EAST AFRICA
RESOURCES
LIMITED

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**KOREA RESOURCES CORPORATION SIGNS HOA WITH EAST AFRICA RESOURCES FOR MKUJU SOUTH URANIUM PROJECT, TANZANIA**

East Africa Resources Limited (ASX: EAF) is pleased to advise that the Company has entered into a Heads of Agreement ("HOA") with Korea Resources Corporation ("KORES") for KORES to invest in EAF's Mkuju South project in Tanzania.

The HOA covers the terms of investing directly into one of EAF's Southern Mkuju projects, which is the subject of prospecting licence application HQ-P15779 located at Mkuju South ("Prospecting Right"). A definitive agreement is expected within 60 days of signing the HOA.

When finalised, the agreement between EAF and KORES will see KORES commit to a staged investment of US$3.5 million to secure a 50% interest in the Mkuju South uranium project over a 24 month period.

In addition to its shareholding in the project, KORES will earn the right to purchase up to 100% of the uranium produced from the area which is the subject of the Prospecting Right, on commercial arm's length terms to be agreed between the parties.

East Africa Resources' Chairman and CEO, Louis Coetzee, said that the agreement with KORES will allow the Company to rapidly progress exploration activities as well as provide a buyer for the uranium.

"We are extremely pleased with this opportunity to advance Mkuju South, which is East Africa Resources flagship project with targeted sandstone roll-front style uranium mineralisation. On its eastern boundary, the project area is located immediately adjacent Mantra Resources' Nyota Project, and also sits above Uranex Limited's Likuyu North Project on its southern boundary," Mr Coetzee said.

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Mr Coetzee said that the Company was looking forward to working with KORES and expects to benefit from their involvement and experience as a major investor in mineral exploration programs around the world.

"Korea Resources Corporation has over 40 years' experience in the sector, and is a partner that is fully committed to identifying new and strategic resources to support Korea's industry and growth aspirations. We are very pleased with this association and the opportunity to develop a partnership to explore and prove up uranium resources in Tanzania," Mr Coetzee said.

**Terms of the Investment under the HOA**

KORES staged investment will be aligned with two major exploration programs at Mkuju South.

An initial amount of A$2 million (for a 28% shareholding in the project) will be paid by KORES for the purpose of satisfying the work obligations and expenditure requirements of the Prospecting Right during an Initial Exploration Programme, to be undertaken over a 12 month period from the time of the signing of the final agreement.

A further US$1.5 million (for an additional 22% of the project) will be paid by KORES to fund the work obligations and expenditure requirements of the Prospecting Right associated with the Second Exploration Programme during the following 12 months.

Louis Coetzee

Chairman

East Africa Resources Limited

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**About Korea Resources Corporation ("KORES")**

Korea Resources Corporation is wholly-owned by the Korean government and was formed in 1967 to further Korea's access to strategically important mineral resources, both domestically and internationally.

The company has oversight of the Korean government's mineral resources policy objectives, and is active globally in investing directly or indirectly through joint ventures or in the form of minority investments, in overseas exploration, development and production. Today, the company focuses on supplying energy and industrial mineral resources including bituminous coal, uranium, iron, copper, zinc, and nickel.

**About East Africa Resources' Mkuju South Project**

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

The Company undertook a 15,000 line/km radiometric/magnetic airborne survey of the Mkuju Project area in 2011. The survey confirmed directors' understanding and interpretation of the local area geology and in particular, the location of previously identified anomalies as well as the direction and flow of uranium channel deposits.

A number of priority targets have already been identified and including a significant uranium target, around 200m x 150m, immediately adjacent to the border with Mantra Resource's Nyota Project, in addition to several other uranium targets in the immediate vicinity which indicate a possible strike of up to 8km running parallel to the border with Mantra Resources; and a target at the southern end of the Company's Mkuju Project area reasonably close to and sitting above Uranex Limited's Likuyu North Project.