EAST ENERGY RESOURCES LIMITED

2014
Annual Report

EAST ENERGY RESOURCES LIMITED ABN 66 126 371 828

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Corporate Directory

DIRECTORS

Mark Basso-Brusa	(Managing Director and Chairman)
Ranko Matic	(Non-Executive Director)
Rex Littlewood	(Non-Executive Director)
Chris Thoroughgood	(Alternate Non-Executive Director)

COMPANY SECRETARY

Ranko Matic

REGISTERED OFFICE

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Directors' Report

Your directors submit their report, together with the financial statements of the consolidated group, consisting of East Energy Resources Limited ("EER" or "the Company") and the entity it controls ("the Group") at the end of, or during the financial year ended 30 June 2014.

Directors

The names of the directors in office at any time during or since the end of the year are:-

Mr Mark Basso-Brusa	(Managing Director and Chairman)
Mr Ranko Matic	(Non-Executive Director and Company Secretary)
Mr Rex Littlewood	(Non-Executive Director)
Mr Chris Thoroughgood	(Alternate Non-Executive Director appointed 5 March 2014)
Mr Damien Gray	(Alternate Non-Executive Director appointed 11 December 2013 and resigned 5 March 2014)
Mr William Randall	(Alternate Non-Executive Director resigned 11 December 2013)

Principal Activities

The principal activity of the Group for the financial year was mineral exploration. There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

The consolidated profit of the Group after income tax for the financial year ended 30 June 2014 amounted to $6,292 (2013: loss $3,083,669).

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Review of Operations

Exploration

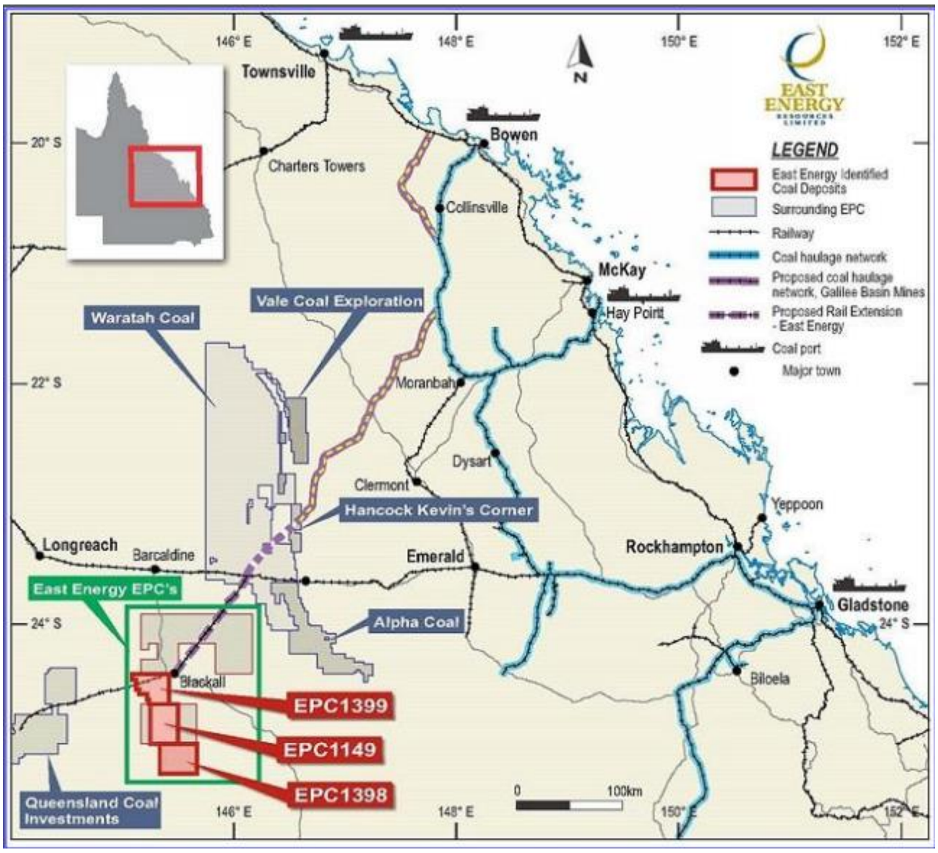
During the reporting period, East Energy Resources Ltd (EER) progressed developments and carried out exploration works on its 100% owned Blackall Coal Project in Queensland. The highlights for the financial year ended 30th June 2014:

