



ASX: EAF

ASX / Media Release

24 April 2015

EAST AFRICA RESOURCES TO ACQUIRE EMERGING SECURITY BUSINESS

Highlights

- East Africa Resources Limited to acquire Threat Protect Australia Pty Ltd
 - Threat Protect is a fast growing WA based company with global reach that provides multiple security services as well as broad based security monitoring and tracking
 - Threat Protect generates revenue from traditional phone line monitoring, GPRS monitoring and emerging Smart App technology
 - The Company will seek to raise a minimum of \$5 million to execute the growth strategies of the business.
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East Africa Resources Limited (ASX: EAF) ("East Africa" or "the Company") is pleased to announce that it has signed an agreement to acquire Threat Protect Australia Pty Ltd ("Threat Protect"), a WA based security services company.

Threat Protect

Threat Protect is a leading provider of security, monitoring and risk management solutions to an ever growing security conscious market. Threat Protect delivers its services to in excess of 8,500 business and domestic customers through its direct and reseller network.

Threat Protect provides a comprehensive range of security industry services including:

- 24 hour monitoring of electronic security systems using a variety of connection methods
- Remote viewing of CCTV cameras
- App based duress and personal tracking facilities
- Vehicle based location tracking services
- Security personnel services
- Corporate risk management consulting

In addition, Threat Protect has a well-developed strategic growth plan, focussed upon the further utilisation of its core operating assets. As part of this strategic growth plan upon listing the Company will:



- Exercise the options it holds (subject to final due diligence) to **acquire two additional security monitoring businesses** which will increase its total customer base to approximately 20,000 customers, significantly growing top line revenues with only a marginal increase in current operating costs
- 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

Key Acquisition Terms

East Africa has executed a binding term sheet to acquire 100% of the issued capital of Threat Protect Australia Pty Ltd (Threat Protect) subject to the satisfaction of a number of conditions precedent.

The key terms of the agreement between the parties are as follows:

- East Africa to acquire 100% of Threat Protect Australia Pty Ltd (Threat Protect) including its business and all its assets in a reverse takeover transaction (RTO)
- East Africa agrees to acquire 100% of the shares in Threat Protect (Transaction) in exchange for consideration of 165,000,000 fully paid ordinary shares in East Africa to the shareholders of Threat Protect or their respective nominees
- East Africa to raise a minimum of \$5 million at a minimum price of A\$0.02 under a full form prospectus as part of completion of the RTO (Completion)

Conditions Precedent

The following are conditions precedent to completion of the Transaction:

- i) Entry into the final Share Sale Agreements
- ii) Mutual due diligence to each party's satisfaction
- iii) East Africa shareholder approval
- iv) East Africa raising a minimum of \$5 million in conjunction with re-complying with Chapters 1 & 2 of the ASX Listing Rules. Argonaut Limited has been appointed as Lead Manager to the Capital Raising
- v) ASX confirming re-compliance with Chapters 1 and 2 of the ASX Listing Rules (if required) and allowing recommencement of trade

Name Change

At completion of the acquisition, the Company will seek the approval of shareholders to change its name to Threat Protect Australia Limited.



Change of Board

Mr Peter Munachen and Mr David Kennedy, existing directors of East Africa Resources Ltd, have tendered their resignations from the board effective as of the 23rd of April 2015 in preparation for the transition. The Board expresses their gratitude to Mr Peter Munachen and Mr David Kennedy, for their years of service to the Company. In addition, Mr Ernest Myers has resigned as Alternate Director and Joint Company Secretary and the Board thanks him for his contribution to the Company.

At completion of the Transaction East Africa will nominate Mr Demetrios Pynes as Managing Director, Mr Paolo Ferrara as Executive Director and Mr Derek La Ferla as Non-Executive Chairman.

As part of the transaction all other Directors of East Africa will resign their position on the Company's Board with the exception that one Director (to be nominated by the current Board) will remain on the Board of the Company until such time as all residual interests have been addressed.

Share Consolidation

The Company will seek approval at the General Meeting to undertake a consolidation of issued capital on the basis of 1 share for every 4 shares held. The post-consolidation number of shares on issue will be 78,302,690.

Re-compliance with chapters 1 & 2 of the ASX Listing Rules

The acquisition of Threat Protect will result in a change in the Company's nature and scale of activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as require the Company to re-comply with Chapters 1 & 2 of the ASX Listing Rules.

The Company will despatch a notice of meeting to shareholders seeking the relevant approvals to undertake this process, with such notice to contain detailed information relating to the acquisition of Threat Protect.

Capital Raising(s)

As part of the transaction structure East Africa will undertake the following capital management initiative:

Interim Capital Raising

East Africa will complete a placement to raise up to \$185,000 at an issue price of \$0.004 under their 15% placement capacity for the purposes of funding transaction costs. These shares will be escrowed until completion of the Transaction.

Convertible Notes

Under the terms of the agreement between the Parties, Threat Protect will seek to issue convertible notes to a minimum of \$415,000. The funds from these convertible notes will be used for costs associated with the Transaction and upon successful completion of the Transaction will convert into shares in East Africa on the same basis as the funds raised by East Africa in the Interim Capital Raising as noted above.

Prospectus Raising

East Africa will raise a minimum of \$5 million before costs by the issue of 250 million fully paid ordinary shares at a minimum issue price of \$0.02 per share (post share consolidation) under an appropriate prospectus. Argonaut will act as Lead Manager to the raise.

Indicative Capital Structure

The indicative effect of the Capital Raising and Transaction on the capital structure of will be as follows:

Description	Ordinary Shares	Options	Performance Rights
Current Issued Capital (post 1:4 consolidation)	78,302,690	900,000 ⁽¹⁾	Nil
East Africa Interim Raising & Threat Protect Convertible Note Securities	37,500,000	Nil	Nil
Securities to be issued pursuant to the Transaction	165,000,000	60,000,000 ⁽²⁾	Nil
Estimate of securities to be issued pursuant to the Capital Raising	250,000,000	Nil	Nil
Capital Structure on completion of the Capital Raising and Transaction	530,802,690	60,900,000	Nil
(1) Consisting of:			
a. 300,000 options exercisable at 13.36c and expiring 29 November 2017			
b. 300,000 options exercisable at 40.0c and expiring 29 November 2017			
c. 300,000 options exercisable at 60.0c and expiring 29 November 2017			
(2) The issue of a maximum of 60,000,000 3 Year options exercisable at 2.5c, to parties including advisers, promotors and other parties is conditional upon the Transaction completing.			

Indicative Timetable

An indicative timetable for the Transaction is set out below. The Company notes that the timetable may be subject to change.

Event	Date
Finalisation of Due Diligence	15 May 2015
Lodge Prospectus with ASIC and ASX	18 May 2015
Despatch Notice of Meeting	25 May 2015
Offer under prospectus opens	25 May 2015
General Meeting & Suspension from Trading	25 June 2015
Offer Closes	3 July 2015
Expected date for re-quotation of the Company's securities on ASX	13 July 2015

END

Media

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