EAST AFRICA METALS INC.

COMMON SHARES

No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this Application.

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1. Glossary of Terms

In the event of a conflict between a term defined in this glossary and a term defined in the Policy Manual of the TSXV, the TSXV definition will govern.

In this Application, the following capitalized words and terms shall have the following meanings:

Arrangement	An arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Canaco Resources Inc. ("Canaco").
Arrangement Agreement	The Arrangement Agreement dated February 27, 2013, including the schedules attached thereto, between Canaco and East Africa Metals Inc. ("East Africa Metals").
Board	The board of directors of East Africa Metals.
Canaco	Canaco Resources Inc., a company incorporated under the CBCA, which changed its name to Orca Gold Inc. on the Effective Date.
Canaco Shares	The common shares in the capital of Canaco.
CBCA	The Canada Business Corporations Act and the regulations thereunder, as promulgated or amended from time to time.
Court	The Ontario Superior Court of Justice – Commercial List.
East Africa Metals	East Africa Metals Inc., a company incorporated under the CBCA.
East Africa Metals Option Plan	The stock option plan of East Africa Metals approved by the shareholders of Canaco at the Meeting.
East Africa Metals Shares	The common shares in the capital of East Africa Metals.
Effective Date	April 4, 2013 as designated by Canaco and East Africa Metals by notice in writing as the effective date of the Arrangement, after all of the conditions of the Arrangement Agreement and the Final Order have been satisfied or waived.
Final Order	The final order of the Court pursuant to Section 192 of the CBCA issued on April 3, 2013, approving the Arrangement; such Court having approved the procedural and substantive fairness of the terms and conditions of the exchange of the securities by Shareholders who are resident in the United States as contemplated herein after having been informed of the parties' intention to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act with respect to the exchange, and after notice and a hearing upon the fairness of such terms and conditions at which all Shareholders have the right to appear.

Handeni Property	The area covered by prospecting license PL 4781/2007 and mining license ML 480/2012, which includes the Magambazi Project.
Handeni Report	The technical report prepared in accordance with NI 43-101 by Dr. Sandy M. Archibald, P.Geo. and Ian J. Farrelly, P.Geo., each of Aurum Exploration Services, James N. Gray, P.Geo. of Advantage Geoservices Ltd. and Dr. James A. King, P.Eng. of Jim King Consulting Inc. entitled "Mineral Resource Estimate and Update to a NI 43-101 Technical Report for the Handeni Property centered at 37.97°E, 5.744°S, Tanga Province, Handeni District, Tanzania" for East Africa Metals dated June 11, 2013.
IFRS	International Financial Reporting Standards as adopted by the International Accounting Standards Board or a successor entity, as amended from time to time.
Magambazi PMLs	The Magambazi primary mining licences.
Magambazi Project	Magambazi project on the Handeni Property.
Market Price	The closing price of the East Africa Metals Shares on the day immediately preceding the day the option is granted.
Meeting	The meeting of shareholders of Canaco held at the Hyatt Regency Vancouver, 655 Burrard Street, Vancouver, British Columbia V6C 2R7 on March 28, 2013 at 10:00 a.m. (Vancouver time).
MML	Magambazi Mines Company Limited, a Tanzanian company formed by local miners.
NI 43-101	National Instrument 43-101 – Standards of Disclosure for Mineral Projects.
Plan of Arrangement	The Plan of Arrangement attached as Schedule "E" hereto
Securities Legislation	The securities legislation of the provinces and territories of Canada, and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such statutes, as well as the rules, regulations, by-laws and policies of the TSXV.
SEDAR	System for Electronic Document Analysis and Retrieval at www.sedar.com.
Shark	Means Shark Minerals Inc., a corporation existing under the laws of the Province of British Columbia;
Shareholders	The registered or beneficial holders of Canaco Shares.
Transfer Agent	Computershare Investor Services Inc.
TSXV	The TSX Venture Exchange.
U.S. Securities Act	The United States Securities Act of 1933, as amended, and the rules and regulations promulgated from time to time thereunder.

2. Summary

The following is a summary of the principal features of this Application and should be read together with the more detailed information and financial data and statements contained elsewhere in this Application.

Description of Business

As of the Effective Date, East Africa Metals owns the Handeni Property, which includes the Magambazi Project, which are mineral exploration properties in Tanzania, and it conducts mineral exploration and development activities on one or more of such properties with the objective to identify mineral deposits that may warrant commercial development. See "4. Description of the Business - Handeni Property, Tanzania - Exploration" below for information on East Africa Metals proposed exploration program on the Handeni Property.

Common Shares

East Africa Metals is seeking to list its common shares on the TSXV. The authorized capital of East Africa Metals consists of an unlimited number of common shares. There are 67,305,842 East Africa Metals Shares outstanding. The TSXV has conditionally accepted the listing of the East Africa Metals Shares on the TSXV under the symbol "EAM", subject to East Africa Metals fulfilling all of the requirements of the TSXV.

The Arrangement

On April 4, 2013, pursuant to the Arrangement Agreement, Canaco (a transferred all of its assets other than $60 million in cash and certain assets and liabilities as defined in the agreement, to East Africa Metals, (b) distributed all of the shares of East Africa Metals to Canaco Shareholders on the basis of one East Africa Metals Share for every three Canaco Shares held by Canaco Shareholders as of the Effective Date.

Pro forma Use of Funds and Business Objectives

As of April 4, 2013, East Africa Metals has a working capital of approximately $22.4 million, excluding $4 million in restricted cash, and holds the Handeni Property, which includes the Magambazi Project. East Africa Metals plans to concentrate its activities on the exploration of the Handeni Property and the acquisition and exploration of other gold project throughout Africa.

Exploration	
Handeni Report – Magambazi phase 1	$381,250
Handeni Report – Magambazi phase 2	$1,077,900
Annual property maintenance, rental and acquisition costs on Magambazi Project	$980,600
Regional exploration in Handeni district	$1,168,300
General and administration costs	
Canadian and Tanzanian G&A costs - 12 months	$2,127,200
Estimated costs to complete listing	$--
Equipment purchases and other	$51,400
Unallocated working capital	$16,620,053
Total (excluding restricted cash)	$22,406,703

EAST AFRICA METALS SELECTED FINANCIAL INFORMATION

The following table sets out selected audited financial information in respect of East Africa Metals (formerly 8373973 Canada Ltd.) as at March 31, 2013 and should be considered in conjunction with the more complete information contained in the interim financial statements of East Africa Metals attached as Schedule "C" to this Application. All currency amounts are stated in Canadian dollars and the financial statements have been prepared in accordance with IFRS.

	As at March 31, 2013
Current assets	$1
Total equity	$1

EAST AFRICA METALS SELECTED PRO FORMA FINANCIAL INFORMATION

The following selected unaudited pro forma consolidated financial information for East Africa Metals is based on the assumptions described in the respective notes to East Africa Metals' unaudited pro forma consolidated financial statements as at March 31, 2013, included at Schedule "D" of this Application. The unaudited pro forma consolidated balance sheet has been prepared based on the assumption that, among other things, the Arrangement occurred on March 31, 2013. No annual unaudited pro-forma financial statements have been presented for East Africa Metals because the historical operations of East Africa Metals is essentially the historical operations of Canaco for the years ended June 30, 2012, and 2011, which is hereby incorporated by reference in this document. Refer to www.sedar for Canaco's, now Orca Gold Inc., financial statements. **The unaudited pro forma consolidated financial statements are not necessarily indicative of East Africa Metals' consolidated financial position and results from operations if the events reflected therein were in effect for the periods presented, nor do they purport to project East Africa Metals' consolidated financial position or results of operations for any future period.**

The unaudited pro forma consolidated financial statements are based on certain assumptions and adjustments. The selected unaudited pro forma consolidated financial information given below should be read in conjunction with the description of the Arrangement contained in this Application and the unaudited pro forma consolidated financial statements contained in this Application.

East Africa Metals Inc. Pro Forma Condensed Balance Sheet (Schedule "C")

	As at March 31, 2013
Current assets	$26,757,573
Mineral property interests	$5,493,245
Other assets	$1,939,391
Total assets	$34,190,209
Total liabilities	$350,870
Total' equity	$33,839,339

RISK FACTORS

The securities of East Africa Metals should be considered highly speculative investments and the transactions contemplated herein should be considered of a high-risk nature.

There are risks associated with the business of East Africa Metals that should be considered by East Africa Metals Shareholders, including: (i) nature of the securities and no assurance of listing; (ii) limited operating history; (iii) dependence on management; (iv) financing risks; (v) conflicts of interest; (vi) no history of earnings; (vii) exploration and development; (viii) environmental risks and other regulatory requirements; (xi) dilution; (x) nature of mineral exploration and development; (xi) foreign country risks; (xii) commodity prices; (xiii) acquisition strategy; (xiv) dividend policy; (xv) permitting; (xvi) land title; (xvii) influence of third party stakeholders; (xviii) insurance; and (xix) significant competition for attractive mineral properties; (xx) estimates of mineralization, resources and reserves; (xxi) dependency on infrastructure; (xxii) mining and investment policies; and (xxiii) hedging and foreign exchange rates.

See “20. Risk Factors”.

3. Corporate Structure

East Africa Metals was incorporated as “8373973 Canada Ltd.” under the CBCA on December 7, 2012, for the purposes of the Arrangement, and subsequently changed its name to “East Africa Metals Inc.” on February 26, 2013. No material amendments have been made to East Africa Metals’ articles or other constating documents since its incorporation.

East Africa Metals head and registered office and principal business address are all located at Suite 3114, 1055 Dunsmuir Street, Four Bentall Centre, Vancouver, British Columbia V7X 1G4.

East Africa Metals, directly or indirectly, holds 100% of each of Canaco Resources Holdings Inc., Canaco Tanzania Holdings Inc., Canaco Resources (BC) 2009 Inc. and Canaco Tanzania Limited.

Upon completion of the Arrangement on April 4, 2013, East Africa Metals became a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Québec and New Brunswick.

4. Description of the Business

East Africa Metals owns the Handeni Property, which includes the Magambazi Project, which are mineral exploration properties in Tanzania, and it conducts mineral exploration and development activities on one or more of such properties with the objective to identify mineral deposits that may warrant commercial development. In addition, East Africa Metals is evaluating other exploration or corporate opportunities in the mining sector, to maximize shareholder value. There can be no assurance that commercially viable mineral deposits exist in any of its properties until further exploration work is done and, if warranted, comprehensive economic evaluation based upon that work is concluded. See “Handeni Property, Tanzania - Exploration” below for information on East Africa Metals proposed exploration program on the Handeni Property.

GENERAL DEVELOPMENT OF THE BUSINESS – THREE YEAR HISTORY

East Africa Metals acquired the Handeni Property and its other assets pursuant to the Arrangement on April 4, 2013.

The Arrangement

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HANDENI PROPERTY, TANZANIA

East Africa Metals' only material property is the Handeni Property for which disclosure is provided below.

The following disclosure regarding the Handeni Property is derived from a technical report prepared in accordance with NI 43-101 by Dr. Sandy M. Archibald, P.Geo. and Ian J. Farrelly, P.Geo., each of Aurum Exploration Services, James N. Gray, P.Geo. of Advantage Geoservices Ltd. and Dr. James A. King, P.Eng. of Jim King Consulting Inc. entitled "Mineral Resource Estimate and Update to a NI 43-101 Technical Report for the Handeni Property centered at 37.97°E, 5.744°S, Tanga Province, Handeni District, Tanzania" for East Africa Metals dated June 11, 2013 (the "**Handeni Report**"), a copy of which is available for review under East Africa Metals' profile on the SEDAR website at www.sedar.com.

Each of Messrs. Archibald, Farrelly, Gray and King are qualified persons for the purposes of NI 43-101.

Property Description and Location

The Handeni Property covers an area of 97.38 square kilometres and is centered at centred at longitude 37.9900°E, latitude -5.7447°S. The Handeni Property is located in north-eastern Tanzania, in the Handeni District of the Tanga Region, approximately 30 kilometres south of the town of Handeni. The property consists of two key tenured blocks known as Handeni and Magambazi. The Handeni prospecting licence (PL 4781/2007; covering an area of 96.92 square kilometres in May 2012) (the "**Handeni Prospecting Licence**") is 100% owned by Canaco, having been acquired from Midlands Minerals Tanzania Limited with official transfer approved on August 16, 2008. The Handeni Prospecting Licence covers artisanal workings identified as Majiri Bomba, Kwadijava South, Kwadijava, Magambazi North and Magambazi Central. The adjoining Magambazi tenure is a combined contiguous group of four primary mining licences

(PMLs 7811 to 7814, the "**Magambazi PMLs**"), held by Denwill Mining Services Limited ("**Denwill**"). One of the shareholders of Denwill is also the President and a director of Canaco Tanzania Limited, a Tanzanian subsidiary of Canaco. The other shareholder of Denwill is also a director of Canaco Tanzania Limited. On March 1, 2012, the Magambazi PMLs were amalgamated into one primary mining licence 007EZ. On December 17, 2012, the Magambazi PMLs were converted to Mining License ML 480/2012. On May 14, 2010, Denwill granted Magambazi Mines Company Limited ("**MML**"; a Tanzanian company formed by the local miners), a 2% royalty over mineral products that may be produced from the Magambazi property. Canaco has an option to acquire all of the outstanding shares of Denwill for US$40,000 (which has not yet been exercised). An initial advance royalty payment of US$140,000 was paid to MML in January 2010, and to date an aggregate of US$1,040,000 advance royalties payment have been made to MML. Canaco has agreed to grant Abdallah Omary Kigoda a 2.0% net smelter royalty for minerals recovered from the 0.07 square kilometre area of the former PML 0010145 held by Kigoda.

Twelve primary mining licences (PMLs 6044, 6045, 11023, 11427, 11953, 16399, 16539, 16540, 16541, 16542, 18570 and 21341) exist within the Handeni Prospecting Licence, and are owned by other parties. Six PMLs exist on alluvial workings west and south of Magambazi, and four exist on Kwadijava South while two others exist at the Kwadijava surface workings area.

A prospecting licence grants exclusive exploration rights over an area not exceeding 200 square kilometres for a period of three years, after which time the licence may be renewed for two-year periods with a 50% reduction in area for each extension. Required work expenditures and land fees per square kilometre increase with each renewal. Minimum annual work expenditures are set at US$300 per square kilometre for the initial three-year period, increasing to US$1,000 per square kilometre and US$3,000 per square kilometre for each successive two-year period. Annual land rents are US$20 per square kilometre for the initial three-year period, increasing to US$30 per square kilometre and US$50 per square kilometre for each successive two-year period. A mining licence can be granted for a period not exceeding ten years, renewable for a period of up to ten years, on presentation of a suitable feasibility study, environmental impact study and employment plan.

East Africa Metals is not aware of any current or past environmental liabilities on the Handeni Property. The Magambazi area of the Handeni property occurs within the 7,500 hectare Magambazi Forest Reserve, which is administered under the *2002 Forestry Act*. Proposed mining development in a forest reserve in Tanzania requires the preparation and submission of a Tanzanian EIA in accordance with national regulations. A Tanzanian EIA was submitted in February 2012 to the National Environmental Management Council of Tanzania. On August 27, 2012, the Tanzanian government issued an EIA certificate for the entire Handeni Property, including the Magambazi Project. Pursuant to receipt of the EIA certificate, four primary mining licenses related to the Magambazi Project on the Handeni Property were converted into a mining license covering 0.30 square kilometres. East Africa Metals is now required to produce an Environmental Management Plan that will then be incorporated into the Forest Reserve Management Plan, prior to commencement of development activities. A program of environmental baseline and field studies has also been initiated such that a full EIA for the project can be completed at a future date, in concert with engineering development work and in accordance with international standards.

No risk factors are known that may affect access, title, or the right or ability to perform work on the Handeni Property.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The property lies in the east central coastal area of Tanzania, approximately 160 kilometres northwest of Dar es Salaam and 110 kilometres west-southwest of the port city of Tanga. Each of these population centres could be a source of labour and services required to support development of a mineral resource project. The rural and isolated project site is accessible through a network of public roadways in the area. Indirect air access to the site is available via scheduled or chartered fixed wing flights to the paved runway at Tanga.

The Handeni Property is located in the coastal and central plateau zones in Tanzania. There are two rainy seasons in the area from November to December and from March through May. Temperature variations in the region are relatively minor. In hot months (December to March) the average temperature ranges from 30°C to 32°C and in cooler months it ranges between 23°C to 28°C. Project activity can be conducted year round at the Handeni Property. The Handeni region is slightly elevated and inland from the relatively flat topography of the coastal area. Topography is characterized by gently rolling plateaus, cut by minor seasonal dendritic drainages. Locally, steep knolls a few hundred metres high rise above the plateaus, and generally represent a more resistive underlying geological assemblage. Vegetation consists of moderate to loosely spaced indigenous tropical trees, with sufficient light penetration to provide for full grass cover. Saprolitic/lateritic soil cover is extensive, with well-drained cover.

Tanzania is crossed by a system of generally poorly maintained paved roads, many unpaved roads, and a small rail system, including wide and narrow gauges. There are no navigable rivers for large-scale transport of goods. The country also has three major ports on the Indian Ocean at Dar es Salaam, Mtwara, and Tanga. Petrochemical pipelines are limited to approximately 250 kilometres of natural gas pipeline, and 900 kilometres of oil pipeline (as of 2009). The country produces more electricity than it uses, but it also relies on some imported power. High voltage lines are routed generally along the alignment of the Arusha/Moshi highway and some lower voltage branch lines serve some communities near the area for the project.

The closest high-tension electricity power line is located 30 kilometres to the north of the property close to the town of Handeni. It is unlikely that this line will have enough capacity to run the infrastructure for any extraction operation. It is therefore likely that any plant on the Handeni Property will be powered by diesel fuel as a self-sufficient generating station. The exact power demand is presently unknown. The Canaco field camp consists of a combination of temporary and semi-permanent structures. Local labour is plentiful in the area. Most of the technically qualified staff is sourced from the universities of Dodoma, Dar es Salaam and Mwanza. Contract staff from North America, Europe, and Australia is frequently brought to the project to provide further assistance. If the Handeni Property proves to be economic, significant space exists on the Handeni licence to accommodate mineral processing facilities including a process facility as well as impoundment of tailings and waste materials if required.

History

Gold was discovered by locals in the Magambazi area in 2003, spurring a gold rush with intense alluvial and hard rock mining. An active artisanal mining village is present at Magambazi, the principal focus of Canaco's mineral exploration efforts in the area and the subject of the Handeni Report. Production figures are not available from the artisanal work.

Midlands Minerals Corp. was granted a preliminary prospecting licence over the Handeni Property area on July 14, 2005. No statement by Midlands Minerals Corp. has been found in the public record regarding execution of mineral exploration at the Handeni Property prior to optioning the property to Canaco in 2007. The author of the Handeni Report and Canaco are unaware of any company owning mineral rights or the licence area prior to 2005.

On March 13, 2007, Canaco entered an option agreement to acquire a 60% interest in the 2,700 square kilometre New Kilindi prospecting licence from Midlands Minerals Corp. To earn the interest, Canaco was required to spend $2.5 million in work programs, including 5,000 metres of drilling over a six year period and make a cash payment of $100,000 over two years and issue 200,000 common shares of Canaco were also included in the terms of the agreement. An additional 15% could be earned by completion of a feasibility study. Subsequently, in April 2008, Canaco renegotiated the Kilindi licence agreement that resulted in a reconfiguration of Canaco's landholdings in the Handeni area and the acquisition of a 100% interest in a 196-square-kilometre prospecting licence that now forms part of the Handeni Property, the core of Canaco's exploration program in the region. In exchange, Canaco relinquished its interest in the non-core peripheral properties. A finder's fee of 75,000 common shares was issued. In 2010 on renewal of the licence, non-core peripheral properties were relinquished and the licence consists of 100 square kilometres

On July 26, 2007, Canaco entered into an option agreement (the "**Magambazi Agreement**") to acquire a 100% interest in the Magambazi PMLs. Magambazi was adjacent to the eastern boundary of Kilindi. The agreement was signed with the local miners working the area. Magambazi hosts both active artisanal alluvial and hard rock deposits. Terms of the option required a cash payment of $136,000 over two years for the right to explore. At any time prior to the second anniversary of the agreement, Canaco had the right to purchase a 100% interest in Magambazi for US$1.8 M, subject to a 2% net smelter return royalty. On February 12, 2008, the local miners transferred the Magambazi PMLs to MML and transferred the Magambazi Agreement to MML. Canaco paid a total of US$256,000 for the right to explore the Magambazi properties over the three-year period ended July 26, 2010. In January 2010, Canaco paid MML an additional US$140,000 to extend the right to explore the Magambazi properties to July 26, 2011. On April 22, 2010, MML transferred the Magambazi PMLs to Denwill, a Tanzanian company formed by two local Tanzanians, for US$1.8 million, subject to a 2% net smelter return royalty. Pursuant to the agreement, as the US$1.8 million was made before July 26, 2011, the US$140,000 paid in January 2010 was treated as advance payment towards royalties. MML has received an aggregate amount of US$1,040,000 as advance payments on the royalties. On April 29, 2010, the two local Tanzanians granted Canaco an option (the "**Option Agreement**") to acquire all of the outstanding shares of Denwill for US$40,000 (which has not yet been exercised). The Option Agreement will expire on April 28, 2020. Denwill also agreed to convert the Magambazi PMLs into a mining license. On December 17, 2012, the Magambazi PMLs were converted into a mining licence covering 0.30 square kilometres pursuant to receipt of the EIA certificate.

Geological Setting

Regional Geology

The Handeni Property is located in what has traditionally been classified as part of the Proterozoic Usugaran-Ubendian System. This assemblage of rocks occurs south and east of the Lake Victoria Archean craton, hosting orogenic gold deposits such as Geita and Bulyanhulu. The Usugaran system is north-south trending, and the geology of this region represents a non-traditional exploration environment dominated by high-grade metamorphic (granulite to amphibolite facies) rocks. Granulites and biotite gneisses of pelitic to volcaniclastic origin make up a larger portion of the Usugaran System, with lesser volumes of amphibolite, metamorphosed mafic volcanics, gabbro and dolerite and minor ultramafic rocks. Metamorphic grades are typically upper amphibolite with lesser granulite. Major structural trends are dominantly southwest. Traditionally, rocks of granulite facies in the Usugaran System are rich in a variety of coloured gemstones, and these have been mined for decades.

Recent academic studies highlighted the area as prospective for metamorphosed Archean orogenic gold deposits within the Sukumaland Corridor. The Sukumaland Corridor is the host to major gold deposits in the Lake Victoria Goldfields. The Handeni Property lies in this proposed prospective area, approximately 500 kilometres along strike from the nearest major mine.

The Handeni region now, and over the last few years, is only beginning to receive the attention of mineral exploration companies and very little is known of the local geology as it specifically relates to the potential to host mineralisation. The geology and location of known gold discoveries, occurring in both alluvial and in bedrock settings, does suggest the primary mineralisation is controlled by regional structures in dominantly mafic host rocks.

Property Geology

The Handeni Property geology is a reasonable representation of the local geology in the Kilindi and Handeni districts. Lower resolution mapping by the Geological Survey of Tanzania supplemented by Canaco geologists indicates the area is covered by a thin veneer of lateritic/saprolitic that covers much of the property, and contains isolated outcrops in lowland areas and significant outcrops on the tops and sides of the hills in the property. When the regional mapping performed by the Geological Survey of Tanzania is combined with the regional airborne geophysics the resulting geological compilation appears to correspond closely. Foliations mapped across the property are quite varied, typical of highly deformed gneissic terrains, and indicative of assemblages that are highly folded and faulted.

The majority of known geological information was compiled from the Magambazi area of the project during exploration conducted by Canaco geologists and contractors, where topographic relief and existing workings have allowed a detailed examination of outcrops. This area is structurally complex, and comprises a sequence of garnetiferous amphibolite with localized composition up to garnerite and variably characterized gneiss, including localized biotite, amphibole-biotite, and sillimanite±graphite bearing rocks. The presence of sillimanite was identified in thin section, whereas field identification and an earlier petrographic study suggested the mineral was kyanite. Until further mineralogical tests (X-ray diffraction) are performed, it is recommended that the aluminosilicate Al_2SiO_5 is named sillimanite. Partial migmatization is widespread and augen and porphyroblastic textures give rise to granite-like gneisses.

Areas of altered amphibolite are notably less foliated, and exhibit less pronounced compositional banding compared to adjacent gneisses, which display extensive ductile deformation. This character variation between the gneisses and altered amphibolite suggests a fundamental difference in the origin and/or history of the parent rocks. The gneisses represent a volcano-sedimentary protolith, whereas the garnet amphibolite probably represents mafic volcanic rocks.

The discovery of gold at Kilindi and Magambazi is indicative of a new and emerging exploration environment that appears capable of hosting primary gold mineralisation. Of current interest on the property is the well-exposed Magambazi prospect. Here, high gold-grade sulphide-bearing quartz veins are enclosed in up to 80 metres thick alteration zones with lower-grade, sulphide-

associated gold mineralisation over a drill delineated strike of 960 metres. The host rocks and alteration zones are high metamorphic grade gneisses and unaltered amphibolite.
In the northern part of the property, large hills (monoliths) of granite gneiss trend in an east-northeast direction and are interpreted to be located north of a major regional east-northeast trending structure (Majiri Fault). To the south of this structure, the stratigraphy generally strikes northwest with moderate dips east although dip reversals are common, indicating tight to isoclinal folding along a northwest trending axis. In the Majiri area, south of, but proximal to, the Majiri Fault, the stratigraphy trends east-northeast and dips moderately south. The structure of the area is poorly defined by outcrop mapping, but drilling programs have helped to identify lithologies and controls on mineralisation. The regional magnetic dataset provides comparative analogies to magnetic patterns noted in the greenstone terranes of the Lake Victoria area. However, recent airborne geophysics (magnetic and radiometric) over the northern part of the Handeni Property has helped to define the local geological structure. The dominant structure in the Magambazi area is a doubly plunging synclinorium with a primary northwest-long axis. A series of isoclinal anticlines and synclines follow similar north or northwest-trends to the Magambazi structure. East-trending, low angle, south-dipping thrust faults have been interpreted at Majiri, and from drilling at Magambazi North. North-northwest trending graphitic shears and east-northeast trending graphitic faults have also been mapped and identified by drilling in the Magambazi area.

