EAST AFRICA
RESOURCES
LIMITED

ASX: EAF
31 JANAURY 2012

DECEMBER 2011 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **$3.5M joint venture executed with Korean company, Kores Resource Corporation for Mkuju South project**
- **Mkuju: Continue to develop Foolscap, Quarto, Demy and Post targets**
- **Mkuju: Finalize follow-up survey program. Construct field base camp and access roads in preparation for 2012 exploration program**
- **Eastern Rift: On-going interpretation and desktop studies**

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Mkuju (South) –Kores Joint Venture-

Following the execution of an Heads of Agreement in early December 2011, the formal agreement was executed on 28 December 2011 with Korea Resources Corporation ("KORES"), for KORES to invest in the Mkuju (South) uranium project in Tanzania. The Agreement was executed at a formal signing ceremony convened in Seoul, Republic of Korea and attended by KORES President Kim Shin-Jong and East Africa Resources Chairman Louis Coetzee.

Figure 1 : Official Signing Ceremony in Seoul, Republic of Korea

The Agreement covers the terms of the investment of US$3.5 million directly into the Mkuju South project covering prospecting licence application HQ-P15779 located at Mkuju South ("Prospecting Right"). The Prospecting Right, the subject of the Kores agreement, is the southernmost permit held by East Africa and covers an area outside of the Selous Game Park, where exploration is permitted. The Prospecting Right includes the Foolscap, Demi, Post and Quarto prospects.

Pursuant to the Kores agreement 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.

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.

At the formal signing ceremony KORES President Kim Shin-Jong said that Korea Resources Corporation was committed to identifying new and strategic resources to support Korea's industry and growth aspirations. "We are pleased to be partnering East Africa resources in their exploration work in Tanzania. KORES recognises the potential of the region to develop into a mining centre of international significance, and we are particularly pleased to be able to invest in such a highly prospective uranium project with East Africa Resources."

East Africa's , Chairman and CEO, Louis Coetzee, said that the agreement with KORES was an important step in the Company's development as it provides the funding for East Africa's immediate term exploration programs as well as providing the Company with access to one of the world's most experienced minerals development and investment groups. "We are very pleased to be partnering with the Korea Resources Corporation. This is an exciting opportunity for East Africa Resources to prove-up uranium resources in Tanzania with a partner that has the technical and financial capabilities to assist us advance if we are successful in our exploration programs."

OPERATIONAL ACTIVITIES

Southern Mkuju Project

During the December quarter geological mapping and ground radiometric work continued on the southern Mkuju Project area, which targets sandstone roll-front style uranium mineralisation. The Mkuju Project area is located in the southern region of Tanzania immediately adjacent to Mantra's Nyota project, on the Company's eastern boundary and also sits above Uranex Limited's Likuyu North project on its southern boundary on whichEAF undertook a radiometric/magnetic airborne survey in the June 2011 quarter. Three areas of uranium mineralisation were identified in the northwest, southern and eastern areas of the total project area.

Exploration focus for the December 2011 quarter remained on the southern airborne anomalies of the Mkuju Project area which all fall south of the Selous Game Reserve boundary. Detailed ground radiometric work continued along the uranium trend stretching from Quatro in the north east to Post, Foolscap, Quarto and Demy in the south and west. Field roads were prepared in order to access many of the areas and a field camp was established on the license.

A programme for detailed field work to investigate low order surface anomalies that may represent uranium leakage was finalized during the December 2011 quarter and is aimed at surveying breakaway faces where the sand cover is thinner and where sandstone outcrops can be expected. The programme covers a large area following the trend from Quarto to Foolscap and to the south of Foolscap heading towards the border with Uranex and its Likuyu North project and commenced in December 2011.

Field activities were suspended during mid-December with the onset of the rainy season but resumed again during January 2012. The planned activities for 2012 will now be funded by Kores pursuant to the agreement with East Africa.

