



ASX:EAF

07 February 2014

Mkuju South Project Update

- **Final results of the air core drilling programme that targeted sandstone-hosted airborne uranium radiometric anomalies now compiled**
- **The latest drilling intersected a “redox front” at both Quarto and Post with moderate uranium anomalies located at Quarto**
- **Quarto-Post zone confirmed as being prospective for roll-front-style uranium mineralization**

East Africa Resources Limited (“East Africa” or “the Company”) (ASX: EAF) reports on the recent drilling at its joint venture project at Mkuju South. The Mkuju South Project is located adjacent to Uranium One’s Mkuju River Uranium Deposit.

Mkuju South JV

Drilling commenced at the Mkuju South JV project in June with round 1 and was completed in December with round 2 (22nd November – 11th December 2013). In between, there was a three month delay while access to the Quarto and Post targets was negotiated. Both targets are within the Selous World Heritage Area and at a late stage the Ministry of Natural Resources and Tourism (MNRT) requested the submission of an Environmental Impact Assessment (EIA). Hence the drilling was delayed until the EIA was completed.

Round 1 included 38 holes and 3,415 metres of aircore and rotary mud drilling. Round 2 added 24 holes and another 2,182 m of aircore for a total of 62 holes and 5,597 m. All holes were logged using a calibrated gamma probe allowing the calculation of eU₃O₈ values. The prospect locations and the areas drilled are shown on Figure 1.

Quarto

The best results were achieved at Quarto where 4 holes intersected anomalous uranium intervals. The peak values from the 3 best holes were; MKQAC001B 147 ppm eU₃O₈, 118 ppm in MKQAC001 and 81 ppm in MKQAC009. These values were achieved over 10 cm intervals. The surrounding material averages about 35-50 ppm which is well below ore grade. Table 1 lists the best results. The anomalies all occur at less than 20 m below surface and are strong indications of typical roll-front-

style uranium mineralization occurring at the zone of interaction between oxidized and reduced sediments (redox front).

