

UPDATE: East Africa Metals Executes Binding Letter of Intent with Tibet Huayu Mining for the Financing and Development of the Terakimti, Mato Bula and Da Tambuk Deposits, Ethiopia

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VANCOUVER, Feb. 11, 2019 - East Africa Metals Inc. (TSX-V: EAM) ("East Africa", "EAM" or the "Company") is pleased to provide additional information to the original announcement dated February 8, 2019 regarding the Project Financing with Tibet Huayu Mining Company. EAM can confirm the Boards of Directors for both East Africa Metals and Tibet Huayu Mining have approved the transaction.

Original Release:

EAM have executed a binding Letter of Intent ("LOI") with Tibet Huayu Mining Co., Ltd ("Tibet Huayu") for the exploration, development and operation of EAM's Ethiopian Mining Assets; the Terakimti, Mato Bula and Da Tambuk gold projects located in the Tigray National Regional State of the Federal Democratic Republic of Ethiopia ("Ethiopia"). Tibet Huayu is a Chinese mining company with its headquarters in Lhasa, China and is publicly listed on the Shanghai Stock Exchange.

The LOI contemplates EAM transferring its equity interest in its Ethiopian subsidiary companies to Tibet Huayu and the parties entering into Joint Venture Contracts for the purpose of development and operation of EAM's Ethiopian Mining Assets. EAM owns 70% of the Harvest Mining PLC ("Harvest") and 100% of the [Tigray Resources Inc.](#) PLC ("TRI"). Harvest holds the Terakimti oxide gold mining license. EAM's subsidiary, TRI hosts the Mato Bula and Da Tambuk deposits ("Adyabo Property") which are in the final process of mine permitting.

The transaction defined in the binding LOI includes terms that in exchange for 55% interest of Harvest and 70% interest in TRI, Tibet Huayu will:

- Provide a cash payment of US\$1.7M to EAM;
- Finance, develop and operate the Terakimti, Da Tambuk and Mato Bula projects.

On completion of the proposed transaction:

- Tibet Huayu will hold the rights (interest) to 55% post tax profits/Government distributions of Harvest and hold the rights (interest) to 70% of the post tax profits/Government distributions of TRI.
- EAM will hold the rights (interest) to 15% post tax profits/Government distributions of Harvest and hold the rights (interest) to 30% of the post tax profits/Government distributions of TRI.
- Closing conditions include:
 - Required approvals including and not limited to Board, Regulatory, and Government approvals;
 - Execution of the definitive agreement; and
 - EAM has received the cash payment of US\$1.7M.

EAM will retain the mineral rights, and all exploration obligations for the prospective targets not incorporated in the three mining licenses ("EAM Mineral Resources"). EAM shall give Tibet Huayu a right of first refusal of reasonable duration to acquire EAM's Mineral Resources. For consideration of the future Ethiopian Mineral Resources negotiations will be based on i) cash payment and ii) allocated % of post-tax profits of the new mineral resources. Tibet Huayu and EAM will use best efforts to finalize all conditions precedent and finalize the definitive agreement.

Andrew Lee Smith, East Africa's C.E.O. stated, "The signing of the binding LOI with Tibet Huayu marks a significant milestone for EAM and the emerging Ethiopian Mining sector. EAM's board and management look forward to a partnership that will see mine development and exploration agendas advancing parallel with the objective to establish mining operations and grow the current resource base through diamond drilling".

The key technical and base case pre-tax and post-tax metrics for each project are presented below (see news release April 30, 2018):

PARAMETER ⁽³⁾			PROJECT				
		Units	Mato Bula	Da Tambuk	Terakimti ⁽¹⁾		
Mine Plan		Tonnes	3,335,000	650,000	1,086,000		
Grade	Gold	g/t	3.0	4.9	3.1		
	Copper	%	0.26	% N/A	N/A		
	Silver	g/t	0.70	2.3	22.9		
Metal Recoveries	Gold	%	86.4	% 93.0	% 65.0	%	
	Copper	%	87.4	% N/A	N/A		
	Silver	%	50.0	% 50.0	% 30.0	%	
Recovered Metals	Gold	Ozs	278,000	95,000	71,000		
	Copper	Lbs (x000)	13,353	N/A	N/A		
	Silver	Ozs	38,300	24,000	229,000		
	Au Eq ⁽⁴⁾	Ozs	305,000	95,000	74,000		
Capital Cost		US\$(x000)	\$ 54,200	\$ 34,030	\$ 17,180		
Sustaining Capital		US\$(x000)	\$ 5,600	\$ 8,030	\$ 1,720		
Operating Cost	Site - C1	US\$/tonne	\$ 47.53	\$ 61.85	\$ 34.10		
Metal Prices							
Gold Price	US\$/oz		\$ 1,325	\$ 1,325	\$ 1,325		
Copper Price	US\$/lb		\$ 3.00	N/A	N/A		
Silver Price	US\$/oz		\$ 17.00	\$ 17.00	\$ 17.00		
PRE-TAX							
Cash Flow		US\$(x000)	\$ 139,710	\$ 31,160	\$ 29,360		
NPV @8%		US\$(x000)	\$ 83,820	\$ 20,670	\$ 19,470		
IRR		%	34.1	% 37.8	% 37.4	%	
POST-TAX							
Cash Flow	LOM	US\$ (x000)	\$ 97,700	\$ 20,615	\$ 20,890		
NPV @8%		US\$ (x000)	\$ 56,660	\$ 13,020	\$ 13,180		
IRR		%	28.4	% 28.6	% 30.1	%	
OTHER METRICS							
Payback		Years	3.0	1.9	2.4		
C1 Op Cost		US\$/oz Au	\$ 412	\$ 420	\$ 465		
AISC		US\$/oz Au	\$ 620	\$ 642	\$ 649		

On behalf of the Board of Directors:
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Cautionary Statement Regarding Forward-Looking Information

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