should be read in conjunction with the Company's unaudited condensed interim financial statements ("Interim Financial Statements") for the three and six months ended June 30, 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 2015 Annual MD&A, its 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. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. Any contained gold figures shown in this MD&A are in situ. 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 including and not limited to the Terakimti oxide gold mining application; 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 May 31, 2016, the Company announced the closing of a non-brokered private placement (the "Private Placement") of 10,000,000 units (the "Units") at a price of $0.10 per unit for gross proceeds of $1,000,000. Refer to section titled "Other MD&A Requirements" for further details.
- On June 14, 2016, the Company reported an updated independent mineral resource estimate for the Adyabo Project in Ethiopia, with key highlights including:
    - The conversion of 446,000 gold equivalent ounces to the Indicated Resource classification[1]

Category	Tonnes	Gold (Au g/t)	Copper (Cu %)	Silver (Ag g/t)	Gold Equivalent (Au g/t)	Gold Metal (Au Ozs)	Copper Metal (Cu Mlbs)	Silver Metal (Ag Ozs)	Gold Equivalent Metal (Ozs)
Indicated	3,215,000	3.92	0.24	1.4	4.29	408,000	16.8	132,000	446,000
Inferred	5,930,000	1.43	0.50	2.9	2.27	273,000	65.7	559,000	434,000

    - The gold grade for the Indicated portion of the resource has increased to 3.92 grams per tonne gold, compared with the initial overall Inferred Resource grade of 2.26 grams per tonne gold, an increase of 73%.
    - In complement to this increased grade, over 95% of the Indicated equivalent gold ounces are recoverable via the near surface Pit Constrained model.
    - For the Indicated Resource, Pit Constrained gold and gold equivalent grades are 3.94 grams per tonne, and 4.30 grams per tonne respectively.
- On June 22, 2016, and July 5, 2016, the Company reported the initial results of ongoing independent metallurgical testwork at the SGS laboratory In Johannesburg for the Terakimti Oxide Gold Project in Ethiopia, with the key results as follows:
    - gold extractions averaged 75.3% in simulated heap leach tests on samples crushed to 100% passing 16mm;
    - gold extractions averaged 75.5% and 78.2% respectively for agitated leach tests on samples passing 80% minus 106 microns and 80% passing 75 microns; and,
    - the oxide material achieves satisfactory solution percolation rates with moderate agglomeration.
- On June 29, 2016, the Company announced the initiation of the mine permitting process with the submission of the final draft documents to the Harvest Joint Venture Committee (the "Committee") for the consideration of the minority partners, Ezana State Mining Development, for the Terakimti Oxide Gold Project at the Company's 70% owned Harvest Project.

(1) Copper Equivalent grade calculator (Cu, Au, Ag):Cu % + ((Au g/t*$Au)+(Ag g/t*$Ag)/(22.0462*$Cu*31.0135)||| 31.1035 is a grams/ounce conversion factor. 22.0462 is a tonne/pound. Adyabo project updated mineral resource estimate disclosed via news release dated June 14, 2016; effective date May 31, 2016.

- On July 05, 2016, the Company reported the initial results of ongoing column leaching test work for the Terakimti Oxide Gold Project.
    - At July 05, 2016, two column leach tests were underway at the SGS laboratory in Johannesburg. The first column has been in operation for 24 days and had achieved gold extraction of 76.8 percent and a silver extraction of 36.8 percent based on solution assays. The second column had been in operation for five days and had already achieved a gold extraction of 50.3 percent. Both columns are scheduled to operate for 60 days.
- On August 3, 2016, the Company announced Tanzanian Goldfields Limited ("Tanzanian Goldfields"), the Company's partner in Tanzania and Developer of the Magambazi Project, has appointed Mr. Gareth Taylor as General Manager for Tanzanian Goldfields. Mr. Taylor has extensive experience in deep level, intermediate, shallow underground and open cast mining in a number of African countries including Mali, Namibia, South Africa and Tanzania.
- On August 11, 2016, following final draft document approval by the Board of the Harvest Joint Venture, the Company announced the submission of the Terakimti Oxide Gold Project mine permit application with the Ethiopian Ministry of Mines, Petroleum, and Natural Gas.