Exploration

All mineral exploration to date has been conducted by Canaco, except for Niton portable XRF soil analyses and geological mapping by C. Carman and I. Groves of CEC Geology LLC and Insight Geology Pty. respectively; petrographic work conducted by Josef Klomínský and F. Colombo of the Czech Geological Survey and Vancouver Petrographics Ltd., respectively; and airborne geophysics by New Resolution Geophysics.

In 2007 and 2008, Canaco conducted initial reconnaissance geological assessment and rock sampling in the areas of known artisanal mining, and encountered encouraging results. Aeromagnetic data and Landsat IKONOS satellite data were assessed to establish a general structural/geological interpretation of the property. A key major east-north-east-trending linear feature was established across the Majiri area, and key major north-west linear features were also identified, associated with the well exposed topographic high area of the Magambazi hill. Systematic soil sampling was conducted across the key regions of interest, and in-filled as appropriate for improved anomaly definition. A pronounced 11 kilometre long soil anomaly was defined by this program, and is seen to generally connect the known areas of artisanal working between Magambazi, Kwadijava, and Majiri. Further assessment was conducted to determine if additional trace elements in the soils were directly related to gold mineralisation. A Niton X-ray fluorescence instrument was used on a set of grid soil pulps in the Magambazi area, and a correlative arsenic-gold anomaly was discovered in addition to a potential flanking copper anomaly. Channel, chip and trench sampling was conducted at Magambazi, Kwadijava, and Majiri, in areas interpreted to host potential near surface mineralisation. The longest and highest grade intercepts were identified at Magambazi.

In August 2008, a program of reverse circulation drilling was conducted to test the potential down dip extension of mineralisation mined at the artisanal rock workings at Kwadijava. A series of fence holes were drilled to test for this projected mineralisation, but failed to provide much encouragement in terms of alteration or mineralisation. The best intersection was 12 metres grading 1.04 grams per tonne of gold.

In September of 2008, Canaco indicated that a new strong soil anomaly at the Majiri area of the property had been defined. Follow-up mapping identified a gentle dipping shear system containing sheeted quartz veins. Trenching and chip sampling were also conducted.
In late 2009, a program of diamond drilling was commenced in the Magambazi area and this program continued until March 28, 2012.

In June 2012, a portable XRF trace element geochemistry study was carried out on twelve drillholes located on section line N60560 at Magambazi.

A total of 19,852 soil samples from 2007 to 2010 were collected throughout the property and analyzed for gold. Initial sampling concentrated on systematic 800 metre spaced lines covering areas and trends of interest from Canaco's compilation of geological information on the property. In-fill line sampling, up to 40 metre spacing, was conducted in areas of prospective interest. From this work, an 11 kilometre long gold anomaly in soil was identified, covering the Magambazi area in the southeast and connecting to the Kwadijava area in the northwest, and further following northward to the Majiri area. The average gold concentration of the soil samples was 8.31 parts per billion, which was heavily influenced by the weighting of 10,365 samples containing gold less than the analytical limit of detection. From the 19,852 samples collected only 150 had gold concentrations greater than 150 parts per billion, of which samples from or adjacent to the Magambazi area accounted for 79%, samples from the Kwadijava – Kwadijava-Majiri trend accounted for 15%, and the remaining samples from outside these two areas. The maximum concentration recorded was 6,836 parts per billion gold from Magambazi South.

In 2008, samples previously sent to the laboratory for assay were subjected to Niton XRF analysis to determine a suite of potential gold-related trace elements. The survey examined three wide spaced lines covering the central, south-eastern, and north-western portion of Magambazi Hill, in addition to a central 40 metre x 40 metre grid situated near known mineralisation in the central Magambazi Hill area. A total of 338 samples were analysed in the study. From the suite of elements analysed, two elements (As and Co) define distinctive trends related to known gold mineralisation. Silver content is directly related to gold content, whereas copper content increases in areas immediately peripheral to known gold mineralisation.

A total of 126 channel samples were collected at Magambazi and Magambazi Central during early exploration in 2008. The most significant result was seven metres of 5.6 grams per tonne of gold, including three metres of 10.15 grams per tonne of gold in a ten metre wide (approximate 6.5 metres true thickness) artisanal working at Magambazi. At Kwadijava ten channel samples were collected, with the best mineralised intervals containing 2.54 grams per tonne gold over ten metres, and a two metre interval containing 14.3 grams per tonne of gold from shallow workings. The true thicknesses of these intervals are unknown. In 2011 a total of 185 samples were taken from outcrops at Majiri. A single trench hosted two one metre samples, four metres apart, assaying 3.29 and 3.30 grams per tonne, respectively.

A high-resolution XPlorer magnetic and radiometric airborne survey was carried out over part of the Handeni Property in September 2010, by New Resolution Geophysics, Pretoria, South Africa. Using a Eurocopter AS350B2 helicopter, 935 line kilometres were surveyed. The survey was flown at an elevation of 25 metres with a 90 degree (east-west) orientation, and a line spacing of 100 metres. The spacing was reduced to 50 metres over the Magambazi hill to provide extra detail on the current resource definition area. Measurements collected were total magnetic field, potassium-, uranium- and thorium-gamma ray counts, and radar altimetry data. The data was processed and the following products were delivered to Canaco: total magnetic intensity, reduced to magnetic pole, first vertical derivative, analytic signal, digital terrain model, total count radiometrics, and ternary radiometrics. The data was interpreted by Canaco and used to refine the geology of the property. Additional exploration targets were identified when the interpreted geophysical data was integrated with the results of soil sampling, RAB, RC and diamond drilling.

In June 2012 a XRF trace element geochemistry study was conducted on twelve drillholes on section line N60560. A total of 1,834 pulps were analysed using a Niton portable XRF instrument set for “soil mode”. Complete XRF analysis of the pulps was only possible on two of the holes, since many of the samples had not been returned from the assay laboratory, or unmineralised sections had not been sampled, in the remaining ten holes. A spectrum of trace and major elements were analysed during the study to help discriminate between local lithologies (gneiss, amphibolite and garnet-silica alteration) and determine if a correlation existed between gold and other elements. The study indicated that the garnet-silica unit that is most closely associated with the gold mineralisation can be identified using a distinctive Ca, Zr, Mn, Cr and Y signature. Due to the highly localised nature of the gold mineralisation, there were no elements that showed any predictable linear variation with gold concentration. High gold concentrations (determined by fire assay) were frequently shown to be concurrent with high arsenic concentrations, however there are significant occurrences of high arsenic values that do not contain associated high gold values. Addition work on the XRF geochemical dataset was conducted by D. Groves. Initial interpretation of drillcore at Magambazi indicated that diabase sills (now amphibolites) may have formed the locus for tabular mineralisation, caused by the competency contrast during brittle deformation within the sill. Using the geochemical data, D. Groves concluded that the signatures now indicate that the targeted garnet-silica horizons likely represent the tops of differentiated basalt flows, which formed during seafloor hydrothermal alteration prior to the deposition of the precursor to the overlying sediments (now paragneiss). Low-grade gold mineralisation was thus controlled by a brittle host rock which was overlain by an impermeable sedimentary cap rock.

Mineralisation

The gold mineralisation exposed at Magambazi, through mapping and drilling, has significance with respect to establishing a deposit model that can be applied to exploration in the region and potentially as a deposit with extensions that project onto the Handeni Property. Field observations indicate the Magambazi prospect contains numerous significant bedrock artisanal workings that are located on the western flank of an 11 kilometre long geochemical anomaly. Local miners are exploiting gold mineralisation within steeply dipping, north-north-westerly-trending occurrences of sulphide and quartz veins.

From surface, mineralised occurrences are being mined by artisans over widths up to 10 metres and these define a north-north-westerly trend with a total strike length of 350 metres. Drilling has confirmed that this mineralisation continues at depth, and is traceable laterally beyond the known surface extents of mineralised showings for a distance of 960 metres. Mineralisation is characterized as vein-related structurally controlled orogenic gold associated with pyrrhotite, arsenopyrite (löllingite), trace amounts of galena and chalcopyrite, and locally graphite. The immediate host rocks are garnet-silica altered amphibolite, enclosed within a sequence of interbedded paragneiss and amphibolite. Multiple mineralised intercepts have been encountered, and two main types of gold mineralisation are observed from diamond drilling at Magambazi: high-grade gold associated with pervasive silicification on the postulated footwall of the main Magambazi Fault, termed the Magambazi Lode; and low-grade gold in an apparent stratabound relationship occurring to the west of this fault, which is interpreted to represent the tops of differentiated basalt flows.

Structurally, two major steep faults trend northwest along the orientation of the mineralised system, although the nature of the rock in the main mineralised zones is competent their actual fault plane is difficult to definitively identify. The alteration and later metamorphism appear to have annealed the areas of significant mineralisation. This, and the decrease in pronounced compositional banding, suggests a high-grade metamorphic overprint of an originally lower metamorphic-grade orogenic gold deposit.

At depth, mineralisation trends at Magambazi and Magambazi North are similar in a northwest orientation, but vary in dip and plunge direction. At Magambazi, mineralisation dips steeply to moderately west, and plunges northwest. In contrast, mineralisation at Magambazi North dips moderately to gently east, and plunges southeast. The fact that the Magambazi North mineralised zone dips in a direction opposite to that of the interpreted main foliation, while also paralleling the trend, suggests the primary depositional environment hosting gold mineralisation likely predated the last major compressive tectonic event.

Drill section results through Magambazi, Magambazi Central and Magambazi North display reasonable overall continuity in mineralisation between most drill holes.

The mineralised zones encountered at Magambazi are not typical of major deposits commonly discovered in known orogenic greenstone belts. A number of analogies may however be drawn with the high metamorphic grade at the Southern Cross belt of Western Australia. The presence of the mineral resource at Magambazi suggests that other areas within the Handeni Property might be prospective for the same style of mineralisation. This is based on similar structural features and lithologies.

In summary, the northwest-trending Magambazi gold mineralisation is in the hanging wall of the metamorphically annealed northwest-trending Magambazi fault, which in turn is in the hanging wall of a roughly east-west trending thrust fault that dips at approximately 20° to the south, and is exposed on the Magambazi saddle at North Magambazi. This thrust is mineralised over several hundred metres of strike length at North Magambazi. Recent drill testing beneath this thrust to the north indicates that all known mineralisation at Magambazi is in the hanging wall of this thrust. Potential exists for discovery of additional high-grade gold targets where high-angle fault zones cut the thrust fault plane, either in structures parallel to the Magambazi fault, or along strike of the fault northwards towards Kwadijava.

Drilling

Prior to Canaco’s involvement on the project no drill holes are known to have been drilled on the property. The mineral resource estimate was estimated on 397 diamond drill holes representing 102,646 metres in the Magambazi area.

Summary of Drilling on the Handeni Property

Year	Rotary Air Blast		Reverse Circulation		Diamond	
Holes	**Metres**	**Holes**	**Holes**	**Metres**	**Holes**	**Metres**
2008	-	-	15	1,807	-	-
2009	-	-	2	194	23	5,572
2010	668	10,402	25	3,723	97	21,497
2011	-	-	166	15,920	305	84,030
2012	-	-	47	6,636	46	10,747
Total	**668**	**10,402**	**255**	**28,280**	**471**	**121,846**

Reverse Circulation

A total of 28,280 metres of RC drilling was conducted in 255 holes between 2008 and 2012 with truck-mounted RC rigs. The 2008 program was designed to test the depth extension of a known artisanal placer and hard rock mine workings and to test a gold soil anomaly. Only two RC holes were drilled in 2009 for a total length of 194 metres. In 2010, an additional nine RC drill hole program, totalling 1,376 metres was drilled and targeted the southern extension of soil anomalies and artisanal workings at Kwadijava and Kwadijava South. Also in 2010, four holes were drilled in the Kuta area for a total length of 646 metres, with a maximum intercept of 0.09 grams per tonne of gold recorded over one metre. At Magambazi 1,578 metres of exploration drilling was conducted in 13 holes (in addition to one water bore hole) on Magambazi Flats and on the Magambazi Hill. Exploration drilling in 2011 was conducted in five areas: Kwadijava, Kwadijava South, Majiri, Kiajani, and Bahati. Drilling results were variable, but the highest gold concentration recorded was 3.53 grams per tonne over one metre. The maximum one metre interval recorded from the area was 18.80 grams per tonne of gold from a one metre long interval. RC drilling was focused on six areas of the Handeni Property during 2012, and a total of 6,636 metres has been drilled up to May 15, 2012. Assay results for RC drilling conducted in 2012 in these areas were pending at the time of the Handeni Report and are not material to the mineral resource estimate.

Industry best practices were followed during the RC program. The relationship between RC sample length and true thickness of mineralisation is difficult to quantify since accurate core axis information cannot be obtained.

Rotary Air Blast

To quickly assess the regional potential of bedrock mineralisation on the Handeni Property a 10,402 metre Rotary Air Blast ("**RAB**") drilling program was undertaken by Stanley Mining Services Tanzania in 2010. RAB is a quick and effective way to core poorly consolidated material and collect a sample at relatively shallow depths (typically less than 50 metres). A total of 668 1.5 inch-diameter, predominantly vertical holes were drilled to depths not exceeding 48 metres and 3,457 samples were collected. These samples were typically taken as splits at four metre intervals; however some samples were smaller if the hole was terminated prior to completing a whole drill rod.

Gold results from the RAB drilling program appear to show isolated gold samples with only ten samples displaying gold concentrations from 0.40 to 3.27 grams per tonne (typically over four metres). However, when the RAB drilling locations are plotted with the maximum gold concentrations on the recently flown airborne magnetic data, it is apparent that the anomalous gold samples are associated with magnetic highs, faults cross-cutting the regional foliation, or close to minor fold hinges. It is also interesting to note that some of the tight fold closures, which might be prospective for saddle reef gold, have not been drilled.

Diamond

Diamond drilling at the property was conducted by Layne Drilling Tanzania Ltd (formerly Stanley Mining Services of Tanzania) from 2009 to 2012, Simba Drilling Company Ltd from2011 to 2012, and Kluane Drilling Tanzania Ltd from 2011 to 2012. Early drilling was conducted by truck-mounted drilling rigs, with later work performed by track mounted and modular units. Rigs travel between sites via cleared dirt roads. Drill holes were commenced using HQ size drilling, and typically reduced to NQ or NTW at depths of approximately ten to 15 metres. Only four holes at Magambazi were drilled exclusively at HQ size all others were drilled at NQ and NTW size core. Exploration diamond drilling outside the main Magambazi area of was focused on three peripheral areas on the property: 22 holes (6,764 metres) have been drilled at Magambazi North Extension, four holes at Kuta (883 metres) and three holes (506 metres) at Majiri.

Mineral resource related diamond drilling was exclusively focused at Magambazi where 441 holes were drilled for a total of 113,692 metres, of which 397 holes totalling 102,646 metres are used in the mineral resource estimation. The remaining 44 holes either have not passed the QA/QC protocols or assays are still pending, and they have therefore not been incorporated in the mineral resource estimation. Exploration diamond drill holes were selected and drilled based on one or more of the following; favourable host rocks, geochemical and/or geophysical anomalies and/or the presence of *in situ* gold mineralisation. Diamond drill holes were drilled systematically in a series of northeast-trending, 40 metre spaced sections along strike and down-dip of known mineralisation previously identified by prospecting, mapping and earlier drilling. Mineral resource drilling was planned to ensure that sufficient coverage at depth was obtained, for determination of the grade and continuity of the auriferous system.

During exploration, Canaco and their drilling contractors conducted the drilling program according to industry best practices. Drill hole collar coordinates were surveyed and at completion the holes were capped with concrete monuments. These coordinates were surveyed prior to drilling and again after drilling, by a qualified Canaco surveyor using a DGPS Epoch 25 with a measurement accuracy of ±1 centimetres. Azimuth and dip information was collected downhole using a Reflex EZ-Shot orientation instrument at roughly 30 metre intervals. Core orientation information was initially taken at approximately 30 metre intervals, and reduced to six metre intervals in areas of mineralisation to determine the orientation of mineralisation and structures (e.g., foliation) within the rock. Core orientation measurements were collected every six metres during drilling in 2012 to increase the confidence and reliability of the measurements. All holes were capped upon completion, with the collar points surveyed and denoted by cement markers.

Drill core recoveries for the project were acceptable, and the samples collected were representative of the observed mineralisation. Determining the exact true thickness from individual drill holes is difficult in this case, since the foliation present within the core does not necessarily correlate with the orientation of the veins. This is because there appear to be at least two phases of deformation that have affected the veins subsequent to formation. Considering that thicknesses are best calculated by drawing grade envelope sections and estimating the true thickness from interpreted sections (and correlating between sections), the intervals reported likely represent 60% to 90% of the true thickness.

Sampling and Analysis

For RC drilling, the core material was pulverized into chips and delivered to surface using compressed air through the inner tube of the rod string, providing a 30-40 kilogram sample per metre. Samples were collected in metre sized intervals. At Handeni, RC drill samples were split through a three tier riffle split on the cyclone of the Stanley RC drill rig, bagged into polyethylene sample bags, double tagged and stapled closed before dispatch to the laboratory. Standards, blanks and duplicates were included as quality control samples. RC samples were analyzed using SGS Laboratories' FAA505 analysis protocol, requiring a 25 gram sample subject to fire assay, and atomic absorption finish. The larger sample fraction not sent to the laboratory was collected into a large polyethylene plastic bag and stored at the project base camp for future reference. The initial mineral resource estimation did not include any RC drilling data. As such, QA/QC information associated with these samples were not reviewed as part of the Handeni Report.

Channel rock chip samples were collected to represent continuous samples across outcrops or mining faces. Samples were measured using a standard tape measure, marked on the rock face using spray marker paint, and collected using the pick of the hammer, or chisel where required, in order to obtain as representative a sample as possible over one metre or less. Samples were collected in polyethylene plastic bags, labelled and sealed with staples. Locations were taken by GPS stating ±10.0 metre accuracy. Standards were inserted at 50 sample intervals in addition to random duplicate samples. All rock samples were analyzed using SGS Laboratories' FAA505 analysis protocol, requiring a 25 gram sample subject to fire assay, and atomic absorption finish.

For soil samples, three kilogram soil samples were collected in clear plastics bags and a sample tag was inserted prior to sealing. Sample standards and duplicate samples were inserted at 50 sample intervals. The samples were transported to the assay laboratory (SGS Laboratories in Mwanza), and upon arrival they were dried, sieved using a two millimetre screen, split to produce a 25 to 50 gram aliquot, which was digested in *aqua regia* and diisobutyl ketone, prior to atomic absorption gold analysis. QA/QC information associated with the channel and soil samples were not reviewed as part of the Handeni Report.

All drill core samples were collected and provided to independent laboratories by Canaco. In particular, SGS Mineral Services Laboratory (African Assay Laboratories Tanzania Ltd.) in Mwanza, Tanzania served as the primary laboratory for sample preparation and assaying. ALS and ACME laboratories were used to process and analyse a smaller proportion of samples. In each case, all samples were assayed using appropriate gold fire assay techniques. The SGS Mineral Services facility in Mwanza was awarded ISO/IEC 17025:2005 accreditation during November 2011. The ALS Chemex assay laboratory in Johannesburg has held ISO/IEC 17025:2005 accreditation since April 2008. Check sample analyses were sent to the ALS Laboratory Group in Vancouver for analysis. The ALS Laboratory Group in Vancouver carries current ISO 9001:2008 and ISO/IEC 17025:2005 accreditation. Additional core samples were processed in the ACME Analitik Laboratuar Ankara with subsequent fire assay at ACME Analytical Laboratories (Vancouver) Ltd. ACME Analytical Laboratories (Vancouver) Ltd. carries current ISO 9001:2008 accreditation for the provision of assays and geochemical analyses.

During sampling, quality control standards and blanks were inserted at pre-determined intervals to confidentially monitor laboratory performance. The progressive introduction and refinement of QA/QC procedures at Magambazi included the implementation of field, reject and pulp duplicates, as well as specific programs of re-assaying and umpire laboratory assaying; all consistent with industry best practice. Following a review of on-site procedures during August 2011, a revised QA/QC protocol was introduced. The rate at which CRMs and blanks was amended to one per 20 samples and the insertion of field duplicates was modified to similar levels (i.e. 5%). This was accompanied by the inclusion of pulp and reject duplicates into the sampling stream as additional control samples. These amendments to QA/QC procedures were implemented on a phased basis from August to October 2011.

Three different types of blank sample have been used as a QA/QC control sample during drilling programs at Magambazi. Quartz blanks were sourced from unmineralised quartz veins from the Handeni area and these were used as blank control samples throughout the initial drilling phases. These quartz blanks are considered to be uncontrolled blanks since their grade and quality is not certified in advance. From December 2010 onwards, certified blank material has been sourced from HUMAC Laboratories in Mwanza. This material consists of granite chips derived from the Mwanza area from which a sub-set is analyzed by HUMAC using their Ultra Trace Geochem technique to demonstrate its suitability for use as a blank sample. The use of the certified blank was introduced on a phased basis largely determined by the availability of certified and uncertified blank material on site. Low grade CRMs were also used as a “pseudo-blank” control sample at Magambazi. The purpose of a blank sample from a QA/QC perspective is to test for potential contamination within the sample preparation stage of the laboratory procedure. As the CRM material is essentially a pulp, it by-passes the coarse crush and pulverization stages within a laboratory. For this reason, the use of low grade CRMs is not considered an appropriate surrogate to barren rock samples as a monitor for potential contamination. From December 2010 to September 2011, Canaco used Geostats PTY CRM GLG307-1 sporadically as a blank sample for QA/QC purposes. From a QA/QC perspective, the associated batches are essentially uncontrolled for potential contamination.

Security of Samples

Geotechnical logging was performed on the core samples at the drill site to avoid unnecessary breaks that might affect the rock quality designation of the core. Core orientation marks were taken every six metres using a spear and the core was oriented and marked. At the end of every shift the core was transported by pick-up truck to the core logging facilities at Magambazi camp. The core logging process involved an initial cleaning of the core and checking of the core tags, and mark-ups on the individual boxes. Any discrepancies noted were addressed with the driller who was responsible for the core. At the camp all core was photographed prior to being logged by the geologist with an emphasis on structure, lithology, alteration and mineralisation. Sample intervals were marked-up by the geologist logging the core and were based on sample intervals of either 0.7 metres for mineralised core or one metre for unmineralised core. Sample intervals were not based on the geological contacts. The physical sampling of the core was done with a diamond blade core cutting saw. The core was sawn in half along the line marked by the geologist to ensure a representative sample is taken.

Sample bags were pre-numbered by a technician and the split core was moved to the sampling area for final preparation. Individual samples were then bagged and the ticket book filled out with tickets added to the sample and to the core box. The “side” of the split core was chosen systematically by reference to the orientation line and foliation in order to prevent any bias in sample selection. The samples from each drill hole were laid out in succession within the sampling area and quality control samples were inserted at pre-determined points within the sampling stream. Once bagged, the samples were taped securely to prevent any disturbance during transit. Typically, all bags were sealed at the end of each shift, but it was noted on some occasions that unsealed bags were left overnight. All sample preparation, and in particular the selection and insertion of quality control samples, was undertaken under the direct supervision of the logging/project geologist. The remaining core was retained in the core trays and specific gravity and magnetic susceptibility measurements were taken before being placed in storage. The individual sealed sample bags were placed in polypropylene bags and sealed with a hand-tied knot in preparation for shipment to the preparation laboratories.

In the opinion of the authors of the Handeni Report, industry best practices have been employed during the sampling of the drill core, the storage of the reference materials and storage of returned samples.

Through all of these stages the responsibility for security lies with Canaco and their on-site personnel. Samples are transported from Magambazi to the Mwanza laboratories by Canaco personnel or by international courier companies in the case of overseas laboratories. The security of the sample during transit cannot be guaranteed as tamper proof seals are not used on the sample bags. Upon receipt at the laboratory, the chain of custody passes to the assayer. Following assay, the remaining material is stored under secure conditions at the laboratory facilities. The chain of custody reverts to Canaco when the samples leave the assay laboratory. During various site visits, certain lapses in best practice were observed. These include: wearing of rings while handling core and sample bags containing core being left open overnight. These were brought to the attention of Canaco personnel and they are understood to be isolated occurrences. In general, industry best practices with respect to chain of custody procedures are followed on site. However, the weakest point in any chain of custody is during transport. The absence of tamper proof fastenings on the samples has been noted and their introduction would greatly improve the chain of custody between the site and laboratory.

For the purposes of providing a database upon which an initial mineral resource estimate could be based, it was recognised that provisions would have to be made for samples that were influenced by unresolved QA/QC issues. To this end, all samples within the project database were screened for QA/QC issues and a sphere of influence placed around any failing control sample. The sphere of influence in each case covered samples in sequence above and below a CRM fail to the halfway point with surrounding CRM passes. In cases where re-assay data was available and deemed to be QA/QC compliant, the re-assay values were preferentially selected as the representative assay for all samples within the sphere of influence.

Data Verification

Initially, an access database was provided by Canaco to independent qualified persons as a universal project dataset along with a full set of assay certificates. On review of this data, a number of issues were identified in relation to the database structure and extraction of the contained information. Subsequent efforts to repair the initial database were unsuccessful. A decision was taken by Canaco to fully rebuild the project database using a more suitable software platform.

