



East Africa Resources Limited

ABN 36 060 774 227

Financial Report

for the

Half-Year ended 31 December 2011

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2011 and any public announcements made by East Africa Resources Limited during the Half-Year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Directors' Report
31 December 2011

The Directors present their Report on the consolidated entity consisting of East Africa Resources Limited and the entities it controlled at the end of or during the Half-Year ended 31 December 2011.

The names and particulars of Directors of the Company during the whole of the Half-Year and up to the date of this Report are:

Name	Particulars
Louis Lodewyk Coetzee Mr Coetzee resides in South Africa and has over 25 years experience in business development, promotion and financing in both the public and private sector.	Executive Chairman
Peter Lawson Munachen Mr Munachen has over 35 years corporate and administrative experience in hydrocarbon and mineral resource companies. He has served as a director/officer of a number of listed companies, specialising in corporate finance and project acquisition.	Executive Director & Chief Financial Officer
Lindsay Arthur Colless Mr Colless is a chartered accountant with over 15 years experience in the profession. Further, Mr Colless has been in commerce for over 30 years, mostly in the mineral and petroleum exploration industry in the capacities of financial controller, company secretary and director.	Non-Executive Director
Gerard Lodewyk van Delden Zytchow Mr Zytchow resides in Zambia and was appointed as a Director on 21 September 2005.	Non-Executive Director
Ernest Anthony Myers Mr Myers is an accountant who has been a director, company secretary or acted in a consulting role to listed resource companies for over 30 years. He has experience in capital raising, ASX compliance and regulatory requirements.	Company Secretary & Alternate Director

EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Directors' Report
31 December 2011

Review and Results of Operations

The review of the Company's operations during the Half-Year ended 31 December 2011 is as follows.

Financial

	Segment Revenue \$	Segment Result \$
Interest	27,543	27,543
Other revenue	-	-
Unallocated expenses		(604,481)
Operating profit/(loss)		(576,938)
Income Tax		-
Operating profit/(loss) for Half-Year		<u>(576,938)</u>

Review of Operations

Tanzanian Uranium exploration portfolio

The main focus of East Africa Resources Limited during the Half-Year was the execution of an agreement with Korea Resources Corporation (KORES) for KORES to invest in East Africa Resources' Mkuju South uranium project, Tanzania.

The terms of the agreement between East Africa Resources 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.

Other project activities in the Half-Year included:

- Mapping and scintillometer surveys were carried at in the Eastern Rift and Mkuju areas;
- The Eastern Rift exploratory drill programme was completed; and
- Airborne radiometric and magnetic surveys were completed at Mkuju.

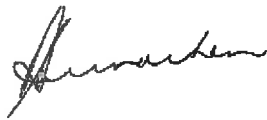
EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Directors' Report
31 December 2011

Changes In State of Affairs

During the Half-Year ended 31 December 2011 there was no significant change in the entity's state of affairs other than that referred to in the Half-Year Financial Statements or Notes thereto.

This Report is made in accordance with a Resolution of the Directors.

A handwritten signature in black ink, appearing to read 'P L Munachen', is written over a horizontal line.

P L Munachen
Director
PERTH, 9th day of March 2012

EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Directors' Report
31 December 2011

The Directors
East Africa Resources Limited
288 Stirling St
Perth WA 6000

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 31 December 2011 Half-Yearly 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
9 March 2012

This Report is made in accordance with a Resolution of the Directors.

P L Munachen
Director
PERTH, 9th day of March 2012



Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

Independent Review Report to the Members of East Africa Resources Ltd

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for East Africa Resources Ltd for the half-year ended 31 December 2011.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2011 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of East Africa Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of East Africa Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2011 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Frank Vrachas
Partner

Dated 9th March 2012



Chartered Accountants

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

EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Directors' Declaration
For The Half-Year Ended 31 December 2011

The Directors declare that:

- (a) The attached Financial Statements and Notes thereto comply with Accounting Standards;
- (b) The attached Financial Statements and Notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- (c) In the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act, 2001; and
- (d) In the Directors' opinion, for the reasons set out in note 1, there are reasonable grounds to believe that East Africa Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Directors pursuant to section 303(5) of the Corporations Act, 2001.