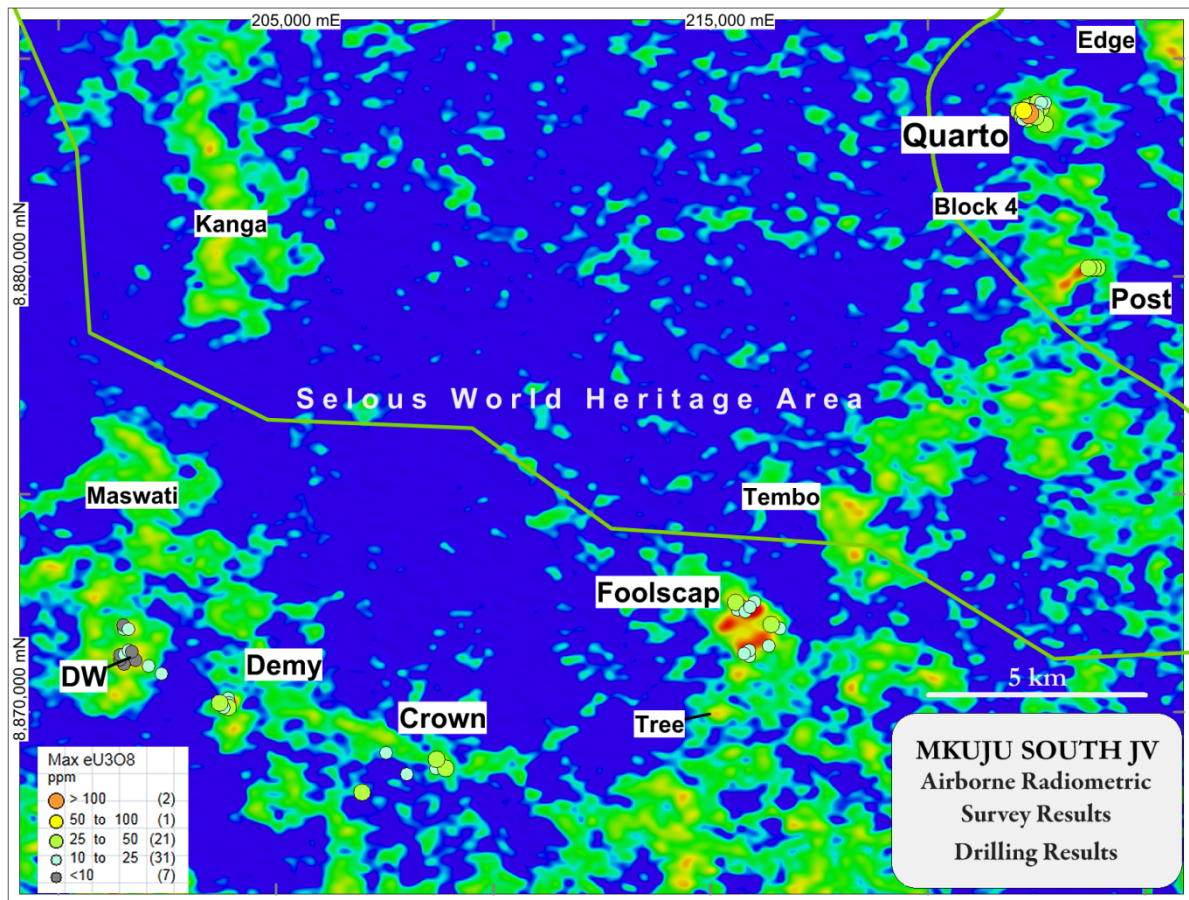


Figure 1: Mkuju South JV - Drilled Targets

The drilling also intersected significant amounts of reduced sediments indicating that the regional redox front passes through the anomalous area. The anomalous uranium and the presence of the redox front are considered promising indicators of mineralization and raise the potential of the Quarto-Post zone (see Figure 1). Figure 2 shows the location of the drilling at Quarto.

Table 1: Quarto Drilling Results

Hole Number	From (m)	To (m)	eU ₃ O ₈ (ppm)	Interval (m)
MKQAC001	13.95	14.56	45	0.60
MKQAC001	18.46	20.27	45	1.80
MKQAC001B	14.70	15.51	37	0.80
MKQAC001B	16.61	17.51	42	0.90
MKQAC001B	18.61	20.92	48	2.30
MKQAC002	17.27	17.78	30	0.50
MKQAC009	4.85	5.45	25	0.60
MKQAC009	6.85	7.35	53	0.50
MKQAC014	9.07	9.57	30	0.50

