



Condensed Interim Consolidated Financial Statements of

EAST AFRICA METALS INC.

As at and for the nine month period ended September 30, 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

	September 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 43,174	\$ 104,229
Accounts receivable	32,491	8,272
Prepaid expenses and deposits	1,879,603	1,880,354
	1,955,268	1,992,855
Non-current assets		
Investment in Tigray Resources Incorporated PLC (note 4)	555,716	664,414
Mineral property interests (note 5)	21,141,814	20,528,372
Property and equipment (note 6)	399,935	401,441
	22,097,465	21,594,227
	\$ 24,052,733	\$ 23,587,082
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,982,820	\$ 2,011,134
Loans payable (note 7)	713,218	377,900
Total liabilities	3,696,038	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	150,338,270	150,338,270
Accumulated other comprehensive income	4,386,095	3,783,454
Deficit	(191,533,286)	(189,964,403)
	16,697,055	17,663,297
Non-controlling interest (note 9)	3,659,640	3,534,751
	20,356,695	21,198,048
	\$ 24,052,733	\$ 23,587,082
Nature of operations and going concern (note 1)		
Contingencies (note 13)		
Subsequent events (note 16)		

Approved on behalf of the Board

(signed) David Parsons(signed) Sean Waller

EAST AFRICA METALS INC.

Condensed Interim Consolidated Statement of Loss - unaudited

Expressed in Canadian dollars

	Three month period ended		Nine month period ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Expenses				
Amortization	\$ -	\$ 863	\$ 269	\$ 14,255
Directors and advisory board fees	17,500	45,293	52,000	99,795
Exploration and evaluation expenditure (note 10)	166,415	291,695	543,470	639,843
Investor/shareholder communications and filing fees	43,010	44,497	131,872	178,180
Legal, audit and audit related fees	4,226	24,788	7,954	65,852
Management consulting fees and expenses	126,424	79,548	420,073	322,500
Office and administration	44,584	48,636	158,626	185,185
Rent and occupancy costs	835	16,332	30,679	63,276
Salary and benefits	5,132	(25,785)	13,619	120,205
Share-based compensation	-	-	-	608,470
Write-off of property and equipment	-	38,346	-	38,346
Operating loss	(408,125)	(564,213)	(1,358,562)	(2,335,907)
Other income (expenses)				
Foreign exchange gain (loss)	(151,017)	(130,746)	(128,982)	(88,861)
Income (loss) on equity accounted investment (note 4)	(24,867)	-	(108,698)	-
Interest expense	(19,899)	(9,000)	(45,318)	(30,200)
Other	-	19,690	-	19,690
Net loss for period	\$ (603,909)	\$ (645,923)	\$ (1,641,560)	\$ (2,435,278)
Net loss attributable to:				
Shareholders	\$ (582,353)	\$ (587,822)	\$ (1,568,883)	\$ (2,377,177)
Non-controlling interest	(21,556)	(58,101)	(72,677)	(58,101)
	\$ (603,909)	\$ (645,923)	\$ (1,641,560)	\$ (2,435,278)
Loss per share, basic and fully diluted				
	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares - basic and fully diluted				
	180,537,091	179,908,971	180,537,091	176,097,780

Condensed Interim Consolidated Statement of Comprehensive Loss - unaudited

Expressed in Canadian dollars

	Three month period ended		Nine month period ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net loss for period	\$ (603,909)	\$ (645,923)	\$ (1,641,560)	\$ (2,435,278)
Items that maybe reclassified to statement of operations				
Currency translation adjustment		151,693	800,207	(590,435)
Comprehensive loss for period	\$ (603,909)	\$ (494,230)	\$ (841,353)	\$ (3,025,713)
Comprehensive loss attributable to:				
Shareholders	\$ (281,168)	\$ (501,379)	\$ (966,242)	\$ (2,852,276)
Non-controlling interest	(322,742)	7,149	124,889	(173,437)
	\$ (603,909)	\$ (494,230)	\$ (841,353)	\$ (3,025,713)

EAST AFRICA METALS INC.

