

EAST AFRICA METALS INC.
INTERIM MD&A - QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2017

This Interim MD&A - Quarterly Highlights (“Interim MD&A”) provides a review of the business activities of East Africa Metals Inc. (collectively, with its subsidiaries, “East Africa” or the “Company”) for the three months ended September 30, 2017 (“Q3 2017”), compared to the three months ended September 30, 2016 (“Q3 2016”). This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. The Interim MD&A has been prepared on the basis of available information up to November 28, 2017 and should be read in conjunction with the Company’s unaudited condensed interim financial statements (“Interim Financial Statements”) for the three and nine months ended September 30, 2017 (“Fiscal 2017”) and 2016 (“Fiscal 2016”), the audited consolidated financial statements (“Annual Financial Statements”) for the year ended December 31, 2016, the corresponding notes to the Annual Financial Statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and MD&A for the year ended December 31, 2016 (“Annual MD&A”). These documents are available on SEDAR at www.sedar.com. All dollar amounts are expressed in Canadian dollars except where indicated otherwise.

Cautionary Statement Regarding Forward-Looking Information

This Interim MD&A may contain certain forward-looking statements concerning anticipated development in the Company’s operations in future periods, “forward-looking information,” within the meaning of applicable Canadian securities legislation. The forward-looking statements are set forth in this Interim MD&A and may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timeliness and approval of mining licence or exploration licence extension applications, strategic plans, financing, market price of commodities or other statements that are not statement of fact. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “forecast”, “project”, “budget”, “schedule”, “may”, “will”, “could”, “might”, “should” or variations of such words or similar words or expressions. Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the negotiation of a Tanzanian Definitive Agreement reflecting the conditions, terms and timing outlined; delays with respect to required payments and regulatory approvals; recoverability of Tanzanian and Ethiopian 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 Project into a mining operation; the risks associated with obtaining necessary licences or permits including and not limited to Ethiopian Government approval of any current and/or future mining licence applications and exploration licence extensions for the Company’s Ethiopian Projects; risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of the Company’s projections and estimates, including the initial and any updates to the mineral resource for the Adyabo, Harvest and Magambazi Projects; realization of mineral resource estimates; interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; actual results of current exploration activities; government regulation; political or economic developments; foreign taxation risks; environmental risks; insurance risks; capital expenditures; operating or technical difficulties in connection with development activities; 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, the Company’s Annual MD&A and within this Interim MD&A. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, sociopolitical 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 limited to the timely closing of the financing; the timely closing of the Handeni Property definitive agreement; the ability of the Company to repay the loan by the required date; the impact from the recent Tanzanian legal and regulatory framework for the mining companies; price of gold; the demand for gold; the ability to carry on exploration and development activities; the timely receipt of any required approvals; the ability to obtain qualified personnel, equipment and services in a timely and cost-efficient manner; the ability to operate in a safe, efficient and effective manner; and the regulatory framework including and not limited to licence approvals, social and environmental matters, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The Company does not update or revise forward looking information even if new information becomes available unless legislation requires the Company to do so. Accordingly, readers should not place undue reliance on forward-looking information contained herein, except in accordance with applicable securities laws.

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INTRODUCTION

East Africa was incorporated on December 7, 2012, under the Canada Business Corporations Act. The address of the Company's corporate office and principal place of business is Suite 700, 1055 W. Georgia Street, Vancouver, British Columbia, Canada. On July 11, 2013, the Company commenced trading on the TSX Venture Exchange (the "TSX-V") as a Tier 2 mining issuer under the trading symbol "EAM".

East Africa is a minerals 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 the Harvest and the Adyabo Projects (together the "Ethiopian Projects") in Ethiopia, and the Handeni Properties in Tanzania. Additional information on the Company's mineral property interests and other information discussed in this Interim MD&A can be found on the East Africa's website at www.eastafricametals.com.

KEY OPERATING MILESTONES

Exploration update

- On August 14, 2017, the Company provided an update that it continues to engage in discussion and negotiations with representatives of the Ethiopian Ministry of Mines, Petroleum and Natural Gas ("Ministry of Mines") to finalize the Harvest Terakimti Oxide Gold Mining Licence Agreement. In addition, discussions included the retention of key prospects within the Harvest Exploration Licence area. The Ministry of Mines is assessing, for purposes of adherence to Mining Regulations, that the prospects be included in an expanded Harvest Terakimti Mining Licence area.

