

Dear Shareholder

OFFER OF NEW EAST AFRICA SHARES UNDER AN UNDERWRITTEN NON RENOUNCEABLE ONE FOR TWO ENTITLEMENT ISSUE

Pursuant to East Africa's announcement made on 7 September 2012 about East Africa's intention to invite Shareholders of East Africa as at as at 5 pm WST on the Record Date of 18 September 2012 (the "Record Date") to participate in East Africa's one (1) for two (2) non renounceable entitlement issue, the Directors of East Africa are pleased to offer ("Entitlement Issue") you as an East Africa shareholder (an "Eligible Shareholder") on the Record Date to subscribe for one (1) new ordinary fully paid share ("New Share") in the capital of East Africa for every two (2) existing ordinary fully paid shares in the capital of East Africa held by you on the Record Date at the issue price of \$0.025 (2.5 cents) per New Share to raise up to \$935,381 before expenses of the Entitlement Issue.

Each New Share will rank equally with the existing shares in the capital of East Africa. The Entitlement Issue allows Eligible Shareholders to acquire the New Shares without brokerage or other costs that would apply to an on-market purchase of shares. The Entitlement Issue is fully underwritten by KSLcorp Pty Limited ("KSL") for which it will be paid a fee of 5% of the amount underwritten plus GST. Where the entitlement of an Eligible Shareholder results in a fraction of a New Share, that fraction will be rounded down to the nearest whole New Share.

Purpose of the Offer

The purpose of the Entitlement Issue is to raise up to \$935,381 for expenditure on working capital and the Company's exploration licences in Tanzania.

Entitlements and Acceptance

The Entitlement of Eligible Shareholders to participate in the Entitlement Issue is determined on the Record Date. Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this letter.

Acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept a lesser number of New Shares should you wish to take up only part of your Entitlement. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus application monies will be returned to you.

No Rights Trading

The rights to New Shares under this offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the offer to any other party. If you do not take up your Entitlement to New Shares by the Closing Date, the Offer to you will lapse.

Shortfall

If you do not wish to take up any part of your Entitlement, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall which will be taken up by KSL in accordance with its obligations under the underwriting agreement with the Company.

Opening and Closing Dates

The Offer opens on the Opening Date, being 24 September 2012. The Company will accept Entitlement and Acceptance Forms until 4.00pm WST on the Closing Date being 9 October 2012 or such other date as the Directors in their absolute discretion shall determine, subject to compliance with the Listing Rules.

Issue and Despatch

The expected date for issue of New Shares offered by this Offer and despatch is expected to occur on the dates specified in the Indicative Timetable set out below.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

ASX Listing

Application for official quotation by ASX of the New Shares offered pursuant to this Offer has been made. If approval is not obtained from ASX before the expiration of three (3) months after the date of this Offer (or such period as varied by the ASIC) the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest as if this letter was a prospectus, which it is not.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered under this Entitlement Issue.

Holding Statements

The Company will not be issuing certificates to Eligible Shareholders. Instead, Eligible Shareholders will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Overseas Eligible Shareholders

No Offer will be made to Eligible Shareholders resident outside Australia and New Zealand.

New Shares to which any Eligible Shareholders who are not resident in Australia or New Zealand would otherwise be entitled, will form part of the Shortfall and become subject to the obligations of KSL under the underwriting agreement.

Taxation Implications

The Directors do not consider it appropriate to give Eligible Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to Eligible Shareholders.

Eligible Shareholders should consult their professional adviser in connection with subscribing for New Shares under this Offer.

Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in

the Company which are, without limitation, risks associated with economic conditions, the ability of the Company to continue to raise funds to satisfy its obligations, exploration success, operating risks, commodity price volatility, exchange rate, Government policy, native title, environmental matters and share market conditions.

Enquiries Concerning Offer

Enquiries concerning the Entitlement and Acceptance Form can be obtained by calling 1300 850 505 (within Australia) and 61 3 9415 4000 (outside Australia).

ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

How to accept the Offer

Your acceptance of the Offer must be made on the personalised Entitlement and Acceptance Form accompanying this Offer. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) If you wish to accept your Entitlement in full, complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and follow the payment instructions set out in that form; or
- (b) If you only wish to accept part of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) following the payment instructions set out in that form; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "East Africa Resources Limited – Subscription Account" and crossed "Not Negotiable". Please note that payment via BPAY must be made by no later than 4.00pm Perth time on the Closing Date namely, 9 October 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay by BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return that form to the Company's Share Registry.

