



**EAST AFRICA METALS INC.**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

This Management's Discussion and Analysis ("MD&A") provides a review of the performance of the operations of East Africa Metals Inc. (collectively, with its subsidiaries, "East Africa" or the "Company") for the year ended December 31, 2018 ("Fiscal 2018"), compared to the year ended December 31, 2017 ("Fiscal 2017"). This MD&A has been prepared in compliance with National Instrument 51-102 F1 - Continuous Disclosure Obligations. This MD&A has been prepared on the basis of available information up to April 30, 2019 and should be read in conjunction with the Company's consolidated financial statements ("Financial Statements") for the year ended December 31, 2018, and the corresponding notes to the Financial Statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents are available on SEDAR at [www.sedar.com](http://www.sedar.com). All dollar amounts are expressed in Canadian dollars ("CAD") except where indicated otherwise.

### **Cautionary Statement Regarding Forward-Looking Information**

*This MD&A may contain certain forward-looking statements concerning anticipated developments in the Company's operations in future periods, "forward-looking information," within the meaning of applicable Canadian securities legislation. The forward-looking statements are set forth in this MD&A and may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not a 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: closing of the Tibet Huayu Transaction; obtaining all required approvals for the Tibet Huayu Transaction; the outcome of the arbitration case with the Developer; the ability of Tibet Huayu to develop and operate the Ethiopia Projects and Properties within the required laws and agreements; if the arbitration case is successful that the Company can occupy the site and advance the project; if the arbitration is successful the Tanzanian Definitive Agreement payments are not refundable; recoverability of the Ethiopian and Tanzanian VAT receivable; early exploration; the ability of East Africa to identify any other corporate opportunities for the Company; the possibility that the Company may not be able to generate sufficient cash to service its planned operations and may be forced to take other options; the risk the Company may not be able to continue as a going concern; the possibility the Company will require additional financing to develop the Harvest Property into a mining operation; the risks associated with obtaining necessary licenses or permits including and not limited to Ethiopian Government approval of any future mining license applications and EAM Mineral Resources extensions for the Company's Ethiopian Properties and Projects; risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of the Company's projections and estimates, including the initial and any updates to the mineral resource for the Adyabo, Harvest and Handeni Properties; realization of mineral resource estimates; interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; actual results of exploration activities; government regulation; political or economic developments; foreign taxation risks; environmental risks; insurance risks; capital expenditures; operating or technical difficulties in connection with development activities; personnel relations; the speculative nature of strategic metal exploration and development including the risks of contests over title to properties; and changes in project parameters as plans continue to be refined, as well as those risk factors set out in the Company's listing application dated July 8, 2013, and within this MD&A. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported inferred mineral resources as the estimation is uncertain in nature and there has been insufficient exploration to define any inferred mineral resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading inferred mineral resources to an indicated or measured mineral resource category. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the price of precious and base metals; the demand for precious and base metals; the ability to carry on exploration and development activities; the timely receipt of any required approvals; the ability to obtain qualified personnel, equipment and services in a timely and cost-efficient manner; the ability to operate in a safe, efficient and effective manner; and the regulatory framework including and not limited to license approvals, social and environmental matters, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The Company does not update or revise forward looking information even if new information becomes available unless legislation requires the Company to do so. Accordingly, readers should not place undue reliance on forward-looking information contained herein, except in accordance with applicable securities laws.*

## Contents

<b>INTRODUCTION</b> .....	3
<b>DESCRIPTION OF THE BUSINESS</b> .....	3
<b>KEY OPERATING MILESTONES</b> .....	3
<b>OUTLOOK</b> .....	9
<b>CORPORATE TRANSACTIONS</b> .....	10
<b>PROJECT DESCRIPTIONS</b> .....	11
<b>HARVEST PROPERTY – ETHIOPIA</b> .....	11
<b>ADYABO PROPERTY - ETHIOPIA</b> .....	13
<b>HANDENI PROPERTIES – TANZANIA</b> .....	18
<b>CURRENT COMPANY OBJECTIVES</b> .....	19
<b>FINANCIAL POSITION</b> .....	19
<b>RESULTS OF OPERATIONS</b> .....	20
<b>LIQUIDITY</b> .....	24
<b>CAPITAL RESOURCES</b> .....	25
<b>FINANCIAL INSTRUMENTS</b> .....	26
<b>TRANSACTIONS WITH RELATED PARTIES</b> .....	28
<b>CRITICAL ACCOUNTING ESTIMATES</b> .....	28
<b>CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION</b> .....	31
<b>INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES</b>	32
<b>NON-GAAP FINANCIAL MEASURES – OTHER EXPENDITURES</b> .....	33
<b>RISK FACTORS</b> .....	33
<b>OTHER MD&amp;A REQUIREMENTS</b> .....	35
<b>APPROVAL</b> .....	35

## INTRODUCTION

East Africa was incorporated on December 7, 2012, under the Canada Business Corporations Act. The address of the Company's corporate office and principal place of business is Suite 1100, 595 Howe Street, Vancouver, British Columbia, Canada. On July 11, 2013, the Company commenced trading on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the trading symbol "EAM".

## DESCRIPTION OF THE BUSINESS

East Africa is a mineral exploration company focused on the identification, acquisition, exploration, development and/or sale of base and precious metal resource properties in the Federal Democratic Republic of Ethiopia ("Ethiopia") and the United Republic of Tanzania ("Tanzania"). East Africa's key mineral assets include its 70% owned Harvest Property and the 100% owned Adyabo Property (together the "Ethiopian Properties") in Ethiopia, and the Handeni Properties, including the Magambazi project and Other Properties (the "Tanzanian Assets") in Tanzania. The Company has released Mineral Resources Estimates for its Terakimti (Harvest Property), Da Tambuk (Adyabo Property) and Mato Bula (Adyabo Property) projects in Ethiopia and the Magambazi project in Tanzania. 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](http://www.eastafricametals.com).

## KEY OPERATING MILESTONES

### Corporate Transaction to Develop the Ethiopian Properties ("Tibet Huayu Transaction")

On February 8, 2019, the Company announced the execution of a binding Letter of Intent ("LOI") with Tibet Huayu Mining Co., Ltd ("Tibet Huayu") for the exploration, development and operation for the Company's 100% owned Mato Bula Gold Copper Project ("Mato Bula"), 100% owned Da Tambuk Gold Project ("Da Tambuk") and 70% owned Terakimti Gold Heap Leach Project ("Terakimti HL") located in the Tigray Regional National State of Northern Ethiopia. Tibet Huayu is a Chinese mining company with its headquarters in Lhasa, China and is publicly listed on the Shanghai Stock Exchange. Including in the LOI terms is a cash payment to the Company of US\$1.7M, joint venture arrangements on the Ethiopian properties and Tibet Huayu to contribute East Africa's post transaction allocation of the capital costs. On February 11, 2019, the Company announced the approval of the transaction by the board of directors for both the East Africa and Tibet Huayu. Please refer to the "Corporate Transactions" section below for further information.

### Preliminary Economic Assessments

On April 30, 2018, the Company announced receipt from Tetra Tech Canada Inc. ("Tetra Tech") of positive results from Preliminary Economic Assessments ("PEAs") for its three gold projects in Ethiopia. Separate PEAs studies have been received for the Company's Mato Bula, Da Tambuk and the Terakimti HL projects. Each of the projects demonstrates robust economics utilizing industry standard mining and processing technology. The key estimated technical and base case pre-tax and post-tax metrics for each project are presented below:

PARAMETER <sup>(3)</sup>		Units	PROJECT		
			Mato Bula	Da Tambuk	Terakimti HL <sup>(1)</sup>
Mine Plan		Tonnes	3,335,000	650,000	1,086,000
Grade	Gold	g/t	3.0	4.9	3.1
	Copper	%	0.26%	N/A	N/A
	Silver	g/t	0.70	2.3	22.9
Metal Recoveries	Gold	%	86.4%	93.0%	65.0%
	Copper	%	87.4%	N/A	N/A
	Silver	%	50.0%	50.0%	30.0%
Recovered Metals	Gold	Ozs	278,000	95,000	71,000
	Copper	Lbs (x000)	13,353	N/A	N/A
	Silver	Ozs	38,300	24,000	229,000
	Au Equiv	Ozs	305,000	95,000	74,000

PARAMETER <sup>(3)</sup>		Units	PROJECT		
			Mato Bula	Da Tambuk	Terakimti HL <sup>(1)</sup>
Capital Cost		US\$(x000)	\$54,200	\$34,030	\$17,180
Sustaining Capital		US\$(x000)	\$5,600	\$8,030	\$1,720
Operating Cost	Site - C1	US\$/tonne	\$47.53	\$61.85	\$34.10
<b>Metal Prices</b>					
Gold Price	US\$/oz		\$1,325	\$1,325	\$1,325
Copper Price	US\$/lb		\$3.00	N/A	N/A
Silver Price	US\$/oz		\$17.00	\$17.00	\$17.00
<b>PRE-TAX</b>					
Cash Flow		US\$(x000)	\$139,710	\$31,160	\$29,360
NPV @8%		US\$(x000)	\$83,820	\$20,670	\$19,470
IRR		%	34.1%	37.8%	37.4%
<b>POST-TAX</b>					
Cash Flow	LOM	US\$ (x000)	\$97,700	\$20,615	\$20,890
NPV @8%		US\$ (x000)	\$56,660	\$13,020	\$13,180
IRR		%	28.4%	28.6%	30.1%
<b>OTHER METRICS</b>					
Payback		Years	3.0	1.9	2.4
C1 Op Cost		US\$/oz Au	\$412	\$420	\$465
AISC		US\$/oz Au	\$620	\$642	\$649

Notes:

(1) Metrics are presented for 100% attributable to Terakimti HL operation. Metrics attributable to East Africa would be 70% of values presented above as per Joint Venture agreement terms.

(2) Cash Flows presented are not discounted.

(3) Values may not reconcile to others disclosures within the PEA disclosure due to rounding.

#### Metal Price Sensitivities - Post Tax

PARAMETER <sup>(2)</sup>	Units	Base Case	Lowest Case	5 Year Ave	Long Term
<b>Metals Prices</b>					
Gold Price	US\$/oz	\$1,325	\$1,200	\$1,250	\$1,379
Copper Price	US\$/lb	\$3.00	\$2.50	\$2.75	\$3.25
Silver Price	US\$/oz	\$17.00	\$17.00	\$17.00	\$17.00
<b>MATO BULA – Gold, Copper and Silver</b>					
Cash Flow <sup>(1)</sup>	US\$(x000)	\$97,700	\$75,050	\$84,325	\$107,340
NPV @ 8%	US\$(x000)	\$56,660	\$39,460	\$46,490	\$63,980
IRR	%	28.4%	22.5%	25.0%	30.8%
Payback	Years	3.0	3.7	3.4	1.8

PARAMETER <sup>(2)</sup>	Units	Base Case	Lowest Case	5 Year Ave	Long Term
<b>DA TAMBUK – Gold and Silver</b>					
Cash Flow <sup>(1)</sup>	US\$(x000)	\$20,615	\$12,600	\$15,805	\$24,080
NPV @ 8%	US\$(x000)	\$13,020	\$6,060	\$8,840	\$16,025
IRR	%	28.6%	17.7%	22.1%	33.2%
Pay back	Years	1.9	3.2	3.1	1.7
<b>TERAKIMTI HL – Gold and Silver</b>					
Cash Flow <sup>(1)</sup>	US\$(x000)	\$20,890	\$15,130	\$17,430	\$23,380
NPV @ 8%	US\$(x000)	\$13,180	\$8,340	\$10,280	\$15,275
IRR	%	30.1%	21.9%	25.2%	33.7%
Payback	Years	2.4	2.8	2.6	2.3

(1) Cash Flows presented are not discounted.

(2) Values may not reconcile to others disclosures within the PEA disclosure due to rounding.

Each of the PEA studies has been completed by Tetra Tech’s mining and process engineering team in Vancouver, B.C. The PEAs are based on the mineral resource estimates for Mato Bula, Da Tambuk, and Terakimti as previously disclosed by East Africa. The mineral resource estimates were completed by David Thomas P.Ge., Q.P. of Fladgate Exploration Consulting Corporation as follows:

- Adyabo Property Mineral Resource Estimate, David Thomas, P. Geo. (Effective Date: May 31, 2016), East Africa news release June 14, 2016.
- Updated Terakimti Oxide Mineral Resource Estimate at a 0.5 g/t Gold Equivalent Cut-Off, David Thomas, P. Geo. (Effective Date: October 18, 2015), East Africa news release October 27, 2015
- Terakimti Mineral Resource Estimate David Thomas, P. Geo., Effective Date: January 17, 2014, East Africa news release January 27, 2014.