In addition, East Africa announced the final diamond drill hole results from the most recent infill diamond drilling program at the Mato Bula deposit, part of the Company's Adyabo Project in Ethiopia.

Highlight intersections include:

- 5.89 metres grading 53.32 grams per tonne gold, 0.51% copper, and 2.6 grams per tonne silver from 54.56 metres drill depth, and 10.26 metres grading 8.90 grams gold, 0.05% copper, and 3.7 grams per tonne silver from 20.54 metres drill depth (WMD097); and
 - 4.33 metres grading 38.94 grams per tonne gold, 0.24% copper, and 2.6 grams per tonne silver, from 160.60 metres drill depth (WMD090).
- A table of all Adyabo Project intercept results, related maps and further information can be located in the Company's respective news release and on East Africa's website www.eastafricametals.com.

Corporate update

- On September 28, 2017, the Company executed a 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 of 52,100,000 units at a price of \$0.26 per unit for aggregate gross proceeds of approximately CAD\$13,550,000. LW has also agreed to provide an unsecured loan to the Company in the amount of CAD\$2,000,000 at 2% per annum which includes the right to convert the loan principal and accrued interest into units of the Company at a deemed price of \$0.26 per unit.

Each unit issued with the private placement will consist of one common share and one-half of one share purchase warrant, with each whole warrant exercisable for \$0.45 and expiring 24 months from closing. The securities issued under the private placement will be subject to a hold period of four months. The proceeds will be used to continue exploration programs on the Company's projects in Ethiopia and general working capital.

Upon completion of the private placement and conversion of the CAD\$2,000,000 LW will own approximately 28.8% of the Company's outstanding shares (37.8% on a diluted basis). Also, upon completion of the private placement, the Company will cause three of its directors to resign and appoint three LW nominees to fill those vacancies, and the Company may make certain changes to management positions.

In November 2017, the Company announced that the Ethiopian MOU due diligence review had been extended for 30 days. Refer to *Proposed Transactions* for further information.

- In September 2017, the Company announced an unsecured related party loan in the amount of \$600,000 from SinoTech (Hong Kong) Corporation Limited (“SinoTech”), an insider of the Company. The loan will bear an interest rate of 12% per annum and payable upon the earlier of (a) 15 business days after the closing of a financing or (b) 120 days from the borrower’s receipt of the loan proceeds.

For further details on the above quarter highlights refer to the news releases available on SEDAR at www.sedar.com or East Africa’s website, www.eastafricametals.com.

OUTLOOK

As of the date of this Interim MD&A, the Company’s focus is on advancing the Ethiopian Projects. The Company has submitted a mining licence application to the Ministry of Mines and received a draft Model Agreement for the Terakimti Oxide Gold Project. Currently, the Ministry of Mines is assessing, for purposes of adherence to Mining Regulations, that the prospects be included in an expanded Harvest’s Terakimti Mining Licence area. In addition, the Company has submitted applications for a 2 year extension on its Harvest and Adi Dairo (Adyabo Project) exploration licences. If granted, the 2 year exploration extension or similar rights to undertake activity, the Company plans to undertake further exploration activities on the Harvest Project and advance the Adi Dairo exploration licence towards the submission of a mining licence application. In parallel, the Company continues discussions with a number of interested parties on financing its exploration and potential development programs including and not limited to: debt financing or strategic alliances for the development of the Terakimti Oxide Gold resource (on the receipt of a mining licence). The Company has released initial mineral resource estimates on each of its exploration projects at Harvest, Adyabo and Magambazi.

For the three months ended September 30, 2017, the Company incurred a net loss attributable to shareholders totaling \$1,162,994 (Q3 2016 – \$1,185,323) and as at September 30, 2017, had an accumulated deficit of \$179,368,364 (December 31, 2016 – \$172,874,525) and working capital surplus of \$258,336 (December 31, 2016 – \$103,924).

Based on the Company’s financial position as at September 30, 2017, the available funds are not considered adequate to meet requirements for the estimated operations, exploration and development expenditures in the coming twelve-month period. These requirements may be adversely impacted by: a lack of normal available financing, obtaining a mining licence for the Harvest Project and continued investor uncertainty for small capitalization mineral exploration and development companies. To address its financing requirements, the Company will seek financing through and not limited to the sale of non-strategic assets, a marketing program to strengthen market demand to exercise outstanding warrants, strategic alliance with development partners, debt financing, gold streaming contracts, equity financing and optioning its mineral properties. However, there is no assurance that such financing will be available.

