

EAST AFRICA GOLD CORPORATION - FARM IN AND JOINT VENTURE OF TANZANIAN GOLD PROPERTIES

BALCATTa, WESTERN AUSTRALIA-June 24, 1999-

The Company announces that its parent body, Australian public listed company Spinifex Gold NL ("Spinifex") has reached agreement for a farm in and joint venture with Ashanti Goldfields Company Limited ("Ashanti") in relation to a number of the Tanzanian gold properties in which the Company has an interest. The agreement is conditional upon the Company and Spinifex completing the previously announced Plan of Arrangement, which upon completion would result in the Company becoming a wholly owned subsidiary of Spinifex.

Highlights

- * Ashanti will farm in to the Buckreef Project (Buckreef and Rwamagaza licences) and the Kitongo Project (Kitongo licence).
- * Ashanti will reimburse the Spinifex Group (which at that stage would include the Company as a wholly owned subsidiary) a total of USD\$5.5 million in cash over a two year period.
- * Ashanti will sole spend USD\$13 million on exploration over a three year period to earn a 55% interest in Spinifex Group's equity in the Buckreef and Kitongo projects. Ashanti can increase its interest by a further 5% of Spinifex Group's equity in each project by producing a bankable feasibility study at its sole cost.
- * Ashanti shall be solely responsible for arranging project finance for each of the projects where a bankable feasibility study has been completed.
- * Ashanti will earn its interest only if it has fully satisfied all cash payments and expenditure requirements as listed above.
- * Ashanti is a leading gold producer, listed on the London and New York stock exchanges and is one of the top ten world gold producers.

For more information, please contact

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"Klaus Eckhof"

Authorised signatory for the Company

DETAILS OF THE FARM IN AND JOINT VENTURE AGREEMENT ("AGREEMENT")

1. Properties subject to the Agreement

The properties which are to be farmed in by Ashanti are the Buckreef, Rwamagaza and the Kitongo licences, all of which are located in the Lake Victoria Goldfields region of Tanzania.

Following completion of the merger between the Company and Spinifex and before Ashanti's farm-in, the Spinifex Group's equity interest will be 80% in the Buckreef Project and 100% in the Kitongo Project.

During the last quarter of 1998, the Company more than doubled the resources at both projects. In January 1999, a resource study was completed on these projects to identify 389,000ozs @ 3.26g/t Au at the Buckreef project and 479,000ozs @ 1.42g/t Au at the Kitongo project.

At both projects the mineralisation remained open at depth and on strike.

Most of the work to date has been concentrated around the existing resource base while a multitude of other targets has been neglected to date because of the down turn in the gold market.

The surrounding Rwamagaza licence at Buckreef has known high grade gold occurrences over a 14km strike length and was not subject to any exploration work during 1998.

2. Cash Reimbursement

Ashanti will pay to the Spinifex Group US\$1.25 million on execution of a full form agreement ("Commencement Date"), USD\$1.75 million on the first anniversary of the Commencement Date and USD\$2.5 million on the second anniversary of the Commencement Date.

3. Exploration Expenditure

Ashanti is required to spend on exploration of the two projects as follows:

USD\$3.5 million within the first year, USD\$4.5 million in the second year and USD\$5 million in the third year.

4. Withdrawal by Ashanti

Ashanti can only withdraw from the Agreement on any one of the 1st, 2nd or 3rd anniversary dates of the Commencement Date, provided that it has completely satisfied all of its expenditure and payment obligations [referred to in (2) and (3) above] up until that date. If Ashanti withdraws on any one of these three dates, it shall retain no interest in the projects.

If Ashanti withdraws from one of the projects but continues with the other, then it shall still be obliged to comply with the cash payments and exploration expenditure referred to in (2) and (3) above in full.

5. Bankable Feasibility Study

Ashanti must prepare a Bankable Feasibility Study ("BFS") within 4 years of the Commencement Date in relation to at least one of the projects. The cost of this BFS shall be paid solely by Ashanti and will not form part of the exploration expenditure commitment referred to in (3) above.

If Ashanti does not produce a BFS on at least one project in the four year period, the Ashanti equity interest in both projects at that date shall be diluted at Spinifex Group's option down to zero in a methodology to be agreed.

6. Other Properties

Ashanti has been granted a first right of refusal to acquire an interest in the other properties presently held by the Spinifex Group in Tanzania.

7. Conditions Precedent

The Agreement is subject to number of conditions which must be satisfied by September 30, 1999. The material conditions are:

- a. completion of merger between the Company and Spinifex;
- b. completion of due diligence by Ashanti (by 23 July 1999);
- c. approval by the directors of Ashanti and Spinifex; and
- d. execution of a full form joint venture agreement.

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