On behalf of the Directors



P L Munachen
Director
PERTH, 9th day of March 2012

EAST AFRICA RESOURCES LIMITED

ABN 36 060 774 227

Condensed Consolidated Statement of Comprehensive Income For The Half-Year Ended 31 December 2011

Continuing Operations

	Note	Half-Year Ended 31-Dec-11 \$	Half-Year Ended 31-Dec-10 \$
Interest received - other		27,543	4,631
Gross Profit/(Loss)		27,543	4,631
Other income		-	-
Audit fees		(28,500)	(27,650)
Employees, directors and contractor expense		(262,000)	(224,585)
Foreign exchange losses		(11,842)	(873)
Depreciation, amortisation and impairment		(20,406)	(464)
Administration expenses		(314,827)	(270,912)
Loss on disposal of assets		-	(9,550)
Profit/(Loss) before Income Tax Expense		(610,032)	(529,403)
Income Tax Expense		-	-
Profit/(Loss) for the Period		(610,032)	(529,403)
Other Comprehensive Income /(Loss)			
Other comprehensive income/(loss)		33,094	(10,899)
Other Comprehensive Income/(Loss) for the Period, Net of Income Tax		33,094	(10,899)
Total Comprehensive Income/(Loss) for the Period		(576,938)	(540,302)
Basic Loss per share (cents per share)	5	(0.89)	(1.20)
Diluted loss per share (cents per share)		(0.89)	(1.20)

Note: During the 2010 Half-Year, the Company consolidated 1 for 100 shares.

The above Condensed Consolidated Statement of Comprehensive Income should be read in
conjunction with the accompanying Notes.

EAST AFRICA RESOURCES LIMITED

ABN 36 060 774 227

Condensed Consolidated Statement of Financial Position

As at 31 December 2011

	Note	Half-Year Ended 31-Dec-11 \$	Annual Report 30-Jun-11 \$
Current Assets			
Cash and cash equivalents	3	1,220,372	2,681,111
Trade and other receivables		183,035	95,211
Other current assets		-	13,320
Total Current Assets		<u>1,403,407</u>	<u>2,789,642</u>
Non-Current Assets			
Plant and equipment		162,494	124,383
Deferred exploration and evaluation expenditure		4,708,510	4,139,753
Total Non-Current Assets		<u>4,871,004</u>	<u>4,264,136</u>
Total Assets		<u>6,274,411</u>	<u>7,053,778</u>
Current Liabilities			
Trade and other payables		86,825	289,254
Total Current Liabilities		<u>86,825</u>	<u>289,254</u>
Total Liabilities		<u>86,825</u>	<u>289,254</u>
Net Assets		<u>6,187,586</u>	<u>6,764,524</u>
Equity			
Contributed equity	4	45,825,984	45,825,984
Reserves		(187,122)	(187,122)
Accumulated losses	2	(39,451,276)	(38,874,338)
Total Equity		<u>6,187,586</u>	<u>6,764,524</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Consolidated Statement of Changes in Equity
For the Half-Year ended 31 December 2011

Consolidated	Share Capital \$	Retained Earnings \$	Reserve \$	Total Equity \$
Balance at 1 July 2010	41,708,019	(37,277,986)	(801,904)	3,628,129
Profit or loss	-	(529,403)	-	(529,403)
Other comprehensive income/(loss)	-	(10,899)	-	(10,899)
Divestment of subsidiaries	-	(555,004)	535,172	(19,832)
Shares issued (net of costs)	4,117,965	-	-	4,117,965
Balance at 31 December 2010	45,825,984	(38,373,292)	(266,732)	7,185,960
Balance at 1 July 2011	45,825,984	(38,874,338)	(187,122)	6,764,524
Profit or loss	-	(610,032)	-	(610,032)
Other comprehensive income/(loss)	-	33,094	-	33,094
Divestment of subsidiaries	-	-	-	-
Shares issued (net of costs)	-	-	-	-
Balance at 31 December 2011	45,825,984	(39,451,276)	(187,122)	6,187,586

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Consolidated Statement of Cash Flows
For The Half-Year Ended 31 December 2011

