



EAST AFRICA

RESOURCES
LIMITED



**ANNUAL
ACCOUNTS
2011**

EAST AFRICA RESOURCES LIMITED
DIRECTORS' REPORT
CORPORATE DIRECTORY

EAST AFRICA RESOURCES LTD

ABN: 36 060 774 227

DIRECTORS

Louis Coetzee Executive Chairman
Peter Munachen Finance Director
Lindsay Colless Non-Executive Director
Gerard Zytkow Non-Executive Director

CHIEF EXECUTIVE OFFICER

Mark Gray

COMPANY SECRETARY

Ernie Myers

REGISTERED OFFICE AND

HEAD OFFICE

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AUDITORS

Rothsay Chartered Accountants
152-158 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel (Australia): 1300 55 70 10
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STOCK EXCHANGE LISTING

HOME LISTING

East Africa Resources Limited securities are listed on
Australian Securities Exchange (ASX)
ASX Code: EAF

EAST AFRICA RESOURCES LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial report of East Africa Resources Limited ("East Africa" or "the company"), and of the group, being the company and its subsidiaries, for the financial year ended 30 June 2011 and the auditor's report thereon.

DIRECTORS

The names of directors in office at any time during or up to the date of this report were:

Louis Lodewyk Coetzee, BA – Law, BA Hons, MBA, *Executive Chairman*

Louis Coetzee resides in South Africa and was appointed as Chairman on 29 March 2010 and was acting Chief Executive Officer from 29 March 2010 until 1 June 2011.

Louis Coetzee resides in South Africa and has 25 years experience in business development, promotion and financing in both the public and private sector. In recent years he has concentrated on the exploration and mining area where he has founded, promoted and developed a number of junior mineral exploration companies based mainly on Tanzanian assets. Louis has tertiary qualifications in law and languages, project management, supply chain management and a MBA from Bond University (Australia) specializing in entrepreneurship and business planning and strategy. He has worked in various project management and business development roles mostly in the mining industry throughout his career. Louis is currently a Director and Chief Operating Officer of the Mzuri Group which has coal projects in Tanzania and coal, oil and gas projects in Russia. He is also a Director of Kibo Mining PLC which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Between 2007 and 2009, he held the position of Vice-President, Business Development with Canadian listed Great Basin Gold (TSX: CBG).

Peter Lawson Munachen, CA, *Director & Chief Financial Officer*

Peter Munachen resides in Australia and was appointed as an Executive Director on 29 March 2010.

Peter has 37 years corporate and administrative experience in hydrocarbon and mineral resources companies. He has served as a director/officer of a number of listed companies, specialising in corporate finance and project acquisition.

Directorships held in other listed entities:

Norwest Energy NL – Director since 26 November 2003 and CEO since 3 December 2008

Newland Resources Ltd - Director (April 1997 to 2 October 2009)

Currie Rose Resources Inc (TSX listed company) – Director since April 2005

Pancontinental Oil & Gas NL Director (27 February 1991 to 5 January 2009)

Dragon Mining Limited – Director (23 March 2003 to 1 March 2010)

Lindsay Arthur Colless, CA, FCID, *Independent Non-Executive Director*

Lindsay Colless resides in Australia and was appointed as a Non-Executive Director on 13 December 2006.

Lindsay is a Chartered Accountant with 16 years experience in the profession and a further 32 years experience in commerce, mostly in the mineral and petroleum exploration industry in the capacities of financial controller, company secretary and director.

Directorships held in other listed entities:

Alkane Resources Ltd – Director (August 1986 to July 2006)

Atom Energy Ltd – Non-Executive Chairman (April 2007 to April 2008)

Newland Resources Ltd - Director (April 1997 to 25 November 2009)

Gerard Lodewyk van Delden Zytchow, B SocSci (*Industrial Psychology*), *Non-Executive Director*

Gerard Zytchow resides in Zambia and was appointed as a Director on 21 September 2005.

Mr Zytchow is responsible for the Group's Democratic Republic of Congo activities and operations. He has considerable experience with Democratic Republic of Congo based activities over many years, both socially and in a business capacity exporting equipment to the DRC.

EAST AFRICA RESOURCES LIMITED

DIRECTORS' REPORT

Ian Raymond Cornelius, *Independent Non-Executive Director*

Ian (Inky) Cornelius, was appointed as a Non-Executive Director on 31 October 2003 and served the Company until his death on 14 July 2010.

Ernest Anthony Myers, CPA, *Alternate Director for Peter Munachen*

Ernie Myers was appointed as an Alternate Director for Peter Munachen on 23 June 2010.

Ernie is a qualified accountant who has been a director, company secretary or acting in a consulting role to listed resource companies for over 30 years. He has experience in capital raising, ASX compliance and regulatory requirements

Directorships held in other listed entities:

Pancontinental Oil & Gas NL – Finance Director since 5 January 2009

COMPANY SECRETARY

Ernie Myers is a CPA and is a director of Resource Services International (Aust) Pty Ltd which provides company secretarial, accounting and administrative services to a number of listed public companies in the resources sector.

PRINCIPAL ACTIVITY

The principal activities of the consolidated entity constituted by East Africa Resources Limited and the entities it controlled during the financial year consisted of exploration on the entity's uranium projects in Tanzania.

Apart from the above, there were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

OPERATING AND FINANCIAL REVIEW

Operating Overview

The primary focus of the Company during the year was exploration on the Group's uranium properties in Tanzania

East Africa has two regional uranium exploration areas in Tanzania, East Africa. The southern area known as the "Madaba-Mkuju" covers an area of approximately 950km² and has targeted sandstone roll-front style uranium mineralisation whilst the area located in the north of the country known as the "Eastern Rift", covers an area of 2,420km² and has targeted calcrete-style uranium mineralization.

At the Mkuju Project a radiometric/magnetic airborne survey was completed during the year. At the Eastern Rift Project a first phase drilling program was also completed. The Company is encouraged by the results of this early stage exploration.

Operating Results

The net loss of the consolidated entity for the financial year after income tax was \$1,041,533 (2010: loss of \$1,631,158).

During the financial year, East Africa Resources Limited's primary activities were uranium exploration in Tanzania.

SUMMARY OF MATERIAL TRANSACTIONS AND EVENTS SUBSEQUENT TO YEAR END

On the 13 July 2010 the Company's share capital was consolidated on a one for one hundred basis.

On 15 September 2010, the Company issued 7,642,000 shares through a Share Purchase Plan which raised \$955,250 before costs. The proceeds are being utilised to fund the Company's Tanzanian uranium exploration activities and to supplement working capital. The Company also raised further funds through a placement of 17 million shares in December 2010 to raise \$3,400,000 before costs.

EAST AFRICA RESOURCES LIMITED

DIRECTORS' REPORT

The Company also concluded the divestment of its Democratic Republic of Congo subsidiaries and projects through a management buy-out in August 2010.

Other than the above transactions and events, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the Directors of the Company, to significantly affect the operations of the consolidated entity, the results of those operations or the state of the affairs of the consolidated entity in future financial years.

RISK MANAGEMENT

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

STATE OF AFFAIRS

In the opinion of the directors, there were no matters that significantly affected the state of affairs of the consolidated entity during the financial year in review, other than those matters referred to in the summary of material transactions.

LIKELY DEVELOPMENTS

The consolidated entity will focus on its uranium projects in Tanzania

DIVIDENDS

No dividends have been paid by the Company during the financial year ended 30 June 2010, nor have the directors recommended that any dividends be paid.

