



ASX: EAF

27 January 2011

Quarterly Activities Report

East Africa Resources Ltd reports for the Quarter ended 31 December 2010

Highlights

- **\$3.4m raised to fund Eastern Rift and Mkuju exploration programs.**
- **Field activities commenced January 2011 at Eastern Rift and Mkuju Tanzanian uranium projects.**
- **Planning and preparation for 2011 field activities progressed during the December 2010 quarter.**
- **Divestment of DRC assets completed.**

Tanzanian Uranium exploration portfolio

The main focus of East Africa Resources Ltd (ASX: EAF or the Company) during the December quarter was the planning and preparation for the comprehensive 36 month, Three Staged Exploration program on the Tanzanian uranium exploration portfolio resulting in;

- Completion of all operational planning and preparations to deploy exploration teams on the Eastern Rift and Mkuju projects in early January 2011;
- Completion of planning for airborne and ground radiometric surveys;
- Continued work on confirmation of the drill results from 1981 at Madaba-Mkuju with completion during Q1 of 2011.

This detailed planning process resulted in the exploration teams commencing activities on the Eastern Rift and Mkuju projects during mid January 2011, with first drilling at Eastern Rift scheduled to commence later in February 2011 – weather permitting. Activities at Madaba are scheduled to commence in the second half of 2011.



Completion of divestment of DRC assets

During October the divestment of its assets in the Democratic Republic of Congo was completed, closing the Company's involvement in DRC.

Corporate

Capital raising - Completion of Placement

On 10 December 2010 the Company successfully completed a Placement of 17 million shares at an issue price of \$0.20 each to raise \$3.4 million before costs. 7 million of the Placement shares were issued pursuant to ASX Listing Rule 7.1 and the balance of 10 million were issued under the approval granted by shareholders at the Annual General Meeting held on 24 November 2010.

The funds raised through the Placement will be used to progress the exploration of its flagship uranium assets in Tanzania and also to supplement working capital.

Tanzanian uranium portfolio

East Africa Resources has an extensive portfolio of exploration permits in Tanzania and considers that these uranium exploration assets have the potential to host bulk uranium deposits, particularly the Madaba project.

East Africa's CEO, Mr Coetzee said: "The Madaba-Mkuju property has excellent geological potential for additional discoveries of sandstone-hosted uranium mineralisation. The adjacent Mkuju uranium occurrence, on Mantra Resources Limited's grounds, now has a resource of 16 million kg of U₃O₈ at an average grade of 409 ppm."

Madaba-Mkuju

Madaba-Mkuju covers 5,088 km² under valid Prospecting Licenses and 23,500 km² under application and has targeted sandstone roll-front style uranium mineralisation. The property, located in south-eastern Tanzania, just 225 kilometres southwest of Tanzania's commercial centre Dar es Salaam, is comprised of 7 Prospecting Licences and 29 applications.

Sandstone-type uranium mineralisation was discovered at the Madaba Property in 1978 by the German company Uranerzbergbau GmbH (UEB) during ground follow-up of airborne radiometric anomalies. A total of 84 drill holes (10 diamond core holes, 13 rotary mud holes and 61 shallow rotary air-blast holes) were completed by UEB during 1980-81 of which 30 holes intersected uranium mineralization (max. assay 175 ppm U₃O₈ or better). The non weighted average assay for the 30 holes is 540 ppm U₃O₈ (using both chemical and radiometric assays) and the average intersection width approximately 3.5 m. *These results are merely indicative and do not represent ore grades and widths.* Approximately 16 holes failed to reach the planned target depths.

Mr Coetzee believes the potential exists for much higher grades in roll fronts developed in reduced areas at Madaba-Mkuju.





Eastern Rift

“Eastern Rift” covers an area of 3,876 km² under valid Prospecting Licences and 5,209 km² under application and has targeted calcrete-style uranium mineralisation. The property, located in northern Tanzania, 250 kilometres north of the capital Dodoma, comprises 8 Prospecting Licences.

The anomalous uranium channel radiometrics and a geological environment favorable for calcrete-style uranium mineralization indicate the potential for sub-surface uranium concentrations east of Lake Manyara.

The earliest reported mineral exploration and development activity in the area was in 1956, when New Consolidated Goldfields Ltd. discovered phosphate mineralisation at Minjingu. Country-wide airborne radiometric surveys completed in the late 1970s and detailed surveys completed in 2008 have identified numerous radiometric anomalies, including multiple anomalies on ground now covered by Eastern Rift.