This uncertainty casts significant doubt upon the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for the Interim 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” and “Capital Resources” sections for further details.

PROPOSED TRANSACTIONS

Ethiopian Binding Memorandum of Understanding

On October 2, 2017, the Company announced the signing of the Ethiopian MOU with LW providing for project development financing of up to US\$250,000,000 and a private placement of 52,100,000 units at a price of \$0.26 per unit for aggregate gross proceeds of approximately CAD\$13,550,000.

The Ethiopian MOU with LW contemplates that a joint venture company (“JVCo”) will be formed, with 70% owned by LW and 30% owned by the Company. LW will invest up to US\$250,000,000 into the development of the Company’s projects in Ethiopia. The Company will contribute a proportionate amount of gold resource valued with a cost price of US\$70/oz, of up to 1.5 million ounces^{AuEquiv} for an aggregate value of US\$110,000,000. The parties intend to expeditiously negotiate, finalize and execute a comprehensive joint venture agreement respecting JVCo and the development of the Company’s Ethiopian projects.

LW has also agreed to provide an unsecured loan to the Company in the amount of CAD\$2,000,000 at 2% per annum. Under the loan agreement, the Company is required to restructure its existing cooperation agreement with respect to the Magambazi Project within 30 days. Upon completion of the restructure, LW has the right to require the establishment of a joint venture for the development of the Magambazi Project, which the joint venture will be 70% owned by LW and 30% owned by the Company.

If the loan is not allocated and the interest forgiven in connection with the formation of a joint venture for the Magambazi Project, at any time following 30 days after the execution of the loan agreement, LW shall have the right to convert the CAD\$2,000,000 loan principal and accrued interest into units of the Company at a deemed price of \$0.26 per unit. Each unit will consist of one common share and one-half of one share purchase warrant, with each whole warrant exercisable for \$0.45 and expiring six months from issuance. The securities issued under the loan will be subject to a hold period of four months.

Until the loan is allocated for the Magambazi joint venture or is converted into units, the Company is restricted to use the proceeds of the loan for the Company's Harvest Project's mining license application, the negotiation of an agreement respecting the Harvest Project development stage, the restructure of the existing cooperation agreement for the Magambazi Project, and the renewals of the Magambazi mining licenses if required. At the date of this Interim MD&A the \$2,000,000 loan had not been issued.

In November 2017, the Company announced that the Ethiopian MOU due diligence review had been extended for 30 days. The project development funding, the loan agreement and private placement are subject to certain conditions, including but not limited to, the establishment of JVCo, receipt of a mining license for the Harvest Project, Harvest agreement to develop the project, completion of satisfactory due diligence reviews by both parties, execution of definitive agreements, East Africa's shareholder approval of the creation of a new control person and any transactions as required by the TSX Venture Exchange, and receipt of approval of the TSX Venture Exchange. The Company intends to call a shareholders meeting upon completion of East Africa's and LW's satisfactory due diligence review.

Tanzanian Definitive Agreement

On June 10, 2015, East Africa signed a binding agreement ("Tanzanian Definitive Agreement") with an arm's length private exploration and development company (the "Developer") with management based in the United Kingdom and Tanzania, to acquire and develop East Africa's Handeni Properties and Other Properties ("Tanzanian Assets") in Tanzania. On March 5, 2016, the "Tanzanian Effective Date", the Company completed the execution of the Tanzanian Definitive Agreement and the Gold Purchase Agreement with the Developer.

Pursuant to the Tanzanian Definitive Agreement, as at September 30, 2017, the Company had receivables of US\$85,805 (CAD\$107,082) for the Tanzanian recoverable operating expenses, US\$200,000 (CAD\$249,595) for the outstanding payments related to the first instalment of US\$500,000 and US\$21,728 (CAD\$27,116) for interest charges on the late payments. The instalments are recorded against mineral property interest until the transaction has closed.