  Terakimti Oxide Gold Project Profile:

    - **Mineral Resource(2):** 1,125,000 tonnes grading 3.2 grams and 24.0 grams silver per tonne containing 107,000 ounces of gold and 812,000 ounces of silver;
    - **Simulated Heap Leach Recoveries:** 75.3% gold and 39.7% silver;
    - M**ining Method:** Conventional open pit;
    - **Processing:** Heap leaching to produce gold-silver dore.
- For the all above operating highlights refer to the news releases or the Company website, www.eastafricametals.com, 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 further engineering and economic analysis on the Terakimti oxide gold 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 gold resource (on the receipt of a mining permit) 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 June 30, 2016, the Company had incurred a net loss attributable to shareholders totaling $1,018,498 (Q2 2015 – $1,712,003) and as at June 30, 2016, had an accumulated deficit of $170,218,179 (December 31, 2015 – $167,703,138) and working capital surplus of $1,393,353 (December 31, 2015 - $2,025,317). During the three months ended June 30, 2016, the Company announced the closing of a Private Placement of 10,000,000 Units at a price of $0.10 per unit for gross proceeds of $1,000,000.

Based on the Company's financial position as at June 30, 2016, the available funds, including the funds from the exercise of warrants subsequent to June 30, 2016, 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 permit for the Harvest Project and continued uncertainty in the Exchange and the mineral exploration industry. 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.

(2) Metal prices for gold and silver are $1,300/oz and $17.50/oz, respectively. Terakimti Oxide Gold Resource update disclosed October 27, 2015; effective date October 18, 2015. Full mineral resource estimate disclosure can be found in the Company's news release dated October 27, 2015.

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

During the six months ended 2015 ("Fiscal 2015"), East Africa signed a binding agreement ("Definitive Agreement") with the Developer, an arm's length private exploration and development company with management based in the United Kingdom and Tanzania, to acquire and develop East Africa's Handeni Properties and Other Properties in Tanzania. 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. The Definitive Agreement requires the Developer to pay US$2,000,000 by no later than Tanzanian Effective Date. During the three months ended June 30, 2016, the Company received further deposit instalments of US$100,000 (CAD$130,559), and as at June 30, 2016, the Company received an aggregate of US$300,000 (CAD$397,547) in deposits. The Company is in discussions with the Developer on the outstanding instalment payments.

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. As at June 30, 2016, pursuant to the Definitive Agreement, the Company recognized US$161,079 (CAD$208,059) in accounts receivable for the Tanzanian recoverable operating expenses and accrued US$200,000 (CAD$258,331) for the outstanding payments related to the first instalment of US$500,000. Subsequent to June 30, 2016, the Developer settled US$125,000 (CAD$163,461) related to the outstanding recoverable operating expenses. The final deposit 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.

On August 3, 2016, the Company reported that the Developer had appointed Mr. Gareth Taylor as General Manager. In 2006 Mr. Taylor joined Barrick Gold, where he was Executive General Manager for Barrick Gold Tanzania and Vice President for Barrick Gold Africa, responsible for all Barrick's operational interests in Africa. In 2010 he joined Shanta Gold Limited and held positions as COO and CEO whilst bringing the New Luika Gold Mine to production. Shanta was a company focused on small to medium sized orebodies with production in the 50,000-100,000 ounce per year range requiring relatively low capex with fast payback.

CURRENT COMPANY OBJECTIVES

Current objectives are:

1. Complete additional upgrading of the resource at the Adyabo Project and assess resources growth potential along the prospective Mato Bula Trend (Adyabo Project);
2. Assess resource growth potential in satellite targets on the Harvest Project ;
3. Commence the preliminary work for the preparation for a mine permitting 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

With the formal submission to the Ministry of Mines, Petroleum, and Natural Gas ("Ministry of Mines") for review, the Company anticipates the Ministry of Mines' review will result in a recommendation to the Licensing Commission for final approval of the license.

Management continues in discussions with the key stakeholders in the Project, and in parallel with the mine permit application the Company continues discussions with a number of 3rd parties to provide funding for the development of the Updated Terakimti oxide gold resource. The funding may include and not be limited to debt finance, gold streaming contracts, and/or an equity placement in East Africa.