Information recorded from diamond drill core logging and assaying was integrated using industry standard data management software (Maxwell DataShed). The section author of the Handeni Report was personally involved in the construction of the project database and is satisfied that acceptable procedure was followed throughout. The resultant data was reviewed, including validation of a random selection of data against the source information, and it is considered acceptable for use in support of the initial mineral resource estimation.

Since disclosure of the initial Magambazi resource, an additional 69 drill holes have been completed on the project. This new information has been integrated into the project database but has not been independently reviewed or validated by the section author.

The authors of the Handeni Report did not conduct drill hole collar checks on the property. Five drill hole collar checks were undertaken previously using a hand held GPS as part of a previous independent technical report on the property. As part of the site visit from February 13 to 15, 2012, Dr. Archibald surveyed an additional 20 collar locations using a handheld GPS unit. The average deviation was 1.89 metres for the easting and 0.63 metres for the northing, with the largest deviation recorded being 3.3 metres in the easting component. It was noted that several concrete slabs used to mark the location of some of the holes checked in 2011 had been removed, probably due to damage, and had not been replaced. Monuments for those drill hole collars should be replaced for future reference. The author of the Handeni Report is satisfied that the quality of gold analytical data is sufficiently reliable to support mineral resource estimation and that sample preparation, analysis and security are generally performed in accordance with exploration best practices and industry standards.

Mineral Resources

The following table sets forth the estimated mineral resources for the Magambazi Project as of May 15, 2012:

Indicated and Inferred Mineral Resources (1)(2)(3)(4)(5)

		Grade	Contained Metal
	Tonnes (kilotonnes)	**Gold** (grams per tonne)	**Gold** (ounces)
Indicated	15,186	1.48	721,300
Inferred	6,683	1.36	292,400

Notes:

(1) The mineral resources for the Magambazi Project set out in the table above have been reviewed and approved by James N. Gray, P.Geo. of Advantage Geoservices Ltd., who is a qualified person under NI 43-101. The mineral resources are classified as indicated and inferred, and are based on the CIM Standards.

(2) A pit shell was generated using a gold price of US$1,250 per ounce and an overall pit slope of 40° for the purpose of Mineral Resource tabulation

(3) The cut-off of 0.50 grams per tonne was selected as the mineral resource base case considering potentially reasonable prospects for economic extraction by conventional surface mining and mineral processing methods.

(4) Mineral resources are exclusive of mineral reserves. Mineral resources are not known with the same degree of certainty as mineral reserves and do not have demonstrated economic viability.

(5) Results from 397 holes have been utilized for this estimate; all holes were diamond drill core holes. The block size of 5 x 5 x 5 metres was selected to provide a reasonable level of selectivity in support of the low production rate (less than 6,000 tonnes per day) anticipated for the project. A second, larger block model was used to cover sufficient area to allow pit optimization. This model, at more than 11 million cells, was not practical to use directly for estimation. The estimation model was imported into the larger framework for pit optimization. To this end, a pit shell was generated using a gold price of US$1,250 per ounce and an overall pit slope of 40° for the purpose of mineral resource tabulation. Only blocks within the pit volume were included in the mineral resource estimate.

Exploration and Development

Canaco has initiated baseline environmental and socio-economic studies in 2012 with the aim of completing an EIA for the project, during subsequent development work and compatible with International Financial Committee standards. In particular, field teams were mobilized and initial field reviews conducted during the wet season of 2012.

Project permitting activities are being advanced and planned to accommodate national and international standards in two phases. As part of the first phase of these activities, a Tanzanian EIA report has been prepared and submitted to the National Environmental Management Council of Tanzania in February 2012. Approval of this document and project plans is required in order for Canaco to be granted permission to begin development activity at the Handeni site. Canaco received an EIA certificate for the entire Handeni Property on August 27, 2012. On December 17, 2012, the Magambazi PMLs were converted into a mining licence.

Canaco has been working with local communities to establish a relationship based on open communication and cooperation since it purchased the property in 2007. To this end, Canaco has engaged local leaders, and has initiated several community development projects including road building as well as refurbishment and staffing of a local community school. Canaco has also worked with regional and national government departments to establish a sound relationship. During 2012, baseline socio-economic research was initiated to lay the ground work for an internationally-compliant EIA process. As of the date of the Handeni Report, this baseline research has included interviews with federal, regional, municipal, village authorities and local people, including farmers and artisanal miners.

In parallel with mineral resource estimation, Canaco has completed other work in support of the mineral resource estimate and in preparation for subsequent project stages. This work focused on understanding the metallurgical characteristics of gold mineralisation at the Magambazi area and on-going, environmental and socio-economic baseline studies. Through this work, it was found that mineralisation from the Magambazi deposit of the Handeni Property may be processed using conventional gravity concentration and cyanide leaching to recover the contained gold.

Certain risks, opportunities and uncertainties exist that may impact the geological interpretation, estimated mineral resource, metallurgical recoveries, capital cost, operating cost, prospects for economic viability and other aspects of the project. These risks include political and community risks, staffing, competition and commercial risks, permitting and governmental approvals and project development financing.

The authors of the Handeni Report recommend that the path forward for the Handeni Property and the Magambazi Project should include the following main activities during the next phases of the project:

Phase I

Conducting detailed geochemistry on existing core samples, and carrying out drilling in new target areas based on an updated geological model. This program will include:

- Niton handheld XRF data collection on existing drill core pulps at Magambazi and Kwadijava should be performed to determine the geochemical signatures for mineralisation and protolith determination. This information will be used to target mineralisation on the Handeni licences and other Canaco-owned properties in eastern Tanzania. It is anticipated that this work will take approximately two to three months to complete.
- Three RC drilling fences (totaling 2,250 metres) should be drilled on the western side of Magambazi Hill, approximately from Kuta to Kwadijava, to test a gold

target characterized by: a pronounced magnetic high; the presence of northwest-southeast trending faults; anomalous gold concentration detected in shallow (<20 metres) RAB drilling; and the presence of artisanal workings. The purpose of this drilling is to target a thick amphibolite sequence (mafic lava), associated with overlying paragneiss that is cut by later mineralising faults.

Phase II

Conducting additional RC drilling and subsequent diamond drilling in identified areas of interest, further metallurgical testwork, and an engineering and project assessment study based on a revised resource estimate. This program will include:

- Two additional infill RC fences should be drilled if the initial RC drilling program results are encouraging.
- Any targets that produce encouraging grades and intervals during RC drilling (Phase I) should be followed-up with a four hole diamond drill program to refine the geological information and test the tenor and continuity of mineralisation. This drilling is contingent on the RC drilling results (Phase I).
- Further metallurgical testwork should be undertaken to investigate:
    - opportunities for reduction of cyanide consumption
    - incorporation of flotation in the process flowsheet
    - improvement in the understanding of differences observed between composite grades predicted from drill core assays and those back-calculated from metallurgical results
- An update to the resource estimate should be carried out incorporating the 44 drillholes which occur in the resource outline but are excluded from the current resource estimation.
- An Engineering and Project Assessment that involves the continuation of initial trade-off studies, evaluation and development of a program to address grade discrepancies, possible bulk sampling, and expanding land permit.

In total, the cost of this work is expected to be up to approximately $1,459,000.

5. Financings

Not Applicable.

6. Dividends and Other Distributions

East Africa Metals has not paid dividends since its incorporation. East Africa Metals currently intends to retain all available funds, if any, for use in its business and does not anticipate paying any dividends for the foreseeable future.

7. Management's Discussion and Analysis

See Schedule "B" attached hereto.

8. Disclosure of Outstanding Security Data on Fully Diluted Basis

East Africa Metals is seeking to list its common shares on the TSXV. The authorized capital of East Africa Metals consists of an unlimited number of common shares, with 67,305,842 East Africa Metals Shares outstanding.

9. Description of Securities to be Listed

Holders of East Africa Metals Shares are entitled to one vote per share at all meetings of shareholders, to receive dividends as and when declared by the directors and to receive a pro rata share of the assets of East Africa Metals available for distribution to holders of East Africa Metals Shares in the event of liquidation, dissolution or winding up of East Africa Metals. All rank pari passu, each with the other, as to all benefits which might accrue to the holders of common shares of East Africa Metals.

10. Consolidated Capitalization

East Africa Metals has not completed a financial year. There have not been any material changes in the share and loan capital of East Africa Metals since the date of incorporation, other than pursuant to the Plan of Arrangement, Canaco's distribution of 67,305,878 East Africa Metals shares to Canaco's shareholders. See the Section 12: "Prior sales" and the balance sheet of East Africa Metals for the period ended March 31, 2013, attached as Schedule "C" to this Circular.

11. Stock Option Plan

The purpose of the East Africa Metals Option Plan is to allow East Africa Metals to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of East Africa Metals. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to 10 years as determined by the Board of Directors of East Africa Metals and are required to have an exercise price no less than the closing price of the East Africa Metals Shares on the day immediately preceding the day the option is granted (the "**Market Price**"). In the event the East Africa Metals Shares are listed on the TSXV, the exercise price may be the Market Price less any discounts allowed by the TSXV, subject to a minimum exercise price of $0.10, subject to the policies of the TSXV. Pursuant to the East Africa Metals Option Plan, the Board of Directors of East Africa Metals may from time to time authorize the issue of options to directors, officers, employees and consultants of East Africa Metals and its Subsidiaries. The maximum number of East Africa Metals Shares which may be issued pursuant to options granted under the East Africa Metals Option Plan, and any other security based compensation plan of East Africa Metals, will not exceed 10% of the issued and outstanding East Africa Metals Shares at the time of the grant. In addition, the number of options which may be granted to any one individual may not exceed 5% of the aggregate number of East Africa Metals Shares issued and outstanding in any 12 month period. The maximum number of option that may be granted to any one consultant under the East Africa Metals Stock Option Plan and any other security based compensation arrangements of East Africa Metals in any 12 month period must not exceed 2%. The total number of East Africa

Metals Shares which may be reserved for issuance to insiders within any 12 month period may not exceed 10% of the aggregate number of East Africa Metals Shares issued and outstanding as at the date of grant. The East Africa Metals Option Plan contains no vesting requirements, but permits the Board of Directors of East Africa Metals to specify a vesting schedule in its discretion, provided that if required by any stock exchange on which the East Africa Metals Shares trade, options issued to a consultant engaged in investor relations activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three month period. The East Africa Metals Option Plan also provides that if a change of control, as defined therein, occurs, all options may immediately become vested and may thereupon be exercised in whole or in part by the option holder. If there is any change in the outstanding East Africa Metals Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of East Africa Metals Shares, or other fundamental corporate change, the Board of Directors of East Africa Metals will make, subject to stock exchange approval, an appropriate substitution or adjustment to the exercise price of unexercised options or the number of East Africa Metals Shares subject to the unexercised option. In the event of the reorganization or the amalgamation or consolidation of East Africa Metals with another corporation, the Board of Directors of East Africa Metals, in its discretion, may make such provision for the protection of the rights of participants as deemed appropriate.

If a director, officer, employee or consultant ceases to be an eligible participant for any reason, other than death, each option held will cease to be exercisable 90 days after such termination date or any such longer period as determined by the Board of Directors of East Africa Metals. If such person ceases to be an eligible participant due to termination for cause, the options shall cease to be exercisable immediately. If a director, officer, employee or consultant dies, the legal representative may exercise the options within a period of the earlier of (i) the expiry date of such option; and (ii) 12 months after the date of death, but only to the extent the options were exercisable on the date of death.

In the event that an option expires during a self-imposed blackout period, or within 48 hours following the end of any self-imposed blackout period, such expiry date will be extended to the date that is 10 calendar days following the end of such blackout period.

The East Africa Metals Option Plan is a rolling stock option plan which sets the number of options available for grant by East Africa Metals at an amount equal to 10% of the issued and outstanding East Africa Metals Shares from time to time, together with any other security based compensation plan of East Africa Metals. Following completion of the Arrangement, under TSXV policy, the East Africa Metals Option Plan must be approved and ratified by East Africa Metals' shareholders on an annual basis.

No stock options have been granted under the East Africa Metals Stock Option Plan or otherwise since incorporation.

12. Prior Sales

The following table summarizes the prior sales of East Africa Metals Shares:

Date of Issuance	Nature of Issuance	Number of common shares issued	Price per common share
December 7, 2012	Founder share to Canaco	1	$1
April 4, 2013	Canaco share subscription	67,305,878	$0.50
April 4, 2013	Cancellation of fractional shares	(36)	$0.50
April 4, 2013	Cancellation of East Africa Metals Inc. share pursuant to plan of arrangement	(1)	$1
	Total	67,305,842	

13. Escrowed Securities and Securities Subject to Restriction on Transfer

The following East Africa Metals Shares are held in escrow by the Transfer Agent:

Designation of Class	Number of East Africa Metals Shares Held in Escrow	Percentage of Class
East Africa Metals Shares	507,553 [(1)]	0.8%

(1) 1,499,999 Canaco Shares were held by British Canadian Mines Limited, escrowed pursuant to an escrow agreement dated August 14, 1998, with a predecessor of the Transfer Agent as the escrow agent. On completion of the Arrangement, 499,999 East Africa Metals Shares were issued to British Canadian Mines Limited and held in escrow. These shares were issued in connection with Canaco's acquisition of the Notre Dame property in Newfoundland in 1998 and release of these shares is based on future commercial mineral production. Canaco abandoned the Notre Dame property in 2001. An additional 22,666 Canaco Shares were held by three corporate entities and were escrowed in 1987 and 1991, with a predecessor of the Transfer Agent as the escrow agent. On completion of the Arrangement, 7,554 East Africa Metals Shares were issued to the three corporate entities and held in escrow. The release of these shares is based on future commercial mineral production.

14. Principal Securityholders

To the knowledge of East Africa Metals' directors and executive officers, and based on existing information as of the date hereof, no person or company, beneficially owns, or controls or directs, directly or indirectly, voting securities of East Africa Metals carrying 10% or more of the voting rights attached to any class of voting securities of East Africa Metals, except SinoTech (Hong Kong) Corporation Limited which currently owns 13,333,333 East Africa Metals Shares and its affiliate Beijing Donia Resources Co. Ltd. which currently owns 1,169,590 East Africa Metals Shares, together representing approximately 23.4% of the outstanding East Africa Metals Shares.

15. Directors and Executive Officers

The following table sets forth certain information with respect to each director and executive officer of East Africa Metals.

Name, Jurisdiction of Residence and Position(s) [(1)(2)]	Principal Occupation [(1)]	Number of East Africa Metals Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly [(3)]	Percentage of East Africa Metals Shares Issued and Outstanding
Andrew Lee Smith [(5)(7)] British Columbia, Canada *Interim Chief Executive Officer and Director* Age: 57 Time devoted to East Africa Metals: 75%	Interim Chief Executive Officer of East Africa Metals and President and Chief Executive Officer of Tigray Resources Inc.	509,834 East Africa Metals Shares	0.76%
Peter Granata British Columbia, Canada *Chief Financial Officer* Age: 44 Time devoted to East Africa Metals: 60%	Chief Financial Officer of East Africa Metals and Tigray Resources Inc.	2,000 East Africa Metals Shares	0.003%
Jeffrey Heidema British Columbia, Canada *Vice President, Exploration* Age: 53 Time devoted to East Africa Metals: 75%	Vice President, Exploration of East Africa Metals and Tigray Resources Inc.	Nil	Nil
Sherry Siu British Columbia, Canada *Corporate Secretary* Age: 46 Time devoted to East Africa Metals: 75%	Corporate Secretary of East Africa Metals and Tigray Resources Inc.	175,011 East Africa Metals Shares	0.26%
Dr. Jingbin Wang [(5)(6)(7)(8)] Beijing, China *Director* Age: 51 Time devoted to East Africa Metals: 5%	Chairman of Sinotech Minerals Exploration Co., Ltd.; director of SinoTech (Hong Kong) Corporation Limited; President of Beijing Institute of Geology for Mineral Resource; Executive Director of China Nonferrous Metals Resource Geological Survey; and Vice President of China Nonferrous Metals Industry Association	330,000 East Africa Metals Shares	0.49%

Name, Jurisdiction of Residence and Position(s) (1)(2)	Principal Occupation (1)	Number of East Africa Metals Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly (3)	Percentage of East Africa Metals Shares Issued and Outstanding
Shuixing Fu Beijing, China *Director* Age: 52 Time devoted to East Africa Metals: 5%	Vice President of Beijing Institute of Geology for Mineral Resources; and Deputy Director of China Nonferrous Metals Resource Geological Survey	222,833 East Africa Metals Shares	0.33%
Dr. Antony Harwood (5)(6)(7) Kensington, South Africa *Director* Age: 58 Time devoted to East Africa Metals: 5%	President and Chief Executive Officer of Montero Mining and Exploration	Nil	Nil

(1) The information as to residence and principal occupation, not being within the knowledge of East Africa Metals, has been furnished by the respective directors and officers individually.
(2) Directors serve until the earlier of the next annual general meeting or their resignation.
(3) The information as to securities beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of East Africa Metals, has been furnished by the respective directors and officers individually as of the date of this Application.
(4) Based on 67,305,842 East Africa Metals Shares outstanding.
(5) Member of the Audit Committee. .
(6) Member of the Compensation Committee.
(7) Member of the Corporate Governance and Nominating Committee. (8) SinoTech (Hong Kong) Corporation Limited holds 13,333,333 East Africa Metals Shares, and its affiliate Beijing Donia Resources Co. Ltd. holds 1,169,590 East Africa Metals Shares. Dr. Wang is the chairman and director of SinoTech (Hong Kong) Corporation Limited and Beijing Donia Resources Co. Ltd.

None of the directors or officers have executed a non-competition agreement or non-disclosure agreement with East Africa Metals.

The directors and executive officers of East Africa Metals as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of approximately 15,742,601 East Africa Metals Shares (which includes shares held by SinoTech (Hong Kong) Corporation Limited and Beijing Donia Resources Co. Ltd.), representing approximately 23.4% of the issued East Africa Metals Shares.

The principal occupations of each of the directors and executive officers of East Africa Metals within the past five years are disclosed in the brief biographies set forth below.

Andrew Lee Smith, B.Sc., P.Geo. – Interim Chief Executive Officer and Director. Mr. Smith is currently the Interim Chief Executive Officer and a Director of East Africa Metals. Mr. Smith co-founded Canaco in 2004, and was serving as President and Chief Executive Officer since that time until the Effective Date of the Arrangement in April 2013. He is also currently the President and Chief Executive Officer of Tigray Resources Inc. He has over 25 years of experience in successfully exploring, developing and operating African and North American base and precious metal mining projects. Mr. Smith co-founded True North Gems Inc. in 2001 and continues to serve as a director of that company. Mr. Smith holds a B.Sc. and is a professional geologist as well as a member of the Association of Professional Engineers and Geoscientists of British Columbia.

Peter Granata, CA – Chief Financial Officer. Mr. Granata is currently Chief Financial Officer of East Africa Metals and Tigray Resources Inc. since April 2013. Mr. Granata was Controller of Canaco and Tigray from September 2011 to April 2013. Mr. Granata is a Chartered Accountant with over 10 years of accounting and financial reporting experience in Canada and Australia. Prior to joining Canaco and Tigray Resources Inc., Mr. Granata was at PricewaterhouseCoopers since 2005 specializing in statutory reporting audits, IFRS conversion projects, SOX404 projects, equity offerings and mergers and acquisitions. Whilst at PwC Mr. Granata's client portfolio contained mining companies including producing and exploration entities with both local and international operations, manufacturing companies and government entities including First Nations local governments. Mr. Granata is a member of the Institute of Chartered Accountants Australia and holds a Bachelor of Business from Griffith University, Australia.

Jeffrey Heidema, B.Sc. (Honours), P.Geo – Vice President, Exploration. Mr. Heidema is currently Vice President, Exploration of East Africa Metals and Tigray Resources Inc. Mr. Heidema was Vice President Exploration of Canaco from January 2011 to April 2013. Mr. Heidema is a professional geologist with over 30 years of exploration experience most recently with the Cominco, Teck Cominco and Teck exploration groups. Mr. Heidema was in the Advanced Projects Exploration Group at Teck Resources Limited ("Teck") from July 2010 to December 2010. He was Principal Geologist at New Horizons Geological Services from May 2009 to July 2010 and worked in the Advanced Projects Exploration Group and New Ventures Group at Teck from January 2006 to February 2009. His career has largely focused on exploration project management for programs ranging from grass roots to near mine exploration, and also includes EHS, agreement, and tenure management. He predominantly specializes in VMS and Archean gold exploration, and most recently was involved with defining near-mine exploration targets and building value on key mine assets.

Sherry Siu – Corporate Secretary. Ms. Siu is currently Corporate Secretary of East Africa Metals, Tigray Resources Inc. and True North Gems Inc. Ms. Siu was Corporate Secretary of Canaco from December 2011 to April 2013. Before joining Canaco in 2011 she worked as a paralegal with Vancouver law firm Fraser and Company LLP. She has 20 years of experience as a legal assistant in corporate, commercial and securities law. She received her legal assistant training at Vancouver Community College. As Corporate Secretary of East Africa Metals, Ms. Siu's responsibilities include corporate administration, documentation and regulatory filings for East Africa Metals.

Dr. Jingbin Wang. Ph.D., Geology – Director. Dr. Jingbin Wang is currently the Chairman of Sinotech Minerals Exploration Co., Ltd. and a director of SinoTech (Hong Kong) Corporation Limited. He is a leader in the non-ferrous metals industry in China as an expert in mineral exploration and mining with 29 years of experience. He has been granted the title of National Youth Expert for Outstanding Contribution in China for his great success in prospecting results and scientific research. Dr. Wang has also been President of Beijing Institute of Geology for Mineral Resources since 2002, Executive Director of China Nonferrous Metals Resource Geological Survey since 2003 and Vice President of China Nonferrous Metals Industry Association since 2008.

Shuixing Fu, M.Sc., Senior Geologist – Director. Mr. Shuixing Fu is currently the Vice President of Beijing Institute of Geology for Mineral Resources which is the largest shareholder of Sinotech Minerals Exploration Co., Ltd. He has over 20 years of experience in mineral exploration and mining operation as well as scientific research. He is well known in the non-ferrous metals industry in China for his achievements in prospecting prognosis, remote sensing geology and mathematical geology. He has won the first and second National Prize for Progress in Science and Technology four times. Mr. Fu also serves as Deputy Director of China Nonferrous Metals Resource Geological Survey.

Dr. Antony Harwood, B.Sc., PhD. – Director. Mr. Antony Harwood is an economic geologist with over 30 years of experience in the mining industry. Tony is currently President and Chief Executive Officer of Montero Mining and Exploration ("Montero") (TSXV), a rare earth element focused company with its flagship property, the Wigu Hill Rare Earth Project in Tanzania. Montero also holds uranium licences in Quebec, Canada and phosphate assets in South Africa. Additionally, Tony is a non-executive Director of Endeavour Mining Corporation (Australian Stock Exchange/Toronto Stock Exchange) Prior to joining Montero, Tony was President and Chief Executive Officer of Africo Resources, which he took to the Toronto Stock Exchange, raising $124 million during his tenure and from 1998 to 2006, Tony was Vice President Global Generative Exploration for Placer Dome Inc. Tony was founder of Harwood International, a geological consulting company which he operated for ten years focused on exploration in Africa and prior to this he held the position as a lecturer at University of Wales, Cardiff, United Kingdom and University of Natal, Durban, South Africa. Dr. Harwood graduated from the University of Wales, Cardiff in the United Kingdom with a BSc (Hons) cum laude and a PhD degree in Economic Geology.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies

To the knowledge of East Africa Metals, no director or executive officer:

(a) is, as at the date of this Application, or has been, within ten years before the date of this Application, a director, chief executive officer or chief financial officer of any company (including East Africa Metals) that:

    (i) was the subject, while the director was acting in that capacity as a director, chief executive officer or chief financial officer of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

    (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(b) is, as at the date of this Application, or has been within 10 years before the date of this Application, a director or executive officer of any company (including East Africa Metals) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the ten years before the date of this Application, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or

(d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

During the financial year ended June 30, 2012, Canaco received inquiries from the British Columbia Securities Commission regarding the grant of certain stock options and its disclosure practices. The British Columbia Securities Commission has continued with its inquiries and has expanded its scope to include all information leading up to the grant of the stock options in December 2010. Canaco has continued to co-operate with the British Columbia Securities Commission and has provided all requested information. A hearing commenced on January 7, 2013, regarding certain infill drill result disclosures made by Canaco in December 2010. Andrew Lee Smith is a respondent in the British Columbia Securities Commission investigation.

Participation in Other Reporting Issuers

The following table sets out the public company experience for each director and executive officer of East Africa Metals for the last five years.