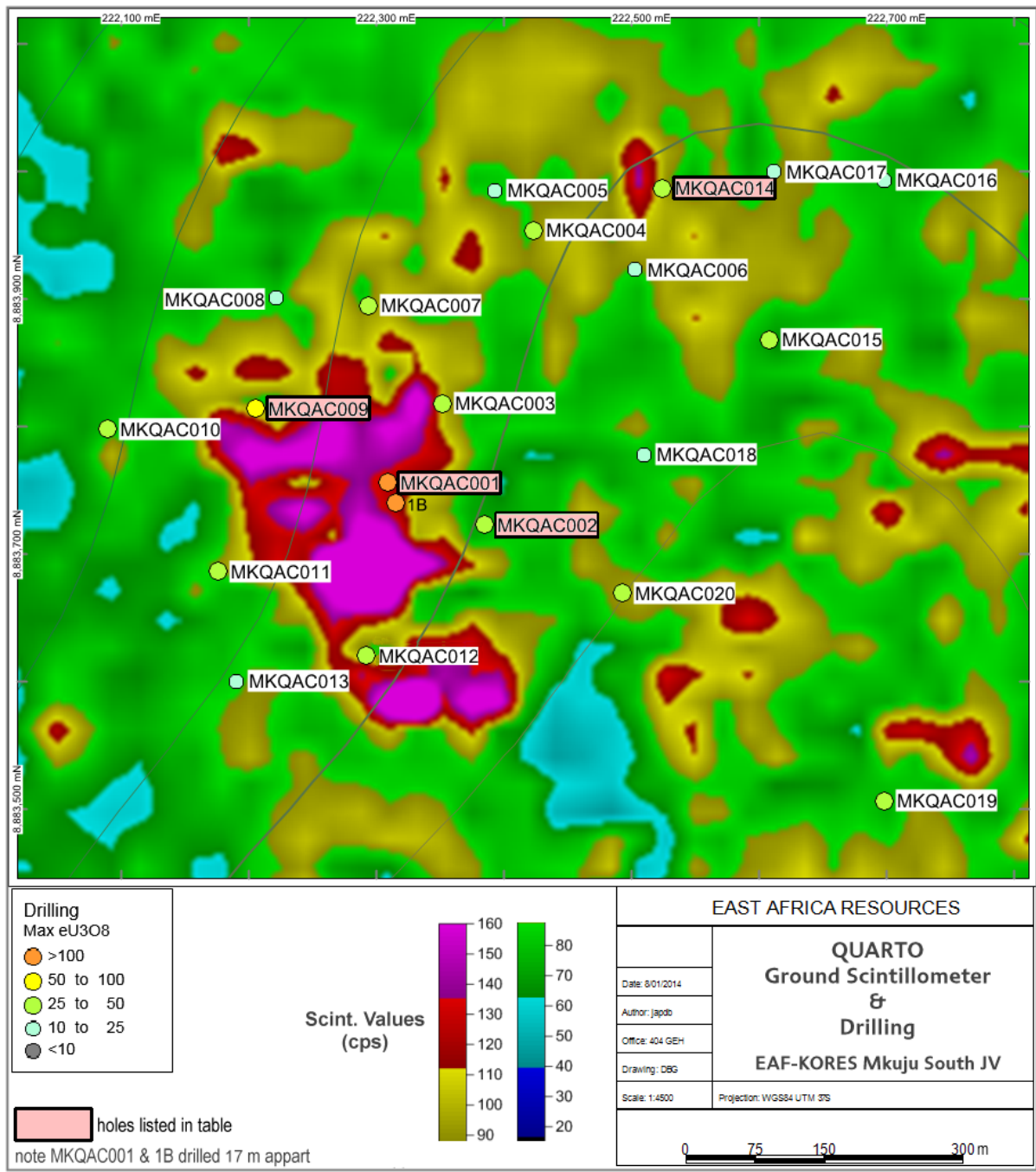


Figure 2: Quarto - Surface Anomaly & Drill Locations

Figure 3 shows the anomalies recorded in holes MKQAC001 and 1B. Note: as the anomalies all occur within the weathered part of the profile, the eU₃O₈ values are only indicative and are not necessarily accurate.

Post

Unfortunately, due to access and time constraints the program at Post was curtailed which resulted in only the northern edge of the anomaly being drilled. Hence Post can be regarded as untested. The drilling did show the presence of the redox front and some moderately anomalous hang-ups (see explanation below) in the range 20-35 ppm eU₃O₈.

