

LOAN AGREEMENT

Dated January 15, 2017

BETWEEN:

EAST AFRICA METALS INC., a corporation duly incorporated pursuant to the laws of Canada (the "**Borrower**")

and

SINOTECH (HONG KONG) CORPORATION LIMITED, a corporation duly incorporated pursuant to the laws of Hong Kong (the "**Lender**")

RECITALS:

A. The Lender has agreed to provide certain credit facilities to the Borrower on the terms and conditions herein.

The parties agree as follows:

1. **Definitions.** In this agreement, the following definitions apply:

"**Authorization**" means any authorization, action, order, consent, permit, approval, resolution, licence, exemption, filing, notarization, or registration.

"**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

"**Default**" has the meaning given to that term in section 11.

"**Extension**" has the meaning given to that term in section 4.

"**Governmental Body**" means any (a) federal, provincial, state, municipal, local, or other government or public department, central bank, court, commission, board, tribunal, panel, bureau, agency, or instrumentality, domestic or foreign, (b) subdivision or authority of any of the foregoing, or (c) quasi-governmental or private body exercising any regulatory, expropriation, or taxing authority under or for the account of the foregoing.

"**Indemnified Party**" has the meaning given to that term in section 12.

"**Loan**" has the meaning given to that term in section 2.

"**Maturity Date**" has the meaning given to that term in section 3.

"**Notice**" means any notice, request, direction, or other document that a party can or must make or give under this agreement.

"**Obligations**" means all of the Borrower's present and future liabilities,

indebtedness, and obligations to the Lender (including interest), direct or indirect, contingent or absolute, joint or several, matured or unmatured, whether arising under this agreement or otherwise.

“**Person**” includes any individual, and any corporation, company, partnership, Governmental Body, joint venture, association, trust, or any other entity.

“**Receiver**” means any privately or court appointed receiver, manager, or receiver and manager for any of the business, undertaking, or property of the Borrower appointed by the Lender under this agreement or by a court on application by the Lender.

2. **Indebtedness.** For value received, the Borrower hereby acknowledges itself indebted and promises to pay to the Lender, its successors and assigns, the principal sum of CAD\$500,000.00 (the “**Loan**”) in lawful money of Canada and interest thereon at the rate, dates and places as provided in this agreement. The Lender shall advance the Loan in one draw forthwith upon fulfillment of the conditions set forth in section 8, such Loan shall be evidenced by a promissory note executed by the Borrower in favour of the Lender.

3. **Maturity Date.** The principal amount of the Loan owing under this agreement, together with accrued and unpaid interest thereon and all other amounts owing under this agreement, shall be due and payable on the earlier of: (a) 10 Business Days after the closing of the Borrower’s \$5,200,000 financing with Tianye Jirui Gold (Hongkong) Limited or (b) 90 days from the Borrower’s receipt of the Loan proceeds in the bank account designated by Borrower (the “**Maturity Date**”); except as extended in the manner described below. All payments to be made under this agreement shall be made to the Lender at its office set out in this agreement or as notified in writing by the Lender.

4. **Extension.** If the Borrower is unable to repay the entire principal sum of the Loan together with the accrued, unpaid interest at the rate provided herein upon the Maturity Date, the Lender would have decision rights, which includes, but not limited to (i) extending the Maturity Date, or (ii) pursuing other debt settlement resolution.”

5. **Interest.** The principal amount of the Loan outstanding from time to time shall bear interest at a rate 12.0% per annum. Interest shall be due and payable on the Maturity Date. Unless otherwise stated, wherever in this agreement reference is made to a rate of interest or rate of fees “per annum” or a similar expression is used, such interest or fees will be calculated on the basis of a calendar year of 365 days. In the event that the Lender provides an Extension as per Section 4 (i) , for greater clarity the interest calculation on a term less than 12 months is as follows: $(\text{Loan} \times \text{Interest Rate}) / 12 \text{ months} \times \text{number of months before repayment}$.

6. **Prepayment.** The Borrower may prepay the Loan either in whole at one time or in part from time to time at any time or times without penalty or bonus, together with all accrued and unpaid interest to the date of such prepayment and, in the case of prepayment in whole, all other monies owing under this agreement, provided, however, that if such prepayment is for less than the full amount outstanding at such time then that prepayment will be applied first to all accrued and unpaid interest and then to the principal portion of the Loan. Any amount prepaid may not be re-borrowed and will be deducted from the amount outstanding and cancelled.