- An updated JORC (2012) compliant Inferred Resource of 1,504 million tonnes within EPC1399 of the Blackall Project;
- An updated JORC (2012) Exploration Target of 2.0 to 2.5 billion tonnes of coal within the Blackall Project (EPC1398 & EPC1399);
- Mineral Development Licence (MDL) 464 granted to EER;
- Queensland Department of Natural Resources and Mines approved "Project Status" for the five Exploration Permits within the Blackall Project.

BLACKALL COAL PROJECT

The Blackall Project consists of three main coal resource areas in three tenements - EPC 1149, EPC 1398 and EPC1399. It is located close to the township of Blackall in the eastern Eromanga Basin in central western Queensland.

Figure 1: Blackall Project Location Map



Project Background

Based on exploration drilling conducted between June 2008 and June 2012, SRK Consulting completed an updated Coal Resource Estimate for EPC 1149 which was released in September 2012 (announced to the ASX on 17/9/2012). The SRK report included a total JORC Resource estimate of 1,741 Mt, comprising 1,113Mt of Inferred Resources and 628 Mt of Indicated Coal Resources within EPC1149. [Note 1]

Following the acquisition of Idalia Coal Pty Ltd's assets in May 2013 the company conducted further exploration drilling on EPC's 1398 and 1399 between June 2012 and August 2013.

[Note 1] *See ASX Announcement dated 17 September 2012 - 1.74 Billion Tonne Thermal Coal JORC Resource*

Updated JORC Statement

The Company completed an updated JORC compliant Coal Resource Statement for EPC1399 (announced to the ASX on 10/7/2014) within the Blackall Project, comprising a **JORC (2012) compliant Inferred Resource of 1,504 million tonnes**. [Note 2]

The updated Statement, together with the previously announced JORC Statements for EPC1149 and EPC 1398, confirms the Company holds a combined **JORC Total Coal Resource Estimate of 3.44 billion tonnes** of thermal quality coal at its Blackall Coal Project. [Note 2]

The updated Resource Statement for EPC 1399 was compiled following the completion of a 68 borehole drilling program in July 2013.

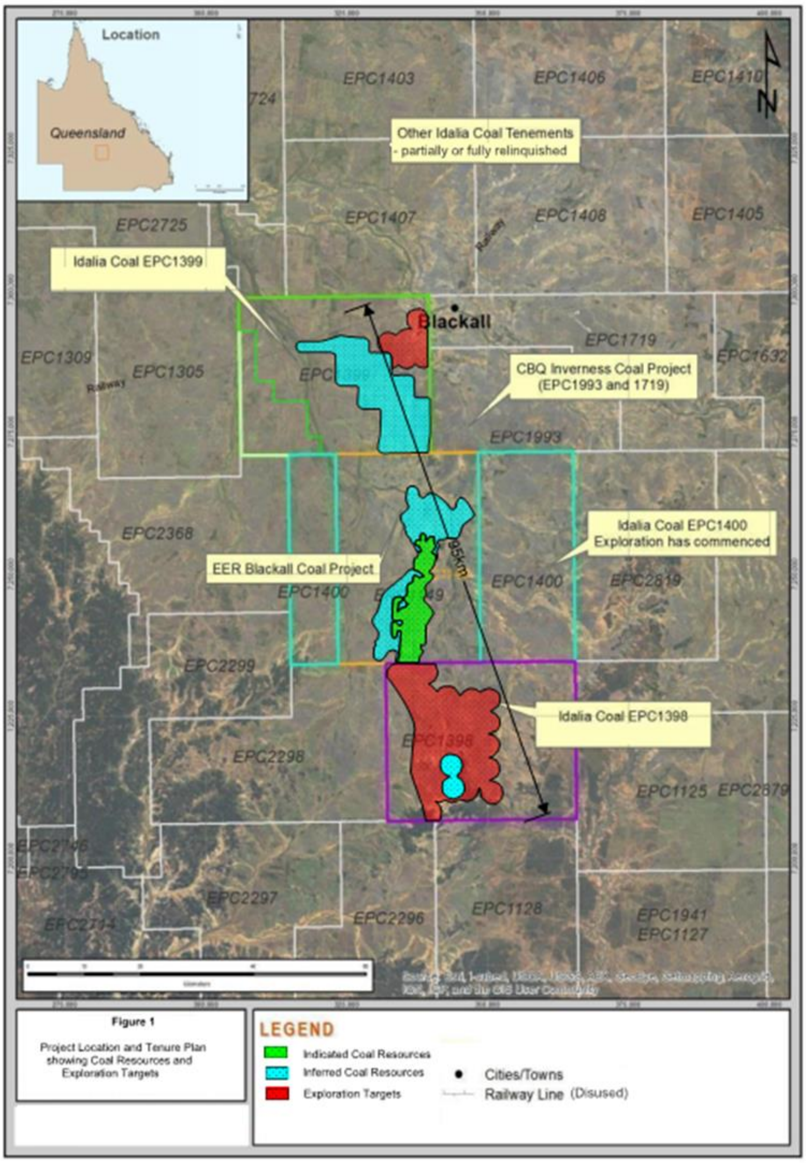
[Note 2] *See ASX announcement dated 10 July 2014 - EER REPORTS 3.44 BILLION TONNE JORC RESOURCE*

