

# East Africa forms Metals Trading Company in Tanzania to facilitate Streaming Agreement

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VANCOUVER, June 1, 2021 - [East Africa Metals Inc.](#) (TSXV: EAM) (FSE: EA1) ("East Africa" or the "Company") is pleased to announce that it has formed a metals trading Company under the laws of Tanzania in order to facilitate the acquisition and commercial sales of EAM's share of the gold produced from the Magambazi mine in accordance with the terms of the Sale-Purchase Agreement announced December 21, 2020 (\*See Press Release).

The company, "Umoja Gold Tanzania, Ltd." (Umoja Gold"), will allow it to acquire by purchase or otherwise deal in Gold to have EAM receive the benefits of the Magambazi Transaction with PMM.

The Magambazi Transaction:

The transaction includes:

1. During the lifetime of the mine respecting the Mining Assets, PMM will sell 30% of the Gold produced to EAM at the production cost plus 15% of production cost, pursuant to a Gold Purchase Agreement. Gold production costs mean mining and milling costs as well as those associated with third party smelting, refining, transportation and royalties byproduct credits.
2. PMM undertakes to produce at least 10,000 ounces in the first year of commissioning of operations, 20,000 ounces in the second year, 30,000 ounces in the third year and at least 40,000 ounces per year thereafter.
3. In the event PMM does not meet the minimum production in a year, it will compensate EAM as follows: in the first year minimum production is not met PMM will pay US\$200,000; US\$400,000 in the second year; US\$600,000 in the third year and, US\$700,000 per year for any other years' where the minimum production is not achieved.

Andrew Lee Smith, President & CEO of East Africa, commented "EAM has been informed by PMM the start-up of the tailings re-processing operations at Magambazi was initiated in May and the first small test of gold recovery was successfully completed in recent weeks. This test processing has been engaged to establish base-line data for gold recoveries and to "dial-in" the processing flow-sheet to maximize recoveries from the 32,000 tonne tailings stockpile".

"But further, the gold that has been produced by this first test is subject to the terms of the Agreement and affords the first opportunity to establish empirical protocols for the chain of custody, taxation and the commercial gold sales. It is the opportunity to establish these protocols combined with the fact mining operations have been initiated at the Magambazi mine with the one ounce first-year production target that has been the motivation for the formation of Umoja Gold at this time."

## About East Africa Metals

The Company's principal assets include 30% Net Profits Interest in the Mato Bula and Da Tambuk mines (collectively "Mato Bula Property") and a 70% project interest in the Harvest polymetallic VMS exploration Project in the Tigray region of Ethiopia. In addition, the Company has a 30% Net Streaming Interest ("SRI") in the Magambazi Mine in the Tanga region of Tanzania.

The Mato Bula and Da Tambuk mines are four kilometres apart and will be developed simultaneously. The development and mining operations is scheduled to begin during the second quarter of 2021.

East Africa retains exploration rights on areas of the properties outside the Mato Bula, Da Tambuk and Terakimti mines and in all Ethiopian projects and anticipates the commencement of exploration drilling to test priority targets during the second quarter of calendar 2021.

EAM has invested USD\$66.8M in African exploration since 2005 and identified a total of 2.8 million ounces of gold and

gold-equivalent resources representing an average discovery cost per ounce of US\$24.

The current Global Project Resources discovered by EAM include:

Project Resources (Au + Au<sup>eqv</sup> Metal ounces)

Project	Category	Au + Au <sup>eqv</sup> ounces
Adyabo Project, Ethiopia	Indicated	446,000
(EAM 30% Net Profit Interest)	Inferred	551,000
Harvest Project, Ethiopia	Indicated	469,000
(EAM = 70% Project Interest)	Inferred	426,000
Handeni Project, Tanzania	Indicated	721,000
(EAM = 30% Streaming Royalty Interest)	Inferred	292,000

\*See East Africa Metals Project Resource Table attached for additional detail

Andrew Lee Smith, P.Geo., C.E.O., a Qualified Person under the definitions of National Instrument 43-101, has reviewed and approved the technical 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).

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", "plan", "expect", "intend", "estimate", "forecast", "project", "budget", "schedule", "may", "will", "could", "might", "should", "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: 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; the ability of Tibet Huayu to develop and operate the Ethiopia Adyabo Project within the required laws and agreements recoverability of the Ethiopian and Tanzania 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 may 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; the demand for precious and base metals; 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 resource estimates; interest and exchange rates; competition; stock price fluctuations; the ability to carry on exploration and development activities; actual results of exploration activities; availability of drilling equipment and access; the ability to employ qualified personnel, equipment and services in a timely and cost-efficient manner; the regulatory framework including and not limited to license approvals, social and environmental matters; the ability to operate in a safe, efficient and effective manner; 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 filings with securities regulators. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability. The estimation of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other relevant issues. The quantity and grade of reported inferred mineral resources as the estimation is uncertain in nature and

has been insufficient exploration to define any inferred mineral resources as an indicated or measured mineral resource. 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. 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 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 restate 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.](#)

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