Metallurgical test work for the Mato Bula Gold Copper and Da Tambuk Gold projects has been completed by Blue Coast Research, an independent metallurgical laboratory in Parksville B.C. Canada. Metallurgical test work for the Terakimti was completed by SGS Minerals Services (“SGS”) in Johannesburg, South Africa. Additional metallurgical test work for Terakimti was performed by McClelland Laboratories Inc. (“McClelland”) in Reno, Nevada. Blue Coast Research, SGS, and McClelland are internationally recognized for their metallurgical testing expertise.

#### **Technical Report and Cautionary Statement NI 43-101:**

Each of the PEAs was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. Each of the PEA Reports has been filed by the Company on SEDAR.

Readers are cautioned that a PEA is preliminary in nature. These PEAs include Indicated and Inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA results will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

#### **Additional Project Information**

All three projects are located within 10 km of existing paved highways and the National power grid, and approximately 35 km from the town of Shire, which has an airport and extensive services. The Mato Bula and Da Tambuk projects are located 5 km apart and offer the opportunity to share access road and power line construction costs. The Terakimti HL project is approximately 15 km from Mato Bula and Da Tambuk.

**Mato Bula Gold Copper Project Estimates**

- Post-tax NPV of US\$56.6M for base case using US\$1,325/oz Au, US\$3.00/lb copper and US\$17.00/oz silver, at an 8% discount rate.
- Payback of pre-production capital in 3 years from start of production.
- C1 cash operating cost of US\$412/oz Au including all on-site costs and AISC cost of US\$620/oz Au calculated with all on-site and off-site costs, TCRC charges, sustaining costs and net of by-product credits.
- Average annual metal production of approximately 34,750 ozs gold, 1.67 million pounds copper and 4,780 ozs silver.
- Pre-production capital cost of US\$54.2M million including contingency of 38% on direct costs and 26% on total of direct and indirect costs.
- Open pit mining utilizing drill blast, trucks and shovels, waste stripping ratio of 9/1.
- Processing rate of 1,400 t/day using conventional crush/grind comminution, gravity concentration and flotation to produce a copper-gold concentrate. In addition a gold bearing pyrite concentrate will be produced and treated off-site by Carbon in Leach (“CIL”) technology.
- Life-of-mine metal recoveries of 86.4% for gold, 87.4% for copper, and 50% for silver.
- Concentrate grades average approximately 132 g/t gold, 25.5% copper and 28 g/t silver.
- Minimum 8 year mine life, based on proposed open pit depth of 190 metres.
- Significant potential exists to extend mine life as drilling has identified mineralization along strike and to 370 metres down dip.

**Da Tambuk Gold Project Estimates**

- Post-tax NPV of US\$13.0M and IRR of 28.6% for base case using US\$1,325/oz Au and US\$17.00/oz silver, at 8% discount rate.
- Payback of pre-production capital in 1.9 years from start of production.
- C1 cash operating cost of US\$420/oz Au including all on-site costs and AISC cost of US\$642/oz Au calculated with all on-site and off-site costs, TCRC charges, sustaining costs and net of by-product credits.
- Average metal production of approximately 24,000 ozs gold per year and 6,000 ozs silver per year.
- Pre-production capital cost of approximately US\$34.1M including contingency of 36% on direct costs and 26% total of direct and indirect costs.
- Underground trackless mining utilizing ramp access, cut and fill and open stope mining.
- Processing rate of 550 tonnes per day using crush/grind comminution, gravity concentration and CIL technology.
- Average life-of-mine metal recoveries of 93% for gold and 50% for silver.
- Minimum 4 year mine life based on mining plan depth to 200 metres below surface.
- Excellent potential to extend mine life as drilling has intersected significant mineralization to 260 metres down dip.

**Terakimti Gold Heap Leach Project Estimates**

- Post-tax NPV of US\$13.2M and IRR of 30.1% for base case using US\$1,325/oz Au and US\$17/oz silver, at an 8% discount rate.
- Payback of pre-production capital in 2.4 years from start of production.

- C1 cash operating cost of US\$465/oz Au including all on-site costs and AISC cost of US\$649/oz Au calculated with all on-site and off-site costs, sustaining costs and net of by-product credits.
- Average metal production of approximately 17,800 ozs gold per year and 57,250 ozs silver per year.
- Pre-production capital cost of approximately US\$17.2M including contingency of 25% on direct costs 19% on total of direct and indirect costs.
- Open pit mining utilizing drill blast, shovels and trucks with waste stripping ratio of 3.8/1.
- Processing rate of 715 tonnes per day using two stage crushing, heap leaching and Merrill Crowe technology.
- Average life-of-mine metal recoveries of 65% for gold and 30% for silver.
- 4 year mine life.
- In addition to heap leaching of the gold oxide zone, potential exists to develop supergene gold, copper, and primary sulphide copper, gold, and zinc resources underlying the gold oxide zone.

### **Risk and Opportunities**

As with all mining projects, a number of opportunities and risks exist which may affect the outcome of one or all of the projects. Known opportunities and risks pertaining to all of the projects are identified immediately below, followed by a statement of opportunities and risks specific to each of the projects.

#### **Opportunities for all Projects:**

- Potential exists to optimize metal recoveries and reduce reagent consumptions in the processing circuits.
- Process equipment costs are based on North American supply and assessment of other equipment markets should be conducted to evaluate this cost reduction opportunity.
- The close proximity of the Mato Bula and Da Tambuk projects creates an opportunity for combining of project resources, such as power supply, road access, water sources, administration and technical departments, which could reduce costs. Certain general facilities and services may possibly be shared with the Terakimti HL project as well.

#### **Risks for all Projects:**

- Volatility of commodity prices.
- Unforeseeable escalation of capital or operating costs.
- Political stability, security and social opposition.
- Unforeseen future changes in host country regulations that may have a direct impact on production and economics of the projects including and not limited to environment aspects and taxes.
- Inherent geological risk and uncertainty.
- Sourcing of skilled employees for mining and processing plant operation/QAQC control.
- Metallurgical performance of the processing plant may be different than projections based on test work completed to date.
- Potential sources of water supply for operations must be confirmed and may vary from the assumptions made in the studies.
- The engineering assumptions and results presented in the PEA's may vary from actual conditions.
- Abnormally high precipitation events during the wet season may cause flooding in the minesite areas and/or restrict access to the project sites.

The news release also contains information on the Environmental and Social Impact Assessment ("ESIA") studies, risk and opportunities for each project and other relevant information to the PEAs. Further information can be located in the East Africa's respective news release and on East Africa's website [www.eastafricametals.com](http://www.eastafricametals.com).



**PERMITTING AND EXPLORATION PROJECTS UPDATES**

The below information is a summary of the key permitting and exploration updates. Where applicable, please refer to references to other sections in the MD&A or the Company's website for further information.

- On January 12, 2018, East Africa announced the Ethiopian Ministry of Mines, and Petroleum ("MoMP") has begun evaluating the mining license applications for Da Tambuk and Mato Bula projects.
- In April 2018, the Company announced three separate PEAs for its Ethiopian Properties. Refer to Key Operating Milestones above for further information. In June 2018 the Company filed NI 43-101 Technical Reports each with an effective date of April 30, 2018, in support of the PEA studies for the Mato Bula, Terakimti HL and Da Tambuk projects.
- On May 25, 2018, the Company announced it had filed with the MoMP, responses to comments received in relation to the Mato Bula and Da Tambuk mining license applications submitted in December 2017. Including in the responses the Company submitted a revised ESIA study to the MoMP in support of the Mato Bula and Da Tambuk mining license applications.
- On August 16, 2018, the Company announced it had received approval from the MoMP for ESIA studies for the Mato Bula and Da Tambuk projects. The next step in the mining license application process is for the MoMP to prepare draft model mining license agreements.
- In August, 2018, the Company announced Canaco Tanzania Ltd ("CTL"), a subsidiary of East Africa, received a default notice from the Tanzanian Government advising of certain issues attributed to development and operational actions that are non-compliant with the Tanzanian Mining Act. With the on-going legal dispute hearing in Tanzania, the Tanzanian Government has postponed its assessment of the Company's proposed remediation program until the legal hearing concludes. Refer to "Corporate Transaction" for further information.
- On September 4, 2018, the Company announced it had received Draft Model Agreements ("DMAs") from the MoMP for the Company's Mato Bula and Da Tambuk projects, located in Ethiopia. The DMAs set out the rights and obligations of both parties with respect to the development and operation of the Mato Bula and Da Tambuk projects.
- On January 23, 2019, East Africa announced the MoMP has approved the DMAs for the Mato Bula and Da Tambuk projects. The final step in the mining license process is the formal ratification of the Mining Agreements by the Ethiopian Council of Ministers.
- On March 1, 2019, the Company announced the signing of a diamond drilling contract for up to 10,000m, subject to financing and prepaid \$1.8million in a drilling advance. The focus of Phase 1 drilling is to increase the resource base of high priority Mato Bula Trend exploration targets which include Halima Hill I.P., Mato Bula Central, Silica Hill, Silica Hill North, Mato Bula North, Da Tambuk Silica Ridge and Da Tambuk deposit.
- Updates on mineral resource estimates, related maps and further information on the Harvest Property and the Adyabo Property can be located in the Company's respective news releases and on East Africa's website [www.eastafricametals.com](http://www.eastafricametals.com).

**CORPORATE UPDATES**

The below information is a summary of the key corporate updates. Where applicable, please refer to references to other sections in the MD&A or the Company's website for further information.

- On January 15, 2018, East Africa announced the election to accelerate the expiry date of the warrants issued to purchasers and finders under its private placement financing completed on May 31, 2016. Each warrant entitles the holder to purchase one common share at a price of \$0.25 per share. The warrants were originally set to expire on May 31, 2018 and were revised to expire on February 5, 2018.

In February 2018, the Company completed the acceleration of the warrants and 3,771,680 warrants were exercised at a price of \$0.25 per share, for proceeds of \$942,920. The remaining 634,700 warrants expired and were cancelled.

- On January 24, 2018, the Company announced the updated terms ("Addendum") for the Tanzanian Definitive Agreement with an arm's length private exploration and development company, with management based in Hong

Kong and Tanzania (the “Developer”), to purchase and develop East Africa’s Tanzanian Assets. Refer to Corporate Transactions for further details.

- On February 7, 2018, East Africa announced the Company and SinoTech (Hong Kong) Corporation Limited (“SinoTech”), an insider of the Company, had signed an extension of the maturity date of the related party loan entered into in September 2017. East Africa has repaid \$300,000 of the principal of the loan and corresponding interest. The outstanding loan balance of \$300,000 will bear an interest rate of 12% per annum and will mature on the earlier of: (a) 15 Business Days after the closing of the Company’s \$11,544,000 financing announced on December 29, 2017 or (b) May 21, 2018. In June 2018, SinoTech and the Company extended in the loan maturity date (see June 1, 2018, below).
- On March 29, 2018, the Company announced the termination of the binding memorandum of understanding (“Ethiopian MOU”) with Luck Winner Investment Limited (“LW”) providing for project development financing of up to US\$250,000,000 and a private placement with gross proceeds of approximately CAD\$13,550,000. The Company has initiated discussions with a number of interested parties for the project financing of the Terakimti HL project and/or all the Ethiopian Properties. The parties include companies and groups based in North America, Europe and China.
- In April 2018, the Company announced it has commenced binding arbitration proceedings with respect to certain disputes that East Africa has with the Developer. In accordance with the Tanzanian Definitive Agreement and Addendum, the binding arbitration will be heard by a single arbitrator in Vancouver, British Columbia pursuant to the rules of the British Columbia International Commercial Arbitration Centre. Please refer to the “Corporate Transactions” section for more details.
- On June 1, 2018, East Africa announced a second extension of the maturity date for the related party loan entered into with SinoTech. SinoTech agreed to extend the maturity date of the outstanding loan of \$300,000 until the earlier of (a) 15 Business Days after the Borrower’s closing of any future financing greater than \$3,000,000 or (b) 120 days from May 21, 2018 and bears an interest rate of 12% per annum. The Company repaid \$24,000 in interest related to the outstanding loan. In October 2018, SinoTech and the Company extended in the loan maturity date (see October 15, 2018, below).
- On June 29, 2018, the Company announced the grant of 15,900,000 stock options to certain directors, officers, employees and consultants pursuant to the Company’s Stock Option Plan. The options have an exercise price of \$0.22 per share and an expiry date of June 29, 2023. The options vested immediately and are subject to the approval of the Exchange.
- On October 15, 2018, East Africa announced the Company and SinoTech, an insider of the Company, had signed a third extension of the maturity date of the related party loan entered into in September 2017. The Company has repaid \$300,000 of the principal of the loan and corresponding interest. The outstanding loan balance of \$300,000 will bear an interest rate of 12% per annum and will mature on the earlier of: (a) 15 Business Days after the Borrower’s closing of any future financing greater than \$3,000,000 or (b) 3 months from September 14, 2018. At the date of this MD&A, SinoTech and the Company are in discussions for an additional extension.
- On February 11, 2019, the Company announced its intention to complete an equity financing by way of a private placement of up to \$3,000,000 at a price of \$0.16 per unit for 18,750,000 units. Each unit will consist of one common share and one common share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share at an exercise price of \$0.30 per share for a period of 24 months following the closing of the private placement. All of the securities issued in connection with this private placement are subject to resale restrictions which expire four months and one day from closing. On April 12, 2019, the Company announced the closing of the private placement and issued 15,696,000 units for gross proceeds of \$2,511,360.
- For all the above operating highlights refer to the news releases or the Company website, [www.eastafricametals.com](http://www.eastafricametals.com), for further details.

