

# East Africa Metals Announces Positive Results of Three PEA Studies for Gold Projects in Ethiopia

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VANCOUVER, B.C., April 30, 2018 (GLOBE NEWSWIRE) -- [East Africa Metals Inc.](#) (TSX Venture:EAM) ("East Africa" or the "Company") announces receipt from Tetra Tech Canada Inc. ("Tetra Tech") of positive results from Preliminary Economic Assessments for its three gold projects in Federal Democratic Republic of Ethiopia ("Ethiopia").

Separate Preliminary Economic Assessment studies ("PEAs") have been received for the Company's 100% owned Mato Bula Gold Copper Project ("Mato Bula"), 100% owned Da Tambuk Gold Project ("Da Tambuk") and 70% owned Terakimti Gold Heap Leach Project ("Terakimti") in the Tigray Regional National State of Northern Ethiopia. Each of the projects demonstrates robust economics utilizing industry standard mining and processing technology. "These PEA studies indicate very positive results that demonstrate the significant commercial development potential of East Africa's Ethiopian projects, and provides sound basis for ongoing development engineering, with the ultimate objective of establishing commercial production" stated Andrew Lee Smith, CEO of East Africa. "Collectively, under the development scenario described in the PEAs, these three projects present the opportunity to develop mining operations and revenue over the next eighteen to 24 months and position EAM to continue the expansion of the scope of development and the current resource".

The key technical and base case pre-tax and post-tax metrics for each project are presented below:

PARAMETER <sup>(3)</sup>	PROJECT					
	Units	Mato Bula	Da Tambuk	Terakimti <sup>(1)</sup>		
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 <sup>(4)</sup>	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

## Notes:

(1) Metrics are presented for 100% attributable to Terakimti operation. Metrics attributable to East Africa would be 70% of values presented above as per Joint Venture agreement terms.

(2) Cash Flows presented are not discounted.

(3) Values may not reconcile to others disclosures within the news release due to rounding.

(4) Au Equivalent ozs = Au ozs + Cu lbs\*0.0023 + Ag ozs \*0.0128

## METAL PRICE SENSITIVITIES - POST TAX

PARAMETER <sup>(2)</sup>	Units	Base Case	Lowest Case	5 Year Ave	Long Term
<b>Metals Prices</b>					
Gold Price	US\$/oz	\$ 1,325	\$ 1,200	\$ 1,250	\$ 1,379
Copper Price	US\$/lb	\$ 3.00	\$ 2.50	\$ 2.75	\$ 3.25
Silver Price	US\$/oz	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00
<b>MATO BULA &amp;ndash; Gold, Copper and Silver</b>					
Cash Flow <sup>(1)</sup>	US\$(x000)	\$ 97,700	\$ 75,050	\$ 84,325	\$ 107,340
NPV @ 8%	US\$(x000)	\$ 56,660	\$ 39,460	\$ 46,490	\$ 63,980
IRR	%	28.4	% 22.5	% 25.0	% 30.8
Payback	Years	3.0	3.7	3.4	1.8
<b>DA TAMBUK &amp;ndash; Gold and Silver</b>					
Cash Flow <sup>(1)</sup>	US\$(x000)	\$ 20,615	\$ 12,600	\$ 15,805	\$ 24,080
NPV @ 8%	US\$(x000)	\$ 13,020	\$ 6,060	\$ 8,840	\$ 16,025
IRR	%	28.6	% 17.7	% 22.1	% 33.2
Pay back	Years	1.9	3.2	3.1	1.7
<b>TERAKIMTI &amp;ndash; Gold and Silver</b>					
Cash Flow <sup>(1)</sup>	US\$(x000)	\$ 20,890	\$ 15,130	\$ 17,430	\$ 23,380
NPV @ 8%	US\$(x000)	\$ 13,180	\$ 8,340	\$ 10,280	\$ 15,275
IRR	%	30.1	% 21.9	% 25.2	% 33.7
Payback	Years	2.4	2.8	2.6	2.3

(1) Cash Flows presented are not discounted.

(2) Values may not reconcile to others disclosures within the news release due to rounding.

Each of the PEA studies has been completed by Tetra Tech's mining and process engineering team in Vancouver, B.C. The PEAs are based on the mineral resource estimates for Mato Bula, Da Tambuk, and Terakimti as previously disclosed by East Africa. The mineral resource estimates were completed by David Thomas P. Geo., Q.P. of Fladgate Exploration Consulting Corporation as follows:

- Adyabo Project Mineral Resource Estimate, David Thomas, P. Geo. (Effective Date: May 31, 2016), East Africa news release June 14, 2016.
- Updated Terakimti Oxide Mineral Resource Estimate at a 0.5 g/t Gold Equivalent Cut-Off, David Thomas, P. Geo. (Effective Date: October 18, 2015), East Africa news release October 27, 2015
- Terakimti Mineral Resource Estimate David Thomas, P. Geo., Effective Date: January 17, 2014, East Africa news release January 27, 2014.

