

*Consolidated Financial Statements of*

**EAST AFRICA METALS INC.**

*For the year ended March 31, 2024 and the fifteen month period ended March 31, 2023*

*Expressed in Canadian dollars*

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of East Africa Metals Inc.:

### *Opinion*

We have audited the consolidated financial statements of East Africa Metals Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and the consolidated statements of loss, consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended March 31, 2024 and the fifteen month period ended March 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the year ended March 31, 2024 and the fifteen month period ended March 31, 2023 in accordance with IFRS Accounting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<b>Assessment of the existence of impairment indicators for mineral property interests</b>	
Refer to note 7 of the consolidated financial statements	Our approach to addressing the matter involved the following procedures, among others:
<p>As at March 31, 2024, the carrying amount of the Company's mineral property interests was \$17,669,794.</p> <p>At each reporting period, management assesses its mineral property interests to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.</p> <p>Management assesses mineral property interests for impairment based on, at minimum, the presence of any one of the following facts and circumstances:</p> <ul style="list-style-type: none"> <li>(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;</li> <li>(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;</li> <li>(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or</li> <li>(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.</li> </ul> <p>No impairment indicators were identified by management as at March 31, 2024.</p> <p>We considered this a key audit matter due to the significance of the mineral property interests and the judgments made by management in their assessment of whether impairment indicators related to the mineral property interests existed. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</p>	<p>Evaluating the judgments made by management in assessing for the presence of impairment indicators, which included the following:</p> <ul style="list-style-type: none"> <li>• Obtained evidence by inspecting government registries to support license expiration dates;</li> <li>• Read the board of directors' minutes and resolutions and observed evidence supporting the continued and planned expenditures;</li> <li>• Assessed whether available data indicates the potential for commercially viable mineral resources;</li> <li>• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</li> </ul>

<b>Classification of Canaco Tanzania Limited (“CTL”) as held for sale in accordance with IFRS 5</b>	
<p>Refer to note 5 of the consolidated financial statements.</p>	<p>Our approach to addressing the matter involved the following procedures, among others:</p>
<p>In connection with a share purchase agreement that was signed on October 20, 2020 with PMM Mining Corporation (“PMM”), management had classified all assets and liabilities associated with CTL as held for sale in accordance with IFRS 5.</p> <p>However, as at March 31, 2024 and as of the date of this independent auditor’s report, the legal closure of the sale had not yet occurred as it is pending government regulatory approval to transfer the shares of CTL.</p> <p>In accordance with IFRS 5, a sale is considered to be highly probable if the transaction is completed within one year from the date of classification. This criteria however, allows for an extension of the period required to complete the sale if the delay is caused by events or circumstances beyond the Company’s control and management remains committed to the sale.</p> <p>Assets and liabilities held for sale are required to be measured at the lower of carrying value and fair value less costs to sell. A fair value assessment was performed by management. Together with information from the market regarding active gold trading prices and CTL’s 43-101 technical report detailing expected gold yield from the properties, management prepared an assessment to determine the fair value of assets and liabilities held for sale as at March 31, 2024. Management concluded that the carrying amount of the assets held for sale was not impaired.</p> <p>We considered this a key audit matter due to the significant judgment exercised by management to evaluate whether CTL continues to satisfy classification as held for sale. In addition, management’s valuation of CTL was subject to estimation uncertainty by the use of unobservable inputs.</p>	<ul style="list-style-type: none"> <li>• Obtaining and understanding the assessment of the held for sale classification of CTL, and the underlying valuation work performed;</li> <li>• Obtained and inspected management’s accounting analysis underlying their application of applicable IFRS 5 guidance.</li> <li>• Inquired of management and their legal counsel to evaluate the current legal status of the planned 2020 sale of CTL.</li> <li>• Reviewed and assessed management’s CTL valuation model and underlying inputs for reasonableness. Among other procedures, we conducted recalculations and obtained reliable audit evidence to corroborate the relevance and accuracy of inputs and estimates used in the calculation.</li> </ul>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
July 26, 2024

**EAST AFRICA METALS INC.**

Consolidated Statements of Financial Position

Expressed in Canadian dollars

	March 31, 2024	March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 76,870	\$ 347,285
Accounts receivable	50,259	86,217
Assets held for sale (note 5)	4,307,910	4,243,983
Prepaid expenses and deposits (note 6)	286,026	734,184
	4,721,065	5,411,669
<b>Non-current assets</b>		
Investment in Tigray Resources Incorporated PLC (note 6)	319,915	441,387
Mineral property interests (note 7)	17,669,794	17,647,625
Property and equipment (note 8)	731	-
	17,990,440	18,089,012
	\$ 22,711,505	\$ 23,500,681
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 13)	\$ 1,699,135	\$ 954,004
Liabilities held for sale (note 5)	1,571,822	1,163,471
Deposit on sale of Canaco Tanzania Limited (note 5)	2,431,291	2,431,291
Loans payable (note 9)	667,723	596,754
	6,369,971	5,145,520
<b>Equity</b>		
Share capital (note 10(a),(b) & (c))	57,474,373	57,440,153
Obligation to issue shares - mineral property interests (note 10(d))	143,000	143,000
Reserves (note 10(e))	152,394,897	151,410,259
Accumulated other comprehensive income	4,620,026	4,503,410
Deficit	(201,817,024)	(198,707,577)
Total equity attributable to shareholders of East Africa Metals Inc.	12,815,272	14,789,245
Non-controlling interest (note 11)	3,526,262	3,565,916
	16,341,534	18,355,161
	\$ 22,711,505	\$ 23,500,681
Nature of operations and going concern (note 1)		
Subsequent events (note 18)		

Approved on behalf of the Board:

“/s/ David Parsons”“/s/ Sean Waller”