DIRECTORS' MEETINGS

The number of directors' and committee meetings held (but excluding operations meetings which are attended by the Chairman and Non-Executive Director from time to time) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors Meetings		Audit & Risk Committee	
	A	B	A	B
LL Coetzee	6	6	1	1
LA Colless	6	5	1	1
PL Munachen	6	6	1	1
IR Cornelius	0	0	0	0
G Zytow	6	5	1	1

A = Number of meetings attended

B = Number of meetings held during the time the director held office during the reporting period.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has previously agreed to indemnify the following current directors of the Company, Mr L Colless, Mr PL Munachen, Mr LL Coetzee and Mr G Zytow, directors of controlled entities and executive officers against all liabilities to other persons (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct

EAST AFRICA RESOURCES LIMITED

DIRECTORS' REPORT

involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

NON-AUDIT SERVICES

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act is attached to and forms part of this Directors' Report.

Details of the amounts paid (excluding goods and services tax) to Rothsay Chartered Accountants and its related practices for the audit and non-audit services provided during the year are set out below:

	2011	2010
	\$	\$
Statutory audit		
- Statutory audit/review by the auditors of the Company	65,650	41,550
Services other than statutory audit		
- Taxation services	-	300
Remuneration of auditors of subsidiaries for audit or review of financial statements	-	4,337
	65,650	46,187

ENVIRONMENTAL ISSUES

The Company's operations are subject to various environmental regulations in Tanzania. The Directors are satisfied that the Company has complied with these regulations and are not aware of any breaches of the legislation during the current financial year, which are material in nature.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received, or become entitled to receive, any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest other than those disclosed in Note 24.

SHARE OPTIONS

Unissued shares under option and shares issued on the exercise of options

At the date of this report, the Company had on issue 500,000 options over unissued ordinary shares in East Africa Resources Limited.

Options granted to directors' and executives of the Company

No options have been granted since the end of the financial year, to directors or executives as part of their remuneration.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Corporate Governance Section of the annual report.

EAST AFRICA RESOURCES LIMITED

DIRECTORS' REPORT

KEY MANAGEMENT PERSONNEL REMUNERATION REPORT (Audited)

The Remuneration Report for the year ended 30 June 2011, is set out below:

Remuneration policies

Remuneration levels for directors and senior managers of the Company ("the directors and senior executives") are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The board may obtain independent advice on the appropriateness of remuneration packages and remuneration strategies.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives;
- the directors and senior executives ability to control the relevant segments' performance;
- the consolidated entity's performance including:
 - the consolidated entity's earnings;
 - the growth in share price and returns on shareholder wealth; and
- the amount of incentives within each directors and senior executive's remuneration.

Remuneration packages for directors are currently fixed and do not include variable remuneration or long-term performance-based incentives.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds where applicable.

Remuneration levels are reviewed annually by the Board through a process that considers individual, segment and over performance of the consolidated entity. In addition, external consultants may be used to provide analysis and advice to ensure the director's and senior executive's remuneration is competitive in the market place. A senior executive's remuneration is also reviewed on promotion.

Performance-linked remuneration

Performance linked remuneration, where appropriate, can include both short-term and long-term incentives and is designed to reward executive directors and senior executives for meeting or exceeding their financial and stated objectives. The short-term incentives ("STI") would include an "at risk" bonus in the form of cash, while the long-term incentive ("LTI") would be provided as options over ordinary shares of East Africa Resources Limited subject to shareholder approval.

Long-term incentive

Options can be issued under an Employee Option Plan, subject to shareholder approval, which provides for executive directors and senior executives to receive options over ordinary shares for no consideration. The ability to exercise the options may be conditional on the consolidated entity achieving certain performance hurdles and/or the continuing service of the directors and employees. Options granted to directors and employees, which have not vested on termination of services for the employee or director, are forfeited unless otherwise determined by the Board of East Africa Resources Limited.

Performance hurdles may comprise a number of components, including share price hurdles and personal Key Performance Indicators. Performance hurdles are set and assessed by the Board.

Non-executive directors

Total remuneration for all non-executive directors, is set with reference to fees paid to other non-executive directors of comparable companies.

Non-executive directors do not receive performance related remuneration other than incentive options, which must be approved by shareholders prior to them being granted. Directors' fees cover all main board activities and membership to committees.

From time to time, the Board may ask non-executive directors with appropriate skills and experience to consult to the Company on a daily basis to carry out particular tasks.

EAST AFRICA RESOURCES LIMITED

DIRECTORS' REPORT

Diversity – Board Composition

The mix of skills and diversity for which the company is looking to achieve in membership of the board is one that is as diverse as practicable given the size and scope of the company's operations. The company has adopted a Diversity Policy which is available on the company's website under the Corporate Governance section.

Diversity – Measurable Objectives

The company's primary objectives with regard to diversity are as follows:

- the company's composition of board, executive, management and employees to be as diverse as practicable; and
- to provide equal opportunities for all positions within the company and continue the company's commitment to employment based on merit.

Primary objectives set by the company with regard to diversity have been met, as described below:

- blend of skills – wide range of backgrounds; geology, exploration, finance and corporate experience;
- cultural backgrounds – Australian and African; and
- gender – both male and female members.

The above points relate to the composition of the board, as the company does not have any employees.

Diversity – Annual Reporting

The company's annual reporting on the percentage of females in the organisation is as follows:

	% Female
Employees	N/A [no employees]
Executives & Board Members	0%

Directors' and key management personnel remuneration (audited)

Details on the nature and amount of each major element of remuneration of each director and executives of the Company are detailed below.

There were only two people deemed to be executive directors during the year and at 30 June 2011.

Directors' and key management personnel remuneration (audited)

	Year	Fees & Salary	Super-annuation	Other	Total
Directors		\$	\$	\$	\$
LL Coetzee	2011	-	-	200,000	200,000
	2010	-	-	50,000	50,000
G Zytow	2011	-	-	62,500	62,500
	2010	-	-	158,118	158,118
LA Colless	2011	-	-	50,000	50,000
	2010	-	-	58,333	58,333
PL Munachen	2011	-	-	50,000	50,000
	2010	-	-	12,500	12,500
R Cornelius	2011	-	-	2,083	2,083
	2010	-	-	50,000	50,000
EA Myers	2011	-	-	-	-
	2010	-	-	-	-

EAST AFRICA RESOURCES LIMITED

DIRECTORS' REPORT

	Year	Fees & Salary	Super-annuation	Other	Total
Key Management Personnel		\$	\$	\$	\$
	2011	-	-	94,609	94,609
Mark Gray	2010	-	-	-	-
	2011	-	-	-	-
Gaetan (David) Kakudji	2010	-	-	61,583	61,583
	2011	-	-	-	-
Karen Brown	2010	-	-	6,000	6,000
	2011	-	-	459,192	459,192
Totals	2010	-	-	396,534	396,534

Audited

Share-based compensation									
The following options were granted to or vesting with key management personnel during the year, there were no options forfeited during the year:									
	Grant Date	Granted Number	Vested Number	Date Vesting and Exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents) ⁽¹⁾	Exercised Number	% of Remuneration
CEO									
Mark Gray	28/06/2011	500,000	500,000	28/06/2011	20/06/2014	23	15.9	Nil	84.1
(1) The value at grant date in accordance with AASB 2: Share Based Payments of options granted during the year as part of remuneration.									
There were no ordinary shares issued upon exercise of remuneration options to directors or other key management personnel of East Africa Resources Limited during the year.									