## OUTLOOK

As of the date of this MD&A, the Company’s focus is on advancing the Ethiopian Properties. The Company has received the mining license for the Terakimti HL project. In addition, the Company has received the MoMP approval to advance its Mato Bula and Da Tambuk projects Mining Agreement applications to the final stage of the mining license issuance process. The final stage in the mining license process is the formal ratification of the Mining Agreements by the Ethiopian Council of Ministers. In addition, East Africa has two mining licenses on its Tanzanian

Assets. East Africa has released initial mineral resource estimates on each of its advance staged exploration projects at Harvest, Adyabo and Handeni Properties.

In April 2018, the Company commenced arbitration process with the Developer in relation to East Africa's Tanzanian Assets with the view to terminate the Tanzanian Definitive Agreements (defined within the "Corporate Transactions" section below) and Addendum. The Company, if successful with the arbitration process, plans to advance the Tanzanian Assets to attract interest and identify a development partner or buyer. See for Corporate Transactions for further details.

The Financial Statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the twelve months ended ("year ended") December 31, 2018, the Company incurred a net loss attributable to shareholders totaling \$6,413,002 (Fiscal 2017 – \$9,124,298) and as at December 31, 2018, had an accumulated deficit of \$188,411,825 (December 31, 2017 – \$181,998,823) and working capital deficit (current assets less current liabilities) of (\$2,253,710) (December 31, 2017 – working capital surplus of \$998,617).

Based on the Company's financial position as at December 31, 2018, the available funds, including the subsequent completion of the private placement of \$2,511,360 (refer to the "Corporate Updates" for details), are not considered adequate to meet requirements for the estimated operations, exploration and development expenditures and the outcome of the arbitration in the coming twelve-month period. These requirements may be adversely impacted by an absence of normal available financing due to the continued uncertainty in the markets for mineral exploration companies operating in emerging countries. To address its financing requirements, the Company will seek financing through and not limited to the sale of non-strategic assets, strategic alliances, joint ventures, equity financing, and optioning its mineral properties. However, there is no assurance that such financing will be available.

This uncertainty casts significant doubt upon the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for the Financial Statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported income and expenses and the consolidated balance sheets classifications used. Such adjustments could be material. The outcome of these measures cannot be predicted at this time and management's ability to complete these measures will depend on market conditions and its ability to identify and secure financing. The Company's Board of Directors has approved pursuing these measures. Refer to the "Liquidity" section for further details.

## **CORPORATE TRANSACTIONS**

### *Ethiopian Joint Venture and Development of the Harvest and Adyabo Properties*

Subsequent to the year ended December 31, 2018, the Company entered into a LOI with Tibet Huayu for the Terakimti HL, Mato Bula and Da Tambuk Projects. The LOI contemplates East Africa transferring a portion of its equity interests in its Ethiopian subsidiary companies to Tibet Huayu and the parties entering into joint venture contracts for the purpose of development and operation of East Africa's Ethiopian mining assets. The Company owns 70% of the Harvest Mining PLC ("Harvest") and 100% of the Tigray Resources Incorporated PLC ("TRI"). Harvest holds the Terakimti HL mining license and TRI hosts the Adyabo Property that includes the Mato Bula and Da Tambuk Projects, which are in the final process of mine permitting.

The transaction defined in the binding LOI includes terms that in exchange for a 55% interest of Harvest and a 70% interest in TRI, Tibet Huayu will:

- Provide a cash payment of US\$1,700,000 to East Africa;
- Execute the definitive agreement; and
- Finance, develop and operate the Terakimti HL, Da Tambuk and Mato Bula Projects

On completion of the proposed transaction:

- The Harvest equity interest allocation of post-tax profits after government distributions is expected to be Tibet Huayu 55%; Ezana Mining Development PLC ("Ezana") 30%; and the Company 15%.
- The TRI equity interest allocation of post-tax profits after government distributions is expected to be Tibet Huayu 70%; and the Company 30%.

East Africa will retain the mineral rights, and all exploration obligations for the prospective targets not incorporated in the three mining licenses (“EAM Mineral Resources”). East Africa shall give Tibet Huayu a right of first refusal of reasonable duration to acquire the EAM Mineral Resources. For consideration of the future EAM Mineral Resources negotiations will be based on i) cash payment and ii) allocated % of post-tax profits of the new mineral resources. The closing of the transaction is subject including and not limited to regulatory, government and other required approvals.

#### Tanzanian Definitive Agreements - arbitration

On June 10, 2015, East Africa signed a binding agreement with the Developer to acquire and develop East Africa's Tanzanian Assets. On March 5, 2016, the “Tanzanian Effective Date”, the Company completed the execution of the Definitive Agreement and the Gold Purchase Agreement (together the “Tanzanian Definitive Agreements”) with the Developer. The Tanzanian Definitive Agreements required, among other things, the payment of US\$2,000,000 (US\$750,000 paid as of December 31, 2018) in cash for a 100% interest in the Tanzanian Assets, including the Magambazi project, camp, equipment and other assets. On January 16, 2018, the Company completed the Addendum for the Tanzanian Definitive Agreements and agreed with the Developer to assign the rights and obligations of the Tanzanian Definitive Agreements and Addendum to the Developer's new entity incorporated in Hong Kong.

On April 6, 2018, the Company announced that it had commenced the arbitration process with the view to terminate the Tanzanian Definitive Agreements and Addendum as a result of certain disputes that East Africa has with the Developer under the terms of the Tanzanian Definitive Agreements and Addendum and the Company may submit a claim for damages. Included in these disputes are matters arising in Tanzania which East Africa and its Tanzanian subsidiaries have been included in a legal dispute over a contractual disagreement with the Developer. Management and its legal advisors believe there is no basis for East Africa and its subsidiaries to be named in the dispute and accordingly the Company has filed its objections with the courts with intent to be removed from the legal dispute. Under the Tanzanian Definitive Agreements, on termination the payments received are non-refundable.

In August 2018, CTL, a subsidiary of East Africa, received a default notice from the Tanzanian Government advising of certain issues attributed to development and operational actions that are non-compliant with the Tanzanian Mining Act. CTL had been given 45 days to initiate action to address the matters of non-compliance. With the on-going legal dispute in Tanzania, the Tanzanian Government has postponed its assessment of the Company's proposed remediation program until the legal hearing case concludes. The arbitration process is on-going and the Company has commenced discussions with the Tanzanian Government regarding the status of the Magambazi project.

## **PROJECT DESCRIPTIONS**

### **Ethiopia**

Ethiopia is located in northeast Africa, in the region termed the Horn of Africa. The country is landlocked and is comprised topographically of predominantly high plateaus. New mining regulations (“Proclamation(s)”) were issued in 1993 with the purpose of promoting the exploration and development of Ethiopia's natural resources. The Proclamations allow for business incentives that include security of tenure, the right to sell minerals, preferential duty and tax provisions on equipment and machinery, a 5-8% production royalty (revised in Proclamation 678/2010), and a 25% income tax rate.

The Company currently has interests in two areas in Ethiopia, the Harvest Property and the Adyabo Property. The current Mineral Resources at the Ethiopian Properties straddle an infrastructure corridor, with the projects being located within 11 and 7 kilometres respectively of a paved highway and a high-tension power corridor.

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

### **HARVEST PROPERTY – ETHIOPIA**

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

The Harvest Property is located 600 kilometres north of Ethiopia's capital city of Addis Ababa. The Harvest Property is located in the highly prospective Asmara Mineral Belt in the southern part of the Arabian Nubian Shield (ANS), host to the Bisha, Debarwa and Emba Derho volcanogenic massive sulphide deposits. Vein-related gold deposits are also typical of the ANS, including the >13 million ounce Sukari deposit in Egypt, the one million ounce gold discovery at Koka-Zara in central Eritrea and the approximate 140,000 ounce per year gold producer at Lega Dembi in southern Ethiopia.

On December 7, 2017, the Company had received government approval of East Africa's mining license application for the Terakimti HL project. The mining license agreement has been formally approved by the MoMP, the Prime Minister and the Council of Ministers.

### **Harvest Exploration and Development Updates**

- In April 2018, the Company released its PEA on the Terakimti HL project. The PEA identified the following estimated post-tax metrics:

<b>Metric</b>	<b>Terakimti HL</b>
<b>Cash flow NPV</b>	US\$20.9M
<b>Cash Flow NPV @ 8%</b>	US\$13.2M
<b>IRR %</b>	30.1%
<b>Payback</b>	2.4
<b>Pre-production capital</b>	US\$17.2M
<b>AISC</b>	US\$649/oz
<b>Gold Price per oz</b>	US\$1,325
<b>Silver Price per oz</b>	US\$17

- Refer to Section "KEY OPERATING MILESTONES - Preliminary Economic Assessments" for further details on the PEA.
- The mining license includes the requirement to complete construction within 2 years or before December 7, 2019. In March 2019, East Africa had commenced discussion with the MoMP to extend the mine development period for up to an additional 18 months to allow the Company to finalize the Tibet Huayu Transaction.
- The Company signed a LOI with Tibet Huayu to advance the Ethiopian Properties, included the Terakimti HL project, into development and operation. Refer to section "Corporate Transaction" for further information.

### **Terakimti Mineral Resource Estimate**

On October 27, 2015, the Company announced an updated National Instrument 43-101 compliant independent mineral resource estimate on the near surface oxide component of the Terakimti VMS deposit on the Company's Harvest Property. A tabulation error in this oxide component resource was identified and announced on January 11, 2016 and was not considered material.

The near surface oxide portion of the Terakimti VMS deposit hosts an updated Indicated Resource of 1,110,000 tonnes grading 3.20 grams per tonne gold and 23.6 grams per tonne silver, and an Inferred Oxide Gold Resource of 15,000 tonnes grading 1.94 grams per tonne gold and 13.5 grams per tonne silver. The updated Terakimti Oxide Mineral Resource estimate contained metal includes 114,000 ounces gold and 841,000 ounces silver (Indicated), and 1,000 ounces gold and 7,000 ounces silver (Inferred).

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

Table 1 Updated Terakimti Oxide Mineral Resource Estimate\*

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

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

Table 2 Initial Terakimti Mineral Resource Estimate

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

For the footnotes to the initial mineral resource statement, mineral resource estimation methodology, data validation, and quality control please refer to either the Company's news release dated January 27, 2014 or the technical report that can be found on the Company website [www.eastafricametals.com](http://www.eastafricametals.com). All figures have been rounded to reflect accuracy and to comply with securities regulatory requirements. Summations within the tables may not agree due to rounding.

### Harvest Property Path Forward

In December 2017, the Company received a mining license for the Terakimti HL project. The Company has submitted an application for the exploration rights on the remaining prospective targets, EAM Mineral Resources, not included in the Terakimti HL project. The Company is in discussions with the Ethiopian MoMP for exploration rights to carry out the proposed work program. On receipt of the MoMP's approval of the proposed work program and identification of funding, the Company intends to continue assessment of the Lihamat, Mayshehagne, and VTEM09 potential satellite prospects through metallurgical and resource analyses, as additional project resource assets. The Company will continue to engage key stakeholders with the objective to obtain the required approvals for the Tibet Huayu Transaction and advance the Terakimti HL project into development and operation (refer to "Corporate Transactions" for further information on the transaction).

### ADYABO PROPERTY - ETHIOPIA

The Adyabo Property is located approximately 600 kilometres north of Ethiopia's capital city of Addis Ababa and comprised of two exploration licenses, West Shire and Adi Dairo, covering approximately 195 square kilometres. The exploration licenses each had a term of 10 years and Adi Dairo and West Shire licenses expired in 2017. East Africa

has submitted two mining license applications for the Adyabo Property and the MoMP has approved the DMAs for the Mato Bula and Da Tambuk projects. The final step in the mining license process is the formal ratification of the Mining Agreements by the Ethiopian Council of Ministers. The proposed two mining licenses are located adjacent to the Harvest Property in Ethiopia.