In November 2017, the Company signed a Revised Framework letter to the Tanzanian Definitive Agreement to advance the Magambazi Project to annual production of 40,000 ounces of gold by 2020. Included in the framework, among other things are i) US\$250,000 payment (paid) on signing the Revised Framework; ii) US\$438,972 payment for the outstanding first instalment payment and outstanding recoverable expenses to be made on signing of an Addendum Agreement, which formalizes the Revised Framework, to the Tanzanian Definitive Agreement; iii) US\$500,000 payment on delivery of specified documents to the Developer to commence the transfer of the Tanzanian Assets; and iv) final payment of US\$750,000 which will be held in trust and released once the Tanzanian Government approval has been received.

CURRENT COMPANY OBJECTIVES

Current objectives are:

1. Obtain mining licence for the Terakimti Oxide Gold Project;
2. Retain key satellite prospects, either through a 2 year extension for the Harvest and Adi Dairo (Adyabo Project) exploration licences, or through the addition of prospects in future Mining Licence application(s);
3. Complete additional upgrading of the resource at the Adyabo Project and assess resource growth potential along the prospective Mato Bula Trend (Adyabo Project);
4. Assess resource growth potential in satellite targets on the Harvest Project;

5. Continue the preparation for a mining licence application on the Adyabo Project; with the intent of applying for a Mining Licence;
6. Assess new potential exploration opportunities in Ethiopia;
7. Continue to work with the Developer to meet the conditions of the Tanzanian Definitive Agreement; and
8. Continue to examine opportunities to raise capital including debt finance, equity financing, merger and acquisitions, strategic alliances, joint ventures and optioning its mineral properties for equity, cash and/or expenditure commitments.

Harvest Project Path Forward

East Africa will continue to advance the Harvest Project through communication with the Ministry of Mines on the Company's rights and obligations set out in the draft Model Agreement for the Terakimti Oxide Gold mining licence. The Harvest exploration licence has a term of 10 years and expired in January 2017. The Ethiopian regulations allow for retentions to the exploration licence term once the term has reached 10 years and the Company has applied for a 2 year exploration licence extension. Currently, the Ministry of Mines is assessing, for purposes of adherence to Mining Regulations, that the prospects be included in an expanded Harvest's Terakimti Mining Licence area. If granted, the 2 year exploration extension or similar rights to undertake activity, East Africa's objectives is to conduct further work on satellite targets on the Harvest Project and conduct at depth drilling on the Terakimti resource transition and supergene zones. If merit is sufficient at the Lihamat, Mayshehagne, and VTEM09 targets, these potential satellite prospects will be assessed through metallurgical and resource analyses, as additional project resource assets.

Adyabo Project Path Forward

East Africa plans to advance the Adyabo Project through a resource update following the core deposit area infill drilling program that commenced in Q4 2016 and was completed in Q2 2017. An updated resource is anticipated during the second half of 2017. The exploration licences each have a term of 10 years with the Adi Dairo licence having expired in January 2017 and the West Shire licence having expired in October 2017. The Ethiopian regulations allow for retentions to the exploration licence term once the term has reached 10 years. The Company has applied for a 2 year exploration extension for the Adi Dairo exploration licence and is awaiting the Ministry of Mines assessment of the Harvest prospects (as detailed in "Harvest Project Path Forward"). The Company will continue to engage the Ministry of Mines on the application including follow-up meetings and providing additional information as requested. On the successful receipt of a 2 year exploration licence or a similar right to undertake activities on the Adi Dairo resource, the Company plans to continue forwarding the project through in-fill drilling, Induced Polarization ("I.P.") follow-up testing, metallurgical testing, preliminary engineering work, on-going community relations work and socio economic studies, in accordance with application requirements for a mining licence. The Company continues to assess cost effective methods of gold targeting and further resource upgrades along the highly prospective Mato Bula Trend. The West Shire exploration licence expired in October 2017 and the Company is awaiting the Ministry of Mines assessment of the Harvest and Adi Dairo exploration licence extension applications before proceeding with the approach to the West Shire exploration licence extension application.

Tanzanian Assets Path forward

East Africa will continue to move forward with the Tanzanian Definitive Agreement and work with the Developer to advance the Magambazi Project. Refer to the "Proposed Transaction" for further information.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with the Company's Annual Financial Statements, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The Company's operations are in one industry – the acquisition, exploration and development of gold, copper, and other precious and base metals. At September 30, 2017, 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 the Company operates provides the most meaningful information for an exploration stage enterprise.