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	From	To
Shuixing Fu.	Orca Gold Inc.	TSXV	Director	June, 2009	Present
	Tigray Resources Inc.	TSXV	Director	July, 2011	February, 2012
Antony Harwood	Adamus Resources	TSXV, ASX	Director	January, 2008	December, 2011
	Africo Resources Ltd.	TSX	Chief Executive Officer and President	June, 2006	May, 2009
	Auro Resources Corp.	TSXV	Director	January, 2013	Present
	Auryx Gold Corp.	TSX	Director	June, 2010	December, 2011
	Endeavour Mining Corp.	TSXV, ASX	Director	December, 2011	Present
	Lappland Goldminers	SSEFN	Director	June, 2006	May, 2009

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	From	To
Antony Harwood (continued)	Montero Mining Exploration Ltd.	TSXV	President and Director	June, 2009	Present
	Placer Dome Inc.	TSX, NYSE	Vice President	October, 2000	March, 2006
	Universal Coal Plc	ASX	Executive Chairman	December, 2009	April, 2012
Andrew Lee Smith	Candente Copper Corp.	TSX	Director	April, 2006	May, 2009
	Candente Gold Corp.	TSX	Director	January, 2010	September, 2012
	Orca Gold Inc. (formerly Canaco Resources Inc.)	TSXV	Director	August, 2004	April, 2013
	Orca Gold Inc. (formerly Canaco Resources Inc.)	TSXV	President and Chief Executive Officer	April, 2005	April, 2013
	Riata Resources Corp.	TSXV	Director	May, 2006	August, 2011
	Santos Resources Corp.	OTCBB	Director	June, 2009	November, 2011
	Scorpio Gold Corporation	TSXV	Director	January, 2007	Present
	Silvore Fox Minerals Corp.	TSXV	Director	June, 2010	Present
	Tigray Resources Inc.	TSXV	President, Chief Executive Officer and Director	July, 2011	Present
	True North Gems Inc.	TSXV	Director	November, 2002	Present
	True North Gems Inc.	TSXV	President and Chief Executive Officer	February, 2010	November, 2011
	Candente Copper Corp.	TSX	Director	April, 2006	May, 2009
	Candente Gold Corp.	TSX	Director	January, 2010	September, 2012
Jingbin Wang	Enterprise Metals Limited	ASX	Director and Chairman	August, 2011	Present
	Nickel North Exploration Corp.	TSXV	Director and Chairman	August, 2012	Present
	Orca Gold Inc.	TSXV	Director	June, 2009	Present
	Silvore Fox Minerals Corp.	TSXV	Director and Chairman	February, 2010	August, 2012
	Tigray Resources Inc.	TSXV	Director and Chairman	July, 2011	Present

16. Executive Compensation

Compensation Discussion and Analysis

East Africa Metals was incorporated on December 7, 2012 and, accordingly, has not yet completed a financial year. At this time, it has no compensatory plan or other arrangements in respect of compensation received or that may be received by its Chief Executive Officer or its Chief Financial Officer (its "Named Executive Officers") in its current financial year.

Option-Based Awards

The East Africa Metals Stock Option Plan, once implemented, will be used to provide stock options which will be awarded based on the recommendations of the directors of East Africa Metals, taking into account the level of responsibility of the executive as well as his or her past impact on or contribution to, and/or his or her ability in future to have an impact on or to contribute to the longer-term operating performance of East Africa Metals. In determining the number of options to be granted to East Africa Metals' executive officers, the Board of Directors of East Africa Metals will take into account the number of options, if any, previously granted to each executive officers, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSXV and to closely align the interests of the executive officers with the interests of its shareholders. The Board of Directors of East Africa Metals will determine the vesting provisions of all stock option grants.

Summary Compensation

East Africa Metals was incorporated on December 7, 2012 and has not yet completed a financial year. It has no compensatory plan or other arrangements in respect of compensation received or that may be received by its Chief Executive Officer or its Chief Financial Officer (its "**Named Executive Officers**") in its current financial year.

Incentive Plan Awards

East Africa Metals does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to its Named Executive Officers. From the date of its incorporation to date, East Africa Metals has made no option-based or share-based awards to either of its Named Executive Officers.

Pension Plan Benefits

East Africa Metals does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

East Africa Metals has currently no employment contracts between it and either of its Named Executive Officers. Further, it currently has no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of East Africa Metals or its subsidiaries, if any, or a change in responsibilities of a Named Executive Officer following a change of control. East Africa Metals has initiated the negotiation of employment contracts with each of its Named Executive Officers.

Defined Benefit or Actuarial Plan Disclosure

East Africa Metals has no defined benefit or actuarial plans.

Director Compensation

East Africa Metals has had no arrangements, standard or otherwise, pursuant to which directors are compensated by East Africa Metals for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert since its incorporation on December 7, 2012 and up to and including the date of this Application.

East Africa Metals has the East Africa Metals Option Plan for the granting of incentive stock options to its officers, employees and directors. The purpose of granting such options would be to assist East Africa Metals in compensating, attracting, retaining and motivating the directors of East Africa Metals and to closely align the personal interests of such persons to that of the shareholders of East Africa Metals.

No stock options have been granted by East Africa Metals since the date of its incorporation on December 7, 2012 and East Africa Metals does not have a share-based awards program.

It is anticipated that the directors will primarily be compensated for their services as directors by the granting of stock options in such amounts and upon such terms as may be recommended by the Compensation Committee and approved by the Board of Directors of East Africa Metals from time to time.

Aggregate Options Exercised and Option Values

No stock options have been granted by East Africa Metals or exercised since the date of its incorporation on December 7, 2012.

17. Indebtedness of Directors and Executive Officers

There is and has been no indebtedness of any director, executive officer or senior officer or associate of any of them, to or guaranteed or supported by East Africa Metals during the period from incorporation.

18. Audit Committees and Corporate Governance

The Audit Committee's Charter

The following is the text of the Audit Committee Charter of East Africa Metals:

"Purpose

The purpose of the Committee is to assist the Board in fulfilling its responsibility for the oversight of the financial reporting process. The purpose of this Charter is to ensure that the Company maintains a strong, effective and independent audit committee, to enhance the quality of financial disclosure made by the Company and to foster increased investor confidence in both the Company and Canada's capital markets. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will review financial reports or other financial information provided by the Company to regulatory authorities and shareholders and review the integrity, adequacy and timeliness of the financial reporting and disclosure practices of the Company. The Committee will monitor the independence and performance of the Company's independent auditors.

<u>Composition and Procedures of the Audit Committee</u>

The Committee shall consist of at least three (3) directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. While the Board may recommend a Chairman for the Committee, the Committee shall have the discretion to appoint the Chairman from amongst its members. The Committee shall establish procedures for quorum, notice and timing of meetings subject to the proviso that a quorum shall be no less than two (2) Committee members. Meetings shall be held no less regularly than once per quarter to review the audited financial statements and interim financial statements of the Company. At least one (1) member of the Committee shall be independent and the Board and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

<u>Specific Duties and Responsibilities of the Audit Committee</u>

<u>External Audit</u>

(1) The Committee shall recommend to the Board:

  (a) the external auditors to be nominated for the purpose of preparing or issuing an auditors' report performing other audit, review or attest services for the Company; and

  (b) the compensation of the external auditors.

(2) The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Company, including the resolution of disagreements between Management and the external auditors regarding financial reporting.

(3) The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditors.

(4) The Committee satisfies the pre-approval requirement in paragraph (3) if:

(a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiary entities to the Company's external auditors during the fiscal year in which the services are provided;

(b) the Company or the subsidiary entity of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

(c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to who authority to grant such approvals has been delegated by the Committee.

(5) With respect to pre-approval:

(a) the Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement in paragraph (3).

(b) the pre-approval of non-audit services by any member to whom authority has been delegated pursuant to paragraph (5)(a) must be presented to the Committee at its first scheduled meeting following such pre-approval.

(6) The Committee satisfies the pre-approval requirement in paragraph (3) if it adopts specific policies and procedures for the engagement of the non-audit services, if:

(a) the pre-approval policies and procedures are detailed as to the particular services;

(b) the Committee is informed of each non-audit service; and

(c) the procedures do not include delegation of the Committee's responsibilities to Management.

(7) The Committee shall monitor the independence of the independent auditors and establish procedures for confirming annually the independence of the independent auditors and any relationships that may impact upon the objectivity and the independence of the external auditors.

Financial Reporting

(8) The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.

(9) The Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in paragraph (8), and must periodically assess the adequacy of those procedures.

(10) The Committee shall review the clarity of the financial statement presentation with a view to ensuring that the financial statements provide meaningful and readily understandable information to shareholders and the investing public.

Internal Controls

(11) The Committee must establish procedures for:

(a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

(12) The Committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(13) The Committee shall review with Management and independent auditors the quality and the appropriateness of the Company's financial reporting and accounting policies, standards, and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

(14) The Committee shall review with Management and the external auditors the audit plan for the year-end financial statements prior to the commencement of the year end audit.

(15) The Committee shall review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

Authority

(16) The Committee shall have the authority:

(a) to conduct any investigation appropriate to fulfilling its responsibilities and shall have direct access to the outside auditors, management and any employee of the Company to discuss any matters within the Committee's purview, in separate executive sessions, to discuss any matters that the Committee, or these persons, believe should be discussed privately;

(b) to engage independent counsel and other advisors as it determines necessary to carry out its duties;

(c) to set and pay the compensation for any advisors employed by the Committee;

(d) to communicate directly with the internal and external auditors; and

(e) to delegate to its Chairman or any of its members the responsibility for any particular matters that the Committee deems appropriate.

<u>Adoption of the audit committee charter and amendments</u>

The Committee shall review and recommend to the Board any updates to this Charter. All changes to this Charter requires approval by the Board.

This Charter was adopted and approved by the Board of Directors of the Company on March 28, 2013."

Composition of the Audit Committee

The audit committee is comprised of the following individuals:

Antony Harwood	Independent [(1)]	Financially literate [(1)]
Jingbin Wang	Independent [(1)]	Financially literate [(1)]
Andrew Lee Smith	Non-Independent [(1)]	Financially literate [(1)]

(1) As defined by National Instrument 52-110 - Audit Committees ("**NI 52-110**").

Relevant Education and Experience

Set out below is a general description of the education and experience of each Audit Committee member which is relevant to the performance of his responsibilities as an Audit Committee member:

Dr. Antony Harwood, B.Sc., PhD. – Director. Mr. Antony Harwood is an economic geologist with over 30 years of experience in the mining industry. Tony is currently President and Chief Executive Officer of Montero Mining and Exploration ("Montero") (TSXV), a rare earth element focused company with its flagship property, the Wigu Hill Rare Earth Project in Tanzania. Montero also holds uranium licences in Quebec, Canada and phosphate assets in South Africa. Additionally, Tony is a non-executive Director of Endeavour Mining Corporation (Australian Stock Exchange/Toronto Stock Exchange) Prior to joining Montero, Tony was President and Chief Executive Officer of Africo Resources, which he took to the Toronto Stock Exchange, raising $124 million during his tenure and from 1998 to 2006, Tony was Vice President Global Generative Exploration for Placer Dome Inc. Tony was founder of Harwood International, a geological consulting company which he operated for ten years focused on exploration in Africa and prior to this he held the position as a lecturer at University of Wales, Cardiff, United Kingdom and University of Natal, Durban, South Africa. Dr. Harwood graduated from the University of Wales, Cardiff in the United Kingdom with a BSc (Hons) cum laude and a PhD degree in Economic Geology.

Dr. Jingbin Wang. Ph.D., Geology – Director. Dr. Jingbin Wang is currently the Chairman of Sinotech Minerals Exploration Co., Ltd. and a director of SinoTech (Hong Kong) Corporation Limited. He is a leader in the non-ferrous metals industry in China as an expert in mineral exploration and mining with 25 years of experience. He has been granted the title of National Youth Expert for Outstanding Contribution in China for his great success in prospecting results and scientific research. Dr. Wang has also been President of Beijing Institute of Geology for Mineral Resources since 2002, Executive Director of China Nonferrous Metals Resource Geological Survey since 2003 and Vice President of China Nonferrous Metals Industry Association since 2008.

Andrew Lee Smith, B.Sc., P.Geo. – Interim Chief Executive Officer and Director. Mr. Smith is currently the Interim Chief Executive Officer and a Director of East Africa Metals. Mr. Smith co-founded Canaco in 2004, and served as President and Chief Executive Officer from that time to April 2013. He is also currently the President and Chief Executive Officer of Tigray Resources Inc. He has over 25 years of experience in successfully exploring, developing and operating African and North American base and precious metal mining projects. Mr. Smith co-founded True North Gems Inc. in 2001 and continues to serve as a director of that company. Mr. Smith holds a B.Sc. and is a professional geologist as well as a member of the Association of Professional Engineers and Geoscientists of British Columbia.

Audit Committee Oversight

At no time since incorporation of East Africa Metals was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since incorporation of East Africa Metals has East Africa Metals relied on the exemption in Section 2.4 of NI 52-110 *(De Minimis Non-audit Services)*, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "The Audit Committee's Charter – Specific Duties and Responsibilities of the Audit Committee – External Audit".

External Auditors Service Fees (By Category)

East Africa Metals has not yet completed a financial year and has not paid its auditors for any services. East Africa Metals has accrued $2,500 in professional fees related to this Listing Application. Canaco, on behalf of East Africa Metals, in connection with the Arrangement, paid Nil in audit fees to PricewaterhouseCoopers LLP.

Exemption in Section 6.1 of NI 52-110

East Africa Metals is relying on the exemption in Section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

Corporate Governance Disclosure

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the East Africa Metals shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of East Africa Metals. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. East Africa Metals has reviewed its own corporate governance practices in light of these guidelines. In certain cases, East Africa Metals' practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for East Africa Metals at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

East Africa Metals Board consists of four directors, three of whom are independent based upon the tests for independence set forth in NI 52-110. Dr. Jingbin Wang, Shuixing Fu and Dr. Antony Harwood are independent. Andrew Lee Smith is not independent as he is the Interim Chief Executive Officer of East Africa Metals.

Management Supervision by Board

To facilitate the Board independent supervision over management, the following structures and processes will be put in place:

(a) there are no members of management on the Board, other than the Interim Chief Executive Officer of East Africa Metals;
(b) when appropriate, members of management, including the Interim Chief Executive Officer, will not be present for the discussion and determination of certain matters at meetings of the Board;
(c) the compensation of the Interim Chief Executive Officer and the Chief Financial Officer will be considered, in their absence, by the Compensation Committee at least once a year; and
(d) in addition to the standing committees of the Board, independent committees may be appointed from time to time, when appropriate.

Participation of Directors in Other Reporting Issuers

See above under the heading "Participation in Other Reporting Issuers" for directorships held in other reporting issuers.

Orientation and Continuing Education

The Interim Chief Executive Officer of East Africa Metals will be responsible for ensuring that new directors are provided with an orientation and education program which will include information about the duties and obligations of directors, the business and operations of East Africa Metals, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education of East Africa Metals' directors, the Interim Chief Executive Officer of East Africa Metals will: (a) periodically canvas the directors to determine their training and education needs and interests; (b) arrange ongoing visitation by directors to East Africa Metals' operations; (c) arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of East Africa Metals; and (d) encourage and facilitate presentations by outside experts to the Board or committees on matters of particular import or emerging significance.

Ethical Business Conduct

On March 28, 2013, the Board adopted a written Code of Business Conduct and Ethics (the "Code") for its directors, officers, employees and consultants. A copy of the Code may be accessed under East Africa Metals' profile at *www.sedar.com* and is also available on East Africa Metals' website at www.eastafricametals.com.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to employees, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer of East Africa Metals has a material interest, which include ensuring that directors and officers are familiar with the rules concerning reporting conflicts of interest and obtaining direction from the Chief Executive Officer of East Africa Metals regarding any potential conflicts of interest.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer of East Africa Metals has a material interest, which include ensuring that directors and officers are familiar with the Code and, in particular, rules concerning reporting conflicts of interest and obtaining direction from the Chief Executive Officer of East Africa Metals regarding any potential conflicts of interest.

The Code provides specific guidelines and policies for dealing with situations that may be encountered in the workforce in order to promote an open and positive work environment. The Code details East Africa Metals' policies on: employee relations, harassment and anti-discrimination; and business and governmental relations, among other things.

The Code allows directors, officers and employees who feel a violation has occurred to report the actual or potential compliance infraction to the Chairman of the Audit Committee, on a confidential, anonymous basis. Following receipt of any complaints, the Audit Committee will investigate each matter and take corrective disciplinary actions if appropriate.

Nomination of Directors

The Corporate Governance and Nominating Committee has responsibility for identifying potential Board candidates. The Corporate Governance and Nominating Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors and will recommend to the Board. Members of the Board and representatives of the mining industry are consulted for possible candidates.

Compensation of Directors and the Chief Executive Officer

The Compensation Committee will recommend to the Board the compensation of the Interim Chief Executive Officer of East Africa Metals. The Compensation Committee will have the responsibility for determining compensation for the directors and senior management to be recommended to the Board for approval. The Compensation Committee will review compensation paid for directors and chief executive officers of companies of similar size and stage of development in the mineral exploration/mining industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of East Africa Metals. In setting the compensation, the Compensation Committee will annually review the performance of the Interim Chief Executive Officer in light of East Africa Metals' objectives and consider other factors which may have impacted the success of East Africa Metals in achieving its objectives.

Board Committees

East Africa Metals has three committees at present, being the *Audit Committee, Compensation Committee,* and *Corporate Governance and Nominating Committee.*

The *Audit Committee* is comprised of: Andrew Lee Smith (Chair), Dr. Jingbin Wang, and Dr. Antony Harwood.

The *Compensation Committee* is comprised of: Dr. Jingbin Wang (Chair) and Dr. Antony Harwood.

The *Corporate Governance and Nominating Committee* is comprised of Dr. Antony Harwood (Chair) and Dr. Jingbin Wang.

Assessments

The Board, its Audit Committee and its individual directors will be assessed regularly, at least on an annual basis, as to their effectiveness and contribution. In addition, the Chairman of the Board will encourage discussion amongst the directors or the committee members, as the case may be, as to their evaluation of their own effectiveness over the course of the year. All directors and/or committee members are free to make suggestions for improvement of the practice of the Board and/or its committees at any time and are encouraged to do so.

Expectations of Management

The Board expects management to operate the business of East Africa Metals in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute East Africa Metals' business plan and to meet performance goals and objectives.

19. Agent, Sponsor or Advisor

Not applicable.

20. Risk Factors

In addition to the other information contained in this Application, the following factors should be considered carefully when considering risk related to East Africa Metals' proposed business.

Nature of the Securities and No Assurance of any Listing

East Africa Metals Shares are not currently listed on any stock exchange and there is no assurance that the shares will be listed. Even if a listing is obtained, the holding of East Africa Metals Shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. East Africa Metals Shares should not be held by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of East Africa Metals should not constitute a major portion of an investor's portfolio.

Limited Operating History

East Africa Metals was incorporated on December 7, 2012 and has a limited operating history and insignificant operating revenues. For accounting purposes, under a continuity of business basis of presentation the continuing business of East Africa Metals, and its related comparatives will be the historical results of Canaco, except for the cash and certain assets and liabilities as defined in the share purchase agreement between Shark and Canaco.

Dependence on Management

East Africa Metals is very dependent upon the personal efforts and commitment of its existing directors and officers, especially Andrew Lee Smith, Interim Chief Executive Officer and Director. If one or more of East Africa Metals' executive officers become unavailable for any reason, a severe disruption to the business and operations of East Africa Metals could result, and East Africa Metals may not be able to replace them readily, if at all.

Financing Risks

Additional funding will be required to conduct exploration programs on the Handeni Property and to conduct other exploration programs. If East Africa Metals' proposed exploration programs are successful, additional funds will be required for the development of an economic mineral body and to place it in commercial production. The only sources of future funds presently available to East Africa Metals are the sale of equity capital, or the offering by East Africa Metals of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause East Africa Metals to reduce or terminate its proposed operations.

Conflicts of Interest

Certain directors and officers of East Africa Metals are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of East Africa Metals, including possibly Canaco. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of East Africa Metals. Directors and officers of East Africa Metals with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

No History of Earnings

East Africa Metals has no history of earnings or of a return on investment, and there is no assurance that the Handeni Property or any other property or business that East Africa Metals may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. East Africa Metals has no plans to pay dividends for some time in the future. The future dividend policy of East Africa Metals will be determined by its Board of Directors of East Africa Metals.

Exploration and Development

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Handeni Property. There is no certainty that the expenditures to be made by East Africa Metals in the exploration of the Handeni Property or otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by East Africa Metals will be affected by numerous factors beyond the control of East Africa Metals. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in East Africa Metals not receiving an adequate return on invested capital.

Environmental Risks and Other Regulatory Requirements

The current or future operations of East Africa Metals, including future development activities and commencement of production on its property or properties, will require permits or licences from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which East Africa Metals may require for the conduct of its operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which East Africa Metals might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies and mine reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on East Africa Metals and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Dilution

Issuances of additional securities including, but not limited to, its common stock or some form of convertible debentures, will result in a substantial dilution of the equity interests of East Africa Metals Shareholders.

Nature of Mineral Exploration and Development

All of East Africa Metals' operations are at the exploration stage and there is no guarantee that any such activity will result in commercial production of mineral deposits. The exploration for mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by East Africa Metals or any future development programs will result in a profitable commercial mining operation. There is no assurance that the East Africa Metals' mineral exploration activities will result in any discoveries of commercial quantities of ore. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted. The long-term profitability of East Africa Metals will be in part directly related to the cost and success of its exploration programs and any subsequent development programs.

Foreign Country Risks

The Handeni Property is located in Tanzania, which is a country with social, political and economic policies that differ from Canada's. Although East Africa Metals believes the current conditions in Tanzania are stable and conducive to conducting business, there is no assurance that such conditions will continue to prevail. Governmental policies may change to discourage foreign investment or mining; nationalization of mining industries may occur; and other unforeseen limitations, restrictions or requirements may be implemented. There can be no assurance that East Africa Metals' assets will not be subject to nationalization, expropriation, requisition or confiscation, whether legitimate or not, by any authority or body. There can also be no assurance that adverse developments such as terrorism, military repression, civil unrest, crime, extreme fluctuations in currency exchange rates or high inflation will not occur.

No Operating History

Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from East Africa Metals' estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that East Africa Metals' projects will move beyond the exploration stage and be put into production, achieve commercial production or that East Africa Metals will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that East Africa Metals will not suffer significant losses in the near future or that East Africa Metals will ever be profitable.

Commodity Prices

The price of the East Africa Metals Shares and East Africa Metals' financial results may be significantly adversely affected by a decline in the price of gold and other mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond East Africa Metals' control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, speculative trading activities, the value of the United States dollar and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems and political and economic developments. The price of mineral commodities has fluctuated widely in recent years and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of a mineral to be produced by us would have a material adverse effect on East Africa Metals.

Acquisition Strategy

As part of East Africa Metals' business strategy, it has sought and will continue to seek new exploration, development and mining opportunities in the resource industry. In pursuit of such opportunities, East Africa Metals may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into East Africa Metals. East Africa Metals cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit East Africa Metals.

Dividend Policy

No dividends on East Africa Metals Shares have been paid by East Africa Metals to date. East Africa Metals anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. East Africa Metals does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board of Directors of East Africa Metals after taking into account many factors, including East Africa Metals' operating results, financial condition and current and anticipated cash needs.

Permitting

East Africa Metals' mineral property interests are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Prior to any development of any of their properties, East Africa Metals must receive permits from appropriate governmental authorities. There can be no assurance that East Africa Metals will continue to hold all permits necessary to develop or continue its activities at any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on East Africa Metals resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

Land Title

The acquisition of title to resource properties is a very detailed and time-consuming process. No assurances can be given that there are no title defects affecting the properties in which East Africa Metals has an interest. The properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by Indigenous people. The title may also be affected by undetected encumbrances or defects or governmental actions. East Africa Metals has not conducted surveys of properties in which it holds an interest and the precise area and location of claims or the properties may be challenged. Although East Africa Metals believes it has taken reasonable measures to ensure proper title to the properties in which it has an interest, there is no guarantee that such title will not be challenged or impaired.

Influence of Third Party Stakeholders

The mineral properties in which East Africa Metals holds an interest, or the exploration equipment and road or other means of access which East Africa Metals intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, East Africa Metals' work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for East Africa Metals.

Insurance

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences and natural phenomena such as prolonged periods of inclement weather conditions, floods and earthquakes. It is not always possible to obtain insurance against all such risks and East Africa Metals may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to East Africa Metals' properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of East Africa Metals. The lack of, or insufficiency of, insurance coverage could adversely affect East Africa Metals' future cash flow and overall profitability.

Significant Competition for Attractive Mineral Properties

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. East Africa Metals expects to selectively seek strategic acquisitions in the future; however, there can be no assurance that suitable acquisition opportunities will be identified. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than East Africa Metals, East Africa Metals may be unable to acquire additional attractive mineral properties on terms it considers acceptable. In addition, East Africa Metals' ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to East Africa Metals may be limited by the number of attractive acquisition targets, internal demands on resources, competition from other mining companies and, to the extent necessary, East Africa Metals' ability to obtain financing on satisfactory terms, if at all.

21. Promoters

Canaco took the initiative in East Africa Metals' organization and, accordingly, may be considered to be the promoter of East Africa Metals within the meaning of applicable securities legislation. Canaco does not beneficially own, or control or direct, any East Africa Metals Shares. During the period from incorporation to and including the closing of the Arrangement, the only material item of value which Canaco received from East Africa Metals are the East Africa Metals Shares issued to Canaco in consideration for the transfer to East Africa Metals by Canaco of the Handeni Property, and certain assets and liabilities as defined in the agreement, which East Africa Metals Shares were distributed to the shareholders of Canaco pursuant to the Arrangement.

22. Legal Proceedings and Regulatory Actions

East Africa Metals is not a party to any material legal proceedings and East Africa Metals is not aware of any such proceedings known to be contemplated.

23. Interests of Management and Others in Material Transactions

No director, executive officer or greater than 10% shareholder of East Africa Metals and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction which in either such case has materially affected or will materially affect East Africa Metals save as described herein.

24. Investor Relations Arrangements

Not applicable.

25. Auditors, Transfer Agents and Registrars

The auditors of East Africa Metals are PricewaterhouseCoopers LLP, 700 - 250 Howe Street, Vancouver, British Columbia, V6C 3S7.

The registrar and transfer agent for the East Africa Metals Shares is Computershare Investor Services Inc. at its principal offices at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

26. Material Contracts

The only agreement or contract that East Africa Metals has entered into since its incorporation which may be reasonably regarded as being material is the Arrangement Agreement dated February 27, 2013 between East Africa Metals and Canaco.

A copy of the Arrangement Agreement is available under East Africa Metals' profile on the SEDAR website at www.sedar.com.