On receipt of a positive feasibility study, the Company shall issue 550,000 common shares and 400,000 warrants to the optionor, and on commencement of commercial production, the Company shall issue 275,000 common shares and 200,000 warrants to the optionor. During Fiscal 2016, East Africa completed the conversion of the Optionor 20% interest in the Adyabo Property to a 2% NSR. The Company retains the option to buy back 1.0% of the NSR for a cash payment of C\$5,000,000. The Company now holds a 100% undivided interest in the Adyabo Property, subject to the 2% NSR.

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

### **Mining License Applications**

In December 2017, the Company submitted two mining license applications for the Da Tambuk and Mato Bula projects at the Company's Adyabo Properties. The Company continues to engage the Ethiopian Government for the final mining license approvals. Once the mining licenses have been approved and if the Tibet Huayu Transaction is ongoing, East Africa will work with key stakeholders to obtain required approvals to finalize the Tibet Huayu Transaction and advance the project to development and operation. Further information can be located in the Company's respective news releases and on East Africa's website [www.eastafricametals.com](http://www.eastafricametals.com).

### **Exploration and Development Updates**

- In April 2018, the Company released PEAs on its two projects located on the Adyabo Property; the Mato Bula and the Da Tambuk projects. The PEAs identified the following estimated post tax metrics:

<b>Metric</b>	<b>Mato Bula</b>	<b>Da Tambuk</b>
<b>Cash flow NPV</b>	US\$97.7M	US\$20.6M
<b>Cash Flow NPV @ 8%</b>	US\$56.7M	US\$13.1M
<b>IRR %</b>	28.4%	28.6%
<b>Payback</b>	3.0	1.9
<b>Pre-production capital</b>	US\$54.2M	US\$34.1M
<b>AISC</b>	US\$620/oz	US\$642/oz
<b>Gold Price per oz</b>	US\$1,325	US\$1,325
<b>Copper Price per lb</b>	\$3	N/A
<b>Silver Price per oz</b>	US\$17	US\$17

- Refer to Section "KEY OPERATING MILESTONES - Preliminary Economic Assessments" for further details on the PEAs.
  - For further information of the PEAs metrics refer to East Africa's news release dated April 30, 2018 and the PEA reports located on the Company's website [www.eastafricametals.com](http://www.eastafricametals.com).
- On May 25, 2018, East Africa announced an update that it had filed with the MoMP, responses to comments received in relation to the Mato Bula and Da Tambuk mining license applications submitted in December 2017. The MoMP completed its review of the license applications, following a meeting between the Company and the MoMP at the end of March 2018, and submitted a list of follow-up comments to be addressed by the Company. The comments related primarily to requests for clarification on certain technical aspects of the proposed project development. The Company has submitted the responses to those comments to the MoMP, signifying a positive step forward in the approval process.

The Company submitted revised ESIA's to the MoMP in support of the Mato Bula and Da Tambuk mining license applications. The revised ESIA studies addressed comments on the studies previously received from the MoMP.

- In August 2018, the MoMP approved of the ESIA studies for the Mato Bula and Da Tambuk projects. The Company will endeavor to expedite the mining license applications process through ongoing discussions and

meetings with the MoMP. Included in discussions is the exploration rights to the EAM Mineral Resources for the satellite resource targets on the Adyabo Property.

- In September 2018, East Africa received the DMAs for the Mato Bula and Da Tambuk projects. The DMAs set out the rights and obligations of both parties with respect to the development and operation on the projects.
- On January 23, 2019, the Company announced the MoMP had approved the Mining Agreements for East Africa's Mato Bula and Da Tambuk projects located in Ethiopia. The final step in the mining license process is the formal ratification of the Mining Agreements by the Ethiopian Council of Ministers.

Further information on the Adyabo Property including past intercept results and related maps can be located on the Company's respective news releases or on the East Africa's website [www.eastafricametals.com](http://www.eastafricametals.com).

### **Adyabo Initial Mineral Resource Estimate**

On May 5, 2015, the Company announced its initial NI 43-101 compliant gold, copper, and silver mineral resource estimate for the Adyabo Property. This mineral resource estimate comprises mineralization from the Mato Bula trend, a greater than 8 kilometre long zone of alteration identified on the project in 2013. The Inferred resource includes mineralization from the Mato Bula, Mato Bula North, and Da Tambuk mineralized zones and hosts 885,000 gold equivalent ounces.

This resource incorporates data from 10,266 metres of drilling in 47 diamond drill holes and 1,520 metres of trenching from 22 trenches. This resource further builds upon the metal asset base East Africa is defining and accumulating on the Adyabo and Harvest Properties in Ethiopia.

Table 3 Adyabo Initial Mineral Resource Estimate

Category	Tonnes	Gold	Copper	Silver	Gold Equivalent	Gold Metal	Copper Metal	Silver Metal	Gold <sup>(1)</sup> Equivalent Metal
		(Au g/t)	(Cu %)	(Ag g/t)	( Au g/t)	(Au Ozs)	(Cu Mlbs)	(Ag Ozs)	(Ozs)
Indicated	3,215,000	3.92	0.24	1.4	4.29	408,000	16.8	132,000	446,000
Inferred	5,930,000	1.43	0.50	2.9	2.27	273,000	65.7	559,000	434,000

(1) Adyabo Property updated mineral resource estimate disclosed via news release dated June 14, 2016; effective date May 31, 2016.

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

### **Adyabo Updated Mineral Resource Estimate**

On June 14, 2016, the Company announced an updated NI 43-101 compliant gold, copper, and silver mineral resource estimate for the Adyabo Property. The update was derived following infill drilling focused on the initial mineral resource.

Table 3.1 Adyabo Updated Mineral Resource Estimate

Indicated Resource <sup>1,2</sup>										
Pit Optimized	Cut-Off	Tonnes	Grade				Contained Metals			
	(\$/t)		Au	Cu	Ag	Au Equiv.	Au	Cu	Ag	Au Equiv. Metal
Area		('000s)	g/t	%	g/t	g/t	('000 oz)	(M lb)	('000 oz)	('000 oz)
Da Tambuk	23.9	775	4.51	0.11	2.4	4.65	112	1.9	59	116
Mato Bula	23.9	2,280	3.74	0.28	1.1	4.18	278	14	70	310
Sub-Total Pit Optimized	23.9	3,055	3.94	0.24	1.4	4.3	390	15.9	128	426



Underground Mineral Resource	Cut-Off	Tonnes	Grade				Contained Metals			
	(\$/t)		(‘000s)	Au	Cu	Ag	Au Equiv.	Au	Cu	Ag
Area			g/t	%	g/t	g/t	(‘000 oz)	(M lb)	(‘000 oz)	(‘000 oz)
Mato Bula	63.9	160	3.57	0.25	1	3.96	18	0.9	3	20
<b>Total Pit Optimized and Underground</b>	N/A	<b>3,215</b>	<b>3.92</b>	<b>0.24</b>	<b>1.4</b>	<b>4.29</b>	<b>408</b>	<b>16.8</b>	<b>132</b>	<b>446</b>

Table 3.1 Adyabo Updated Mineral Resource Estimate (continued)

**Inferred Resource<sup>1,2</sup>**

Pit Optimized	Cut-Off	Tonnes	Grade				Contained Metals			
	(\$/t)		(‘000s)	Au	Cu	Ag	Au Equiv.	Au	Cu	Ag
Area			g/t	%	g/t	g/t	(‘000 oz)	(M lb)	(‘000 oz)	(‘000 oz)
Da Tambuk	23.9	35	4.3	0.08	3	4.42	5	0.1	3	5
Mato Bula	23.9	3,010	2.13	0.34	2.4	2.67	207	22.2	237	259
Mato Bula North	23.9	2,470	0.27	0.7	3.2	1.49	22	38.3	252	119
<b>Sub-Total Pit Optimized</b>	<b>23.9</b>	<b>5,515</b>	<b>1.31</b>	<b>0.5</b>	<b>2.8</b>	<b>2.15</b>	<b>233</b>	<b>60.6</b>	<b>493</b>	<b>383</b>
Underground Mineral Resource	Cut-Off	Tonnes	Grade				Contained Metals			
	(\$/t)		(‘000s)	Au	Cu	Ag	Au Equiv.	Au	Cu	Ag
Area			g/t	%	g/t	g/t	(‘000 oz)	(M lb)	(‘000 oz)	(‘000 oz)
Da Tambuk	63.9	75	3.92	0.05	2.9	4	9	0.1	7	10
Mato Bula	63.9	330	2.77	0.65	5.4	3.82	30	4.7	58	41
Mato Bula North	63.9	15	0.75	0.79	2.6	2.1	0.4	0.3	1	1
<b>Sub-Total Underground</b>	<b>63.9</b>	<b>420</b>	<b>2.91</b>	<b>0.55</b>	<b>4.8</b>	<b>3.8</b>	<b>39</b>	<b>5.1</b>	<b>66</b>	<b>51</b>
Total Pit Optimized + Underground	Tonnes	Grade				Contained Metals				
	(‘000s)	Au	Cu	Ag	Au Equiv.	Au	Cu	Ag	Au Equiv.Metal	
		g/t	%	g/t	g/t	(‘000 oz)	(M lb)	(‘000 oz)	(‘000 oz)	
	<b>5,930</b>	<b>1.43</b>	<b>0.5</b>	<b>2.9</b>	<b>2.27</b>	<b>273</b>	<b>65.7</b>	<b>559</b>	<b>434</b>	

<sup>1</sup> Adyabo Property updated mineral resource estimate disclosed via news release dated June 14, 2016; effective date May 31, 2016. The initial resource estimate was disclosed via news release May 5, 2015. Metal prices for gold, silver, and copper are \$1,400/oz, \$20.00/oz, and \$3.20/lb, respectively. Metallurgical recoveries of 97% for gold, 72% for copper, and 50% for silver were applied at Da Tambuk. Metallurgical recoveries of 88.5% for gold, 87.5% for copper and 50% for silver were applied at Mato Bula and Mato Bula North.

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

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

<sup>2</sup> Summations within the tables may not agree due to rounding.

### **Adyabo Metallurgy**

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

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

**Table 4 Adyabo Metallurgy Summary**

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

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

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

### **Adyabo Property Path Forward**

On receipt of the mining licenses and if the Tibet Huayu Transaction is on-going, East Africa will continue to engage key stakeholders with the objective to obtain the required approvals to close the Tibet Huayu Transaction and advance the projects into development and operation. In addition, the Company has submitted applications for the exploration rights on the remaining prospective targets, EAM Mineral Resources, not included in the Da Tambuk and Mato Bula mining licenses.

On receipt of a MoMP approval for the EAM Mineral Resources work program of additional resources on the Da Tambuk and Mato Bula projects and identification of funding, the Company plans to continue forwarding the project through in-fill and extension drilling, induced polarization survey follow-up testing, geotechnical drilling and testing, metallurgical testing, preliminary engineering work, water supply/hydrology assessments and on-going community relations work. The Company continues to assess cost effective methods of gold targeting and further resource upgrades along the highly prospective Mato Bula Trend. East Africa plans to advance the Adyabo Property through a resource update following the core deposit area infill drilling program that was completed in 2017.

### **Quality Control**

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

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

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

## HANDENI PROPERTIES – TANZANIA

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

In April 2018, the Company announced it has commenced binding arbitration proceedings with respect to certain disputes that East Africa has with the Developer under the Definitive Agreement and Addendum. In accordance with the Definitive Agreement and the Addendum, the binding arbitration will be heard by a single arbitrator in Vancouver, British Columbia pursuant to the rules of the British Columbia International Commercial Arbitration Centre. Refer to the section "Corporate Transactions" for further information.

### Magambazi Initial Mineral Resource Estimate

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

Table 5 – Initial Magambazi Mineral Resource Estimate Summary – May 2012

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

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

### Tanzanian Assets Path forward

The Company has initiated the arbitration proceedings with the view to terminate the Tanzanian Definitive Agreements and Addendum from what the Company believes are failures of the Developer to adhere to the terms of the Tanzanian Definitive Agreements and Addendum. In August 2018, the Company has received a default notice from the Tanzanian Government relating to certain issues attributed to development and operational actions that are non-compliant with the Tanzanian Mining Act. The Company has submitted a plan to the Tanzanian Government to address the issues identified in the notice and restore compliance to the project. With the on-going legal dispute case in Tanzania, the Tanzanian Government has postponed its assessment of the Company's proposed remediation program until the legal hearing concludes.

The arbitration process is on-going and the Company has commenced discussions with the Tanzanian Government regarding the status of the Magambazi project. The Company, if successful with the arbitration process, plans to advance the Tanzanian Assets to attract interest and identify a development partner or buyer. Refer to the "Corporate Transaction" section for further information.

