EAST AFRICA METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

DECEMBER 31, 2016

This Management's Discussion and Analysis ("MD&A") provides a review of the performance of the operations of East Africa Metals Inc. (collectively, with its subsidiaries, "East Africa" or the "Company") for the year ended December 31, 2016 ("Fiscal 2016"), compared to the year ended December 31, 2015 ("Fiscal 2015"). The MD&A has been prepared on the basis of available information up to April 28, 2017, and should be read in conjunction with the Company's audited consolidated financial statements ("Financial Statements") for the year ended December 31, 2016, and the corresponding notes to the Financial Statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents are available on SEDAR at www.sedar.com. All dollar amounts are expressed in Canadian dollars ("CAD") except where indicated otherwise.

Cautionary Statement Regarding Forward-Looking Information

This MD&A may contain certain forward-looking statements concerning anticipated development in the Company's operations in future periods, "forward-looking information," within the meaning of applicable Canadian securities legislation. The forward-looking statements are set forth in this MD&A and may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "plan", "expect", "intend", "estimate", "forecast", "project", "budget", "schedule", "may", "will", "could", "might", "should" or variations of such words or similar words or expressions. Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the negotiation of a Tanzanian Definitive Agreement reflecting the conditions, terms and timing outlined; 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 and exploration licence extensions 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 within this MD&A. 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 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 including and not limited to licence approvals, social and 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 "TSX-V") as a Tier 2 mining issuer under the trading symbol "EAM".

KEY OPERATING MILESTONES

EXPLORATION PROJECTS UPDATES

- 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 including 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). Refer to the "ADYABO PROJECT – ETHIOPIA" for further information.
- 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 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). Refer to the "ADYABO PROJECT – ETHIOPIA" for further information.
- On June 14, 2016, the Company reported an updated independent mineral resource estimate for the Adyabo Project, with key highlights including the conversion of 446,000 gold equivalent ounces to the Indicated Resource classification [(1)] and 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%. Refer to the "ADYABO PROJECT – ETHIOPIA" for further information.
- On June 22, 2016, and July 5, 2016, the Company reported the initial results of ongoing independent metallurgical testwork at the SGS Mineral Services ("SGS") in Johannesburg for the Terakimti Oxide Gold Project ("Terakimti"), 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;
  - two column leach tests were underway at the SGS laboratory. The first column has been in operation for 24 days and had achieved gold extraction of 76.8% and a silver extraction of 36.8% based on solution assays. The second column had been in operation for five days and had already achieved a gold extraction of 50.3%.
  - Refer to the "HARVEST PROJECT – ETHIOPIA" for further information.
- 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 mining licence application with the Ethiopian Ministry of Mines, Petroleum, and Natural Gas ("Ministry of Mines"). Refer to the "HARVEST PROJECT – ETHIOPIA" for further information.
- On January 23, 2017, the Company announced the final results of a comprehensive metallurgical test program completed for the Terakimti Oxide Gold Project, including the results of two separate column leach tests at SGS which achieved gold extractions of 74.8% and 70.2%. Refer to the "HARVEST PROJECT – ETHIOPIA" for further information.
- On February 22, 2017, the Company provided an update for on-going exploration and resource definition on the Adyabo and Harvest Projects in Ethiopia. Refer to the "HARVEST PROJECT – ETHIOPIA" and "ADYABO PROJECT – ETHIOPIA" for further information. Preparations are underway to initiate a staged I.P. survey over the Mata Bula deposit starting in March, with the aim of profiling existing mineralization and using derived data to identify additional targets for drill testing. The Company currently has a mining license filed for the Terakimti Oxide Gold deposit at Harvest. Exploration license extensions have been filed for exploration ground at both the Harvest and Adi Dairo (Adyabo Project) licenses with the goal of retaining additional prospects outside of current

defined resources that warrant assessment for potential inclusion into the building resource base on the Company's Ethiopian East Africa projects.

- On March 27, 2017, the Company announced results from a multi targeted drill program at the Harvest and Adyabo Projects. Highlight intersections include:
  - At Silica Hill (Adyabo Project) - 31.55 metres grading 9.40 grams per tonne gold, and 0.10% copper, from 111.32 metres drill depth;
  - At VTEM09 (Harvest Project) - 24.06 metres grading 1.88% copper, 3.08 grams per tonne gold, 66.4 grams per tonne silver, and 2.54% zinc, from 35.84 metres drill depth, and;

  Refer to the "HARVEST PROJECT – ETHIOPIA" and "ADYABO PROJECT – ETHIOPIA" for further information.

- On April 24, 2017, the Company announced results from on-going diamond drilling at the Adyabo Project. Highlight intersections include:
  - At Da Tambuk - 20.00 metres grading 4.70 grams per tonne gold, and 4.7 grams per tonne silver, from 105.00 metres drill depth (ADD025); and
  - At Mato Bula - 5.72 metres grading 6.06 grams per tonne gold, from 50.78 metres drill depth (WMD066);

CORPORATE UPDATES

- On March 5, 2016, (the "Tanzanian Effective Date") the Company executed 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 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 August 23, 2016, the Company announced the election made by long time shareholder SinoTech (Hong Kong) Corporation Limited ("SinoTech") to exercise 3,500,000 warrants at a price of $0.23. The resulting shares were released for an aggregate consideration of $805,000 in September 2016.

- On November 2, 2016, the Company announced the signing of a Letter of Intent with Shandong Tyan Home Co., Ltd. (the "Purchaser" or "STH"), a listed public company of China, to subscribe for 20 million Units of the Company at a price of $0.26 per unit for gross proceeds of $5,200,000. Each unit will consist of one common share and one half share purchase warrant. The share purchase warrants ("Warrants") will entitle the holder to purchase one common share at an exercise price of $0.45 and will expire 18 months from closing. If at any time after the date that is four months from the date the Warrants are issued, the Company's common shares have a closing price of $0.65 or greater 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 and the Warrants will then expire on the 20th day after the date of such notice. As a result of this placement the Purchaser owns approximately 14.3% of the outstanding shares of the Company. The Letter of Intent is subject to certain conditions including and not limited to the Purchaser completing its due diligence review of the Company, execution of definitive agreements and receipt of approval of the TSX-V.

  Under the Letter of Intent, the Purchaser also agreed to provide US$10,000,000 debt financing for the development of the Terakimti Oxide Gold Project, which is non-binding. Alternatively, the Purchaser can choose to identify a third party to provide or participate in the debt financing. The debt financing is subject to a number of conditions, including and not limited to receiving a mining permit from the Ethiopian Ministry of Mines.

  On March 7, 2017, the Company announced the closing of the Private Placement with STH. The Private Placement will finance ongoing exploration and project development activities at the Company's Harvest and

Adyabo Projects, located in the Tigray region of the Federal Republic of Ethiopia. The Company also announced the appointment of Mr. Yongwen Wang to the Board of Directors.

- On January 17, 2017, the Company announced a related party loan in the amount of $500,000 at an interest rate of 12% per annum from an insider, SinoTech. The loan and all accrued and unpaid interest (non-compounding) is payable upon the earlier of (a) 10 business days after the Company's closing of the $5,200,000 financing with STH; or (b) 90 days from the Company's receipt of the loan proceeds. The proceeds will be used for short-term working capital, metallurgical/engineering work at the Terakimti Oxide Gold Project and exploration work to further define the resource at the Adyabo Project. The Company paid the principal and interest of $509,800 subsequent to the closing of the STH finance in March 2017.
- In April 2017, the Company granted 1 million stock options to certain directors pursuant to the Company's Stock Option Plan. The options have an exercise price of $0.285 per share and an expiry date of April 25, 2022.
- For all the 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 MD&A, the Company's focus is on advancing the Ethiopian Projects. The Company has submitted a mining licence application for the Terakimti Gold Oxide Resource and will continue to engage the Minister of Mines on their review. If successful the Company will commence detailed engineering work on the Terakimti Gold Oxide Resource. In addition, the Company has submitted applications for a 2 year extension on its Harvest and Adi Dairo (Adyabo Project) exploration licences. If the exploration extension applications are successful the Company will undertake exploration drilling on the satellite targets at the Harvest Project, resource drilling at the Terakimti Oxide Gold Project and advance the Adi Dairo licence towards the submission of a mining licence application. In parallel, the Company continues discussions with a number of interested parties on financing its exploration and potential development programs including and not limited to: debt financing for the development of the Terakimti Oxide Gold resource (on the receipt of a mining permit); sale of non-strategic assets, debt finance, streaming contracts and/or equity placements. The Company has released initial mineral resource estimates on each of its exploration projects at Harvest, Adyabo and Magambazi.