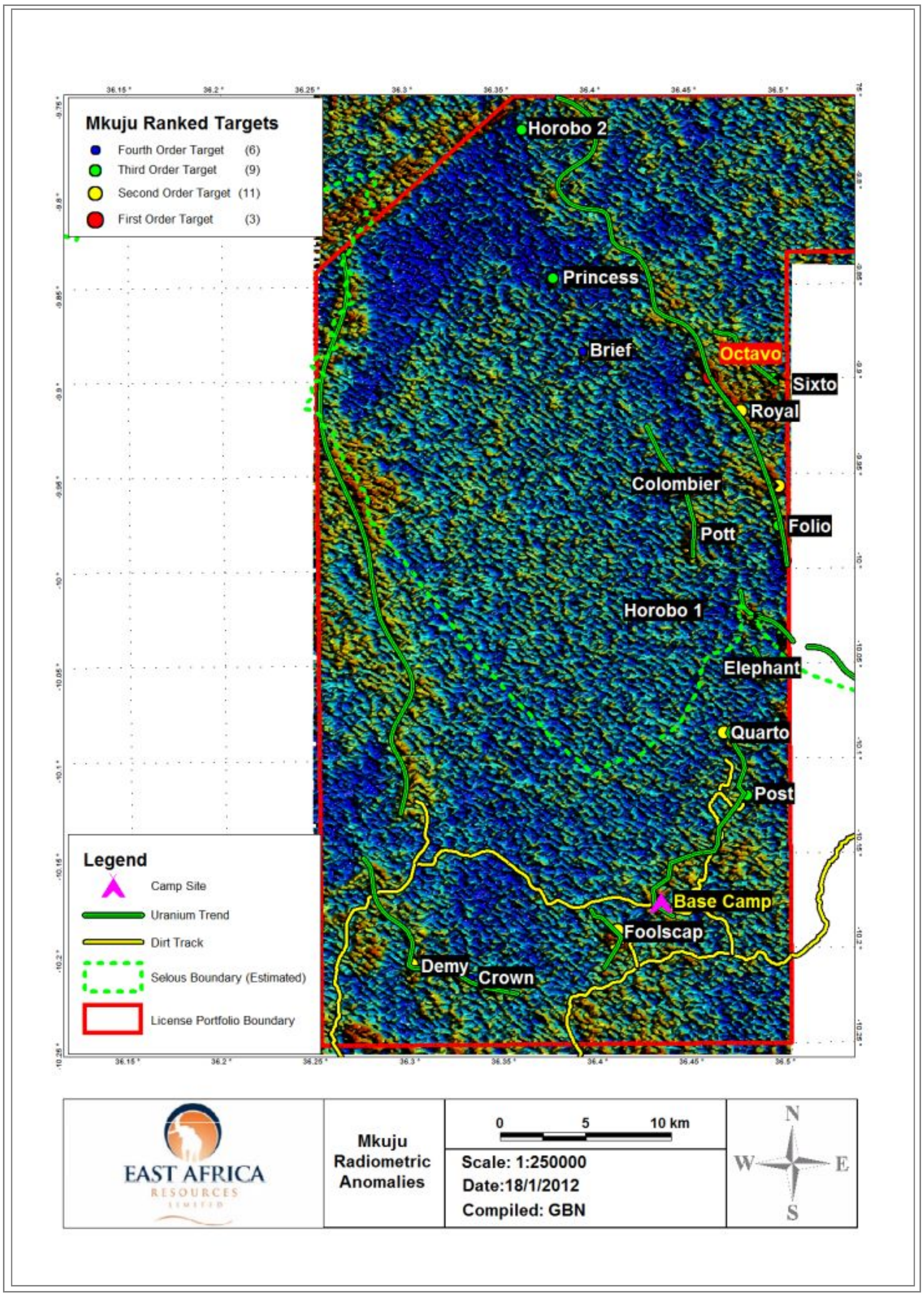


Figure 2 : Mkuju Radiometric Anomalies

Eastern Rift

During the December 2011 quarter data interpretation and desktop investigations continued on the Eastern Rift (ER) project. That formed the basis for the work plan and budget for 2012.