JORC Exploration Targets

The Company also announced an updated Exploration Target in the range of 2.0 to 2.5 billion tonnes within EPC1398 and EPC1399 based on the drilling program completed in 2013. Exploration Targets are reported for coal between the base of weathering and 150m depth from surface. All references to Reported Exploration Targets are in accordance with the guidelines of the JORC Code (2012). As such, the potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. [Note 3]

Note 3 *See ASX announcement dated 10 July 2014 - EER REPORTS 3.44 BILLION TONNE JORC RESOURCE*

Figure 2: Blackall Project - Coal Resource and Exploration Target areas



Disclaimer: The Company confirms that it is not aware of any new information or data that would materially affect the resources and all material assumptions and technical parameters underpinning the Resource estimates continue to apply and have not materially changed in the meantime.

Mineral Development License

The Company lodged an application for a Mineral Development Licence (MDL464) in mid-2011, covering some 37,678Ha over the central portion of the main coal resource area in EPC1149.

The Company was advised by the Department of Natural Resources and Mines (DNRM) on 20 July 2014 that MDL 464 had been granted for a period of 5 years, with a commencement date from 1 August 2014.

Project Status approved

During the year the company applied to the Department of Natural Resources and Mines (DNRM) and was granted Project Status over five tenements within the Blackall Project.

The approval of Project Status will now enable the annual exploration commitment expenditures required on these five EPC's – 1398, 1399, 1400, 1403 and 1407 to be grouped. This could potentially allow the company to better focus future exploration programs and development options to conduct them using capital more effectively and efficiently.

Key Objectives for 2014-15 Reporting Period

- The Company will continue to review its strategic options for exploration and development planning within the Blackall Project.
- The Company will conduct limited drilling programs in order to meet the DNRM tenement obligations, improve the geological model and technical understanding of the seam structure and coal quality within the Blackall Coal Deposit.
- The Company will continue to review new project opportunities to enhance the East Energy project portfolio.

