*Condensed Interim Consolidated Financial Statements of*

**EAST AFRICA METALS INC.**

*As at and for the three month period ended March 31, 2020*

*Expressed in Canadian dollars*

*(Unaudited – prepared by management)*

*Notice to Reader: As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these interim financial statements.*

**EAST AFRICA METALS INC.**

Condensed Interim Consolidated Statement of Financial Position - unaudited

Expressed in Canadian dollars

| | March 31, 2020 | December 31, 2019 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 20,543 | $ 104,229 |
| Accounts receivable | 34,992 | 8,272 |
| Prepaid expenses and deposits | 1,902,165 | 1,880,354 |
| | 1,957,700 | 1,992,855 |
| **Non-current assets** | | |
| Investment in Tigray Resources Incorporated PLC (note 4) | 609,168 | 664,414 |
| Mineral property interests (note 5) | 22,523,374 | 20,528,372 |
| Property and equipment (note 6) | 434,029 | 401,441 |
| | 23,566,571 | 21,594,227 |
| | $ 25,524,271 | $ 23,587,082 |
| **Liabilities and Equity** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ 2,528,069 | $ 2,011,134 |
| Loan payable (note 7) | 389,282 | 377,900 |
| **Total liabilities** | 2,917,351 | 2,389,034 |
| **Equity** | | |
| Share capital (note 8(a) ) | 52,344,641 | 52,344,641 |
| Obligation to issue shares - bonus (note 8(c)) | 184,375 | 184,375 |
| Obligation to issue shares - mineral property interests | 143,000 | 143,000 |
| Warrants (note 8(d)) | 833,960 | 833,960 |
| Contributed surplus (note 8(d)) | 150,338,270 | 150,338,270 |
| Accumulated other comprehensive income | 5,386,521 | 3,783,454 |
| Deficit | (190,614,893) | (189,964,403) |
| | 18,615,874 | 17,663,297 |
| Non-controlling interest (note 9) | 3,991,046 | 3,534,751 |
| | 22,606,920 | 21,198,048 |
| | $ 25,524,271 | $ 23,587,082 |

Nature of operations and going concern (note 1)
Contingencies (note 14)
Subsequent event (note 17)

Approved on behalf of the Board

(signed) David Parsons

(signed) Antony Harwood



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

**EAST AFRICA METALS INC.**

Condensed Interim Consolidated Statement of Loss - unaudited

Expressed in Canadian dollars

| | Three month period ended March 31, 2020 | 2019 |
|---|---|---|
| **Expenses** | | |
| Amortization | $ 269 | $ 12,508 |
| Directors and advisory board fees | 17,250 | 33,265 |
| Exploration and evaluation expenditure (note 11) | 301,018 | 289,344 |
| Investor/shareholder communications and filing fees | 39,603 | 49,152 |
| Legal, audit and audit related fees | 21,000 | 23,722 |
| Management consulting fees and expenses | 170,729 | 90,722 |
| Office and administration | 41,524 | 54,631 |
| Rent and occupancy costs | 17,906 | 58,761 |
| Salary and benefits | 4,565 | 69,440 |
| Write-off of property and equipment | - | 38,346 |
| Operating loss | (613,865) | (719,891) |
| Other income (expenses) | | |
| Foreign exchange gain (loss) | (34,848) | (850) |
| Income (loss) on equity accounted investment (note 4) | (55,246) | - |
| Interest expense | (11,382) | (12,200) |
| Recovery of leasheold inducements | - | 19,687 |
| Net loss for period | $ (715,341) | $ (713,254) |
| Net loss attributable to: | | |
| Shareholders | $ (650,490) | $ (694,371) |
| Non-controlling interest | (64,851) | (18,883) |
| | $ (715,341) | $ (713,254) |
| **Loss per share, basic and fully diluted** | $ (0.00) | $ (0.00) |
| **Weighted average number of common shares - basic and fully diluted** | 180,537,091 | 168,854,519 |