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

**EAST AFRICA METALS INC.**

Consolidated Statements of Loss

Expressed in Canadian dollars

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
<b>Expenses</b>		
Directors fees (note 13)	\$ 69,000	\$ 86,250
Exploration and evaluation expenditure (note 12)	648,625	1,278,068
Investor/shareholder communications and filing fees	191,805	336,447
Legal, audit and audit related fees	167,370	102,154
Management and consulting fees and reimbursements (note 13)	617,980	833,017
Office and administration	334,876	346,335
Rent and occupancy costs	1,199	1,561
Share-based compensation (note 10(e))	968,858	-
	(2,999,713)	(2,983,832)
Gain on extinguishment of financial liability	40,791	16,057
Foreign exchange gain (loss)	(4,391)	139,388
Share of loss of Tigray Resources Incorporated PLC (note 6)	(121,472)	(57,164)
Interest expense	(70,969)	(76,973)
Net loss for period	\$ (3,155,754)	\$ (2,962,524)
Net loss attributable to:		
Shareholders	\$ (3,109,447)	\$ (2,942,200)
Non-controlling interest	(46,307)	(20,324)
	\$ (3,155,754)	\$ (2,962,524)
<b>Loss per share, basic and fully diluted</b>	\$ (0.02)	\$ (0.01)
<b>Weighted average number of common shares - basic and fully diluted</b>	204,317,121	204,280,236

## Consolidated Statements of Comprehensive Loss

Expressed in Canadian dollars

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
Net loss for period	\$ (3,155,754)	\$ (2,962,524)
Items that may be reclassified to statement of loss		
Currency translation adjustment	123,269	1,308,249
Comprehensive loss for period	\$ (3,032,485)	(1,654,275)
<b>Comprehensive loss attributable to:</b>		
Shareholders	\$ (2,992,831)	\$ (1,844,246)
Non-controlling interest	(39,654)	189,971
	\$ (3,032,485)	\$ (1,654,275)

## EAST AFRICA METALS INC.

Consolidated Statements of Changes in Equity  
Expressed in Canadian dollars

	Common Shares Without Par Value		Obligation- mineral property interests	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Equity Attributable to Shareholders	Non-Controlling Interest	Total Equity
	Shares	Amount							
Balance - December 31, 2021	204,280,236	\$ 57,440,153	\$ 143,000	\$ 151,410,259	\$ 3,405,456	\$ (195,765,377)	\$ 16,633,491	\$ 3,375,945	\$ 20,009,436
Currency translation adjustment on foreign operations		-	-	-	1,097,954	-	1,097,954	210,295	1,308,249
Net loss for fifteen month period		-	-	-	-	(2,942,200)	(2,942,200)	(20,324)	(2,962,524)
Balance - March 31, 2023	204,280,236	\$ 57,440,153	\$ 143,000	\$ 151,410,259	\$ 4,503,410	\$ (198,707,577)	\$ 14,789,245	\$ 3,565,916	\$ 18,355,161
Balance - March 31, 2023	204,280,236	\$ 57,440,153	\$ 143,000	\$ 151,410,259	\$ 4,503,410	\$ (198,707,577)	\$ 14,789,245	\$ 3,565,916	\$ 18,355,161
Private placement	500,000	34,220	-	15,780	-	-	50,000	-	50,000
Share-based compensation		-	-	968,858	-	-	968,858	-	968,858
Currency translation adjustment on foreign operations		-	-	-	116,616	-	116,616	6,653	123,269
Net loss for year		-	-	-	-	(3,109,447)	(3,109,447)	(46,307)	(3,155,754)
Balance - March 31, 2024	204,780,236	\$ 57,474,373	\$ 143,000	\$ 152,394,897	\$ 4,620,026	\$ (201,817,024)	\$ 12,815,272	\$ 3,526,262	\$ 16,341,534

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

**EAST AFRICA METALS INC.**

## Consolidated Statements of Cash Flows

Expressed in Canadian dollars

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
<b>Cash provided by (used for) operating activities</b>		
Loss for period	\$ (3,155,754)	\$ (2,962,524)
Items not involving cash		
Amortization – exploration and evaluation	104	-
Drilling deposit forfeited	-	617,826
Equipment vandalized	-	100,898
Gain on extinguishment of financial liability	(40,791)	(16,057)
Interest expense	70,969	76,973
Provision for taxes recoverable	6,392	117,766
Share-based compensation	968,858	-
Share of loss of Tigray Resources Incorporated PLC (note 6)	121,472	57,164
Unrealized foreign exchange loss (gain)	4,391	(136,047)
Changes in operating assets and liabilities		
Accounts receivable	35,958	(45,658)
Prepaid expenses and deposits	448,158	11,768
Accounts payable and accrued liabilities	869,752	248,213
	(670,491)	(1,929,678)
<b>Cash flows provided by (used for) investing activities</b>		
Assets held for sale	(57,440)	(192,889)
Liabilities held for sale	408,351	235,252
Purchase of equipment	(835)	-
	350,076	42,363
<b>Cash flows provided by (used for) financing activities</b>		
Proceeds from private placement	50,000	-
	50,000	
Increase (decrease) in cash	(270,415)	(1,887,315)
Cash - beginning of period	347,285	2,234,600
Cash - end of period	\$ 76,870	\$ 347,285
<b>Supplemental cash flow information</b>		
Interest paid (received)	\$ -	\$ -
Income taxes paid (recovered)	\$ -	\$ -

# **EAST AFRICA METALS INC.**

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

Expressed in Canadian dollars

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## **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 17th Floor, 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 interest consists of one project in Ethiopia, the Harvest Property. Additionally, the Company has a 30% equity interest in Tigray Resources Incorporated PLC, which has one project in Ethiopia, the Adyabo Property. The Tanzanian mineral property interests are currently held for sale (note 5).