	Half-Year Ended 31-Dec-11 \$	Half-Year Ended 31-Dec-10 \$
Cash Flows from Operating		
Receipts from customers	-	12,000
Payments to suppliers and employees	(724,432)	(744,450)
Interest received	27,543	4,631
Net Cash from Operating Activities	(696,889)	(727,819)
Cash Flows from Investing		
Payment for purchase of fixed assets	(30,211)	(6,132)
Exploration expenditure	(754,870)	(206,524)
Net Cash from Investing Activities	(785,081)	(212,656)
Cash Flows from Financing		
Proceeds from issue of shares	-	4,355,250
Repayment of borrowings	-	(16,575)
Proceeds from borrowings	-	-
Other (issue costs)	-	(211,213)
Net Cash from Financing Activities	-	4,127,462
Net Increase (Decrease) In Cash and Cash Equivalents	(1,481,970)	3,186,987
Cash and Cash Equivalents at beginning of Half-Year 1 July	2,681,111	845,303
Effect of exchange rate fluctuations on cash held	21,231	(20,320)
Cash and Cash Equivalents at end of Half-Year	1,220,372	4,011,970

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

EAST AFRICA RESOURCES LIMITED

ABN 36 060 774 227

Notes to the Financial Statements

For the Half-Year ended 31 December 2011

1. Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the Half-Year ended 31 December 2011 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. This Half-Year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2011 and public announcements made by East Africa Resources Limited during the Half-Year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising East Africa Resources Limited and the companies it controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which the company had control.

All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full.

Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Taxation

The Company has not brought to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

Impairment of Assets

The recoverable amount of an asset is determined as the higher of net selling price and value in use. Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Notes to the Financial Statements
For the Half-Year ended 31 December 2011

Capitalisation of Exploration and Evaluation Costs

The Company complies with AASB 6 *Exploration for and Evaluation of Mineral Resources*. Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area that is abandoned are written off in the year which the decision to abandon is made.

Going Concern

The financial statements have been prepared on a going concern basis. When making this assessment management took into account the forecast budget for the next twelve months and all available relevant information. It was also noted that the Group has a history of being able to raise funds and also has the option of farming out exploration commitments to more manageable levels should the circumstances arise.

Significant Accounting Policies & Changes in Accounting Policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2011.

In the half-year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Accumulated Losses

	Half-Year Ended 31-Dec-11 \$	Half-Year Ended 31-Dec-10 \$
Loss from ordinary activities after related income tax expense	(576,938)	(540,302)
Accumulated profits (losses) brought forward	(38,874,338)	(37,832,990)
Accumulated profits (losses) at end of Half-Year	<u>(39,451,276)</u>	<u>(38,373,292)</u>

EAST AFRICA RESOURCES LIMITED

ABN 36 060 774 227

Notes to the Financial Statements**For the Half-Year ended 31 December 2011****3. Reconciliation of Cash**

	Half-Year Ended 31-Dec-11 \$	Half-Year Ended 31-Dec-10 \$
Cash at the end of the Half-Year as shown in the Statement of Cash Flows is reconciled to the related items in the Financial Statements as follows:		
Cash on hand and at bank	1,220,372	4,011,970
Cash and Equivalents at 31 December 2011	1,220,372	4,011,970

4. Issued and Quoted Securities at end of current Half-Year

Category of Securities	Number Issued	Number Quoted
Ordinary Shares:	65,130,446	65,130,446
	65,130,446	65,130,446

5. Earnings per Share

	Half-Year Ended 31-Dec-11	Half-Year Ended 31-Dec-10
Basic earnings per share - cents	(0.89)	(1.20)
Diluted earnings per share is not materially different from Basis earnings per share	(0.89)	(1.20)
The weighted average number of ordinary shares outstanding during the Half-Year used in the calculation of basic earnings per share	65,130,446	43,706,786

6. Segmental Information

The Company operates solely in the African region.

EAST AFRICA RESOURCES LIMITED
ABN 36 060 774 227

Notes to the Financial Statements
For the Half-Year ended 31 December 2011

7. Subsequent Events

No matters or circumstances have arisen since the end of the Half-Year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the Half-Year ended 31 December 2011.

8. Commitments for Expenditure (Contingent Liability)

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.