For the year ended December 31, 2016, the Company incurred a net loss attributable to shareholders totaling $5,171,387 (Fiscal 2015 – $8,050,740) and as at December 31, 2016, had an accumulated deficit of $172,874,525 (December 31, 2015 – $167,703,138) and working capital surplus of $103,924 (December 31, 2015 - $2,025,317).

Based on the Company's financial position as at December 31, 2016, the available funds, including the funds from the Private Placement closed in March 2017, 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 TSX-V 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, a marketing program to strengthen market demand to exercise outstanding warrants, 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 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 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 Tanzanian Assets. On March 5, 2016 (the "Tanzanian Effective Date"), the

Company and the Developer completed the execution of the Definitive Agreement and the Gold Purchase Agreement. The Definitive Agreement requires the Developer to pay US$2,000,000 ("Balance Payment") by no later than 12 months from the Tanzanian Effective Date. As at December 31, 2016, the Company received an aggregate of US$300,000 (CAD$397,547) in deposits.

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 December 31, 2016, pursuant to the Definitive Agreement, the Company recognized US$37,890 (CAD$50,873) in accounts receivable for the Tanzanian recoverable operating expenses and accrued US$200,000 (CAD$268,528) for the outstanding payments related to the first instalment of US$500,000. 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. Subsequent to December 31, 2016, the Developer and the Company are in discussions for a further extension of the Tanzanian Effective Date of three (3) months. The Developer has indicated that first stage of financing for the development of the Tanzanian Assets is in its final stages.

DESCRIPTION OF THE BUSINESS

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. With the recent announcement of the Adyabo initial resource estimate, the Company has released Mineral Resource Estimates on each of its projects. Additional information on the Company's mineral property interests discussed in this MD&A can be found on the Company's website at www.eastafricametals.com.

Ethiopia

Ethiopia is located in northeast Africa, in the region termed the Horn of Africa. The country is landlocked and is comprised topographically of predominantly high plateaux. The population is diverse in terms of languages spoken and religious beliefs. New mining regulations ("Proclamation(s)") were issued in 1993 with the purpose of promoting the exploration and development of Ethiopia's natural resources. The Proclamations allow for business incentives that include security of tenure, the right to sell minerals, preferential duty and tax provisions on equipment and machinery, a 5-8% production royalty (revised in Proclamation 678/2010), a 25% income tax on taxable income, and a structuring to allow for repatriation of profits. The Company currently has interests in two areas in Ethiopia, the Harvest Project and the Adyabo Project. The current Mineral Resources at the Ethiopian Projects straddle an infrastructure corridor, with the projects being located within 11 and 7 kilometres respectively of a paved highway and a high-tension power corridor.

Where applicable, information within this MD&A which pertains to the Harvest and Adyabo Projects may reference work performed by Tigray Resources Inc. ("Tigray") before the completion of the Tigray Arrangement on May 7, 2014. References to Tigray news releases before May 7, 2014, can be found on the Company's website at www.eastafricametals.com and information on the Tigray Arrangement can be found in Tigray's management information circular dated March 28, 2014, which can be found on SEDAR at www.sedar.com .

HARVEST PROJECT – ETHIOPIA

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

Harvest Project is located 600 kilometres north of Ethiopia's capital city of Addis Ababa. The Harvest Project has one exploration licence and comprises of three exploration contiguous concessions - Hamlo, Terakimti, and Igub - covering approximately 86 square kilometres. The exploration licence has a term of 10 years and expired in January 2017. The Ethiopian regulations allows for retentions to the exploration licence term once the term has reached 10 years. Management believes there is precedence in the Ethiopian mining industry for the Ministry of Mines granting extensions to exploration licences that have reached their 10 year term and has applied for a 2 year exploration licence extension. The Company continues to engage the Ministry of Mines on the application including follow-up meetings and providing additional information as requested.

The Harvest Project is located in the highly prospective Asmara Mineral Belt in the southern part of the Arabian Nubian Shield (ANS), host to the Bisha, Debarwa and Emba Derho volcanogenic massive sulphide deposits. Vein-related gold deposits are also typical of the ANS, including the giant >13 million ounce Sukari deposit in Egypt, the one million ounce gold discovery at Koka-Zara in central Eritrea and the approximate 140,000 ounce per year gold producer at Lega Dembi in southern Ethiopia.

Harvest Mining Application and Exploration Updates

- 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 mining licence application with the Ethiopian Ministry of Mines. The Terakimti Oxide Gold Project Profile:
    - Mineral Resource(1): 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;
    - Mining Method: Conventional open pit;
    - Processing: Heap leaching to produce gold-silver dore.
    - At the date of this MD&A the Ministry of Mines is assessing the Company mining licence application and the Company continues to engage the Ministry of Mines on the application including follow-up meetings and providing additional information as requested.

    (1) 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.

- 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, 2016, the Company announced Peter J. Hawley, Chris Zerga and Jay Melnyk as additions to the Project Development Committee.
    - Mr. Hawley, BSc, BEng, P.Geo, is the 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 President and 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.
- On June 22 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 January 23, 2017, the Company announced the final results of a comprehensive metallurgical test program completed for the Terakimti Oxide Gold Project.
    - Two separate column leach tests at SGS achieved gold extractions of 74.8% and 70.2%. Leach kinetics were rapid with gold extractions of 70% after 14 days and 56% after 15 days respectively. The third column leach test performed at McClelland laboratory in Reno Nevada achieved gold extraction of 73.0% with 70% extraction achieved at 28 days, further supporting the high extraction and good leach kinetics of the Terakimti oxide material. Silver extractions for the two SGS columns were 38.4% and 39.4% respectively and the McClelland column achieved silver extraction of 13.0%.
    - The two SGS column tests were performed on representative samples of Terakimti gold/silver oxide material crushed to 100% passing minus 16 mm (5/8 inch), a common crush size for heap leaching. The samples were composites of material collected from six metallurgical drill holes in order to represent the different major lithologies identified within the Terakimti Oxide Gold deposit.
    - The McClelland column test was performed on coarser oxide material crushed to 100% minus 38 mm (1.5 inch). The material for this test was collected from surface trenches and is considered representative of the near surface zone of the deposit however it may not be representative of the entire oxide deposit. The high level of gold extraction achieved in this test combined with very good leach kinetics, indicates the potential to utilize a coarser crush size for gold extraction at Terakimti.
    - Additional tests were performed by SGS to assess permeability, mechanical strength and the requirement for agglomeration of the oxide material for heap leaching. The results indicate good permeability and heap material strength, with agglomeration required to maintain permeability in the heap leach. The agglomeration rates applied in the testwork were within ranges typical for heap leaching of oxide gold deposits.
- On March 27, 2017, the Company announced the results from drill program on Harvest prospects. A total of 9 diamond drill holes have been completed at the Mayshehagne and VTEM09 VMS prospects.
    - Highlights includes:
        - At VTEM09 - 24.06 metres grading 1.88% copper, 3.08 grams per tonne gold, 66.4 grams per tonne silver, and 2.54 % zinc, from 35.84 metres drill depth, and;
        - At Mayshehagne - 21.19 metres grading 4.32% copper, 1.04 grams per tonne gold, 35.9 grams per tonne silver, and 6.98% zinc, from 36.58 metres drill depth.
    - Results confirm the high base and precious metal grades encountered in previous drilling, and provide encouragement in assessing the prospects for further exploration, in parallel with Terakimti advancement. As a VMS prospect, Mayshehagne intercepts exhibit notably high grade base metal values, whereas intercepts at VTEM09 exhibit notably high grade precious metal values.
- On April 24, 2017, the Company announced results from on-going diamond drilling at the Adyabo Project in Ethiopia. Four holes have been completed at Da Tambuk, as part of a detailed infill program in the central area of the resource, and results for a total of eleven holes have been received from the Mato Bula south 40m x40m infill drill program. Highlight intersections include:
    - At Da Tambuk - 20.00 metres grading 4.70 grams per tonne gold, and 4.7 grams per tonne silver, from 105.00 metres drill depth (ADD025);
    - At Da Tambuk - 8.61 metres grading 7.38 grams per tonne gold, and 23.1 grams per tonne silver, from 101.39 metres drill depth (ADD026);
    - At Mato Bula - 5.72 metres grading 6.06 grams per tonne gold, from 50.78 metres drill depth (WMD066), and;
    - At Mato Bula - 23.00 metres grading 1.27 grams per tonne gold, 0.51% copper, 6.1 grams per tonne silver, and 0.60% zinc, including 4.00 metres grading 4.54 grams per tonne gold, 0.70% copper, 6.5 grams per tonne silver, and 0.09% zinc, from 185.30 metres drill depth (WMD069).