Service Agreement

Mark Gray, Chief Executive Officer

Pursuant to a Consultancy Agreement with Gray Corporate Pty Ltd, which commenced on 1 June 2011, the Directors have arranged for Mark Gray to provide his services as Chief Executive Officer of East Africa Resources Limited. East Africa pays an annual amount of \$180,000 from this date.

The Consultancy Agreement is effective from 1 June 2011 and continues until terminated by either Mr Gray or the Company. Mr Gray is entitled to a notice period of six months from the Company (with shorter periods for reasons such as negligence or long term illness).

Details of performance related remuneration

Details of the consolidated entity's policy in relation to the proportion of remuneration that is performance related is discussed above.

EAST AFRICA RESOURCES LIMITED

DIRECTORS' REPORT

SHARES UNDER OPTION

At the date of this report there are 500,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	-
Movements of share options during the year	
Issued, exercisable at 23 cents, on or before 20 June 2014	500,000
Total number of options outstanding as at 30 June 2011 and the date of this report	500,000

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
20 June 2014	23	500,000
Total number of options outstanding at the date of this report		500,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Analysis of share-based payments granted as remuneration

No options have been granted to directors or executives as remuneration.

Signed in accordance with a resolution of the Board of East Africa Resources Limited.

End of Remuneration Report (Audited)

Dated in Perth this 30th day of September 2011.

PETER LAWSON MUNACHEN
Finance Director



Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
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Phone (08) 6364 5076 www.rothsay.com.au

The Directors
East Africa Resources Ltd
PO Box 8178
Perth Business Centre WA 6849

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2011 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Frank Vrachas (Lead auditor)

Rothsay Chartered Accountants

Dated 30 September 2011



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

EAST AFRICA RESOURCES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
AS AT 30 JUNE 2011

	Note	Consolidated Entity	
		2011	2010
		\$	\$
Revenue	2	68,159	138,409
Cost of sales		-	(3,825)
Employees, directors and contractor expense		(50,000)	(423,531)
Audit fees	4	(65,650)	(56,187)
Expenses - Production		-	(13,936)
Foreign Currency losses		(80,975)	(41,453)
Depreciation expense		(12,627)	(4,177)
Directors' fees		(364,587)	(100,001)
Impairment expense		-	(113,553)
Borrowing costs expense		-	(84,536)
CEO's options		(79,609)	-
Exploration expenditure write back		-	147,141
Loss on disposal of assets		(9,550)	-
Rental expense on operating leases		(12,000)	(23,500)
Expenses – Overseas operations			(577,151)
Expenses - Administration		(434,694)	(474,858)
(Loss)/Profit before income tax	3	(1,041,533)	(1,631,158)
Income tax expense	5	-	-
(Loss)/Profit attributable to members of the parent entity		(1,041,533)	(1,631,158)
Other comprehensive income			
Exchange differences on translating foreign operations		-	-
Total comprehensive income/(loss) attributable to members of East Africa Resources Ltd		(1,041,533)	(1,631,158)
Basic earnings per share (cents per share)	6	(2.05)	(0.07)
Diluted earnings per share(cents per share)	6	(2.05)	(0.07)

The accompanying notes form part of these financial statements.

EAST AFRICA RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		Consolidated Entity	
		2011	2010
		\$	\$
CURRENT ASSETS	Note		
Cash and cash equivalents	7	2,681,111	845,303
Trade and other receivables	8	95,211	20,726
Other current assets	9	13,320	17,150
TOTAL CURRENT ASSETS		2,789,642	883,179
NON-CURRENT ASSETS			
Trade and other receivables	8	-	12,000
Property, plant and equipment	10	124,383	9,364
Exploration	13	4,139,753	3,071,178
TOTAL NON-CURRENT ASSETS		4,264,136	3,092,542
TOTAL ASSETS		7,053,777	3,975,721
CURRENT LIABILITIES			
Trade and other payables	14	289,254	347,592
TOTAL CURRENT LIABILITIES		289,254	347,592
TOTAL LIABILITIES		289,254	347,592
NET ASSETS		6,764,524	3,638,129
EQUITY			
Issued capital	15	45,825,984	41,708,019
Reserves	16	(187,122)	(801,904)
Retained earnings		(38,874,338)	(37,277,986)
TOTAL EQUITY		6,764,524	3,628,129

The accompanying notes form part of these financial statements.

EAST AFRICA RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2011

Consolidated Entity

	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Total Equity
	\$	\$	\$	\$
As at 1 July 2009	36,649,722	(35,646,828)	(779,462)	223,432
Total comprehensive income/(loss)	-	(1,631,158)	(22,442)	(1,653,600)
Shares issued (net)	5,058,297	-	-	5,058,297
As at 30 June 2010	41,708,019	(37,277,986)	(801,904)	3,628,129
 As at 1 July 2010	 41,708,019	 (37,277,986)	 (801,904)	 3,628,129
Total comprehensive income/(loss)		(1,596,352)	535,173	(1,061,179)
Shares issued (net)	4,117,965			4,117,965
Options			79,609	79,609
As at 30 June 2011	45,825,984	(38,874,338)	(187,122)	6,764,524

The accompanying notes form part of these financial statements.

EAST AFRICA RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated Entity	
	Note	2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		12,297	91,783
Payments to suppliers and employees		(1,089,416)	(839,277)
Interest received		68,233	15,761
Payments for exploration		(1,119,788)	-
Net cash (used in)/ provided by operating activities	20(a)	(2,128,674)	(731,733)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of fixed assets		-	4,686
Payments for property, plant and equipment		(25,511)	-
Net cash (used in) investing activities		(25,511)	4,686
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from investments		-	1,900
Repayment of borrowings		(16,575)	(323,217)
Proceeds from the issue of shares		4,355,250	1,803,305
Payment of share issue costs		(255,563)	(100,522)
Net cash provided by financing activities		4,083,112	1,381,466
NET (DECREASE)/ INCREASE IN CASH HELD		1,928,926	654,419
Exchange rate adjustments		(93,118)	-
CASH AT BEGINNING OF FINANCIAL YEAR		845,303	190,884
CASH AT END OF FINANCIAL YEAR	20(b)	2,681,111	845,303

The accompanying notes form part of these financial statements.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the consolidated entity of East Africa Resources Limited and controlled entities, and East Africa Resources Limited as an individual parent entity. East Africa Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements of East Africa Resources Limited and controlled entities, and East Africa Resources Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity East Africa Resources Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(b) Going Concern

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the consolidated entity's assets and the discharge of their liabilities in the normal course of business.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Revenue recognition

Sale of goods is recognised when control has passed to the buyer.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

Property: Freehold land and buildings are measured on the cost basis.

Plant and Equipment: Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	13-40%

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(e) Property, Plant and Equipment (Cont.)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(f) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) Intangibles

Intangibles are recognised at cost of acquisition. Intangibles are carried at cost less any accumulated amortisation and any impairment losses. Intangibles are amortised, where there is a definitive life, on a straight line basis over the period of benefit.

(h) Share-based Payments

Share-based compensation benefits are provided to directors and executives.

The fair value of options granted to directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the directors and/or executives becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected divided yield and the risk-free interest rate for the term of the option.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(k) Lease

Lease payment for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(l) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(m) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(n) Borrowing cost

All borrowing costs are recognised in the income statement in the period in which they are incurred.

(o) Employee Benefits

Wages, salaries, annual and long service leave

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Related on-costs have also been included in the liability.

Superannuation plan

The consolidated entity contributes to several defined contribution superannuation plans. Contributions to employee superannuation funds are charged against income statement as they are made.