Condensed Interim Consolidated Statement of Comprehensive Loss - unaudited

Expressed in Canadian dollars

| | Three month period ended March 31, 2020 | 2019 |
|---|---|---|
| Net loss for period | $ (715,341) | $ (713,254) |
| Items that maybe reclassified to statement of operations | | |
| Currency translation adjustment | 2,124,213 | (468,325) |
| **Comprehensive loss for period** | $ 1,408,872 | $ (1,181,579) |
| Comprehensive loss attributable to: | | |
| Shareholders | $ 952,577 | $ (1,052,969) |
| Non-controlling interest | 456,295 | (128,610) |
| | $ 1,408,872 | $ (1,181,579) |



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

# EAST AFRICA METALS INC.

Condensed Interim Consolidated Statement of Changes in Equity - unaudited

Expressed in Canadian dollars

| | Common Shares Without Par Value | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Obligation-bonue shares | Obligation-mineral propeerty interests | Warrants | Contributed Surplus | Accumulated Other Comprehensive Income | Deficit | Total Common share Equity | Non-Controlling Interest | Total Equity |
| Balance - December 31, 2018 | 163,845,091 | $ 50,382,075 | $ 184,375 | $ - | $ 197,473 | $ 149,739,954 | $ 4,761,059 | $ (188,411,825) | $ 16,853,111 | $ 3,857,493 | $ 20,710,604 |
| Private placement | 14,543,500 | 1,726,249 | - | - | 600,711 | - | - | - | 2,326,960 | - | 2,326,960 |
| Finders' fees | | (12,783) | - | - | (4,448) | - | - | - | (17,231) | - | (17,231) |
| Share issue costs | | (9,781) | - | - | (3,404) | - | - | - | (13,185) | - | (13,185) |
| Share subscriptions received | | 60,000 | - | - | - | - | - | - | 60,000 | - | 60,000 |
| Currency translation adjustment on foreign operations | | - | - | - | - | - | (358,598) | - | (358,598) | (109,727) | (468,325) |
| Net loss for period | | - | - | - | - | - | - | (694,371) | (694,371) | (18,883) | (713,254) |
| Balance - March 31, 2019 | 178,388,591 | $ 52,145,760 | $ 184,375 | $ - | $ 790,332 | $ 149,739,954 | $ 4,402,461 | $ (189,106,196) | $ 18,156,686 | $ 3,728,883 | $ 21,885,569 |
| | | | | | | | | | | | |
| Balance - December 31, 2019 | 180,537,091 | $ 52,344,641 | $ 184,375 | $ 143,000 | $ 833,960 | $ 150,338,270 | $ 3,783,454 | $ (189,964,403) | $ 17,663,297 | $ 3,534,751 | $ 21,198,048 |
| Currency translation adjustment on foreign operations | | - | - | - | - | - | 1,603,067 | - | 1,603,067 | 521,146 | 2,124,213 |
| Net loss for period | | - | - | - | - | - | - | (650,490) | (650,490) | (64,851) | (715,341) |
| Balance - March 31, 2020 | 180,537,091 | $ 52,344,641 | $ 184,375 | $ 143,000 | $ 833,960 | $ 150,338,270 | $ 5,386,521 | $ (190,614,893) | $ 18,615,875 | $ 3,991,046 | $ 22,606,920 |