Terakimti Mineral Resource

On October 27, 2015, the Company announced an updated National Instrument 43-101 Standards for Disclosure for Mineral Projects ("NI 43-101") compliant independent mineral resource estimate on the near surface oxide component of the Terakimti VMS deposit on the Company's Harvest Project. A tabulation error in this oxide component resource was identified and announced on January 11, 2016 and was not considered material. The near surface oxide portion of the Terakimti VMS deposit hosts an updated Indicated Resource of 1,110,000 tonnes grading 3.20 grams per tonne gold and 23.6 grams per tonne silver, and an Inferred Oxide Gold Resource of 15,000 tonnes grading 1.94 grams per tonne gold and 13.5 grams per tonne silver. The updated Terakimti Oxide Gold Mineral Resource estimate contained metal includes 114,000 ounces gold and 841,000 ounces silver (Indicated), and 1,000 ounces gold and 7,000 ounces silver (Inferred).

The Terakimti oxide Resource update did not include a revision of the sulphide component of the original Terakimti VMS mineralization, qualified in the Terakimti Resource dated January 17, 2014, as the recent detailed infill drilling only targeted upgrading the oxide portion of the deposit. The Terakimti deposit is the most advanced prospect on the Harvest Project and Table 1 below summarizes the classification of the updated mineral resource estimate and Table 2 provides the original classification of the mineral resource estimate announced on January 27, 2014. In December of 2015 East Africa shipped the oxide core from six metallurgical diamond drill holes to SGS in Johannesburg, South Africa. This metallurgical evaluation work is on-going.

Table 1 Updated Terakimti Oxide Mineral Resource Estimate*

Classification	Tonnes ('000s)	Gold equivalent (g/t)	Gold grade (g/t)	Silver grade	Copper grade (%)	Gold Metal (Ozs)	Silver Metal (Ozs)
Indicated	1,110,000	3.41	3.20	23.6	0.08	114,000	841,000
Inferred	15,000	2.06	1.94	13.5	0.04	1,000	7,000

** Updated Terakimti Oxide Mineral Resource Estimate at a 0.5 g/t Gold Equivalent Cut-Off, David Thomas, P. Geo. (Effective Date: October 18, 2015, with revision announced January 11, 2016). Gold equivalent was estimated using undiluted grades, metal prices and heap leach process recoveries. The formula used is: Gold equivalent = Gold + (((Silver Price/31.103477) x (Silver Recovery)) / (Gold Price / 31.103477) x (Gold Recovery). Metal Prices used for gold and silver were $1,300/oz, and $17.50/oz respectively. Metallurgical recoveries, supported by metallurgical test work were applied as follows: Recoveries of 73.1% were applied for gold and 50.0% for silver respectively. Copper and zinc are not recovered during the oxide phase and therefore are not considered a part of the oxide mineral resources. The contained metal figures shown are in situ. No assurance can be given that the estimated quantities will be produced. All figures have been rounded to reflect accuracy and to comply with securities regulatory requirements. Summations within the tables may not agree due to rounding. For the footnotes to Updated mineral resource statement, mineral resource estimation methodology, data validation, and quality control please refer to either the Company's news release dated October 27, 2015 and revised January 11, 2016 that can be found on the Company website www.eastafricametals.com.*

Table 2 Initial Terakimti Mineral Resource Estimate

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

For the footnotes to the initial mineral resource statement, mineral resource estimation methodology, data validation, and quality control please refer to either the Company's news release dated January 27, 2014 or the technical report that can be found on the Company website www.eastafricametals.com

Harvest Project Path Forward

East Africa will continue to advance the Harvest Project through regular communication with the Ministry of Mines on the Terakimti Oxide Gold mining licence approval process. Aligned with the mining licence application, the Company has submitted a 2 year exploration extension to conduct further exploration on satellite targets on the Harvest Project and at depth drilling on the Terakimti resource transition and supergene zones. If merit is sufficient with the Lihamat, Mayshehagne, and VTEM09, these potential satellite prospects will be assessed through metallurgical and resource analyses, as additional project resource assets. 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 Terakimti Oxide Gold Resource. The funding may include but is not limited to debt finance, gold streaming contracts, and/or an equity placement in East Africa.

ADYABO PROJECT - ETHIOPIA

The Adyabo Project is located approximately 600 kilometres north of Ethiopia's capital city of Addis Ababa and comprises two exploration licences – West Shire and Adi Dairo - covering approximately 195 square kilometres. The licences are located adjacent to the Harvest Project in Ethiopia. The exploration licences each have a term of 10 years and Adi Dairo licence expired in January 2017. The Ethiopian regulations allows for retentions to the exploration licence term once the term has reached 10 years. Management believes there is precedence in the Ethiopian mining industry of the Ministry of Mines granting extensions to exploration licences that have reached their 10 year term and has applied for a 2 year exploration extension for the Adi Dairo exploration licence. The Company continues to engage the Ministry of Mines on the application including follow-up meetings and providing additional information as requested. The West Shire exploration licence expires in October 2017 and the Company plans to submit a 2 year exploration licence extension application.

On receipt of a positive feasibility study, the Company shall issue 550,000 East Africa Shares and 400,000 East Africa Warrants to the optionor, and on commencement of commercial production, the Company shall issue 275,000 East Africa Shares and 200,000 East Africa Warrants to the optionor. The optionor may elect to convert the remaining 20% interest into a 2.0% net smelter royalty ("NSR"), and the Company will have the option to buy back 1.0% of the NSR for a cash payment of $5,000,000. Upon the execution of the NSR agreement, the Company will hold a 100% undivided interest in the Adyabo Project, subject to the 2.0% NSR. During Fiscal 2016, East Africa completed the conversion of the Optionor 20% interest in the Adyabo Project to a 2% NSR. The Company retains the option to buy back 1.0% of the NSR for a cash payment of C$5,000,000. The Company now holds a 100% undivided interest in the Adyabo Project, subject to the 2% NSR.

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

Exploration Updates

- 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 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)
    - 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.
    - Refer to the “Adyabo Initial Mineral Resource Estimate” section below for the previous the Mineral Resources Estimate.

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(2) 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

(2) 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 March 27, 2017, the Company announced work continues on upgrading the resource at the Mato Bula deposit, initially with a short infill drill program in the Silica Hill area, and a larger 5,000 metre infill program in the southern portion of the deposit.
    - Large diameter core drilling was conducted on the central area of Silica Hill with highlights including at Silica Hill - 31.55 metres grading 9.40 grams per tonne gold, and 0.10% copper, from 111.32 metres drill depth, and;
    - The larger 5,000 metre program is on-going with drilling completion estimated for the end of April 2017 and results expected prior to the end of Q2 2017.
    - The first phase of an IP program targeted at the Mato Bula area has started mobilization. Results from this work are expected to help geophysically define the present deposit mineralized signature, identify additional drill targets, and provide guidance for East Africa in the potential for rolling out a larger scale IP program over the entire multi-kilometre Mato Bula trend.

A table of all Adyabo Project intercept results, related maps and further information can be located on the Company’s respective news releases or on the Company’s website www.eastafricametals.com.

Adyabo Initial Mineral Resource Estimate

On May 5, 2015, the Company announced its initial NI 43-101 compliant gold, copper, silver and zinc mineral resource estimate for the Adyabo Project. This mineral resource estimate comprises mineralization from the Mato Bula trend, a greater than 8 kilometre long zone of alteration identified on the project in 2013. The resource includes mineralization from the Mato Bula, Mato Bula North, and Da Tambuk mineralized zones and hosts 885,000 gold equivalent ounces. This resource incorporates data from 10,266 metres of drilling in 47 diamond drill holes and 1,520 metres of trenching from 22 trenches. This resource further builds upon the metal asset base East Africa is defining and accumulating on the Adyabo and Harvest Projects in Ethiopia.

The initial mineral resource estimate was completed by David Thomas, P. Geo, of Fladgate Exploration Consulting Corporation, who is an independent “qualified person” under NI 43-101. For further information on mineral resource estimation methodology, data validation, and quality control refer to the Company’s news release dated May 5, 2015, available on the Company’s website at www.eastafricametals.com.