Condensed Interim Consolidated Statement of Changes in Equity - unaudited
Expressed in Canadian dollars

	Common Shares Without Par Value		Obligation- bonus shares	Obligation- mineral property interests	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Common share Equity	Non-Controlling Interest	Total Equity
	Shares	Amount									
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	15,696,000	1,866,640	-	-	644,720	-	-	-	2,511,360	-	2,511,360
Finders' fees		(12,783)	-	-	(4,448)	-	-	-	(17,231)	-	(17,231)
Share issue costs		(19,227)	-	-	(3,404)	-	-	-	(22,631)	-	(22,631)
Options exercised	996,000	109,568	-	-	-	(19,968)	-	-	89,600	-	89,600
Share-based compensation		-	-	-	-	618,284	-	-	618,284	-	618,284
Currency translation adjustment on foreign operations		-	-	-	-	-	(475,099)	-	(475,099)	(115,336)	(590,435)
Net loss for period		-	-	-	-	-	-	(2,377,177)	(2,377,177)	(58,101)	(2,435,278)
Balance - September 30, 2019	180,537,091	\$ 52,326,273	\$ 184,375	\$ -	\$ 834,341	\$ 150,338,270	\$ 4,285,960	\$ (190,789,002)	\$ 17,180,217	\$ 3,684,056	\$ 20,864,273
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		-	-	-	-	-	602,641	-	602,640	197,566	800,207
Net loss for period		-	-	-	-	-	-	(1,568,883)	(1,568,883)	(72,677)	(1,641,561)
Balance - September 30, 2020	180,537,091	\$ 52,344,641	\$ 184,375	\$ 143,000	\$ 833,960	\$ 150,338,270	\$ 4,386,095	\$ (191,533,286)	\$ 16,697,054	\$ 3,659,640	\$ 20,356,694

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

	Nine month period ended	
	September 30,	
	2020	2019
Cash provided by (used for) operating activities		
Loss for period	\$ (1,641,560)	\$ (1,751,009)
Items not involving cash		
Amortization – administration	269	26,434
Amortization – exploration and evaluation	12,572	95,264
Amortization – leasehold inducement	-	(26,230)
Loss (income) on equity accounted investment	108,698	-
Interest expense	45,318	21,200
Provision for (recovery of) taxes recoverable	30,846	4,838
Share-based compensation - administration	-	608,470
Share-based compensation - exploration and evaluation	-	9,814
Unrealized foreign exchange loss (gain)	128,121	(42,029)
Changes in operating assets and liabilities		
Accounts receivable	(24,219)	70,373
Prepaid expenses and deposits	751	(1,742,437)
Accounts payable and accrued liabilities	1,016,272	272,885
	(322,933)	(2,452,427)
Cash flows provided by (used for) investing activities		
Mineral property interests acquisitions	(26,962)	-
Purchase of equipment	(294)	-
	(27,256)	-
Cash flows provided by (used for) financing activities		
Loan advances	290,000	-
Private placements	-	2,511,360
Finders fees	-	(17,231)
Issue costs	-	(13,185)
Exercise of stock options	-	3,000
	290,000	2,483,944
Effect of exchange rate changes on cash and cash equivalents	(866)	-
Increase (decrease) in cash and cash equivalents	(60,189)	31,517
Cash and cash equivalents- beginning of period	104,229	60,683
Cash and cash equivalents- end of period	\$ 43,174	\$ 92,200

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

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 nine month period ended September 30, 2020, the Company incurred a net loss attributable to shareholders totaling \$1,568,883. As at September 30, 2020, the Company had an accumulated deficit of \$191,533,286 and working capital deficit of \$1,740,770.

Based on the Company’s financial position as at September 30, 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 sale of Canaco Tanzania Limited’s shares to PMM Mining Company Limited (“PMM”) (note 16), through 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. 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 November 26, 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.