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

**EAST AFRICA METALS INC.**

Condensed Interim Consolidated Statements of Cash Flows - unaudited

Expressed in Canadian dollars

| | Three month period ended March 31, 2020 | 2019 |
|---|---|---|
| **Cash provided by (used for) operating activities** | | |
| Loss for period | $ (715,341) | $ (713,254) |
| Items not involving cash | | |
| Amortization – administration | 269 | 12,508 |
| Amortization – exploration and evaluation | 4,278 | 47,426 |
| Amortization – leasehold inducement | - | (26,230) |
| Loss (income) on equity accounted investment | 55,246 | - |
| Interest expense | 11,382 | 12,200 |
| Provision for (recovery of) taxes recoverable | 18,260 | 4,823 |
| Unrealized foreign exchange loss (gain) | 34,850 | (794) |
| Write-off of property and equipment | - | 38,346 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (26,720) | 58,543 |
| Prepaid expenses and deposits | (21,811) | (1,769,265) |
| Accounts payable and accrued liabilities | 558,661 | 187,867 |
| | (80,926) | (2,147,830) |
| **Cash flows provided by (used for) investing activities** | | |
| Mineral property interests acquisitions | (1,434) | - |
| Purchase of equipment | (323) | - |
| | (1,756) | - |
| **Cash flows provided by (used for) financing activities** | | |
| Private placements | - | 2,326,960 |
| Finders fees | - | (17,231) |
| Issue costs | - | (13,185) |
| Share subscriptions received | - | 60,000 |
| | - | 2,356,544 |
| Effect of exchange rate changes on cash and cash equivalents | (1,003) | (8,480) |
| Increase (decrease) in cash and cash equivalents | (83,686) | 200,234 |
| Cash and cash equivalents- beginning of period | 104,229 | 60,683 |
| Cash and cash equivalents- end of period | $ 20,543 | $ 260,917 |
| | | |
| **Non cash investing and financing activities** | | |
| Warrants issued for finders' fees | $ - | $17,231 |



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

## 1. Nature of operations and going concern

East Africa Metals Inc. ("East Africa" or the "Company") was incorporated on December 7, 2012, under the Canada Business Corporations Act. The address of the Company's corporate office and principal place of business is Suite 1700, 777 Dunsmuir Street, Vancouver, British Columbia, Canada. On July 11, 2013, the Company commenced trading on the TSX Venture Exchange (the "TSXV") as a Tier 2 mining issuer under the trading symbol "EAM".

East Africa is a mineral exploration company focused on the identification, acquisition, exploration, development and/or sale of base and precious mineral resource properties in the Federal Democratic Republic of Ethiopia ("Ethiopia") and the United Republic of Tanzania ("Tanzania"). The Company's major mineral property interests consist of one project in Ethiopia, the Harvest Property and one project in Tanzania, the Handeni and Other Properties. Additionally, the Company has a 30% equity interest in Tigray Resources Incorporate PLC, which has one project in Ethiopia, the Adyabo Property.

The Company has not yet determined whether its mineral resource properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of East Africa to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of such properties.

These consolidated 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 three month period ended March 31, 2020, the Company incurred a net loss attributable to shareholders totaling $650,490. As at March 31, 2020, the Company had an accumulated deficit of $190,614,893 and working capital deficit of $959,651.

Based on the Company's financial position as at March 31, 2020, the available funds are not considered adequate to meet requirements for the estimated operations and exploration expenditures 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. To address its financing requirements, the Company will seek financing through and not limited to closing of the Sino Union Energy Group Limited ("Sino Union") Letter of Intent to acquire an interest in the Harvest Project and completion of a $3,000,000 equity financing, sale of non-strategic assets, debt financing, strategic alliances, equity financing and optioning its mineral properties. However, there is no assurance that such financing will be available or that the Sino Union private placement or strategic asset sale will close. This material uncertainty casts significant doubt upon the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported income and expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company's business or ability to raise funds.

## 2. Statement of compliance and basis of preparation

These condensed interim consolidated financial statements are prepared in accordance with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted.

These condensed interim financial statements follow the same accounting policies and methods of application as the Company's audited consolidated financial statements for the year ended December 31, 2019. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of July 9, 2020, the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019.

## 3. Significant accounting policies

**Basis of presentation**
The financial statements have been prepared on an accrual basis and are on a historical cost basis, except for certain financial instruments, which are measured at fair value. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4 in the Company's annual financial statements for the year ended December 31, 2019.