Metallurgical test work for the Mato Bula Gold Copper and Da Tambuk Gold projects has been completed by Blue Coast Research, an independent metallurgical laboratory in Parksville B.C. Canada. Metallurgical test work for the Terakimti Gold Heap Leach project was completed by SGS Minerals Services (&ldquo;SGS&rdquo;) in Johannesburg, South Africa. Additional metallurgical test work for Terakimti was performed by McClelland Laboratories Inc. (&ldquo;McClelland&rdquo;) in Reno Nevada. Blue Coast Research, SGS, and McClelland are internationally recognized for their metallurgical testing expertise.

#### Technical Report and Cautionary Statement NI 43-101:

Each of the PEAs were prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Each of the Technical Reports will be filed by the Company with SEDAR within 45 days of this release.

Readers are cautioned that a PEA is preliminary in nature. These PEAs include Indicated and Inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA results will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

#### Additional Project Information

All three projects are located within 10 km of existing paved highways and the National power grid, and approximately 35 km from the town of Shire, which has an airport and extensive services. The Mato Bula and Da Tambuk projects are located 5 km apart and offer the opportunity to share access road and power line construction costs. The Terakimti gold project is approximately 15 km from Mato Bula and Da Tambuk.

#### Mato Bula Gold Copper Project

- Post-tax NPV of US\$ 56.6M for base case using US\$1,325 /oz Au, US\$3.00/lb copper and US\$17.00/oz silver, at an 8% discount rate.
- Payback of pre-production capital in 3 years from start of production.
- C1 cash operating cost of US\$412/oz Au including all on-site costs and AISC cost of US\$620/oz Au calculated with all on-site and off-site costs, TCRC charges, sustaining costs and net of by-product credits.
- Average annual metal production of approximately 34,750 ozs gold, 1.67 million pounds copper and 4,780 ozs silver.
- Pre-production capital cost of US\$54.2M million including contingency of 38% on direct costs and 26% on total of direct and indirect costs.
- Open pit mining utilizing drill blast, trucks and shovels, waste stripping ratio of 9/1.
- Processing rate of 1,400 t/day using conventional crush/grind comminution, gravity concentration and flotation to produce a copper-gold concentrate. In addition a gold bearing pyrite concentrate will be produced and treated off-site by Carbon in Leach (&ldquo;CIL&rdquo;) technology.
- Life-of-mine metal recoveries of 86.4% for gold, 87.4% for copper, and 50% for silver.
- Concentrate grades average approximately 132 g/t gold, 25.5% copper and 28 g/t silver.
- Minimum 8 year mine life, based on proposed open pit depth of 190 metres.
- Significant potential exists to extend mine life as drilling has identified mineralization along strike and to 370 metres down dip.

#### Da Tambuk Gold Project

- Post-tax NPV of US\$13.0 M and IRR of 28.6% for base case using US\$1,325 /oz Au and US\$17.00 /oz silver, at 8% discount rate.
- Payback of pre-production capital in 1.9 years from start of production.
- C1 cash operating cost of US\$420/oz Au including all on-site costs and AISC cost of US\$642/oz Au calculated with all on-site and off-site costs, TCRC charges, sustaining costs and net of by-product credits.
- Average metal production of approximately 24,000 ozs gold per year and 6,000 ozs silver per year.
- Pre-production capital cost of approximately US\$34.1 M including contingency of 36% on direct costs and 26% total of direct and indirect costs.

- Underground trackless mining utilizing ramp access, cut and fill and open stope mining.
- Processing rate of 550 tonnes per day using crush/grind comminution, gravity concentration and CIL technology.
- Average life-of-mine metal recoveries of 93% for gold and 50% for silver.
- Minimum 4 year mine life based on mining plan depth to 200 metres below surface.
- Excellent potential to extend mine life as drilling has intersected significant mineralization to 260 metres down dip.

