



# **East Africa Resources Limited**

ABN 36 060 774 227

## **Financial Report**

**for the**

**Half-Year ended 31 December 2014**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by East Africa Resources Limited during the Half-Year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## **EAST AFRICA RESOURCES LIMITED**

ABN 36 060 774 227

### **Directors' Report 31 December 2014**

The Directors present their Report on the consolidated entity consisting of East Africa Resources Limited ("East Africa" or "the Company") and the entities it controlled at the end of or during the Half-Year ended 31 December 2014.

The names and particulars of the Directors of the Company during the Half-Year and up to the date of this Report are:

<b>Name</b>	<b>Particulars</b>
<b>Robert Edward Kirtlan</b> Robert Kirtlan was appointed as a Director on 20 November 2013 and appointed as Chairman of the Board on 29 November 2013. Mr Kirtlan has over 20 years of company management experience and has spent 7 years in global mining investment banking in Perth, Sydney and New York.	Non-Executive Chairman
<b>Katina Law</b> Katina Law is an executive with over 22 years of experience working in the resources sector, across several continents, both on site and in senior corporate roles. She has provided services in the areas of financial management, financial decision making and strategic business development to mining and exploration companies.	Executive Director & Chief Executive Officer
<b>Henry David Kennedy</b> David Kennedy has had a long association with Australian and New Zealand resource companies and as a technical director has been instrumental in the formation and or development of a number of successful listed companies.	Non-Executive Director
<b>Peter Lawson Munachen</b> Peter Munachen has over 35 years of corporate and administrative experience in hydrocarbon and mineral resource companies. He has served as a director of a number of listed companies, specialising in corporate finance and project acquisition.	Non-Executive Director
<b>Michael Richard Griffiths</b> Michael Griffiths was appointed as a Director of the Company on 20 November 2013. Mr Griffiths has served as a director of a number of listed companies and has over 30 years of experience in the resources sector.	Non-Executive Director
<b>Ernest Anthony Myers</b> Ernie Myers is a Certified Practicing Accountant who has been a director, company secretary or consultant to listed resource companies for over 30 years. He has experience in capital raising, ASX compliance and regulatory requirements.	Alternate Director

## EAST AFRICA RESOURCES LIMITED

ABN 36 060 774 227

### Directors' Report 31 December 2014

#### Review and Results of Operations

The review of the Company's operations during the Half-Year ended 31 December 2014 is as follows.

##### *Financial*

	Segment Revenue \$	Segment Result \$
Interest	2,778	2,778
Other revenue	107,800	107,800
Unallocated expenses		(607,281)
Operating profit/(loss)		(496,703)
Income Tax		-
Operating profit/(loss) for Half-Year		<u>(496,703)</u>

#### **Review of Operations**

##### Tanzanian Uranium Exploration

During the Half Year to 31 December 2014 the Company continued to work on access approvals for the Madaba Uranium Project which is located in the south west of Tanzania. It is comprised of three tenements PL 9406/2013, PL 9407/2013 and PL9336/2013 which cover an area of 617 square kilometres.

The Madaba Uranium Project covers an area of known mineralisation where historical exploration work has been conducted, including geological mapping, ground radiometrics, trenching, sampling and reconnaissance drilling.

Historical drilling comprised at least 126 holes including diamond core (10 holes), rotary mud (13 holes) and rotary percussion (103 holes). The best down-hole intercepts reported were;

- 3m @ 1,082 ppm U<sub>3</sub>O<sub>8</sub> (P16);
- 7m @ 693 ppm U<sub>3</sub>O<sub>8</sub> (P17);
- 7m @ 510 ppm eU<sub>3</sub>O<sub>8</sub> (D12);
- 11.7m @ 400 ppm eU<sub>3</sub>O<sub>8</sub> (D8);
- 2m @ 1,900 ppm U<sub>3</sub>O<sub>8</sub> (P74);
- 7m @ 890 ppm U<sub>3</sub>O<sub>8</sub> (P104); and
- 15m @ 420 ppm eU<sub>3</sub>O<sub>8</sub> (P103).