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

## 4. Investment in Tigray Resources Incorporated PLC

| | | March 31, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Tigray Resources Incorporated PLC | | | | |
| Retained 30% equity interest at fair market value | $ | 683,073 | $ | 683,073 |
| Income (loss) on investment | | (73,905) | | (18,659) |
| | $ | 609,168 | $ | 664,414 |

**Summary of Tigray Resources Incorporated PLC statement of financial position - unaudited**

| | | March 31, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Current asset | $ | 56,118 | $ | 140,185 |
| Less -current liabilities | | (378,412) | | (348,432) |
| | | (322,295) | | (208,247) |
| Non-current assets | | 2,352,853 | | 2,422,960 |
| Net assets | | 2,030,558 | | 2,214,713 |
| East Africa's share - percentage | | 30% | | 30% |
| East Africa's share - net assets | $ | 609,167 | $ | 664,414 |

**Summary of Tigray Resources Incorporated PLC statement of loss and comprehensive loss - unaudited**

| | | Three month period ended March 31, 2020 | | 2019 |
|---|---|---|---|---|
| Expenses | $ | 184,154 | $ | - |
| Net loss | | (184,154) | | - |
| Other comprehensive income (loss) | | (4,255) | | - |
| Comprehensive income (loss) | $ | (188,409) | $ | - |

In July 2019, the Company executed a definitive Share Purchase Agreement and Joint Venture Contract (the "Agreements") with Silk Road Resources Investments Co. Limited, a wholly-owned subsidiary of Tibet Huayu Mining Co., Ltd ("THM") for the development and operation of the Adyabo Project's Mato Bula and Da Tambuk deposits located in the Tigray Region of the Federal Republic of Ethiopia. The Company owned 100% of the Tigray Resources Incorporated PLC ("TRI PLC") through its wholly owned subsidiaries, Tigray Ethiopia Holdings Inc. and Tigray Resources Inc. TRI PLC holds the Mato Bula mining license and Da Tambuk mining license.

Under the terms of the Agreements:

- East Africa received a cash payment of US$1,200,000 (CAD$1,593,206), which was received in two tranches of US$600,000 on August 23, 2019 and on November 27, 2019 respectively and retained a 30% equity interest; .
- East Africa transferred to THM, 70% of the Company's equity interest in its Ethiopian subsidiary company, TRI-PLC(100% owner of the Adyabo Project);

Expressed in Canadian dollars

## 4. Investment in Tigray Resources Incorporated PLC - continued

- THM will finance 100% of the capital costs, operate the mine development program and mining operations of the Adyabo Project; and,
- East Africa will retain the exploration rights to all prospective mineralization on its concessions outside of the current resource.

On November 27, 2019, THM and East Africa agreed all conditions precedent to formally closing the Share Purchase Agreement had been met and the transaction was complete. Upon closing of the transaction, East Africa lost control of TRI PLC.

## 5. Mineral property interests

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

| | Tanzania | | Ethiopia | |
|---|---|---|---|---|
| | **Handeni property** | **Other properties** | **Harvest property** | **Total** |
| **Acquisition costs** | | | | |
| Balance - December 31, 2019 | $ 1,633,956 | $ 1,983,093 | $ 16,911,322 | $ 20,528,372 |
| Property payments | 684 | - | 749 | 1,434 |
| Foreign exchange | 239,630 | 192,740 | 1,561,199 | 1,993,569 |
| Balance - March 31, 2020 | $ 1,874,269 | $ 2,175,833 | $ 18,473,271 | $ 22,523,374 |

Harvest Property

In December 2017, the Company received a mining license for the Terakimti HL Project, which includes the requirement to complete construction of the mine within 2 years. The Company applied for an extension of the mine development period, which was granted in December 2019 extending the term to December 5, 2020. The mining license has a term of 6 years with the ability for renewal of up to 10 years on the approval of the Ministry of Mines and Petroleum ("MoMP") and is due to expire in December 2023. The Company has a 70% interest in the Harvest Property in Ethiopia with the remaining 30% interest held by Ezana Mining Development PLC ("Ezana"). During the three month period ended March 31, 200, the Company entered into a binding letter of intent ("LOI") with Sino Union Energy Investments ("SUEI") to acquire a majority equity position in the Company's Ethiopian wholly owned subsidiary, Tigray Ethiopia Holdings Inc. ("TEHI"). The LOI contemplates EAM transferring it's 70% equity interest in THEI to SUEI and the parties entering into a joint venture contract

The transaction defined in the LOI includes terms that in exchange for a 55% interest of Harvest, SUEI will:

- Provide a cash payment of US$500,000 to East Africa;
- Execute the definitive agreement; and,
- Finance, develop and operate the Terakimti HL Project.