(p) Foreign Currency

Functional and presentation currency

The functional currency of each of the entities in the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Subsidiary companies

The financial results and position of foreign operations whose functional currency is different from East Africa Resources Limited's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(q) Contributed equity

Ordinary shares are classified as equity.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year

(u) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows;

- AASB 9: Financial Instruments and AASB 2009-11; Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 138, 139, 1023 & 1038 and Interpretations 10 & 121 (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
 - simplifying the requirements for embedded derivatives;
 - removing the tainting rules associated with held-to-maturity assets;
 - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
 - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
 - reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on;
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-5; Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009-8; Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This standard will not impact the Group.

- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are mandatory for 30 June 2010 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Company.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Company.

AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Company.

AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Company.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011)

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Company.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Company has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Company.

AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011)

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Company.

AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7.]

This Standard is not expected to impact the Company.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Company.

(w) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key estimates – Impairment

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2011 as the Concessions have been written off.

The financial statements were authorised for issue on 30 September 2011 by the board of directors.

2 REVENUE

	Consolidated Entity	
	2011	2010
	\$	\$
Sale of goods	-	26,179
Interest received	67,952	15,761
Proceeds from disposal of assets	-	4,686
Revenue from outside operating activities:	-	-
Other income *	207	91,783
	68,159	138,409

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

3 PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

Profit/(Loss) before income tax expense has been arrived at after charging/(crediting) the following items:

Loss (Gain) on foreign currency transactions	80,975	41,453
Provision for impairment of other debtor	-	113,553
Rental expense on operating leases	12,000	23,500
Borrowing costs – external parties	-	84,536
Depreciation& Impairment charges:		
Depreciation on Plant and equipment	12,627	4,177

4. AUDITORS' REMUNERATION

Remuneration of auditors of the parent entities for:

- Auditing or reviewing the financial statements	65,500	41,550
- Taxation services	-	300
	65,500	41,850

Remuneration of other auditors of subsidiaries for:

Auditing or reviewing the financial statements	-	4,337
	65,500	46,187

Consolidated Entity	
2011	2010
\$	\$

5. INCOME TAX EXPENSE

The prima facie tax on (loss)/profit before income tax is reconciled to the income tax expense as follows:

Operating (loss)/profit before tax	(1,041,533)	(1,631,158)
Prima facie income tax expense/(benefit) calculated at 30% (2009: 30%) on the profit/(loss) before tax	(312,460)	(489,347)
Tax effect of permanent differences	-	-
Tax effect of timing differences	-	-
Amount not brought to account as a carried forward future income tax benefit	312,460	489,347
Tax losses of non-resident controlled entities not recognised	-	-
Tax losses utilised	-	-
Income Tax Expense	-	-

Deferred Tax Asset

Deferred tax asset not brought to account comprises the estimated future benefit at the applicable tax rates:

Tax losses	11,503,347	11,190,887
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The potential deferred tax asset will only be obtained if:

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the asset to be realised;
- (ii) the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the asset.

Given the various capital raisings that have taken place since 2007 the availability of tax losses will need to be determined by the ATO.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

East Africa Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. East Africa Resources Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

6 EARNINGS PER SHARE

	Consolidated entity	
	2011	2010
	\$	\$
Earnings used to calculate basic and dilutive earnings per share	(1,041,533)	(1,631,158)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share:		
Number for Basic Earnings per share – Ordinary Shares	50,747,569	2,282,663,077
Weighted average number of ordinary shares used in the calculation of dilutive earnings per share:		
Number for Basic Earnings per share – Ordinary Shares	50,747,569	2,282,663,077
Effect of options on issue, which are exercisable at less than the market price for ordinary shares as at 30 June	-	-
Number for Diluted Earnings per share – Ordinary Shares	50,747,569	2,282,663,077

The amount used as the numerator in calculating basic earnings per share is the same as the net profit/(loss) reported in the income statement.

	Consolidated Entity	
	2011	2010
	\$	\$
7 CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	<u>2,681,111</u>	<u>845,303</u>
8 TRADE AND OTHER RECEIVABLES		
Current		
Trade and Other receivables	95,211	134,279
Less: Provision for impairment	-	(113,553)
	<u>95,211</u>	<u>20,726</u>
Security bonds	-	12,000
	<u>-</u>	<u>12,000</u>

9 OTHER CURRENT ASSETS

Prepayments	<u>13,320</u>	<u>17,150</u>
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EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

	Consolidated Entity	
	2011	2010
	\$	\$
10 PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	137,010	44,707
Accumulated depreciation	(12,627)	(35,343)
Total property, plant and equipment	<u>124,383</u>	<u>9,364</u>
Reconciliations		
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:		
Land		
Carrying amount at beginning of the year	-	200,876
Additions/Disposals	-	(200,876)
Carrying amount at end of year	<u>-</u>	<u>-</u>
Plant and equipment		
Carrying amount at beginning of the year	9,364	139,889
Additions	127,646	-
Disposals	-	(126,348)
Impairment of assets	-	-
Depreciation	(12,627)	(4,177)
Carrying amount at end of year	124,383	9,364
Total property, plant and equipment	<u>124,383</u>	<u>9,364</u>

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

11 CONTROLLED ENTITIES

Name of Entity	Percentage Owned		Class of Share	Cost of Parent's Investments		Contribution to Consolidated Profit/(Loss) From Operating Activities After Income Tax Expense		Loans to Controlled Entities	
	2011	2010 %		2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Parent entity									
East Africa Resources Limited***				-	-	(829,116)	(922,320)	-	-
Controlled Entities									
Tanganyika Uranium Corp	100	100	Ordinary	3,355,514	3,355,514	(212,199)	(724,316)	362,259	330,183
TZU Resources Pty Ltd***	100	100	Ordinary					90,225	-
Frontier Resources Ltd	100	100	Ordinary					505,677	-
Sterling Resources Ltd	100	100	Ordinary					1,157,641	-
Savanna Mineral Resources Pty Ltd	100	100	Ordinary	1,200,000	1,200,000	(218)	-	-	4,235,198
Smelting Technologies (Australia) Pty Ltd*	0	100	Ordinary	640,000	640,000	-	-	-	93,490
Mihlayonke Consulting Services (Pty) Ltd**	100	100	Ordinary	750,000	750,000	-	-	-	207,945
Nova Mining SPRL	0	100	Ordinary	-	290,108	-	15,268	-	15,319,586
Hertz Electrical Technologies (Pty) Ltd	100	100	Ordinary		-		-	-	-
New World Alloys (SA) (Pty) Ltd	100	100	Ordinary		-		-	-	1,871,533
Mogwele Trading 10 (Pty) Ltd*	100	100	Ordinary		-		-	-	-
Nsele Trading 47 (Pty) Ltd*	100	100	Ordinary		-		-	-	-
KCM Services Pty Ltd*	0	60	Ordinary		-		-	-	-
Macro Mining Sprl	0	100	Ordinary		-		-	-	-
Phoenix Resources Sprl	0	80	Ordinary		-		-	-	-
Nova Mining Zambia Ltd*	100	100	Ordinary	1,159	1,159		-	-	-
				2,591,159	2,881,267	(1,041,533)	(1,631,158)	2,115,802	22,057,935

COUNTRY OF INCORPORATION

Parent entity:

East Africa Resources Limited***

Australia

Subsidiary entities:

Tanganyika Uranium Corp

Canada

TZU Resources Pty Ltd***

Australia

Frontier Resources Ltd

Tanzania

Sterling Resources Ltd

Tanzania

Savanna Mineral Resources Pty Ltd

Australia

Smelting Technologies (Australia) Pty Ltd*

Australia

Macro Mining Sprl

Democratic Republic of Congo

Phoenix Resources Sprl

Democratic Republic of Congo

Nova Mining Sprl

Democratic Republic of Congo

Nova Mining Zambia Ltd*

Zambia

Mihlayonke Consulting Services (Pty) Ltd**

South Africa

Hertz Electrical Technologies (Pty) Ltd

South Africa

New World Alloys (SA) (Pty) Ltd

South Africa

Mogwele Trading 10 (Pty) Ltd*

South Africa

Nsele Trading 47 (Pty) Ltd*

South Africa

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

*Deregistered during the year

**In liquidation from Feb 2007

*** Audited by Rothsay

The carrying values of the controlled entities recorded in the books of the parent entity are at the lower of cost or net asset backing of the subsidiaries at balance date.