In connection with the above objectives, the Company continues with engineering and design studies, and development plans for its Terakimti Oxide Gold Project. To facilitate this process on April 19, 2015, the Company announced as additions to the Project Development Committee: Peter J. Hawley, BSc, BEng, P.Geo, founder of Scorpio Mining Corporation; Chris Zerga, Scorpio Gold Corporation General Manager of their Mineral Ridge Gold property; and Jay Melnyk, who has provided extensive mine engineering expertise to Nevsun Resource Ltd.'s Bisha Au-Ag-Cu-Zn Mine in Eritrea.

The Company continues the on-going independent metallurgical testwork for the Terakimti Oxide Gold Project. The objectives of this program are to test the amenability of the Terakimti near surface oxide material to extraction of gold and silver utilizing industry standard heap leaching or agitated leaching technology, and to determine parameters for preliminary process design.

The metallurgical testwork results received to date are positive and support the potential for development of the Terakimti Oxide Gold Project via either heap leach or agitated leach methodology. Collectively the positive gold extractions achieved in the simulated heap leach tests on coarse crush material, combined with the satisfactory percolation results, indicate that heap leaching may be the preferred technology for Terakimti.

East Africa has initiated a second phase of testwork to further assess the heap leach potential. This phase will utilize column leach tests on samples of minus 16mm, minus 38 mm crush material, operating over a 60 day leach period, to extract gold and silver. These column leach tests are specifically designed to assess, at a higher level of confidence, the amenability of heap leaching and to provide initial design parameters for a heap leaching operation.

On July 5, 2016, East Africa reported the on-going second phase of testwork results. The results received to date from the first column leach test demonstrate excellent gold extractions have been achieved as indicated by the rapid recovery of 76.8 percent of gold after 24 days of a planned 60 day leach test. These initial column leach results are positive and further support heap leaching as the preferred technology for the extraction of gold and silver at Terakimti.

Column operation is monitored daily by analyzing the gold and silver content and volume of the discharge solution as well as other key operating parameters including flow rates and reagent levels. At the completion of the 60 day leach period the solids residues from the columns will be assayed to finalize the gold and silver extractions. The column tests are being performed on composite samples developed to be representative of the Terakimti oxide gold resource. The samples have been crushed to a relatively coarse particle size of 100% passing 16 mm and have been agglomerated prior to placement in the columns. The columns are two meters high with a diameter of 150 mm. On-going results are expected to be finalized in Q4 2016.

In terms of exploration and project advancement, the Company will continue to drill delineate mineralization at known prospects in the vicinity of Terakimti, to assess resource potential.

For further details on Harvest Projects results can be found on the Company's website www.eastafricametals.com and at www.sedar.com.

Adyabo Project Path Forward

During the Q2 2016 East Africa announced a resource update which included the conversion of 446,000 gold equivalent ounces to the Indicated Resource classification, with a gold grade of 3.92 grams per tonne gold. The Inferred Resources classification is now 434,000 gold equivalent ounces with a gold grade of 1.43 grams per tonne. Refer to East Africa news release, June 14, 2016, and the Operating Highlights in this MD&A for further details and assumptions.

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 mine permitting application. The Company intends to continue development of resources at Adyabo through further delineation and engineering work. Additional surface targets remain to be tested on the Mato Bula trend, and the development of targets to depth remains a key consideration.

For further details on the Adyabo Projects results can be found on the Company's website www.eastafricametals.com and at www.sedar.com.