Table 3 Adyabo Initial Mineral Resource Estimate

Pit Constrained Resource Areas*										
	Cut-Off ($/t)	Tonnes	Gold Au g/t	Copper Cu %	Silver Ag g/t	Gold Eq* g/t	Gold Metal Au Ozs	Copper Metal Cu Mlbs	Silver Metal Ag Ozs	Gold Eq* Metal Au Ozs
Da Tambuk	23.9	910,000	6.02	0.09	1.2	6.14	175,000	1.9	36,000	179,000
Mato Bula	23.9	4,900,000	2.60	0.32	1.6	3.15	410,000	34.1	259,000	497,000
Mato Bula North	23.9	2,470,000	0.27	0.70	3.2	1.49	22,000	38.3	252,000	119,000
Sub-Total Pit Constrained	**23.9**	**8,280,000**	**2.28**	**0.41**	**2.1**	**2.98**	**608,000**	**74.4**	**547,000**	**794,000**
Underground Mineral Resource Area*										
			Gold	Copper	Silver	Gold Eq*	Gold Metal	Copper Metal	Silver Metal	Gold Eq* Metal
	Cut-Off ($/t)	Tonnes	Au g/t	Cu %	Ag g/t	g/t	Au Ozs	Cu Mlbs	Ag Ozs	Au Ozs
Da Tambuk	63.9	310,000	2.25	0.03	0.2	2.28	22,000	0.2	2,000	23,000
Mato Bula	63.9	710,000	2.11	0.47	4.3	2.93	48,000	7.3	98,000	67,000
Mato Bula North	63.9	15,000	0.75	0.79	2.6	2.10	400	0.3	1,000	1,000
Sub-Total Underground	**63.9**	**1,035,000**	**2.13**	**0.34**	**3.0**	**2.73**	**70,000**	**7.7**	**101,000**	**91,000**
Total Pit Constrained and Underground		**9,315,000**	**2.26**	**0.40**	**2.2**	**2.95**	**678,000**	**82.1**	**648,000**	**885,000**

** EQ = Equivalent and for the mineral resource statement, mineral resource estimation methodology, data validation, and quality control please refer to either the Company's news release dated May 5, 2015 or the technical report that can be found on the Company website www.eastafricametals.com*

** For Da Tambuk Au Eq = Au + (Cu x 1.163) + (Ag x 0.00736). For Mato Bula and Mato Bula North the gold equivalent formula is Au Eq = Au + (Cu x 1.693) + (Ag x 0.00882). Metal prices of $1,400/oz, $3.20/lb and $20.0/oz were used for gold, copper and silver respectively. Metallurgical recoveries of 97% for gold, 72% for copper and 50% for silver were applied at Da Tambuk. Metallurgical recoveries of 81% for gold, 87.5% for copper and 50% for silver were applied at Mato Bula and Mato Bula North*

Table 4 Adyabo Pit Constrained and Underground Mineable Tonnage and Metal Sensitivity Analysis

A sensitivity analysis was completed on tonnage and contained metal, to assess project risk with respect to commodity price fluctuations (refer to Table 4). The analysis indicates that tonnage is much more sensitive to metal price fluctuations than the contained metal.

Metal Price Assumption	% Difference Tonnes	% Difference Au Metal	% Difference Cu Metal	% Difference Ag Metal
Low Case 2	7.4%	1.6%	3.7%	5.5%
Low Case 1	0.0%	0.0%	0.0%	0.0%
Base Case	-8.2%	-1.9%	-4.7%	-6.3%
Optimistic	-16.3%	-3.9%	-9.5%	-12.8%

Adyabo Metallurgy

Positive preliminary metallurgical results have been received from testwork on composites derived from key mineralized zones at Mato Bula, Silica Hill, and Da Tambuk. Conventional copper floatation was successful in producing encouraging saleable copper gold concentrates, with additional gold recovery realized from cyanidation of gold bearing flotation products.

The metallurgical work was conducted on three diamond drill hole composite samples derived from gold intervals at Mato Bula, Silica Hill, and Da Tambuk, and samples were tested at the Blue Coast Research metallurgical facility in Parksville, BC. Coarse reject diamond drill hole material was utilized from 6 drill holes at Da Tambuk (Da Tambuk composite), and 11 drill holes (7 for the Mato Bula Main composite and 4 for the Silica Hill composite) from Mato Bula. A total of 151 samples were utilized for the composites, with composite grades averaging 11.1g/t Au and 0.3% Cu (Silica Hill), 6.6g/t Au and 0.99% Cu (Mato Bula Main), and 9.5g/t Au and 0.2% Cu (Da Tambuk).

Table 5 Adyabo Metallurgy Summary

Composite	Cu Recovery %	Cu Grade %	Au Recovery %	Py Scav Au Rec %	Cu Clnr 1 Tail Au Rec %	Au Extraction %	Au Recovery %
Da Tambuk	72	24	57	4	16	Not Tested	97*
Silica Hill	82	23	38	12	43	91	77
Mato Bula	93	27	83	8	3	52	85

*Da Tambuk whole mineralization leach test and pyrite scavenger concentrate test both returned gold recoveries of 97%.

The metallurgical work conducted to date is considered preliminary and more detailed testing is planned to assess in more detail the metallurgical response of the deposits and optimize metallurgical performance.

Adyabo Project Path Forward

East Africa plans to advance the Adyabo Project through a resource update following the core deposit area infill drilling program that commenced in Q4 2016, with an update anticipated during the second half of Fiscal 2017. On receipt of a 2 year exploration licence on the Adi Dairo resource the Company plans to continue forwarding the project through in-fill drilling, I.P follow-up testing, metallurgical testing, preliminary engineering work, on-going community relations work and socio economic studies, in accordance with application requirements for a Mining Licence. The Company continues to assess cost effective methods of gold targeting and further resource upgrades along the highly prospective Mato Bula Trend.

Quality Control

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

Diamond drill core samples, RC samples, and rock samples have undergone preliminary preparation at the Bureau Veritas Mineral Laboratories facility in Ankara, Turkey and are crushed to 80% passing 10-mesh and pulverized to 85% passing 200-mesh (Acme R200-1000 package, now PRP70-1KG). Analyses are conducted at both the Turkey facility, and the Bureau Veritas Mineral Laboratories facility in Vancouver, Canada. In Canada analyses are utilizing Aqua Regia digestion and both ICP-ES and ICP-MS (AQ270, AQ370) for base metal and silver analyses. Precious metal analyses are conducted in Turkey via Fire Assay Fusion with AA finish, and gravimetric analyses for over-limit samples. During sampling, quality control standards and blanks were introduced at pre-determined intervals to monitor laboratory performance. A system of field, reject, and pulp sample duplicates was also incorporated, as were specific programs of re-assaying and umpire lab assaying to both monitor laboratory performance and also characterize potential mineralization; all consistent with industry best practice.

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

HANDENI PROPERTIES – TANZANIA

East Africa has projects in the Handeni gold district in eastern Tanzania. One of the Company's key properties is Handeni, located 173 kilometres northwest of Dar es Salaam and 35 kilometres south of the town of Handeni. The Handeni property consists of two mining licences covering 9.9 square kilometres and contiguous mineral tenures (Prospecting Licences ("PL") and Primary Mining Licences ("PMLs")) totalling approximately 83.5 square kilometres (together "Magambazi"). Magambazi is owned 100% by Denwill Mining Services Ltd. ("Denwill"), a structured entity controlled by East Africa, and the Company has an option agreement to acquire a 100% interest upon payment of US$40,000. Denwill acquired Magambazi by the payment of US$1,800,000, and granted the vendors a 2.0% NSR royalty. As at the date of this MD&A, the option has not yet been exercised.

On June 10, 2015, East Africa signed a Definitive Agreement with the Developer who is to acquire and develop East Africa's Handeni properties and Other properties in Tanzania. Subsequent to December 31, 2016, the Company is on-going discussions with the Developer for an extension to the Definitive Agreement to allow the finalization of financing. Refer to the section "Proposed Transaction" for further information.

MAGAMBAZI PROJECT

Developer Updates

- 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 October 5, 2016, the Company provided an update for the Magambazi Project. According to Tanzanian Goldfields, the mobilization of equipment required to initiate test-mining and bulk-sampling operations as an initial phase of the development plan, is in progress. Gravity recovery equipment is currently onsite with additional equipment being mobilized to site from Dar es Salaam. Agitated leach tanks and Carbon in Leach recovery equipment are scheduled for construction and installation over the next several months. Additionally, Magambazi Camp upgrades have commenced, with the production site preparation now in place.

Magambazi Initial Mineral Resource

The Magambazi initial mineral resource was published in 2012 for its Handeni Properties in Tanzania. Using a cut-off grade of 0.5 grams per tonne gold, Magambazi is estimated to contain an indicated mineral resource of 15.2 million tonnes grading 1.48 grams per tonne gold and containing 721,300 ounces of gold, as well as an inferred mineral resource estimate of 6.7 million tonnes grading 1.36 grams per tonne gold and 292,400 ounces of gold. Table 6 below summarizes the classification of mineral resources within the mineral resource block model.