Summary of tenement holdings and movements held by East Energy Resources Ltd

Tenement Reference	Location	Interest at 1 July 2013	Acquired/Disposed	Interest at 30 June 2014
EPC 1149	Blackall, QLD	100%	N/A	100%
EPC 1398	Blackall, QLD	100%	N/A	100%
EPC 1399	Blackall, QLD	100%	N/A	100%
EPC 1400	Blackall, QLD	100%	N/A	100%
EPC 1402	Blackall, QLD	100%	Fully relinquished June 2014	0%
EPC 1403	Blackall, QLD	100%	N/A	100%
EPC 1404	Blackall, QLD	100%	Fully relinquished December 2013	0%
EPC 1405	Blackall, QLD	100%	Fully relinquished May 2014	0%
EPC 1406	Blackall, QLD	100%	Full relinquished March 2014	0%
EPC 1407	Blackall, QLD	100%	N/A	100%
EPC 1408	Blackall, QLD	100%	Currently being relinquished	100%
EPC 1409	Blackall, QLD	100%	Currently being relinquished	100%
MDL 464	Blackall, QLD	100%	Granted 20 July 2014	100%

Competent Persons Statement – EPC 1399 Resources
The information in this report relating to estimates of Mineral Resources within EPC1399, is based on information compiled by Mr Peter Tighe who is a member of the Australian Institute of Mining and Metallurgy. Mr Tighe is employed full time as Exploration Manager with East Energy Resources Limited. Mr Tighe has had over 30 years' experience in exploration, mining and resource evaluation and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tighe consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Competent Persons Statement – EPC 1398 Resources
The information in this announcement relating to the estimates of Mineral Resources within EPC 1398 is based on the 2004 JORC code and information reviewed by Mr Bill Knox, who is a Member of The AusIMM. Mr Knox has sufficient experience which is relevant to the style of mineralisation and 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 JORC Code. Mr Knox consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Competent Persons Statement – EPC 1149 Resources
The Coal Resource estimation for the Blackall Project (EPC 1149) presented in this announcement has been carried out in accordance with the principles and guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves, 2003.The information in the announcement to which this statement is attached, that relates to East Energy's Blackall Coal Resource on EPC 1149 is based on information reviewed by Dr Gerard McCaughan, who is a Member of The AusIMM and is a full time employee of SRK. Dr McCaughan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Dr McCaughan consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Competent Persons Statement – Exploration Targets
The information in this announcement relating to Exploration Targets within EPC 1398 and EPC 1399 is based on information compiled by Mr Peter Tighe who is a Member of The AusIMM and a full time employee of East Energy Resources Ltd. Mr Tighe has sufficient experience which is relevant to the style of mineralisation and 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 Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tighe consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Forward Looking Statements
This Announcement may contain forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements are subject to risk factors associated with the Company's business, many of which are beyond the control of the Company. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should not place undue reliance on forward-looking statements and neither East Energy Resources Limited nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.
The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

ADDENDUM TO EXPLORATION OPERATIONS REPORT

East Energy Resources Ltd (EER) provides the following addendum to the 2014 Annual Report in accordance with ASX Listing Rules 5.21 and 5.24.

MINERAL RESOURCES AND ORE RESERVES (MROR) STATEMENT 2014

The Company has updated the estimated mineral resources at the Blackall Coal Project. The Blackall Project consists of three main coal resource areas in three tenements - EPC 1149, EPC 1398 and EPC1399. It is located close to the township of Blackall in the eastern Eromanga Basin in central western Queensland.

The current MROR Statement confirms the Company holds a combined JORC Total Coal Resource Estimate of 3.44 billion tonnes of thermal quality coal at its Blackall Coal Project, comprising:

- A JORC (2012) compliant Inferred Resource of 1,504 million tonnes within EPC 1399;
- A JORC (2004) compliant Inferred Resource of 200 million tonnes within EPC 1398; and
- A JORC (2004) compliant Resource of 1,740.5 million tonnes within EPC 1149, consisting of a 627.5 million tonnes Indicated Resource and 1,113 million tonnes Inferred Resource.

The MROR statement annual review date is recorded as at 1 September 2014. The review date is recorded at this date due to the Company announcing the above mentioned JORC Resource Statement on 10 July 2014 (which is post the end of financial year reporting period).

