EAST AFRICA RESOURCES LIMITED

29 May 2012

The Manager Announcements
Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Share Purchase Plan

East Africa Resources Limited (ASX: EAF) has decided to withdraw the Share Purchase Plan announced on 1 May 2012.

Since making the announcement there has been a weakening of the market generally and East Africa has not been immune from the negative sentiment of investors. With the shares currently trading at $0.068 it would not be commercially sensible for shareholders to take up new shares at an issue price of $0.08. In the interests of all concerned it has been therefore decided to cancel the share purchase plan.

The Company's Chairman Mr Coetzee said that "despite the cancellation of the Share Purchase Plan, East Africa is able to concentrate on the Mkuju South Project which is being funded by the Korea Resources Corporation ("KORES"). The agreement with KORES will provide a benefit to East Africa from KORES' technical experience as well as ensuring a market for the Company's off-take in the longer term."

The terms of 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.

Despite the cancellation East Africa is still in a strong position to provide value for shreholders through it's Tanzanian uranium portfolio of projects.

Louis Coetzee

Chairman

East Africa Resources Limited

ABN 36 060 774 227
288 Stirling Street, Perth WA 6000 PO Box 8260, Perth Business Centre, WA 6849
Tel: +61 8 9227 3270 Fax: +61 8 9227 3211
Email: info@eastafricaresources.com.au

For further information:

Fortbridge +612 9003 0477

Bill Kemmery +61 400 122 449

Louis L Coetzee +61 8 9227 3270

Ernie Myers +61 8 9227 3270

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 (See Fig 1) 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.

FIGURE 1: EAST AFRICA RESOURCES: SOUTHERN TANZANIA EXPLORATION PORTFOLIO