

East Africa Metals Prepares for Transfer of Magambazi Mining Licence

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VANCOUVER, Sept. 7, 2021 - [East Africa Metals Inc.](#) (TSX-V: EAM) ("East Africa" or the "Company") is pleased to announce that it has received, in full, the US \$2,000,000 payment from PMM Mining Company Limited ("PMM" or the "Developer") in accordance with the terms of the sale of Canaco Tanzania Limited ("CTL"), East Africa's wholly owned subsidiary and is preparing to transfer the Magambazi mining licence into PMM's control.

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 price of production cost plus 15% of production cost pursuant to a Gold Purchase Agreement. Gold production costs means actual mining and milling costs as well as those associated with third party smelting, refining, transportation and royalties minus 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; "Once the transfer of shares is complete, PMM will become the 100% owner and operator of the Magambazi Mine. EAM will transition its business plan in Tanzania to that of a gold dealer through its newly formed subsidiary, EG Royalty Company PLC. EAM's management looks forward to continuing to support PMM and the mining operations at Magambazi and growing the Company's cashflow across all of its operations in East Africa."

An update on the gold tailings production (See News Release dated January 27, 2021) is expected in the coming days.

The Magambazi Mine:

The Magambazi mine is located in the emerging Handeni gold district in eastern Tanzania, 180 kilometres northwest of Dar es Salaam and 140 kilometres southwest of the port city of Tanga. The Magambazi property consists of two mining licenses (which cover 9.9 square kilometres) and two prospecting licenses, for an aggregate total of approximately 93 square kilometres. An initial mineral resource estimate for Magambazi was announced on May 15, 2012. Using a cut-off grade of 0.5 grams per tonne gold, Magambazi is estimated to contain an indicated mineral resource of 15.2 million tonnes grading 1.48 grams per tonne gold and containing 721,300 ounces, as well as an inferred mineral resource estimate of 6.7 million tonnes grading 1.36 grams per tonne gold and containing 292,400 ounces. The pit shells and cut-off grade of 0.50 grams per tonne gold used to calculate the maiden resource at Magambazi applied a 2012 gold price forecast of US\$1,250 per ounce.

About East Africa Metals

The Company's principal assets include a 30% Net Profits Interest in the Mato Bula and Da Tambuk mines (collectively "Adyabo 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 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 of the mining operations is scheduled to begin during the second half of 2021.

East Africa retains exploration rights on areas of the properties outside the Mato Bula, Da Tambuk and Terakimti mining licenses in all Ethiopian projects and anticipates the commencement of exploration drilling to test priority targets during the second half of 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^{eqv} Metal ounces)

Project	Category	Au + Au ^{eqv} 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

Andrew Lee Smith, P.Geol., 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.

On behalf of the Board of Directors:
Andrew Lee Smith, P.Geol., 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: the negotiation of a definitive agreement with Zijin reflecting the anticipated structure and timing outlined herein; 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; the ability of PMM to develop and operate the Tanzanian Magambazi Project within the required laws and agreements; 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; 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 mineral 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 obtain 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 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. 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.](#)

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