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 at least the next twelve months from March 31, 2024 and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended March 31, 2024, the Company incurred a net loss attributable to shareholders totaling \$3,155,754 and used cash in operating activities of \$670,491. As at March 31, 2024, the Company had an accumulated deficit of \$201,817,024. As at March 31, 2024, the Company had cash of \$76,870, accounts payable and accrued liabilities of \$1,699,135 and current loans payable of \$667,723.

Based on the Company’s financial position as at March 31, 2024, the available funds are not considered adequate to meet requirements for the estimated operations and exploration and evaluation costs 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 completion of the sale of Canaco Tanzania Limited (note 5), debt financing, strategic alliances, equity financing and optioning of its mineral properties. However, there is no assurance that such financing will be available. There is a material uncertainty related to these conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated 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.

## **2. Statement of compliance and basis of preparation**

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) (collectively IFRSs). These consolidated financial statements were approved for issuance on July 25, 2024.

## **3. Material accounting policy information**

### **a) Basis of presentation**

These consolidated financial statements have been prepared on an accrual basis and on a historical cost basis.

## EAST AFRICA METALS INC.

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

Expressed in Canadian dollars

### 3. Material accounting policy information- continued

#### b) Change in financial year-end

On February 23, 2023, the Company approved a change in its fiscal year end from December 31 to March 31 in an effort to improve alignment between management, corporate, exploration and administrative activities (including financial reporting). In the prior period, the Company reported a one-time, fifteen month transition period covering January 1, 2022 to March 31, 2023. The information presented in these consolidated financial statements is for the year ended March 31, 2024, which is not entirely comparable to the amounts presented for fifteen month period ended March 31, 2023.

#### c) Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases.

All intercompany transactions, balances and unrealized gains on transactions between the Company and its subsidiaries are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company. The functional currency of the Company and its subsidiaries in the British Virgin Islands ("BVI") is the Canadian dollar and the functional currency of its Tanzanian and Ethiopian subsidiaries is the US dollar ("USD"). The principal subsidiaries of East Africa and their geographic locations at March 31, 2024, are as follows:

Name of subsidiary	Principal Activity	Location	Proportion of ownership interest and/or voting power
Canaco Resources (BC) 2009 Inc.	Holding company	Canada	100%
Canaco Tanzania Limited	Held for sale	Tanzania	100%
Canaco Resources Holdings Inc.	Holding company	BVI	100%
Canaco Tanzania Holdings Inc.	Holding company	BVI	100%
EMG Pamoja Royalty Limited	Inactive	Tanzania	80%
Tigray Resources Inc.	Holding company	Canada	100%
Tigray Resources Holdings Inc.	Holding company	BVI	100%
Tigray Ethiopia Holdings Inc.	Holding company	BVI	100%
Harvest Mining PLC	Mineral exploration	Ethiopia	70%
Denwill Mining Services Limited	Held for sale	Tanzania	100%

#### d) Associates

An associate is an entity over whose operating and financial policies the Company exercises significant influence. Significant influence is presumed to exist where the Company has between 20 percent and 50 percent of the voting rights but can also arise where the Company holds less than 20 percent of the voting rights but has the power to be actively involved and influential in policy decisions affecting the entity. The Company's share of the net assets, post-tax results and reserves of the associate are included in the consolidated financial statements using the equity accounting method. This involves recording the investment initially at cost to the Company, and then, in subsequent periods, adjusting the carrying amount of the investment to reflect the Company's share of the associate's results. Unrealized gains on transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate.

## **EAST AFRICA METALS INC.**

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

Expressed in Canadian dollars

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### **3. Material accounting policy information- continued**

#### e) Foreign currency translation

##### Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses result from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an operation's functional currency. These gains (losses) are recognized in the consolidated statements of loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

##### Translation of foreign operations results into the presentation currency

The results of operations and statements of financial positions of all the Company's subsidiaries with functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of the consolidated statement of financial position;
- Income and expenses are translated at monthly average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transactions; and,
- All resulting exchange differences are recognized as a currency translation adjustment in the consolidated statements of comprehensive loss.

The parent company has monetary items that are inter-company receivables from foreign operations. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is in substance a part of the parent company's net investment in that foreign operation. On consolidation, such exchange differences are recognized in the statement of consolidated comprehensive loss and accumulated other comprehensive income in the consolidated statement of changes in equity. When a foreign operation is sold, such exchange differences are recognized in the consolidated statement of loss as part of the gain or loss on sale.

#### f) Financial instruments

##### *Recognition*

The Company recognizes a financial asset or financial liability on the consolidated statements of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset or a portion thereof constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

##### *Classification and Measurement*

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i. those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- ii. those to be measured subsequently at amortized cost.

## **EAST AFRICA METALS INC.**

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

Expressed in Canadian dollars

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### **3. Material accounting policy information - continued**

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i. amortized cost;
- ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability subsequently measured at amortized cost or at fair value through other comprehensive income are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial asset consists of cash, which is classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss and accounts receivable, which are initially recognized at fair value and subsequently at amortized cost. The Company's financial liabilities consist of accounts payable and accrued liabilities, deposit on sale of Canaco Tanzania Limited and loans payable, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

#### *Impairment*

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

#### *h) Non-controlling interest*

Non-controlling interest represents equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interest is presented as a component of equity. The loss and each component of other comprehensive income are attributed to non-controlling interests where applicable.

#### *i) Mineral property interests*

The Company capitalizes the direct costs of acquiring and maintaining mineral property interests and costs to maintain mining licenses or equivalent rights. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option. From time to time, the Company acquires and disposes of mineral property interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as mineral property costs (recoveries) when payments are made or received until the original cost is recovered and after which subsequent recoveries are charged to the consolidated statements of loss.