Table 6 – Initial Magambazi Mineral Resource Estimate Summary – May 2012

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

Note: Quantities are estimated using a cut-off grade of 0.5 grams per tonne gold, a gold price of US$1,250 per ounce, and data from 102,600 metres of diamond drilling in 397 holes. For information on mineral resource estimation methodology, data validation, and quality control refer to the Company's website at www.eastafricametals.com.

Path forward

The Company will continue to move forward with the Definitive Agreement and work with the Developer to advance the Magambazi Project. Refer to the "Proposed Transactions" for further information.

CURRENT COMPANY OBJECTIVES

Current objectives:

1. Obtain mining licence for the Terakimti Oxide Gold Project;
2. Obtain 2 year extensions for the Harvest and Adi Dairo (Adyabo Project) exploration licences;
3. Complete additional upgrading of the resource at the Adyabo Project and assess resource growth potential along the prospective Mato Bula Trend (Adyabo Project);
4. Assess resource growth potential in satellite targets on the Harvest Project;
5. Commence the preliminary work for the preparation for a mine permitting application on the Adyabo Project;
6. Assess new potential exploration opportunities in Ethiopia;
7. Continue to work with the Developer to meet the conditions of the Tanzanian Definitive Agreement;
8. 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.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Company's operations are focused on one industry – the acquisition, exploration and development of gold, copper, and other precious and base metals. At December 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 our determination that the one industry in which we operate provides the most meaningful information for an exploration stage enterprise.

FINANCIAL POSITION

The following financial data is derived from the Company's Financial Statements as at December 31, 2016, 2015 and 2014:

	December 31, 2016	December 31, 2015	December 31, 2014
Total assets	$ 24,891,293	$ 28,828,096	$ 33,304,825
Total liabilities	992,882	1,266,579	1,208,769
Equity (before non-controlling interest)	19,723,641	22,975,024	27,721,308

Total assets

The $3,936,803 decrease from 2015 to 2016 is predominately represented by a reduction in cash for related exploration costs, head office expenditure, amortization of property and equipment, and foreign exchange losses on the translation of United States Dollars ("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 outflows were primarily offset by the private placement financing for gross proceeds of $1,000,000, the exercise of warrants for funds of $1,007,187, and the exercise of stock options for proceeds of $254,950.

Total liabilities

As at December 31, 2016, 2015 and 2014, the Company's total liabilities are predominantly comprised of trade payables and accruals. A portion of the decrease in current liabilities of $247,468 from December 31, 2015, is related to the payment of the non-recurring Tanzanian severance payable of $358,498 in Fiscal 2016 as the Company prepares to hand over the Tanzanian Assets to the Developer offset with the timing of payment of trade payables.

Total equity

The decrease of total equity is predominantly a result of the net loss attributable to shareholders for the year ended December 31, 2016, of $5,171,387 (Fiscal 2015 - $8,050,740) and foreign exchange loss attributable to shareholders of $575,788 (Fiscal 2015 – foreign exchange gain of $3,263,289) 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 $932,803, the granting of 13,500,000 stock options, which vested on the grant date, totalling $300,852, the exercise of 2,479,500 stock options for funds of $254,950 and the exercise of 4,377,352 warrants for funds of $1,007,187. 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 MD&A should be read in conjunction with the Company's Financial Statements for the years ended December 31, 2016, 2015 and 2014. The following financial data are derived from the Company`s Financial Statements for the years ended December 31, 2016, 2015 and 2014 respectively:

	Years ended December 31, 2016	2015	2014
Revenue	$ Nil	$ Nil	$ Nil
Exploration and evaluation expenditures	2,764,717	6,903,698	5,272,245
Other expenditures*	2,655,101	1,820,232	5,378,958
Net loss for the year	5,419,818	8,723,930	10,651,203
Net loss for the year and attributable to shareholders	5,171,387	8,050,740	10,441,622
Basic and diluted loss per share and attributable to shareholders	$ 0.05	$ 0.08	$ 0.12
Weighted average number of common shares used in the calculation of loss per share – basic and diluted	111,055,366	102,343,086	89,646,641
Distributions or Dividends	$ Nil	$ 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 YEAR ENDED DECEMBER 31, 2016 ("FISCAL 2016"), COMPARED TO THE YEAR ENDED DECEMBER 31, 2015 ("FISCAL 2015")

The loss for Fiscal 2016 is $5,419,818 compared to a loss for Fiscal 2015 of $8,723,930. The significant items contributing to the Fiscal 2016 loss includes exploration costs of $2,764,717 (Fiscal 2015 – $6,903,698), management consulting fees of $681,124 (Fiscal 2015 – $541,286), investor / shareholder communications and filing fees of $581,315 (Fiscal 2015 − $299,703), office and administration of $331,729 (Fiscal 2015 - $441,885) and insurance recovery $Nil (Fiscal 2015 − $450,000). The significant balances and variations are discussed below.

Exploration and evaluation expenditure ("Exploration Expenditures")

Exploration Expenditures incurred costs of $2,764,717 in Fiscal 2016 compared to $6,903,698 in Fiscal 2015, a decrease of $4,138,981. The decrease in Exploration Expenditure is primarily related to the reduction of $1,308,556 in camp and administration costs ("camp costs") and a reduction in drilling costs of $2,128,068.

Camp costs of $1,121,394 (Fiscal 2015 − $2,429,950) 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, reduced costs as a result of reduction in staff at Ethiopia and Tanzania and reduced exploration activity as the Company identified new funding opportunities.

Furthermore, the decrease in Exploration Expenditures is a result of lower drilling expenses of $611,129 in Fiscal 2016 (Fiscal 2015 − $2,739,197). In the beginning of Fiscal 2016, the Company completed the infill diamond drill program on the Adyabo Project and continued drill testing at the Adyabo and Harvest Projects in Q4 2016. In the prior year the Company completed an RC drill program on the Terakimti Gold Oxide Resource, a diamond drill program on satellite prospects on the Harvest Project and an exploration diamond drill program on the Adyabo Project.

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

	Year ended December 31, 2016			Year ended December 31, 2015		
	Tanzania	Ethiopia	Total	Tanzania	Ethiopia	Total
Exploration Expenditures						
Amortization	$ 209,800	$ 95,450	$ 305,250	$ 295,082	$ 100,125	$ 395,207
Camp and administration costs	398,613	722,781	1,121,394	1,537,294	892,656	2,429,950
Drilling	--	611,129	611,129	--	2,739,197	2,739,197
Geochemistry	2,910	75,506	78,416	7,071	88,869	95,940
Geology	1,704	164,515	166,219	10,375	386,206	396,581
Preliminary resource and engineering studies	--	137,260	137,260	--	292,334	292,334
Project management and consulting	27,467	--	27,467	72,886	--	72,886
Share-based compensation	--	107,763	107,763	--	--	--
Technical services	1,269	208,550	209,819	107,824	373,779	481,603
Total for the year	641,763	2,122,954	2,764,717	2,030,532	4,873,166	6,903,698
Balance at the beginning of the year	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 year	$ 70,027,814	$ 10,697,078	$ 80,724,892	$ 69,386,051	$ 8,574,124	$77,960,175

Management consulting fees

In Fiscal 2016, the Company recorded management consulting fees and expenses of $681,124 compared to $541,286 in Fiscal 2015, an increase of $139,838. In Fiscal 2016, the Company recorded $250,000 (Fiscal 2015 − $250,000) for consulting fees provided by a management company controlled by an officer of the Company, $45,625 (Fiscal 2015 − $60,000) was paid to a related party for Chinese translation and administration services, and $100,000 (Fiscal 2015 − $Nil) was recorded for corporate secretary services. In addition, the Company paid fees of $97,143 (Fiscal 2015 − $Nil) to a consultant for entering into an agreement to identify opportunities and provide corporate development services to enhance the interests of the Company and its shareholders.

Investor / shareholder communications and filing fees

In Fiscal 2016, the Company recorded investor / shareholder communications and filing fees of $581,315 compared to $299,703 in Fiscal 2015, an increase of $281,612. 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. The increase relates to the commencement of a European marketing program to advertise the Company's projects to European investors. In connection with the European marketing program the Company attended investor conferences in Europe to further promote the Company.

Office and administration

Office and administration costs totalled $331,729 in Fiscal 2016, compared to $441,885 in Fiscal 2015. Costs for office and administration include office expenses, travel expense for corporate head office staff, network services and insurance. The decrease of $110,156 is related to savings gained from moving to a smaller office and the Company's objective to reduce head office costs.

Insurance recovery

In Fiscal 2015, the Company recorded the final insurance settlement of $450,000 related to the British Columbia Securities Commission hearing costs which are covered under the Company's insurance policy. The funds were collected subsequent to December 31, 2015.