Summary of Mineral Resources at the Blackall Coal Project (at 1 September 2014)

Table 1 – EPC 1399 Updated JORC (2012) Coal Resources

Tenement	UPDATED JORC (2012) COAL RESOURCES		
	Inferred (Mt)	Indicated (Mt)	Measured (Mt)
EPC 1399	1,504	-	-
TOTAL	**1,504 million tonnes**		

Table 2 – EPC 1399 Coal Quality

Seam Name	Resource Category	Insitu Tonnes (Mt)	Inherent Moisture % (adb)	Ash (adb)	Fixed Carbon % (adb)	Volatile Matter % (adb)	Total Sulphur % (db)	Calorific Value Kcal/kg (adb)
1 Upper	INFERRED	143	16.4	24.0	33.6	25.6	0.40	4156
1 Lower	INFERRED	105	15.4	29.0	32.0	23.6	0.30	3846
2 Upper	INFERRED	123	15.8	30.6	29.8	23.7	0.51	3728
2 Lower	INFERRED	104	16.0	29.3	30.8	24.0	0.52	3805
3 Upper-1	INFERRED	193	16.1	23.6	35.2	25.0	0.48	4225
3 Upper-2	INFERRED	169	17.0	19.2	37.7	26.1	0.47	4497
3 Lower-1	INFERRED	105	15.7	22.5	35.8	25.8	0.71	4347
3 Lower-2	INFERRED	96	15.1	27.6	33.1	24.1	0.56	3986
4 Upper-1	INFERRED	84	15.5	23.9	35.2	25.4	0.62	4280
4 Upper-2	INFERRED	110	17.4	16.9	38.9	26.8	0.65	4678
4 Lower	INFERRED	120	16.7	18.9	38.4	26.0	0.55	4559
5	INFERRED	151	16.3	19.4	38.2	26.1	0.82	4570
Total	**INFERRED**	**1,504**						

Table 3 – EPC 1398 Existing JORC (2004) Coal Resources

Tenement	**EXISTING JORC (2004) COAL RESOURCES**		
	Inferred (Mt)	**Indicated (Mt)**	**Measured (Mt)**
EPC 1398	**200**	**-**	**-**
TOTAL	**200 million tonnes**		

ADDENDUM TO EXPLORATION OPERATIONS REPORT (continued)

Table 4 – EPC 1398 Coal Quality

Resource Category	Insitu Tonnes (Mt)	Inherent Moisture % (adb)	Ash (adb)	Fixed Carbon % (adb)	Volatile Matter % (adb)	Total Sulphur % (db)	Calorific Value Kcal/kg (gar)
INFERRED	200	16.8	21.8	34.5	26.9	0.60	3570

Table 5 – EPC 1149 Existing JORC (2004) Total Coal Resources

Tenement	EXISTING JORC (2004) COAL RESOURCES		
	Inferred (Mt)	Indicated (Mt)	Measured (Mt)
EPC 1149	1,113	627.5	-
Sub-total	1,113	627.5	-
TOTAL	1,740.5 million tonnes		

Table 6 – EPC 1149 Coal Quality (SRK Consulting Sept 2012)

