

VANCOUVER, BC--(Marketwired - October 02, 2017) - [East Africa Metals Inc.](#) (TSX VENTURE: EAM) ("East Africa" or the "Company") is pleased to announce the signing of a binding memorandum of understanding ("MOU") with Luck Winner Investment Limited ("LW") providing for project development financing of up to US\$250 million and a private placement of 52,100,000 units at a price of \$0.26 per unit for aggregate gross proceeds of approximately C\$13,550,000. LW has also agreed to provide an unsecured loan to the Company in the amount of C\$2,000,000.

## Project Development / Joint Venture

The MOU with LW contemplates that a joint venture company ("JVCo") will be formed, with 70% owned by LW and 30% owned by East Africa. LW will invest up to US\$250 million into development of East Africa's projects in Ethiopia. East Africa will contribute a proportionate amount of gold valued with a cost price of US\$70/oz, of up to 1.5 million ounces<sup>AuEquiv</sup> for an aggregate value of US\$110 million (See EAM News Release dated July 13, 2016 and resource information below). The parties intend to expeditiously negotiate, finalize and execute a comprehensive joint venture agreement respecting JVCo and the development of East Africa's Ethiopian projects.

## Private Placement

Under the MOU, LW has committed to purchase, on a private placement basis, 52,100,000 units at a price of \$0.26 per unit for aggregate gross proceeds of approximately C\$13,550,000. Each unit will consist of one common share and one-half of one share purchase warrant, with each whole warrant exercisable for \$0.45 and expiring 24 months from closing.

The securities issued under the private placement will be subject to a hold period of four months. The proceeds will be used to continue exploration programs on the Company's projects in Ethiopia and general working capital.

Upon completion of the private placement and conversion of the C\$2,000,000 loan described below, LW will own approximately 28.8% of the Company's outstanding shares (37.8% on a diluted basis). Also upon completion of the private placement, the Company will cause three of its directors to resign and appoint three LW nominees to fill those vacancies, and the Company may make certain changes to management positions.

## \$2 Million Loan

LW and East Africa also entered into a loan agreement pursuant to which LW has agreed to lend C\$2,000,000 to East Africa. The loan will be repayable in six months and will accrue interest of 2% per annum. Under the loan agreement, East Africa is required to restructure its existing cooperation agreement with respect to the Magambazi project within 30 days. Upon completion of the restructure, LW has the right to require the establishment of a joint venture for the development of the Magambazi project, which joint venture will be 70% owned by LW and 30% owned by East Africa. The C\$2,000,000 loan proceeds will be deemed to be LW's cash consideration payable to East Africa for the joint venture, and any accrued interest would be forgiven.

If the loan is not allocated and the interest forgiven in connection with the formation of a joint venture for the Magambazi project, at any time following 30 days after the execution of the loan agreement, LW shall have the right to convert the C\$2,000,000 loan principal and accrued interest into units of East Africa at a deemed price of \$0.26 per unit. Each unit will consist of one common share and one-half of one share purchase warrant, with each whole warrant exercisable for \$0.45 and expiring six months from issuance. The securities issued under the loan will be subject to a hold period of four months.

Until the loan is allocated for the Magambazi joint venture or is converted into units, East Africa is restricted to use the proceeds of the loan for East Africa's Harvest project's mining license application, the negotiation of an agreement respecting the Harvest project development stage, the restructure of the existing cooperation agreement respecting the Magambazi project, and the renewals of the Magambazi mining licenses if required.

## Subject Conditions

The project development funding and private placement are subject to certain conditions, including but not limited to, the establishment of JVCo, receipt of mining license for the Harvest project, Harvest agreement to develop the project, completion of satisfactory due diligence reviews by both parties, execution of definitive agreements, East Africa's shareholder approval of the creation of a new control person and any transactions as required by the TSX Venture Exchange, and receipt of approval of the TSX Venture Exchange. The Company intends to call a shareholders meeting upon completion of East Africa's and LW's satisfactory due diligence review.

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

## About Luck Winner

Luck Winner, incorporated in Hong Kong Special Administrative region in 2017, is an international mining development and investment company currently seeking to expand its investments throughout Africa.

Andrew Smith, P. Geol. and Jeff Heidema, P.Geol., Qualified Persons under the definitions of National Instrument 43-101, have reviewed and approved the contents of this news release.

On behalf of the Board of Directors:

Andrew Lee Smith, P.Geo., CEO

#### East Africa's Mineral Resources at Harvest and Adyabo.

Project		Ownership	Resource	Summary
Adyabo	3(Indicated)	100%	446K Ounces	AuEquiv
Adyabo	3(Inferred)	100%	434K Ounces	AuEquiv
Terakimti Oxide	Update 1 (Indicated)	70% (Permit Pending)	132K Ounces	AuEquiv
Terakimti Sulphide	2 (Indicated)	70%	348K Ounces	AuEquiv
Terakimti Sulphide	2 (Inferred)	70%	426K Ounces	AuEquiv

The resources stated above have been previously disclosed in News Releases.

<sup>1</sup>Terakimti Oxide Resource update disclosed October 27, 2015; effective date October 18, 2015. Full mineral resource estimate disclosure can be found in the company's press release dated October 27, 2015, available at [www.eastafricametals.com](http://www.eastafricametals.com) or at [www.sedar.com](http://www.sedar.com). Subsequent to the release of the Oxide Resource update, a review by the resource QP identified an error in the tabulation of mineral resources. The corrected resource information was disclosed via press release on January 11, 2016. Metal prices for gold and silver are \$1,300/oz and \$17.50/oz, respectively.

<sup>2</sup>Terakimti Initial Resource Estimate as disclosed in the 43-101 Technical Report dated February 14, 2014; effective date January 17, 2014. Full mineral resource estimate disclosure can be found on the company's website or at [www.sedar.com](http://www.sedar.com). Metal prices for gold, silver, copper, and zinc are \$1,400/oz, \$25.00/oz, \$3.50/lb, and \$0.90/lb, respectively.

<sup>3</sup>Adyabo project updated mineral resource estimate disclosed via press release dated June 14, 2016; effective date May 31, 2016. Metal prices for gold, silver, and copper are \$1,400/oz, \$20.00/oz, and \$3.20/lb, respectively. Metallurgical recoveries of 97% for gold, 72% for copper, and 50% for silver were applied at Da Tambuk.

#### 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 closing of the agreement with the exploration and development company to advance the Magambazi Project or 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; estimated timing of receipt of the Terakimti Oxide Gold mining licence and/or exploration licence extensions, 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; 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, 2016, management's discussion and analysis for the three and six months ended June 30, 2017 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 timely closing of the financing; the timely closing of the Handeni Property definitive agreement; the ability of the Company to repay the loan by the required date; 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, the renewal or extension of exploration licences, 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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