## **EAST AFRICA METALS INC.**

Notes to the Consolidated Financial Statements

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### **3. Material accounting policy information - continued**

Ownership in mineral property interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims, obtaining the rights to mining licenses and exploration licenses during the renewal and/or approval process, as well as the potential uncertainty arising from conveyancing history.

Capitalized mineral property interests are classified as tangible assets.

Exploration and evaluation expenses (“exploration expenses”)

Exploration expenses are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenses typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for mineral resources and are expensed as incurred.

Evaluation costs are incurred to establish the technical feasibility and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenses include the cost of:

- i. further defining the volume and grade of deposits through drilling, trenching and sampling activities in an ore body;
- ii. determining the optimal methods of extraction and metallurgical and treatment processes;
- iii. studies related to surveying, transportation and infrastructure requirements;
- iv. permitting activities; and,
- v. economic evaluations to determine whether development of mineralized material is commercially justified including preliminary economic assessments, pre-feasibility and final feasibility studies.

j) Impairment of non-financial assets

i. Impairment

The Company’s mineral property interests and property and equipment are reviewed for indications of impairment at each reporting period. If indication of an impairment exists, the asset’s recoverable amount is estimated.

The recoverable amount is the greater of the asset’s fair value less costs to sell and value in use. Impairment tests are performed on a project by project basis with each project representing a cash-generating unit. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount and recognized in the consolidated statements of loss.

ii. Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## **EAST AFRICA METALS INC.**

Notes to the Consolidated Financial Statements

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### **3. Material accounting policy information - continued**

#### **k) Share-based compensation**

The Company grants stock options to directors, officers, employees and service providers. Each tranche in an award is considered a separate award with its own vesting period and fair values. The Company applies the fair-value method of accounting for share-based compensation. The fair value is calculated using the Black-Scholes option-pricing model.

Share-based compensation for employees and others providing similar services are determined based on the grant date fair value. Share-based compensation for non-employees is determined based on the fair value of the goods or services received or options granted measured at the date on which the Company obtains such goods or services. When the value of the goods or services cannot be reliably measured, they are measured at the fair value of the equity instruments.

Share-based compensation expense is recognized over each tranche's vesting period, in the consolidated statements of loss or capitalized as appropriate, based on the number of awards that vest less the estimated forfeitures. The cumulative expense recognized at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in reserves within equity.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the recipient as measured at the date of modification.

If and when stock options are exercised, the applicable amounts of share-based compensation is transferred from reserves to share capital.

#### **l) Income tax**

Income tax on the consolidated statement of loss for the periods presented comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized in equity. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

## **EAST AFRICA METALS INC.**

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

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### **3. Material accounting policy information - continued**

m) Loss per share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and their equivalents are reflected in diluted earnings per share by application of the treasury stock method. In this method, whereby all ‘in the money’ options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. If the Company incurs losses, the basic and diluted loss per share is the same as the exercise of options and warrants are considered anti-dilutive.

n) Share capital

- i. The proceeds from the exercise of stock options and warrants, in addition to the estimated fair value attributable to these equity instruments, are recorded as share capital when exercised.
- ii. Share capital issued for non-monetary consideration is recorded at an amount based on estimated fair value.
- iii. On unit offerings, the Company prorates the proceeds between the relative fair values of the shares issued and the fair value of the warrants issued.

o) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders. It includes items that are not included in the consolidated statements of loss such as foreign currency gains or losses related to the translation of foreign operations. The Company’s comprehensive income (loss) and cumulative translation adjustments are presented in the consolidated statements of comprehensive loss and changes in equity.

p) Provisions and contingencies

Judgments are made as to whether a past event should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying a possible obligation or a present obligation often involves judgments and estimations. These judgments are based on a number of factors including the nature of the event, the existence of a claim or dispute, the legal process and potential amount payable, legal advice, previous experience, and the probability of an outflow required to settle an obligation. By their nature, contingencies will only be confirmed when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential amount of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

q) Adoption of new accounting standards, interpretations and amendments

The following amended accounting standards issued by the IASB have an effective date on or after January 1, 2024 and were adopted effective January 1, 2024.

Amendments to IAS 1: Classification of Liabilities as Current or Non – current:

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

## **EAST AFRICA METALS INC.**

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

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### **3. Material accounting policy information - continued**

#### Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements and IFRS Practice Statement 2 Making Material Judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose significant accounting policies with a requirement to disclose material accounting policies. Guidance and illustrative examples have been included in the Practice Statement to assist with the application of the materiality concept when making judgments about accounting policy disclosure.

#### Amendments to IAS 8 – Definition of Accounting Estimates

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

### **4. Critical accounting estimates and judgments**

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

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

a) Consolidated structured entity – Denwill Mining Services Limited (“Denwill”)

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

b) Value Added Tax (“VAT”) – Taxes receivable recoverability

As at March 31, 2024, \$319,226 (March 31, 2023 – \$305,926) was due from foreign governments to the Company's subsidiaries in Tanzania and Ethiopia for VAT. The Company is due refunds of certain taxes based on consumption, of which the timing of realization is uncertain. If these recoverable taxes are not collected, it could reduce the carrying value of these assets. Given limited methods available to recover these taxes and the length of time it takes to recover the taxes, management has recorded a provision for 100% of the taxes recoverable with the corresponding amount recorded in exploration and evaluation expenses. Any collections from outstanding VAT will be credited back to consolidated statement of loss.

## EAST AFRICA METALS INC.

Notes to the Consolidated Financial Statements

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### 4. Critical accounting estimates and judgments - continued

#### c) Classification of Canaco Tanzania Limited (“CTL”) as held for sale (note 5)

Since entering into a share purchase agreement in 2020 with an external third party developer, the Company had classified its assets and liabilities held by its wholly-owned subsidiary company, CTL, as held for sale. As at March 31, 2024, the transaction has not legally closed as the transaction awaits government regulatory approval. Management considers a sale to be highly probable despite the transaction not having closed within a year from the date of classification and exercises significant judgment in making this assessment.