Seam Name	JORC Category	Seam Thickness	Coal Area	Coal Volume	In-situ Tonnes	RD_{is}	TM	IM	Raw Ash	Raw VM	Raw TS	Raw Gross CV	F1.60 Yield	F1.60 Moisture	F1.60 Ash	F1.60 VM	F1.60 TS	F1.60 Gross CV
		m	Ha	Mm^3	Mt	g/cc	%ar	%ad	%ad	%ad	%ad	MJ/kg	%ad	%ad	%ad	%ad	%db	MJ/kg
1U	IND	0.57	4123.1	23.5	33.1	1.41	29.4	21.5	21.1	25.2	0.41	16.3	78.7	17.8	12.2	29.0	0.34	19.7
1U	INF	0.50	7705.7	38.3	54	1.40	30.6	20.1	20.9	25.5	0.41	16.7	81.8	16.3	11.6	29.4	0.34	20.7
1L	IND	0.65	4795.1	31.0	43.7	1.41	29.5	21.9	22.7	24.8	0.45	15.9	80.0	18.1	14.8	28.9	0.40	18.9
1L	INF	0.51	12805.8	65.1	92	1.41	30.3	20.3	22.0	25.9	0.48	16.4	82.2	17.5	13.1	29.2	0.42	19.9
2U	IND	0.51	7151.0	36.6	51.7	1.41	28.9	21.6	22.3	26.0	0.37	16.0	81.6	18.1	13.8	29.0	0.37	19.1
2U	INF	0.50	15506.3	78.1	110	1.41	29.2	20.7	21.8	25.3	0.50	16.4	84.1	17.8	12.5	29.7	0.57	20.0
2L	IND	0.53	7378.2	39.1	55.6	1.42	28.6	20.7	23.8	24.4	0.41	15.7	79.3	17.8	13.8	28.7	0.39	19.2
2L	INF	0.50	14834.4	74.0	104	1.41	29.3	20.6	21.3	25.3	0.49	16.6	85.7	18.3	13.6	28.8	0.47	19.6
3U1	IND	0.42	5951.8	25.2	36.2	1.44	27.2	19.2	25.4	24.1	0.46	15.5	75.1	17.3	13.6	28.9	0.45	19.6
3U1	INF	0.50	14507.0	72.1	102	1.42	29.2	20.5	22.1	24.9	0.62	16.4	71.8	18.6	12.6	28.3	0.55	19.7
3U2	IND	0.44	6292.5	27.8	40.4	1.45	27.3	19.6	26.7	24.4	0.39	15.1	73.0	16.7	15.4	28.4	0.41	19.0
3U2	INF	0.46	13197.3	60.8	87	1.44	28.0	19.6	24.8	24.0	0.54	15.7	76.9	19.3	13.8	27.3	0.60	19.1
3L1	IND	0.80	9082.9	72.4	101.2	1.40	29.2	21.2	20.0	26.5	0.50	16.7	81.0	17.8	12.5	29.0	0.45	19.8
3L1	INF	0.64	13803.8	89.0	126	1.41	29.0	20.4	21.9	24.8	0.56	16.4	81.4	18.7	13.0	28.7	0.66	19.6
3L2	IND	0.84	8403.2	70.7	98.6	1.40	30.1	21.5	20.0	25.9	0.46	16.7	83.6	17.8	12.3	28.9	0.47	19.8
3L2	INF	0.65	14910.1	96.3	134	1.39	29.3	20.8	20.1	25.3	0.56	16.8	84.7	17.8	14.1	28.7	0.59	19.5
4U1	IND	0.50	8827.1	44.3	61.7	1.39	29.2	21.3	19.4	26.2	0.47	16.8	83.7	17.8	11.4	29.3	0.43	20.2
4U1	INF	0.55	14198.9	78.4	110	1.40	29.4	20.5	20.6	25.0	0.69	16.9	80.7	17.4	12.2	28.7	0.62	20.3
4U2	IND	0.41	8691.0	35.7	50.1	1.40	29.3	20.9	21.1	25.7	0.45	16.4	82.6	17.6	12.3	29.2	0.44	19.9
4U2	INF	0.45	13539.9	61.3	86	1.40	29.3	20.9	19.8	25.1	0.60	17.0	83.2	17.5	11.9	29.0	0.57	20.4
4L	IND	0.52	7230.4	37.8	53.7	1.42	27.4	20.2	23.6	24.8	0.60	15.8	77.7	17.2	14.3	28.9	0.55	19.4
4L	INF	0.55	13153.1	72.3	103	1.42	28.6	19.8	23.0	25.0	0.94	16.3	79.1	18.1	12.7	29.1	0.85	19.9
5	IND	0.52	197.6	1	1.5	1.41	33.5	18.3	22.3	29.1	1.22	17.1	81.7	13.3	11	32.3	0.72	20.2
5	INF	0.5	738.9	3.7	5	1.42	29.9	18.8	24.1	26.3	0.75	16.4	76.9	15.9	11.2	31	0.72	20.3
Total					1,740.5	1.41	29.1	20.6	21.7	25.2	0.54	16.4	80.9	17.9	13.0	28.9	0.53	19.8