Tanzanian Assets Path forward

The Company will continue to move forward with the Magambazi LOI and the Developer to advance the Magambazi Project. During the three months ended June 30, 2016, the Developer provided further payments of $162,693 (US$125,000) and subsequent to June 30, 2016, East Africa received additional payments of $163,461 (US$125,000). The Company is in discussions with the Developer on the outstanding payments. In addition, the Developer has appointed Mr. Gareth Taylor as General Manager of Tanzanian Goldfields. Mr. Taylor has worked for AngloGold Ashanti as Managing Director of the Geita Gold Mine and head of mining and planning of Anglo Ashanti's East and West Africa Regions; Barrick Gold as Executive General Manager for Barrick Gold Tanzania and Vice President for Barrick Gold Africa; and Shanta Gold Limited as COO and CEO of the New Luika Gold Mine. Refer to the "Proposed Transaction" 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 June 30, 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 June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Total assets	$ 24,919,976	$ 28,828,096
Total liabilities	365,758	1,266,579
Equity (before non-controlling interest)	20,417,854	22,975,024

Total assets

The $3,908,120 decrease represents a reduction in cash for related exploration and head office expenditure, foreign exchange losses on the translation of USD to CAD of the foreign operations, and amortization of property and equipment. 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 outflows were primarily offset by the private placement financing for gross proceeds of $1,000,000 and the accrual of $208,059 for the Tanzanian recoverable operating expenses.

Total liabilities

As at June 30, 2016, and December 31, 2015, the Company's total liabilities are predominately comprised of trade payables and accruals. The decrease in total liabilities of $900,821 from December 31, 2015 is related to the non-recurring Tanzanian severance payable of $358,498 as the Company prepares to hand over the Tanzanian Assets to the Developer. In addition, as at December 31, 2015, the Company was engaged in a drill program at its Ethiopian properties with associated expenditures of $384,339 which were settled during the six months ended June 30, 2016 ("Fiscal 2016").

Total equity

The decrease of total equity is predominately a result of the net loss attributable to shareholders for the six months ended June 30, 2016, of $2,515,041 (Fiscal 2015 − $4,271,420) and foreign exchange loss attributable to shareholders of $1,300,363 (Fiscal 2015 – foreign exchange gain of $1,318,079) on the translation of its foreign operations into Canadian dollars. This loss was offset with the closing of the Private Placement for net proceeds of $937,382 and granting of 13,500,000 stock options, which vested on the grant date, totalling $300,852. 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 June 30, 2016 and 2015. The following financial data are derived from the Company`s Interim Financial Statements for the three months ended June 30, 2016 and 2015 respectively:

	Three months ended June 30, 2016		Three months ended June 30, 2015	
Revenue	$	Nil	$	Nil
Exploration and evaluation expenditures		486,990		1,200,027
Other expenditures*		570,138		633,011
Net loss for the period		1,057,128		1,833,038
Net loss for the period and attributable to shareholders		1,018,498		1,712,003
Basic and diluted loss per share and attributable to shareholders	$	0.01	$	0.02
Weighted average number of common shares used in the calculation of loss per share – basic and diluted		106,133,727		102,249,661

* 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 JUNE 30, 2016 ("Q2 2016"), COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2015 ("Q2 2015")

The loss for Q2 2016 is $1,057,128 compared to a loss for Q2 2015 of $1,833,038. The significant items contributing to the Q2 2016 loss includes exploration costs of $486,990 (Q2 2015 – $1,200,027), management consulting fees of $134,962 (Q2 2015 – $104,727), investor/shareholder communication and filing fees $126,812 (Q2 2015 – $95,902), office and administration of $103,089 (Q2 2015 - $118,235), share-based compensation of $76,717 (Q2 2015 – $3,426), salary and benefits of $53,268 (Q2 2015 − $98,594) and legal, audit and audit related expenses of $1,311 (Q2 2015 – $103,221). Significant balances and changes are discussed below.

Exploration and evaluation expenditure ("Exploration Expenditures")

Exploration Expenditures incurred costs of $486,990 in Q2 2016 compared to $1,200,027 in Q2 2015, a decrease of $713,037. The decrease in exploration expenditure is primarily related to the reduction of $324,670 in camp and administration costs ("camp costs") and a reduction in drilling costs of $261,149. Camp costs of $201,019 (Q2 2015 − $525,689) represents in-country expenses such as salary, legal, accounting, office costs, and project management expenses to manage the foreign operations. The decrease is a result of the recovery of camp costs incurred on East Africa's Handeni Properties and Other Properties in Tanzania from the Developer and reduced costs as a result of reduction in staff at Ethiopia and Tanzania.