### 5. Held for sale assets and liabilities

On October 20, 2020, the Company signed a binding Share Purchase Agreement and Gold Purchase Agreement with PMM Mining Company Limited (“PMM” or the “Developer”).

Consideration for the transaction is as follows:

- PMM will pay to East Africa the sum of US\$2,000,000, being consideration for the acquisition of 100% of CTL with the expectation that East Africa will assume certain liabilities of CTL (approximately US\$500,000). CTL 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”). As at March 31, 2024 East Africa had received US\$1,900,000 (CAD\$2,431,291) and US\$100,000 of the sale proceeds were withheld by PMM and remitted to the Tanzanian Revenue Authority. The sale proceeds received have been recorded in the consolidated financial statements as a deposit on sale of CTL.
- During the lifetime of the mine respecting the Mining Assets, PMM will sell 30% of the Gold produced to East Africa at the production cost plus 15%, pursuant to a Gold Purchase Agreement.
- 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 East Africa 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 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 Mining Assets or Exploration Assets, 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 have been received. Upon receipt of the Tanzanian Business Registrations and Licensing Agency (“BRELA”) approval of the transfer of shares of CTL from East Africa to PMM, the sale transaction will be recognized.

As a result of the Company entering into an agreement to sell 100% of CTL, the assets and liabilities of CTL and Denwill are presented as assets and liabilities held for sale, details are as follows:

	March 31, 2024	March 31, 2023
Assets held for sale		
Cash	\$ 624	\$ 747
Mineral property interests	4,163,626	4,099,757
Property & equipment	143,660	143,479
	\$ 4,307,910	\$ 4,243,983
Liabilities held for sale		
Accounts payable and accrued liabilities	\$ 1,571,822	\$ 1,163,471

## EAST AFRICA METALS INC.

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### 6. Investment in Tigray Resources Incorporated PLC (“TRI PLC”)

East Africa holds a 30% equity interest in TRI PLC.

	March 31, 2024	March 31, 2023
Balance - opening	\$ 441,387	\$ 498,551
Share of loss	(121,472)	(57,164)
Balance - closing	\$ 319,915	\$ 441,387

#### Summary of Tigray Resources Incorporated PLC statements of financial position

	March 31, 2024	March 31, 2023
Current assets	\$ 180,039	\$ 729,444
Less -current liabilities	(184,909)	(808,233)
	(4,870)	(78,789)
Non-current assets	4,360,547	4,258,777
Less-non current liabilities	(3,289,292)	(2,708,696)
	1,071,255	1,550,081
Net assets	1,066,385	1,471,292
East Africa's share - percentage	30%	30%
East Africa's share - net assets	\$ 319,915	\$ 441,387

#### Summary of Tigray Resources Incorporated PLC statements of loss and comprehensive loss

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
Revenues	\$ -	\$ -
Expenses	501,418	190,547
Net loss	(501,418)	(190,547)
Other comprehensive income	10,232	745
Comprehensive loss	\$ (491,186)	\$ (189,802)

During the fifteen month period ended March 31, 2023, the Company advanced US\$505,205 to TRI PLC for future exploration and charges of US\$388,055 have been applied. As at March 31, 2024, the balance of the exploration advance is US\$117,150 (CAD\$158,738) (March 31, 2023 - US\$499,970 (CAD\$688,112)), which is included in prepaid expenses and deposits on the Consolidated Statements of Financial Position (note 13). The funds being held by TRI PLC are reflected in their financial records as a liability and are available for the Company’s use on exploration activities on the Ethiopian property interests, including the Harvest Property.

During the year ended March 31, 2024, the Company advanced US\$40,000 (CAD\$54,200) to Silk Roads Resources Investment Co. Limited, TRI PLC’s parent company, which is included in prepaid expenses and deposits on the Consolidated Statements of Financial Position (note 13).

### 7. Mineral property interests

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

	Harvest property (Ethiopia)
<b>Acquisition costs</b>	
Balance - December 31, 2021	\$ 16,532,668
Foreign exchange	1,114,957
Balance - March 31, 2023	17,647,625
Foreign exchange	22,169
Balance - March 31, 2024	\$ 17,669,794

## EAST AFRICA METALS INC.

Notes to the Consolidated Financial Statements

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### 7. Mineral property interests - continued

#### Harvest Property

In December 2017, the Company received a mining license for the Terakimti HL Project, which includes the requirement to complete construction of the mine within 2 years. The Company applied for an extension of the mine development period, which was granted in December 2019 extending the term to December 5, 2020. The mining license has a term of 6 years with the ability for renewal of up to 10 years on the approval of the Ministry of Mines and Petroleum (“MoMP”) and is due to expire in December 2023. On May 15, 2024, the mining license was renewed effective January 1, 2024 and is due to expire on December 5, 2028. 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.

#### Tanzania – Handeni & Other Properties (Assets held for resale (note 5))

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 March 31, 2024, the option has not yet been exercised. The Other Properties consists of two main claims and are located in the Handeni district, Tanga Region of Tanzania. The mineral property interests held by CTL and Denwill have been reclassified, as held for sale assets (note 5).