“Our portfolio covers an exciting uranium package targeting both roll-front and calcrete style uranium geological settings, and the size and shape of Minjingu has been likened to the anomaly at the 115 million pound Yeelirrie uranium deposit,” Mr Coetzee said.

Yours faithfully,

For and on behalf of

EAST AFRICA RESOURCES LIMITED

EA Myers

Company Secretary

Competent Person

The information in this release, insofar as it relates to exploration results, is compiled under the supervision of Dr Joe Drake-Brockman. Dr Drake-Brockman is employed by Drake-Brockman Geoinfo Pty Ltd. Dr Drake-Brockman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Dr Drake-Brockman consents to the inclusion in the reports of the matters based on his assessment of the available information in the form and context in which it appears.

Enquiries

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Figure 1: Madaba-Mkuju Project Location Map

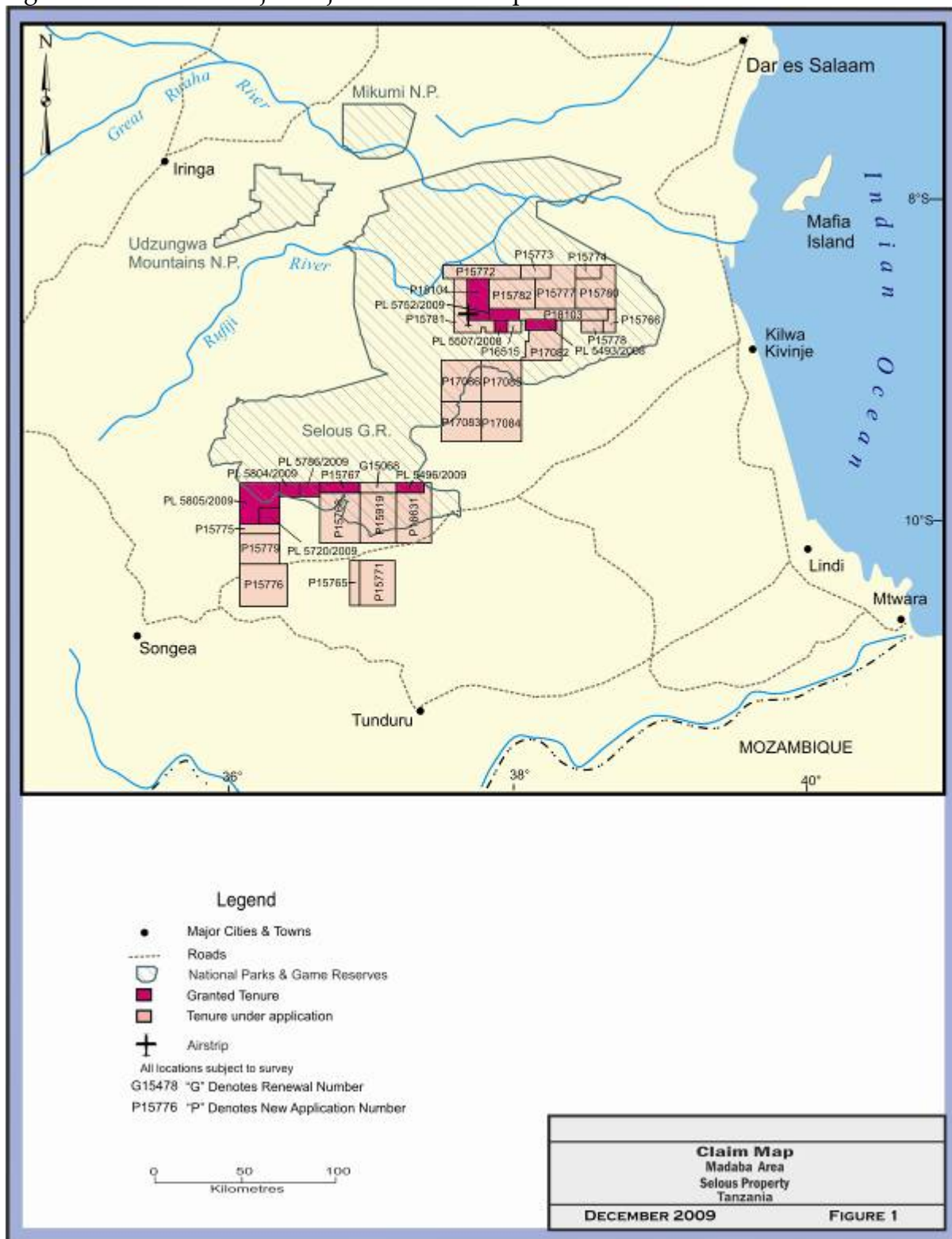


Figure 2: Eastern Rift Project Location Map

