

VANCOUVER, BC--(Marketwired - November 02, 2016) - [East Africa Metals Inc.](#) (TSX VENTURE: EAM) ("East Africa" or the "Company") is pleased to announce the signing of a Letter of Intent with Shandong Tyan Home Co., Ltd. (the "Purchaser" or "STH"), a listed public company of China, to provide equity finance to the Company. This Agreement will allow the Company to advance its exploration assets located in the Federal Republic of Ethiopia, including the Harvest, Adyabo and Terakimti Oxide Gold Projects.

Highlights:

- The Letter of Intent is binding on STH to subscribe to a Private Placement to acquire 20 Million Units of East Africa at a price of \$0.26 per Unit for gross proceeds of \$5.2 Million;
- Units are comprised of one Common Share and one-half share purchase Warrant with an exercise price of \$0.45;
- STH also agreed to provide a US\$10 Million Line of Credit to support the development of the Terakimti Oxide Gold Project, which is non-binding on the Purchaser.

Strategic Partnership with STH

Shandong Tyan Home Co., Ltd. ("STH") is a Chinese listed public company on Shanghai Stock Exchange (stock code: 600807), with an integrated business range including real estate, mining, finance and venture capital investment. The total assets of STH cumulate to more than RMB¥5 billion Chinese Yuan. Gold is one of the key business sectors of STH, and STH recently acquired an Australian gold company, Minjar Gold Pty Ltd. in 2014, which is mainly engaged in prospecting, mining and processing of gold.

Transaction Details

By executing the letter of intent, STH has agreed to subscribe to 20 Million Units of East Africa by way of Private Placement at a price of \$0.26 per unit for a total amount of \$5,200,000. Each unit will consist of one common share and one half share purchase warrant. The share purchase warrants ("Warrants") will entitle the holder to purchase one common share at an exercise price of \$0.45 and will expire 18 months from closing. If at any time after the date that is four months from the date the Warrants are issued, the Company's common shares have a closing price of \$0.65 or greater for a period of 10 consecutive trading days, the Company will be entitled to accelerate the expiry date of the Warrants upon 20 days' notice given and the Warrants will then expire on the 20th day after the date of such notice. As a result of this placement the Purchaser will own approximately 14.3% of the outstanding shares of the Company.

STH will assign a Hong Kong or offshore company to enter into a Subscription Agreement with East Africa.

The Letter of Intent is subject to certain conditions including and not limited to the Purchaser completing its due diligence review of the Company, execution of definitive agreements and receipt of approval of the TSX Venture Exchange.

Under the Letter of Intent STH also agreed to provide US\$10,000,000 debt financing for the development of the Terakimti Oxide Gold Project, which is non-binding. Alternatively, STH can choose to identify a third party to provide or participate in the debt financing.

The debt financing is subject to a number of conditions, including and not limited to receiving a mining permit from the Minister of Mines, Petroleum and Natural Gas, Ethiopia. Proceeds of the debt financing will be used towards the construction of the Terakimti Oxide Gold Project.

Use of Proceeds

The proceeds will be used to continue engineering work at the Terakimti Oxide Gold Project, exploration work to further define the resource at the Adyabo Project and general working capital.

"The Strategic Partnership between STH, SinoTech (Hong Kong) Corporation Limited ("SinoTech"), the Company's significant shareholder, and East Africa will provide the capital, equipment, operational and technical expertise required to realize the full potential of East Africa's Ethiopian exploration assets and advance the development of the Terakimti Oxide Gold Heap Leach Project," stated Andrew Lee Smith, East Africa's C.E.O. "East Africa's management looks forward to collaborating with STH and SinoTech and the Ethiopian government to create value for our shareholders and benefit for local communities."

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

About East Africa

The Company's principal assets and interests include both the 70%-owned Harvest polymetallic VMS exploration Project, which hosts the Terakimti Deposit and which covers approximately 86 square kilometres in the Tigray region of Ethiopia, 600 kilometres north northwest of the capital city of Addis Ababa, and the Adyabo Project, hosting the Mato Bula trend Adyabo

Resource, covering 225 square kilometres immediately west of the Harvest Project. The Company owns 80% of the Adyabo Project, and upon execution of a net smelter return agreement the Company will own 100% of the Adyabo Project, subject to a 2% NSR. East Africa now has mineral resources defined at both projects in Ethiopia and plans to continue to test priority targets. Additionally, the Company owns the 93 square kilometre Handeni Property located in north-eastern Tanzania. Handeni includes the Magambazi Project, a gold deposit discovered in 2009. East Africa has entered into a definitive agreement with an arm's length private exploration and development company to advance the project.

Cautionary Statement Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. 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: early exploration; the Purchaser's satisfactory due diligence review of the Company, closing of the financing; ability of the Purchaser to provide the debt financing or identify a third party to provide or participate in the debt financing; 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 year end December 31, 2015, management's discussion and analysis for the six months ended June 30, 2016 and 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 successful integration of [Tigray Resources Inc.](#)'s business with the Company; 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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