VANCOUVER, BRITISH COLUMBIA--(Marketwired - March 7, 2016) - East Africa Metals Inc. (TSX VENTURE:EAM) ("East Africa" or the "Company") wishes to announce that, further to the news release dated October 27, 2015 and December 10, 2015, the Company has completed the execution of the Definitive Agreement with an arm's length private exploration and development company (the "Developer") to develop East Africa's Magambazi project in Tanzania.

As outlined in its June 15, 2015, news release:

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") - US$0.5 million on completion of the Definitive Agreement (US$200,000 received) and US$0.5 million within twelve-months of the Effective Date (March 7, 2016);
- pay East Africa approximately US$1 million in cash for the book value of the camp, equipment and other assets within twelve-months of the Effective Date (March 7, 2016);
- convey to East Africa the right to receive a 1.6% Net Smelter Royalty on production, capped at US$1.8 million;
- 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.

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 after 48 months from the effective date 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.

The transaction will not close until the Company receives the final payment of US$1.5 million and obtains in-country approval. Until that time East Africa is entitled to the terms of the letter agreement outlined in this news release. 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.

East Africa's President and C.E.O., Andrew Lee Smith commented, "This is a significant step forward for the Magamabzi Project and clears the way for development to begin in Tanzania, the Company can now focus all of its efforts towards the advancement of our assets in Ethiopia."

Insurance Payment

Further, East Africa is pleased to announce the Company has received the final insurance payment of CAD$450,000 in settlement of the East Africa's costs related to a BCSC Notice of Hearing (see news release date August 8, 2013).

The BCSC hearing was focused primarily on whether the infill drill results constituted a "material change" and therefore were required to be disclosed immediately. The BCSC panel agreed with the Company's position that the infill drill results were not material and that the Company acted appropriately in granting certain stock options prior to the disclosure.

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 100% 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

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; metal and mineral prices; availability of capital; government regulation; political or economic developments; foreign taxation risks; environmental risks; insurance risks; operating or technical difficulties in connection with development activities; personnel relations, as well as those risk factors set out in East Africa's management's discussion and analysis for the nine months ended September 30, 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; the timely receipt of all required payments and regulatory approval; the price of gold; the demand for gold; the ability to carry on exploration and development activities; 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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