## CURRENT COMPANY OBJECTIVES

Current objectives:

1. Obtain approvals and required documents from stakeholders to close the Tibet Huayu Transaction;
2. Continue to engage the MoMP on the issuance of the Mato Bula and Da Tambuk mining licenses and the exploration rights to the EAM Mineral Resources;
3. Commence a work program on the EAM Mineral Resources, subject to further financing, with the goal to increase the mineral resource base on the Harvest and Adyabo Properties including upgrading the mineral resource at the Adyabo Property.
4. Assess new potential exploration opportunities in Ethiopia or similar jurisdictions;
5. Where possible, expedite the arbitration case and if successful, identify a new development partner or buyer for the Tanzanian Assets;
6. Continue to examine opportunities to raise funding including debt finance, equity financing, through strategic alliances, and optioning its mineral properties for equity, cash and/or expenditure commitments.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Company's operations are focused on one industry – the acquisition, exploration and development of gold, copper, and other precious and base metals. At December 31, 2018, East Africa has three geographic locations: Canada (head office), Ethiopia and Tanzania. Information discussed herein reflects the Company as a consolidated entity, consistent with the Company's determination that the one industry in which we operate provides the most meaningful information for an exploration stage enterprise.

## FINANCIAL POSITION

The following financial data is derived from the Company's Financial Statements as at December 31, 2018, December 31, 2017 and December 31, 2016:

	December 31, 2018	December 31, 2017	December 31, 2016
Total assets	\$ 23,308,570	\$ 24,432,042	\$ 24,891,293
Total liabilities	2,597,966	1,743,917	992,882
Equity (before non-controlling interest)	16,853,111	19,117,744	19,723,641

### Total assets

The \$1,123,472 decrease from 2017 to 2018 relates to exploration and head office cash related expenditure of \$3,364,474, the repayment of \$324,000 related party loan and interest, and the payment of \$100,100 finder's fees in connection with the financing from Luck Sky Resources, an affiliate of LW, completed in 2017. The decrease is also explained by property and equipment amortization of \$263,652 and write-off of mineral property interests of \$127,409. The decrease in total assets is partially offset by foreign exchange gains of approximately \$1,851,769 on the translation of United States dollars to Canadian dollars of the foreign operations. The decrease in total assets is further offset by the exercise of warrants for \$942,920 and the exercise of stock options for \$297,351. Notwithstanding periodic or one-time transactions and subject to changes in foreign exchange, total assets will generally remain relatively constant from one period to the next, less the cost of expenditures on activities. All direct costs associated with exploration of these properties are expensed as incurred.

The decrease of \$459,251 from 2016 to 2017 relates to exploration and head office cash related expenditure totaling \$7,658,071, the repayment of \$509,880 related party loan and interest, non-current taxes recoverable provision of \$514,633, non-cash losses of \$1,537,921 on the translation of United States dollars to Canadian dollars of the foreign operations, and property and equipment amortization of \$309,666. These decreases in total assets were offset with net proceeds of \$4,982,000 from the financing with Shandong Tyan Home Co Ltd, gross proceeds of \$2,002,000 from the financing with LS, the exercise of warrants for funds of \$1,675,226, the related party loans of \$1,100,000 and the exercise of stock options for proceeds of \$249,529.

Total liabilities

As at December 31, 2018, 2017 and 2016, the Company's total liabilities are predominately comprised of trade payables, accruals and the loan payable. The increase in total liabilities of \$854,049 as at December 31, 2018, compared to December 31, 2017, is due to the Company's management and employees deferral of wages, fees, and reimbursable expenses of \$663,109, an accrual of approximately \$350,000 for the forest management fees for the Handeni Properties to the Tanzania Forestry Services Agency, and outstanding fees of approximately \$240,000 incurred for the arbitration to resolve the Tanzanian Definitive Agreements and Addendum dispute. The increase is partially reduced by the repayment of the \$324,000 related party loan, and the payment of \$100,100 finder's fees accrued in 2017.

The increase in total liabilities from 2016 to 2017 of \$751,035 is primarily due to the related party loan and interest of \$621,200.

Total equity

The decrease of equity of \$2,264,633 from December 31, 2017, is attributed to Fiscal 2018 net loss of \$6,413,002 attributable to shareholders. The net loss is offset by the exercise of warrants for \$942,920, the exercise of stock options for \$297,351, share-based compensation of \$1,458,113, and foreign exchange gain of \$1,449,985 attributable to shareholders in Fiscal 2018.

The decrease of total equity from 2016 to 2017 is predominantly a result of the net loss attributable to shareholders for Fiscal 2017, of \$9,124,298 and foreign exchange loss attributable to shareholders of \$1,219,768 on the translation of its foreign operations into Canadian dollars. This loss was offset with the closing of two private placements for aggregate net proceeds of \$6,883,900, the exercise of 7,183,591 warrants for funds of \$1,675,226, the exercise of 1,548,307 stock options for funds of \$249,529, and share based compensation of \$972,707 in connection with the vesting of 3,750,000 bonus shares and the grant of 1,000,000 stock options.

**RESULTS OF OPERATIONS**

The selected period information and summary of financial results in this MD&A should be read in conjunction with the Company's Financial Statements for the years ended December 31, 2018, 2017 and 2016. The following financial data are derived from the Company's Financial Statements for the years ended December 31, 2018, 2017 and 2016 respectively:

	Years ended December 31,					
	2018		2017		2016	
Revenue	\$	Nil	\$	Nil	\$	Nil
Exploration and evaluation expenditures		2,714,646		5,564,863		2,764,717
Other expenditures*		3,841,027		3,814,622		2,655,101
Net loss for the year		6,555,673		9,379,485		5,419,818
Net loss for the year and attributable to shareholders		6,413,002		9,124,298		5,171,387
Basic and diluted loss per share and attributable to shareholders	\$	0.04	\$	0.06	\$	0.05
Weighted average number of common shares used in the calculation of loss per share – basic and diluted		162,666,122		141,830,955		111,055,366
Distributions or Dividends	\$	Nil	\$	Nil	\$	Nil

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

***LOSS FOR THE YEAR ENDED DECEMBER 31, 2018 ("FISCAL 2018"), COMPARED TO THE YEAR ENDED DECEMBER 31, 2017 ("FISCAL 2017")***

The loss for Fiscal 2018 is \$6,555,673 compared to a loss for Fiscal 2017 of \$9,379,485 identifies a decrease of \$2,823,812. The significant items contributing to the Fiscal 2018 loss includes exploration expenditures of \$2,714,646 (Fiscal 2017 – \$5,564,863), share-based compensation of \$1,115,172 (Fiscal 2017 – \$825,207), investor / shareholder communications and filing fees of \$595,683 (Fiscal 2017 – \$750,076), and management consulting fees of \$520,136 (Fiscal 2017 – \$685,221). The significant balances and variations are discussed below.

Exploration and evaluation expenditure (“Exploration Expenditures”)

The decrease of \$2,850,217 in Exploration Expenditures is primarily a result of a reduction of \$2,055,283 drilling expenditure in Fiscal 2018 of \$22,992 compared to Fiscal 2017 of \$2,078,275; lower Fiscal 2018 geology expenditure of \$12,850 (Fiscal 2017 – \$365,854), a reduction of \$353,004; lower Fiscal 2018 provision for tax recoverable of \$9,853 (Fiscal 2017 – \$514,633), a reduction of \$504,780; and there was no geophysics program in Fiscal 2018 (Fiscal 2017 – \$118,339). The decrease is offset by reclamation provision of \$274,754 for Fiscal 2018 (Fiscal 2017 – \$Nil) and higher Fiscal 2018 share based compensation of \$342,941 (Fiscal 2017 – \$147,500), an increase of \$195,441.

In Fiscal 2017, the Company completed infill drilling program of \$1,948,841 for the Adyabo Property resource area to assist in planned resource update work, collected additional metallurgical samples and initiated an independent environmental and social impact assessments. A decrease in drilling activities is the driving factor for lower geology, geochemistry and other Exploration Expenditures.

Camp costs of \$1,114,242 (Fiscal 2017 – \$1,165,747) represents in-country expenses such as salary, legal, accounting, office costs and project management expenses to manage the foreign operations. The Fiscal 2018 camp costs were consistent with the prior year. The Company made a provision of \$274,754 (Fiscal 2017 – \$Nil) for the trees to be felled and management fees within the Magambazi Forest Reserve in Handeni District.

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

	Year ended December 31, 2018			Year ended December 31, 2017		
	Tanzania	Ethiopia	Total	Tanzania	Ethiopia	Total
<b>Exploration Expenditures</b>						
Amortization	\$ 154,516	\$ 57,614	\$ 212,130	\$ 173,042	\$ 81,952	\$ 254,994
Camp and administration costs	585,350	528,892	1,114,242	377,452	788,295	1,165,747
Drilling	--	22,992	22,992	--	2,078,275	2,078,275
Geochemistry	3,333	26,636	29,969	2,955	42,986	45,941
Geology	942	11,908	12,850	--	365,854	365,854
Geophysics	--	--	--	--	118,339	118,339
Preliminary resource and engineering studies	37,850	442,652	480,502	--	532,612	532,612
Project management and consulting	15,553	--	15,553	28,178	--	28,178
Provision for (recovery of) tax recoverable	38,430	(28,577)	9,853	204,185	310,448	514,633
Reclamation provision	274,754	--	274,754	--	--	--
Share-based compensation	--	342,941	342,941	--	147,500	147,500
Technical services	1,905	196,955	198,860	442	312,348	312,790
<b>Total for the year</b>	<b>1,112,633</b>	<b>1,602,013</b>	<b>2,714,646</b>	<b>786,254</b>	<b>4,778,609</b>	<b>5,564,863</b>
Balance - beginning of year	70,814,068	15,475,687	86,289,755	70,027,814	10,697,078	80,724,892
<b>Cumulative balance end of year</b>	<b>\$ 71,926,701</b>	<b>\$ 17,077,700</b>	<b>\$ 89,004,401</b>	<b>\$ 70,814,068</b>	<b>\$ 15,475,687</b>	<b>\$ 86,289,755</b>

Share-based compensation

In Fiscal 2018, the Company granted 16,450,000 (Fiscal 2017 – 1,000,000) options to officers, directors and consultants and recorded share-based compensation of \$1,458,113 (Fiscal 2017 – \$161,457), of which \$1,115,172 (Fiscal 2017 – \$161,457) was recorded as share-based compensation and \$342,941 (Fiscal 2017 – \$Nil) was recorded as share-based compensation within exploration expenditures.

In Fiscal 2017, the Company recorded \$663,750 within share-based compensation and \$147,500 within the Exploration Expenditures in connection with the vesting of 2,750,000 shares following the receipt of the mining license for the Harvest Property.

Investor / shareholder communications and filing fees

In Fiscal 2018, the Company recorded investor / shareholder communications and filing fees of \$595,683 compared to \$750,076 in Fiscal 2017, a decrease of \$154,393. This decrease relates to five months of the European marketing activity to advertise the Company’s projects to European investors compared to twelve months of activity in the prior year.

Management consulting fees

In Fiscal 2018, the Company recorded management consulting fees and expenses of \$520,136 compared to \$685,221 in Fiscal 2017, a decrease of \$165,085. In Fiscal 2018, the Company recorded \$250,000 (Fiscal 2017 – \$250,000) for consulting fees provided by a management company controlled by an officer of East Africa, \$60,000 (Fiscal 2017 – \$57,500) was incurred to a related party for Chinese translation and administration services, and \$100,000 (Fiscal 2017 – \$100,000) was recorded for corporate secretary services. The decrease is a result of reduced travel costs and reimbursed expenditures as a result of reduce exploration activity.

***LOSS FOR THE YEAR ENDED DECEMBER 31, 2017 (“FISCAL 2017”), COMPARED TO THE YEAR ENDED DECEMBER 31, 2016 (“FISCAL 2016”)***

The loss for Fiscal 2017 is \$9,379,485 compared to a loss for Fiscal 2016 of \$5,419,818. The significant items contributing to the Fiscal 2017 loss includes exploration expenditures of \$5,564,863 (Fiscal 2016 – \$2,764,717), share-based compensation of \$825,207 (Fiscal 2016 – \$193,089), investor / shareholder communications and filing fees of \$750,076 (Fiscal 2016 – \$581,315), and management consulting fees of \$685,221 (Fiscal 2016 – \$681,124). The significant balances and variations are discussed below.