*Note; U<sub>3</sub>O<sub>8</sub> refers to chemical assays and eU<sub>3</sub>O<sub>8</sub> refers to equivalent assays derived from gamma logs.*

Fifty six holes were mineralised at better than 1m at 150 ppm U<sub>3</sub>O<sub>8</sub>. The historical drilling is widely spaced and largely reconnaissance drilling. There has not been sufficient drilling to define a resource.

The Madaba Project is located within the Selous Game Reserve which is a World Heritage Listed area. In Tanzania, permission from the Ministry of Natural Resources and Tourism (MNRT) is required to explore in the area. The Company continues to seek clarification from the MNRT regarding the current government position on access to the Selous Game Reserve for exploration of uranium.

**EAST AFRICA RESOURCES LIMITED**  
ABN 36 060 774 227

**Directors' Report**  
**31 December 2014**

**State of Affairs**

During the Half-Year ended 31 December 2014 there was no significant change in the entity's state of affairs other than that referred to in the Half-Year Financial Statements or Notes thereto.

This Report is made in accordance with a Resolution of the Directors.



Katina Law  
Executive Director/Chief Executive Officer

Dated: 13 March 2015.





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The Directors  
East Africa Resources Ltd  
PO Box 8178  
Perth Business Centre WA 6849

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2014 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 13<sup>th</sup> March 2015



Chartered Accountants



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#### **Independent Review Report to the Members of East Africa Resources Ltd**

##### **The financial report and directors' responsibility**

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for East Africa Resources Ltd for the half-year ended 31 December 2014.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### **Review approach**

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2014 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of East Africa Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

##### **Independence**

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

##### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of East Africa Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2014 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay

Graham R Swan  
Partner

Dated 13<sup>th</sup> March 2015



Chartered Accountants

**EAST AFRICA RESOURCES LIMITED**  
ABN 36 060 774 227

**Directors' Declaration**  
**For The Half-Year Ended 31 December 2014**

The Directors declare that:

- (a) The attached Financial Statements and Notes thereto comply with Accounting Standards;
- (b) The attached Financial Statements and Notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- (c) In the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act, 2001; and
- (d) In the Directors' opinion, for the reasons set out in Note 1, there are reasonable grounds to believe that East Africa Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Directors pursuant to section 303(5) of the Corporations Act, 2001.

On behalf of the Directors



Katina Law  
Executive Director/Chief Executive Officer

Dated : 13 March 2015

**EAST AFRICA RESOURCES LIMITED**  
ABN 36 060 774 227

**Condensed Consolidated Statement of Comprehensive Income  
For The Half-Year Ended 31 December 2014**

**Continuing Operations**

	Note	Half-Year Ended 31-Dec-14 \$	Half-Year Ended 31-Dec-13 \$
Interest received		2,778	6,211
<b>Gross Profit/(Loss)</b>		<b>2,778</b>	<b>6,211</b>
Other income		107,800	71,632
Foreign exchange gain/(loss)		6,374	(4,372)
Audit fees		(27,553)	(20,500)
Employees, directors and contractor expense		(151,963)	(232,597)
Depreciation, amortisation and impairment		(30,526)	(31,570)
Administration expenses		(202,002)	(192,905)
Exploration write-off		(201,611)	-
<b>Profit/(Loss) before Income Tax Expense</b>		<b>(496,703)</b>	<b>(404,101)</b>
Income Tax Expense		-	-
<b>Profit/(Loss) for the Period</b>		<b>(496,703)</b>	<b>(404,101)</b>
<b>Other Comprehensive Income /(Loss)</b>			
Other comprehensive income/(loss)		-	-
<b>Other Comprehensive Income/(Loss) for the Period, Net of Income Tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/(Loss) for the Period</b>		<b>(496,703)</b>	<b>(404,101)</b>
Basic Loss per share (cents per share)	5	(0.16)	(0.20)
Diluted loss per share (cents per share)		(0.16)	(0.20)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.