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

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

	September 30, 2020	December 31, 2019
Tigray Resources Incorporated PLC		
Retained 30% equity interest at fair market value	\$ 683,073	\$ 683,073
Income (loss) on investment	(127,357)	(18,659)
	\$ 555,716	\$ 664,414

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

	September 30, 2020	December 31, 2019
Current asset	\$ 60,062	\$ 140,185
Less -current liabilities	(31,017)	(348,432)
	29,045	(208,247)
Non-current assets	1,823,342	2,422,960
Net assets	1,852,387	2,214,713
East Africa's share - percentage	30%	30%
East Africa's share - net assets	\$ 555,716	\$ 664,414

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

	Three month period ended September 30,		Nine month period ended September 30,	
	2020	2019	2020	2019
Expenses	\$ 24,867	\$ -	\$ 108,698	\$ -
Comprehensive income (loss)	\$ 24,867	\$ -	\$ 108,698	\$ -

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);

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

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	\$ 16,911,323	\$	20,528,372
Property payments	696	-	26,265		26,961
Foreign exchange	69,843	56,123	460,515		586,481
Balance - September 30, 2020	\$ 1,704,494	\$ 2,039,217	\$ 17,398,103	\$	21,141,814

Harvest

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").

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 (note 16(i))

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 September 30, 2020, 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. As disclosed in note 13, the Company commenced an arbitration process with a view to terminate the Tanzanian Definitive Agreement and the Addendum.

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

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	-	-	294	-	294
Foreign exchange	51,177	9,709	505	2,664	64,052
Balance - September 30, 2020	\$ 1,944,854	\$ 368,979	\$ 392,598	\$ 101,240	\$ 2,807,669
Accumulated amortization					
Balance - December 31, 2019	\$ 1,601,149	\$ 252,878	\$ 389,279	\$ 98,576	\$ 2,341,882
Amortization – administration	-	-	269	-	269
Amortization – exploration	-	11,152	1,420	-	12,572
Foreign exchange	43,271	6,670	405	2,665	53,011
Balance - September 30, 2020	\$ 1,644,420	\$ 270,700	\$ 391,373	\$ 101,241	\$ 2,407,734
Net book value					
Balance - December 31, 2019	\$ 292,528	\$ 106,392	\$ 2,521	\$ -	\$ 401,441
Balance - September 30, 2020	\$ 300,435	\$ 98,279	\$ 1,226	\$ -	\$ 399,935

7. Loans payable

	September 30, 2020	December 31, 2019
Demand loans (a)		
Principal	\$ 550,000	\$ 300,000
Interest	123,218	77,900
	673,218	377,900
Canadian Business Emergency Account ("CEBA") loan (b)	40,000	-
	\$ 713,218	\$ 377,900

- a) 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. Accrued interest at September 30, 2020 is \$113,219 (December 31, 2019 - \$77,900). The loan is repayable 15 days after the Company closes any future financing greater than CAD\$3,000,000 or December 31, 2020. Sino Tech will consider an additional extension to the agreement should it be requested by the Company due to the inability to pay completely by December 31, 2020. On May 28, 2020, Sino Tech provided a short-term unsecured loan to the Company for \$250,000 with an interest rate of 12% per annum. Accrued interest at September 30, 2020 is \$9,999 (December 31, 2019 - \$Nil). The loan is repayable upon the earlier of 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 6 months from the Company's receipt of the loan proceeds. Any extension of the loan is subject to SinoTech's agreement. SinoTech is a significant shareholder in the Company and has common officers and directors.
- b) CEBA loan is unsecured and interest free to December 31, 2022. If 75% of the loan is repaid in the initial term, 25% will be forgiven. If the Company is unable to repay in the initial term, the loan will be extended starting January 1, 2023 for an additional term maturing December 31, 2025 with an interest rate of 5% per annum and payable monthly.

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

8. Share capital

a) Authorized

Unlimited number of common shares without par value

b) Escrowed shares

As at September 30, 2020, 675,045 (December 31, 2019 - 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 September 30, 2020, the Company has a bonus share obligation of \$184,375, representing 625,000 bonus shares yet to be issued.

Details of stock options activity during the nine month period ended September 30, 2020 and the year ended December 31, 2019 are as follows:

	September 30, 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.