On completion of the proposed transaction:

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

East Africa will retain the mineral rights, and all exploration obligations for the prospective targets not incorporated in the current Harvest mining license ("East Africa Mineral Resources"). East Africa shall give SUEI a right of first refusal of reasonable duration to acquire the East Africa Mineral Resources. For consideration of the future East Africa 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 to, including and not limited to, regulatory, government and other required approvals. The Company continues to advance the LOI with negotiations on the final agreements.

Expressed in Canadian dollars

**5. Mineral property interests - continued**

The Company submitted an application for the exploration rights on the remaining prospective targets not included in the Terakimti HL Project (East Africa Mineral Resources), which has been approved pending a resubmission of detailed quotes for EM and IP surveys from an Ethiopian geophysical contractor and a LIDAR budget. .

Tanzania – Handeni & Other Properties

The properties are located in the Handeni district, Tanga Region of Tanzania. East Africa's Handeni Properties are comprised of two mining licenses covering the Magambazi project with CTL holding one mining license and Denwill

holding the second mining license. The Company has an option agreement to acquire a 100% interest in Denwill, a structured entity controlled by East Africa, upon payment of US$40,000. As at December 31, 2019, the option has not yet been exercised. The Company's Other Properties consists of two main claims and are located in the Handeni district, Tanga Region of Tanzania. During the year ended December 31, 2018, the Company recorded an impairment charge of $127,409 on a prospecting license as it had concluded that no further exploration will occur. As disclosed in note 16, the Company commenced an arbitration process with a view to terminate the Tanzanian Definitive Agreement and the Addendum.

**6. Property and equipment**

Details of the Company's property and equipment are as follows:

| | Buildings and roads | Office furniture and equipment | Computers and software | Leasehold Improvements | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance - December 31, 2019 | $ 1,893,677 | $ 359,270 | $ 391,800 | $ 98,576 | $ 2,743,323 |
| Additions | - | - | 297 | - | 297 |
| Foreign exchange | 174,817 | 33,166 | 1,703 | 9,100 | 218,786 |
| Balance - March 31, 2020 | $ 2,068,494 | $ 392,436 | $ 393,800 | $ 107,676 | $ 2,962,407 |
| **Accumulated amortization** | | | | | |
| Balance - December 31, 2019 | $ 1,601,149 | $ 252,878 | $ 389,279 | $ 98,576 | $ 2,341,882 |
| Amortization – administration | - | - | 269 | - | 269 |
| Amortization – exploration | - | 3,796 | 482 | - | 4,278 |
| Foreign exchange | 147,812 | 23,555 | 1,481 | 9,100 | 181,948 |
| Balance - March 31, 2020 | $ 1,748,960 | $ 280,229 | $ 391,511 | $ 107,676 | $ 2,528,377 |
| **Net book value** | | | | | |
| Balance - December 31, 2019 | $ 292,528 | $ 106,392 | $ 2,521 | $ - | $ 401,441 |
| Balance - March 31, 2020 | $ 319,534 | $ 112,207 | $ 2,289 | $ - | $ 434,029 |

Expressed in Canadian dollars

## 7. Loan payable

| | March 31, 2020 | December 31, 2019 |
|---|---|---|
| Demand loan | | |
| Principal | $ 300,000 | $ 300,000 |
| Interest | 89,282 | 77,900 |
| | $ 389,282 | $ 377,900 |

On August 31, 2017, SinoTech (Hong Kong) Corporation Limited ("SinoTech") provided a short-term unsecured loan to the Company for $600,000 with an interest rate of 12% per annum. During the year ended December 31, 2018, the Company repaid $324,000 of the principal and interest. Interest of $11,382 was accrued for the three month period ended March 31, 2020 ($42,500 for the year ended December 31, 2019). SinoTech is a significant shareholder in the Company and has common officers and directors.