FINANCIAL POSITION

The following financial data is derived from the Company's Interim Financial Statements as at September 30, 2017 and December 31, 2016:

	September 30, 2017	December 31, 2016
Total assets	\$ 23,614,773	\$ 24,891,293
Total liabilities	1,150,422	992,882
Equity (before non-controlling interest)	18,869,383	19,723,641

Total assets

The \$1,276,520 decrease relates to exploration and head office cash related expenditure totalling \$7,029,311. Further to this, the decrease in total assets is related to foreign exchange movements of approximately of \$1,662,837 in losses on the translation of United States dollars ("USD") to Canadian dollars of the foreign operations. The decrease is partially offset by net proceeds of \$4,982,000 from the Shandong Tyan Home Co. Ltd ("STH") private placement, \$1,845,880 proceeds from the exercise of warrants and stock options, \$600,000 related party loan and the increase of taxes recoverable of \$243,915 in Fiscal 2017. Notwithstanding periodic or one-time transactions and subject to changes in foreign exchange, total assets will generally remain constant from one period to the next, less the cost of expenditures on activities not capitalized. Exploration and evaluation costs associated with the Company's mineral property interests are expensed as incurred.

Total liabilities

The increase in total liabilities of \$157,540 as at September 30, 2017, compared to December 31, 2016, is attributed to a \$600,000 related party loan received in Fiscal 2017. The remaining total liabilities as at September 30, 2017, are predominately comprised of trade payables and accruals. The increase in total liabilities is partially offset by a reduction of \$422,787 in trade payables and accruals settled with the completion of drilling program on the Adyabo Project in the second quarter of 2017.

Total equity

The decrease of equity of \$854,258 is predominately related the net loss of \$6,493,839 attributed to shareholders (Fiscal 2016 – \$3,700,364) and foreign exchange loss attributed to shareholders of \$1,318,944 (Fiscal 2016 – \$1,011,044) on the translation of its foreign operations into Canadian dollars. The decrease is offset with the closing of the STH Q1 2017 financing of \$5,200,000 less \$218,000 for finders' fees, and \$1,845,880 proceeds from the exercise of warrants and stock options. In connection with the STH financing, the Company issued 20,000,000 shares and 10,000,000 Warrants.

RESULTS OF OPERATIONS

The selected period information and summary of financial results in this Interim MD&A should be read in conjunction with the Company's Interim Financial Statements for the three months and nine months ended September 30, 2017 and 2016. The following financial data are derived from the Company's Interim Financial Statements for the three months ended September 30, 2017 and 2016 respectively:

	Three months ended September 30,	
	2017	2016
Revenue	\$ Nil	\$ Nil
Exploration and evaluation expenditures	665,411	422,840
Other expenditures*	534,756	808,479
Net loss for the period	1,200,167	1,231,319
Net loss for the period and attributable to shareholders	1,162,994	1,185,323
Basic and diluted loss per share and attributable to shareholders	\$ 0.01	\$ 0.01
Weighted average number of common shares used in the calculation of loss per share – basic and diluted	147,897,161	115,492,468
Distributions or Dividends	\$ 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 THREE MONTHS ENDED SEPTEMBER 30, 2017 (“Q3 2017”), COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2016 (“Q3 2016”)

The loss for Q3 2017 is \$1,200,167 compared to a loss for Q3 2016 of \$1,231,319. The significant items contributing to the Q3 2017 loss includes exploration expenditures of \$665,411 (Q3 2016 – \$422,840), management consulting fees of \$162,881 (Q3 2016 – \$244,819), office and administration of \$115,270 (Q3 2016 – \$79,510), rent of \$69,507 (Q3 2016 – \$37,683), and investor/shareholder communications and filing fees of \$61,049 (Q3 2016 – \$301,862). Significant balances and changes are discussed below.

Exploration and evaluation expenditure (“Exploration Expenditures”)

Exploration Expenditures incurred costs of \$665,411 in Q3 2017 compared to \$422,840 in Q3 2016. The increase of \$242,571 in Exploration Expenditures is primarily related to the completion of an infill drilling program, the I.P. survey, the initiation of an independent environmental social assessment study for the Adyabo Project and camp costs to support the aforementioned activities. Results for metallurgical work, resource update and environmental study are anticipated for Q4 2017. In Q3 2017, drilling expenditure of \$80,252, geophysics of \$31,923 and preliminary resource and engineering studies expenditures of \$79,840 (Q3 2016 – \$7,479, \$Nil and \$Nil respectively) were incurred at the West Shire (Adyabo) project. There was no significant equivalent activity in Q3 2016.