		Consolidated Entity	
		2011	2010
		\$	\$
12	INTANGIBLES		
	Concessions		
	Balance at beginning of year	-	312,865
	Foreign exchange movement	-	-
	Additions	-	-
	Write off	-	(312,865)
		-	-
	Licences		
	Balance at beginning of year	-	3,417
	Foreign exchange movement	-	-
	Additions/ (Disposals)	-	(3,417)
		-	-
	Total	-	-
13	EXPLORATION		
	Balance at beginning of year	3,071,178	-
	Acquisition and expenditure	1,068,575	3,071,178
	Balance at the end of the year	4,139,753	3,071,178
14	TRADE AND OTHER PAYABLES		
	Current		
	Trade creditors and accruals	289,254	347,592
		289,254	347,592
15	ISSUED CAPITAL		
		2011	2010
		Number	Number
	Issued and paid-up share capital		
	65,130,446 (2010: 4,042,418,348) ordinary shares, fully paid		41,708,019
(a)	Movements during the year		
	Ordinary shares		
	Balance at the beginning of year	4,048,818,348	903,306,294
	Consolidation 1 for 100	40,488,446	-
	Shares issued for capital raising	24,642,000	1,803,306,294
	Shares for the acquisition of Tanganyika Uranium Corp	-	1,342,205,760
	Shares issue costs		(237,378)
	Balance at end of year	65,130,446	4,048,818,348
(b)	Terms and conditions of contributed equity		
		2011	2010
		\$	\$

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder's meetings.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(c) Share Options

During the financial period, the parent entity issued 500,000 options to Chief Executive Officer Mark Gray. The free options are exercisable at 23 cents each at any time before the 20 June 2014.

Unissued shares

At the end of the year, there were 500,000 options over unissued shares.

(d) Issued Shares

During the financial period, the parent entity issued shares as follows:

- 24,642,000 shares issued to fund exploration and corporate costs

16 RESERVES

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiaries

Balance at the beginning of year	801,904	779,463
Net foreign currency differences	(535,173)	22,441
Balance at the end of year	<u>266,731</u>	<u>801,904</u>

Option Reserve

Balance at the beginning of year	-	-
Issued during the year	(79,609)	-
Balance at the end of year	<u>(79,609)</u>	<u>-</u>

Total Reserves	<u>187,122</u>	<u>801,904</u>
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17 PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

	2011	2010
BALANCE SHEET		
Assets		
Current assets	2,123,683	800,616
Non-Current assets	3,910,452	819,717
Total assets	<u>6,034,135</u>	<u>1,620,333</u>
Liabilities		
Current liabilities	70,605	160,006
Total liabilities	<u>70,605</u>	<u>160,006</u>
Net assets	<u>5,892,684</u>	<u>1,460,327</u>
Equity		
Contributed equity	45,920,654	41,723,079
Accumulated losses	(40,027,970)	(40,262,752)
Total equity	<u>5,892,684</u>	<u>1,460,327</u>
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	(829,115)	(922,320)
Total comprehensive income	(829,115)	(922,320)

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

18 FINANCIAL RISK MANAGEMENT

Overview:

The company and consolidated entity have exposure to the following risks from their use of financial instruments:

- (a) liquidity risk
- (b) credit risk
- (c) market risk

This note presents information about the Company's and consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

(a) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The Company manages liquidity risk by maintaining adequate reserves through continuously monitoring forecast and actual cash flows. The Company has no financing facilities available to it.

Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective weighted average rate for classes of financial assets and liabilities is set out below:

30 June 2011	Note	Fixed interest maturing in:		Floating interest	Non-Interest bearing	Total	Weighted average interest rate
		1 year or less	Over 1 to 5 years				
		\$	\$		\$	\$	
<u>Financial assets</u>							
Cash		-	-	2,681,111	-	2,681,111	2.4%
Receivables		-	-	-	95,211	95,211	
Total financial assets		-	-	2,681,111	95,211	2,776,322	
<u>Financial liabilities</u>							
Payables		-	-	-	289,254	289,254	
Total financial liabilities		-	-	-	289,254	289,254	

30 June 2010	Note	Fixed interest maturing in:		Floating interest	Non-interest bearing	Total	Weighted average interest rate
		1 year or less	Over 1 to 5 years				
		\$	\$	\$	\$	\$	
<u>Financial assets</u>							
Cash	7	-	-	845,303	-	845,303	0.25%
Receivables	8	-	-	-	20,725	20,725	
Total financial assets		-	-	845,303	20,725	866,028	
<u>Financial liabilities</u>							
Payables	15	-	-	-	347,592	347,592	
Total financial liabilities		-	-	-	347,592	347,592	

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

18 FINANCIAL RISK MANAGEMENT (Cont.)

(b) Credit risk exposures

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

(i) Investments: The group limits its exposure to credit risk by only investing with counterparties that have an acceptable credit rating.

(ii) Trade and other receivables:

The Company and consolidated entity have established an allowance for impairment that represents their estimate of incurred losses in respect of receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

Presently, the group undertakes exploration and evaluation activities in Australia and in Africa. At the balance sheet date there were no significant concentrations of credit risk.

(iii) Exposure to credit risk:

The carrying amount of financial assets recorded in the financial statements and notes, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained. The Company has no financial assets that are neither past due nor impaired therefore credit qualities have not been disclosed.

The Company's maximum exposure to credit risk at the reporting date was:

	Consolidated Entity	
	2011	2010
	\$	\$
Cash and cash equivalents	2,681,111	845,303
Trade and other receivables	95,211	20,725
Total exposure	2,776,322	866,028

Impairment losses

An impairment loss of in respect of inter-group loans was recognised during the previous year from a net asset analysis of the subsidiaries positions. None of the company's other receivables are past due. No charge was made in the current year.

The movement in the allowance for impairment in respect of the inter-group loans on a non-consolidated basis during the year was as follows:

	Parent Entity	
	2011	2010
	\$	\$
Balance at 1 July	21,715,752	21,715,752
Impairment loss/ (write-back) recognised	1,823,633	-
Balance at 30 June	23,539,385	21,715,752

Whilst the loans were not payable as at 30 June 2011, a provision for impairment based on the subsidiaries financial position was made. The balance of this provision may vary due to the performance of a subsidiary in a given year.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

18 FINANCIAL RISK MANAGEMENT (Cont.)

(c) Market Risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Price risk:

The Company does not have investments in equity securities and is not exposed to price risk.

(ii) Currency risk:

The Company is exposed to currency risk on investments in subsidiaries in a currency other than the respective functional currencies of group entities, primarily the Australian dollar (AUD).

The Company has not entered into any derivative financial instruments to hedge such investments and anticipated future receipts or payments that are denominated in a foreign currency.

