

# East Africa Metals Provides Corporate Update on Ethiopian Project Development and Tanzanian Arbitration

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VANCOUVER, Aug. 21, 2018 - [East Africa Metals Inc.](#) (TSX Venture: EAM) ("East Africa" or the "Company") would like to provide an update on the development of its Ethiopian Projects in the Federal Democratic Republic of Ethiopia ("Ethiopia") and the arbitration hearing related to its Tanzanian assets.

## Financing

With the completion of the Preliminary Economic Assessments for the Terakimti Gold Heap Leach project ("Terakimti HL"), Mato Bula Gold Copper and Da Tambuk Gold projects, East Africa is now focused on arranging the pre-production capital financing required to develop the Terakimti HL project and commence production.

East Africa is in discussions with several groups located in North America, Europe, China and Hong Kong in providing project financing. Currently the discussions with the groups have identified a number of financing alternatives including debt (from private lenders and merchant banks), metal streams, joint venture arrangement and/or a strategic investment either at the Company or the project level. The Company will continue to engage in discussions with the objective to secure a binding letter of intent or a binding financing offer.

## Harvest Development

### Access Roads:

East Africa has commenced discussions with Ethiopian Road Authority ("ERA") for survey and design of the seven (7) kilometre access road from the paved highway to the Terakimti HL project area. The ERA is preparing a term of reference for the upgrade of the access road to the proposed Terakimti HL mine site.

### Power:

East Africa has commenced discussions with a district branch of the Power Authority to provide a formal proposal for construction and connection of a power line to the high-tension power corridor seven (7) kilometres west of the Terakimti Heap Leach project area.

### Relocation Action Program ("RAP"):

As previously disclosed (see news release dated June 29, 2016) an independent Environmental and Social Impact Assessment ("ESIA") study was approved by the Ethiopian Ministry of Mines, Petroleum and Natural Gas ("MoMPNG") as part of the Terakimti HL mining application process. The ESIA concluded that the local population is in favour of the project, and the anticipated benefits would be important to the local community and to the local and regional governments. The study identified a small number of local farmers within the Terakimti HL mining licence area that would require relocation so as not to be directly impacted by the mining activities.

The Company has been in communication with Ethiopian Authorities on the next stage of the RAP. The

Ethiopian Authorities have instructed the Company to commence the formal valuation of the cost of the RAP. Following this development the Company has engaged an Ethiopian based social consulting firm with expertise in relocation to conduct the valuation report.

#### Mato Bula and Da Tambuk Permitting

As announced in East Africa's news release dated August 16, 2018, the Company received MoMPNG approval for the ESIA's for the Mato Bula Gold Copper and Da Tambuk Gold Projects. The next step in the mining licence application process is the preparation of the model mining agreement for the Company's review.

East Africa management is scheduled to meet with the MoMPNG Minister in Addis Ababa this week to review the status of the mining licence applications. The Mato Bula gold-copper and Da Tambuk gold projects are both part of the company's 100% Adyabo project, located in the Tigray national regional state of Ethiopia.

#### Arbitration update

Canaco Tanzania Ltd (&ldquo;CTL&rdquo;), a subsidiary of East Africa, has received a default notice from the Tanzanian Government advising of certain issues attributed to development and operational actions that are non-compliant with the Tanzanian Mining Act. CTL has been given 45 days to initiate action to address matters of non-compliance.

The Company expects to submit the default notice as evidence in the on-going arbitration. The default notice may have an impact on the arbitration, and, if the arbitration is ultimately decided in favour of East Africa, the Company will re-initiate management of the project and will look for strategic alternatives to address the development requirements. To that end, East Africa is currently developing a plan for submission to the Tanzanian government to address the issues identified in the notice and restore compliance to the project.

More information on the Company can be viewed at the Company's website:  
[www.eastafricametals.com](http://www.eastafricametals.com)

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*forward-looking information, including but not limited to: risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of the Company's projections and estimates; ability to obtain financing for the Ethiopian projects; interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; successfully complete the RAP; timing of the draft mining model agreement; actual results of current exploration activities; government regulation; political or economic developments; environmental risks; insurance risks; capital expenditures; operating or technical difficulties in connection with development activities; successful completion of the arbitration process; the ability for the Company to obtain a fair and reasonable result to the arbitration process; the ability of the Company to identify a new development partner or the sale of the Tanzanian Assets to advance the Magambazi Project or identify any other corporate opportunities for the Company; successfully manage the environmental and social impacts; the speculative nature of strategic metal exploration and development including the risks of diminishing quantities of grades of reserves; 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 East Africa's management's discussion and analysis for the year end December 31, 2017 and for the three months ended March 31, 2018, and East Africa's listing application dated July 8, 2013. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the price of gold, copper, and silver; the demand for gold, copper and silver; the ability to carry on exploration and development activities; availability of financing to fund working capital, development and legal matters; favorable outcome of the arbitration hearing; the ability to locate a replacement buyer or strategic partner for the Magambazi project; the timely receipt of any required approvals; expediting the mine licence application process; support of the local community of the Terakimti HL Project based on the ESIA; 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; the expected burn rate; ability to obtain financing for the Ethiopian projects, the regulatory framework regarding 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. Accordingly, readers should not place undue reliance on forward-looking information contained herein, except in accordance with applicable securities laws.*

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