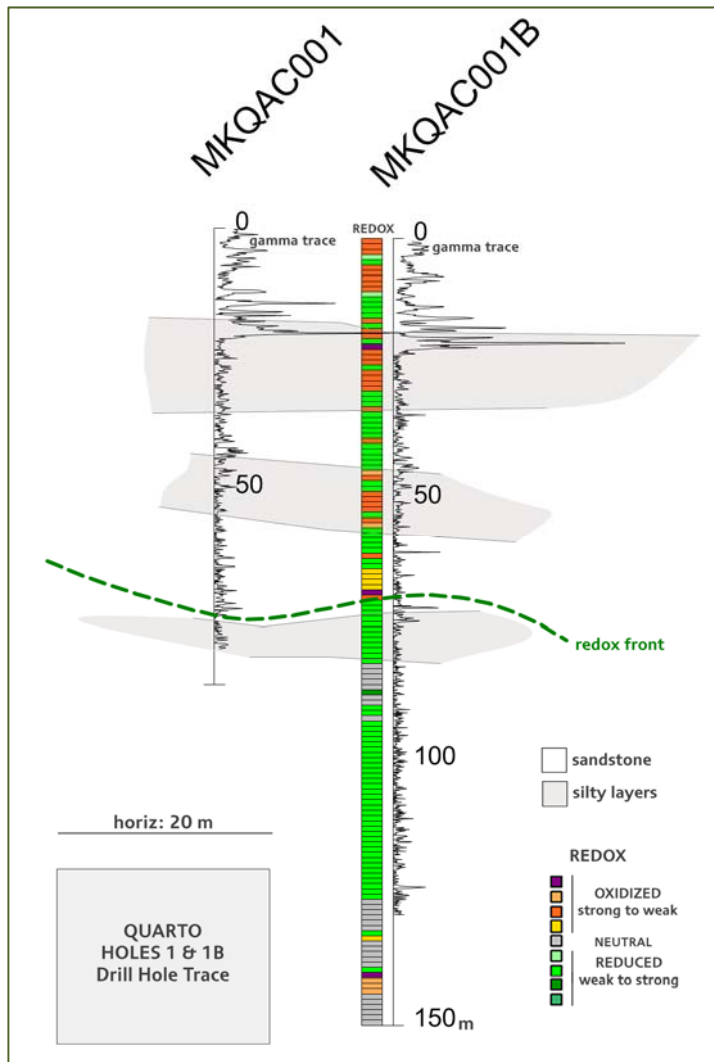


Figure 3: Quarto - Drill Holes MKQAC001 & 1B

required to establish the redox front to determine if it contains any significant amounts of uranium. The redox front may continue SW from Post towards Foolscap but at this stage the relationship between the two areas remains uncertain.

Explanations

Figure 4 shows schematically the features of the U-roll front mineralization mentioned in the text. In particular the remnant 'hang-up' uranium left behind after the passage of the redox front (boundary between orange and green) and the postulated steps in the redox. Note these hang-ups do not represent uranium mineralization but rather geochemical traces of the uranium pathways. The uranium at Quarto is interpreted to be a mixture of wing anomalies and possibly a small partly eroded roll (see Figure 4).

The eU_3O_8 values quoted in the text are derived from the down-hole gamma-logs measured inside the drill rods at the completion of each hole. This value is calculated by comparing the gamma counts per second (cps) with the U_3O_8 assay values in known test pits. The raw cps values are corrected for the presence of air in the holes (i.e. above the water table), differences in drill hole

Elsewhere the results were largely disappointing with primarily oxidized sediments and only weak hang-up anomalies being encountered. These results for Foolscap, Crown, Demy and DW were reported to the ASX on August 27, 2013 - Mkuju South Update.

Discussion

The results of the first round of drilling in the western half of the tenements show that oxidized ground waters have penetrated the sedimentary basin along with trace amounts of remnant uranium. The second round has identified the redox front between the oxidized and reduced sediments along with some anomalous uranium in the eastern part of the tenements.

This redox target zone, between Quarto-Post, is about 8-12 km long and 3-5 km wide but remains to be accurately defined (see Figure 1). Spaced stratigraphic drilling is

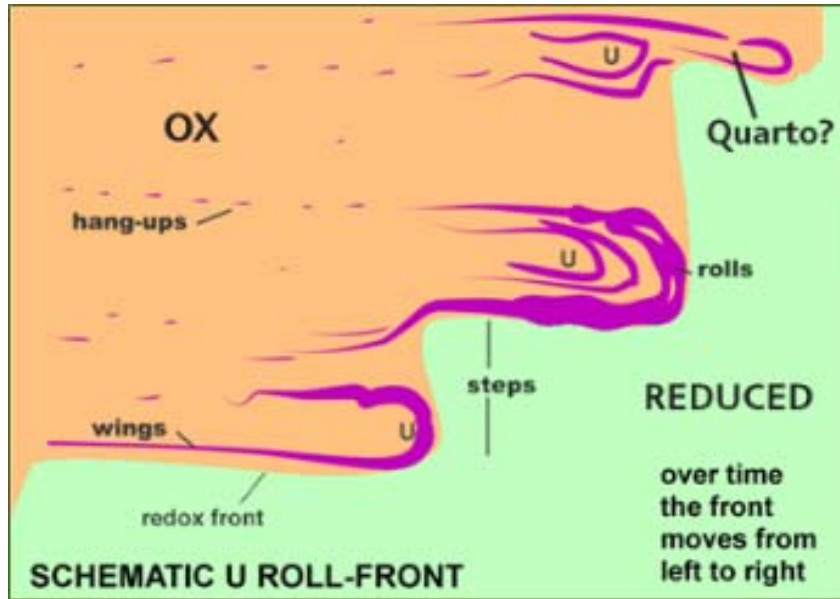


Figure 4: Schematic U-roll Front

diameter and for the steel drill rods. The data is then spatially deconvoluted using the Killen-Conaway method and converted to eU_3O_8 using a mathematical equation relating the cps values to assay U_3O_8 . This method assumes secular equilibrium between the uranium in the rocks intersected and its daughter products. It also assumes that any spurious values derived from radon gas have been detected in the logs and have been

subtracted from the cps values. On the Mkuju South project, the gamma logs are run immediately upon completion of drilling prior to any radon build up.