The below variations represent the significant balances and variations between Fiscal 2017 and 2016:

Exploration and evaluation expenditure (“Exploration Expenditures”)

The Company incurred Exploration Expenditures of \$5,564,863 in Fiscal 2017 compared to \$2,764,717 in Fiscal 2016, an increase of \$2,800,146. Current year Exploration Expenditures is primarily comprised of drilling costs of \$2,078,275, camp and administration costs (“camp costs”) of \$1,165,747, preliminary resource and engineering studies costs of \$532,612, provision for taxes recoverable of \$514,633 and geology costs of \$365,854.

Higher drilling costs of \$2,078,275 were incurred in Fiscal 2017, compared to \$611,129 in Fiscal 2016. In the first half of Fiscal 2017, the Company completed the infill drilling program of \$1,948,841 (Fiscal 2016 - \$336,121) at the Adyabo Property resources to update and further define the resources. The Company also conducted additional drill testing at the Harvest Property of \$129,434 (Fiscal 2016 – \$275,008) to potentially upgrade targets, confirm interpretation of mineralization, and assess targets for inclusion as potential satellite resource zones.

Camp costs of \$1,165,747 (Fiscal 2016 – \$1,121,394) represents in-country expenses such as salary, legal, accounting, office costs, and project management expenses to manage the foreign operations. The Fiscal 2017 camp costs were consistent with prior year.

Preliminary resource and engineering costs increased from \$137,260 in Fiscal 2016 to \$532,612 in Fiscal 2017. In January 2017, the Company completed the metallurgical test program and reported results for the Terakimti HL project. Additionally, the Company employed consulting and engineering services for the preparation of reports associated with the two mining license applications for the Adyabo Property in Fiscal 2017.

In Fiscal 2017, the Company recorded geology costs of \$365,854, compared to \$166,219 in Fiscal 2016. The increase in geology costs is predominately associated with the increase in drilling costs at the Adyabo Property.

In Fiscal 2017, the Company recorded a provision against taxes recoverable of \$514,633 (Fiscal 2016 – \$Nil). The provision against the recoverable taxes represents the limited methods available to recover such taxes and the length of time it will take to recover such taxes. The Company continues to pursue approval of taxes recoverable (value added tax) refund claims from the various foreign governments.

Share-based compensation

In Fiscal 2017, the Company granted 1,000,000 (Fiscal 2016 – 13,500,000) options to two directors and recorded share-based compensation of \$161,457 (Fiscal 2016 – \$193,089). Additionally, the Company recorded \$663,750 within share-based compensation and \$147,500 within the Exploration Expenditures in connection with the vesting of 2,750,000 shares following the receipt of the mining license for the Harvest Property in December 2017.

Investor / shareholder communications and filing fees

In Fiscal 2017, the Company recorded investor / shareholder communications and filing fees of \$750,076 compared to \$581,315 in Fiscal 2016, an increase of \$168,761. Investor/shareholder communications and filing fees includes transfer agent, filing fees, and investor relations activities, including news release dissemination, consulting fees paid to external consultants and other costs for communications with shareholders and stakeholders, including travel expense.

The key factor for the 2017 increase is the European marketing program of \$521,540 compared to \$319,906 (Fiscal 2016). This increase relates to twelve months of the European marketing activity to advertise the Company's projects to European investors compared to six months of activity in the prior year. The European marketing activity is driven by specific news releases disseminated throughout the year that management believe have the capacity to generate trading volumes with the Company's stock.

#### Management consulting fees

In Fiscal 2017, East Africa recorded management consulting fees and expenses of \$685,221 compared to \$681,124 in Fiscal 2016, an increase of \$4,097. In Fiscal 2017, the Company recorded \$250,000 (Fiscal 2016 – \$250,000) for consulting fees provided by a management company controlled by an officer of the Company, \$57,500 (Fiscal 2016 – \$45,625) was incurred to a related party for Chinese translation and administration services, and \$100,000 (Fiscal 2016 – \$100,000) was recorded for corporate secretary services. In addition, East Africa paid bonuses of an aggregate amount of \$106,000 (Fiscal 2016 – \$97,143) to certain officers and a consultant in Fiscal 2017.

#### **SUMMARY OF QUARTERLY RESULTS**

<b>Quarter ended</b>	<b>Revenue</b>	<b>Loss<sup>(1)</sup></b>	<b>Loss per share, basic</b>
<b>Fiscal 2018</b>			
December 31, 2018	\$Nil	\$941,949	\$0.01
September 30, 2018	Nil	935,665	0.01
June 30, 2018	Nil	3,137,894	0.02
March 31, 2018	Nil	1,397,494	0.01
<b>Fiscal 2017</b>			
December 31, 2017	\$Nil	\$2,681,110	\$0.02
September 30, 2017	Nil	1,200,167	0.02
June 30, 2017	Nil	2,830,176	0.02
March 31, 2017	Nil	2,668,032	0.02

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

#### **LOSS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 (“Q4 2018”), COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2017 (“Q4 2017”)**

The loss for Q4 2018 is \$941,949 compared to a loss for Q4 2017 of \$2,681,110. The significant items contributing to the Q4 2018 loss or significant movement includes exploration expenditures of \$300,673 (Q4 2017 – \$1,269,093), share-based compensation of \$10,210 (Q4 2017 – \$663,750) and write-off of mineral property interests of \$127,409 (Q4 2017 – \$Nil). The significant balances and variations are discussed below.

#### Exploration Expenditures

The Company incurred Exploration Expenditures of \$300,673 in Q4 2018 compared to \$1,269,093 in Q4 2017, a decrease \$968,420. The decrease is due to lower provision for Value Added Taxes (“VAT”) taxes recoverable of \$3,735 (Q4 2017 – \$514,633), a reduction of \$510,898; and lower preliminary resource and engineering studies expenses of \$19,349 (Q4 2017 – \$250,950), a reduction of \$231,601.

In Q4 2018, the Company recorded a provision for taxes recoverable of \$3,735 (Q4 2017– \$514,633). The Company commenced the provision for taxes recoverable in Q4 2017 given limited methods available and uncertain length in time to recover such taxes. The amount of \$514,633 represented recoverable taxes accumulated in 2017 and prior years.

In Q4 2018, the Company recorded preliminary resource and engineering studies costs of \$19,349, compared to \$250,950 in Q4 2017. The costs were higher in the same quarter of prior year as a result of the Company incurring consulting and engineering services for the preparation of reports associated with the two mining license applications for the Adyabo Property submitted in December 2017.



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

	Three months ended December 31, 2018			Three months ended December 31, 2017		
	Tanzania	Ethiopia	Total	Tanzania	Ethiopia	Total
<b>Exploration Expenditures</b>						
Amortization	\$ 39,383	\$ 15,564	\$ 54,947	\$ 41,511	\$ 17,717	\$ 59,228
Camp and administration costs	59,593	105,964	165,557	99,152	112,047	211,199
Drilling	--	6,714	6,714	--	28,444	28,444
Geochemistry	852	5,734	6,586	781	3,732	4,513
Geology	--	931	931	--	(5,535)	(5,535)
Preliminary resource and engineering studies	--	19,349	19,349	--	250,950	250,950
Project management and consulting	3,964	--	3,964	7,596	--	7,596
Provision for taxes recoverable	1,229	2,506	3,735	204,185	310,448	514,633
Share-based compensation	--	--	--	--	147,500	147,500
Technical services	--	38,890	38,890	--	50,565	50,565
Total for the period	105,021	195,652	300,673	353,225	915,868	1,269,093
Balance at the beginning of the period	71,821,680	16,882,048	88,703,728	70,460,843	14,559,819	85,020,662
Cumulative balance at the end of the period	\$71,926,701	\$17,077,700	\$89,004,401	\$70,814,068	\$15,475,687	\$86,289,755

#### Share-based compensation

In Q4 2018, the Company did not incur share-based compensation (Q4 2017 – \$663,750). The Q4 2017 share-based compensation relates to the vesting of 2,750,000 bonus shares following the receipt of the mining license for the Harvest Property in December 2017.

#### Write-off of mineral property interests

In Q4 2018, the Company recorded write-off of mineral property interests of \$127,409 (Q4 2017 – \$Nil) on a PL as the Company had concluded that no further exploration will occur on this prospect.

### LIQUIDITY

As at December 31, 2018, the Company had cash and cash equivalents of \$60,683, other current assets of \$257,343 and current liabilities of \$2,571,736, compared to cash and cash equivalents of \$2,268,310, other current assets of \$421,768 and current liabilities of \$1,691,461 as at December 31, 2017. At December 31, 2018 and 2017, the Company had the following commitments:

	December 31, 2018	December 31, 2017
No later than 1 year	\$ 122,722	\$ 377,618
Later than 1 year and no later than 5 years	--	308,649
Later than 5 years	--	--
	\$ 122,722	\$ 686,267

The Company entered into a five (5) year operating lease for office premises commencing on January 1, 2015. The monthly lease payment and building operating costs before estimated rent recoveries is approximately \$27,000. Subsequent to December 31, 2018, the operating lease was terminated with insignificant exit costs allocated to the Company. The Company has entered into a month to month rental arrangement from April 2019 of approximately \$6,000 per month.

As at December 31, 2018, with East Africa's working capital deficit being \$(2,253,710) (December 31, 2017 – working capital surplus of \$998,617), the Company estimates that it does not have available funds, including the subsequent completion of the private placement in April 2019 of \$2,511,360 (refer to the "Corporate Updates" section for further details), to meet requirements for the coming twelve months based on current estimated expenditures for operations, exploration and development of its mineral property interests and the outcome of the arbitration. Estimated expenditures include but are not limited to, payments of accrued Tanzanian mining licenses, assess resource growth on

satellite targets near the Terakimti HL project, and assess resource growth on the Mato Bula trend. These uncertainties cast significant doubt on the ability of the Company to continue as a going concern. As at December 31, 2018, the Financial Statements were prepared on a going concern basis which contemplates the realization of assets and the settlement of liabilities in the normal course of operations.

The Company's approximate sustaining monthly head office administration expenses until receiving the Adyabo Property mining licenses and closing the Tibet Huayu Transaction ("Interim Phase") is \$110,000. This minimum cost estimate assumes limited investor relations / shareholder information costs and excludes non-cash costs. During this Interim Phase the site and camp expenses are approximately \$120,000 monthly to maintain the normal operations in Ethiopia and Tanzania. The site and camp monthly administration expenses include Ethiopian costs for head office technical services, Ethiopian administrative staff and costs of operating the offices and warehouses and Tanzanian expenses to maintain a corporate presence in Tanzania until the arbitration is finalized.

In March 2018, the Company and LW agreed to terminate the Ethiopian MOU. In addition, in April 2018, East Africa announced it had commenced an arbitration process to seek a determination that the Developer is in breach of the Tanzanian Definitive Agreements and Addendum and that the appropriate remedy is a declaration that the Tanzanian Definitive Agreements and Addendum be terminated which may include a claim for any damages. The Company, if successful with the arbitration process, plans to identify a development partner or buyer of the Tanzanian Assets. Refer to the "Corporate Transaction" section for further information.

In February 2019, the Company and Tibet Huayu entered into a LOI for the development of the Terakimti HL, Mato Bula and Da Tambuk projects. The closing conditions of the proposed transaction include cash payment of US\$1,700,000 from Tibet Huayu, execution of the definitive agreements (or equivalent) and required government and regulatory approvals (refer to the section "Corporate Updates" above for more details).

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate capital funds including and not limited to the sale of non-strategic assets, strategic alliances, debt financing, equity financing and optioning its mineral properties. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration and/or development activities or relinquish rights to certain of its interests. There is no assurance that the Company will be able to obtain financing in the future or that such financing will be on terms acceptable to the Company.

## **CAPITAL RESOURCES**

The Company has historically met its exploration and corporate capital requirements predominantly through the completion of equity placements and may be impacted by continued poor North American market conditions for exploration and development resource companies with operations in emerging countries. Trends affecting the Company's liquidity may be dictated by the demands on financial resources created by the advancing nature of East Africa's mineral property assets, the pursuit of a growth strategy that targets property acquisitions, the exploration commitments and the Company's ability to access the financial resources required to meet these demands. As the projects advance through exploration, they typically require more capital-intensive programs that apply pressure to the Company's financial resources.

The Company's commitments of \$122,722 as at December 31, 2018, are predominantly represented by office lease payments. This amount includes the monthly lease payment of approximately \$27,000 until April 2019. In April 2019, the Company was able to terminate its lease with insignificant exit costs and move to a new location on a month to month arrangement of approximately \$6,000 per month. The Company's sustaining costs to maintain its head office and operating subsidiaries is approximately \$230,000 per month. Further to this, the Company has accrued approximately \$75,000 for Tanzanian Mining Licenses and PLs annual payments. In February 2019, entered into a LOI with Tibet Huayu for the project financing of the Terakimti HL project and/or all the Ethiopian Properties with terms including and not limited to East Africa to receive a cash payment of US\$1,700,000 on closing. In April 2019, the Company closed a private placement with gross proceeds of \$2,511,360. Based on the aforementioned items, the Company has determined it does not have sufficient funds to meet its 2019 objectives without further financings.