7. **Purpose of Loan.** The Borrower shall use the proceeds of the Loan only for the following purposes:

- (a) to finance in part its general and administration costs at its head office in Vancouver, British Columbia, Canada;
- (b) to finance in part its exploration administration costs for its Harvest and Adyabo Projects in Federal Democratic Republic of Ethiopia (“**Ethiopia**”);
- (c) to finance in part drill programs at the satellite drill targets in the Borrower’s Harvest Project in Ethiopia;
- (d) to finance in part drill programs at the Borrower’s Adyabo Project in Ethiopia; and
- (e) to finance in part engineering program at the Borrower’s Terakimti Oxide Gold Project in Ethiopia.

8. **Conditions.** This agreement will be effective subject to the following conditions:

- (a) The Lender shall have received, in form and substance satisfactory to the Lender, acting reasonably, each of the following:
 - (i) this agreement duly executed by the Borrower;
 - (ii) a certificate of compliance respecting the Borrower dated as of the date of this agreement;
- (b) No Default (defined hereinafter) has occurred and is continuing.

9. **Covenants.** The Borrower hereby covenants and agrees with the Lender that so long as the Loan remains unpaid:

- (a) The Borrower shall repay the Loan, including interest, at the dates, time and places, and in the manner mentioned herein.
- (b) The Borrower shall at all times preserve and maintain its existence.
- (c) The Borrower shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect its assets, property and undertaking, and, without limitation, shall hold, maintain, use and operate its assets, property and undertaking in accordance with all governmental rules, regulations and laws and the terms and requirements of all insurance policies, licenses, permits and agreements relating thereto.
- (d) The Borrower shall pay all obligations when due, including without limitation, payment on all loan facilities and taxes.

10. **Borrower’s Representations and Warranties.** The Borrower represents and warrants to the Lender, acknowledging that the Lender is relying on these representations and warranties, as follows:

- (a) *Existence.* It is a corporation incorporated and existing under the laws of the jurisdiction of its incorporation;
- (b) *Power and Capacity.* It has the corporate power and capacity to carry on business, to own properties and assets, to incur the Obligations, and to

execute, deliver, and perform its obligations under this agreement;

- (c) *Authorization.* It has taken all necessary corporate action to authorize its execution and delivery of, and the performance of its obligations under, this agreement;
- (d) *Execution and Delivery.* It has duly executed and delivered this agreement;
- (e) *Enforceability.* This agreement constitutes a legal, valid, and binding obligation, enforceable against it in accordance with its terms;
- (f) *No Breach.* Its execution, delivery, and performance of this agreement, the payment, observance, or performance of the Obligations to the Lender do not and will not:
 - (i) breach or result in a default under:
 - (A) its articles or by-laws;
 - (B) any statute or other law to which it is subject;
 - (C) any judgment, order, or decree of any court, agency, tribunal, arbitrator, or other authority to which the Borrower is subject; or
 - (D) any agreement to which it is a party or by which it is bound; or
 - (ii) result in or permit the acceleration of the maturity of any indebtedness or other obligation of the Borrower;
- (g) *No Regulatory Approvals Required.* It is not required to obtain any Authorization of, or make any filing, registration, qualification, or recording with, any Governmental Body or any other Person in connection with the execution or delivery of, or the performance of its obligations under, this agreement;
- (h) *Bankruptcy, etc.* No proceedings have been taken or authorized by it or, to its knowledge, by any other Person relating to its bankruptcy, insolvency, liquidation, dissolution, or winding up.

11. **Default.** Each and every of the following shall be a default under this agreement (“**Default**”):

- (a) the Borrower defaults in the payment or performance of any material obligation, including the Obligations, under this agreement;
- (b) the Borrower becomes insolvent or makes a bulk sale of its assets or a general assignment for the benefit of its creditors or a proposal under any bankruptcy or insolvency legislation or if a bankruptcy petition is filed or presented or if a custodian or a receiver and manager or any other officer with similar powers is appointed over its property, or any part thereof; or
- (c) any other encumbrancer lawfully takes possession of the property of the Borrower or any subsidiary or any part thereof.

Upon the occurrence of a Default, the Lender shall provide written Notice of such Default to the Borrower, and unless the Borrower has cured such Default within 10 Business Days of receipt of such Notice, the Lender may declare the Loan to be immediately due and payable, together with all accrued and unpaid interest thereon. Any default arising under this agreement may be settled by mediation in Canada in accord with such procedures as may be acceptable to the parties.