Note: as a guide - resource cut-off is of the order 100-250 ppm and resource grade is of the order 400-800 ppm U_3O_8 for this style of deposit.

Tabulated Data

Table 2: Quarto-Post - 2nd Phase of Drilling - Collar Details

Hole number	Area	E (m)	N (m)	RI (m)	dip	azimuth	Total Depth (m)	Max ppm eU_3O_8
MKPAC001	Post	223897	8880200	802	-90	0	150	32
MKPAC002	Post	223797	8880200	802	-90	0	150	38.2
MKPAC003	Post	223697	8880200	802	-90	0	150	40.2
MKQAC001	Quarto	222309	8883756	702	-90	0	87	118
MKQAC001B	Quarto	222315	8883740	700	-90	0	150	147.2
MKQAC002	Quarto	222385	8883723	712	-90	0	72	34.8
MKQAC003	Quarto	222352	8883818	701	-90	0	72	38
MKQAC004	Quarto	222423	8883954	712	-90	0	72	46.9
MKQAC005	Quarto	222393	8883985	709	-90	0	72	24.5
MKQAC006	Quarto	222503	8883923	724	-90	0	72	21.8
MKQAC007	Quarto	222294	8883895	689	-90	0	72	30.8
MKQAC008	Quarto	222221	8883901	696	-90	0	72	19.3
MKQAC009	Quarto	222205	8883814	698	-90	0	135	81.5
MKQAC010	Quarto	222089	8883798	684	-90	0	135	35.3
MKQAC011	Quarto	222176	8883686	674	-90	0	72	31.2
MKQAC012	Quarto	222292	8883620	695	-90	0	72	27.3

Hole number	Area	E (m)	N (m)	RI (m)	dip	azimuth	Total Depth (m)	Max ppm eU ₃ O ₈
MKQAC013	Quarto	222190	8883600	705	-90	0	72	15.6
MKQAC014	Quarto	222524	8883987	705	-90	0	72	40.3
MKQAC015	Quarto	222608	8883868	718	-90	0	72	49.5
MKQAC016	Quarto	222698	8883993	721	-90	0	72	24.1
MKQAC017	Quarto	222612	8884000	711	-90	0	72	19.4
MKQAC018	Quarto	222510	8883778	720	-90	0	72	19.4
MKQAC019	Quarto	222698	8883506	735	-90	0	72	31.7
MKQAC020	Quarto	222493	8883669	725	-90	0	72	25.3

Table 3: Quarto-Post - 2nd Phase of Drilling -Summary Anomalous Intersections

Hole number	Min Dfrom	Max Dto	Wt Ave eU ₃ O ₈	No. of Intervals	Total of Intervals
MKPAC001	30.20	30.80	15.5	1	0.60
MKQAC001	1.02	20.7	23.1	4	12.32
MKQAC001B	1.27	21.11	26.6	4	10.92
MKQAC002	17.17	20.88	15.0	1	3.70
MKQAC003	12.26	14.06	18.5	1	1.80
MKQAC005	7.19	7.69	17.3	1	0.5
MKQAC009	4.74	8.55	27.7	2	2.40
MKQAC014	7.66	39.42	20.2	2	2.5
MKQAC015	27.81	31.01	15.3	1	3.20
MKQAC017	50.91	51.41	16.6	1	0.50
MKQAC020	5.44	6.34	20.4	1	0.90