## 8. Share capital

a) Authorized

Unlimited number of common shares without par value

b) Escrowed shares

As at December 31, 2019, 675,045 (2018 - 675,045) common shares are held in escrow. The release of these shares is based on the future exploration expenditure, discovery of an ore deposit and achieving commercial mineral production.

c) Stock options

The Company has established a stock option plan whereby the Board of Directors may grant stock options to directors, officers, employees or consultants in order to more closely align the grant-recipients' interests with those of shareholders. Pursuant to the stock option plan, the Company has been authorized by its shareholders to grant stock options of up to twenty percent (20%) of the number of common shares issued and outstanding. Stock options granted are subject to a maximum term of ten years from the date of grant. The exercise price of a stock option must be determined in accordance with the share purchase option plan. Stock options vest at the time the stock options are granted unless determined otherwise by the Board of Directors, other than stock options granted to consultants performing investor relations activities, which vest in stages over twelve months with no more than one quarter vesting in any three-month period.

In 2016, the Company's board of directors approved the grant of up to 2,750,000 bonus shares, subject to the issuance of the mining license for the Harvest Property. In 2017, East Africa received the mining license for the Harvest Property and issued 1,750,000 bonus shares to certain officers and recorded share-based compensation of $516,250.

The Company also recorded share-based compensation of $295,000 with a credit to bonus share obligation for 1,000,000 bonus shares yet to be issued. During the year ended December 31, 2018, the Company issued an additional 375,000 bonus shares to certain executives and reclassified $110,625 from bonus shares obligation to share capital. As at December 31, 2019, the Company has a bonus share obligation of $184,375, representing 625,000 bonus shares yet to be issued.

Expressed in Canadian dollars

**8. Share capital - continued**

Details of stock options activity during the three month period ended March 31, 2020 and the year ended December 31, 2019 are as follows:

| | March 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Number of options outstanding and exercisable | | Weighted average exercise price | Number of options outstanding and exercisable | | Weighted average exercise price |
| Opening balance | 31,524,500 | $ | 0.19 | 26,494,278 | $ | 0.18 |
| Granted | - | $ | - | 6,300,000 | $ | 0.22 |
| Exercised | - | $ | - | (996,000) | $ | 0.10 |
| Expired | - | $ | - | (273,778) | $ | 0.22 |
| Closing balance | 31,524,500 | $ | 0.19 | 31,524,500 | $ | 0.19 |

The weighted average market price of the options exercised during the year ended December 31, 2019 was $0.19.

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2020:

| Number of options outstanding and exercisable | Range of exercise prices of options outstanding and exercisable | Weighted average exercise price of options exercisable | Weighted average remaining contractual life |
|---|---|---|---|
| 8,824,500 | $0.10 | $0.10 | 0.79 |
| 15,600,000 | $0.22 | $0.22 | 3.25 |
| 300,000 | $0.22 | $0.22 | 3.46 |
| 6,300,000 | $0.22 | $0.22 | 4.19 |
| 500,000 | $0.29 | $0.29 | 2.07 |
| 31,524,500 | | $0.19 | 2.73 |

d) Warrants

| | March 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Number of warrants outstanding | | Weighted average exercise price | Number of warrants outstanding | | Weighted average exercise price |
| Opening balance | 3,850,000 | $ | 0.45 | 18,256,380 | $ | 0.40 |
| Issued | 15,803,695 | $ | 0.30 | - | $ | - |
| Exercised | - | $ | - | (3,771,680) | $ | 0.25 |
| Expired | (3,850,000) | $ | 0.45 | (10,634,700) | $ | 0.44 |
| Closing balance | 15,803,695 | $ | 0.30 | 3,850,000 | $ | 0.45 |

As at March 31, 2020 the following share purchase warrants are outstanding:

| Number of warrants outstanding and exercisable | | Weighted average exercise price | Weighted average remaining contractual life | Expiry date |
|---|---|---|---|---|
| 14,651,195 | $ | 0.30 | 0.92 years | February 28, 2021 |
| 1,152,500 | $ | 0.30 | 1.03 years | April 11, 2021 |
| 15,803,695 | $ | 0.30 | 0.92 years | |