MINERAL RESOURCES COMPARISON TO 2013 REPORTING PERIOD

As at 30 June 2013, the Company's Mineral Resource Statement for the Blackall Coal Project noted an estimated total JORC Code (2004) Resource of 2,181 Mt - comprising 1,553Mt Inferred JORC Resources and 628Mt Indicated JORC Resources within EPC's 1149, 1398 and 1399. The coal quality is classified as sub-bituminous with an average raw ash of 22% (ad) and inherent moistures ranging from 18% to 22% (ad). Average raw specific energy ranges from 15Mj/kg to 17Mj/kg, with the average F1.60 product energy ranging from 19 Mj/kg to 21Mj/kg.

ADDENDUM TO EXPLORATION OPERATIONS REPORT (continued)

CORPORATE GOVERNANCE - RESERVES AND RESOURCES CALCULATIONS

Due to the nature, stage and size of the Company's existing operations, the Company believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring the Company's processes for calculating mineral reserves and resources and for ensuring that the appropriate internal controls are applied to such calculations.

However, the Company ensures that any mineral reserve and resource calculations are prepared by competent geologists and are reviewed independently and verified (including estimation methodology, sampling, analytical and test data).

The Company will report any future updated mineral reserves and resources estimates in accordance with the 2012 JORC Code.

COMPETENT PERSONS STATEMENTS – MINERAL RESOURCES & ORE RESERVES

Competent Persons Statement – EPC 1399 Resources
The information in this report relating to estimates of Mineral Resources within EPC1399, is based on information compiled by Mr Peter Tighe who is a member of the Australian Institute of Mining and Metallurgy. Mr Tighe is employed full time as Exploration Manager with East Energy Resources Limited. Mr Tighe has had over 30 years' experience in exploration, mining and resource evaluation and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tighe consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Competent Persons Statement – EPC 1398 Resources
The information in this announcement relating to the estimates of Mineral Resources within EPC 1398 is based on the 2004 JORC code and information reviewed by Mr Bill Knox, who is a Member of The AusIMM. Mr Knox has sufficient experience which is relevant to the style of mineralisation and 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 JORC Code. Mr Knox consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Competent Persons Statement – EPC 1149 Resources
The Coal Resource estimation for the Blackall Project (EPC 1149) presented in this announcement has been carried out in accordance with the principles and guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves, 2003.The information in the announcement to which this statement is attached, that relates to East Energy's Blackall Coal Resource on EPC 1149 is based on information reviewed by Dr Gerard McCaughan, who is a Member of The AusIMM and is a full time employee of SRK. Dr McCaughan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Dr McCaughan consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

Financial Position

The net assets of the consolidated Group are $54,577,425 (2013: $54,571,133). Full details of the financial position of the Group can be found in the Financial Report section within this Annual Report.

The directors believe the consolidated Group is in a strong and stable financial position to pursue its current operations.

Matters Subsequent to the End of the Financial Year

On 10th July 2014, the Group released an updated JORC compliant Coal Resource Statement as detailed above in the Exploration section of the Operations Report.

In early August 2014, the Group made an application for a drawing under the Noble Facility, and lodged a Utilisation Notice for $1,000,000. The funds were received by the Group on 15th August 2014.

Other than the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group in future financial years.

Future Developments, Prospects and Business Strategies

The Group intends to continue to pursue its goals to acquire, explore, and exploit coal deposits and explore prospective coal tenements.

Environmental Regulation

The Group is subject to significant environmental regulation in respect of its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

The directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. For the measurement period 1 July 2013 to 30 June 2014 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future. The directors will reassess this position as and when the need arises.

INFORMATION ON DIRECTORS

Mr Mark Basso-Brusa Managing Director and Chairman
Qualifications: B.E. (Hons)

Mr Basso-Brusa has a Bachelor of Engineering degree completed in 1983 from the University of Western Australia. After graduating he was involved in the design and construction phases of various projects such as the Perth International Airport, LNG Storage Tanks on the Burrup, Iron Ore Ship Unloader Romania (commissioning), HV Substations Cape Lambert and Pannawonica, and CHLOR Alkaline Plant CSBP. In 1992 he formed a construction company with his two brothers which continues to prosper.