The Company's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Exposure to currency risk: The consolidated entity's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	Consolidated Entity	
	2011	2010
	\$	\$
Revenue	-	-
Expenditure	(1,068,575)	(945,059)
Net exposure	(1,068,575)	(945,059)

The following significant exchange rates applied during the year:

AUD:	Average rate		Reporting date spot rate	
	2011	2010	2011	2010
USD	0.989	0.8821	1.06	0.8563
ZAR	Not applicable	6.7074	Not applicable	6.5349

Sensitivity analysis:

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and reduced the loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Consolidated Entity	
	Equity	Profit or loss
	\$	\$
30 June 2011 - AUD	106,857	106,857
30 June 2010 - AUD	96,179	96,179

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

18 FINANCIAL RISK MANAGEMENT (Cont.)

Interest rate risk:

At balance date the group had minimal exposure to interest rate risk, through its cash and equivalents held within financial institution and borrowings.

	Consolidated Entity	
	30 June 2011	30 June 2010
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Variable rate instruments		
Financial assets	2,681,111	845,303
Fixed rate borrowings		
Financial liabilities	-	-

Fair value sensitivity analysis for fixed rate instruments:

There was no exposure to fixed rate instruments at balance date or at the previous reporting period.

Fair value sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

Consolidated Entity	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$	\$	\$	\$
30 June 2011				
Cash and cash equivalents	26,811	(26,811)	26,811	(26,811)
Borrowings	-	-	-	-
30 June 2010				
Cash and cash equivalents	8,453	(8,453)	8,453	(8,453)
Borrowings	-	-	-	-

Net fair value

For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets of the investment.

For other assets and other liabilities the net fair value approximates their carrying value, as disclosed in the Balance Sheet.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

19 SEGMENT INFORMATION

The parent entity operates predominantly in one segment involved in the mineral exploration and development industry. Geographically, the consolidated entity operates in Australia and Southern Africa.

30 June 2011

	Australia \$	Africa \$	Consolidated \$
REVENUE			
Segment revenue from operating activities	68,159	-	68,159
RESULT			
Profit/(loss) after income tax	(829,116)	(212,417)	(1,041,533)
ASSETS			
Segment assets	2,123,682	4,930,095	7,053,777
LIABILITIES			
Segment liabilities	141,450	147,803	289,254
OTHER			
Segment assets acquired	-	-	-
Segment depreciation and amortisation	-	12,627	12,627
Segment impairment	-	-	-

30 June 2010

	Australia \$	Africa \$	Consolidated \$
REVENUE			
Segment revenue from operating activities	107,536	30,873	138,409
RESULT			
Profit/(loss) after income tax	(922,320)	(708,838)	(1,631,158)
ASSETS			
Segment assets	810,167	3,165,554	3,975,721
LIABILITIES			
Segment liabilities	160,006	187,586	347,592
OTHER			
Segment assets acquired	-	3,071,178	3,071,178
Segment depreciation and amortisation	4,177	-	4,177
Segment impairment	-	113,553	113,553

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

	Consolidated Entity 2011 \$	2010 \$
20 NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of (loss)/profit after income tax to net cash used in operating activities		
(Loss)/Profit after income tax	(1,041,533)	(1,631,158)
Exploration		
<i>Non-cash items:</i>		
Impairment of assets		-
Depreciation	12,627	4,177
Translation foreign exchange gains/(losses)	80,975	(41,453)
Option issue	79,609	-
(Profit) loss on sale of non-current assets	9,550	-
Non cash expenses		719,096
Net cash (used in) provided by operating activities before change in assets and liabilities	(276,363)	(949,338)
Change in assets and liabilities:		
(Increase) decrease in net receivables	(74,485)	334,922
(Increase) decrease in other current assets	(3,830)	(111)
(Increase) decrease in bonds	12,000	-
Changes in reserves and assets on disposal of subsidiaries	1,727,658	-
Increase (decrease) in payables and provisions	(58,338)	(117,206)
Net cash provided from/(used in) operating activities	(2,128,674)	(731,733)

(b) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash at bank and on hand	2,681,111	845,303
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21 COMMITMENTS

(a) Non cancellable operating lease commitments

Future operating leases rentals for premises not provided for in the financial statements and payable:

Within one year

One year or later but not later than five years

-	-
-	-
-	-

(b) Exploration

The parent entity and consolidated entity have certain obligations to perform minimum exploration work on mineral leases held; however the parent entity currently does not hold any tenements within Australia. These obligations may vary over time, depending on the parent entity's and the consolidated entity's exploration programs and priorities. As at balance date, total exploration work commitments on tenements held by the parent entity and the consolidated entity have not been provided for in the financial statements and have not been quantified as a monetary amount. These obligations are also subject to variations by farm-out arrangements and the purchase or sale of the relevant tenements.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

22 EMPLOYEE ENTITLEMENTS

During the year the Company issued 500,000 options to an entity related to the Chief Executive Officer, Mr Mark Gray. The options were issued free and have an exercise price of 23 cents. The options can be exercised at any time up to 20 June 2014.

23 KEY MANAGEMENT PERSONNEL

(a) Details of Specified Directors and Key Management Personnel during the year ended 30 June 2011

(i) Specified Directors

Louis L Coetzee	Chairman (full year) & Chief Executive Officer (to 1 June 2011)
Lindsay A Colless	Non Executive Director
Ian R Cornelius	Non Executive Director (to 14 July 2010)
Peter L Munachen	Finance Director
Gerard Zytrow	Non Executive Director
Ernest A Myers	Alternate Director & Company Secretary

(ii) Key Management Personnel

Mark Gray	Chief Executive Officer (appointed 1 June 2011)
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There are no other key management personnel within East Africa Resources Limited and or its controlled entities at 30 June 2011.

(b) Compensation Practices

The remuneration policy of the parent entity as it applies to key management personnel is disclosed in the Remuneration Report contained in the Directors' Report.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

23 KEY MANAGEMENT PERSONNEL (Cont.)

(c) Key Management Personnel Compensation

	Year	Fees & Salary \$	Super- annuation \$	Other \$	Share- based payments \$	Total \$
Directors						
LL Coetzee ²	2011	-	-	200,00	-	200,000
	2010	-	-	50,000	-	50,000
G Zytkow	2011	-	-	62,500	-	62,500
	2010	-	-	158,118	-	158,118
LA Colless	2011	-	-	50,000	-	50,000
	2010	-	-	58,333	-	58,333
PL Munachen ¹	2011	-	-	50,000	-	50,000
	2010	-	-	12,500	-	12,500
IR Cornelius	2011	-	-	2,083	-	2,083
	2010	-	-	50,000	-	50,000
EA Myers ¹	2011	-	-	-	-	-
	2010	-	-	-	-	-

Note 1. During the year the parent entity paid accounting, secretarial and administration fees to Resource Services International (Aust) Pty Ltd of \$120,000 (2010: \$30,000). Messrs Munachen & Myers are directors and shareholders of that company.

Note 2. During the year, the entity paid \$91,002 for management fees in respect of the entity's Tanzanian interests to Mzuri Exploration Resources Limited, a company associated with Mr Coetzee. (2010 nil)

Key Management Personnel

Gaetan (David) Kakudji	2011	-	-	-	-	-
	2010	-	-	61,583	-	61,583
Mark Gray	2011	-	-	15,000	79,609	94,609
	2010	-	-	-	-	-
Karen Brown	2011	-	-	-	-	-
	2010	-	-	6,000	-	6,000
Totals	2011	-	-	379,583	79,609	459,192
	2010	-	-	396,534	-	396,534

(d) Options Granted As Compensation

500,000 compensation options were issued to during the year.