LOSS FOR THE YEAR ENDED DECEMBER 31, 2015 ("FISCAL 2015"), COMPARED TO THE YEAR ENDED DECEMBER 31, 2014 ("FISCAL 2014")

The below variations represent the significant balances and variations between Fiscal 2015 and 2014:

Exploration and evaluation expenditure ("Exploration Expenditures")

Exploration Expenditures incurred costs of $6,903,698 in Fiscal 2015 compared to $5,272,245 in Fiscal 2014. Significant expenditure on the Ethiopian Projects relates to the two drill programs undertaken during Fiscal 2015. The first program the Company incurred expenditure of $1,020,617 on the Harvest Project for RC drilling and related expenditure to define a gold oxide resource on the Terakimti VMS deposit. On the second drill program, the Company incurred diamond drilling and related expenditure of $1,432,393 on the Adyabo Project for infill drilling to update the initial Mineral Resource Estimate.

For Fiscal 2015, the Company expended $201,306 (Fiscal 2014 − $Nil) on the Terakimti Oxide Resource estimate for metallurgical work and incurred $91,028 (Fiscal 2014 − $Nil) for the preparation of an update to the initial Adyabo Mineral Resource Estimate. Camp and administration costs for Fiscal 2015 of $2,429,950 (Fiscal 2014 − $1,578,660) represents in-country expenses such as camp, salary, legal, accounting, office costs, and project management expenses to manage and oversee the foreign operations. A predominate portion of the increase from the prior year is 1) Twelve months of activity in Fiscal 2015 compared to approximately 8 months of activity in Fiscal 2014 as a result of the Tigray acquisition and 2) severance and related costs of $358,498 for the Tanzanian operations in preparation for the handover of the operations to the Developer.

Legal, audit and audit related expenses

In Fiscal 2015, the Company incurred legal, audit and audit related expenses of $362,936 compared to $195,516 in Fiscal 2014, an increase of $167,420. The factors for the increase of $245,317 relates to the Harpreet Sangha claim, foreign country tax and legal advice and the services for the Tanzanian Definitive Agreement. During the year ended December 31, 2015, $10,000 was paid to Harpreet Sangha in settlement of the dispute.

Change in fair value of share purchase warrants

In comparison from Fiscal 2015 to Fiscal 2014 the Company did not hold a loan receivable and associated warrants from Tigray in Fiscal 2015. In Fiscal 2014 the Company recorded a change in fair value of other assets (share purchase warrants) with loan receivable of $388,630. This amount was a result of the Company receiving 8,000,000 share purchase warrants in connection with a loan of $2,000,000 provided to Tigray on December 4, 2013. These share purchase warrants were voluntarily cancelled immediately prior to the completion of the Tigray Arrangement in May 2014.

Project generation

Project generation costs totalled $Nil in Fiscal 2015, compared to $377,204 in Fiscal 2014. The Fiscal 2014 costs were related to allocation of wages and internal costs, financial advisors, lawyers and other experts for the research, analysis and evaluation for the Tigray Arrangement and potential joint-venture partners for the Magambazi Project.

Write-off of mineral property interests

The Company concluded no write-offs of mineral property interest were required in Fiscal 2015. In Fiscal 2014, the Company wrote off $2,375,466 of mineral property interests as a result of termination of option agreements and abandonment of PLs within Tanzania - Other properties.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Revenue	Loss(1)	Loss per share, basic
Fiscal 2016			
December 31, 2016	Nil	$1,588,938	$0.01
September 30, 2016	Nil	1,231,319	0.01
June 30, 2016	Nil	1,057,128	0.01
March 31, 2016	Nil	1,542,433	0.01
Fiscal 2015			
December 31, 2015	Nil	2,426,163	0.02
September 30, 2015	Nil	1,623,915	0.01
June 30, 2015	Nil	1,833,038	0.02
March 31, 2015	Nil	2,840,814	0.03

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

LOSS FOR THE THREE MONTHS ENDED DECEMBER 31, 2016 ("Q4 2016"), COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2015 ("Q4 2015")

The loss for Q4 2016 is $1,588,938 compared to a loss for Q4 2015 of $2,426,163. The significant items contributing to the Q4 2016 loss includes exploration costs of $931,629 (Q4 2015 – $2,325,304), write-off of mineral property interests of $166,127 (Q4 2015 − $Nil), management consulting fees of $119,254 (Q4 2015 – $136,960), Investor / shareholder communications and filing fees of $122,295 (Q4 2015 – $51,848) and insurance recovery of $Nil (Q4 2015 − $450,000). Significant balances and variations are discussed below.

Exploration and evaluation expenditure ("Exploration Expenditures")

Exploration Expenditures incurred costs of $931,629 in Q4 2016 compared to $2,325,304 in Q4 2015, a decrease of $1,393,675. The decrease in Exploration Expenditures is primarily related to the reduction of $614,343 in camp and administration costs ("camp costs") and a reduction in drilling costs of $607,037.

Camp costs of $316,639 (Q4 2015 − $930,982) 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.

Drilling costs of Q4 2016 amounted to $408,306 (Q4 2015 − $1,015,343). Drilling costs were higher in the same quarter of the prior quarter due to the commencement of the infill diamond drilling at the Adyabo Project to update and further define the present resource.

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

	Three months ended December 31, 2016			Three months ended December 31, 2015		
	Tanzania	**Ethiopia**	**Total**	**Tanzania**	**Ethiopia**	**Total**
Exploration Expenditures						
Amortization	$ 48,183	$ 19,792	$ 67,975	$ 59,114	$ 21,840	$ 80,954
Camp and administration costs	135,385	181,254	316,639	673,483	257,499	930,982
Drilling	--	408,306	408,306	--	1,015,343	1,015,343
Geochemistry	740	8,894	9,634	479	12,338	12,817
Geology	--	55,958	55,958	1,658	61,923	63,581
Preliminary resource and engineering studies	--	15,424	15,424	--	74,785	74,785
Project management and consulting	7,005	--	7,005	33,203	--	33,203
Technical services	1,184	49,504	50,688	26,367	87,272	113,639
Total for the period	192,497	739,132	931,629	794,304	1,531,000	2,325,304
Balance at the beginning of the period	69,835,317	9,957,946	79,793,263	68,591,747	7,043,124	75,634,871
Cumulative balance at the end of the period	$ 70,027,814	$ 10,697,078	$ 80,724,892	$ 69,386,051	$ 8,574,124	$ 77,960,175

Write-off mineral property interests

In Q4 2016, the Company recorded an impairment charge of $166,127 compared to $Nil in Q4 2015. The write-off relates to the abandonment of two PLs within Tanzania other properties.

Management consulting fees

In Q4 2016, the Company paid management consulting fees and expenses of $119,254 compared to $136,960 in Q4 2015, a decrease of $17,706. In Q4 2016, $62,500 (Q4 2015 − $62,500) was paid to a management company for services provided for consulting fees rendered by an officer of the Company, $11,250 (Q4 2015 − $15,000) was paid to a related party for Chinese translation and administration services, and $25,000 (Q4 2015 − $Nil) was recorded for corporate secretary services.

Investor / shareholder communications and filing fees

In Q4 2016, the Company recorded investor / shareholder communications and filing fees of $122,295 compared to $51,848 in Q4 2015, an increase of $70,447. The increase relates to the European marketing program to advertise the Company's projects to European investors. In connection with the European marketing program the Company attended investor conferences in Europe to further promote the Company.

Insurance recovery

In Q4 2015, the Company recorded final insurance settlement of $450,000 related to the British Columbia Securities Commission hearing costs which are covered under the Company's insurance policy.

LIQUIDITY

As at December 31, 2016, the Company had cash and cash equivalents of $367,690, other current assets of $650,428 and current liabilities of $914,194, 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 December 31, 2016 and 2015 the Company had the following commitments:

	December 31, 2016	December 31, 2015
No later than 1 year	$ 307,933	$ 342,572
Later than 1 year and no later than 5 years	619,922	899,890
Later than 5 years	--	--
	$ 927,855	$ 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. Pursuant to the lease agreement, the Company is entitled to leasehold inducement of $131,146. On inception, the leasehold inducement amount is included in accounts receivable with a corresponding deferred credit amortized on a straight-line basis over the term of the lease.