27. Experts

PricewaterhouseCoopers LLP, Chartered Accountants, is the auditor of East Africa Metals and is independent of East Africa Metals within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Dr. Sandy M. Archibald, P.Geo. and Ian J. Farrelly, P.Geo. of Aurum Exploration Services, James N. Gray, P.Geo. of Advantage Geoservices Ltd. and Dr. James A. King, P.Eng. of Jim King Consulting Inc. prepared the Handeni Report. As of the date of this Circular, none of Dr. Archibald, Mr. Farrelly, Mr. Gray, Dr. King, Aurum Exploration Services, Advantage Geoservices Ltd. or Jim King Consulting Inc. own any of the issued and outstanding East Africa Metals Shares.

28. Other Material Facts

Not Applicable.

29. Additional Information – Mining or Oil and Gas Applicants

The proposed exploration and development program which is to be carried out by East Africa Metals on the Handeni Property and the funds to be expended on each development program are shown below. East Africa Metals intends to complete exploration programs set out in Phase I by October, 2013. Upon a successful outcome of the proposed work in Phase I, East Africa Metals will intend to complete the exploration programs set out in Phase II by April, 2014. Any additional regulatory approvals required to develop the Handeni Property will be applied for after this time.

Proposed Work (Phase I)	**Cost per Unit**	**Cost ($US)**
Magambazi - Kwadijava RC drilling program (2,250 m; 15 holes; 2,250 samples)	$100 per meter; $25 per sample assay	281,250
Additional XRF analysis (25,000 m; 50 holes; 50,000 readings) and Au assay geochemical sampling (2,000 samples) and integration with previous results (20 days)	60 days @ $500 per day; $25 per sample; 20 days @ $1000 per day	100,000
Subtotal		**381,250**
Proposed Work (Phase II)		**Cost ($US)**
Magambazi - Kwadijava RC drilling program (1500 m; 10 holes; 1,500 samples)	$100 per meter; $25 per sample assay	187,500
Diamond drilling (600 m; 4 holes; 1,200 samples)	$250 per meter; $42 per sample Au+42 element assay	200,400
Metallurgical test work and reports	$150,000 per comprehensive test program	150,000
Updated resource estimation and report writing	25 days @ $1,600 per day	40,000
Engineering and Project Assessment (including bulk sampling)	180 days @ $2,778 per day	500,000
Subtotal		**1,077,900**
Total expenditure		**1,459,150**

30. Exemptions

Not Applicable.

31. Financial Statement Disclosure for Issuers

See Schedules “B”, “C” and “D” attached hereto.

32. Significant Acquisitions

Not Applicable.

33. Certificates

33.1 Certificate of Applicant

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Application and of any material fact not otherwise required to be disclosed under an item of this Application.

Dated July 8, 2013.

(signed) "*Andrew Lee Smith*"

Andrew Lee Smith
Interim Chief Executive Officer

(signed) "*Peter Granata*"

Peter Granata
Chief Financial Officer

(signed) "*Dr. Antony Harwood*"

Dr. Antony Harwood
Director

(signed) "*Dr. Jingbin Wang*"

Dr. Jingbin Wang
Director

33.2 Certificate of Sponsor

Not applicable.

33.3 Acknowledgement – Personal Information

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the Exchange of the Personal Information contained in or submitted pursuant to this Application for the purposes described in Schedule "A" to this Application.

(signed) "*Andrew Lee Smith*"
Andrew Lee Smith
Interim Chief Executive Officer

SCHEDULE "A"
FORM 2B PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the "Exchange") collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals' involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

(a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;

(b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and

(c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

SCHEDULE "B"
MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST AFRICA METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND
THE PERIOD FROM DECEMBER 7, 2012, TO MARCH 31, 2013

This Management's Discussion and Analysis ("MD&A") provides a review of the performance of the operations of East Africa Metals Inc. ("East Africa Metals" or the "Company"). The MD&A has been prepared on the basis of available information up to May 30, 2013, and should be read in conjunction with the unaudited interim financial statements for the three months ended March 31, 2013, and the period from December 7, 2012, (date of incorporation) to March 31, 2013, (fiscal 2013) of East Africa Metals, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). All dollar amounts are expressed in Canadian dollars except where indicated otherwise.

Cautionary Statement Regarding Forward-Looking Information

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

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INTRODUCTION

East Africa Metals 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 3114, 1055 Dunsmuir Street, Vancouver, British Columbia, Canada.

The Company was a wholly-owned subsidiary of Canaco Resources Inc. ("Canaco") and was formed for the purpose of a spinout of the assets of Canaco which will include all the assets and liabilities of Canaco other than $60,000,000 in cash and certain liabilities pursuant to a spinout transaction. Since its inception, the Company has been economically dependent upon its parent, Canaco, which has provided administrative and other services to the Company without charge. On April 4, 2013, Canaco completed a share purchase agreement between Canaco, Shark Minerals Inc. ("Shark") and the shareholders of Shark dated December 14, 2012.

Refer to the corporate developments, spinout transaction and outlook section below for additional information on East Africa Metals pursuant to a share purchase agreement and plan of arrangement (together the "Plan of Arrangement") voted on and approved by Canaco shareholders on March 28, 2013. Additional information on the Company's mineral property interests discussed in this MD&A can be found on the Company's website at www.eastafricametals.com.

CORPORATE DEVELOPMENTS, SPINOUT TRANSACTION AND OUTLOOK

Subsequent to March 31, 2013, Canaco closed the Plan of Arrangement on April 4, 2013, between Canaco, Shark and the shareholders of Shark dated December 14, 2012. Under the Plan of Arrangement, Canaco acquired all of the outstanding common shares of Shark in exchange for the issuance of 118,584,735 of its common shares (the "Acquisition"). Subsequent to the Acquisition and effective on the same date, Canaco also completed a share consolidation on the basis of one (1) new share for three (3) existing shares (the "Consolidation") resulting in issued capital of 106,834,124 common shares and changed its name to Orca Gold Inc. ("Orca Gold"). As of closing of the Acquisition and Consolidation, Canaco is 63% owned by former Canaco shareholders and 37% owned by former Shark shareholders.

Immediately prior to the Acquisition and Consolidation, Canaco completed a spinout transaction (the "Spinout") by way of a Plan of Arrangement whereby Canaco (a) transferred all of its assets other than certain included assets and $60,000,000 in cash, and certain liabilities as defined in the agreement, to East Africa Metals, and (b) distributed all of the shares of East Africa Metals to the shareholders of Canaco immediately prior to giving effect to the Acquisition on the basis of one (1) East Africa Metals share for every three (3) pre-Consolidation Canaco shares held by shareholders as of the effective date of the Spinout. Pursuant to Plan of Arrangement, Canaco distributed 67,305,842 East Africa Metals shares to its shareholders. In addition to the cash noted above, $4,000,000 was set aside in a jointly controlled account between Orca Gold and East Africa Metals to cover any potential future costs that may be incurred after April 4, 2013, as a result of the British Columbia Securities Commission ("BCSC") hearing. Under the terms of the Acquisition and Spinout, once the BCSC hearing and outcome are concluded, the unexpended balance of these funds will be released to East Africa Metals. Until that date, East Africa Metals will reflect these funds as restricted cash on its balance sheet.The Spinout, Acquisition and Consolidation, as well as the name change, were approved by Canaco shareholders at a special meeting held on March 28, 2013.

The legal form of the Spinout provided that on April 4, 2013, Canaco transferred materially all of the assets and liabilities of Canaco to East Africa Metals, except for cash and short-term investments of $60,000,000 and sufficient funds to pay certain liabilities outstanding as at March 31, 2013. For accounting purposes, under a continuity of business basis of presentation, (1) the continuing business of East Africa Metals, and its related comparatives will be the historical results of Canaco except for the cash and related balances acquired by Shark pursuant to the Acquisition and Spinout; and (2) Canaco, now Orca Gold, will report the business of Shark and its related historical comparatives as its continuing business.

Subsequent to March 31, 2013, East Africa Metals acquired 8,000,000 units of Tigray Resources Inc.'s (Tigray"), a related party with Directors and officers in common, non-brokered private placement (the "equity placement") at a price of $0.15 per unit. Each unit comprises one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant allows the holder to purchase one common share of the Company at an exercise price of $0.20 for a period of two years from the date of closing. On completion of the equity placement, EAM held 8,000,000 common shares and 4,000,000 share purchase warrants, representing approximately 13.4% of the then outstanding common shares of the Tigray, assuming exercise of the warrants.

HANDENI PROJECT – TANZANIA

Pursuant to the Plan of Arrangement, Canaco spunout its mineral property interests to East Africa Metals, including its material property Handeni. The Handeni property consists of two contiguous mineral tenures totalling approximately 97 square kilometres: the 100%-owned Kilindi property (96.92 square kilometres) and the Magambazi property (0.34 square kilometres), in which Canaco is earning a 100% interest. The Magambazi property is owned 100% by Denwill Mining Services Ltd. ("Denwill"), a special purpose entity, and East Africa Metals has an option agreement to acquire a 100% interest upon payment of $40,000. Denwill acquired the Magambazi property by payment of US$1,800,000, and granted the vendors a 2.0% net smelter return ("NSR") royalty.

East Africa Metals is focused on mineral exploration in the Handeni gold district in eastern Tanzania. The Company's key property is Handeni, located 160 kilometres northwest of Dar es Salaam and 35 kilometres south of the town of Handeni. Additional preliminary exploration is being conducted on peripheral properties to Handeni. Work conducted includes geological mapping, soil sampling, and localized trenching.

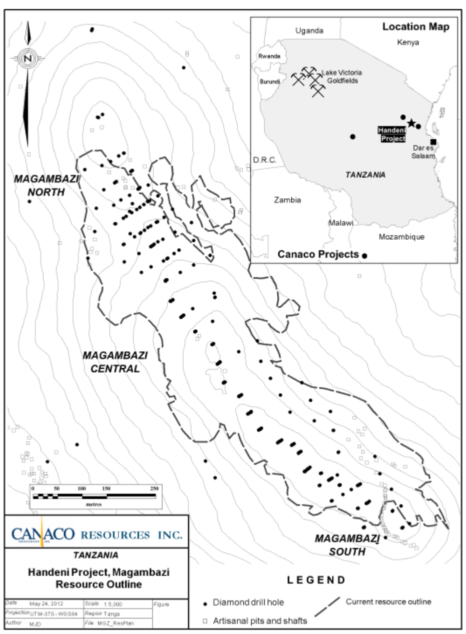
The information below pertaining to the Handeni property references work performed by Canaco before the Plan of Arrangement and the subsequent transfer of the Handeni property to East Africa Metals.

MAGAMBAZI

Magambazi Drill Program

The Handeni gold district consists of numerous gold-bearing zones defined by artisanal workings over a 15-kilometre trend, highlighted by the Magambazi discovery. Figure 1 illustrates the extent and distribution of drilling in the Magambazi area.

Figure 1- Extent of Magambazi Exploration Drilling



The Magambazi, Magambazi Central and Magambazi North prospects form a 1.4-kilometre long trend of gold mineralization defined by soil geochemical anomalies and artisanal mine workings. This trend represents a segment of the total 15 kilometres of gold occurrences and anomalous gold geochemistry known to be contained within the Handeni gold property area.

Prior to the Plan of Arrangement, Canaco on completion of the drill program at Magambazi in February 2012, had drilled a total of 471 diamond drill holes totalling approximately 121,846 metres on the project since the discovery in 2009. No further diamond drilling is planned at this time at Magambazi. Additional RC is recommended for a prospective target horizon immediately west of Magambazi, and east of the MK trend, pending additional on- ground geological review after the rainy season.

MAGAMBAZI INITIAL MINERAL RESOURCE

On May 15, 2012, Canaco published an initial mineral resource estimate for the Magambazi area of its Handeni project in Tanzania. Using a cut-off grade of 0.5 grams per tonne gold, Magambazi is estimated to contain an indicated mineral resource of 15.2 million tonnes grading 1.48 grams per tonne gold and containing 22.4 million grams of gold (721,300 ounces), as well as an inferred mineral resource estimate of 6.7 million tonnes grading 1.36 grams per tonne gold and containing 9.1 million grams of gold (292,400 ounces).

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

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

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

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

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

Table 2 - Cut-off Grade Sensitivities

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

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

Magambazi Metallurgy

In January 2012 Canaco launched a comprehensive metallurgical test work program at Magambazi in preparation for a PEA. The program was designed to determine the effect of mineralization, lithology and grade variation on metallurgical recovery, grind size and leach residence time, and work-index and abrasion characteristics. Approximately 2,900 samples were analyzed at G&T Metallurgical Services laboratory in Kamloops, BC. Results of this program confirmed potential processing characteristics for Magambazi material and were published, in June 2012, with the mineral resource estimate. The mineral resource estimate report is available on the Company's website at www.eastafricametals.com.

Agreement for Development of Magambazi

In August 2012 Canaco announced it had entered into a memorandum of understanding ("MOU") with an arm's length third party, a Chinese gold producer, to create a joint venture to develop the Magambazi project. Under the terms of the MOU, Canaco's initial contribution to the joint venture would be the Handeni property, including the Magambazi project, and all rights and obligations within the Handeni property. The value of Canaco's initial contribution would be determined by an independent valuation firm retained by both parties. The Chinese gold company may earn up to a 55% interest in the joint venture by funding 100% of the costs of the ongoing operations of the joint venture until the earn-in is complete. With the transfer of all assets of Canaco, other than certain cash balances, to East Africa Metals, the MOU was terminated on April 2, 2013.

MINING LICENCE

Prior to the Plan of Arrangement, Canaco has received an Environmental Impact Assessment ("EIA") certificate from the Tanzanian government for the entire Handeni property, including the Magambazi project area. This achievement was the culmination of a two-year process involving environmental studies, ministerial reviews and public hearings. The receipt of the EIA certificate was the first step in the mine permitting process and a prerequisite for a Tanzanian mining licence which was received on November 16, 2012. The mining licence is related to the four primary mining licences ("PMLs") that cover 29.6 hectares. The Magambazi project includes a portion of the Handeni property. East Africa Metals will now focus on the continued development of plans to move the project forward, including the submission of an application to expand the mining licence to cover the entire project area.

MAGAMBAZI PRELIMINARY ECONOMIC ANALYSIS - DEFERRED

In August 2011 Canaco announced its intention to initiate a PEA at Magambazi, with completion initially anticipated by the end of June 2012. The PEA was planned to include metallurgical testing, geotechnical assessment, engineering design, preliminary mine planning, preliminary production scheduling and economic assessment of the project. In light of the MOU described above, Canaco made a decision in August 2012 to defer completion of the PEA. In parallel with that deferral, ongoing completion of environmental baseline reports, flow sheet design and site planning were advanced, to continue advancing the permitting process and to provide a basis for completion of the PEA, if required.

SELECTED FINANCIAL INFORMATION

At March 31, 2013, the Company had current assets of $1 and current liabilities of $2,500.

RESULTS OF OPERATIONS

(Information extracted from the Company's unaudited interim financial statements for the period from December 7, 2012 to March 31, 2013, expressed in Canadian dollars):

	Three months ended March 31, 2013	Period ended March 31, 2013
Expenses		
Professional fees	$ 2,500	$ 2,500
	2,500	2,500
Loss for period	(2,500)	(2,500)
Loss per share, basic and diluted	$ (2,500)	$ (2,500)
Weighted average number of common shares used in the calculation of loss per share – basic and diluted	1	1

LOSS FOR THE PERIOD ENDED MARCH 31, 2013

The loss for period ended March 31, 2013, is $2,500. The item contributing to fiscal 2013 loss is for professional fees of $2,500. There are no comparative balances.

SUMMARY OF QUARTERLY RESULTS – UNAUDITED

Quarter Period ended	Revenue	Loss(1)	Loss per share, basic
Fiscal 2013			
March 31, 2013	Nil	(2,500)	(2,500)
December 31, 2012	Nil		

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

LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2013

The loss for the three months ended March 31, 2013, ("Q3 2013") of $2,500 relates to professional fees of $2,500. There are no comparative balances.

LIQUIDITY

The Company was a wholly-owned subsidiary of Canaco Resources Inc. ("Canaco") and was formed for the purpose of a spinout of the assets of Canaco which will include all the assets and liabilities of Canaco other than $60,000,000 in cash and certain liabilities pursuant to a spinout transaction. Since its inception, the Company has been economically dependent upon its parent, Canaco, which has provided administrative and other services to the Company without charge.

CAPITAL RESOURCES

The information below describes the risks for obtaining capital for exploration companies and apply to East Africa Metals subsequent to the date of the Acquisition and Spinout.

The Company may be impacted by any potential downward trend in market conditions. Trends affecting the Company's liquidity may be dictated by the demands on financial resources created by the advancing nature of the Company's current exploration assets and the pursuit of a growth strategy that targets property acquisition, with the related exploration commitments and the Company's ability to access the financial resources required to meet these demands. As the exploration properties advance through exploration, they typically require more capital-intensive programs that apply pressure to the Company's financial resources. Additional planned exploration programs, future pre-development programs and a pre-feasibility study on the non-producing mineral property interests will result in a decrease to the Company's liquidity.

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

Trends that affect the market generally, and the perception of Canaco 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 will be affected by general trends in the resource equity markets, the Company's performance in creating shareholder value and in demonstrating the ability to manage the Company's affairs and achieve mandated objectives.

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

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

Management of financial risk

The information on the management of financial risk applies to East Africa Metals subsequent to the date of the Acquisition and Spinout. The Company's financial instruments are exposed to two significant financial risks: currency risk and liquidity risk.

Currency risk

The Company's functional and reporting currency is the Canadian dollar and as at March 31, 2013, is not exposed to foreign exchange risk. Subsequent to the date of the Acquisition and Spinout, the Company is exposed to the financial risk related to the fluctuation of foreign exchange rate. The Company operates in Tanzania and a portion of its expenses are incurred in Euros, Australian dollars, US dollars and Tanzanian shillings. A significant change in the currency exchange rates between the Canadian dollar relative to these currencies could have an effect on the Company's results of operation. The Company has not hedged its exposure to currency fluctuations.

Liquidity risk

As at March 31, 2013, the Company was economically dependent on Canaco, refer to the Introduction and Corporate Developments, Spinout Transaction and Outlook sections for further details. The information below is applicable to the Company subsequent to the date of the Acquisition and Spinout.

Liquidity risk is the risk that the Company will not be able to meets its obligations associated with the financial liabilities. The Company has a planning and budget process in place by which it anticipates and determines the funds necessary to support normal operation requirements and development of its mineral property interests. The Company coordinates the planning and budgeting process with its financing activities through the capital management process.

The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments with maturities greater than 90 days from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company ensures that sufficient funds are raised from private placements to meets it operating requirements, after taking into account existing cash.

CAPITAL EXPENDITURES

During the period ended March 31, 2013, the Company had not incurred any capital expenditures.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties transactions consist of account receivable due from the shareholder for one common share issued on the incorporation of East Africa Metals. Pursuant to the Plan of Arrangement the share will be cancelled and the accounts receivable balance to be written off.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's audited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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 year in which the estimates are revised and in any future years affected.

OTHER MD&A REQUIREMENTS

Additional Disclosure for Venture Issuers without Significant Revenue

Refer to elsewhere in this MD&A or the Company's interim financial statements for general and administration expenses and other material costs. Additional information relating to the Company is on SEDAR at www.sedar.com.

Outstanding Shares

At May 30, 2013, after accounting for the Acquisition, East Africa Metals has 67,305,842 common shares issued and outstanding.

At May 30, 2013, there were no stock options or share purchase warrants outstanding.

APPROVAL

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

CANACO RESOURCES INC.

(NOW ORCA GOLD INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2013 AND 2012

This Management's Discussion and Analysis ("MD&A") provides a review of the performance of the operations of Canaco Resources Inc. ("Canaco" or the "Company") up to and as at March 31, 2013. On April 4, 2013, Canaco completed a series of transactions detailed in the section "Corporate Transaction and Outlook" of this MD&A, culminating in a name change of the Company to Orca Gold Inc. ("Orca"). The MD&A has been prepared on the basis of available information up to May 29, 2013, and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended March 31, 2013 ("fiscal 2013") and March 31, 2012 ("fiscal 2012") of Canaco, and the audited consolidated financial statements for the year ended June 30, 2012, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") of Canaco. All dollar amounts are expressed in Canadian dollars except where indicated otherwise.

Cautionary Statement Regarding Forward-Looking Information

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

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INTRODUCTION

Canaco was incorporated under the provisions of the *Canada Business Corporations Act* on January 13, 1987, and is in the business of mineral exploration with a focus in Africa. The Company was listed on the TSX Venture Exchange (the "TSX-V"). Please see the outlook section below for additional information on Canaco pursuant to a share purchase agreement and plan of arrangement voted on and approved by shareholders on March 28, 2013. Additional information, including the annual consolidated financial statements and additional information on the Company's mineral property interests discussed in this MD&A can be found on the Company's profile at www.sedar.com or on Orca's website at www.orcagold.com.

CORPORATE TRANSACTION AND OUTLOOK

Corporate Transaction

On April 4, 2013, Canaco closed a share purchase agreement between Canaco, Shark Minerals Inc. ("Shark") and the shareholders of Shark dated December 14, 2012. Under the agreement the Company acquired all of the outstanding common shares of Shark in exchange for the issuance of 118,584,735 of its common shares (the "Acquisition"). Subsequent to the Acquisition and effective on the same date, Canaco also completed a share consolidation on the basis of one (1) new share for three (3) existing shares (the "Consolidation") resulting in issued capital of 106,834,124 common shares and changed its name to Orca. As of closing of the Acquisition and Consolidation, Orca is 63% owned by former Canaco shareholders and 37% owned by former Shark shareholders.

Immediately prior to the Acquisition and Consolidation, Canaco completed a spinout transaction (the "Spinout") by way of a plan of arrangement whereby Canaco (a) transferred all of its assets other than certain included assets and $60 million in cash, and certain liabilities as defined in the agreement, to East Africa Metals Inc. ("East Africa Metals"), a new company formed by Canaco, and (b) distributed all of the shares of East Africa Metals to the shareholders of Canaco immediately prior to giving effect to the Acquisition on the basis of one (1) East Africa Metals share for every three (3) pre-Consolidation Canaco shares held by shareholders as of the effective date of the Spinout. In addition to the cash noted above, $4,000,000 was set aside in a jointly controlled account between Orca Gold and East Africa Metals to cover any potential future costs that may be incurred after April 4, 2013, as a result of the British Columbia Securities Commission ("BCSC") hearing. Under the terms of the Acquisition and Spinout, once the proceeding of the BCSC hearing are concluded, the unexpended balance of these funds will be forwarded to East Africa Metals.

The Spinout, Acquisition and Consolidation, as well as the name change, were approved by Canaco shareholders at a special meeting held on March 28, 2013. Concurrent with the completion of these transactions, four new directors were elected and a new management team appointed.

Following completion of the Spinout, Acquisition and Consolidation, Orca commenced trading on the TSX-V under the ticker symbol "ORG.V" on April 9, 2013. Prior to April 9, 2013, the Company traded as CAN.V. The results from operations for the three and nine months ended March 31, 2013, include significant one-time costs incurred leading up to and directly related to the Acquisition, Spinout and management changes.

The legal form of the Spinout provided that on April 4 Canaco transferred materially all of the assets and liabilities of Canaco to East Africa Metals, except for cash and short-term investments of $60,000,000 and sufficient funds to pay certain liabilities outstanding as at March 31, 2013. For accounting purposes, under a continuity of business basis of presentation, (1) the continuing business of East Africa Metals, and its related comparatives will be the historical results of Canaco except for the cash and related balances acquired by Shark pursuant to the Acquisition and Spinout; and (2) Canaco, now Orca Gold, will report the business of Shark and its related historical comparatives as its continuing business.

A summary of these costs is provided below:

	March 31, 2013
Consulting and advisory costs	$ 1,046,680
Directors and officers insurance costs	460,984
Legal transaction costs	754,050
Termination and severance costs (notes 1 and 2)	2,462,623
Other costs	104,125
Total	$ 4,828,462

Note 1: inclusive of termination and change of control benefits totaling $1,796,800 paid to certain officers of Canaco.

Note 2: as a result of the Acquisition, the expiry date of all outstanding options held by former directors, officers, employees and consultants of Canaco on April 4, 2013 was accelerated to the earlier of their original expiry date and ninety days from April 4, 2013 (i.e. July 3, 2013) in accordance with the provision of the Company's stock option plan.

As a result of the completion of these transactions, the current exploration focus of the Company has changed from Tanzania to Sudan where Shark holds exploration licenses for three properties (Blocks 14, 67 and 68) near the border with Egypt.

Mineral Property Interests Held By Orca Gold Subsequent to the Acquisition of Shark

Exploration in Orca is currently focused on three the properties (Blocks 14, 67 and 68) in northern Sudan near the border with Egypt that form part of the Arabian Nubian Shield. These properties have had little, if any, modern exploration prior to their acquisition by Shark and are considered highly prospective with artisanal mining activity throughout the area. Shark has been exploring Block 14 for the past 16 months and drilling is ongoing (see Orca News Release dated April 15, 2013).

On July 11, 2011, the Exclusive Prospecting Licenses ("EPLs") for Blocks 67 and 68 of the Sands Metals Project were granted to a subsidiary of Shark by the Minister of Energy and Mining in Sudan.

