ASX: EAF
28 July 2011

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2011

KEY POINTS

- **Multiple U targets identified following the airborne survey of the Company's Mkuju project area in Southern Tanzania**
- **C1 anomaly indicates initial high volume, low grade U mineralisation in the Company's Eastern Rift project area in Northern Tanzania**
- **Mr Mark Gray commences in the role of Chief Executive Officer**

Exploration Programs Underway in Tanzania

During a busy period for the Company, at the Mkuju Project a radiometric/magnetic airborne survey was completed during the quarter. EAF also undertook its first phase drilling program at the Eastern Rift Project. Elsewhere, EAF is continuing discussions with Tanzania government officials to commence exploration activities in the Madaba Project area.

This is the first quarter of on-the-ground uranium exploration activity in Tanzania that the Company has undertaken. The Directors are excited by the initial results in light of the very early stage of development of the projects, and the Company as well.

EAF looks forward to progressing the Mkuju Project in particular, and to continuing exploration activities across the Company's total portfolio in Tanzania.

Mkuju Project

The Company's Mkuju Project area is located in the Southern region of Tanzania immediately adjacent to Mantra Resources Limited's, Nyota Project, on the Company's eastern boundary and also sits above Uranex Limited's Likuyu North Project on its southern boundary.

The Company undertook a 15,000 line/km radiometric/magnetic airborne survey of the Mkuju Project area in the last quarter. The results of that survey are currently being analysed by the Company's independent geologist, Dr Joe Drake-Brockman, and full details will be published by the Company once Dr Drake-Brockman has completed his work.

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In the interim, the Company is pleased to announce that the survey has confirmed its understanding and interpretation of the local area geology and in particular, the location of previously identified anomalies as well as the direction and flow of uranium channel deposits.

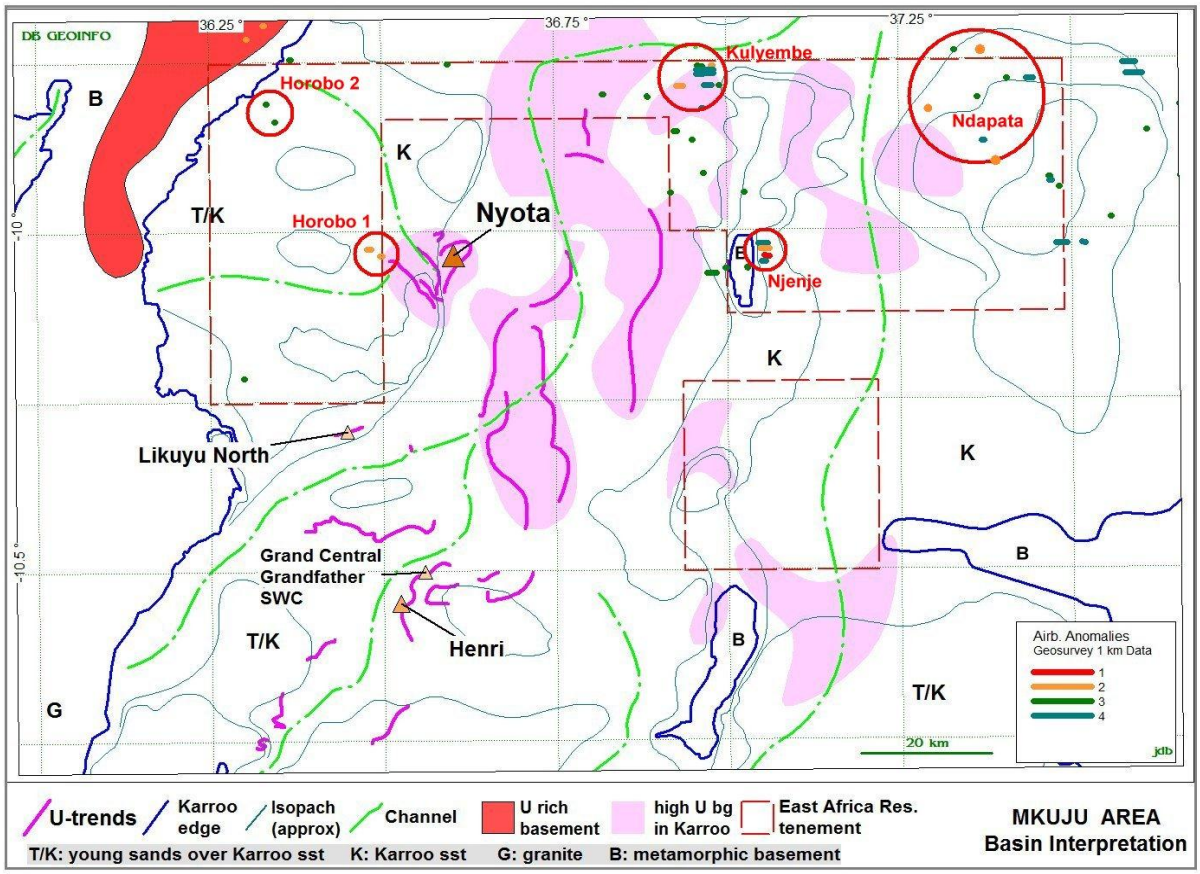
The two immediate priority targets are likely to be:

- A significant uranium target, around 200m x 150m, immediately adjacent to the border with Mantra Resource's Nyota Project, in addition to several other uranium targets in the immediate vicinity which indicate a possible strike of up to 8km running parallel to the border with Mantra Resources; and

- A target at the southern end of the Company's Mkuju Project area reasonably close to and sitting above Uranex Limited's Likuyu North Project.

Additional uranium targets were also identified from the survey and these are currently being assessed by Dr Drake-Brockman for their technical merit.

At this stage, and to put these results into context, it is worth highlighting the Company's interpretation of the area geology which is based largely on historical data from previous exploration in the general vicinity, Mantra Resource's published exploration work, and the experience of Dr Drake-Brockman who has worked extensively in this region on uranium exploration.



In general terms and by reference to the map above:

- There are two NNW trending channels separated by basement ridges;

- The western (Mbarangandu) channel has been the focus for exploration to date:

- There have been detailed airborne surveys showing various U trends and higher bg zones;
- Surface mineralisation has been intersected in drilling at Henri and Grandfather;
- High U assays from trenches and samples from Mantra Resources work; and
- Northern extensions of the channel pass into the Company's ground;

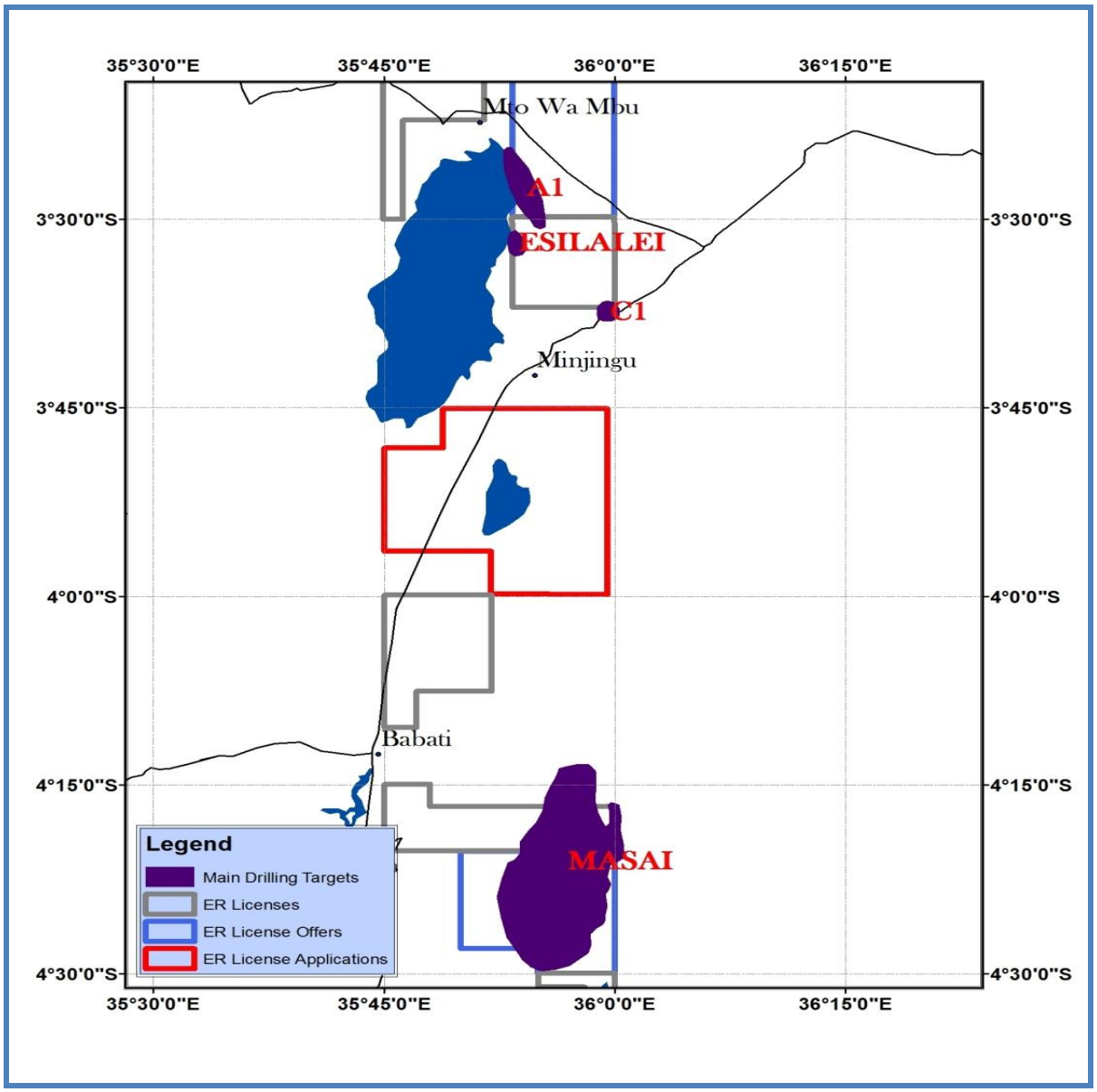
- On the Luwegu Shelf (west of Nyota) subsidiary drainage to the east and south east possibly, from a U rich source area has formed the Nyota deposit and possibly also Likuyu North;