Note: cut off 15 ppm eU₃O₈ and minimum thickness 0.5 m

JORC TABLE 1 COMPILATION	
CRITERIA	EXPLANATION
Section 1	
Sampling techniques	No sampling was undertaken as no mineralization was encountered.
	All holes were gamma-logged in the rods upon completion of the holes. The gamma probe used has been calibrated using the USA DOE Grand Junction test pits. An explanation of the corrections to the raw data is made in the text. The expression eU_3O_8 refers to calculated uranium content based on results of the gamma logging.
Drilling techniques	Drilling was carried out using standard NQ air core rods with central sample return.
Drill sample recovery	Samples are collected in plastic bags via the rig cyclone. The samples are measured with a hand held scintillometer to detect uranium mineralization. Due to the soft sediments being drilled the sample quality is average to poor with a certain amount of mixing due to slumping and washing of the sample.
Logging	Samples are geologically logged on site. Basic colour, grain size distribution and constituent grains are recorded for each 1m interval.
Sub-sampling techniques and sample preparation	No sampling was undertaken as no mineralization was encountered.
Quality of assay data and laboratory tests	No sampling was undertaken as no mineralization was encountered.
Verification of sampling and assaying	No sampling was undertaken as no mineralization was encountered. The gamma probe was checked by logging a standard hole before and after the program.
Location of data points	Drill hole co-ordinates are in WGS 84 UTM zone 37 south. They were measured using a hand held GPS unit. RL's are estimated using the DTM data from the 2011 airborne survey (250 x 25 m grid) controlled by the local topography as noted on site.
Data spacing and distribution	The drill holes are spaced at between 100-150 m which is adequate for initial testing.
Orientation of data in relation to geological structure	The holes are drilled vertically to intersect near horizontal sedimentary sequences. Potential uranium mineralization occurs in mainly in sub-horizontal clusters except at the nose of rolls. Vertical holes are the industry standard for sandstone uranium deposits due to the soft nature of the rocks.
Sample security	No sampling was undertaken as no mineralization was encountered.
Audits or reviews	Not applicable.

Section 2	
Project Details	The Mkuju South Joint Venture (MS-JV) is between East Africa Resources and Korea Resources Corporation (“KORES”). It covers the Mkuju South project which comprises two tenements in the southern part of the Mkuju Uranium Project totaling 566 km ² . Under the terms of the agreement KORES has committed to a staged investment of US\$3.5 million to secure a 50% interest in the Mkuju South uranium project. The JV investment will comprise two major exploration programs at Mkuju South.
Environment	The project neighbors and overlaps the Selous World Heritage area. Discussions with the Tanzanian Ministry of Resources and Tourism are ongoing to maintain access to the World Heritage area. The area is environmentally sensitive.
Tenure	The project is held under granted tenements: PL 7959/2012 and 7657/2012 which expire in 2016.
Exploration done by other parties	The project area has not been previously explored.
Geology	The deposit type is sandstone hosted uranium roll front mineralization. The project is located with the sandstone sequences of the Jurassic Karroo Luwegu Basin.
Drill hole information	Table 3 lists the drill-hole locations. Details of the exploration model and the terms used are listed under Explanations.
Data aggregation methods	The eU ₃ O ₈ values presented in Tables 1 & 3 have been simply aggregated by compositing the values using a 25 ppm (Table 1) or 15 ppm (Table 2) cut-off; i.e. values above 25 ppm (or 15 ppm) have been identified and averaged with neighbouring samples to produce an interval that averages greater than 25 ppm eU ₃ O ₈ (or 15 ppm). A minimum interval of 0.5 m was applied. The composited intervals have been then aggregated (summed) for each hole for the 15 ppm data (Table 2). The composited eU ₃ O ₈ values have been averaged for each hole using a weighted average proportional to the interval thickness; i.e. the thicker intervals provide proportionally more to the resulting average than the thinner ones. Note the summed intersections are made up of multiple thin intervals and do not represent continuous material but rather it is sparsely spread between the upper and lower limits.
Relationship between mineralisation widths and intercept lengths	The intercepts (intervals) reported refer to vertical holes penetrating sub-horizontal geochemically anomalous bands. Hence the intervals reported are likely to be true widths.
Diagrams	No significant mineralization was discovered. Figure 2 shows the location of the drilling.
Balanced reporting	No significant mineralization was discovered.
Other substantive exploration data	No other exploration was carried out.
Further work	This project is at a very early stage and therefore results are still preliminary. Further work is contingent on obtaining funding.