Furthermore, the decrease in exploration expenditure is a result of lower drilling expenses of $1,162 in Q2 2016 compared to $262,311 in Q2 2015, a decrease of $261,149. In Q2 2015, the Company undertook an RC drill program to define a gold oxide resource estimate on the Terakimti VHMS deposit with the corresponding costs of $207,172 and no drill program was undertaken in Q2 2016.

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

	Three months ended June 30, 2016			Three months ended June 30, 2015		
	Tanzania	**Ethiopia**	**Total**	**Tanzania**	**Ethiopia**	**Total**
Exploration Expenditures						
Amortization	$ 52,657	$ 24,193	$ 76,850	$ 82,302	$ 27,497	$ 109,799
Camp and administration costs	78,545	122,474	201,019	331,928	193,761	525,689
Drilling	--	1,162	1,162	--	262,311	262,311
Geochemistry	720	7,026	7,746	2,214	29,827	32,041
Geology	--	21,273	21,273	3,623	81,441	85,064
Preliminary resource and engineering studies	--	91,411	91,411	--	72,536	72,536
Project management and consulting	2,548	--	2,548	12,906	--	12,906
Share-based compensation	--	36,587	36,587	--	--	--
Technical services	--	48,394	48,394	23,070	76,611	99,681
Total for the period	134,470	352,520	486,990	456,043	743,984	1,200,027
Balance at the beginning of the period	69,564,472	9,318,,961	78,883,433	67,749,865	5,532,371	73,282,236
Cumulative balance at the end of the period	$ 69,698,942	$ 9,671,481	$ 79,370,423	$ 68,205,908	$ 6,276,355	$ 74,482,263

Management consulting fees

In Q2 2016, the Company recorded management consulting fees and expenses of $134,962 compared to $104,727 in Q2 2015, an increase of $30,235. In Q2 2016, the Company recorded $62,500 (Q2 2015 − $62,500) for consulting fees provided by a management company controlled by an officer of the Company, $11,250 (Q2 2015 − $15,000) was paid to a related party for Chinese translation and administration services, and $25,570 (Q2 2015 − $Nil) was recorded for corporate secretary services.

Investor/shareholder communications and filing fees

Investor/shareholder communications and filing fees includes transfer agent, filing fees, and investor relations activities, including news release dissemination, consulting fees paid to external consultants and other costs for communications with shareholders and stakeholders, including travel expense. Expenses of $126,812 were incurred in Q2 2016, compared to $95,902 in Q2 2015, an increase of $30,910. The increase relates to the engagement of contractors to provide advertising and promotion services to the Company.

Office and administration

Office and administration costs totalled $103,089 in Q2 2016, compared to $118,235 in Q2 2015. Costs for office and administration include office expenses, travel expense for corporate head office staff, network services and insurance. The decrease of $15,146 is related to savings gained from moving to a smaller office and the Company's objective to reduce head office costs.

Share-based compensation

In Q2 2016, the Company granted 1,050,000 stock options to consultants related to head office activities and recorded share-based compensation of $76,717 (Q2 2015 − $3,426).

Salaries and benefits

In Q2 2016, the Company incurred salaries and benefits of $53,268 compared to $98,594 in Q2 2015. The decrease is related to one staff member changing to contractor status and the reduction in administration staff which is aligned with the Company's objective to reduce head office costs.

Legal, audit and related fees

In Q2 2016, the Company incurred legal, audit and related fees of $1,311 compared to $103,221 in Q2 2015, a decrease of $101,910. The Q2 2015 fees were primarily attributed to the legal costs of approximately $63,000 related to Ethiopian laws and mineral licensing, and $10,000 to Harpreet Sangha in settlement of the dispute.

LIQUIDITY

As at June 30, 2016, the Company had cash and cash equivalents of $981,439, other current assets of $685,870 and current liabilities of $273,956, 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 June 30, 2016 and December 31, 2015, the Company had the following commitments:

		June 30, 2016		December 31, 2015
No later than 1 year	$	324,902	$	342,572
Later than 1 year and no later than 5 years		751,809		899,890
Later than 5 years		--		--
	$	1,076,711	$	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 June 30, 2016, with the Company's working capital being $1,393,353 (December 31, 2015 - $2,025,317), 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 exploration drilling of satellite targets near the Terakimti oxide gold resources and in-fill drilling and associated costs to update the Adyabo initial mineral resource in preparation for a mine permitting application. The Company is currently assessing the costs for the required documents applicable for the Adyabo mine permitting application. These uncertainties cast significant doubt on the ability of the Company to continue as a going concern.