As at December 31, 2016, with the Company's working capital being $103,924 (December 31, 2015 - $2,025,317), the Company estimates that it does not have available funds, including the subsequent STH $5,200,000 financing, 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 but are 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 Financial Statements for the year ended December 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's approximate minimum monthly administration costs whilst monitoring costs until receiving the Terakimti Oxide Gold mining licence and obtaining financing for development ("Interim Phase") are $140,000. During this Interim Phase the site and camp costs are approximately $130,000 monthly to maintain the normal operations in Ethiopia and Tanzania. In addition, subsequent to December 31, 2016, the Company has commenced a drill and exploration program, with an estimated cost of $2,400,000, on the West Shire exploration licence (Adyabo Project) to meet the requirements of the 10th and final year of the exploration licence term. These balances are non-GAAP financial measures and have been determined on past expenditures and budgeted operations adjusted for non-cash and one-off items. The site and camp monthly administration costs represent head office costs and site and camp costs include expenses for geologists, administrative staff and costs of operating the Ethiopian offices and warehouses. This drill and exploration program will provide additional support for the Company's application for a 2 year extension on the West Shire exploration licence. The 2 year exploration extension will be used to complete in-fill drilling, I.P follow-up testing, metallurgical testing, environmental and social studies, preliminary engineering work and submission of a mining licence application on the West Shire resource.

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. As a result of discussions the Company announced in March 2017 and closed an equity placement of $5,200,000 with a Chinese public company (Refer to the section "Key Operating Milestones" for further details).

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 and accrued US$200,000 (CAD$268,528) for the outstanding payments related to the first instalment of US$500,000. 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, a marketing program to strengthen market demand to exercise outstanding warrants, debt financing, gold streaming contracts or similar hybrid instruments, equity financing and optioning its mineral properties. However, there is no assurance that such financing will be available. 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 North American poor market conditions and further downward trends for exploration focus 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 continues discussions with a number of interested parties in providing capital funding to advance the Company's Harvest Project. Refer to the sections "Corporate Developments and 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, environmental protection, government policies and regulation.

Capital Expenditures

For Fiscal 2016, the Company expended $171,093 (Fiscal 2015 – $93,048) on maintenance payments of mineral property interests and insignificant expenditure on property, plant and equipment for Fiscal 2016 and 2015. Mineral property capital expenditures and acquisitions for Fiscal 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	109,177	61,302	64	550	171,093
Shares and warrants issued	(107,977)	(31,565)	--	--	(139,542)
Definitive Agreement deposit	(531,467)	--	--	--	(531,467)
Write-off	--	(166,127)	--	--	(166,127)
Foreign exchange	(69,818)	(71,087)	(537,756)	(13,777)	(692,438)
As at December 31, 2016	$ 1,929,119	$ 2,175,344	$ 17,482,161	$ 833,958	$ 22,420,582

FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are classified based on the lowest level of input significant to the fair value measurement based on the fair value hierarchy. Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The book values of cash and cash equivalents, and accounts receivable are representative of their respective fair values due to the short-term nature of these instruments. The fair value of accounts payable may be less than the carrying value as a result of the Company's credit and liquidity risk. As at December 31, 2016, the classifications of the financial instruments are shown in the table below:

	Loans and receivables	Other financial liabilities	Total carrying value
As at December 31, 2016			
Cash and cash equivalents	$ 367,690	$ --	$ 367,690
Accounts receivable and related parties	409,425	--	409,425
Accounts payable	--	(592,958)	(592,958)
	$ 777,115	$ (592,958)	$ 184,157

Fair values

The Company's financial assets and liabilities are classified based on the lowest level of input significant to the fair value measurement based on the fair value hierarchy:

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

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

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

Management of financial risk

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

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Ethiopia and Tanzania and the Company's functional currency is the Canadian dollar and for its foreign operations the functional currency is the USD. The Company's expenses are incurred in Euros ("EUR"), Australian dollars ("AUD"), USDs, Tanzanian shillings ("TSH") and Ethiopian BIRR ("ETB"). A significant change in the currency exchange rates between the functional currencies relative to these currencies could have an effect on the Company's statement of operations. The Company has not hedged its exposure to currency fluctuations.

As at December 31, 2016, the Company is exposed to currency risk through the following assets and liabilities dominated in EUR, AUD, USD, TSH and ETB:

	EUR	AUD	USD	TSH	ETB
As at December 31, 2016					
Cash and cash equivalents	€ --	$ --	$ 8,849	1,722,547	938,897
Accounts receivable	--	--	237,890	--	4,496
Accounts payable	--	4,328	(14,027)	(359,996)	(456,790)
	€ --	$ 4,328	$ 232,712	1,362,551	486,603

Based on the above net exposure as at December 31, 2016, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against these currencies would result in an insignificant decrease/increase in the Company's consolidated statements of operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from the interest rate impact on cash and cash equivalent. The Company earns interest on its cash and cash equivalents based on current market interest rates, which during the year ended December 31, 2016, at approximately 0.19% (year ended December 31, 2015 – 0.20% to 1.75%).

Based on the amount of cash and cash equivalents as at December 31, 2016, and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an insignificant increase/ decrease to the interest earned in the Company consolidated statements of operations.

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 cash and cash equivalents, Tanzanian Assets receivable, statutory receivables (GST/VAT) and trade receivables from related parties. The carrying amount of cash and cash equivalents, Tanzanian Assets receivable receivables from related parties and statutory receivables represents the Company’s maximum exposure to credit risk.

As at December 31, 2015, a foreign government had concluded that the Company’s foreign subsidiary does not qualify for Value Added Tax (“VAT”) refund (taxes recoverable), as the Company’s foreign subsidiary had not generated taxable supplies. The foreign government has indicated that the VAT receivable may be carried forward and deducted against future VAT payable when the Company’s foreign subsidiary starts making taxable supplies. As a result, taxes recoverable could be exposed to the credit risk associated with the potential future rejection of the Foreign Government to grant the taxes recoverable in part or whole.

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 $268,528 and outstanding recoverable operating expenses of $50,873 as at December 31, 2016. 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 and recoverable operating expenses. Management made a judgement with respect to the ability to receive the first installment payment and recoverable operating expenses 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 and recoverable operating expenses 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 structure as described below.

As at December 31, 2016, the Company had cash and cash equivalents of $367,690 (December 31, 2015 - $2,319,653) to settle current liabilities of $914,194 (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. Refer to the “Liquidity” and “Outlook” sections for further information.

MANAGEMENT OF CAPITAL

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

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

TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company transacted with individuals and companies considered to be related parties. Related party transactions involve normal commercial compensation for services rendered by senior management, officers, and directors of the Company, by companies with which they were associated as owners, contractors or employees. For the year ended and as at December 31, 2016, the Company had recorded the following significant related party transactions:

For the year ended December 31, 2016, the Company incurred reimbursable goods and services for True North Gems Inc. and Nickel North Exploration Corp. totaling $151,874 (Fiscal 2015 – $228,268) for shared office, administration and exploration expenses.

For the year ended December 31, 2016, the Company incurred management consulting fees and expenses of $295,625 (Fiscal 2015 – $310,000). Of this amount $250,000 (Fiscal 2015 – $250,000) were paid to a privately held company controlled by the CEO for management services.

Fees, salaries and benefits, which can include share-based compensation, paid to directors and senior key management totalled $750,279 for the year ended December 31, 2016 (Fiscal 2015 – $642,802). Senior key management includes the CEO, VP of Exploration, and the CFO.

During the year ended December 31, 2016, the Company approved the grant of up to 2,750,000 bonus common shares to CEO, VP of Exploration, CFO and two other officers at a deemed issue price of $0.10 per common share, subject to conditions that the shares are granted of the later of July 1, 2016 or the date a mining license for the Company's Harvest Project is issued.

Subsequent to year ended December 31, 2016, SinoTech, a related party with directors in common, granted a short–term unsecured loan to the Company in the amount of $500,000 at an interest rate of 12% per annum. The loan and all accrued and unpaid interest was payable on the earlier of 10 business days after the Company's closing of the Private Placement announced in November 2016 or 90 days from the Company's receipt of the loan proceeds. The loan and interest of $509,800 was repaid subsequent to the receipt on closing of the November 2016 Private Placement in March 2017.

CRITICAL ACCOUNTING ESTIMATES

The details of the Company's accounting policies are presented in Note 4 of the Financial Statements for the year ended December 31, 2016. The Company's Financial Statements are prepared in accordance with IFRS. The preparation of these Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

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

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's balance sheets reported in future periods.

(a) Going Concern

These Financial Statements have been prepared on the assumption that the Company is able to continue as a going concern. The Company has estimated its development, exploration and operational expenditure for the coming 12 months from historical and projected costs of its development, exploration and corporate programs. The Company's expected commitments is based on management's best estimates of operating conditions for continued engineering and metallurgical work on the Terakimti oxide gold deposit, updated mineral resource work on the Adyabo Project, exploration and corporate requirements in the context of current economic conditions and today's capital market climate.

