VANCOUVER, BRITISH COLUMBIA--(Marketwired - June 15, 2015) - East Africa Metals Inc. (TSX VENTURE:EAM) ("East Africa" or the "Company") is pleased to announce that the Company has signed a binding letter agreement with an arm's length private exploration and development company (the "Developer") with management based in the United Kingdom and Tanzania, to develop East Africa's Magambazi project in Tanzania.

Under the terms of the letter agreement, the Developer will:

- pay East Africa US$1 million in cash for a 100% interest in the Handeni property, which includes the Magambazi project, and all properties owned by East Africa in Tanzania (the "Assets");
- pay East Africa approximately US$1 million in cash for the book value of the camp, equipment and other assets;
- convey to East Africa the right to receive a 1.6% Net Smelter Royalty on production, capped at US$1.8M;
- convey to East Africa the right to acquire a gold stream equal to 30% of the life of mine gold production from all of the Assets;
- issue treasury shares of the Developer that is expected to represent 9.9% of the Developer's outstanding shares. The Developer intends to list on the London Stock Exchange's AIM and expects to issue such shares to East Africa before the listing; and
- offer East Africa a seat on the Board of Directors of the Developer and a seat on the Management Committee of the Magambazi project.

East Africa will not be required to contribute to capital or exploration expenditures with respect to the construction and development of any of the Assets.

The transaction will provide East Africa with the right to purchase 30% of gold produced during mining operations established at any of the Assets, for a per ounce payment equal to the lesser of: (i) production cost plus 15% based on the Developer's historical and budgeted production costs, and (ii) the prevailing market price for gold.

Further, the Developer will provide a completion guarantee under which, if within 48 months of the effective date the project fails to produce a minimum of 8,000 ounces of gold in any quarterly period, the Developer will pay East Africa an advanced cash payment of US$592,000 for every quarter that 8,000 ounces of gold is not produced.

East Africa will have a right of first offer and a right to re-acquire the properties if commercial production is not reached in four years from the effective date or if the project is abandoned.

Andrew Lee Smith, President & CEO of East Africa, commented: "We are very pleased to have engaged this partnership for the development of the Magambazi project. This transaction is expected to allow East Africa to focus on its Adyabo and Harvest projects in Ethiopia, and will establish the Company with cash flows from operations in Tanzania going forward, once development of the project is complete."

The letter agreement is binding and subject to certain conditions having been fulfilled by October 15, 2015, including, but not limited to: (i) the completion of satisfactory due diligence by East Africa on the Developer; (ii) the finalization of the structure of the transaction, including tax considerations; (iii) the entering into of a definitive agreement and gold purchase agreement; and (iv) the receipt of initial payment of US$500,000 and regulatory approvals, including acceptance by the TSX Venture Exchange. The balance of approximately US$1,500,000 will be payable within one year of the effective date.

The Handeni property is located in the emerging Handeni gold district in eastern Tanzania, 180 kilometres northwest of Dar es Salaam and 140 kilometres southwest of the port city of Tanga. The Handeni property consists of two mining licenses (which cover 9.9 square kilometres) and two prospecting licenses, for an aggregate total of approximately 93 square kilometres. An initial mineral resource estimate for Magambazi was announced on May 15, 2012. Using a cut-off grade of 0.5 grams per tonne gold, Magambazi is estimated to contain an indicated mineral resource of 15.2 million tonnes grading 1.48 grams per tonne gold and containing 721,300 ounces, as well as an inferred mineral resource estimate of 6.7 million tonnes grading 1.36 grams per tonne gold and containing 292,400 ounces.

Qualified Person

Technical information included in this news release was approved by Jeff Heidema, P.Geo., the Company's Vice President Exploration. Mr. Heidema is a Qualified Person as defined by National Instrument 43-101.

About East Africa Metals

The Company's principal assets and interests include both the 70%-owned Harvest polymetallic VMS exploration Project, which covers approximately 116 square kilometres in the Tigray region of Ethiopia, 600 kilometres north‐northwest of the capital city of Addis Ababa, and the Adyabo Project, covering 264 square kilometres immediately west of the Harvest Project. The Company owns 55% of the Adyabo Project and has an option to acquire up to 80% of the Adyabo Project. East Africa now has mineral resources defined at both projects in Ethiopia and continues to test priority targets.

More information on the Company can be viewed at the Company's website: www.eastafricametals.com.

On behalf of the Board of Directors:

Andrew Lee Smith, P.Geo., CEO

Cautionary Statement Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation, including information with respect to the terms of the letter agreement, the timing and amounts of payments, the expected completion dates for due diligence and approvals, the structure of the proposed transaction and the listing of the Developer's common shares on the London Stock Exchange's AIM. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "plan", "expect", "intend", "estimate", "forecast", "project", "budget", "schedule", "may", "will", "could", "might", "should" or variations of such words or similar words or expressions. Forward-looking information is based on reasonable assumptions that have been made by East Africa as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of East Africa to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the negotiation of a definitive agreement reflecting the anticipated structure and timing outlined herein; delays with respect to required payments and regulatory approvals; results of the due diligence review; early exploration; the ability of East Africa to identify any other corporate opportunities for the Company; mineral exploration and development; metal and mineral prices; availability of capital; accuracy of East Africa's projections and estimates, including the initial mineral resource for the Adyabo, Harvest and Magambazi Projects; interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; actual results of current exploration activities; government regulation; political or economic developments; foreign taxation risks; environmental risks; insurance risks; capital expenditures; operating or technical difficulties in connection with development activities; personnel relations; 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 three months ended March 31, 2015, East Africa's listing application dated July 8, 2013 and Tigray Resources Inc. Management Information Circular dated March 28, 2014.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the terms of the definitive agreement reflecting the anticipated structure and timing outlined herein; completion of satisfactory due diligence; receipt of all required payments and regulatory approval; the price of gold, silver, copper and zinc; the demand for gold, silver, copper and zinc; the ability to carry on exploration and development activities; the timely receipt of any required approvals; the ability to obtain qualified personnel, equipment and services in a timely and cost-efficient manner; the ability to operate in a safe, efficient and effective manner; and the regulatory framework regarding environmental matters, and such other assumptions and factors as set out herein. Although East Africa has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The Company does not update or revise forward looking information even if new information becomes available unless legislation requires the Company do so. Accordingly, readers should not place undue reliance on forward-looking information contained herein, except in accordance with applicable securities laws.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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