(e) Shares Issued on Exercise of Compensation Options

No options were exercised during the year that were received as compensation in prior periods.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

(f) Shareholdings of Specified Directors and Key Management Personnel

	Balance at beginning of period	Acquisitions	Issued on exercise of Options	Sales	Net change other *	Balance at end of period
Directors						
Louis L Coetzee	1,310,033	120,000	-	-	-	1,430,033
Peter L Munachen ¹	1,286,200	280,000	-	-	-	1,566,200
Lindsay A Colless	4,000	80,000	-	-	-	84,000
Gerard Zytow	153,876	11,169	-	-	-	165,045
Ian R Cornelius	323,722	-	-	-	(322,722)	-
Ernest A Myers ¹	102,400	-	-	-	-	102,400
Key Management Personnel						
Mark Gray	-	-	-	-	-	-
	3,180,231	491,169	-	-	(322,722)	3,347,678

1. Messrs Munachen & Myers have an interest in 102,400 shares held by a jointly owned company.

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

24 RELATED PARTY TRANSACTIONS

Other Transactions and Balances with Specified Directors and Specified Executives Services

The following transactions with Directors and Director-related entities occurred during the year on normal commercial terms and conditions:

- (i) During the year, the parent entity paid \$200,000 in management fees to Tsitato Trading Limited, a company associated with Mr L Coetzee. (2010 nil)
- (ii) During the year, the entity paid \$91,002 for management fees in respect of the entity's Tanzanian interests to Mzuri Exploration Resources Limited, a company associated with Mr Coetzee. (2010 nil)
- (iii) During the year, the parent entity paid \$2,083 (2010: \$50,000) in consulting fees to Goldtrek Pty Limited, a company associated with Mr I Cornelius.
- (iv) During the year, the parent entity paid fees totalling \$62,500 to Mr G Zytchow (2010: \$158,118)
- (v) During the year the parent entity paid fees totalling \$15,000 to Gray Corporate Pty Ltd (2010 nil) a company associated with Mr M Gray
- (vi) During the year, the parent entity paid financial service fees for Mr L Colless totalling \$50,000 (2010: \$58,833 and \$6,000 to Karen Brown) to Mineral Administration Services Pty Limited, a company in which Mr L Colless and Ms K Brown are directors and shareholders
- (vii) During the year the parent entity paid accounting, secretarial and administration fees to Resource Services International (Aust) Pty Ltd of \$120,000 (2010: \$30,000). Messrs Munachen & Myers are directors and shareholders of that company.
- (viii) During the year the parent entity paid fees totalling \$50,000 to Corraline Pty Ltd (2010 \$12,500) a company associated with Mr P L Munachen

The above information disclosed is shown as follows:

Transaction Type	Director/ Executive Concerned	Consolidated Entity	
		2011	2010
		\$	\$
Management services	LL Coetzee	200,000	-
Tanzanian management	LL Coetzee	91,002	-
Management services	M Gray	15,000	-
Consulting services	LA Colless	50,000	58,500
Consulting Services	G Zytchow	62,500	145,618
Consulting services	IR Cornelius	2,083	50,000
Secretarial & accounting fees	PL Munachen & EA Myers	120,000	30,000
Secretarial service fees	K Brown	0	6,000

EAST AFRICA RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

25 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities: There were no contingent liabilities not provided for in the financial statements of the parent entity and the consolidated entity as at 30 June 2011 other than:

	Consolidated Entity	
	2011	2010
	\$	\$
(a) Bonds		
The consolidated entity has entered into bonds for the rehabilitation of exploration tenements	-	12,000

(b) Native Title and Aboriginal Heritage

There is the risk that native title, as established by the High Court of Australia's decision in the Mabo case, exists over the land over which and the consolidated entity has an interest in tenements in the Northern Territory. It is impossible at this stage to quantify the impact (if any), which native title may have on the operations of the consolidated entity.

A controlled entity, Savanna Mineral Resources Pty Limited sold tenements in a prior year which it held in the Northern Territory; although it still retains a 5% net smelter return royalty on all mineral production from these tenements. These tenements lie predominantly on private freehold land, which the Directors consider is not subject to native title. However it is impossible at this stage to quantify the impact (if any), which native title (on other than freehold land) or aboriginal heritage issues may have on the operations of this controlled entity.

(c) Legal Claim

- i) As disclosed in the Company's 2009 annual report, International Engineers Sdn Bhd, an entity associated with a former director, Mr Laurence Findlay, has brought legal proceedings against the Company, in respect of alleged sums owed for services rendered to the Company. The Company has refuted the claim and further, has issued certain counterclaims against Mr Findlay.

The Company is also aware that Mr Findlay has made an application to the Courts in the Democratic Republic of Congo (DRC) to commence proceedings in relation to matters which are already the subject of the claim before the Australian courts referred to above.

Whilst there is no assurance that the Company will be successful in defending the claims, the Directors believe that: (i) there is no merit in the claims brought by International Engineers Sdn Bhd/Mr Findlay and (ii) given the quantum of the claims, even if a judgment is obtained against the Company, this will not have a material effect on the Company's business, prospects or financial position and no provision has been made in the accounts.

26 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the Directors of the Company, to significantly affect the operations of the consolidated entity, the results of those operations or the state of the affairs of the consolidated entity in future financial years.

EAST AFRICA RESOURCES LIMITED

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 June 2011

In the opinion of the Directors:

- (a) the financial statements and notes, and the Remuneration Report are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2011 and of their performance for the financial year ended on that date
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- (c) the audited remuneration disclosures set out in the Directors' Report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

PL Munachen
Finance Director

Perth, Western Australia,
30 September 2011



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF EAST AFRICA RESOURCES LIMITED

Report on the financial report

We have audited the accompanying financial report of East Africa Resources Limited (the Company") which comprises the balance sheet as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

**Audit opinion**

In our opinion the financial report of East Africa Resources Limited is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of East Africa Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Frank Vrachas
Partner

Dated 30 September 2011

EAST AFRICA RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

ASX BEST PRACTICE RECOMMENDATIONS

The ASX Corporate Governance Council released the second edition of the Corporate Governance Principles and Recommendations (Revised Principles) in August 2007. The table below identifies the ASX Best Practice Recommendations and whether or not the Company has complied with the recommendations during the reporting period.

	ASX RECOMMENDATIONS	COMPLIANCE	REFERENCE
Principle 1:	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Comply	
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Comply	
1.3	Companies should provide the information indicated in the Guide to Reporting on Principle 1.	Comply	
Principle 2:	Structure the board to add value		
2.1	A majority of the board should be independent directors.	Not in compliance	Note 1
2.2	The chair should be an independent director.	Not in compliance	Note 2
2.3	The roles of the chair and the chief executive officer should not be exercised by the same individual.	Not in compliance	Note 3
2.4	The board should establish a nomination committee.	Not in compliance	Note 4
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Comply	
2.6	Companies should provide the information in the Guide to Reporting on Principle 2.	Comply	
Principle 3:	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code so as to: - the practices necessary to maintain confidence in the company's integrity; - the practices necessary to take into account their legal obligations and the reasonable expectations of their shareholders; and - the responsibility of and accountability of individuals for reporting and investigating reports of unethical practices.	Comply	
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	Comply	
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them	Comply	