#### Terakimti Gold Heap Leach project

- Post-tax NPV of US\$13.2 M and IRR of 30.1% for base case using US\$1,325 /oz Au and US\$17/oz silver, at an 8% discount rate.
- Payback of pre-production capital in 2.4 years from start of production.
- C1 cash operating cost of US\$465/oz Au including all on-site costs and AISC cost of US\$649/oz Au calculated with all on-site and off-site costs, sustaining costs and net of by-product credits.
- Average metal production of approximately 17,800 ozs gold per year and 57,250 ozs silver per year.
- Pre-production capital cost of approximately US\$17.2 M including contingency of 25% on direct costs 19% on total of direct and indirect costs.
- Open pit mining utilizing drill blast, shovels and trucks with waste stripping ratio of 3.8/1
- Processing rate of 715 tonnes per day using two stage crushing, heap leaching and Merrill Crowe technology.
- Average life-of-mine metal recoveries of 65% for gold and 30% for silver.
- 4 year mine life.
- In addition to heap leaching of the gold oxide zone, potential exists to develop supergene gold, copper, and primary sulphide copper, gold, and zinc resources underlying the gold oxide zone.

#### Environmental and Social Impact Assessment

Independent Environmental and Social Impact Assessment studies (&ldquo;ESIA&rdquo;) have been completed for the project areas by Beles Engineering Pvt. Ltd. Co. of Ethiopia. The ESIA's were previously submitted to the Ministry of Mines, Petroleum and Natural Gas (&ldquo;MoMPNG&rdquo;) in support of the successful Terakimti Mining Licence application and the pending mining licence applications for Mato Bula and Da Tambuk. The studies have concluded that no endangered, endemic, or rare species are present in the project areas and that no cultural heritage sites, archeologically sensitive, or socially sensitive areas exist within the mining areas. Importantly, the ESIA's found that the majority of residents in the local community have stated that they are in favour of implementation of the projects. Finally, the ESIA's concluded that the adverse impacts identified in the study can be mitigated through implementation of proposed management and monitoring plans.

#### Mining Licences

East Africa, through its Ethiopian subsidiary company Harvest Mining PLC, has received a mining licence for the Terakimti Gold Heap Leach Project which provides authorization for the Company to construct and operate a heap leaching operation (see East Africa news release dated December 7, 2017). In addition, and as previously announced, the Company through its Ethiopian subsidiary company [Tigray Resources Inc.](#) PLC, submitted mining licence applications for the Mato Bula and Da Tambuk Projects which are currently in the formal review process by the Ethiopian MoMPNG (see East Africa news release dated December 13, 2017).

#### Risk and Opportunities

As with all mining projects, a number of opportunities and risks exist which may affect the outcome of one or all of the projects. Known opportunities and risks pertaining to all of the projects are identified immediately below, followed by a statement of opportunities and risks specific to each of the projects.

#### Opportunities for all Projects:

- Potential exists to optimize metal recoveries and reduce reagent consumptions in the processing circuits.

- Process equipment costs are based on North American supply and assessment of other equipment markets should be conducted to evaluate this cost reduction opportunity.
- The close proximity of the Mato Bula and Da Tambuk projects creates an opportunity for combining of project resources, such as power supply, road access, water sources, administration and technical departments, which could reduce costs. Certain general facilities and services may possibly be shared with the Terakimti project as well.

#### Risks for all Projects:

- Volatility of commodity prices.
- Unforeseeable escalation of capital or operating costs.
- Political stability, security and social opposition.
- Unforeseen future changes in host country regulations that may have a direct impact on production and economics of the projects including and not limited to environment aspects and taxes.
- Inherent geological risk and uncertainty.
- Sourcing of skilled employees for mining and processing plant operation/QAQC control.
- Metallurgical performance of the processing plant may be different than projections based on test work completed to date.
- Potential sources of water supply for operations must be confirmed and may vary from the assumptions made in the studies.
- The engineering assumptions and results presented in the PEA's may vary from actual conditions.
- Abnormally high precipitation events during the wet season may cause flooding in the minesite areas and/or restrict access to the project sites.

#### Project Specific Opportunities and Risks – Mato Bula Opportunities:

- An updated resource estimate for Mato Bula is in development which will incorporate results of infill and exploration drilling completed in 2017. The results are expected to increase the level of confidence in the existing mineral resource estimates and identify additional areas of mineralization outside the current resource and mine plan.
- Drilling completed to date has identified significant gold copper and zinc mineralization extending laterally and to depth, which upon future technical and economic assessment may serve to extend the life of the proposed mining operation.
- The open pit scenario results in a high waste stripping ratio. Additional mine planning optimization, including assessment of underground mining may offer the potential to improve project economics.
- Due to the close locations of Mato Bula and Da Tambuk, opportunities may exist for combining access, infrastructure and certain processing facilities to the benefit of both projects.