### 8. Property and equipment

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

	Office furniture and equipment	Computers and software	Total
<b>Cost</b>			
Balance - December 31, 2021	\$ 226,749	\$ 390,080	\$ 616,829
Foreign exchange	15,489	26,646	42,135
Write off of property and equipment	(242,238)	(416,726)	(658,964)
Balance -March 31, 2023	-	-	-
Additions	-	835	835
Balance -March 31, 2024	\$ -	\$ 835	\$ 835
<b>Accumulated amortization</b>			
Balance - December 31, 2021	\$ 133,060	\$ 389,323	\$ 522,383
Foreign exchange	9,089	26,594	35,683
Write off of property and equipment	(142,149)	(415,917)	(558,066)
Balance -March 31, 2023	-	-	-
Amortization	-	104	104
Balance -March 31, 2024	\$ -	\$ 104	\$ 104
<b>Carrying value</b>			
Balance -March 31, 2023	\$ -	\$ -	\$ -
Balance -March 31, 2024	\$ -	\$ 731	\$ 731

## EAST AFRICA METALS INC.

Notes to the Consolidated Financial Statements

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### 8. Property and equipment - continued

During the fifteen month period ended March 31, 2023, the Company was able to take inventory of property and equipment located in the office and warehouse facilities in Tigray Region, Ethiopia after the armed conflict ceased in November 2022. Based on the inventory taken, all plant and equipment were written off, as the items were either vandalized or stolen. The write-off was recognized within exploration and evaluation expenses on the statements of loss (note 12).

### 9. Loans payable

	March 31, 2024	March 31, 2023
Demand loan (a)(note 13)		
Principal	\$ 300,000	\$ 300,000
Interest	327,340	256,754
	627,340	556,754
Canadian Emergency Business Account ("CEBA") loan (b)	40,383	40,000
	\$ 667,723	\$ 596,754

- a) On August 31, 2017, SinoTech (Hong Kong) Corporation Limited ("SinoTech") provided an 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 March 31, 2024 is \$327,340 (March 31, 2023 - \$256,754). The loan is repayable 15 business days after the Company's closing of sale, cooperation or financing transaction in connection with the development of the Harvest Property; or, June 30, 2021. An additional extension to the agreement has been requested by the Company.

SinoTech is a significant shareholder as it owns 18.5% of the issued and outstanding shares of East Africa and has common officers and directors.

- b) On May 7, 2020, as part of the Canadian government funded COVID-19 financial assistance programs, the Company received a loan in the amount of \$40,000 from the Bank of Montreal (CEBA loan). The CEBA loan is unsecured and due on December 31, 2026. The CEBA loan was interest free up to January 18, 2024 and bears interest at the rate of 5% per annum thereafter, which is payable monthly.

### 10. Share capital

- a) Authorized

Unlimited number of common shares without par value.

- b) Issued shares (note 18(ii))

On March 4, 2024, the Company completed the first tranche of a non-brokered unit private placement at \$0.10 per unit for gross proceeds of \$50,000 and issued 500,000 shares (\$34,220) and 500,000 warrants (\$15,780). Each warrant entitles the holder to acquire one common share at a price of \$0.20 per share for a period of 3-years from date of issuance.

- c) Escrowed shares

As at March 31, 2024, 675,045 (March 31, 2023 - 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.

## EAST AFRICA METALS INC.

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### 10. Share capital - continued

#### d) Obligation to issue shares

The Company held a 100% interest in the Adyabo Property (note 6) with the option to buy back 1.0% of the Net Smelter Return for a cash payment of \$5,000,000 to the previous owner, TIBA Resource Inc. ("TIBA"). Upon receipt of government approval on a positive feasibility study (May 23, 2019), the Company was obligated to issue 550,000 common shares (\$143,000) to TIBA and on commencement of commercial production, the Company will be obligated to issue an additional 275,000 common shares to TIBA.

#### e) Reserves

##### 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. Pursuant to the 2022 stock option plan, the Company has been authorized by its shareholders to grant stock options of up to 40,856,047 common shares. 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.

During the year ended March 31, 2024, the Company granted 13,650,000 stock options, which vested on the grant date, with a fair value of \$968,858, which was recorded as share-based compensation. The stock options were valued using Black-Scholes option pricing model based on the following assumptions:

Expected life	Annual volatility	Dividend yield	Risk-free interest rate	Options issued	Fair value
5 years	105.35%	0%	2.97%	3,100,000	\$ 292,555
5 years	102.75%	0%	3.68%	10,550,000	676,303
				<u>13,650,000</u>	<u>\$ 968,858</u>

Details of stock options activity during the year ended March 31, 2024 and the fifteen month period ended March 31, 2023 are as follows:

	March 31, 2024		March 31, 2023	
	Number of options outstanding and exercisable	Weighted average exercise price	Number of options outstanding and exercisable	Weighted average exercise price
Opening balance	19,182,000	\$ 0.23	25,282,000	\$ 0.22
Granted	13,650,000	\$ 0.20	-	\$ -
Expired	(10,432,000)	\$ 0.27	(6,100,000)	\$ 0.27
Closing balance	<u>22,400,000</u>	<u>\$ 0.22</u>	<u>19,182,000</u>	<u>\$ 0.23</u>

## EAST AFRICA METALS INC.

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### 10. Share capital - continued

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2024 (note 18 (i), (iii) & (iv)):

Number of options outstanding and exercisable	Exercise prices of options outstanding and exercisable	Weighted average remaining contractual life
5,600,000	\$ 0.22	0.05
3,150,000	\$ 0.30	0.28
3,100,000	\$ 0.20	0.57
10,550,000	\$ 0.20	2.10
22,400,000		3.00

#### Warrants

Details of warrants activity during the year ended March 31, 2024 and the fifteen month period ended March 31, 2023 are as follows:

	March 31, 2024		March 31, 2023	
	Number of warrants outstanding	Weighted average exercise price	Number of warrants outstanding	Weighted average exercise price
Opening balance	-	\$ -	3,846,500	\$ 0.35
Expired	-	\$ -	(3,846,500)	\$ 0.35
Issued	500,000	\$ 0.20	-	-
Closing balance	500,000	\$ 0.20	-	\$ -

The pro rata fair value of the 500,000 warrants issued in connection with the closing of the first tranche of the non-brokered unit private placement completed March 4, 2024 totaled \$15,780. The warrants were valued using the Black-Scholes valuation model, using the following assumptions:

Expected life	Annual volatility	Dividend yield	Risk-free interest rate	Warrants issued	Pro rata fair value
3 years	97.81%	0%	3.69%	500,000	\$ 15,780

The following table summarizes information about the warrants outstanding at March 31, 2024:

Number of warrants outstanding	Weighted average exercise price	Weighted average remaining contractual life	Expiry date
500,000	\$ 0.20	2.93	March 4, 2027

### 11. 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.

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## 11. Non-controlling interest - continued

### Summary of statements of financial position

	March 31, 2024	March 31, 2023
NCI percentage	30%	30%
Current assets	\$ 30,534	\$ 98,100
Less -current liabilities	(22,162)	(107,366)
	8,372	(9,266)
Non-current assets	17,670,524	17,647,625
Less -non-current liabilities	(15,744,214)	(15,571,491)
	1,926,310	2,076,134
Net assets	\$ 1,934,682	\$ 2,066,868
Accumulated NCI	\$ 3,526,262	\$ 3,565,916

### Summary of statements of loss and comprehensive loss

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
Net loss for period	\$ (154,357)	\$ (67,746)
Comprehensive loss for period	\$ (132,186)	\$ 633,247

### Summary of statements of cash flows

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
Net cash used in operating activities	\$ (164,694)	\$ (115,339)
Net cash used in investing activities	\$ (835)	\$ -
Net cash provided by financing activities	\$ 172,014	\$ 84,873

### Changes to non-controlling interest

Balance - December 31, 2021	\$ 3,375,945
Non-controlling interest's share of loss	(20,324)
Non-controlling interest's share of other comprehensive income	210,295
Balance - March 31, 2023	3,565,916
Non-controlling interest's share of loss	(46,307)
Non-controlling interest's share of other comprehensive income	6,653
Balance - March 31, 2024	\$ 3,526,262

## 12. Exploration and evaluation expenses

	Tanzania, Other Properties	Harvest Property	Total
<b>Exploration and evaluation expenses</b>			
Amortization	\$ -	\$ 104	\$ 104
Camp and administration	411,127	231,002	642,129
Provision for taxes	-	6,392	6,392
Year ended March 31, 2024	\$ 411,127	\$ 237,498	\$ 648,625

	Tanzania, Handeni Property	Tanzania, Other Properties	Harvest Property	Adyabo Project	Total
<b>Exploration and evaluation expenses</b>					
Camp and administration	\$ -	\$ 351,712	\$ 65,307	\$ -	\$ 417,019
Drilling deposit forfeited	-	-	617,826	-	617,826
Environmental and Social Impact Assessment ("ESIA")	-	-	-	6,615	6,615
Equipment vandalized	-	-	100,898	-	100,898
Geochemistry	515	-	-	-	515
Provision for taxes	-	103,527	14,239	-	117,766
Technical services	-	-	-	17,429	17,429
Fifteen month period ended March 31, 2023	\$ 515	\$ 455,239	\$ 798,270	\$ 24,044	\$ 1,278,068

## EAST AFRICA METALS INC.

Notes to the Consolidated Financial Statements

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### 13. 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 the Chief Executive Officer, Chief Financial Officer and Corporate Secretary.

Details of key management personnel compensation are as follows:

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
Services provided:		
Directors fees	\$ 69,000	\$ 86,250
Management and consulting fees and reimbursements	557,919	832,522
Share-based compensation	640,861	-
Exploration and evaluation expenses	-	8,875
Key management personnel compensation	\$ 1,267,780	\$ 927,647
	March 31, 2024	March 31, 2023
Balances payable to key management personnel for compensation	\$ 803,897	\$ 595,143

The balances payable are included in accounts payable and accrued liabilities and the amounts are unsecured, non-interest bearing and due on demand.

Other amounts included in the consolidated financial statements due to or from related parties, as disclosed in notes 6 & 9, are as follows:

	March 31, 2024	March 31, 2023
Prepaid expenses and deposits (note 6)	\$ 158,738	\$ 688,112
Prepaid expenses and deposits (note 6)	\$ 54,201	\$ -
Loan payable (note 9)	\$ 627,340	\$ 556,754

Interest of \$70,586 for the year ended March 31, 2024 (\$76,973 for the fifteen month period ended March 31, 2023) has been accrued on the loan payable in these consolidated financial statements.

## EAST AFRICA METALS INC.

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### 14. Income tax

The Company's provision for income taxes on the net loss for the periods differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates as a result of the following:

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
Statutory rate	27%	27%
Income tax recovery (expense) computed at statutory rates	\$ 852,054	\$ 799,882
Share-based compensation and other differences	(316,363)	(104,740)
Tax rate differences	8,226	11,823
Foreign exchange	(32,661)	(14,679)
Change in unrecognized deductible temporary differences	(511,256)	(692,286)
Recovery of (provision for) income taxes	\$ -	\$ -

At March 31, 2024 and March 31, 2023, the deferred tax assets are not recognized on the following tax-effected temporary differences as it not probable that sufficient future taxable profits will be available to utilize such differences:

	Year ended March 31, 2024	Fifteen month period ended March 31, 2023
Deductible temporary differences		
Capital losses	\$ 800,225	\$ 1,184,817
Financing costs	-	1,297
Mineral property interests	4,782,913	4,881,444
Non-capital losses	29,771,380	29,264,667
Property and equipment	22,526	35,327
	35,377,044	35,367,552
Tax-effected deductible temporary differences not recognized	(35,377,044)	(35,367,552)
	\$ -	\$ -

At March 31, 2024, the Company has Canadian, Ethiopian and Tanzanian non capital losses, which may be carried forward to apply against future periods income for income tax purposes, subject to final determination by taxation authorities, as follows:

Country	Non-capital losses	Expiry date range
Canada	\$ 21,295,805	2030-2044
Ethiopia	\$ 1,876,964	2024-2034
Tanzania	\$ 78,166,461	Indefinitely

Ethiopian companies in the mining sector may carry forward losses for 10 years. For Tanzania, there is no limit on the carryforward period for tax losses. Tanzanian regulations have ring-fencing loss rules for mining companies, whereby losses from one mining license area can only be offset against profits from the same mining license area.