- The postulated channels pass through the Company's Mkuju Project area.

Eastern Rift Project

The Company undertook its first phase drilling program at the Eastern Rift Project in the last quarter.

The program consisted of 36 RC/AC boreholes, targeting the A1, Esilalei, C1 and Masai anomalies. The first three anomalies represent follow-up airborne radiometric anomalies, whilst the Masai Channel is a conceptual model with interpreted potential for uranium enrichment.



RC/AC samples were collected at 1m intervals. A total of 320 samples from 36 boreholes were analysed for U and Th. The straight average XRF uranium value for the samples is 29 ppm, with approximately 12% of the samples producing values of over 60 ppm U.

All the U values exceeding 66 ppm are from the C1 Anomaly boreholes, with a maximum value of 157ppm obtained over a 1m interval from ERAC012. A break-down of value distributions are represented in the table below:

Values (U ppm)	Percentage (%)	Boreholes
100 – 160	1.9%	ERAC 012 and 013
80 – 100	4.1%	ERAC 012, 013 and 011
70 – 80	2.19%	ERAC 012, 013 and 011
60 – 70	3.4%	Various
< 60	88.41%	Various

The results indicate that the best intersections were obtained from the C1 Anomaly which is represented by only three of the 36 boreholes. Cumulative values over the 15m Main Zone provides the following averages; ERAC 012 (84 ppm), ERAC 013 (80 ppm) and ERAC 011 (76 ppm).

The Directors conclude at this stage that:

- The three boreholes drilled into the C1 anomaly produced positive results with uranium enrichment over a 15m zone, correlating extremely well through all three boreholes (600m). These boreholes also present very limited reference data for the C1 occurrence, but some trends that can possibly be inferred from the existing information are a possible increase in U values to the west and an up-dip slope for the Main Zone to the east;

- The results obtained from the A1 anomaly are less encouraging at this stage; and

- The Masai Channel, although a good conceptual model and with some of the required geological characteristics, indicated a Th environment rather than U.

In summary, the existing airborne anomalies mostly proved inconclusive after the first phase drilling program, although the program did produce positive results in the form of the Main Zone intersections.

Currently the Company is planning follow-up work in the project area concentrating on sub-surface geological controls rather than the airborne anomalies including a regional geological mapping program and surface radiometric follow-up to identify the Main Zone at shallower depths and in an up-dip direction.

Madaba-Mkuju Project

The Company's Madaba-Mkuju Project ("Madaba") sits in the northern region of the Selous Game Reserve, a UN World Heritage Site.

The Company is in discussions with Tanzania government officials to commence exploration activities in the Madaba Project area, and the Directors are confident, particularly in light of recent public announcements by Government Officials in relation to the mining of uranium in the Reserve, that consent will be granted in due course.

The Madaba Project area was previously explored in the early 1980's. From a total of 86 boreholes, uranium mineralization was intersected at an average of 3.5 metres thick and a non-weighted average

assay for 30 of the 86 holes sampled was 540ppm U_3O_8. Please note these results are indicative and do not represent ore grades or widths.

The Directors believe the Madaba Project is an equally exciting prospect to its Mkuju Project, which strengthens the Company's foot print of quality uranium projects in Tanzania.

Appointment of Chief Executive Officer

The Company previously announced in the last Quarterly Activities Report, the appointment of Mr Mark Gray as the Chief Executive Officer of the Company. Mr Gray commenced with the Company on 1 June 2011.

The appointment brings to an end the corporate restructuring that the Company has undertaken over the last 18 months, and comes at a time when the Company ramps its exploration activities and looks to increase its investor programs as it progresses its flagship uranium projects in Tanzania.

Mr Gray has been involved in and run mining companies in Australia and Africa for the last eight years, and before that had a successful career in corporate and banking law, and investment banking in London, Australia and New Zealand spanning some 15 years.

Yours faithfully
For and on behalf of
EAST AFRICA RESOURCES LIMITED

Mr Mark Gray
Chief Executive Officer

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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 Limited. Dr Drake Brockman has sufficient experience which is relevant to the style of mineralisation and the 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 the 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.