12. **Indemnity.** The Borrower covenants and agrees to indemnify and save harmless the Lender, any Receiver, and their respective representatives (each, an "**Indemnified Party**") in connection with all claims, losses, and expenses that an Indemnified Party may suffer or incur in connection with (a) the Borrower's failure to fulfill any obligation under this agreement, including without limitation, the failure to make any payment, repayment or prepayment on the date required hereunder or specified by it in any Notice given hereunder, (b) any failure by the Borrower to give any Notice required to be given under this agreement, (c) the exercise by the Lender or any Receiver of any of its rights under this agreement, (d) any breach by the Borrower of the representations or warranties of the Borrower contained in this agreement, or (e) any breach by the Borrower of, or any failure by the Borrower to observe or perform, any of the Obligations, except that the Borrower will not be obliged to indemnify any Indemnified Party to the extent those claims, losses, and expenses are determined by a final judgment to have directly resulted from the willful misconduct or gross negligence of the Indemnified Party. The Lender will be constituted as the trustee of each Indemnified Party, other than itself, and shall hold and enforce each of the rights of the other Indemnified Parties or their respective benefits under this section.

13. **Further Assurances.** The Borrower, at its expense and at the Lender's reasonable request, shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to the terms of this agreement.

14. **Amendment.** This agreement may only be amended by a written document signed by each of the parties.

15. **Binding Effect.** This agreement enures to the benefit of and binds the parties' respective successors and permitted assigns.

16. **Assignment.** This agreement and the obligations hereunder may not be assigned or transferred in any manner by the Borrower without the prior written consent of the Lender. The Lender may assign or transfer in any manner its rights hereunder without the consent of, or Notice to, the Borrower.

17. **Notice.** Any Notice required or permitted to be given hereunder must be in writing and delivered (a) personally, either to the individual designated below for that party or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by fax, (c) by registered mail, or (d) by electronic mail, to the address or electronic mail address set out opposite the party's name below or to any other address or electronic mail address for a party as that party from time to time designates to the other parties in the same manner:

If to the Borrower, to:

Suite 700 – 1055 West Georgia Street
Vancouver, British Columbia V6E 3P3

Attention: Chief Financial Officer
Facsimile: (604) 899-1240
Email: [REDACTED]

If to the Lender, to:

19/F, On Hong Commercial
Building, 145 Hennessy
Road,
Wan Chai, Hong Kong

Attention: Director
Facsimile: (86 10) 8492 7639
Email: [REDACTED]

Any Notice is effective (i) if personally delivered as described above, on the day of delivery if that day is a Business Day and it was delivered before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, (ii) if sent by fax, on the day of transmission, if that day is a Business Day and the fax transmission was made before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, (iii) if sent by registered mail, on the fourth Business Day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth Business Day thereafter there is a disruption of postal service then Notice must be given by means other than mail, or (iv) if sent by electronic mail, on the day the sender receives confirmation of receipt by return electronic mail from the recipient if that day is a Business Day and if the sender received confirmation before 5:00 p.m. local time in the place of receipt, and otherwise on the next Business Day.

18. **Severability.** The invalidity or unenforceability of any particular term of this agreement will not affect or limit the validity or enforceability of the remaining terms.

19. **Governing Law.** The laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia, excluding any rule or principle of conflicts of law that may provide otherwise, govern this agreement.

20. **Submission to Jurisdiction.** The parties irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia, which will have non-exclusive jurisdiction over any matter arising out of this agreement.

21. **Counterparts.** This agreement may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document. Counterparts may be transmitted by fax or in electronically scanned form.

22. **Effective Date.** This agreement is effective as of the date shown at the top of the first page, even if any signatures are made after that date.

23. **Independent Legal Advice.** Each party acknowledges and agrees as follows:

- (a) It has had full opportunity to review this agreement and any other document entered into under this agreement and fully understands the terms of, and the nature and effect of its obligations under, this agreement;
- (b) It has had full opportunity to obtain independent legal advice relating to this agreement and any other document entered into under this agreement; and
- (c) It is entering into this agreement and these obligations freely and voluntarily and as its own act without any pressure or influence from or by any Person.

[Remainder of page intentionally left blank.]

This agreement has been executed by the parties.

EAST AFRICA METALS INC.

By: _____

Name:

Title:

Peter GRAMANA

Chief Financial
Officer

**SINOTECH (HONG KONG)
CORPORATION LIMITED**

By: _____

Name:

Title:

李天利

LI Tiaoli

Director