Camp and administration costs (“camp costs”) of \$273,990 (Q3 2016 – \$211,386) represents in-country expenses such as salary, legal, accounting, office costs, and project management expenses to manage the foreign operations. Generally, camp costs increase when exploration activity increases.

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

	Three months ended September 30, 2017			Three months ended September 30, 2016		
	Tanzania	Ethiopia	Total	Tanzania	Ethiopia	Total
Exploration Expenditures						
Amortization	\$ 40,947	\$ 20,512	\$ 61,459	\$ 49,520	\$ 26,216	\$ 75,736
Camp and administration costs	108,294	165,696	273,990	79,191	132,195	211,386
Drilling	--	88,761	88,761	--	9,067	9,067
Geochemistry	784	20,230	21,014	729	5,169	5,898
Geology	--	11,953	11,953	--	32,826	32,826
Geophysics	--	31,923	31,923	--	--	--
Preliminary resource and engineering studies	--	97,540	97,540	--	22,743	22,743
Project management and consulting	6,576	--	6,576	6,850	--	6,850
Technical services	68	72,127	72,195	85	58,249	58,334
Total for the period	156,669	508,742	665,411	136,375	286,465	422,840
Balance at the beginning of the period	70,304,174	14,051,077	84,355,251	69,698,942	9,671,481	79,370,423
Cumulative balance at the end of the period	\$ 70,460,843	\$ 14,559,819	\$ 85,020,662	\$ 69,835,317	\$ 9,957,946	\$ 79,793,263

Management consulting fees

In Q3 2017, the Company recorded management consulting fees and expenses of \$162,881 compared to \$244,819 in Q3 2016, a decrease of \$81,938. In Q3 2017, the Company recorded \$62,500 (Q3 2016 – \$62,500) for consulting fees provided by a management company controlled by an officer of the Company; \$15,000 (Q3 2016 – \$11,250) was paid to a related party for Chinese translation and administration services; and \$25,000 (Q3 2016 – \$25,570) was paid for corporate secretary services. In Q3 2016, the Company paid fees of \$97,143 to a consultant for entering into an agreement to identify opportunities and provide corporate development services to enhance the interests of the Company and its shareholders. There is no such expense in the current quarter.

Office and administration

In Q3 2017, the Company recorded office and administration costs of \$115,270 (Q3 2016 - \$79,510). The increase of \$35,760 relates to the CEO and CFO’s travel costs to Africa, China and Honk Kong to finalize the Ethiopian MOU.

Rent

In Q3 2017, the Company recorded rent and occupancy costs of \$69,507 compared to \$37,683 in Q3 2016, an increase of \$31,824. In Q3 2016, the Company shared office premises with two related parties and recovered a portion of the rent and as of Q3 2017 the Company is no longer sharing the office premises with the two related parties.

Investor/shareholder communications and filing fees

In Q3 2017, the Company recorded investor/shareholder communications and filing fees of \$61,049 compared to \$301,862 in Q3 2016, a decrease of \$240,813. The Q3 2016 expenses are higher due to the engagement of contractors to provide financial consulting, advertising and promotion services for the Company's European marketing program.

LIQUIDITY

As at September 30, 2017, the Company had cash and cash equivalents of \$633,067, other current assets of \$716,676 and current liabilities of \$1,091,407, as compared to cash and cash equivalents of \$367,690, other current assets of \$650,428 and current liabilities of \$914,194 as at December 31, 2016.

As at September 30, 2017 and December 31, 2016, the Company had the following commitments:

	September 30, 2017	December 31, 2016
No later than 1 year	\$ 558,574	\$ 307,933
Later than 1 year and no later than 5 years	387,451	619,922
Later than 5 years	--	--
	<u>\$ 946,025</u>	<u>\$ 927,855</u>

The Company entered into a five (5) year operating lease for office premises commencing on January 1, 2015. The monthly lease payment and building operating costs before estimated rent recoveries is approximately \$24,000.