#### Risks:

- Unforeseeable geotechnical conditions requiring shallower pit slopes than expected.
- Higher strip ratios than planned.
- Metallurgical test work completed to date is preliminary. Additional metallurgical test work is required to better understand the metallurgical performance.

#### Project Specific Opportunities and Risks – Da Tambuk Opportunities:

- An updated resource estimate for Da Tambuk is in development which will incorporate results of infill drilling completed in 2017. The results are expected to increase the level of confidence in the existing resource.
- Drilling completed to date has identified significant gold mineralization extending laterally and to at least 260 metres down dip depth, which upon future technical and economic assessment may serve to extend the life of the proposed mining operation.
- The mine plan is based predominantly on the use of cut and fill mining, with limited use of sublevel stoping. Improved understanding of ground conditions obtained in a dedicated geotechnical program, could provide justification for increased application of sublevel stoping, which would lower mining costs.
- Due to the close locations of Mato Bula and Da Tambuk, opportunities may exist for combining infrastructure and certain processing facilities to the benefit of both projects.

#### Risks:

- Insufficient availability of skilled underground miners. Skills development and training, as well as hiring of expatriate workers are expected to be a key aspect of the operations.
- Geotechnical conditions and rock quality parameters in the underground mine may be different than anticipated.
- Metallurgical test work completed to date is preliminary. Additional metallurgical test work is required to better understand the metallurgical performance.
- More underground dilution than planned.
- Excessive ground water ingress into the underground mine.

#### Project Specific Opportunities and Risks &dash; Terakimti Opportunities:

- Heap leach gold recoveries of over 70% were achieved in column leach test work. Potential exists that ultimate gold recovery may exceed the project of 65% applied for the PEA.

#### Risks:

- Heap leach permeability and metal extractions may not be as projected based on test work.
- Pit slope instability more than projected.
- Higher strip ratios than planned.

#### Ethiopia

Ethiopia is the largest country in East Africa with a population of approximately 107 million people with well-developed infrastructure and services in many areas. The capital city of Addis Ababa is a thriving city with a strong and rapidly developing economy. The United Nations Office for African Economic Development is located in Addis Ababa. The tourism industry has experienced significant growth in recent years, a result of the country's geographic and cultural diversity. The Government of Ethiopia recognizes the importance of foreign mining investment and is encouraging foreign investment in the mining sector as a means to diversify the country's economic base and generate additional development opportunities for its citizens.

The Tigray area of Northern Ethiopia, situated in the Arabian Nubian Shield, is an emerging mining district and East Africa is one of the first foreign companies to establish advanced projects in the region.

#### Management Discussion

Management is extremely pleased with the results of the PEAs which clearly support the Company's commitment to developing its Ethiopian mining projects. The immediate objectives will focus on the development of the Terakimti Gold heap leach project, sourcing development financing for each of the projects, and securing the formal approval of the Mato Bula and Da Tambuk mining licence applications currently in the review process with the MoMPNG.

Upon receipt of the pending mining licences the Company plans to move forward with additional engineering and development of the Mato Bula and Da Tambuk projects. In addition, the Company plans to continue its assessment of the Terakimti supergene and primary sulphide resources extending below the gold oxide zone. Drilling completed to date has identified a significant copper-gold-zinc resource as previously reported by the company (see East Africa news release dated January 27, 2014).

#### Qualified Persons

This news release has been reviewed and approved by the below noted Qualified Persons. The Qualified Persons have reviewed or verified the information for which they are individually responsible, including scientific, technical and economic information underlying the information or opinions contained herein.

Mark Horan, MSc. P.Eng. Senior Mine Engineer, "Independent Qualified Person", under NI 43-101. Tetra

Tech Resources Canada Inc.

Hassan Ghafari, P.Eng., Principal Metallurgist, "Independent Qualified Person", under NI 43-101. Tetra Tech Resources Canada Inc.

David Thomas, P.Geo. Geologist, "Independent Qualified Person", under NI 43-101. Fladgate Exploration Consulting Corporation.

Sean Waller, M.Sc., P.Eng., FCIM, Director of the Company, a Qualified Person under the definitions of National Instrument 43-101, has reviewed and approved the contents of this news release.

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

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#### *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; mineral exploration and development; engineering study assessments and results, metal and mineral prices; availability of capital; accuracy of East Africa's projections and estimates, including the mineral resources for the Adyabo and Harvest; estimated timing of receipt of the Adyabo mining licence applications 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 nine months ended September 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 price of gold, silver, and copper; 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.*

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