On March 1, 2012, Shark acquired the right to acquire a 70% interest in Meyas Sand Minerals Co. Ltd. ("MSMCL"), a Sudanese company, under the terms of a purchase agreement with Meyas Nub Multiactivities Co. Ltd. ("Meyas Nub"), also a Sudanese company. Meyas Nub was originally granted the EPL for Block 14 on May 19, 2010 by the Minister of Energy and Mining in Sudan, subsequently transferred to MSMCL. Under the purchase agreement, Sand Metals Company Ltd., a subsidiary of Shark, agreed to pay Meyas Nub US$9.5 million in three installments in exchange for an increasing ownership interest in MSMCL, as follows: US$3.5 million (paid) on March 1, 2012 for 35% interest; US$3.0 million on September 30, 2013 for an additional 17.5% interest; and US$3.0 million on September 30, 2014 for a final $17.5% interest, for a total of 70%. Meyas Nub will retain the remaining 30% interest in MSMCL. The purchase agreement stipulates that Shark will forfeit its then current interest if it does not make the required payments as listed.

Orca also holds two other EPL's acquired by Shark for shares and cash on February 6, 2012 and located in south-east Sudan (Blocks 17 and 99). These EPL's were the subject of extensive evaluation, including drilling, over the last twelve months. On the basis of the Company's continuous assessment of technical results and reprioritization of its mineral projects, the Company has decided to cease further exploration activities on them.

Mineral Property Interests Held by Canaco Prior to Spinout Transaction

The following is a description of Canaco's former exploration projects, located in Tanzania, which were included in the Spinout to East Africa Metals completed on April 4, 2013.

The Handeni property consists of two contiguous mineral tenures totalling approximately 97 square kilometres: the 100%-owned Kilindi property (96.92 square kilometres) and the Magambazi property (0.34 square kilometres), in which Canaco was earning a 100% interest. On May 15, 2012, an initial mineral resource estimate for the Magambazi area of its Handeni project in Tanzania was published.

In August 2012 Canaco announced it had entered into a memorandum of understanding ("MOU") with an arm's length third party to create a joint venture to develop the Magambazi project. With the transfer of all assets of Canaco other than certain cash balances to East Africa Metals, the MOU was terminated on April 2, 2013.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

At March 31, 2013, the Company had cash and cash equivalents and short-term investments of $85,141,141 and current liabilities of $2,253,573, compared to cash and cash equivalents and short-term investments of $94,727,112 and current liabilities of $1,457,531 at June 30, 2012.

Share capital as at March 31, 2013 totalled $204,249,854 compared to share capital and warrants of $203,210,286 as at June 30, 2012. The increase was due to the exercise of options during the period. Warrants outstanding at June 30, 2012 expired unexercised on March 22, 2013. During the nine months ended March 31, 2013, the Company expended $3,880,730 (fiscal 2012 - $25,573,339) on exploration costs on the Handeni project including $447,630 of stock-based compensation. In addition, $174,638 was capitalized on mineral property payments and acquisitions in the Handeni and Kilindi areas in Tanzania. The mineral property interests in Tanzania were transferred to East Africa Metals on April 4, 2013, pursuant to the Spinout.

RESULTS OF OPERATIONS

(Information extracted from the Company's unaudited condensed interim consolidated financial statements for the three months and nine months ended March 31, 2013 and 2012, expressed in Canadian dollars):

	Three months ended March 31, 2013	Three months ended March 31, 2012	Nine months ended March 31, 2013	Nine months ended March 31, 2012
Expenses				
Amortization	$ 66,562	$ 55,520	$ 211,319	$ 160,632
Consulting fees	793,424	174,633	1,082,768	661,988
Directors and advisory board fees	136,935	53,145	257,372	153,150
Exploration and evaluation expenditure	1,008,382	7,216,235	3,880,730	25,573,339
Investor/shareholder communications and filing fees	247,012	155,996	368,632	633,515
Legal, audit and audit related fees	63,287	527,198	765,716	1,203,628
Office and administration	652,646	142,099	779,803	457,235
Corporate transaction costs	1,204,137	--	1,904,856	--
Rent and occupancy costs	53,025	41,119	156,712	215,606
Salary and benefits	774,272	127,921	1,569,361	510,058
Share-based compensation	--	--	1,404,630	193,861
	9,932,802	16,932,212	24,552,479	59,365,392
Loss before under-noted items	4,999,682	8,493,866	12,381,899	29,763,012
Foreign exchange (loss) gain	227,260	(322,879)	(176,440)	232,916
Loss on disposition of equipment	(3,440)	--	(3,440)	--
Interest income	301,805	1,025,487	778,875	1,758,534
Loss for period	(4,175,692)	(6,765,771)	(11,007,469)	(25,780,112)
Loss per share, basic and diluted (pre-consolidation)	$ (0.02)	$ (0.04)	$ (0.06)	$ (0.14)
Weighted average number of common shares (pre-consolidation) used in the calculation of loss per share – basic and diluted	200,499,054	199,621,383	200,018,945	199,386,224

LOSS FOR THE NINE MONTHS ENDED MARCH 31, 2013, COMPARED TO THE LOSS FOR THE NINE MONTHS ENDED MARCH 31, 2012

The loss for fiscal 2013 is $11,782,904 compared to a loss for fiscal 2012, of $27,771,562. The significant items contributing to the fiscal 2013 loss (with the comparative fiscal 2012 items in parentheses) include exploration costs of $3,880,730 ($25,573,339), share-based compensation of $1,404,630 ($193,861), salary and benefits of $1,569,361 ($510,058), legal, audit and audit related fees of $765,716 ($1,203,628), project generation of $1,904,856 ($Nil), interest income of $778,875 ($1,758,534) and office and administration costs of $779,803 ($457,235). Significant changes are discussed below.

Exploration and evaluation expenditures

Exploration costs decreased from $25,573,339 in fiscal 2012 to $3,880,730 in fiscal 2013, a decrease of $21,692,609. The decrease is primarily due to drilling costs of $20,723,083 incurred in fiscal 2012, compared to

$117,030 incurred in fiscal 2013. The reduction in drilling is a result of Canaco completing the Magambazi initial mineral resource and ceasing activities for the preparation of a preliminary economic assessment on the Magambazi project. Costs in fiscal 2013 relate to assay costs. There was no drilling undertaken on the Handeni properties in fiscal 2013.

Details of Canaco's exploration and evaluation expenses are as follows:

	Nine months ended	
	March 31, 2013	**March 31, 2012**
Exploration and evaluation expenditure		
Amortization	$ 215,455	$ 161,373
Camp and administration costs	1,086,202	1,136,484
Drilling	117,030	20,723,083
Geochemistry	260,757	697,952
Geology	392,023	166,561
Project management and consulting	873,749	52,601
Project development	191,804	1,921,674
Share-based compensation	447,630	337,708
Technical services	296,080	375,903
Total for the period	3,880,730	25,573,339
Cumulative exploration and evaluation expenditure as at June 30, 2012	59,792,395	30,797,570
Cumulative exploration and evaluation expenditure as at March 31, 2013 and 2012	$ 63,673,125	$ 56,370,909

Stock-based compensation

In fiscal 2013, Canaco granted 6,000,000 stock options to directors, officers and employees. The fair value of the options granted in fiscal 2013 were recorded at $1,852,260 (fiscal 2012 – $193,861) of which $1,404,630 was recorded as share-based compensation expense and $447,630 is included in exploration costs.

Salaries and benefits

Salaries and benefits expense in fiscal 2013 totalled $1,569,361, compared to $510,058 in fiscal 2012, an increase of $1,059,303. A significant item related to the increase is severance expenses of $1,288,354 for eleven employees, leaving $281,007 as regular salary expense in the period. Included is severance and termination of three officers.

Legal, audit and audit-related fees

In fiscal 2013, Canaco incurred $765,716 for legal, audit and audit-related fees, compared to $1,203,628 in fiscal 2012.

The British Columbia Securities Commission (the "BCSC") enquiry and investigation, commenced in fiscal 2011, regarding the grant of certain stock options as directed by the former board of Canaco and Canaco's disclosure practices at the time with respect to exploration results continued in fiscal 2013. A hearing on this matter was held with the BCSC during the period from January 7, 2013 to January 25, 2013. At the date of this MD&A, the findings of the BCSC hearing are still pending.

In fiscal 2013, Canaco expended $543,548, net of estimated recoverable costs of $1,153,721 under the terms of its directors' and officers' insurance policy, relating to the BCSC inquiries and hearing. Other legal expense totalled $124,724 and accounting, tax and audit fees totalled $90,245. Legal fees related to the Spinout and Acquisition is included in "corporate transaction costs".

Office and administration

Office and administration costs totaled $779,803 in fiscal 2013, compared to $457,235 in fiscal 2012. The fiscal 2013 costs includes $460,984 to cover the directors and officers runoff insurance policy purchased as part of the closing of the Acquisition and Spinout, leaving costs of $318,819, a decrease of $134,816 in fiscal 2013. Costs have decreased as there are fewer employees and exploration activity has decreased.

Corporate transaction costs

Corporate transaction costs totalled $1,904,856 in fiscal 2013 compared to $Nil in fiscal 2012. Costs in this expense category include legal, accounting, financial advisory fees and certain termination costs related to the Spinout and Acquisition. Costs include $45,563 paid to an officer of the Company for services; $104,125 in travel and related transaction costs; $843,300 in legal and accounting fees; $624,468 in consulting and other advisory fees; and $286,400 in success fees paid to consultants and advisors. There were no comparable costs in fiscal 2012.

Management consulting fees

In fiscal 2013, Canaco paid management consulting fees and related costs of $1,082,768, compared to $661,988 in fiscal 2012, an increase of $420,780. Of this amount, $918,438 was paid to a management company for services rendered by an officer of Canaco, including $675,000 in severance costs as a result of the Spinout and Acquisition.

Investor/shareholder communications and filing fees

Investor/shareholder communications and filing fees includes transfer agent, filing fees, and investor relations activities, including news release dissemination, consulting fees paid to external consultants, and other communications with shareholders and stakeholders, including travel expense. Expenses of $368,632 were incurred in fiscal 2013, compared to $633,515 in fiscal 2012, a decrease of $264,883.

Foreign exchange gain/loss

A foreign exchange loss of $176,440 in fiscal 2013 related to changes in the value of the Canadian dollar in the period and the timing of purchases and expenditures. This compares to a gain of $232,916 in fiscal 2012.

Interest revenue

In fiscal 2013 Canaco recorded interest revenue of $778,875 compared to $1,758,534 in fiscal 2012, a decrease of $979,659. Interest revenue has decreased due to lower cash balances held during the period, offset by slightly higher interest rates on certain short-term deposits.

SUMMARY OF QUARTERLY RESULTS – UNAUDITED

Quarter ended	Revenue	Loss(1)	Loss per share, basic (pre-consolidation)
Fiscal 2013			
March 31, 2013	Nil	(4,474,057)	(0.02)
December 31, 2012	Nil	(3,065,293)	(0.02)
September 30, 2012	Nil	(4,243,554)	(0.02)
Fiscal 2012			
June 30, 2012	Nil	(4,152,289)	(0.02)
March 31, 2012	Nil	(7,791,528)	(0.04)
December 31, 2011	Nil	(12,262,666)(2)	(0.06)
September 30, 2011	Nil	(7,717,639)	(0.04)
Fiscal 2011			
June 30, 2011	Nil	(19,359,034) (3)	(0.11)

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

(2) The loss in Q2 2012 includes exploration and evaluation expenditure of $10,328,720.

(3) The loss in Q4 2011 includes an impairment of mineral property interests of $9,860,077.

LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2013, COMPARED TO THE LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2012

The loss for the three months ended March 31, 2013 (“Q3 2013”) of $4,474,057 compares to a loss for the three months ended March 31, 2012 (“Q3 2012”) of $7,791,258. The significant items contributing to the Q3 2013 loss with the Q3 2012 comparative figures in parentheses are exploration costs of $1,008,382 ($7,216,235); office and administration of $652,646 ($142,099); salary and benefits of $774,272 ($127,921); corporate transaction costs of $1,204,137 ($Nil); legal, audit and accounting fees of $63,287 ($527,198); interest income of $301,805 ($1,025,487); consulting fees of $793,424 ($174,633); and a foreign exchange loss of $227,260 (gain of $322,879). Significant items are discussed below.

Exploration and evaluation expenditures

Exploration costs decreased from $7,216,235 in Q3 2012 to $1,008,382 in Q3 2013, a decrease of $6,207,853. The decrease is primarily due to drilling costs of $4,326,421 incurred in Q3 2012 compared to $8,630 incurred in Q3 2013, and project development costs which have decreased from $1,778,308 in Q3 2012 to $48,829 in Q3 2013 as preparation for a preliminary economic assessment on the Magambazi project has ceased. Costs in Q3 2013 relate to assay costs. There was no drilling undertaken on the Handeni properties in Q3 2013.

Details of Canaco's exploration and evaluation expenses in Tanzania are as follows:

	Three months ended	
	March 31, 2013	**March 31, 2012**
Exploration and evaluation expenditure		
Amortization	$ 63,078	$ 57,192
Camp and administration costs	447,384	443,234
Drilling	8,630	4,326,421
Geochemistry	173,150	441,354
Geology	82,694	34,805
Project development	48,829	1,778,308
Project management and consulting	73,612	13,214
Technical services	111,005	121,707
Total for the period	$ 1,008,382	$ 7,216,235

Office and administration

Office and administration costs totaled $652,646 in Q3 2013, compared to $142,099 in Q3 2012. The Q3 2013 costs include $460,984 to cover the directors' and officers' runoff insurance policy purchased as part of the closing of the Acquisition and Spinout, leaving costs of $191,662, comparable to Q3 2012.

Salaries and benefits

Salaries and benefits expense in Q3 2013 totalled $774,272, compared to $127,921 in Q3 2012, an increase of $646,351. A significant item related to the increase is severance expenses of $666,986 for the entire staff of Canaco, including two officers.

Corporate transaction costs

Corporate transaction costs totalled $1,204,137 in Q3 2013 compared to $Nil in Q3 2012. Costs in this expense category include legal, accounting and financial advisory fees related to the Acquisition and Spinout completed on April 4, 2013.

Legal, audit and audit-related fees

In Q3 2013, Canaco incurred $860,550 related to the BCSC hearing, which has been offset by an estimated amount recoverable under the directors' and officers' insurance policy of $679,538. The decrease relates to the timing of legal services provided for the BCSC hearing, and the offset of the receivable recorded in prior periods. Legal and other fees related to the Acquisition and Spinout are included in corporate transaction costs.

Management consulting fees

In Q3 2013 Canaco incurred management consulting fees of $793,424 and related costs, compared to $174,633 incurred in Q3 2012, an increase of $618,791. Management consulting fees includes payments of $706,250 to a private company controlled by a former officer of Canaco, inclusive of a severance payment of $675,000. The remainder of the costs incurred in the quarter relates to travel cost reimbursements.

Investor/shareholder communications and filing fees

Investor/shareholder communications and filing fees includes transfer agent, filing fees, and investor relations activities, including news release dissemination, consulting fees paid to external consultants, and other communications with shareholders and stakeholders including travel expense. Expenses of $247,012 were incurred in Q3 2013 compared to $155,996 in Q3 2012, an increase of $91,016. Additional costs related to the Acquisition and Spinout contributed to the increase.

Foreign exchange gain/loss

A foreign exchange gain of $227,260 in Q3 2013 related to changes in the value of the Canadian dollar in the period and the timing of purchases and expenditures. This compares to a loss of $322,879 in Q3 2012.

Interest revenue

In Q3 2013 Canaco recorded interest revenue of $301,805 compared to $1,025,487 in Q3 2012, a decrease of $723,682. Interest revenue has decreased due to lower cash balances held during the period, offset by slightly higher interest rates on short-term deposits. Interest revenue will continue to decrease as cash balances decrease.

LIQUIDITY

At March 31, 2013, the Company had cash and cash equivalents of $26,382,764, short-term investments of $58,758,377; other current assets of $3,521,635 and current liabilities of $2,253,573, compared to cash and cash equivalents of $43,783,600, short-term investments of $50,943,512, other current assets of $2,426,659 and current liabilities of $1,457,531 at June 30, 2012.

Under the terms of the Acquisition and Spinout, on April 4, 2013, the Company retained $60 million of the cash and short-term investments on hand at March 31, 2013, and transferred the balance, together with its other net assets to East Africa Metals. This treasury is believed to be adequate to support Orca's operations, exploration and acquisition and development opportunities over the next twelve months and beyond. In addition to the $61.8 million, $4,000,000 was put into escrow to cover any potential future costs that may be incurred after April 4, 2013, as a result of the BCSC hearing. Under the terms of the Acquisition and Spinout, once the proceeding of the BCSC hearing are concluded, the unexpended balance of these funds will be forwarded to East Africa Metals.

Pursuant to an arrangement for the distribution of an Ethiopian property, the Harvest Project, to Tigray Resources Inc. ("Tigray") completed on July 4, 2011, the Company is to pay Tigray for each stock option and warrant exercised 1.5% of the exercise price. During fiscal 2013, 2,209,535 stock options (pre-consolidation) were exercised at prices ranging from $0.10 to $0.40 (pre-consolidation) to provide $621,592 to the Company, after the deduction of the 1.5% relating to the Tigray arrangement. Stock options granted in August 2012, are not subject to the arrangement with Tigray. At March 31, 2013, there were 14,445,000 stock options (pre-consolidation) exercisable at prices ranging from $0.10 to $4.88 (pre-consolidation) with the majority of the stock options now expiring on July 3, 2013, pursuant to the terms of the Company's stock option plan and the Acquisition.

CAPITAL RESOURCES

The risks below describe the risks for obtaining capital for exploration companies and apply to Orca in the future as well as Canaco prior to the date of the Acquisition and Spinout.

The Company has historically met its exploration capital requirements through the completion of equity placements and may be impacted by any potential downward trend in market conditions. 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 attendant exploration commitments and the Company's ability to access the financial resources required to meet these demands. As the exploration properties advance through exploration, they typically require more capital-intensive programs that apply pressure to the Company's financial resources. Additional planned exploration programs, future pre-development programs and a pre-feasibility study on non-producing mineral property interests will result in a decrease to the Company's current liquidity.

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

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

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

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

The Company's financial instruments are exposed to two more significant financial risks: currency risk and liquidity risk.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rate. The Company's exploration operations were located in Tanzania up to March 31, 2013, and are now located in Sudan following completion of the Acquisition and Spinout. As a result, a portion of its expenses have and may be incurred in Euros, Australian dollars, US dollars and local currencies in the respective African countries. A significant change in the currency exchange rates of the Canadian dollar exchange rate relative to those currencies could have an effect on the Company's results of operations. The Company has not hedged its exposure to currency fluctuations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its obligations associated with the financial liabilities. The Company has a planning and budget process in place by which it anticipates and determines the funds necessary to support normal operation requirements and development of its mineral property interests. The Company coordinates the planning and budgeting process with its financing activities through the capital management process.

The Company ensures that sufficient funds are raised from private placements to meets it operating requirements, after taking into account existing cash. As at March 31, 2013, the Company has sufficient cash on hand to meet it's current liabilities and expected administrative and exploration requirements for the coming fiscal year.

CAPITAL EXPENDITURES

During the nine months ended March 31, 2013, Canaco expended $174,638 on acquisitions of mineral property interests which have been capitalized. In addition, $52,676 was expended on furniture, equipment, and computer and software upgrades. These mineral property interests, and all furniture, equipment, computer and software upgrades were transferred to East Africa Metals on April 4, 2013.

Mineral property capital expenditures are summarized as follows:

	Tanzania, Handeni properties	Tanzania, other properties	Total
Acquisition costs			
As at June 30, 2012	$ 2,481,173	$ 2,828,733	$ 5,309,906
Property payments	102,211	72,427	174,638
Foreign exchange	4,069	4,632	8,701
As at March 31, 2013	$ 2,587,453	$ 2,905,792	$ 5,493,245

Transactions with Related Parties

In the normal course of business, Canaco transacted with individuals and companies considered to be related parties. Related party transactions involve normal commercial compensation for services rendered by senior management, officers, directors or insiders of Canaco by companies with which they were associated as owners, contractors or employees. Consulting fees were paid to related parties for geophysical and drilling services. The transactions and amounts listed below reflect transactions with individuals and companies considered related parties up to and including April 4, 2013, the date of the Acquisition and Spinout.

(a) Related parties

	Three months ended March 31, 2013	Three months ended March 31, 2012	Nine months ended March 31, 2013	Nine months ended March 31, 2012
Services rendered and expenses incurred:				
Services and related expenses (i)	$ 223,158	$ 201,079	$ 666,675	$ 819,149
Management fees (ii)	721,875	46,875	965,625	269,375
Legal fees	--	--	--	12,228

	March 31, 2013	June 30, 2012
Balances receivable from (v):		
Reimbursement of shared costs (iii)	$ 931,821	$ 363,107
	931,821	363,107
Balances payable to (v):		
Services rendered (i)	(218,000)	(177,500)
Management fees (ii)	(12,754)	--
Directors and officers (iv)	(625,299)	--
	$ (856,053)	$ (177,500)

(i) Services and related expenses paid for or received from related parties with directors in common.

(ii) Management fees paid to a privately held company for the services of an officer of Canaco.

(iii) Canaco shared office premises with two other companies that have directors in common and reimbursed certain office related expenses at cost.

(iv) Salaries, severances and terminations paid to the directors and officers of Canaco.

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

(b) Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes Canaco's directors and members of the senior management group that held those positions up to April 4, 2013.

Details of key management personnel compensation of Canaco is as follows:

	Three months ended March 31, 2013	Three months ended March 31, 2012	Nine months ended March 31, 2013	Nine months ended March 31, 2012
Directors fees, key management personnel salaries and short-term benefits	$ 155,236	$ 253,376	$ 746,568	$ 879,271
Termination payments for key management personnel and directors	1,264,706	--	1,894,320	--
Share-based compensation	--	202,625	879,824	202,625
	$ 1,419,942	$ 456,001	$ 3,520,712	$ 1,081,896

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of the Company's accounting policies are presented in Note 3 of the audited consolidated financial statements for the year ended June 30, 2012. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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 year in which the estimates are revised and in any future years affected.

OTHER MD&A REQUIREMENTS

Additional Disclosure for Venture Issuers without Significant Revenue

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

Outstanding Shares

At May 29, 2013, after accounting for the Acquisition and Consolidation, Orca has 106,834,124 common shares issued and outstanding.

At May 29, 2013, after accounting for the Acquisition and Consolidation, Orca has 10,640,003 stock options outstanding, 3,895,002 of which will expire on July 3, 2013 if not exercised.

At May 29, 2013, there were no share purchase warrants outstanding.

APPROVAL

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

SCHEDULE "C"
EAST AFRICA METALS FINANCIAL STATEMENTS

EAST AFRICA METALS INC.

INTERIM FINANCIAL STATEMENTS

For the period from December 7, 2012 (date of incorporation) to March 31, 2013
(Expressed in Canadian Dollars, unless otherwise stated)

July 8, 2013

Independent Auditor's Report

To the Shareholders of East Africa Metals Inc.

We have audited the accompanying interim financial statements of East Africa Metals Inc., which are comprised of the interim balance sheet as at March 31, 2013 and the interim statement of comprehensive loss, changes in equity and cash flows for the period from December 7, 2012 (date of incorporation) to March 31, 2013, and the related notes ,which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim financial statements
Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6 C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Opinion

In our opinion, the interim financial statements present fairly, in all material respects, the financial position of East Africa Metals Inc. as at March 31, 2013 and its financial performance and its cash flows for the period from December 7, 2012 (date of incorporation) to March 31, 2013 in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants

EAST AFRICA METALS INC.

Interim Balance Sheet

Expressed in Canadian dollars, unless otherwise stated

		March 31, 2013
Assets		
Current assets		
Due from shareholder – Canaco Resources Inc.	$	1
	$	1
Liabilities and Equity		
Current liabilities		
Accrued liabilities		2,500
		2,500
Equity		
Share capital (Note 3)		1
Deficit		(2,500)
		(2,499)
	$	1

Nature of operations, related party transactions and economic dependence (Note 1)
Subsequent events (Note 4)

Approved on behalf of the Board

(signed) "Antony Harwood"

(signed) "Andrew Lee Smith"

The accompanying notes are an integral part of these interim financial statements.

EAST AFRICA METALS INC.
Interim Statement of Comprehensive Loss
For the period from December 7, 2012 (date of incorporation) to March 31, 2013
Expressed in Canadian dollars, unless otherwise stated

		Period ended March 31, 2013
Expenses		
Professional fees	$	2,500
Loss for the period		2,500
Total comprehensive loss for the period		(2,500)
Loss per share, basic and diluted	$	(2,500)
Weighted average number of common shares used in the calculation of loss per share – basic and diluted		1

The accompanying notes are an integral part of these interim financial statements.

EAST AFRICA METALS INC.

Interim Statement of Changes in Equity
For the period from December 7, 2012 (date of incorporation) to March 31, 2013
Expressed in Canadian dollars, unless otherwise stated

		March 31, 2013
Equity- beginning of period	$	--
Due from shareholder – Canaco Resources Inc.		1
Loss for the period		(2,500)
Equity, end of period	$	(2,499)

The accompanying notes are an integral part of these interim financial statements.

EAST AFRICA METALS INC.
Interim Statement of Cash Flows
For the period from December 7, 2012 (date of incorporation) to March 31, 2013
Expressed in Canadian dollars, unless otherwise stated

		March 31, 2013
Cash flow from operating activities		
Loss for the period	$	(2,500)
Change in non-cash working capital		2,500
		--
Cash flow for operating activities and for the period		--
Cash – beginning of period		--
Cash – end of period	$	--

The accompanying notes are an integral part of these interim financial statements.

1. Nature of operations, related party transactions and economic dependence

East Africa Metals Inc. ("East Africa Metals" or the "Company) was incorporated on December 7, 2012, under the Canada Business Corporations Act. The address of the Company's corporate office and principal place of business is Suite 3114, 1055 Dunsmuir Street, Vancouver, British Columbia, Canada.