As at September 30, 2017, with the Company's working capital surplus of \$258,336 (December 31, 2016 – \$103,924), the Company estimates that it does not have available funds to meet requirements for the coming twelve months based on current planned expenditures for operations, exploration and development of its mineral property interests. Planned expenditures include but are not limited to, assess resource growth on satellite targets near the Terakimti Oxide Gold Project, assess resource growth on the Mato Bula trend and related costs to update the Adyabo initial mineral resource in preparation for a mine licence application. The Company is currently assessing the costs for the required documents applicable for the Adyabo mine licence application. These uncertainties cast significant doubt on the ability of the Company to continue as a going concern. The Interim Financial Statements for the period ended September 30, 2017, were prepared on a going concern basis which contemplates the realization of assets and the settlement of liabilities in the normal course of operations.

The Company's approximate minimum monthly head office administration expenses costs until receiving the Terakimti Oxide Gold mining licence and obtaining financing for development ("Interim Phase") are \$160,000. During this Interim Phase the site and camp costs are approximately \$150,000 monthly to maintain the normal operations in Ethiopia and Tanzania. The site and camp monthly administration costs include expenses for geologists, administrative staff and costs of operating the Ethiopian offices and warehouses. If a 2 year exploration extension or a similar right to undertake activities is granted, the Company plans to undertake further in-fill drilling, I.P. follow-up testing, metallurgical testing, preliminary engineering work and submission of a mining licence application on the Adyabo Project.

The Company is currently within the due diligence review period with LW to provide the funding for the development of the Terakimti Oxide Gold Project on the receipt of a mine licence and a private placement of approximately \$13,500,000 (refer to "Proposed Transactions" for further information) to fund on-going exploration and general administration costs. In the event that the LW financing does not close, other funding options include and are not limited to the sale of non-strategic assets, strategic alliances, debt finance, gold streaming contracts and/or equity placements. At the date of this MD&A, the Ethiopian MOU due diligence review is ongoing (Refer to *Proposed Transactions* for further information). In addition, the Company has executed the Tanzanian Definitive Agreement with the Developer on March 5, 2016, for the sale of the Tanzanian Assets and have received deposit instalment payments of US\$300,000 to date and accrued US\$200,000 (CAD\$249,595) for the outstanding payments related to the first instalment of US\$500,000. In November 2017, the Company signed a Revised Framework Letter with the Developer which US\$250,000 was paid on signing and included terms for future payments (refer to Proposed Transactions for further details).

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

CAPITAL RESOURCES

The Company has historically met its exploration capital requirements through the completion of equity placements and may be impacted by continued poor North American market conditions and further downward trends for exploration focused companies. Trends affecting the Company's liquidity may be dictated by the demands on financial resources created by the advancing nature of the Company's exploration assets, 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 is currently within the due diligence review period with LW to provide the funding for the development of the Terakimti Oxide Gold Project and a private placement to fund future exploration and general administration costs. Refer to the sections "Key Operating Milestones" and "Liquidity" for further information. Additional planned exploration programs and any future development programs will result in a decrease to the Company's current liquidity. In obtaining the required capital to pursue the Company's business plan, capital may be generated from, 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. In the event that additional funding is required, there can be no assurances that such funds will be available and/or on terms acceptable by the Company.

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

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

Capital Expenditures

During the nine months ended September 30, 2017, there were insignificant expenditures on maintenance payments of mineral properties which have been capitalized (Fiscal 2016 – \$117,926) with movements primarily related to translation of USD balances into Canadian dollars.

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 the companies with which they were associated as owners, contractors or employees. For the three months ended and as at September 30, 2017, the Company had recorded the following significant related party transactions:

For Q3 2017, the Company incurred management consulting fees of \$77,500 (Q3 2016 – \$73,750). Of this amount East Africa recorded fees of \$62,500 (Q3 2016 – \$62,500) for management services provided by a privately held company controlled by the CEO.

For Q3 2017, the Company recorded fees of \$167,090 (Q3 2016 – \$151,526) to directors and senior key management for consulting fees, director fees, bonuses, salaries and benefits, all which can include share-based compensation. Senior key management includes the CEO, VP of Exploration, and the CFO.

As at September 30, 2017, the Company recognized loans receivable totalling \$15,306 from the CFO, VP of Exploration and a director. The loans bearing a rate of interest at 1.25% per annum are due on January 1, 2018. The payable of \$125,692 to directors and officers represents outstanding director fees and reimbursement of expenses payable to the CEO, CFO and VP of Exploration.