# EAST AFRICA RESOURCES LIMITED

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## Condensed Consolidated Statement of Financial Position As at 31 December 2014

	Note	Half-Year Ended 31-Dec-14 \$	Annual Report 30-Jun-14 \$
<b>Current Assets</b>			
Cash and cash equivalents	3	235,328	584,943
Trade and other receivables		10,167	87,104
Other current assets		-	-
<b>Total Current Assets</b>		<b>245,495</b>	<b>672,047</b>
<b>Non-Current Assets</b>			
Plant and equipment		34,929	63,669
Deferred exploration and evaluation expenditure		2,955,544	3,111,403
Financial Assets		130	130
<b>Total Non-Current Assets</b>		<b>2,990,603</b>	<b>3,175,202</b>
<b>Total Assets</b>		<b>3,236,098</b>	<b>3,847,249</b>
<b>Current Liabilities</b>			
Trade and other payables		75,125	289,574
<b>Total Current Liabilities</b>		<b>75,125</b>	<b>289,574</b>
<b>Total Liabilities</b>		<b>75,125</b>	<b>289,574</b>
<b>Net Assets</b>		<b>3,160,973</b>	<b>3,557,675</b>
<b>Equity</b>			
Contributed equity	4	48,553,680	48,453,680
Reserves		(197,132)	(197,132)
Accumulated losses	2	(45,195,575)	(44,698,873)
<b>Total Equity</b>		<b>3,160,973</b>	<b>3,557,675</b>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# EAST AFRICA RESOURCES LIMITED

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## Consolidated Statement of Changes in Equity For the Half-Year ended 31 December 2014

<b>Consolidated</b>	<b>Share Capital \$</b>	<b>Retained Earnings \$</b>	<b>Reserve \$</b>	<b>Total Equity \$</b>
Balance at 1 July 2013	47,361,353	(43,862,613)	(197,132)	3,301,608
Profit or loss	-	(404,101)	-	(404,101)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	372,769	-	-	372,769
Options	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>47,734,122</b>	<b>(44,266,714)</b>	<b>(197,132)</b>	<b>3,270,276</b>
Balance at 1 July 2014	48,453,680	(44,698,873)	(197,132)	3,557,675
Profit or loss	-	(496,703)	-	(496,703)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	100,000	-	-	100,000
Options	-	-	-	-
<b>Balance at 31 December 2014</b>	<b>48,553,680</b>	<b>(45,195,575)</b>	<b>(197,132)</b>	<b>3,160,973</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# EAST AFRICA RESOURCES LIMITED

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## Consolidated Statement of Cash Flows For The Half-Year Ended 31 December 2014

	Half-Year Ended 31-Dec-14 \$	Half-Year Ended 31-Dec-13 \$
<b>Cash Flows from Operating</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(273,283)	(372,105)
Interest received	2,778	6,211
Other operating receipts	71,762	27,846
<b>Net Cash from Operating Activities</b>	<b>(198,743)</b>	<b>(338,048)</b>
<b>Cash Flows from Investing</b>		
Payment for purchase of fixed assets	-	-
Exploration expenditure	(156,742)	(295,060)
<b>Net Cash from Investing Activities</b>	<b>(156,742)</b>	<b>(295,060)</b>
<b>Cash Flows from Financing</b>		
Proceeds from issue of shares	-	295,940
Repayment of borrowings	-	-
Proceeds from borrowings	-	-
Other (issue costs)	-	(27,732)
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>268,208</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>(355,485)</b>	<b>(364,900)</b>
Cash and Cash Equivalents at beginning of Half-Year 1 July	584,943	739,277
Effect of exchange rate fluctuations on cash held	5,870	1,796
<b>Cash and Cash Equivalents at end of Half-Year</b>	<b>235,328</b>	<b>376,173</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## **EAST AFRICA RESOURCES LIMITED**

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### **Notes to the Financial Statements For the Half-Year ended 31 December 2014**

#### **1. Basis of Preparation of Half-Year Financial Statements**

This general purpose financial report for the Half-Year ended 31 December 2014 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. This Half-Year Report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2014 and public announcements made by East Africa Resources Limited during the Half-Year in accordance with continuous disclosure obligations arising under the Corporations Act, 2001.