Expressed in Canadian dollars

## 10. Non-controlling interest

East Africa holds a 70% equity interest in Harvest Mining PLC with the remaining 30% held with Ezana, an Ethiopian company. The non-controlling interest is carried at 30% until the completion of a feasibility study. The Company is responsible for all exploration costs until completion of a feasibility study. Subsequent to the completion of a 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 below summarized financial information of Harvest is before inter-company eliminations:

**Summary of statements of financial position**

| | | March 31, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| **NCI percentage** | | 30% | | 30% |
| Current assets | $ | 21,354 | $ | 34,628 |
| Less -current liabilities | | (5,457) | | (571) |
| | | 15,897 | | 34,057 |
| Non-current assets | | 18,548,385 | | 16,983,939 |
| Less -non-current liabilities | | (15,308,642) | | (15,283,342) |
| | | 3,239,743 | | 1,700,597 |
| Net assets | $ | 3,255,640 | $ | 1,734,654 |
| Accumulated NCI | $ | 3,991,046 | $ | 3,534,751 |

**Summary of statements of loss and comprehensive loss**

| | For the three month period ended March 31, | | | |
|---|---|---|---|---|
| | | 2020 | | 2019 |
| Net income (loss) for period | | | | |
| Comprehensive income (loss) for period | $ | (216,170) | $ | (62,942) |
| | $ | 1,520,986 | $ | (365,757) |
| **Summary of statements of cash flows** | | | | |
| Net cash provided by (used in) operating activities | $ | (198,913) | $ | (51,549) |
| Net cash provided by (used in) investing activities | $ | (749) | $ | - |
| Net cash provided by (used in) financing activities | $ | 19,912 | $ | 17,683 |

**Changes to non-controlling interest**

| | | |
|---|---|---|
| Balance - December 31, 2019 | $ | 3,534,751 |
| Non-controlling interests' share of loss | | (64,851) |
| Non-controlling interests' share of other comprehensive income (loss) | | 521,146 |
| Balance - March 31, 2020 | $ | 3,991,046 |

Expressed in Canadian dollars

## 11. Exploration and evaluation expenditure

| | Tanzania, Handeni Property | Tanzania, Other Properties | Harvest Project | Adyabo Project | Three month period ended March 31, 2020 |
|---|---|---|---|---|---|
| **Exploration and evaluation expenditure** | | | | | |
| Amortization | $ - | $ - | $ 4,278 | $ - | $ 4,278 |
| Camp and administration | 73,537 | - | 169,051 | - | 242,588 |
| Drilling | - | - | 3,041 | - | 3,041 |
| Engineering | - | - | 220 | - | 220 |
| Environmental assesment | - | - | 10,931 | - | 10,931 |
| Geochemistry | 889 | - | 4,201 | 12,705 | 17,795 |
| Geology | - | - | 3,298 | - | 3,298 |
| Other | - | - | | - | - |
| Provision for (recovery of) taxes | 16,748 | - | 1,512 | - | 18,260 |
| Survey | - | - | 606 | - | 606 |
| Technical services | - | - | - | - | - |
| Total for period | $ 91,174 | $ - | $ 197,139 | $ 12,705 | $ 301,018 |

## 12. Related party transactions

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

Details of key management personnel compensation are as follows:

| | Three month period ended March 31, 2020 | 2019 |
|---|---|---|
| Services provided: | | |
| Directors fees | $ 17,250 | $ - |
| Management and consulting fees | 107,500 | 77,500 |
| Interest expense | 11,382 | 12,200 |
| Key management personnel compensation | $ 136,132 | $ 89,700 |

| | March 31, 2020 | December 31, 2019 |
|---|---|---|
| Balances payable to | | |
| Balances payable to key management personnel for compensation | $ 582,744 | $ 374,049 |
| Balances payable to former key management personnel for compensation | 34,375 | 34,375 |
| | $ 617,119 | $ 408,424 |

Balances payable are included in accounts payable and accrued liabilities.

