



ASX:EAF

JUNE 2015 QUARTERLY ACTIVITIES REPORT

Acquisition of Threat Protect security business and capital raising firmly on track

East Africa Resources (**East Africa**) is pleased to report on a highly successful June Quarter for the Company.

During the three months, East Africa made strong progress with its strategy to transition from a resources company to a security business via the proposed acquisition of Threat Protect Australia Pty Ltd (**Threat Protect**).

On April 24, East Africa announced that it had signed an agreement to acquire Threat Protect. Threat Protect is a major player in the rapidly growing WA security industry.

Subsequent to the end of the Quarter, East Africa launched a conditional public offer of shares to raise a minimum of \$4.5 million and up to \$5.5 million at 2 cents per share. The proceeds will be used to fund the acquisition of two more security businesses over which Threat Protect holds options, in addition to providing working capital.

East Africa shareholders are due to vote on the proposed Threat Protect acquisition, a change in the Company's name to Threat Protect Australia and other related resolutions on August 5, 2015.

Proposed Acquisition of Threat Protect and Capital Raising

East Africa has lodged a Prospectus dated 29 July 2015 with the Australian Securities and Investments Commission and the Australian Securities Exchange in relation to the proposed acquisition of Threat Protect. The offer is for the issue of 225,000,000 shares at an issue price of 2 cents each to raise a minimum subscription amount of \$4,500,000 (before costs). Oversubscriptions of up to a further 50,000,000 shares at an issue price of 2 cents each to raise up to a further \$1,000,000 may be accepted. The maximum amount which may be raised under the Prospectus is therefore \$5,500,000 (before costs).

The Prospectus offers and the acquisition of Threat Protect are subject to the approval of East Africa shareholders. The Company will hold a General Meeting on 5 August 2015 for shareholders to approve the transaction.

Threat Protect Business

Threat Protect is a provider of security, monitoring and risk management solutions to an ever growing and security-conscious market. Alarm monitoring services are a significant growth area because they provide better security at a relatively low cost to clients.

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Directly and through its reseller base, Threat Protect offers:

- 24 hour monitoring of electronic security systems using a variety of connection methods.
- Design, installation and maintenance of security systems including alarms and CCTV
- Remote viewing of CCTV cameras
- Data and hardware monitoring
- App based duress and personal tracking facilities
- Vehicle based location tracking services
- Security Personnel services
- Corporate risk management consulting

Threat Protect currently delivers its services to over 10,600 domestic and commercial customers through its direct and reseller networks. These resellers are other licensed security firms who do not have their own secure facility and utilise Threat Protect's A1-graded security monitoring control room to deliver the monitoring capability on their behalf in what is effectively a white-labelling offer.

According to the 2014 IbisWorld Industry Report 07712 *Investigation and Security Services in Australia*, the Australian Security industry is forecast to generate approximately \$6.275 billion in annual revenue, of which alarm monitoring represents approximately \$1 billion. The industry is highly fragmented with a number of small operators and is moving away from labour-intensive guards and patrols to electronic surveillance and monitoring.

Threat Protect is growing its reseller base and offering its entire product suite through this effective distribution channel.

In addition, Threat Protect intends to launch, across both its existing customer base and to the wider public, a Threat Protect monitored 24-hour remote "back to base" monitoring Smart App, which allows a mobile phone user to have their own personal duress alarm that can be used worldwide, on any mobile phone network. This product also enables premises to be monitored without the requirement for a telephone land line, and provides additional functionality to the user by allowing remote arming and disarming of the security system, as well as the ability to remotely control other equipment such as lighting or air-conditioning.

The Smart App will provide an innovative security solution that links back to Threat Protect's manned control centre in East Perth, Western Australia.

Threat Protect also has options to acquire two security businesses (one of which it has exercised). Following exercise of the options, the acquisitions remain subject to due diligence. Should due diligence be completed and Threat Protect exercises its rights and completes the acquisitions, it intends to consolidate the operations of these two business with the existing business operations serviced from the current East Perth Control room.

At the completion of this integration, the East Perth control room will service over 20,000 customers, which will represent approximately 20% of the control room's current service capacity of 100,000 customers.

The acquisitions of the two businesses are forecast to increase Threat Protect's revenue from the current level of approximately \$5 million a year to \$6.9 million in FY16, an increase of 35 per cent. Importantly, the fixed-cost nature of Threat Protect's existing infrastructure means the acquisitions will result in only a 3 per cent increase in expenses.

In addition to developing the organic growth opportunities, Threat Protect will actively seek opportunities to acquire additional monitored security client bases from other security companies across Australia. Operating in a highly fragmented industry, Threat Protect will continue its current strategy of consolidation.

Tanzanian Interests

East Africa intends to dispose of its mineral tenements and exploration businesses following completion of the acquisition of Threat Protect. The Board will continue to explore the mechanisms by which this disposal might be

effected in the best interests of Shareholders, whether by way of asset or share sale, demerger, or otherwise. If the Board does not regard any such opportunities for disposal as commercial, it intends to pursue liquidation of those entities.

Corporate

During the quarter the Company raised \$185,000 for working capital under its 15% placement capacity.

EAST AFRICA RESOURCES LIMITED

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Enquiries

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Mineral Tenements Schedule

East Africa holds interests in the following Tenements as at 30 June 2015:

Licence Number	Area/Location	Interest at the beginning of the Quarter	Interest at the end of the Quarter
Madaba – Mkuju, Tanzania (100% ownership)			
PL 5720/2009	Ligombe River – Songea	100%	0%
PL 5752/2009	Lipiriri – Nachingwea	100%	0%
PL 9336/2013	Madaba – Liwale	100%	100%
PL 9406/2013	Madaba – Liwale	100%	100%
PL 9407/2013	Madaba – Liwale	100%	100%
Eastern Rift, Tanzania (100% ownership)			
PL 5904/2009	Masange – Kondoa	100%	0%
Mkuju South, Tanzania (72% ownership)			
PL 7959/2012	Ligombe River – Songea	72%	0%