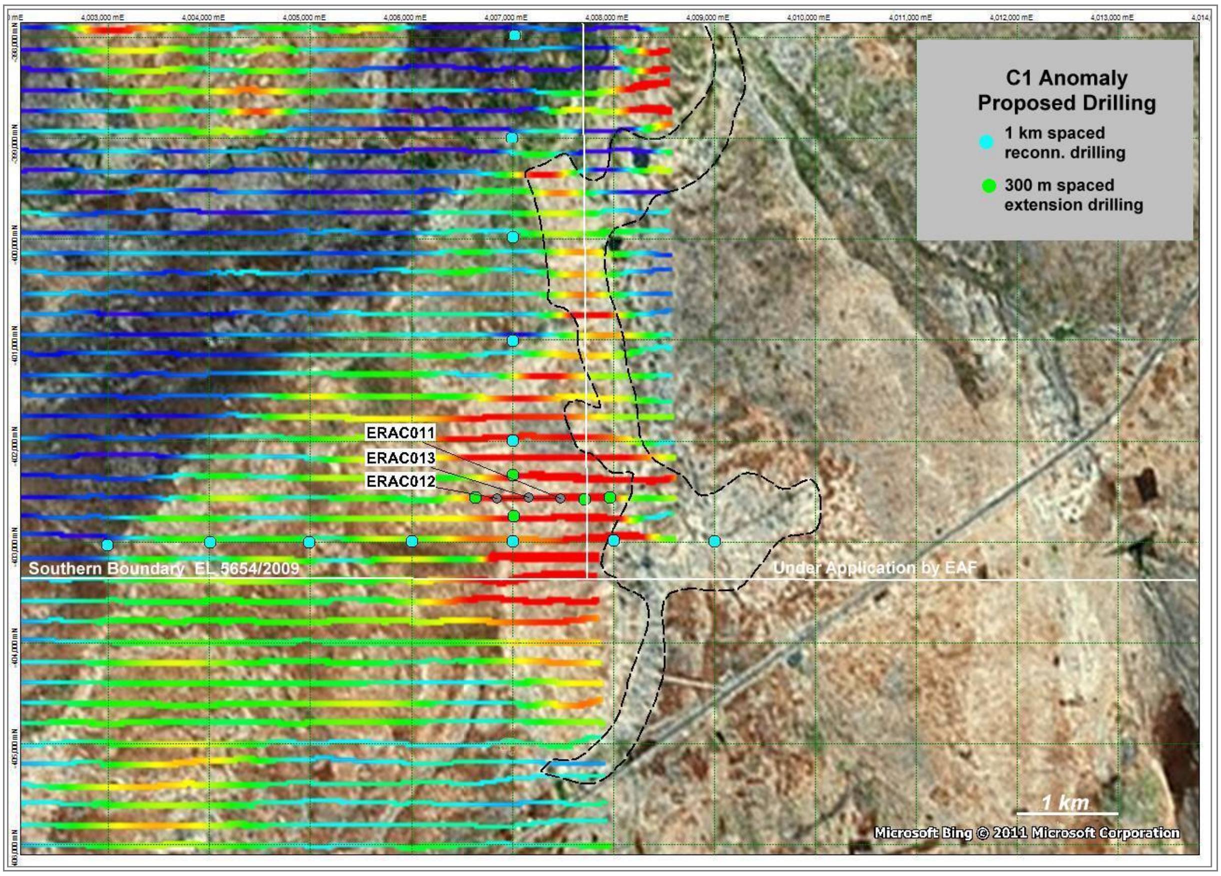


Figure 3: C1 Anomaly Proposed Drilling

Primary objectives are to firm up the understanding of the Q1 drill target and secondly to gain a better understanding on the regional geological setting. It is hoped that a regional uranium model for the area will aid in understanding the uranium system and hopefully identify new target areas.

EAST AFRICAN RESOURCES TENEMENT HOLDINGS IN TANZANIA

The EAF tenement holding status in Tanzania as at 31 December 2011 is as follows:

Sterling Resources Ltd

<u>Tenement Snapshot as at 31 December 2011</u>

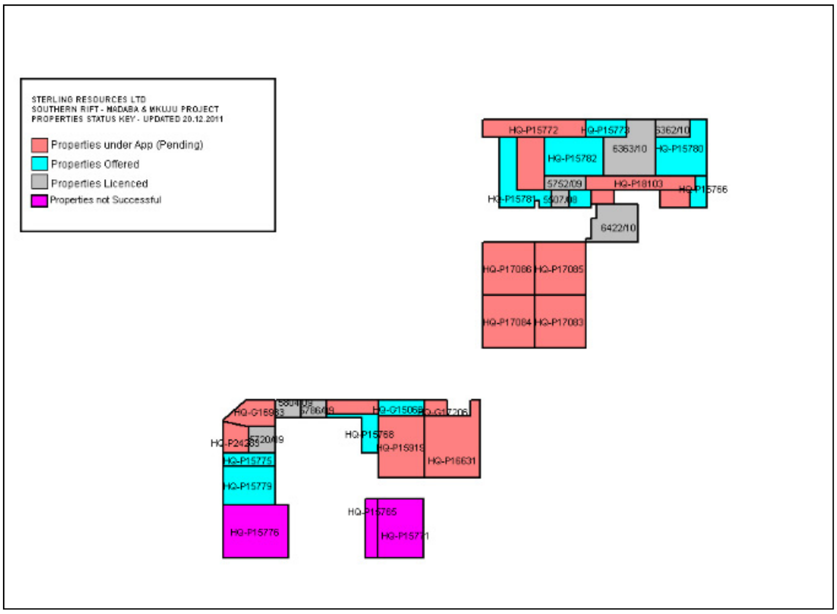
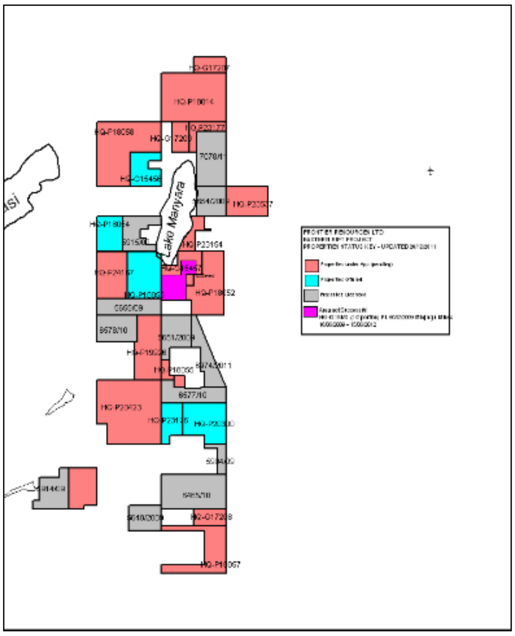


Figure 4 : Sterling Resources Tenement Snapshot as at Q4, 2011

Frontier Resources

Tenement Snapshot as at 31 December 2011



Yours faithfully,

For and on behalf of

EAST AFRICA RESOURCES LIMITED

Louis. L. Coetzee
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Competent Person

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