EAST AFRICA RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	ASX RECOMMENDATIONS	COMPLIANCE	REFERENCE
3.4	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them	Comply	The Company will be complying with this recommendation in each annual report.
Principle 4: Safeguard integrity in financial statements			
4.1	The board should establish an audit committee.	Comply	
4.2	The audit committee should be structured so that it: • consists of only non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members.	Not in compliance	Note 5
4.3	The audit committee should have a formal charter	Not in compliance	Note 5
4.4	Companies should provide the information indicated in the Guide to Reporting on Principle 4.	Comply	
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance and ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Comply	
5.2	Companies should provide the information indicated in the Guide to Reporting on Principle 5	Comply	
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Comply	
6.2	Companies should provide the information indicated in the Guide to Reporting on Principle 6.	Comply	
Principle 7: Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Comply	
7.2	The board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and disclose a summary of those policies.	Comply	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations	Comply	

EAST AFRICA RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	ASX RECOMMENDATIONS	COMPLIANCE	REFERENCE
	Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial statement risks.		
7.4	Companies should provide the information indicated in the Guide to Reporting on Principle 7.	Substantially comply and in the process of further developing risk management procedures	
Principle 8:	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	Not in compliance	Note 6
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Comply	
8.3	Companies should provide the information indicated in the Guide to Reporting on Principle 8.	Comply	

Note 1:

During the year, only Mr Colless and Mr Cornelius were considered to be independent. Messrs Coetzee and Munachen fail to meet the levels set for being an independent director because of their respective substantial shareholdings in the Company. Mr Zytchow fails to meet the test for independence as he has previously been employed in an executive capacity.

Note 2:

The Company's Chairman Mr Louis Coetzee is not considered independent because of his substantial shareholding in the Company and the fact that he was also Chief Executive Officer up to 1 June 2010.

Note 3:

The Chairman occupied the role of Chief Executive Officer up to the 1 June 2011. The Company is now now compliance with the appointment of a Chief Executive Officer on that date.

Note 4:

The Board of Directors of the Company does not have a formally appointed nomination committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a nomination committee can be adequately handled by the full Board.

Note 5:

The Board of Directors of the Company does not have a formally appointed audit committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by an audit committee can be adequately handled by the full Board.

Note 6

The Board of Directors of the Company does not have a formally appointed remuneration committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a remuneration committee can be adequately handled by the full Board.

EAST AFRICA RESOURCES LIMITED

SHAREHOLDER INFORMATION

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange.

1. SHAREHOLDING – EAF

The shareholder information set out below was applicable as at 15 September 2011.

(a) Distribution of Share Holdings as at 15 September 2011

			Fully paid	
Size of Share Holding			Ordinary Shareholders	Number of Shares
1	-	1,000	852	257,000
1,001	-	5,000	334	883,421
5,001	-	10,000	135	1,097,874
10,001	-	100,000	298	12,295,439
100,001	and	Over	104	50,596,712
Total Shareholders			1,723	65,130,446

Of the above total, there are 1,063 Ordinary Shareholder who hold less than a marketable parcel.

(b) Voting rights

There are no restrictions on voting rights attached to the ordinary shares. On a show of hands every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote every share held.

(c) Substantial shareholders

The Company's register of substantial shareholders shows the following:

Shareholder	Number of shares
Aluca Pty Ltd <Newbrook Golf Unit Account>, Camille Brooks & Brooks Investments (WA) Pty Ltd	3,375,000

(d) Shareholders

The twenty largest shareholders hold 46.82% of the total issued ordinary shares in the Company as at 15 September 2011.

(e) Unquoted Securities or Options

There are 500,000 unlisted Options to purchase ordinary shares on issue..

2. QUOTATION

Listed securities in East Africa Resources Limited are quoted on the Australian Securities Exchange, and trade under the symbol EAF.

3. AUDIT COMMITTEE

As at the date of the Directors' Report, the Company did not have an audit committee of the board of directors. The Company is not of a size, nor are the affairs of a complexity, sufficient to warrant the existence of a separate audit committee. All matters, which could be delegated to such a committee, are dealt with by the full Board.

4. RESTRICTED SECURITIES

At 15 September 2011 there were no securities subject to ASX imposed or voluntary restrictions.

5. ON MARKET BUY-BACK

There is currently no on-market buy-back.

EAST AFRICA RESOURCES LIMITED

SHAREHOLDER INFORMATION

6. TOP TWENTY SHAREHOLDERS AS AT 15 September 2011

	Shareholder	Number of Shares	% of Issued Shares
1.	Penson Australia Nominees Pty Ltd <Argonaut Account>	5,862,082	9.00
2.	Sino West Assets Limited	2,400,000	3.68
3.	Custodial Services Limited <Beneficiaries Holding A/C>	2,139,890	3.29
4.	Sun Mining Limited	1,701,845	2.61
5.	KSLCORP Pty Ltd	1,700,000	2.61
6.	Brooks Investments (WA) Pty Ltd	1,485,000	2.28
7.	Tsitato Trading Limited	1,403,033	2.20
8.	National Nominees Limited	1,414,687	2.17
9.	Kala Nominees Pty Ltd	1,299,800	2.00
10.	Mr Geoffrey Norman Barnesby-Johnson & Ms Catherine Jane Halvorsen	1,290,000	1.98
11.	Aluca Pty Ltd <Newbrook Golf Unit A/C>	1,000,000	1.54
12.	Dragon Gas Limited	1,000,000	1.54
13.	KSLCORP Pty Ltd	1,000,000	1.54
14.	Chris Retzos	1,000,000	1.54
15.	Denis John Reynolds	1,000,000	1.54
16.	Mrs Joanna Rachel Wiese	1,000,000	1.54
17.	Paleryder Pty Ltd <Paleryder Super Fund A/C>	978,676	1.50
18.	Ark Securities & Investments Pty Ltd <the Ark Family A/C>	950,000	1.46
19.	National Energy Pty Ltd	950,000	1.46
20.	Mrs Camille Dianne Brooks	890,000	1.37
TOP 20 SHAREHOLDERS		30,492,013	46.82

EAST AFRICA RESOURCES LIMITED

MINERAL TENEMENT SCHEDULE

East Africa Resources holds interests in the following Tenements all of which are located in the Tanzania at 19 September 2011.

Licence number	Area	Area km ²
Madaba-Mkuju		
PL 5786/2009	Mpurukuese-Ulangu	126.50
PL 5804/2009	Mpurukuese-Ulangu/Namtumbo	126.52
PL 5720/2009	Mpurukuese-Songea	189.72
PL 5507/2009	Mdaba-Liwale	84.87
PL 5496/2008	Ngurunguwa Hill/Ndapata-Liwale	199.29
PL 5493/2008	Namatogoro-Liwale	182.78
PL 5752/2009	Mdaba-Liwale	162.19
PL 5805/2009	Mpurukuese-Songea	569.34
PLR 6362/2010	Madaba – Liwale	169.03
PLR 6363/2010	Madaba – Liwale	697.15
PLR 6422/2010	Namatogoro – Liwale	487.58
Eastern Rift		
PI 5904/2009	Kondoa	58.05
PL 5466/2009	Monduli-Karatu	189.46
PL 5915/2009	Mbulu	177.68
PL 5655/2009	Mbulu	198.96
PL 5651/2009	Babati	199.04
PL 5914/2009	Balangida	199.25
PL 5494/2009	Ngorongoro	189.68
PL 5648/2009	Kondoa	150.43
PL 5654/2009	Mbulu	163.55
PL 5465/2009	Kondoa	198.32
PLR 6465/2010	Kondoa	409.67
PL 6577/2010	Galapo – Kondoa & Babati	198.71
PL 6578/2010	Mbulu – Babati & Mbulu	199.21
PL 6974/2011	Babati	178.06
PL 7078/2011	Monduli	296.17

EAST AFRICA RESOURCES LIMITED

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