## EAST AFRICA METALS INC.

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### 15. 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:

March 31, 2024	Canada	Ethiopia	Tanzania	Total
Investment in Tigray Resources Incorporated PLC	\$ -	\$ 319,915	\$ -	\$ 319,915
Mineral property interests	-	17,669,794	-	17,669,794
Property and equipment	-	731	-	731
Total non-current assets	\$ -	\$ 17,990,440	\$ -	\$ 17,990,440

March 31, 2023	Canada	Ethiopia	Tanzania	Total
Investment in Tigray Resources Incorporated PLC	\$ -	\$ 441,387	\$ -	\$ 441,387
Mineral property interests	-	17,647,625	-	17,647,625
Total non-current assets	\$ -	\$ 18,089,012	\$ -	\$ 18,089,012

### 16. Financial instruments

#### a) Fair values

The Company's financial assets and liabilities consist of cash, accounts receivable, accounts payable and accrued liabilities, deposit on sale of Canaco Tanzania Limited and loans payable.

The carrying value of the Company's cash and accounts receivable approximate their fair value at March 31, 2024 and March 31, 2023 due to their short term nature. The fair value of accounts payable and accrued liabilities, deposit on sale of Canaco Tanzania Limited and loans payable may be less than the carrying value as a result of the Company's credit and liquidity risk.

#### b) Management of financial risk

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. There have been no changes in the Company's management of risks associated with financial instruments during the year ended March 31, 2024 as compared with the fifteen month period ended March 31, 2023.

#### Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Company is exposed 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 Australian dollars ("AUD"), United States of America dollars ("USD"), Tanzanian shillings ("TSH") and Ethiopian birr ("ETB"). A significant change in the currency exchange rates between the functional currencies relative to these currencies would have an effect on the Company's profit or loss and equity. The Company has not hedged its exposure to currency fluctuations.

## EAST AFRICA METALS INC.

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### 16. Financial instruments - continued

As at March 31, 2024 and 2023, the Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars:

As at March 31, 2024

	EURO	AUD	USD	TSH	ETB
Cash	\$ -	\$ -	\$ 50,781	\$ 19	\$ 1,551
Accounts receivable	-	-	(12,806)	-	(6,100)
Accounts payable and accrued liabilities	(14,632)	3,703	(48,802)	(5,230)	(5,433)
Net asset (liability)	\$ (14,632)	\$ 3,703	\$ (10,827)	\$ (5,211)	\$ (9,982)

As at March 31, 2023

	AUD	USD	TSH	ETB
Cash	\$ -	\$ 209,148	\$ 16	\$ 45,446
Accounts receivable	-	(68,329)	-	30,255
Accounts payable and accrued liabilities	3,807	(48,731)	(4,255)	(82,744)
Net asset (liability)	\$ 3,807	\$ 92,088	\$ (4,239)	\$ (7,043)

Based on the above net exposure as at March 31, 2024 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 \$3,695 (March 31, 2023 - \$8,461) in the Company's loss and comprehensive loss.

#### Interest rate risk

Interest rate risk is the risk that the fair value or 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 its borrowings. The Company did not earn interest on its cash for the year ended March 31, 2024 and the fifteen month period ended March 31, 2023. The Company has borrowings of \$300,000 (March 31, 2023 - \$300,000) with an interest rate of 12% per annum and \$40,000 (March 31, 2023 - \$40,000) with an interest rate of 5% per annum (March 31, 2023 - 0%).

Based on the amount of cash and borrowings as at March 31, 2024 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 expense in the Company's profit or loss.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's maximum exposure to credit risk is the carrying amount of cash. The Company limits its exposure to credit risk on cash as these financial instruments are held primarily with a major Canadian financial institution.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has a planning and budget process in place by which it anticipates and determines the funds necessary to support normal operation requirements and development of its mineral property interests. The Company'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 17. As at March 31, 2024, the Company had cash of \$76,870 (March 31, 2023 - \$347,285) to settle current liabilities of \$6,369,971 (March 31, 2023 - \$5,145,520). 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 Consolidated Financial Statements

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### **17. 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 March 31, 2024 - \$12,815,272 (March 31, 2023 - \$14,789,245)). 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. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

### **18. Subsequent events**

For April 1, 2024 to July 25, 2024, the following events have occurred:

- i. On May 3, 2024, the Company granted 1,200,000 stock options to a director, vesting immediately, entitling the holder to acquire 1,200,000 common shares at a price of \$0.20 per share for a period of 5-years from the grant date.
- ii. On May 31, 2024, the Company completed the second tranche of a non-brokered unit private placement at \$0.10 per unit for gross proceeds of \$1,036,000 and issued 10,036,000 shares and 10,036,000 warrants. Each warrant entitles the holder to acquire one common share at a price of \$0.20 per share for a period of 3-years from date of issuance. In connection with the non-brokered unit private placement, the Company paid cash finder's fees of \$61,670 and issued 616,700 finder's warrants. Each finder's warrant entitles the holder to acquire one common share at a price of \$0.20 per share for a period of 3-years from date of issuance.
- iii. On June 7, 2024, 5,600,000 stock options entitling the holders to acquire 5,600,000 common shares at \$0.20 per common share expired unexercised.
- iv. On July 16, 2024, 300,000 stock options were exercised and 300,000 common shares were issued for proceeds of \$60,000.