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Competent Person Statement

The information in this release, insofar as it relates to uranium 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 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". His educational qualifications include; an Associateship in Applied Geology from WAIT (now Curtin University), a Diploma and PhD in Geology from University of Cologne (Germany) and a Graduate Diploma in Computer Studies (Murdoch University). He joined the AusIMM in 1972 as a student and has been a full Member since 2004 and a Fellow since 2013. He has worked in uranium exploration for 26 years. 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.

About East Africa Resources Limited

East Africa Resources Limited (EAF) has direct and joint venture interests in a portfolio of uranium exploration tenements in East Africa (see Figure 5). The Company's projects include sandstone-hosted roll-front type uranium targets within the highly-prospective Karoo-age sediments of southern Tanzania (Mkuju, Mkuju South JV Project, Madaba Project and Hemedi Project) and gold targets within the Eastern Rift.

The Company has established an in-country exploration team in Tanzania and is implementing an aggressive exploration program, with a strong emphasis on the application of modern exploration technologies and targeted drilling, to evaluate the potential of its uranium exploration projects.

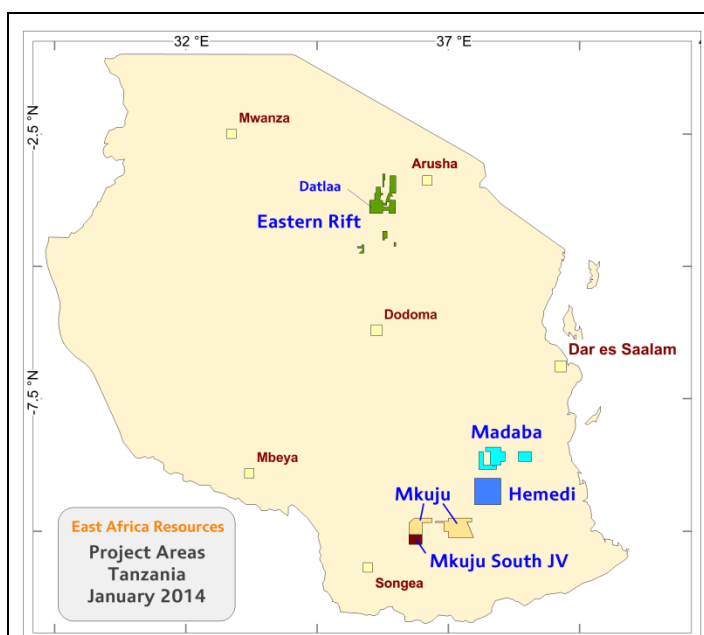


Figure 5: East Africa Resources Project Locations

The Mkuju South Joint Venture contains two tenements (totalling 566km²) which are the subject of a joint venture with Korean Resources Corporation (KORES). A drilling program has recently been completed at the project.

The Company announced the discovery of a gold project at Eastern Rift in August 2013. The project, known as Datlaa, is currently experiencing a gold rush with many artisanal miners present on the site. Significant assay results were returned from samples taken from within the artisanal workings including DGBS010 @ 14.7g/t, DGBS015 @ 36.1g/t and DGBS016 @ 18.8g/t¹.

The Madaba Uranium Project is highly prospective for U-in-sandstone mineralization. Work carried out between 1979-1982 by Uranerzbergbau GmbH identified high grade uranium at surface. An Environmental Impact Assessment is now underway to enable access to the Selous Game Reserve.

The Mkuju project includes the 40km-long Octavo anomalous uranium zone which is along strike from Uranium One's Mkuju River deposit of 35,888 tonnes contained U₃O₈ @ 250ppm². These tenements are located within the Selous Game Reserve and World Heritage Area and an Environmental Impact Assessment is now underway.

The Hemedi Project covers an area of 3051km² in 12 tenements which is largely outside the Selous Game Reserve and World Heritage Area and therefore available for exploration. The Company is currently considering options for exploring this project.

¹ See ASX Announcement "Gold Rush on Eastern Rift Project" 28/8/2013

² <http://www.uranium1.com/index.php/en/development/mkuju-river-tanzania>