Any additional planned work programs and any future development programs will result in a further decrease to the Company's current liquidity. In obtaining the required capital to pursue the Company's business plan, capital may be generated from, debt financing, strategic alliances, accessing equity markets, procuring industry partners for its primary exploration assets or sale of exploration assets for equity positions or cash or some combination thereof. If the Company is successful in the Tanzanian Arbitration case, it would look to identify a new development partner on terms

that may include a cash payment. In the event that additional funding is required, there can be no assurances that such funds will be available and/or on terms acceptable by the Company.

Trends that affect the market generally, and the perception of the Company within the marketplace, can affect the Company's ability to access capital in both a positive and negative way. Trends in this general market are defined by fluctuations in the global economy and the demand for metals and commodity prices. Trends in the perception of the Company in the resource marketplace may be affected by general trends in the resource equity markets which may in turn impact the Company's performance in creating shareholder value and in demonstrating the ability to manage the East Africa's affairs and achieve mandated objectives. Uncertainty is a prevalent element in exploration and development of mineral property assets, therefore it can, on occasion, impede the Company's ability to meet its financial requirements and result in an inability to advance exploration assets and meet objectives in a timely manner.

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

#### Capital Expenditures

During Fiscal 2018, the Company expended \$91,359 (Fiscal 2017 – \$66,918) on maintenance payments of mineral property which have been capitalized and the Company received \$361,281 (Fiscal 2017 – \$95,870) payments related to the Tanzanian Definitive Agreements.

Mineral property capital expenditures and acquisitions for Fiscal 2018 are summarized as follows:

	<b>Tanzania, Handeni properties</b>	<b>Tanzania, other properties</b>	<b>Ethiopia Harvest Property</b>	<b>Ethiopia Adyabo Property</b>	<b>Total</b>
<b>Acquisition costs</b>					
As at December 31, 2017	\$ 1,766,355	\$ 2,000,603	\$ 16,334,501	\$ 804,608	\$ 20,906,067
Property payments	68,972	22,387	--	--	91,359
Tanzanian Definitive Agreement deposit	(361,281)	--	--	--	(361,281)
Write-off	--	(127,409)	--	--	(127,409)
Foreign exchange	206,230	180,413	1,428,376	36,750	1,851,769
As at December 31, 2018	\$ 1,680,276	\$ 2,075,994	\$ 17,762,877	\$ 841,358	\$ 22,360,505

## **FINANCIAL INSTRUMENTS**

#### Fair values

The Company's financial assets and liabilities are classified based on the lowest level of input significant to the fair value measurement based on the fair value hierarchy. Financial assets and financial liabilities are measured on an ongoing basis at amortized cost. The book values of cash and cash equivalents, accounts receivable and related parties are representative of their respective fair values due to the short-term nature of these instruments. The fair value of accounts payable and loan payable may be less than the carrying value as a result of the Company's credit and liquidity risk. As at December 31, 2018 and 2017, the classifications of the financial instruments are shown in the table below:

<b>Amortized cost financial assets</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Cash and cash equivalents	\$ 60,683	\$ 2,268,310
Accounts receivables and related parties	--	223,372
	\$ 60,683	\$ 2,491,682

<b>Amortized cost financial liabilities</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Accounts payable and accrued liabilities	\$ (2,235,878)	\$ (1,011,935)
Loan payable	(335,400)	(621,200)
	<b>\$ (2,571,278)</b>	<b>\$ (1,633,135)</b>

#### Management of financial risk

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

#### Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Ethiopia and Tanzania, the Company's functional currency is the Canadian dollar, and for its foreign operations, the functional currency is the USD. The Company's expenses are incurred in Euros ("EUR"), USDs, Tanzanian shillings ("TSH") and Ethiopian BIRR ("ETB"). A significant change in the currency exchange rates between the functional currencies relative to these currencies could have an effect on the Company's results of operations. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2018 and 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in EUR, USD, TSH and ETB:

	<b>EUR</b>		<b>USD</b>	<b>TSH</b>	<b>ETB</b>
As at December 31, 2018					
Cash and cash equivalents	€	--	\$ 3,955	429,182	456,266
Accounts receivable		--	--	--	58,632
Accounts payable		--	(21,691)	(31,109,996)	(549,681)
	€	--	\$ (17,736)	(30,680,814)	(34,783)
As at December 31, 2017					
Cash and cash equivalents	€	--	\$ 49,230	10,041,298	583,593
Accounts receivable		--	98,481	--	42,648
Accounts payable		(35,000)	(14,889)	(359,996)	(250,040)
	€	(35,000)	\$ 132,822	9,681,302	376,201

Based on the above net exposure as at December 31, 2018 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against these currencies would result in an insignificant decrease/increase in the Company's consolidated statements of operations.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from the interest rate impact on cash and cash equivalent and its borrowings. The Company did not earn interest on its cash and cash equivalents for the years ended December 31, 2018 and 2017, and the Company has borrowings of \$300,000 with an interest rate of 12% per annum.

Based on the amount of cash and cash equivalents and borrowings as at December 31, 2018, and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an insignificant increase/decrease to the interest earned in the Company statements of operations per annum.

#### Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company limits its exposure to credit risk on cash and cash equivalents as these financial instruments are held primarily with a major Canadian financial institution. Financial instrument receivables mainly consist of Tanzanian Definitive Agreement receivable and trade receivables from related parties. As at December 31, 2018, the Company had financial instrument receivables with an aggregated amount of \$Nil (December 31, 2017 – \$129,542) from the Developer of the project in Tanzania.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with the financial liabilities. The Company has a planning and budget process in place by which it anticipates and determines the funds necessary to support normal operation requirements and development of its mineral property interests for exploration stage enterprises. The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments with maturities greater than three months from the original date of acquisition, selected concerning the expected timing of expenditures from continuing operations. The Company ensures that sufficient funds are raised from private placements or other sources to meet its operating requirements, after taking into account existing cash.

The Company manages liquidity risk through the management of its capital structure as described in the "Capital Resources" section. As at December 31, 2018, the Company had cash and cash equivalents of \$60,683 (December 31, 2017 – \$2,268,310) to settle current liabilities of \$2,571,736 (December 31, 2017 – \$1,691,461). The Company determined that it does not have available funds to meet requirements for the coming twelve months based on current planned expenditures for operations, exploration and development of its mineral property interests.

### **TRANSACTIONS WITH RELATED PARTIES**

In the normal course of business, the Company transacted with individuals and companies considered to be related parties. Related party transactions involve normal commercial compensation for services rendered by senior management, officers, and directors of the Company, by companies with which they were associated as owners, contractors or employees. For Fiscal 2018 and as at December 31, 2018, the Company had recorded the following significant related party transactions:

For Fiscal 2018, East Africa incurred management consulting fees of \$310,000 (Fiscal 2017 – \$443,250). Of this amount East Africa recorded \$250,000 (Fiscal 2017 – \$300,000) for management services provided by a privately held company controlled by the CEO.

For Fiscal 2018, the Company recorded fees of \$1,698,044 (Fiscal 2017 – \$1,572,437) to directors and senior key management for consulting fees, director fees, and salaries and benefits, which included share-based compensation of \$988,739 (Fiscal 2017 – \$751,457). Senior key management includes the CEO, VP of Exploration, and the CFO.

As at December 31, 2018, the Company had a receivable of \$Nil (December 31, 2017 – \$2,156) from one officer of the Company for payroll tax remittance related to bonus shares issued to the officer. Included in payable to directors and officers are directors fees, reimbursement of expenses, outstanding salaries and short-term advances of \$24,000 to the Company at an interest rate of 12% per annum. Subsequent to year ended December 31, 2018, the Company received additional advances of \$27,000 and repaid the full amount of borrowings and interest to the CFO. As at December 31, 2018, the Company had payables for wages, fees and reimbursable expenses to the Directors and Officers of the Company for \$577,917 (as at December 31, 2017 – \$239,617).

On August 31, 2017, SinoTech provided a second short-term unsecured loan to the Company for \$600,000 with an interest rate of 12% per annum. The loan and all accrued and unpaid interest was payable on the earlier of 15 business days after the Company's closing of the LW financing announced in October 2017 or 120 days from the Company's receipt of the loan proceeds. During the year ended December 31, 2018, the Company repaid \$324,000 of the principal and interest, extended the remaining amount of \$300,000 and accrued interest of \$35,400. Subsequent to year ended December 31, 2018, the Company is in discussions with SinoTech on renewal terms factoring in the Tibet Huayu Transaction. East Africa expects that the terms will be renewed once the Tibet Huayu Transaction has closed.

In 2016, the Company approved the grant of up to 2,750,000 bonus common shares to certain officers at a deemed issue price of \$0.10 per common share, subject to a vesting schedule of the later of July 1, 2016 or the date a mining license for the Company's Harvest Property is issued. In 2017, the Company issued 1,750,000 bonus common shares after the receipt of the mining license for the Harvest Property. During the year ended December 31, 2018, the Company issued 375,000 bonus common shares to VP of Exploration and the CFO.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of these Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingencies. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the notes to these Financial Statements where applicable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in

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

(a) Going Concern

These Financial Statements have been prepared on the assumption that the Company is able to continue as a going concern. The Company has estimated its development, exploration and operational expenditure for the coming 12 months from historical and projected costs of its development, exploration and corporate programs. The Company's expected commitments are based on management's best estimates of operating conditions for maintaining operations at the Ethiopian Properties and Tanzanian Assets until the Tibet Huayu Transaction is closed and funds received, and exploration and corporate requirements in the context of current economic conditions and capital market climate. Management has judged the Company's ability to raise additional capital/funding and continue as a going concern, and has concluded that the going concern basis of accounting is appropriate.

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

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

(c) Contingencies - International Arbitration

An amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. An assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

The Company signed an Addendum with the Developer in January 2018 and due to disputes with the Developer commenced binding arbitration in April 2018. Included in these disputes are matters arising in Tanzania which East Africa and its Tanzanian subsidiaries have been included in legal disputes based on a contractual disagreement with the Developer. Management and its legal advisors believe there is no basis for East Africa and its subsidiaries to be named in the legal dispute in Tanzania and accordingly the Company has filed its objections with the courts with intent to be removed from the legal dispute. The Tanzanian Definitive Agreements provides that on termination all payments are non-refundable. The results of the arbitration or legal disputes in Tanzania may deem otherwise.

(d) Measurement uncertainty - Tanzanian Mineral Property Interests assets

Management identified the commencement of the International Arbitration and Tanzanian legal disputes as indicators of impairment and performed an impairment assessment on its Tanzanian Assets. During the legal dispute the Company received a default notice advising of certain issues attributed to development and operational actions that are non-compliant with the Tanzanian Mining Act. With the on-going court case in Tanzania the Tanzanian Government has postponed its assessment of the Company's proposed remediation program until the court case concludes. As a result of the aforementioned, the Company has accrued payments for annual mining and prospecting licenses. In the event the Tanzanian Government requires payment for the mining and prospecting licenses and the Company is unable to make the payments by the required time the Company may lose title to these assets.

Management's impairment assessment, which is predicated on the Company resolving the current legal disputes and the notice of default on the mining and prospecting Licenses, identified that the carrying amount did not exceed the recoverable amount of the Tanzanian Assets adjusted for the Tanzanian Government's non-dilutive not less than 16% free-carried interest. Management used the fair value less costs of disposal adjusted by the 16% free-carried interest to the recoverable amount. In estimating the fair value less costs of disposal, the Company used a market approach. The Company's market approach calculated a fair value of comparable companies (the "Peer") using an average of the

Peer's enterprise value to ounces. The Peer enterprise value inputs include the Peer market capitalization, cash and liabilities. The Peer's enterprise value and the gold equivalent ounces of its properties are used to calculate an enterprise value / ounce (EV/ounce) value.

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

The Company judged there is no impairment to East Africa's Tanzanian Mineral Property interests as the Tanzanian Government has postponed its default assessment as a result of the commencement of the International Arbitration and legal disputes in Tanzania. The Tanzanian Government will assess the default notice after judgment of the Tanzanian legal dispute has concluded. The Company continues to monitor the impact of the arbitration and Tanzanian legal disputes on its Tanzanian Assets.