On August 31, 2017, SinoTech agreed to provide a second short-term unsecured loan to the Company in the amount of \$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 financing announced in October 2017 or 120 days from the Company's receipt of the loan proceeds. As of September 30, 2017, the loan remained unpaid.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

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

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make in the certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

NON-GAAP FINANCIAL MEASURES – OTHER EXPENDITURES

The Company uses the Non-GAAP financial measures of Other Expenditures to manage, evaluate operating performance and prepare the Company's Interim 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 Interim 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 Interim MD&A. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for a complete list of risk factors that may impact the Company. You can review and obtain copies of the Company's filings from SEDAR at www.sedar.com or from East Africa's website 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 the Company relies on equity financings to fund its activities. While it has been successful in

raising funds in the past, there is no guarantee that adequate funds will be available in the future. The Company had cash and cash equivalents of \$633,067 and working capital surplus of \$258,336 as at September 30, 2017. The Company estimates that it does not have available funds to meet requirements for the coming twelve months based on current planned expenditures for operations, exploration and development of its mineral property interests. See the "Liquidity" section of this Interim MD&A for further discussion on the Company's ability to operate as a going concern.

Credit risk

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

In 2016 the Tanzanian government had concluded that the Company's foreign subsidiary does not qualify for a Valued Added Tax ("VAT") refund (recoverable indirect taxes), as the Company's foreign subsidiary had not generated taxable supplies. The Company's foreign subsidiary professional advisors have advised in their opinion the Tanzanian government's conclusion is not consistent with the foreign country regulations. The Tanzanian government has indicated that the VAT receivable may be carried forward and deducted against future VAT payables when the Company's foreign subsidiary starts making taxable supplies. Furthermore, the Company has requested a VAT refund for its Ethiopian VAT receivable. The Ethiopian government continues to assess the Company's VAT refund which was submitted in November 2016. As a result of the delay in the Ethiopian assessment the Company has judged to reclass the Ethiopian VAT receivable as non-current. As at the date of this Interim MD&A, there is no available information provided to the Company that indicates that the VAT receivable is not collectible. As a result, the Tanzanian and Ethiopian taxes recoverable could be exposed to the credit risk associated with the potential rejection of the foreign governments to grant all or part of the taxes recoverable.

In addition, the Company's assessment of its ability to collect its outstanding Tanzanian Definitive Agreement receivable required judgement on the ability of the Developer to complete the outstanding payments related to the first payment tranche of US\$500,000. In November 2017, the Company signed a Revised Framework Letter with the Developer which required a payment by the Developer of US\$250,000 on signing and included terms for future payments. The US\$250,000 payment was received.

The Company's assessment of its ability to collect the outstanding receivable required judgement on the ability of the Developer to raise money to complete the outstanding payments. Management made a judgement with respect to the ability to receive the outstanding receivable from the Developer and concluded that a provision against outstanding receivables is not necessary as at September 30, 2017, based on the preceding facts. As a result, the outstanding receivable could be exposed to the credit risk associated with the unfulfilled payments from the Developer.

Exploration and Commercial Viability Risk

The Company has no production of minerals and its properties are all currently at the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine the presence of any such deposit. The exploration and development of mineral deposits involves significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be fully mitigated. The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. These factors include, but are not limited to, Government approval for mining licences and exploration licence extensions applications; 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.

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. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial deposits.

Conflict of Interest

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.

OTHER MD&A REQUIREMENTSAdditional Disclosure for Venture Issuers without Significant Revenue

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

Outstanding Shares

From January 1, 2017, to the date of the Interim MD&A 7,183,591 warrants were exercised at a weighted average exercise price of \$0.23, 376,222 options were exercised at a weighted average exercise price of \$0.13 and 1,510,610 Tigray Resources Inc. options were exercised at a weighted average exercise price of \$0.105 for total proceeds of approximately \$1,883,380. On May 8, 2017, 16,624,968 East Africa warrants expired unexercised.

As at November 28, 2017, the Company has 148,047,161 common shares issued and outstanding.

As at November 28, 2017, the Company has 14,406,380 warrants issued and outstanding.

As at November 28, 2017, the Company had 16,682,193 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 Interim MD&A. Readers of this Interim MD&A and other filings can review and obtain copies of the Company's filings from SEDAR at www.sedar.com and copies will be provided to anyone who requests it.