

# East Africa Metals Inc. Announces Short Term Related Party Loan

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VANCOUVER, June 2, 2020 - [East Africa Metals Inc.](#) (TSX Venture: EAM) ("East Africa" or the "Company") announces that SinoTech (Hong Kong) Corporation Limited, an insider of the Company, has agreed to provide an unsecured loan to the Company in the amount of CAD\$250,000 at an interest rate of 12% per annum. The loan is repayable upon the earlier of (a) 15 business days after the Company's closing of any financing or transaction in connection with the development of the Company's Harvest project (see press Release dated February 24, 2020); or (b) 6 months from the Company's receipt of the loan proceeds. Any extension of the loan is subject to SinoTech's agreement.

"The continued support of SinoTech as we develop our Ethiopian assets is greatly appreciated," stated Andrew Lee Smith, company president and chief executive officer. "East Africa expects to continue to benefit from the contributions of our Beijing-based partner as we continue to advance the Company and the Harvest project."

The proceeds will be used for short term working capital.

The loan from an insider is considered a related party transaction pursuant to Multilateral Instrument 61-101 Protection of Minority Shareholders in Special Transactions. The loan is exempt from the formal valuation requirement of such instrument and policy on the basis that the Company is not listed on a market specified under such instrument and policy, and the loan is exempt from the minority shareholder approval requirement of such instrument and policy on the basis that the loan is made on reasonable commercial terms which is not convertible into voting or equity securities of the Company.

The Company did not file a material change report 21 days prior to the closing of the loan as the Company considered it in the best interests of the Company to close the loan in order to use the funds prior to that time period.

More information on the Company can be viewed at the Company's website: [www.eastafricametals.com](http://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. 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", "indicate", "confident" or variations of such words or similar words or expressions. Forward-looking information is based on reasonable assumptions that have been made by the Company 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 the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: closing of the Sino Union Transaction; obtaining all required approvals for the Sino Union Transaction; the ability of Sino Union and Tibet Huayu to develop and operate the Ethiopia Projects and Properties within the required laws and agreements; the outcome of the arbitration case with the developer for the Tanzanian Projects; if the arbitration case is successful that the Company can occupy the site and advance the Tanzanian Projects; if the arbitration is successful the Tanzanian Definitive Agreement payments are not refundable; recoverability of the Ethiopian and Tanzanian VAT receivable; early exploration; the ability of East Africa to identify any other corporate opportunities for the Company; the possibility that the Company may not be able to generate sufficient cash to service its planned operations and may be forced to take other options; the risk the Company may not be able to continue as a going concern; the possibility the Company will require additional financing to develop the

Ethiopian Projects into a mining operation; the risks associated with obtaining necessary licenses or permits including and not limited to Ethiopian Government approval of EAM Mineral Resources extensions for the Company's Ethiopian Properties and Projects; risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of the Company's Projections and estimates, including the initial and any updates to the mineral resource for the Adyabo, Harvest and Handeni Projects; realization of mineral resource estimates; interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; actual results of 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 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 the Company's listing application, East Africa's financial statements and management's discussion and analysis for the year ended December 31, 2019, and East Africa's listing application dated July 8, 2013. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported inferred mineral resources as the estimation is uncertain in nature and there has been insufficient exploration to define any inferred mineral resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading inferred mineral resources to an indicated or measured mineral resource category. The contained gold, copper and silver figures shown are in situ. No assurance can be given that the estimated quantities will be produced. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the price of precious and base metals; the demand for precious and base metals; 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 including and not limited to license approvals, social and environmental matters, and such other assumptions and factors as set out herein. Although the Company 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 to 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.

SOURCE [East Africa Metals Inc.](#)

#### Contact

Nick Watters, Business Development, Telephone +1 (604) 488-0822, Email: [investors@eastafricametals.com](mailto:investors@eastafricametals.com); Website: [www.eastafricametals.com](http://www.eastafricametals.com)

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