The Company is a wholly-owned subsidiary of Canaco Resources Inc. ("Canaco") and was formed for the purpose of a spinout of the assets of Canaco which will include all the assets and liabilities of Canaco other than $60,000,000 in cash and certain liabilities pursuant to a spinout transaction. Since its inception, the Company has been economically dependent upon its parent, Canaco, which has provided administrative and other services to the Company without charge. On April 4, 2013, Canaco completed a share purchase agreement between Canaco, Shark Minerals Inc. ("Shark") and the shareholders of Shark dated December 14, 2012. Refer to Note 4 for further details.

As at March 31, 2013, and for the period since incorporation, the Company had no source of operating cash flows.

2. Significant accounting policies

(a) Statement of compliance

These interim financial statements in accordance with International Financial Reporting Standards, applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim financial reporting. The accounting policies applied in these financial statements are based on IFRS effective for the period ended March 31, 2013. These financial statements were approved by the Board of Directors for issue on July 8, 2013.

(b) Basis of presentation

These interim financial statements have been prepared on a historical cost basis.

These interim financial statements are prepared in Canadian dollars. The functional currency of the Company is Canadian dollars.

(c) Financial instruments

Financial assets and liabilities are initially recognized at fair value in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The fair values of the Company's financial instruments are estimated by management to approximate their carrying values based on their immediate or short-term maturity. Measurement in subsequent periods depends on the financial instrument's classification.

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

(d) Financial instruments (continued)

- Amounts due from shareholder have been designated as loans and receivables and are initially recorded at fair value and subsequently measured at amortized cost, net of anticipated collection costs, if any.
- Accrued liabilities have been designated as other financial liabilities and are initially recorded at fair value and subsequently measured at amortized cost.

Risk management

The Company has been formed to be engaged in the transaction described in Note 4 which will be primarily in resource exploration and manages related industry risk issues directly.

Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and as at March 31, 2013, is not exposed to foreign exchange risk.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. Refer to Note 1.

(a) Share capital

Common shares are classified as equity. Share capital issued for non-monetary consideration is recorded at an amount based on fair value. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(b) Loss per share

Basic loss per share is calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options granted and warrants outstanding. When a loss is incurred during the reporting period, the exercise of options and warrants is considered to be anti-dilutive and the basic and diluted loss per share is equal.

3. Share capital

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued and outstanding:

1 common share

4. Subsequent events

(i) Spinout of Canaco's assets and liabilities and acquisition of Shark Minerals Inc.

On April 4, 2013, Canaco closed a share purchase agreement between Canaco, Shark and the shareholders of Shark dated December 14, 2012. Under the agreement the Canaco acquired all of the outstanding common shares of Shark in exchange for the issuance of 118,584,735 of its common shares (the "Acquisition"). In connection with the Acquisition and effective on the same date, Canaco also completed a share consolidation (the "Consolidation") on the basis of one (1) new share for three (3) existing shares resulting in issued capital of 106,834,124 common shares and changed its name to Orca Gold Inc. ("Orca Gold"). As of closing of the Acquisition and Consolidation, Orca Gold is 63% owned by former Canaco shareholders and 37% owned by former Shark shareholders.

Immediately prior to the Acquisition and Consolidation, Canaco completed a spinout transaction (the "Spinout") by way of a plan of arrangement whereby Canaco (a) transferred all of its assets other than certain included assets and $60,000,000 in cash, and certain liabilities as defined in the agreement, to East Africa Metals and (b) distributed all of the shares of East Africa Metals to the shareholders of Canaco immediately prior to giving effect to the Acquisition on the basis of one (1) East Africa Metals share for every three (3) pre-Consolidation Canaco shares held by shareholders as of the effective date of the Spinout. In addition to the cash noted above, $4,000,000 was set aside in an account jointly controlled by Orca Gold and East Africa Metals to cover any potential future costs that may be incurred after April 4, 2013, as a result of the British Columbia Securities Commission ("BCSC") hearing. Under the terms of the Acquisition and Spinout, once the BCSC hearing and outcome are concluded, the unexpended balance of these funds will be released to East Africa Metals. Until that date, East Africa Metals will reflect these funds as restricted cash on its balance sheet.

(ii) Continuity of interests accounting

The legal form of the Spinout provided that on April 4, 2013, Canaco transferred materially all of the assets and liabilities of Canaco to East Africa Metals, except for cash and short-term investments of $60,000,000 and sufficient funds to pay certain liabilities outstanding as at March 31, 2013. For accounting purposes, under a continuity of business basis of presentation (1) the continuing business of East Africa Metals, and its related comparatives will be the historical results of Canaco, except for the cash and related balances acquired by Shark pursuant to the Acquisition and Spinout; and (2) Canaco, now Orca Gold, will report the business of Shark and its related historical comparatives as its continuing business.

(iii) Investment in Tigray Resources Inc.

Subsequent to March 31, 2013, East Africa Metals acquired 8,000,000 units of Tigray Resources Inc.'s (Tigray"), a related party with Directors and officers in common, non-brokered private placement (the "equity placement") at a price of $0.15 per unit . Each unit comprises one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant allows the holder to purchase one common share of the Company at an exercise price of $0.20 for a period of two years from the date of closing. On completion of the equity placement, EAM held 8,000,000 common shares and 4,000,000 share purchase warrants, representing approximately 13.4% of the then outstanding common shares of the Tigray, assuming exercise of the warrants.

CANACO RESOURCES INC.
(an exploration stage company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2013 and 2012

Expressed in Canadian dollars

(Unaudited – prepared by management)

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

	March 31, 2013	June 30, 2012
Assets		
Current assets		
Cash and cash equivalents (Note 5)	$ 26,382,764	$ 43,783,600
Short-term investments	58,758,377	50,943,512
Accounts receivable (Notes 6 and 12)	2,671,298	1,117,564
Marketable securities	340,000	535,500
Prepaid expenses and deposits	510,337	773,595
	88,662,776	97,153,771
Mineral property interests (Note 9)	5,493,245	5,309,906
Investment in Candente Gold Corp.	--	177,309
Property and equipment (Note 8)	1,939,391	2,399,438
	$ 96,095,412	$ 105,040,424
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 12)	$ 2,253,573	$ 1,457,531
	2,253,573	1,457,531
Equity		
Share capital (Note 11)	204,249,854	203,210,286
Warrants (Note 11 (e))	--	2,263,787
Contributed surplus	34,897,958	31,199,887
Accumulated other comprehensive income	169,548	601,550
Deficit	(145,475,521)	(133,692,617)
	93,841,839	103,582,893
	$ 96,095,412	$ 105,040,424

Nature of operations, spinout transaction and acquisition (Note 1)
Subsequent events (Notes 1 and 11)

Approved on behalf of the Board

(signed) "Robert F. Chase"

(signed) "Simon Jackson"

CANACO RESOURCES INC.
(an exploration stage company)
Condensed Interim Consolidated Statements of Operations - unaudited
Expressed in Canadian dollars, unless otherwise stated

	Three months ended March 31, 2013	Three months ended March 31, 2012	Nine months ended March 31, 2013	Nine months ended March 31, 2012
Expenses				
Amortization	$ 66,562	$ 55,520	$ 211,319	$ 160,632
Directors and advisory board fees	136,935	53,145	257,372	153,150
Exploration and evaluation expenditure (Note 10)	1,008,382	7,216,235	3,880,730	25,573,339
Investor/shareholder communications and filing fees	247,012	155,996	368,632	633,515
Legal, audit and audit related fees	63,287	527,198	765,716	1,203,628
Management consulting fees	793,424	174,633	1,082,768	661,988
Office and administration	652,646	142,099	779,803	457,235
Corporate transaction costs (Note 1)	1,204,137	--	1,904,856	--
Rent and occupancy costs	53,025	41,119	156,712	215,606
Salary and benefits	774,272	127,921	1,569,361	510,058
Share-based compensation (Note 11 (d))	--	--	1,404,630	193,861
	4,999,682	8,493,866	12,381,899	29,763,012
Loss before under-noted items	(4,999,682)	(8,493,866)	(12,381,899)	(29,763,012)
Foreign exchange (loss) gain	227,260	(322,879)	(176,440)	232,916
Loss on disposition of equipment	(3,440)	--	(3,440)	--
Interest income	301,805	1,025,487	778,875	1,758,534
Loss for period	(4,474,057)	(7,791,258)	(11,782,904)	(29,530,096)
Loss per share, basic and diluted (pre-consolidation)	$ (0.02)	$ (0.04)	$ (0.06)	$ (0.14)
Weighted average number of common shares (pre-consolidation) used in the calculation of loss per share – basic and diluted	200,499,054	199,621,383	200,018,945	199,386,224

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

	Three months ended March 31, 2013	Three months ended March 31, 2012	Nine months ended March 31, 2013	Nine months ended March 31, 2012
Loss for period	$ (4,474,057)	$ 0	$ (11,782,904)	$ 0
Currency translation adjustment	169,130	(181,396)	(59,193)	47,462
Unrealized gain (loss) on investments, net of deferred income tax	(72,173)	194,175	(372,809)	(912,485)
Comprehensive income (loss)	$ (4,377,100)	$ (7,778,479)	$ (432,002)	$ 47,462

CANACO RESOURCES INC.

(an exploration stage company)

Condensed Interim Consolidated Statements of Changes in Equity - unaudited

Nine months ended March 31, 2013 and 2012

Expressed in Canadian dollars, unless otherwise stated

	Common Shares Without Par Value				Accumulated Other Comprehensive		
	Shares	Amount	Warrants	Contributed Surplus	Income	Deficit	Total Equity
Balance, June 30, 2011	198,859,984	$202,409,229	$ 2,292,271	$ 30,957,134	$ 1,470,908	$(101,768,495)	$135,361,047
Issued for cash							
Warrants exercised	84,119	100,769	(28,484)	--	--	--	72,285
Stock options exercised	720,000	681,093	--	(281,160)	--	--	399,933
Share-based compensation	--	--	--	531,569	--	--	531,569
Unrealized loss on investments	--	--	--	--	(912,485)	--	(912,485)
Currency translation adjustment on foreign operations	--	--	--	--	47,462	--	47,462
Loss for period	--	--	--	--	--	(27,771,562)	(27,771,562)
Balance, March 31, 2012	199,664,103	203,191,091	2,263,787	31,207,543	605,885	(129,540,057)	107,728,249
Balance, June 30, 2012	199,708,103	203,210,286	2,263,787	31,199,887	601,550	(133,692,617)	103,582,893
Issued for cash							
Stock options exercised (Note 11 (d))	2,209,535	1,039,568	--	(417,976)	--	--	621,592
Share-based compensation (Note 10 (d))	--	--	--	1,852,260	--	--	1,852,260
Unrealized loss on investments	--	--	--	--	(372,809)	--	(372,809)
Warrants expired, unexercised	--	--	(2,263,787)	2,263,787	--	--	--
Currency translation adjustment on foreign operations	--	--	--	--	(59,193)	--	(59,193)
Loss for period	--	--	--	--	--	(11,782,904)	(11,782,904)
Balance, March 31, 2013	201,917,638	$204,249,854	$ --	$ 34,897,958	$ 169,548	$(145,475,521)	$ 93,841,839

CANACO RESOURCES INC.
(an exploration stage company)
Condensed Interim Consolidated Statements of Cash Flows - unaudited
Expressed in Canadian dollars, unless otherwise stated

	Three months ended March 31, 2013	Three months ended March 31, 2012	Nine months ended March 31, 2013	Nine months ended March 31, 2012
Cash flows provided by (used for) operating activities				
Loss for the period	$ (4,474,057)	$ (7,791,258)	$ (11,782,904)	$ (27,771,562)
Items not involving cash				
Amortization - administration	68,472	55,520	211,318	160,632
Amortization – exploration and evaluation	62,540	57,192	215,455	161,373
Share-based compensation - administration	--	--	1,404,630	193,861
Share-based compensation – exploration and evaluation	--	--	447,630	337,708
Loss on disposition of equipment	3,440	--	3,440	--
Unrealized foreign exchange (gain) loss	(176,761)	322,879	176,440	(232,916)
Changes in operating assets and liabilities				
Accounts receivable	(518,037)	(570,522)	(1,553,734)	(768,010)
Prepaid expenses	330,281	135,621	263,258	89,723
Accounts payable and accrued liabilities	500,605	(1,218,220)	796,042	(907,009)
	(8,407,034)	(18,017,576)	(19,636,850)	(57,472,400)
Cash flows provided by (used for) investing activities				
Mineral property acquisitions	--	(131,668)	(174,638)	(470,325)
Purchase of equipment	(6,872)	(421,259)	(52,676)	(1,147,456)
Cash contributed to Tigray	--	--	--	(3,866,400)
Purchase of short-term investments	--	--	(7,814,865)	(39,454,336)
Redemption of short-term investments	(8,933,032)	10,656,860	--	10,656,860
	(8,939,904)	10,103,933	(8,042,179)	(34,281,657)
Cash flows provided by (used for) from financing activities				
Shares issued for cash, net of share issue costs	590,565	111,062	621,592	472,975
	590,565	111,062	621,592	472,975
Effects of exchange rate changes on cash and cash equivalents	208,636	(305,251)	(161,824)	177,937
Decrease in cash and cash equivalents	(16,547,737)	(8,107,832)	(27,219,261)	(91,103,145)
Cash and cash equivalents, beginning of period	38,726,984	15,993,931	43,783,600	79,261,832
Cash and cash equivalents, end of period	$ 22,179,247	$ 7,886,099	$ 16,564,339	$ (11,841,313)

1. Nature of operations, spinout transaction and acquisition

Canaco Resources Inc. (the "Company" or "Canaco") was incorporated on January 13, 1987, under the Canada Business Corporations Act. The address of the Company's corporate office and principal place of business is Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, Canada.

At March 31, 2013, the Company was listed on the TSX Venture Exchange (the "TSX-V") The Company is engaged in mineral property exploration and is considered an exploration stage enterprise, as it has yet to generate revenue from operations.

These condensed interim consolidated financial statements present the financial position and results of operations for the Company prior to the spinout transaction and acquisition and consolidation described below.

Spinout transaction and acquisition and consolidation

On April 4, 2013, Canaco closed a share purchase agreement between Canaco, Shark Minerals Inc. ("Shark") and the shareholders of Shark dated December 14, 2012. Under the agreement the Company acquired all of the outstanding common shares of Shark in exchange for the issuance of 118,584,735 of its common shares (the "Acquisition"). In connection with the Acquisition and effective on the same date, Canaco also completed a share consolidation (the "Consolidation") on the basis of one (1) new share for three (3) existing shares resulting in issued capital of 106,834,124 common shares and changed its name to Orca Gold Inc. ("Orca Gold"). As of closing of the Acquisition and Consolidation, Orca Gold is 63% owned by former Canaco shareholders and 37% owned by former Shark shareholders.

Immediately prior to the Acquisition and Consolidation, Canaco completed a spinout transaction (the "Spinout") by way of a plan of arrangement whereby Canaco (a) transferred all of its assets other than certain included assets and $60 million in cash, and certain liabilities as defined in the agreement, to East Africa Metals Inc. ("East Africa Metals"), a new company formed by Canaco, and (b) distributed all of the shares of East Africa Metals to the shareholders of Canaco immediately prior to giving effect to the Acquisition on the basis of one (1) East Africa Metals share for every three (3) pre-Consolidation Canaco shares held by shareholders as of the effective date of the Spinout. In addition to the cash noted above, $4,000,000 was set aside in an account jointly controlled by Orca Gold and East Africa Metals to cover any potential future costs that may be incurred after April 4, 2013, as a result of the British Columbia Securities Commission ("BCSC") hearing. Under the terms of the Acquisition and Spinout, once the proceeding of the BCSC hearing are concluded, the unexpended balance of these funds will be forwarded to East Africa Metals.

Following completion of the Spinout, Acquisition and Consolidation, Orca Gold shares commenced trading on the TSX-V under the ticker symbol "ORG.V" on April 9, 2013. Prior to April 9, 2013, the Company traded as CAN.V. As a result of these transactions, the exploration focus of the Company has changed from Tanzania to Sudan where Shark holds exploration licenses for three properties (Blocks, 14, 67 and 68) near the border with Egypt.

2. Continuity of interests accounting

The legal form of the Spinout provided that on April 4 Canaco transferred materially all of the assets and liabilities of Canaco to East Africa Metals, except for cash and short-term investments of $60,000,000 and sufficient funds to pay certain liabilities outstanding as at March 31, 2013. For accounting purposes, under a continuity of business basis of presentation (1) the continuing business of East Africa Metals, and its related comparatives will be the historical results of Canaco, except for the cash and related balances acquired by Shark pursuant to the Acquisition and Spinout; and (2) Canaco, now Orca Gold, will report the business of Shark and its related historical comparatives as its continuing business.

Expressed in Canadian dollars, unless otherwise stated

3. Statement of compliance

The Company prepares its condensed interim consolidated financial statements ("financial statements") in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"). These financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") and follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, these financial statements should be read in conjunction with our most recent annual financial statements.

These financial statements were authorized for issuance in accordance with a resolution from the Board of Directors dated May 29, 2013.

4. Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the financial statements and related notes. There have been no significant changes to the Company's significant accounting estimates from those disclosed in note 4 of the audited consolidated annual financial statements for the year ended June 30, 2012.

5. Cash and cash equivalents

	March 31, 2013	June 30, 2012
Cash	$ 3,191,754	$ 12,675,296
Cash equivalents	23,191,010	31,108,304
	$ 26,382,764	$ 43,783,600

6. Accounts receivable

	March 31, 2013	June 30, 2012
Insurance receivable	$ 1,263,257	$ 621,818
Related parties and other receivables (Note 12)	1,408,041	495,746
	$ 2,671,298	$ 1,117,564

7. Accounts payable and accrued liabilities

	March 31, 2013	June 30, 2012
Trade payables and related parties (Note 12)	$ 1,788,082	$ 1,303,045
Accrued liabilities	465,491	154,486
	$ 2,253,573	$ 1,457,531

Expressed in Canadian dollars, unless otherwise stated

8. Property and equipment

Details are as follows:

	Buildings and roads	Office furniture and equipment	Computers and software	Leasehold improvements	Total
Cost					
As at June 30, 2012	$ 1,526,018	$ 779,503	$ 417,450	$ 353,554	$ 3,076,525
Additions	31,817	1,545	19,975	--	53,337
Disposals	--	(951)	(7,203)	--	(8,154)
Foreign exchange	5	(65,265)	(75)	(75)	(65,410)
As at March 31, 2013	$ 1,557,840	$ 714,832	$ 430,147	$ 353,479	$ 3,056,298

	Buildings and roads	Office furniture and equipment	Computers and software	Leasehold improvements	Total
Accumulated amortization					
As at June 30, 2012	$ 181,366	$ 213,374	$ 167,711	$ 114,636	$ 677,087
Amortization	--	40,146	111,951	59,221	211,318
Disposals	--	(301)	(4,134)	--	(4,435)
Exploration amortization	131,889	48,565	11,094	23,907	215,455
Foreign exchange	3,920	13,503	42	17	17,482
As at March 31, 2013	$ 317,175	$ 315,287	$ 286,664	$ 197,781	$ 1,116,907

	Buildings and roads	Office furniture and equipment	Computers and software	Leasehold improvements	Total
Net book value					
As at June 30, 2012	1,344,652	566,129	249,739	238,918	2,399,438
As at March 31, 2013	1,240,665	399,545	143,483	155,698	1,939,391

9. Mineral property interests

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

	Tanzania, Handeni properties	Tanzania, other properties	Total
Acquisition costs			
As at June 30, 2012	$ 2,481,173	$ 2,828,733	$ 5,309,906
Property payments	102,211	72,427	174,638
Foreign exchange	4,069	4,632	8,701
As at March 31, 2013	$ 2,587,453	$ 2,905,792	$ 5,493,245

Tanzania – Handeni properties

The Handeni Gold Project consists of two contiguous claims, Magambazi and Kilindi. The properties are located in the Handeni district, Tanga Region of Tanzania. The Kilindi property is 100% owned by the Company and is subject to a Prospecting Licence (“PL”). During the nine months (“period”) ended March 31, 2013, the Company:

Expressed in Canadian dollars, unless otherwise stated

9. Mineral property interests (continued)

Tanzania – Handeni properties

a) through a Special Purpose Entity, made the second payment of US$50,000 on a Handeni PML exploration and purchase option agreement ("Agreement') to acquire 100% interest in the PML. The Agreement includes payments of US$50,000 in year one (paid); US$50,000 in year two (paid) and US$50,000 in year three. The Company has a purchase option to acquire the PML for US$400,000. The Agreement is subject to a 2.0% Net Smelter Returns Royalty ("NSR") with an option for the Company to buy back 1.0% of the NSR for US$250,000.

b) through the SPE, made the second payment of US$50,000 on a second Handeni PML exploration and option agreement ("2nd Agreement"), with a different third party than noted in a). The 2nd Agreement includes payments of US$50,000 in year one (paid); US$50,000 in year two (paid) and US$50,000 in year three. The Company has a purchase option to acquire the PML for US$400,000. The 2nd agreement is subject to a 2.0% NSR with an option for the Company to buy back 1.0% of the NSR for US$250,000.

10. Exploration and evaluation expenditure

Details of the Company's exploration and evaluation expenses are as follows:

	Tanzania, Handeni Properties	Tanzania other properties	Three months ended March 31, 2013	Nine months ended March 31, 2013
Exploration and evaluation expenditure				
Amortization	$ 63,078	$ --	$ 63,078	$ 215,455
Camp and administration costs	361,828	88,803	447,384450,63 1	1,086,202
Drilling	8,630	--	8,630	117,030
Geochemistry	--	173,150	173,150	260,757
Geology	4,993	77,701	82,694	392,023
Project development	48,829	--	48,829	873,749
Project management and consulting	73,612	--	73,612	191,804
Share-based compensation	--	--	--	447,630
Technical services	78,327	32,678	111,005	296,080
	639,297	372,332	447,385,011,62 9	3,880,730
Cumulative exploration and evaluation expenditure as at June 30, 2012				59,792,395
Cumulative exploration and evaluation expenditure as at March 31, 2013				$ 63,673,125

	Tanzania, Handeni Properties	Tanzania other properties	Three months ended March 31, 2012	Nine months ended March 31, 2012
Exploration and evaluation expenditure				
Amortization	$ 57,192	$ --	$ 57,192	$ 161,373
Camp and administration costs	443,234	--	443,234	1,136,484
Drilling	4,326,421	--	4,326,421	20,723,083
Geochemistry	441,354	--	441,354	697,952
Geology	34,805	--	34,805	166,561
Project management and consulting	13,214	--	13,214	52,601
Project development	1,778,308	--	1,778,308	1,921,674
Share-based compensation	--	--	--	337,708
Technical services	121,707	--	121,707	375,903
Total for the period	7,216,235	--	7,216,235	25,573,339
Cumulative exploration and evaluation expenditure as at June 30, 2011				30,797,570

Expressed in Canadian dollars, unless otherwise stated

	Tanzania, Handeni Properties	Tanzania other properties	Three months ended March 31, 2012	Nine months ended March 31, 2012
Cumulative exploration and evaluation expenditure as at March 31, 2012				$ 56,370,909

11. Share capital

As at March 31, 2013, the Company's share capital consisted of the following:

(a) Authorized: Unlimited common shares without par value

(b) Issued and outstanding: 201,917,638 common shares

During the period ended March 31, 2013, the Company: issued 2,209,535 common shares on the exercise of stock options.

(c) Escrowed shares

As at March 31, 2013, 1,522,665 (June 30, 2012 – 1,522,665) common shares are held in escrow. The release of these shares is based on the future exploration expenditures, discovery of an ore deposit and achieving commercial mineral production.

(d) Share-based compensation

The Company has established a share purchase option plan whereby the Board of Directors may grant options to directors, officers, employees or consultants in order to more closely align the grant-recipients' interests with those of shareholders.

The Company has been authorized by its shareholders to grant stock options of up to ten percent (10%) of the number of common shares issued and outstanding. Options granted are subject to a maximum term of ten years from the date of grant. The exercise price of an option must be determined in accordance with the share purchase option plan. Options vest at the time the stock options are granted unless determined otherwise by the Board of Directors, other than options granted to consultants performing investor relations activities, which vest in stages over twelve months with no more than one quarter vesting in any three-month period.

Details of stock option activity during the period ended March 31, 2013, are as follows:

	Number of options outstanding	Weighted average exercise price
Balance, June 30, 2012	13,259,535	$2.96
Granted	6,000,000	$0.40
Exercised	(2,209,535)	$0.28
Expired and forfeited	(2,605,000)	$2.65
Outstanding and exercisable, March 31, 2013	14,445,000	$2.36

The fair value of the 6,000,000 options, which vested on the grant date, totalled $1,852,260, of which $1,404,630 was recorded as share-based compensation expense and $447,630 was recognized as share-based compensation expense within exploration and evaluation expenses. The options were valued using the Black-Scholes model using the following assumptions:

	Assumption
Expected life	2.90 years
Volatility	140.24%
Dividend yield	--
Risk free rate	1.16%

Option pricing models require the input of subjective assumptions including the expected volatility. The expected volatility is based on the historical volatility of the Company's common shares. Changes in the subjective input assumptions can materially affect the fair value estimate.

Expressed in Canadian dollars, unless otherwise stated

11. Share capital (continued)

The Company's weighted average share price for options exercised during the period ended March 31, 2013, is as follows:

Month of exercise	Number of options	Weighted average share price in month of exercise
July 2012	80,000	$0.35
December 2012	75,000	$0.37
January 2013	579,535	$0.42
February 2013	125,000	$0.47
March 2013	1,350,000	$0.43
	2,209,535	$0.42

Pursuant to the arrangement for the distribution of an Ethiopian property, the Harvest Project, to Tigray Resources Inc. ("Tigray"), completed on July 4, 2011, the Company retains 98.5% of the value of each stock option exercise and the remaining 1.5% of each stock option exercise is paid to Tigray for 10,320,000 stock options granted prior to July 4, 2011. For the period ended March 31, 2013, 2,209,535 stock options were exercised at prices ranging from $0.10 to $0.40 to provide $622,357 to the Company, after the deduction of the 1.5% relating to the Tigray shares.