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

8. Share capital - continued

The following table summarizes information about the stock options outstanding and exercisable at September 30, 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	0.29
15,600,000	\$0.22	\$0.22	2.75
300,000	\$0.22	\$0.22	2.96
6,300,000	\$0.22	\$0.22	3.69
500,000	\$0.29	\$0.29	1.57
31,524,500		\$0.19	2.23

d) Warrants

Details of warrant activity during the nine month period ended September 30, 2020 and the year ended December 31, 2019 are as follows:

	September 30, 2020		December 31, 2019	
	Number of warrants outstanding	Weighted average exercise price	Number of warrants outstanding	Weighted average exercise price
Opening balance	15,803,695	\$ 0.30	3,850,000	\$ 0.45
Issued	-	\$ -	15,803,695	\$ 0.30
Expired	-	\$ -	(3,850,000)	\$ 0.45
Closing balance	15,803,695	\$ 0.30	15,803,695	\$ 0.30

As at September 30, 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	0.62 years	February 28, 2021
1,152,500	\$ 0.30	0.78 years	April 11, 2021
15,803,695	\$ 0.30	0.67 years	

9. 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:

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

9. Non-controlling interest - continued

Summary of statements of financial position

	September 30, 2020	December 31, 2019
NCI percentage	30%	30%
Current assets	\$ 21,504	\$ 34,628
Less -current liabilities	(8,571)	(571)
	12,932	34,057
Non-current assets	17,457,110	16,983,939
Less -non-current liabilities	(15,319,089)	(15,283,342)
	2,138,021	1,700,597
Net assets	\$ 2,150,954	\$ 1,734,654
Accumulated NCI	\$ 3,659,640	\$ 3,534,751

Summary of statements of loss and comprehensive loss

	Three month period ended September 30,		Nine month period ended September 30,	
	2020	2019	2020	2019
Net income (loss) for period	\$ (71,860)	\$ (161,158)	\$ (242,255)	\$ (193,670)
Comprehensive income (loss) for period	\$ (375,723)	\$ (64,198)	\$ 416,300	\$ (578,120)

Summary of statements of cash flows

Net cash provided by (used in) operating activities	\$ 30,963	\$ (124,574)	\$ (184,420)	\$ (164,581)
Net cash provided by (used in) investing activities	\$ 275	\$ -	\$ (26,559)	\$ -
Net cash provided by (used in) financing activities	\$ 66,720	\$ 116,709	\$ 97,123	\$ 128,485

10. Exploration and evaluation expenditure

	Tanzania, Handeni Property	Harvest Project	Adyabo Project	Nine month period ended September 30, 2020
Exploration and evaluation expenditure				
Amortization	\$ -	\$ 12,572	\$ -	\$ 12,572
Camp and administration	264,116	169,051	-	433,167
Drilling	-	9,190	2,262	11,452
Engineering	-	220	-	220
Environmental assesment	-	10,931	-	10,931
Geochemistry	5,298	12,248	22,832	40,378
Geology	-	3,298	-	3,298
Provision for (recovery of) taxes	28,115	2,731	-	30,846
Survey	-	606	-	606
Total for period	\$ 297,529	\$ 220,847	\$ 25,094	\$ 543,470

11. 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.

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

11. Related party transactions - continued

Details of key management personnel compensation are as follows:

	Three month period ended September 30,		Nine month period ended September 30,	
	2020	2019	2020	2019
Services provided:				
Directors fees	\$ 17,500	\$ 21,237	\$ 52,000	\$ 54,502
Management and consulting fees	107,500	107,500	322,500	185,000
Interest expense	19,899	9,700	45,318	21,200
Share-based compensation	-	466,166	-	466,166
Key management personnel compensation	\$ 144,899	\$ 604,603	\$ 419,818	\$ 726,868

	September 30, 2020	December 31, 2019
Balances payable to		
Balances payable to key management personnel for compensation	\$ 817,869	\$ 374,049
Balances payable to former key management personnel for compensation	34,375	34,375
	\$ 852,244	\$ 408,424

Balances payable are included in accounts payable and accrued liabilities.