The Company's approximate minimum monthly administration costs whilst monitoring costs until receiving the Terakimti oxide gold mine permit and obtaining financing for development ("Interim Phase") are $115,000. The minimum planned drill and metallurgical program for the next twelve months is budgeted for approximately $950,000. During this Interim Phase the site and camp costs are approximately $136,000 monthly to maintain the normal operations in Ethiopia and Tanzania. These balances are non-GAAP financial measures and have been determined on past 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 and six months ended June 30, 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 oxide gold resource on the receipt of mine permit, 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 on March 5, 2016, for the sale of the Tanzanian Assets and received deposit instalment payments of US$300,000 to date. 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 future poor market conditions for mineral exploration companies. 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 June 30, 2016, the Company expended $20,050 (Q2 2015 – $11,589) on maintenance payments of mineral properties which have been capitalized. The Tanzanian maintenance payments have been offset with recoveries pursuant to the Definitive Agreement on the Magambazi Project. The Company expended insignificant amount on Property, Plant & Equipment additions which is aligned with the Company overall objectives to minimize expenditure.

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 June 30, 2016, the Company had recorded the following significant related party transactions:

For Q2 2016, the Company incurred reimbursable goods and services for True North Gems Inc. and Nickel North Exploration Corp. totaling $27,708 (Q2 2015 – $67,682) for shared office, administration and Exploration Expenditures.

For the three months ended June 30, 2016, the Company incurred management consulting fees of $73,750 (Q2 2015 – $77,500). Of this amount The Company recorded $62,500 (Q2 2015 – $62,500) for management services provided by a privately held company controlled by the CEO.

For Q2 2016, the Company recorded fees of $136,170 (Q2 2015 – $153,308) 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.

Subsequent to June 30, 2016, the Company announced that SinoTech (Hong Kong) Corporation Limited ("SinoTech") has elected to exercise 3,500,000 warrants at a price of $0.23 realizing $805,000 CDN for the Company.

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 2015 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 $981,439 and working capital of $1,393,353 as at June 30, 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 is in on-going discussions 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. 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 June 30, 2016, the Company had cash and cash equivalents of $981,439 (December 31, 2015 - $2,319,653) to settle current liabilities of $273,956 (December 31, 2015 – $1,161,662). 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.

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, Stock Options and Warrants

Common shares and warrants

During the three months ended June 30, 2016, the Company completed the 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.

Subsequent to June 30, 2016, 379,424 warrants with a weighted average exercise price of $0.23 were exercised for the equivalent common shares and for a total consideration of $87,664. In addition, on August 22, 2016, the Company announced that SinoTech elected to exercise 3,500,000 warrants at a price of $0.23 realizing $805,000 for the Company. The exercise will bring SinoTech's total holdings to 37,788,062 or 32.12% of the Company (based on a total of 114,329,085 common shares issued and outstanding as of August 21, 2016 and assuming the exercise of the 3,500,000 warrants). At the date of this MD&A the finalization of the exercise of SinoTech warrants would be completed on the submission of the required administrative paperwork.

Stock Options

During the three months ended June 30, 2016, the Company granted 1,500,000 stock options to consultants pursuant to the stock option plan. The first stock option grant of 900,000 stock options have an exercise price $0.16 per option and a two year term expiring on June 15, 2018. The second stock option grant of 600,000 stock options have an exercisable at a price of $0.15 per option and a five year term expiring on April 29, 2021. Subsequent to June 30, 2016, 950,000 options were exercised for a total consideration of $102,000.

As at August 23, 2016, the Company has 114,329,085 common shares issued and outstanding.

As at August 23, 2016, the Company has 31,688,623 warrants issued and outstanding.

As at August 23, 2016, the Company had 19,162,500 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.