The following table summarizes information about the stock options exercisable at March 31, 2013:

Options outstanding at March 31, 2013	Exercise price	Weighted average remaining contractual life	Expiry date
1,790,000	$0.10	1.3 years	July 9, 2014
1,350,000	$0.67	2.1 years	January 21, 2015
710,000	$0.50	2.0 years	April 12, 2015
5,995,000	$4.88	2.7 years	December 3, 2015
300,000	$4.84	3.0 years	April 7, 2016
175,000	$1.80	3.5 years	October 3, 2016
4,125,000	$0.40	4.3 years	August 3, 2017
14,445,000	$2.36	2.8 years	

On April 4, 2013, following the Consolidation (see Note 1), the number and exercise prices of stock options outstanding as at March 31, 2013, were consolidated on a three to one basis, resulting in 4,815,000 outstanding options with a weighted average exercise price of $7.08.

(e) Share purchase warrants

As at March 31, 2013, the following share purchase warrant transactions issued in connection with financings made by private placements and exercises of share purchase warrants are summarized as follows:

	Number of warrants
Balance, June 30, 2012	897,465
Warrants expired	(897,465)
March 31, 2013	--

As at March 31, 2013, there were no share purchase warrants outstanding.

Expressed in Canadian dollars, unless otherwise stated

12. Related party transactions

(a) Related parties

	Three months ended March 31, 2013	Three months ended March 31, 2012	Nine months ended March 31, 2013	Nine months ended March 31, 2012
Services rendered and expenses incurred:				
Services and related expenses (i)	$ 223,158	$ 201,079	$ 666,675	$ 819,149
Management fees (ii)	721,875	46,875	965,625	269,375
Legal fees	--	--	--	12,228

	March 31, 2013	June 30, 2012
Balances receivable from (v):		
Reimbursement of shared costs (iii)	$ 931,821	$ 363,107
	931,821	363,107
Balances payable to (v):		
Services rendered (i)	(218,000)	(177,500)
Management fees (ii)	(12,754)	--
Directors and officers (iv)	(625,299)	--
	$ (856,053)	$ (177,500)

(i) Services and related expenses are paid for or received from related parties with directors in common.

(ii) Management fees were paid to a privately held company for the services of an officer of the Company.

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

(iv) Salaries, severances and terminations paid or accrued to directors and officers of the Company.

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

(b) Key management personnel

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

Details of key management personnel compensation is as follows:

	Three months ended March 31, 2013	Three months ended March 31, 2012	Nine months ended March 31, 2013	Nine months ended March 31, 2012
Directors fees, key management personnel salaries and short-term benefits	$ 155,236	$ 253,376	$ 746,568	$ 879,271
Termination payments for key management personnel and directors	1,264,706	--	1,894,320	--
Share-based compensation	--	202,625	879,824	202,625
	$ 1,419,942	$ 456,001	$ 3,520,712	$ 1,081,896

Expressed in Canadian dollars, unless otherwise stated

13. Segment note

During the period ended March 31, 2013, the Company had two reporting segments, mineral exploration and development in Tanzania and management and administration in Canada. The resources of the Company were allocated to these two segments. The geographical segment of the Company's total liabilities, total assets, capital assets and loss were as follows:

	Canada	Tanzania	Total
For the three months ended March 31, 2013			
Net loss for the period	$ 3,513,430	$ 960,627	$ 4,474,057
For the nine months ended March 31, 2013			
Net loss for the period	8,398,861	3,384,043	11,782,904
As at March 31, 2013			
Total liabilities	(2,222,022)	(31,551)	(2,253,573)
Total non-current assets	982,100	6,450,536	7,432,636
Total assets	89,122,056	6,973,356	96,095,412

	Canada	Tanzania	Total
For the three months ended March 31, 2012			
Net loss for the period	$ 578,951	$ 7,212,308	$ 7,791,258
For the nine months ended March 31, 2012			
Net loss for the period	2,535,885	25,235,677	27,771,562
As at March 31, 2012			
Total liabilities	(496,578)	(2,906,583)	(3,403,161)
Total non-current assets	1,551,637	6,302,147	7,853,784
Total assets	103,089,690	8,041,720	111,131,410

SCHEDULE “D”
PRO FORMA FINANCIAL STATEMENTS

EAST AFRICA METALS INC.

(an exploration stage company)

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF EAST AFRICA METALS INC.

For the nine months ended March 31, 2013
(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited – prepared by management)

EAST AFRICA METALS INC.

(an exploration stage company)

Pro Forma Consolidated Balance Sheet - unaudited

As at March 31, 2013

Expressed in Canadian dollars, unless otherwise stated

	Canaco Resources Inc. March 31, 2013	East Africa Metals Inc. March 31, 2013 (Note 1,2(a,d))	Pro forma adjustments (Note 1,2(a,b,c))	Note	East Africa Metals Inc. Pro forma March 31, 2013
Assets					
Current assets					
Cash	$ 26,382,764	$ --	$ (7,146,826)	2(a)(b)(c)	$ 19,235,938
Short-term investments	58,758,377	--	(58,758,377)	2(a)	--
Restricted cash	--	--	4,000,000	2(b)	4,000,000
Accounts receivable	2,671,298	1	(1)	2(d)	2,671,298
Marketable securities	340,000	--	--		340,000
Prepaid expenses	510,337	--	--		510,337
	88,662,776	1	(61,905,204)		26,757,573
Mineral property interests - Tanzania	5,493,245	--	--		5,493,245
Property and equipment	1,939,391	--	--		1,939,391
	$ 96,095,412	$ 1	$ (61,905,204)		$ 34,190,209
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	$ 2,253,573	$ 2,500	$ (1,905,203)	2(c)	$ 350,870
Total liabilities	2,253,573	2,500	(1,905,203)		350,870
Shareholders' equity					
Share capital	204,249,854	1	(170,376,954)	2(a)(d)	33,872,901
Contributed surplus	34,897,958	--	110,376,953	2(a)	145,274,911
Accumulated other comprehensive income	169,548	--	--		169,548
Deficit	(145,475,521)	(2,500)	--		(145,478,021)
	93,841,839	(2,499)	(60,000,001)		33,839,339
	$ 96,095,412	$ 1	$ (61,905,204)		$ 34,190,209

See accompanying notes to pro forma condensed consolidated financial statements.

EAST AFRICA METALS INC.

(an exploration stage company)

Pro Forma Consolidated Statement of Operations and Comprehensive loss - unaudited

For the period ending March 31, 2013

Expressed in Canadian dollars, unless otherwise stated

	Canaco Resources Inc. March 31, 2013	East Africa Metals Inc. March 31, 2013	Pro forma adjustments	Note	East Africa Metals Inc. Pro forma March 31, 2013
Expenses					
Amortization	$ 211,319	$ --	$ --		$ 211,319
Directors and advisory board fees	257,372	--	--		257,372
Exploration expenditure	3,880,730	--	--		3,880,730
Shareholder communications and filing fees	368,632	--	--		368,632
Legal, audit and audit related fees	765,716	2,500	--		768,216
Management consulting fees	1,082,768	--	--		1,082,768
Office and administration	779,803	--	--		779,803
Corporate transaction costs	1,904,856	--	--		1,904,856
Rent and occupancy costs	156,712	--	--		156,712
Salary and benefits	1,569,361	--	--		1,569,361
Share-based compensation	1,404,630	--	--		1,404,630
	12,381,899	2,500	--		12,384,399
Income (loss) from continuing operations	(12,381,899)	(2,500)	--		(12,384,399)
Foreign exchange (loss) gain	(176,440)	--	--		(176,440)
Loss on disposition of equipment	(3,440)	--	--		(3,440)
Interest income	778,875	--	--		778,875
Income (loss) for the period	(11,782,904)	(2,500)	--		(11,785,404)
Earnings (loss) per share, basic and diluted (post-consolidation) – continuing operations	(0.18)	(2,500)	--		(0.18)
Earnings (loss) per share, basic and diluted (post-consolidation) – discontinuing operations	--	--	--		--
Weighted average number of common shares (post-consolidation) used in the calculation of loss per share – basic and diluted	67,305,842	1	(1)		67,305,842
Pro Forma Consolidated Statements of Comprehensive Income (Loss) – unaudited					
Income (loss) for period	(11,782,904)	(2,500)	--		(11,785,404)
Currency translation adjustment	(59,193)	--	--		(59,193)
Unrealized gain (loss) on investments, net of deferred income tax	(372,809)	--	--		(372,809)
Comprehensive income (loss)	(12,214,906)	(2,500)	--		(12,217,406)

See accompanying notes to pro forma condensed consolidated financial statements.

1. Basis of presentation

These unaudited pro forma consolidated financial statements ("pro forma financial statements") should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2012, and the unaudited condensed interim consolidated financial statements for the three and nine months ended March 31, 2013, of Canaco Resources Inc. ("Canaco") and the audited interim financial statements of East Africa Metals Inc. ("East Africa Metals" or the "Company") for the period from December 7, 2012, (date of incorporation) to March 31, 2013. In the opinion of management, these pro forma financial statements presented include all of the adjustments necessary for fair presentation. The pro forma financial statements are presented as though the transaction occurred at March 31, 2013, with pro forma adjustments for any significant transactions. The pro forma financial statements of the Company have been prepared for inclusion in the TSX Venture Exchange listing application for the Company dated July 8, 2013.

On April 4, 2013, Canaco closed a share purchase agreement between Canaco, Shark Minerals Inc. ("Shark") and the shareholders of Shark dated December 14, 2012. Under the agreement the Company acquired all of the outstanding common shares of Shark in exchange for the issuance of 118,584,735 of its common shares (the "Acquisition"). In connection with the Acquisition and effective on the same date, Canaco also completed a share consolidation (the "Consolidation") on the basis of one (1) new share for three (3) existing shares resulting in issued capital of 106,834,124 common shares and changed its name to Orca Gold Inc. ("Orca Gold"). As of closing of the Acquisition and Consolidation, Orca Gold is 63% owned by former Canaco shareholders and 37% owned by former Shark shareholders.

Immediately prior to the Acquisition and Consolidation, Canaco completed a spinout transaction (the "Spinout") by way of a plan of arrangement whereby Canaco (a) transferred all of its assets other than certain included assets and $60,000,000 in cash, and certain liabilities as defined in the agreement, to East Africa Metals, a new company formed by Canaco, and (b) distributed all of the shares of East Africa Metals to the shareholders of Canaco immediately prior to giving effect to the Acquisition on the basis of one (1) East Africa Metals share for every three (3) pre-Consolidation Canaco shares held by shareholders as of the effective date of the Spinout. Pursuant to Plan of Arrangement, Canaco distributed 67,305,842 East Africa Metals shares to its shareholders. In addition to the cash noted above, $4,000,000 was set aside in an account jointly controlled by Orca Gold and East Africa Metals to cover any potential future costs that may be incurred after April 4, 2013, as a result of the British Columbia Securities Commission ("BCSC") hearing. Under the terms of the Acquisition and Spinout, once the BCSC hearing and outcome are concluded, the unexpended balance of these funds will be released to East Africa Metals. Until that date, East Africa Metals will reflect these funds as restricted cash on its balance sheet.

The legal form of the Spinout provided that on April 4 Canaco transferred materially all of its assets and liabilities to East Africa Metals, except for cash and short-term investments of $60,000,000 and $1,905,203 related to termination payments, the transaction costs related to the Acquisition and certain agreements as at March 31, 2013. For accounting purposes, under a continuity of business basis of presentation (1) the continuing business of East Africa Metals, and its related comparatives will be the historical results of Canaco, except for the cash and related balances acquired by Shark pursuant to the Acquisition and Spinout; and (2) Canaco, now Orca Gold, will report the business of Shark and its related historical comparatives as its continuing business.

No annual pro forma income statements have been presented for East Africa Metals because the historical operations of East Africa Metals is essentially the historical operations of Canaco and the Canaco statement of operations for the years ended June 30, 2012, and 2011. Refer to www.sedar for Canaco's, now Orca Gold Inc., financial statements.

Expressed in Canadian dollars, unless otherwise stated

2. Pro forma adjustments and assumptions

The following adjustments have been reflected in the unaudited pro forma consolidated balance sheets for The Company.

a) To record the $60,000,000 of cash and cash equivalents to be retained in Canaco prior to the Shark transaction as a reverse spinout. The reverse spinout has been recorded as a distribution of capital and measured at fair value.

   The pro forma consolidated balance sheets reflect the Spinout as a spinout of cash and certain liabilities for accounting presentation purposes. Canaco's assets and liabilities have been measured at their book value pursuant to continuity of interests accounting. However, the legal form of the spin-out transaction as defined in the Agreement is that Canaco will spin-out materially all of the assets and liabilities of Canaco except for $60,000,000 in cash and sufficient funds to pay certain liabilities outstanding as at March 31, 2013. Refer to Note 2 c).

b) To record $4,000,000 that Canaco transferred to an account jointly controlled (the "Escrow Account") by the Company and Orca Gold to cover any potential future costs that may be incurred after April 4, 2013, as a result of the BCSC hearing. Under the terms of the Acquisition and Spinout, once the BCSC hearing and outcome are concluded, the unexpended balance of these funds will be released to East Africa Metals. Until that date, East Africa Metals will reflect these funds as restricted cash on its balance sheet. Further information on the BCSC hearing can found on the BCSC website www.bcsc.bc.ca.

c) Pursuant to the Share Purchase Agreement, Canaco transferred $1,905,203 cash for the settlement of payables and liabilities assumed by Orca Gold.

d) A subsidiary of Canaco has been formed, 8373973 Canada Ltd., the name of which was changed to East Africa Metals Inc. pursuant to the Transaction. One common share was issued and will be cancelled pursuant to the Transaction.

3. Share capital

East Africa Metals's share capital after completion of the Transaction as at March 31, 2013, is as follows:

	Number of shares	**$**
East Africa Metals Inc. common shares issued, March 31, 2013	1	1
Reduction of equity due to Arrangement (Note 2d)	(1)	(1)
Issuance of common shares to effect the Transaction (Note 1)	67,305,842	33,872,901
Common shares issued, East Africa Metals, on completion of Spinout	67,305,842	33,872,901

SCHEDULE "E"
PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT
UNDER THE PROVISIONS OF SECTION 192
OF THE *CANADA BUSINESS CORPORATIONS ACT*

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**Agreement**" means the arrangement agreement dated as of February 27, 2013, including the Schedules attached thereto, as may be supplemented or amended from time to time;

"**Arrangement**" means the arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Canaco;

"**Arrangement Resolution**" means the special resolution of the Canaco Shareholders in respect of the Arrangement to be considered at the Meeting, the full text of which is attached as Schedule "B" to the Agreement;

"**Board of Directors**" means the duly appointed board of directors of the applicable company;

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;

"**Canaco**" means Canaco Resources Inc., a company existing under the laws of Canada;

"**Canaco Class A Shares**" means the Class A common shares of Canaco to be created pursuant to the Arrangement;

"**Canaco Class B Shares**" means the Canaco Shares, once they have been redesignated as Class B common shares of Canaco and to which have been attached a preferential right in accordance with the Plan of Arrangement;

"**Canaco Shares**" means the common shares in the capital of Canaco;

"**Canaco Shareholders**" means the holders of Canaco Shares at the applicable time;

"**CBCA**" means the *Canada Business Corporations Act*;

"**Circular**" means the management information circular of Canaco to be prepared and sent to the Canaco Shareholders in connection with the Meeting;

“**Court**” means the Ontario Superior Court of Justice - Commercial List;

“**Director**” means the director appointed under section 260 of the CBCA;

“**Dissent Rights**” has the meaning set forth in section 5.1 of the Plan of Arrangement;

“**Dissenting Shareholder**” means a registered Canaco Shareholder who has duly exercised the Dissent Rights and is ultimately entitled to be paid for their Canaco Shares;

“**Dissenting Shares**” means Canaco Shares the holders whereof have duly exercised their Dissent Rights;

“**East Africa Metals**” means East Africa Metals Inc., a company existing under the laws of Canada;

“**East Africa Metals Shares**” means the common shares in the capital of East Africa Metals;

“**Effective Date**” means the date of certification of the Articles of Arrangement by the Director in accordance with section 192(8) of the CBCA;

“**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date;

“**Final Order**” means the final order of the Court pursuant to section 192(3) of the CBCA, in a form acceptable to Canaco approving the Arrangement as such order may be amended by the Court (with the consent of Canaco) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to Canaco) on appeal, such Court having approved the procedural and substantive fairness of the terms and conditions of the exchange of the securities by Canaco Shareholders who are resident in the United States as contemplated herein after having been informed of the parties’ intention to rely upon the exemption from registration provided by section 3(a)(10) of the U.S. Securities Act with respect to the exchange, and after notice and a hearing upon the fairness of such terms and conditions at which all Canaco Shareholders have the right to appear;

“**Interim Order**” means the interim order of the Court containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended and modified (provided that any such amendment is acceptable to Canaco) by any court of competent jurisdiction, after being informed of the intention to rely on the exemption provided by section 3(a)(10) of the U.S. Securities Act to exchange the securities that are held by Canaco Shareholders who are resident in the United States without registration under the U.S. Securities Act;

“**Meeting**” means the special meeting of Canaco Shareholders to be held on or about March 28, 2013 and any adjournment(s) or postponement(s) thereof, to be called and held in accordance with the Interim Order to consider and to vote on the Arrangement Resolution and any other matters set out in the Notice of Meeting;

“**Notice of Meeting**” means the notice of the Meeting to be sent to the Canaco Shareholders, which notice will accompany the Circular;

“**Person**” or “**person**” means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;

"**Plan of Arrangement**" means the plan of arrangement in substantially the form of the plan of arrangement which is attached as Schedule "A" hereto and any amendments or variations thereto made in accordance with this Agreement, the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of Canaco;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as promulgated or amended from time to time;

"**Transfer Agent**" means Computershare Investor Services Inc. or such other trust company or transfer agent as may be designated by Canaco;

"**TSXV**" means the TSX Venture Exchange; and

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated from time to time thereunder.

In addition, words and phrases used herein and defined in the CBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the CBCA unless the context otherwise requires.

1.2 Sections and Headings

The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless otherwise expressly stated or the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing gender shall include all genders.

1.4 Statutory References

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.5 Currency

Unless otherwise stated all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.6 Business Day

In the event that the date on which any action is required to be taken hereunder by either of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 Governing Law

This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.8 Binding Effect

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on: (i) Canaco; (ii) all registered and beneficial Canaco Shareholders; and (iii) all Canaco Optionholders. This Plan of Arrangement may be withdrawn prior to the occurrence of any of the events in section 2.1 hereof in accordance with the terms of the Arrangement Agreement.

ARTICLE 2
ARRANGEMENT

2.1 Arrangement

Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following sequence or as otherwise provided below or herein, without any further act or formality:

(a) each issued Canaco Share held by a Dissenting Shareholder (for greater certainty, being a Canaco Shareholder who has duly complied with the Dissent Rights and is ultimately entitled to be paid for their dissenting shares) shall be acquired by Canaco in consideration for Canaco agreeing to pay the amount to be paid as determined in accordance with section 5.1(a) hereof;

(b) Canaco shall purchase such number of East Africa Metals Shares equal to one-third of the number of Canaco Shares issued and outstanding on the Effective Date (less one incorporation share) and shall pay the issue price by delivering the following properties to East Africa Metals: (i) the amount of cash held by Canaco on the Effective Date less $60 million, current liabilities and such amounts required by Canaco to complete the transactions contemplated by the share purchase agreement dated December 14, 2012 among Canaco, Shark Minerals Inc. and the holders of all of the issued and outstanding shares in the capital of Shark Minerals Inc., such amount expected to be approximately $24 million; (ii) all receivables owing to Canaco by Subsidiaries; (iii) all of the issued and outstanding shares of Canaco Resources Holdings Inc.; (iv) all of the issued and outstanding shares of Canaco Resources (BC) 2009 Inc.; and (v) all of the issued and outstanding shares of Canaco Tanzania Limited;

(c) the authorized capital of Canaco shall be amended by:

    (i) the creation of an unlimited number of Canaco Class A Shares and the Articles of Canaco are amended accordingly; and

    (ii) (ii) redesignating the Canaco Shares as Canaco Class B Shares and amending the rights, privileges, restrictions and conditions of the shares to provide any holder of Canaco Class B Shares owning more than 80% of the issued and outstanding Canaco Class B Shares with the right to requisition the directors of Canaco to call a meeting of the holders of Canaco Class B Shares for the purposes stated in the requisition and should the directors of Canaco not call such meeting within two days after receiving such requisition a shareholder who made such requisition may call a meeting in the manner in which such meeting may be called under the CBCA and the by-laws of Canaco;

(d) each issued Canaco Class B Share, other than those held by Dissenting Shareholders, shall be exchanged with Canaco for one Canaco Class A Share and one-third of a East Africa Metals Share and the certificates representing the outstanding Canaco Shares shall thereafter represent Canaco Class A Shares;

(e) the stated capital of Canaco for the outstanding Canaco Class A Shares shall be an amount equal to the stated capital of Canaco for the Canaco Shares immediately before the Effective Time less the sum of: (i) the fair market value of the East Africa Metals Shares distributed to Canaco Shareholders pursuant to step (d) of this Plan of Arrangement; and (ii) the stated capital of Canaco for the Canaco Shares acquired by Canaco from Dissenting Shareholders pursuant to step (a) of this Plan of Arrangement; and

(f) the Canaco Class B Shares shall be eliminated from the authorized capital of Canaco and the Canaco Class A Shares shall be altered by changing their identifying name to "Common Shares".

ARTICLE 3
CERTIFICATES AND FRACTIONAL SHARES

3.1 Delivery of Securities

As soon as practicable following the Effective Date, East Africa Metals will forward or cause to be forwarded by the Transfer Agent or otherwise, by registered mail (postage prepaid) or hand delivery to Canaco Shareholders as of the Effective Date at the address specified in the register of Canaco Shareholders, certificates representing the number of East Africa Metals Shares to be delivered to such Canaco Shareholders under the Arrangement.

4.2 Withholding Rights

Canaco and the Transfer Agent shall be entitled to deduct and withhold any amount otherwise payable to any Canaco Shareholder such amounts as Canaco or the Transfer Agent is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Canaco Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

4.3 No Fractional Shares

No fractional East Africa Metals Shares will be issued. In the event that a Canaco Shareholder would otherwise be entitled to a fractional East Africa Metals Share hereunder, the number of East Africa Metals Shares issued to such Canaco Shareholder shall, without any additional compensation, be rounded down to the next lesser whole number of East Africa Metals Shares. In calculating such fractional interests, all Canaco Shares registered in the name of or beneficially held by such Canaco Shareholder or their nominee shall be aggregated.

4.4 No Replacement Share Certificates

Recognizing the redesignation of the Canaco Class A Common Shares as set forth in Article 2, Canaco shall not issue replacement share certificates therefor.

ARTICLE 4
AMENDMENTS

4.1 Right to Amend

Canaco reserves the right to amend, modify or supplement (or do all of the foregoing) this Plan of Arrangement from time to time and at any time prior to the Effective Date provided that any such amendment, modification and/or supplement must be contained in a written document that is:

(a) filed with the Court and, if made following the Meeting, approved by the Court; and

(b) communicated to Canaco Shareholders in the manner required by the Court (if so required).

4.2 Amendment Before the Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Canaco at any time prior to or at the Meeting, with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

4.3 Amendment After the Meeting

Any amendment, modification or supplement to this Plan of Arrangement which is approved by the Court following the Meeting shall be effective only:

(a) if it is consented to by Canaco; and

(b) if required by the Court or applicable law, it is consented to by the Canaco Shareholders.

4.4 Amendment After the Effective Date

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Canaco, provided that it concerns a matter which, in the reasonable opinion of Canaco, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interest of any holder of Canaco Shares, Canaco Options or East Africa Metals Shares.

ARTICLE 5
RIGHTS OF DISSENT

6.1 Rights of Dissent

Pursuant to the Interim Order, registered holders of Canaco Shares may exercise rights of dissent (the "**Dissent Rights**") under section 190 of the CBCA, as modified by this Article 6, the Interim Order and the Final Order, with respect to Canaco Shares in connection with the Arrangement, provided that the written notice setting forth the objection of such registered Canaco Shareholders to the Arrangement and exercise of Dissent Rights must be received by Canaco not later than 5:00 p.m. (Vancouver time) on the Business Day that is two Business Days before the Meeting or any date to which the Meeting may be postponed or adjourned and provided further that holders who exercise such rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their Canaco Shares, which fair value, notwithstanding anything to the contrary contained in the CBCA, shall be determined immediately prior to the approval of the Arrangement Resolution, shall be deemed to have transferred their Canaco Shares to Canaco as of the Effective Time in consideration for a debt claim against Canaco to be paid the fair value of such Canaco Shares and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; and

(b) are ultimately not entitled, for any reason, to be paid fair value for their Canaco Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Canaco Shares.

6.2 Recognition of Dissenting Shareholders

In no circumstances shall Canaco or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those Canaco Shares in respect of which such rights are sought to be exercised. From and after the Effective Date, neither Canaco nor any other Person shall be required to recognize a Dissenting Shareholder as a shareholder of Canaco and the names of the Dissenting Shareholders shall be deleted from the register of holders of Canaco Shares previously maintained or caused to be maintained by Canaco.

ARTICLE 6
FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur at the time and in the manner set out in this Plan of Arrangement without any further act or formality, Canaco and East Africa Metals shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

ARTICLE 8
TERMINATION

8.1 Termination

Notwithstanding any prior approvals by the Court or by the Canaco Shareholders, the Board of Directors of Canaco may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution adopted at the Meeting without further approval of the Court or the Canaco Shareholders.