(e) Measurement uncertainty – Ethiopian Mineral Property Interests assets

The Company's exploration licenses at the Harvest and the Adyabo Properties expired during the year ended December 31, 2017. In December 2017, the Company received a mining license for the Terakimti HL Project, which is part of the Harvest Property. In 2018, the Company received the DMAs for the Mato Bula and Da Tambuk Projects that set out the rights and obligations with respect to the development and operation of both projects, and once executed, which is expected to result in the issuance of a mining license for each project. The final stage of the DMAs is the MoMP acceptance of the changes and submission of the mining agreements to the Ethiopian Council of Ministers for formal ratification, which is expected to result in the issuance of the mining licenses. In addition, the Company has submitted proposed work programs to the MoMP, for the exploration rights on the areas for the EAM Mineral Resources.

Subsequent to December 31, 2018, the Company entered into a LOI with Tibet Huayu to develop and operate the Ethiopian Properties. Included in the LOI terms is a payment of US\$1.2M for the Da Tambuk and Mato Bula projects and US\$0.5M for the Harvest assets. The terms also include that the Company's portion of the construction costs is the responsibility of Tibet Huayu and the agreed distribution percentage of post-tax profits.

Management identified the absence of exploration licenses and the MoMP's current assessment of the Adyabo Property mining licenses applications as indicators of impairment and performed an impairment assessment on its Adyabo Property. Management identified three CGUs: 1) Adi Dairo (Da Tambuk mining license application); 2) West Shire (Mato Bula mining license application); and 3) Harvest Property. Adi Dairo and West Shire are part of the Adyabo Property. Management's impairment assessment identified that the carrying amount did not exceed the recoverable amount for each of the CGUs. Management used the fair value less costs of disposal adjusted by the 5% free-carried government interest to the recoverable amount. In estimating the fair value less costs of disposal, the Company used a market approach. The Company's market approach calculated a fair value of the Peers using an average of the Peer's enterprise value to ounces for each CGU that has a mineral resource without a PEA. The Peer enterprise value inputs include the Peer market capitalization, cash and liabilities. The Peer's enterprise value and the gold equivalent ounces of its properties are used to calculate an enterprise / ounce value.

In estimating fair value less costs of disposal, management's judgment was involved in identifying the Peer group. Management assumptions included criteria that would identify the Peer characteristics similar to the Company and its Adyabo and Harvest Properties. The criteria included market capitalization, continent of operations (Africa), commodity, stage of development and amount of mineral resources. The Company concluded there is no impairment to the Adyabo and Harvest Properties Mineral Property interests carrying amount.

The Company continues to discuss its rights to develop the Adyabo and Harvest Properties and/or obtain rights to the EAM Mineral Resources with the MoMP. Management notes progress with the MoMP based on the recently issued mining license for the nearby Terakimti HL Project, receipt of the DMAs and on-going discussions with the MoMP. If the MoMP does not approve the EAM Mineral Resources (or similar rights) or finalize the mining license agreements for the Adyabo Property, the Company may lose title to these assets. If this were to occur, it would represent a trigger for an impairment assessment on the Adyabo and Harvest Mineral Properties Interests.

(f) Value Added Tax – Taxes receivable recoverability

As at December 31, 2018, \$543,698 (December 31, 2017 – \$514,633) was due from foreign governments to the Company's foreign subsidiaries in Tanzania and Ethiopia for VAT. The Company is due refunds of certain taxes based on consumption, of which the timing of realization is uncertain. If these recoverable taxes are not collected, it could

reduce the carrying value of these assets. Given limited methods available to recover these taxes and the length of time it takes to recover the taxes, management has recorded a provision for 100% of the taxes recoverable with the corresponding amount recorded in Exploration Expenditures. Any collections from outstanding VAT receivable will be credited back to Exploration Expenditures.

#### **CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

The Company has adopted the following new and revised standard, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions.

##### *IFRS 9 Financial Instruments* (“IFRS 9”)

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

##### (i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, and deposits in banks that are readily convertible into a known amount of cash, or with an initial maturity of three months or less. Cash and cash equivalents are classified as subsequently measured at amortized cost.

##### (ii) Short Term Investments

Short term investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. Short term investments are classified as subsequently measured at amortized cost.

##### (iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company’s loans and receivables are comprised of ‘Related Party Receivables’, and are classified respectively as appropriate in current or non-current assets according to their nature.

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost. Trade receivables are recorded net of lifetime expected credit losses.

##### (iv) Accounts Payable, Accrued and Other Liabilities

Accounts payable, other liabilities and accrued liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables are measured at amortized cost. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

##### (v) Expected Credit Losses

For loans and receivables, we apply the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized upon initial recognition of the loans or receivables.

#### **Impairment of financial assets**

Financial assets, other than those at fair value through the consolidated statements of operations, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

The Company adopted, retrospectively without restatement, all of the requirements of IFRS 9: Financial Instruments as of January 1, 2018. This standard replaces the guidance in IAS 39: Financial Instruments: Recognition and Measurements (“IAS 39”). The adoption of IFRS 9 did not impact the carrying value of any of the Company’s financial assets or financial liabilities on the transition date. The impact on the classification and measurement of its financial instruments is set out below.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”)



or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39, for the classification and measurement of financial liabilities. All financial assets not classified at amortized cost or FVOCI are measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

IFRS 9 introduced a single expected credit loss impairment model for financial assets measured at amortized cost and for debt instruments at FVOCI, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's Financial Statements.

The requirements of IAS 39 for classification and measurements of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification	
	IAS 39	New classification IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Loans Payable	Other financial liability	Amortized cost
Accounts payable and accrued liabilities	Other financial liability	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor the opening balance of accumulated comprehensive income on January 1, 2018.

## INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's Generally Accepted Accounting Principles ("GAAP").

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## NON-GAAP FINANCIAL MEASURES – OTHER EXPENDITURES

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

## RISK FACTORS

Below are the known risk factors for this MD&A. You can review and obtain copies of the Company's filings from SEDAR at [www.sedar.com](http://www.sedar.com) or from East Africa's website [www.eastafricametals.com](http://www.eastafricametals.com).

### *Financial (liquidity) Risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with the financial liabilities. Historically, East Africa predominately relies on equity financings to fund its activities. While it has been successful in raising funds in the past, there is no guarantee that adequate funds will be available in the future. East Africa had cash and cash equivalents of \$60,683 and working capital deficit of \$(2,253,710) as at December 31, 2018. The Company estimates that it does not have available funds, including the financing completed in April 2019, to meet requirements for the coming twelve months based on current planned expenditures for operations, exploration and development of its mineral property interests. See the "Liquidity" section of this MD&A for further discussion on East Africa's ability to operate as a going concern.

### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. Cash and cash equivalents may consist of Guaranteed Investment Certificates and short-term deposits issued by major Canadian banks. Receivables mainly consist of taxes recoverable and trade receivables from related parties. The carrying amount of cash and cash equivalents, receivables from related parties, tax receivables and other accounts receivable represents the Company's maximum exposure to credit risk.

As at December 31, 2018, \$543,698 was due to the Company's foreign subsidiaries in Tanzania and Ethiopia from the foreign governments for VAT. The Company is due refunds of certain taxes based on consumption, of which the timing of realization is uncertain. If these recoverable taxes are not collected, it could reduce the carrying value of these assets. Given limited methods available to recover these taxes and the length of time it takes to recover the taxes, management has judged to raise a provision for 100% of the taxes recoverable. The Company continues to pursue approval of VAT refund claims from the various foreign governments. As a result, the outstanding taxes recoverable receivable could be exposed to the credit risk associated with the outstanding amounts.

### *Exploration and Commercial Viability Risk*

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

### *Development Stage Projects*

Profits from commercial operations will depend on a significant number of factors, including economic feasibility, changing market conditions, environmental and government regulations, labour availability, the cost of and the ability to attract external financial capital, and the ability to attract partners with sufficient technical expertise and relevant industry experience to further develop the various projects. Any failure to meet one or a combination of these factors may result in project delays or potential cancellation and the Company's future operating results may be adversely affected.

### *Licensing Matters*

The Company's operations are subject to receiving and maintaining permits and licenses from appropriate governmental authorities. Title insurance is generally not available for permits and licenses and the Company's ability to ensure that it has obtained a secure claim to individual mineral properties or mining concessions may be severely constrained. The Company's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Company has not conducted surveys of all of the mineral rights in which it holds direct or indirect interest

Although, the Company currently has all required permits and licenses for its Terakimti HL Project and believe the Adyabo Property mining licenses is in its final stages of approval, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits and licenses for the existing licenses or existing license application or additional permits or licenses for all future operations. There can be no assurance that East Africa will continue to hold all permits and licenses necessary to develop or continue operating at any particular property, or that any such licenses or permits awarded will not be cancelled pursuant to applicable current or future legislation. The interest of East Africa's in the Terakimti HL project Mine is held through a mining agreement and mining license that sets out a tax regime and development and production framework. It is expected the Adyabo Property mining agreements and mining licenses will set out the tax regime and development and production framework. There can be no assurance that the Company will continue to be in compliance with all terms and conditions of the mining agreement and mining license or assurance that any dispute resolution process will decide in the Company's favour.

The Tanzanian Assets are held with two (2) mining licenses for the Magambazi project and associated PLs for the exploration assets. With the current default notice suspended for the Magambazi project until the legal dispute is resolved the Company has accrued its mining license and PL annual payments. There can be no assurance that the Company will continue to be in compliance with all terms and conditions of the mining license or PLs or assurance that any dispute resolution process will decide in the Company's favour.

### *Foreign Countries and Political Policy Risk*

The Company has interests in exploration properties that are located in the developing countries of Tanzania and Ethiopia. The Company's mineral exploration may be affected in varying degrees by political instability and government regulations relating to foreign investment and the mining industry. Changes, if any, in mining or investment policies or shifts in political attitude in Tanzania and/or Ethiopia may adversely affect the Company's operations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, direct and indirect taxes, tax assessments, royalties, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory 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. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial deposits as a result of changes in Foreign Country or Political Policy risks.

### *Conflict of Interest*

East Africa's directors and officers may serve as directors and/or officers, or may be associated with, other reporting companies, or may have significant shareholdings in other public companies. To the extent that such other companies may participate in financing, business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms reflecting the transaction. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving the Company are made in accordance with their

duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

#### *Arbitration Proceedings*

In 2018 the Company began a binding arbitration process against the Developer (see “Corporate Transactions” for further information) with respect to certain disputes that East Africa has with the Developer. The cost of the arbitration process maybe substantial and there is no assurance that the Company will be successful in establishing the Developer’s liability or, if successful, will collect any award by the arbitration tribunal for compensation from the Developer. Failure to prevail in the arbitration process and obtain adequate compensation could materially adversely affect the Company. Certain legal liabilities may result from legal matters arising in Tanzania from the arbitration. The final outcome of the arbitration and any Tanzanian legal matters cannot be predicted with certainty.

#### *Key Management individuals*

The Company’s success depends to a certain degree upon key members of the management. These individuals are a significant factor in the Company’s growth and success and the Company does not have key man insurance in place in respect of any of its directors, management or employees. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

#### *Information Technology Threats*

Information systems and other technologies, including those related to the Company’s financial and operational management, are an integral part of the Company’s business activities. Network and information systems-related events, such as computer hackings, cyber-attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, or any combination of the foregoing, or power outages, natural disasters, terrorist attacks or other similar events, could result in damage to the Company’s property, equipment and data. These events also could result in significant expenditures to repair or replace the damaged property or information systems and/or to protect them from similar events in the future. Further, any security breaches, such as misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in the Company’s information technology systems, including personnel and other data, could damage its reputation and require the Company to expend significant capital and other resources to remedy any such security breach. The Company does not have insurance coverage against losses resulting from any such events or security breaches and the occurrence of any such events or security breaches could have a material adverse effect on the business of the Company.

## **OTHER MD&A REQUIREMENTS**

### Additional Disclosure for Venture Issuers without Significant Revenue

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

### Outstanding Shares

From January 1, 2018, to the date of this MD&A, 3,771,680 warrants were exercised at a weighted average exercise price of \$0.25 for total proceeds of \$942,920 and 1,860,000 options were exercised at a weighted average exercise price of \$0.16 for total proceeds of approximately \$297,351. As of the date of this MD&A, 10,634,700 East Africa warrants, 3,590,000 East Africa options and 1,539,390 Tigray options that on exercise would be exchanged for 846,665 East Africa shares, expired unexercised.

As at April 30, 2019, the Company has 179,541,091 common shares issued and outstanding.

As at April 30, 2019, the Company has 19,653,695 warrants issued and outstanding.

As at April 30, 2019, the Company had 26,494,278 options outstanding and exercisable.

## **APPROVAL**

At the date of this document the Board of Directors of the Company has approved the disclosure contained in this MD&A. Readers of this MD&A and other filings can review and obtain copies of the Company’s filings from SEDAR at [www.sedar.com](http://www.sedar.com) and copies will be provided to anyone who requests it.