



30 July 2010

Manager, Company Announcements  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000  
By E-Lodgement

## **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2010**

On 28 June 2010, the shareholders of the Company approved a change of name to East Africa Resources Limited. The change of name became effective on Australian Securities Exchange from 15 July 2010 and from that date the Company's shares have traded under the ASX code EAF.

The name change marked the conclusion of a very busy quarter for the Company, with significant progress made in restructuring and refocusing the business. In doing so, it also signifies the beginning of the "new" East Africa Resources business, with a consolidated share register, a clear focus on flagship uranium projects and a commitment to divest of non-core interests elsewhere. The Board of Directors anticipate a similarly active period for the first quarter of FY2011 as the Company kicks-off exploration in Tanzania.

### **Operations**

#### **Divestment of operating assets in the Democratic Republic of Congo**

In May 2010, the Company advised that an agreement had been negotiated for the sale of its copper smelting facility in Democratic Republic of Congo (DRC). Under the terms of the agreement the Company is disposing of its land and buildings in Lubumbashi together with the four furnaces and associated plant and inventory for a consideration of US\$1.5m.

The purchaser, a private group based in Lubumbashi, DRC, has made a first non-refundable down-payment of US\$500,000, constituting 33% of the total purchase price in terms of the sale agreement. The balance of the consideration is payable in four monthly installments of which three installments have already been received. The Directors are negotiating a 100% Management Buy-Out (MBO) offer for all the remaining EAF subsidiaries in the DRC. The management teams and minor shareholders of the two remaining EAF subsidiaries in the DRC, namely Macro Mining sprl and Nova Mining sprl, have indicated their intention to make an offer to EAF for a 100% buy-out of both companies.



EAF further holds the first right of refusal on eight mineral exploration concessions in the Katanga province in the Democratic Republic of Congo (DRC). During the month of June 2010 the Company commissioned an independent geological evaluation on the prospectivity and exploration potential of the said concessions and has since elected, based on the findings by the independent evaluation, not to exercise its Right of First Refusal. The Company will have no further obligations or liabilities in this regard, other than to ensure that the licenses are returned back to the vendors in good standing.

### **Tanzania exploration program to commence**

The EAF exploration team has already been identified and signed on during July 2010.

EAF will concentrate its resources on an aggressive 36 month Three Stage exploration program on the Company's Tanzanian assets. Stage 1 will commence on 1 August 2010 with the primary focus over the course of the next 12 months to include:

- Integration and interpretation of all available historic data;
- Establishment of field camps to support exploration work in remote areas;
- Geological mapping and prospecting, airborne and ground radiometric surveys;
- Confirmation of drill results from 1981 at Madaba-Mkuju with further drilling;
- At Eastern Rift, the target area may be relatively shallow (within 2-20 meters of surface), allowing low-cost and low environmental impact hand pitting with local labor to be employed as a sub-surface prospecting tool.

A budget to the amount of approximately AUD 586,000 has been approved for the Stage 1 Phase 1 exploration program in Tanzania, which will run until 31 January 2010.

The deliverables for Stage1 Phase 1 are:

1. Integration and interpretation of all available historic data pertaining to both the Tanzanian projects.
2. Preliminary field exploration to verify / confirm available data, conduct geological mapping and prospecting.
3. Establish exploration infrastructure for subsequent exploration programs.
4. Development and submission for approval, of a three year exploration program (Stage 2 Exploration) which will advance both projects to at least PFS status.

## **Corporate**

### **Finalisation of acquisition of Tanganyika Uranium Corp and completion of Share Placement**

In April 2010, the Company received acceptances for 100% of Tanganyika Uranium Corp (TUC) and in accordance with shareholder approval (23 February 2010), a further 6.4m shares were issued to the last of the TUC shareholders. This completed the acquisition and TUC is became a wholly owned subsidiary.





## Capital raising

At the General Meeting of shareholders convened on 28 June 2010 all resolutions were passed on a show of hands, including the ratification of the allotment and issue of 450,000,000 shares (Tranche 1) and the approval for the allotment and issue of a second tranche of 450,000,000 shares (Tranche 2) to sophisticated and professional investors. Funds raised are to be used to fund expenditures on the Company's mineral exploration concessions the newly acquired Tanganyika properties, to supplement working capital and to cover the costs of the issue.

## Consolidation

At the recent General Meeting of shareholders, shareholders also voted on and approved a consolidation of the Company's share register. This allowed the company to consolidate the issued share capital to 40,488,446 ordinary fully paid shares.

## Directors

The Directors of East Africa Resources Limited regret to advise that non-executive director Mr Ian (Inky) Cornelius passed away earlier this month. It is with great sadness that we farewell such a steadfast friend and colleague. Inky joined the Board in 2003 and he, together with the rest of the team, navigated the Company through some difficult times. The Directors and Management have extended their sincerest condolences to Inky's partner and family.

In April 2010, the Company announced that recently appointed Director, Mr Louis Coetzee, has been elected as Chairman of the Company and appointed as Acting Chief Executive Officer pending the ultimate identification, recruitment and appointment of a suitable management team in accordance with the Company's long term business strategy. At this time, the Company also announced that Mr Peter Munachen has assumed the role of Chief Financial Officer.

In June 2010, Mr Ernest A Myers was appointed by Mr Peter Munachen to act as his alternate in accordance with the Company's Constitution.

Yours faithfully,  
for **EAST AFRICA RESOURCES LIMITED**

*[signed]*

L L Coetzee  
**Chairman and CEO**





Figure 2: Eastern Rift Project Location Map