The accounting policies have been consistently applied to all of the periods presented, unless otherwise stated.

#### *Principles of Consolidation*

The consolidated financial statements are those of the consolidated entity, comprising East Africa Resources Limited and the companies it controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such a time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which the company had control.

All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full.

#### *Cash*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### *Taxation*

The Company has not brought to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

#### *Impairment of Assets*

The recoverable amount of an asset is determined as the higher of net selling price and value in use. Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.



# EAST AFRICA RESOURCES LIMITED

ABN 36 060 774 227

## Notes to the Financial Statements For the Half-Year ended 31 December 2014

### *Capitalisation of Exploration and Evaluation Costs*

The Company complies with AASB 6 Exploration for and Evaluation of Mineral Resources. Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area that is abandoned are written off in the year which the decision to abandon is made.

### *Going Concern*

The financial statements have been prepared on a going concern basis. When making this assessment management took into account the forecast budget for the next twelve months and all available relevant information. It was also noted that the Group has a history of being able to raise funds and also has the option of farming out exploration commitments to more manageable levels should the circumstances arise.

### *Significant Accounting Policies & Changes in Accounting Policies*

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2014.

In the half-year ended 31 December 2014, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

## 2. Accumulated Losses

	<b>Half-Year Ended 31-Dec-14 \$</b>	<b>Half-Year Ended 31-Dec-13 \$</b>
Loss from ordinary activities after related income tax expense	(496,703)	(404,101)
Accumulated profits (losses) brought forward	(44,698,873)	(43,862,613)
Accumulated profits (losses) at end of Half-Year	<u>(45,195,575)</u>	<u>(44,266,714)</u>

**EAST AFRICA RESOURCES LIMITED**

ABN 36 060 774 227

**Notes to the Financial Statements  
For the Half-Year ended 31 December 2014****3. Reconciliation of Cash**

	<b>Half-Year Ended 31-Dec-14 \$</b>	<b>Half-Year Ended 31-Dec-13 \$</b>
Cash at the end of the Half-Year as shown in the Statement of Cash Flows is reconciled to the related items in the Financial Statements as follows:		
Cash on hand and at bank	235,328	376,173
<b>Cash and Equivalents at 31 December 2014</b>	<b>235,328</b>	<b>376,173</b>

**4. Issued and Quoted Securities at end of current Half-Year**

<b>Category of Securities</b>	<b>Number Issued</b>	<b>Number Quoted</b>
Ordinary Shares at 31 December 2013	227,407,640	227,407,640
Ordinary Shares issued	85,803,118	85,803,118
Ordinary Shares at 31 December 2014	<b>313,210,758</b>	<b>313,210,758</b>

**5. Earnings per Share**

	<b>Half-Year Ended 31-Dec-14</b>	<b>Half-Year Ended 31-Dec-13</b>
Basic earnings per share - cents	(0.16)	(0.20)
Diluted earnings per share is not materially different from Basic earnings per share	(0.16)	(0.20)
The weighted average number of ordinary shares outstanding during the Half-Year used in the calculation of basic earnings per share	303,594,320	197,341,293

**6. Segmental Information**

The Company operates solely in the African region.

## **EAST AFRICA RESOURCES LIMITED**

ABN 36 060 774 227

### **Notes to the Financial Statements For the Half-Year ended 31 December 2014**

#### **7. Subsequent Events**

No matters or circumstances have arisen since the end of the Half-Year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the Half-Year ended 31 December 2014.

#### **8. Contingent Liabilities**

There were no contingent liabilities not provided for in the financial statements of the Company as at 31 December 2014.