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

Denwill is consolidated as a structured entity and the purpose of which is for the benefit of the Company to acquire PMLs in Magambazi, restricted to citizens of Tanzania. During the year ended June 30, 2011, the Company provided funds to Denwill for the payments for the Magambazi PMLs. Concurrently, during the year ended June 30, 2011, the Company and Denwill entered into an agreement whereby the Company was granted an option to acquire all of the issued and outstanding shares of Denwill for US$40,000, which has not yet been exercised. The Company has assessed it has control over Denwill as 1) Denwill's two directors are directors of the Company's 100% owned Tanzanian subsidiary, 2) the Company provides funds for the payments of PML's, and 3) has the power to direct the exploration activities, which affects the risks and rewards from the Magambazi Project.

(c) Tanzanian Assets

The Company has announced the proposed sale of its assets in Tanzania to a third party. Following the guidance under IFRS 5, *"Non-current assets held for sale and discontinued operations",* management applied significant judgement to determine the classification of these assets, and whether an impairment assessment was required as at December 31, 2016. In concluding its judgement, management evaluated the existence of a potential buyer, the continued commitment of the Company to sell the assets, the likelihood of shareholders' and regulatory approval as well as the likelihood of completing the transaction within one year from the year-end. Management has assessed that the assets in Tanzania should not be classified as held for sale as at December 31, 2016, given the uncertainty around timing of completion of the sale, which is contingent on in-country government approvals.

(d) Measurement uncertainty – Ethiopian Mineral Property Interest assets

The Company's exploration licence at the Harvest Project and one of its exploration licences at the Adyabo Project expired in January 2017. In January 2017, the Company applied for a 2-year extension for these exploration licenses. During 2016 the Company submitted a mining application for the Terakimti Oxide Gold resource. Subsequent to December 31, 2016, the Ethiopian Ministry of Mines continues to review the three applications. If the Ministry of Mines does not approve either the exploration licence extensions or the mining licence application the Company may lose title to its Ethiopian mineral property interest assets. If this were to occur it would represent a trigger for an impairment assessment.

(e) Tanzanian VAT receivable recoverability

At December 31, 2016, $208,343 was due to the Company's foreign subsidiary from the foreign government for VAT. The foreign government has concluded that the Company's foreign subsidiary does not currently qualify for a VAT refund, as the Company's foreign subsidiary has not generated taxable supplies. The foreign government has indicated that the VAT receivable may be carried forward and deducted against future VAT payable when the Company's foreign subsidiary starts making taxable supplies.

The Company's assessment of its ability to collect its foreign VAT accounts receivable required judgement on the Government's position. A change in this judgment in future periods may have an impact on the statement of operations or receipt of other evidence indicating that collection is unlikely or the final amount of VAT that the foreign government will approve for refund.

(f) Tanzanian Definitive Agreement receivable recoverability

With the execution of the Definitive Agreement, as at December 31, 2016, US$200,000 (CAD$268,528) was due to the Company's for the outstanding instalments for the first payment of US$500,000 which was due on March 17, 2016. Subsequent to December 31, 2016, the Developer and the Company are in discussions for a further extension of three (3) months. The Developer has indicated that first stage of financing for the development of the Tanzanian Assets is in its final phases.

The Company's assessment of its ability to collect its outstanding receivable required judgement on the ability of the Developer to raise money to complete the outstanding payments related to the first payment tranche of US$500,000 and recoverable operating expenses. 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 and recoverable operating expenses. The Developer is committed to completing the first instalment by providing further payments of US$200,000 and payments for recoverable operating expenses of US$214,990 during the year ended December 31, 2016. Management made a judgement with respect to the ability to receive the final installment payments from the Developer and concluded that a provision against outstanding receivables is not necessary based on the preceding facts. A change in this judgment in future periods may have an impact on the statement of operations based on receipt of other evidence indicating that collection is unlikely.

(g) Valuation of share based compensation

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

CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

IFRS 10 Consolidated Financial Statements - amendment

Sale or contribution of assets between an investor and its associate *IFRS 10, Consolidated Financial Statements* ("IFRS 10") has been amended to address an inconsistency between IFRS 10 and *IAS 28, Investments in Associates and Joint Ventures*. The main consequence of the amendment is that a full gain or loss is recognized when the transaction involves a business combination, and whereas a partial gain is recognized when the transaction involves assets that do not constitute a business. The amendment is effective for years beginning January 1, 2016. The Company has concluded there was no significant impact of adopting this standard.

<u>IFRS Accounting policies not yet effective</u>

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

(a) *IFRS 2 Share-based Payments ("IFRS 2")*

In June 2016, the IASB issued amendments to IFRS 2, classifying how to account for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity-settled. IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of determining the extent of the impact of adopting this standard.

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

The final version of IFRS 9 was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.

The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses.

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

(c) *IFRS 16 Leases ("IFRS 16")*

In January 2016, the IASB announced its new leasing standard, *IFRS 16*. The new standard will eliminate the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The new standard will present a single on-balance sheet accounting model that is similar to current finance lease accounting. The new standard will take effect for fiscal years starting on or after January 1, 2019. The Company expects the new standard to result in some leases, which are currently accounted for under the operating lease method, being added to the balance sheet. Management has elected not to early adopt this accounting policy and the Company continues to assess the impact on adoption.

(d) *IAS 7 Statements of Cash Flows ("IAS 7") – amendment*

In January 2016 the IASB issued amendments to IAS 7, *Statements of Cash Flows*, effective for annual periods beginning on or after January 1, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The Company is in the process of determining the extent of the impact of adopting this standard.

(e) *IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration ("IFRIC 22")*

On December 8, 2016, the IASB issued IFRIC 22, which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The standard provides guidance on how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate the asset, expense or income on initial recognition that relates to, and is recognized on the de-recognition of, a non-monetary prepayment asset or a non-monetary defined income liability. It is effective January 1, 2018. The Company is in the process of determining the extent of the impact of adopting this standard.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's 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 non-GAAP financial measures for other expenditures and the liquidity monthly expenditures balances to manage operating performance and prepare the Company's MD&A. The Company believe 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 Financial Statements disclosures additional disclosure and/or reconciliation may be provided within the Non-GAAP disclosure if deemed necessary.

RISK FACTORS

Financial (liquidity) 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 $367,690 and working capital of $103,924 as at December 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 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 Definitive Agreement receivable and trade receivables from related parties. The carrying amount of cash and cash equivalents, Definitive Agreement receivable, receivables from related parties and other accounts receivable represents the Company’s maximum exposure to credit risk.

In Fiscal 2015 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 foreign government has indicated that the VAT receivable may be carried forward and deducted against future VAT payable when the Company’s foreign subsidiary starts collecting taxable supplies. As a result, VAT recoverable could be exposed to the credit risk associated with the potential future rejection of the Foreign Government to grant the VAT recoverable in part or whole.

In addition, the Company’s assessment of its ability to collect its outstanding receivable from the Developer requires judgement to assess the ability of the Developer to complete the outstanding payments related to the first payment tranche of US$500,000 and recoverable operating expenses. Management made a judgement with respect to the ability to receive the first installment payment and recoverable operating expenses from the Developer and concluded that a provision against outstanding receivables is not necessary based on the preceding facts. As a result, the outstanding first instalment receivable and the outstanding recoverable operating expenses receivable could be exposed to the credit risk associated with the unfulfilled payments from the Developer.

Currency Risk

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

Environmental Risk

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

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

Exploration and Commercial Viability Risk

The Company has no production of minerals and its properties are all currently at the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine the presence of any such deposit. The exploration and development of mineral deposits involves significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be fully mitigated. The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. These factors include, but are not limited to, Government approval for mining licences and exploration licence extensions applications, Government regulations, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations. All or some of these factors may have an impact on the economic viability of a mineral deposit. These unique environments could limit or reduce production possibilities or if conditions are permissive for potential natural disasters, such as severe weather, could negatively impact facilities, equipment and the safety of its workers dramatically. One or more of these risk elements could have an impact on costs of the operations and if significant enough, reduce the profitability of future production and threaten the continuation of a particular project or operations altogether.

Macroeconomic Risk

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

Foreign Countries and Political Policy Risk

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

Conflict of Interest

The Company's directors and officers may serve as directors and/or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in financing, business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

OTHER MD&A REQUIREMENTS

Additional Disclosure for Venture Issuers without Significant Revenue

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

Outstanding Shares

As at April 28, 2017, the Company has 141,480,398 common shares issued and outstanding.

As at April 28, 2017, the Company has 36,135,620 warrants issued and outstanding.

As at April 28, 2017, the Company had 17,670,500 options outstanding and exercisable.

APPROVAL

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