Your completed Entitlement and Acceptance Form and money must be forwarded to the Company's Share Registry, Computershare, so that they are received no later than 4.00pm (WST) on the Closing Date being 9 October 2012. Entitlement and Acceptance Forms with cheques can be delivered as follows:

By Post: Computershare Investor Services Pty Limited
GPO Box 505,
Melbourne VIC 3001

By Hand: Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
Perth WA 6000

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of his/her/its Entitlement.

CAPITAL STRUCTURE

The capital structure of the Company immediately following the completion of the Offer, assuming all available rights are taken up is expected to be as follows:

Shares	Number
Shares on issue at date of this Offer	74,830,446
New Shares now offered	37,415,223
Total Shares on issue at completion of the Offer	112,245,669

CAPITAL STRUCTURE FOLLOWING ENTITLEMENT ISSUE

The capital structure of the Company following the completion of the Entitlement Issue is summarised below:

Description	Number of Shares	Amount Raised \$
Shares on Issue	74,830,446	
New Shares the subject of the Offer	37,415,223	935,381
	112,245,669	

INDICATIVE TIMETABLE

The Indicative Timetable for the Entitlement Issue is as follows:

Announcement of Entitlement Issue and Application for Quotation of New Shares (Appendix 3B)	Friday, 7 September 2012
Letter to Shareholders advising of Entitlement Issue	Monday, 10 September 2012
Ex-Date: Shares Quoted ex-Entitlement	Wednesday, 12 September 2012
Record Date	Tuesday, 18 September 2012
Issue Cleansing Notice in accordance with Section 708AA of Corporations Act	Monday, 24 September 2012
Despatch offer of Entitlement Issue to Eligible Shareholders	Monday, 24 September 2012
Closing Date	Tuesday, 9 October 2012
Securities quoted on a deferred settlement basis	Wednesday, 10 October 2012
Notification of under subscriptions	Friday, 12 October 2012
Allotment of securities and deferred settlement ends	Tuesday, 16 October 2012

Directors

The directors of the Company have agreed to act as sub underwriters of the Entitlement Issue for an amount up to \$90,000 for which they will be paid a fee of 3%. The directors will also be taking up their full entitlement under the Entitlement Issue.

At the date of this document the Directors have the following relevant interests in Shares:

NAME	NUMBER OF SHARES
Lindsay Colless	84,000
Peter Lawson Munachen	1,566,200
Gerard Zytchow	165,045
Ernest Anthony Myers	269,939

GLOSSARY

In this document the following words and phrases have the following meanings:

Applicant	refers to a person who submits an Entitlement and Acceptance Form.
Application	refers to the submission of an Entitlement and Acceptance Form.
ASIC	means Australian Securities & Investments Commission.
ASX	means ASX Limited (ACN: 008 624 691) and where the context permits, the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	means Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Board	means the Board of Directors of the Company as constituted from time to time.
CHESS	means ASX Clearing House Electronic Subregistry System.
Closing Date	means the date on which this Offer closes, being 4.00pm (WST), 2 October 2012.
Corporations Act	means the Corporations Act 2001 (Cwth).
Company	means East Africa Energy NL (ABN: 36 060 774 227)
Dollar or \$	means Australian dollar unless otherwise stated.
Eligible Shareholder	means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date.
Entitlement	means the entitlement to subscribe for one (1) New Share for every two (2) Shares held by an Eligible Shareholder on the Record Date and Entitlements have a corresponding meaning.
Entitlement and Acceptance Form	means the personalised Entitlement and Acceptance Form accompanying this Offer in respect of the Entitlement Issue.
New Share	means a New Share proposed to be issued pursuant to this Offer.
Offer	means the non-renounceable pro rata offer of New Shares at an issue price of \$0.025 (2.5 cents) each on the basis of one (1) New Share for every two (2) Shares held on the Record Date pursuant to this Offer.
Offer Period	means the period commencing on the Opening Date and ending on the Closing Date.
Opening Date	Means 24 September 2012.

Option	means an option to acquire a Share.
KSL	means KSLcorp Pty Limited.
Quotation	means quotation of the New Shares on ASX.
Record Date	means 18 September 2012.
Rights Issue	means the Offer.
Section	means a section of this Offer.
Share	means an ordinary full paid share in the capital of the Company.
Shareholder	means a holder of Shares.
Shortfall	means the number of New Shares comprising the difference between 37,415,223 and the number of the New Shares for which valid Applications have been received and accepted by the Company by the Closing Date from the Eligible Shareholders.
WST	means time in Perth, Western Australia.

Please contact Computershare by calling 1300 850 505 (within Australia) and 61 3 9415 4000 (outside Australia) if you have any queries in relation to this Offer or how to accept it.

Yours sincerely

Katina Law
Executive Director & Chief Executive Officer