	September 30, 2020	December 31, 2019
Loan payable (note 7)	\$ 673,218	\$ 377,900

12. 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:

September 30, 2020	Canada	Ethiopia	Tanzania	Total
Investment in Tigray Resources Incorporated PLC	\$ -	\$ 555,716	\$ -	\$ 555,716
Mineral property interests	-	17,398,103	3,743,711	21,141,814
Property and equipment	-	255,372	144,564	399,935
Total non-current assets	\$ -	\$ 18,209,191	\$ 3,888,275	\$ 22,097,466

13. 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 September 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.

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

13. Contingencies - continued

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.

Significant event (note 16)

On September 22, 2020, a Settlements Deed was presented to the Court in Tanga and the judges for the TzGF appeal and the original legal action against CTL and the Commissioner of Mines. The Court ruled the Settlement Deed was valid and acceptable in both cases. All legal action in Tanzania against CTL has now been withdrawn.

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 arbitration proceeding in Vancouver, British Columbia has yet to be settled and the outcome cannot be predicted with certainty.

14. 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;

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 September 30, 2020 and December 31, 2019 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.

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

14. Financial instruments - continued

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 September 30, 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 September 30, 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 \$16,204 (December 31, 2019 - \$8,119) in the Company's net loss.

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 nine month period ended September 30, 2020 and the Company has borrowings of \$550,000 with an interest rate of 12% per annum.

Based on the amount of cash and cash equivalents and borrowings as at September 30, 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.

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 15. As at September 30, 2020, the Company had cash and cash equivalents of \$43,174 (December 31, 2019- \$104,229) to settle current liabilities of \$3,696,038 (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).

EAST AFRICA METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements - unaudited

For the nine month period ended September 30, 2020

Expressed in Canadian dollars

15. 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.

16. Subsequent events

From October 1, 2020 to November 26, 2020, the following events have occurred.

- i. The Company signed a binding Share Purchase Agreement and Gold Purchase Agreement with an arm's length Tanzanian private company, PMM Mining Company Limited ("PMM" or the "Developer"), to develop the Magambazi Mine in Tanzania.

Consideration for the transaction is as follows:

- PMM will pay to EAM the sum of US\$2,000,000, being consideration for the acquisition of 100% ownership stake in CTL. EAM's Tanzanian subsidiary company, which owns the Magambazi and Handeni Mining Licenses (the "Mining Assets" or "Magambazi Mine") and all other properties owned by East Africa in Tanzania (the "Exploration Assets").
- During the lifetime of the mine respecting the Mining Assets, PMM will sell 30% of the Gold produced to EAM at the price of production cost plus 15% of production cost, pursuant to a Gold Purchase Agreement. Gold production costs means actual mining costs and milling costs as well as costs associated with third party smelting, refining, transportation and royalties, minus byproduct credits.
- PMM undertakes to produce at least 10,000 ounces in the first year of commissioning of operations, 20,000 ounces in the second year, 30,000 ounces in the third year and at least 40,000 ounces per year thereafter. In the event PMM does not meet the minimum production in a year, it will compensate EAM as follows: In the first year minimum production is not met PMM will pay US\$200,000; US\$400,000 in the second year; US\$600,000 in the third year; and, US\$700,000 per year for any other years' where the minimum production in any subsequent years is not achieved.
- If at any time the Seller wishes to Transfer to any third party (the "Buyer"), or following an offer by a Buyer for the Seller to Transfer to such Buyer, any of the Properties and/or the Projects, East Africa will have the right of first offer to re-acquire the properties.

Government approval, signing of the documents and the issuance of a governmental decree binding both companies to the government approved terms for the sale of CTL and development of the project is pending.

- ii. Option entitling the holder to acquire 244,500 common shares at \$0.10 per share were exercised for proceeds of \$24,450.
- iii. The Company closed a non brokered private placement financing of 3,846,500 units at a price of \$0.13 per unit for gross proceeds of \$500,045. Each unit consists of one common share and one non-transferrable share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.35 for a period of 24 months.