## 13. Geographical segment information

The Company's operations comprise one reportable segment, exploration and development of mineral properties. The Company carries on business in Canada, Ethiopia and Tanzania. The carrying value of the Company's non-current assets on a geographical basis is as follows

## 14. Contingencies

Certain conditions may exist as of the date the financial statements are issued that may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The impact of any resulting loss from such matters affecting these Financial Statements noted below may be material.

Tanzanian Definitive Agreement - arbitration

On June 10, 2015, East Africa signed a binding agreement with an arm's length private exploration and development company (the "Developer") with companies in Hong Kong and Tanzania, to acquire and develop East Africa's Handeni Properties and Other Properties in Tanzania (the "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 updated terms ("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 from what the Company believes are failures of the Developer to adhere to the terms of the Tanzanian Definitive Agreements and Addendum and the Company may submit a claim for damages. The Company believes these failures represent an immediate threat to East Africa's Tanzanian mining and exploration licenses including potential claims in Tanzania. Under the Tanzanian Definitive Agreements, on termination the payments received are non-refundable.

In August 2018, 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. CTL had been given 45 days to initiate action to address the matters of non-compliance. 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. The arbitration process is on-going and the Company has commenced discussions with the Tanzanian Government regarding the status of the Magambazi project.

In accordance with the Tanzanian Definitive Agreements and the Addendum, the binding arbitration is being decided by a single arbitrator in Vancouver, British Columbia pursuant to the rules of the British Columbia International Commercial Arbitration Centre. The Company has initiated the arbitration proceedings based on what it believes to be failures of the Developer to adhere to the terms of the Tanzanian Definitive Agreements and Addendum and the Company may submit a claim for damages. The final outcome of the arbitration cannot be predicted with certainty.

## 15. Financial instruments

a) Fair values

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, accounts payable and loans payable.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

**15. Financial instruments - continued**

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

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

The carrying value of the Company's cash and cash equivalents, accounts receivable and deposits are representative of their respective fair value at December 31, 2019 and December 31, 2018 due to their short term nature. The fair value of accounts payable and loans payable may be less than the carrying value as a result of the Company's credit and liquidity risk.

b) Management of financial risk

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, credit risk, liquidity risk and interest 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 March 31, 2020 and December 31, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in USD, TSH and ETB:

Based on the above net exposure as at March 31, 2020 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Australian dollar, US dollar, Tanzanian shilling and Ethiopian birr would result in an increase/decrease of approximately $10,227 (December 31, 2019 - $8,119) in the Company's net loss.

Interest rate riskInterest 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 three month period ended March 31, 2020 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 March 31, 2020 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.

## 15. Financial instruments - continued

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with the financial liabilities. The Company has a planning and budget process in place by which it anticipates and determines the funds necessary to support normal operation requirements and development of its mineral property interests for exploration stage enterprises. The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments with maturities greater than 90 days from the original date of acquisition, selected concerning the expected timing of expenditures from continuing operations. The Company ensures that sufficient funds are raised from private placements or other sources to meet its operating requirements, after taking into account existing cash.

The Company manages liquidity risk through the management of its capital structure as described in note 16. As at March 31, 2020, the Company had cash and cash equivalents of $20,543 (December 31, 2019– $104,229) to settle current liabilities of $2,917,351(December 31, 2019– $2,389,034). 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 (note 1).

## 16. Management of capital

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

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

## 17. Subsequent event

Subsequent to March 31, 2020, the Company entered into an agreement with SinoTech (Hong Kong) Corporation Limited ("SinoTech") to provide a loan of $250,000. The loan is unsecured and bears interest at the rate of 12% per annum. The loan is repayable upon the earlier of (a) 15 business days after the Company's closing of any financing or transaction in connection with the development of the Company's Harvest project; or (b) 6 months from the Company's receipt of the loan proceeds. Any extension of the loan is subject to SinoTech's agreement. The loan is a related party transaction, as SinoTech is a significant shareholder.