Mr Basso-Brusa has developed extensive business management skills over the last 21 years. Mr Basso-Brusa's engineering background provides him with the ability to liaise with consultants, thereby ensuring that projects proceed in a logical, cost effective and timely manner.

Over the past three years Mr Basso-Brusa has not held any other directorships of ASX Listed companies.

Mr Ranko Matic Non-Executive Director and Company Secretary
Qualifications: B.Bus, CA

Mr Matic is a Chartered Accountant with over 25 years experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr Matic is a director of a chartered accounting firm and a corporate advisory company based in West Perth, and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations.

Mr Matic is currently a director of several ASX listed companies including Valmec Ltd (since 6 February 2012), Celsius Coal Ltd (since 23 December 2012) and Argosy Minerals Limited (since 17 July 2014). Mr Matic was also a director of Antilles Oil and Gas NL from 11 April 2014 to 15 August 2014.

Mr Matic has also acted as Chief Financial Officer and Company Secretary for companies in the private and public sector currently holds company secretarial roles with publicly listed companies including Antilles Oil and Gas NL, Celsius Coal Limited, Aleator Energy Ltd, Valmec Ltd, Argosy Minerals Ltd and Discovery Africa Limited

Other than disclosed above, over the past three years Mr Matic has not held any other directorships of ASX Listed companies.

Mr Rex Littlewood Non-Executive Director
Qualifications: B.Sc, MAICD.

Mr Littlewood, under his company, Australian Carbon Assets, consults in most aspects of coal mine evaluation, coal technology and marketing and was formerly vice president of Noble Energy, a subsidiary of Noble Group. He was responsible for their Asian coal and coke platform, and for developing the Australian operations.

Mr Littlewood has more than 30 years experience in the international coal market, where he was involved in the development of mines as well as mining and export infrastructure. At Noble he designed and implemented a fully integrated, computerised coal management system from mine to customer, capturing all data in a "paperless" process.

Over the past three years Mr Littlewood held a directorship with Blackwood Corporation Limited, before it was de-listed due to an acquisition by Cockatoo Coal.

Mr Christopher Thoroughgood Alternate Non-Executive Director
Qualifications: B.Sc

Mr Thoroughgood joined the Noble Group in 2000 and is currently Executive Director – Hard Commodities for Australia and New Zealand. Mr Thoroughgood has over 20 years' experience across commodities marketing, business development, project management and technical marketing.

Mr Thoroughgood graduated from the University of Newcastle with a Bachelor of Science and is a member of the Australian Institute of Company Directors.

Mr Thoroughgood is a Nominee of Noble Group Limited. Alternate Director since 5 March 2014.

Over the past three years Mr Thoroughgood has not held any other directorships of ASX Listed companies.

Mr Damien Gray
Qualifications: B.Com

Mr. Gray held the position of Vice President, Business Development with Noble Resources International Australia Pty Ltd ("Noble") in Australia and joined the Noble Group in 2010. Previously, he had worked in various Chief Financial Officer and other finance roles within the consumer goods industry, and prior to that was a consultant with Deloitte in Australia and Eastern Europe.

Mr Gray has over 20 years' of international business experience across business development, finance, inbound investment and tax. Mr Gray graduated from the University of Tasmania with a Bachelor of Commerce and is a Member of the Australian Institute of Company Directors.

Mr William Randall
Qualifications: B.Bus

Mr Randall's career at Noble commenced in February 1997 in Australia and he eventually transferred to Asia in 1999 where he established Noble's coal operations, mining and supply chain management businesses. He served as a Director of Noble Energy Inc before being appointed Global Head of Coal & Coke in 2006, and a member of the Noble Group internal management Board in 2008. He was appointed an Executive Director and Head of Hard Commodities in 2012, prior to which he was Head of Energy Coal & Carbon Complex.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of East Energy Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Mark Basso-Brusa	163,526,982	0
Ranko Matic	220,000	0
Rex Littlewood	0	0
Chris Thoroughgood	0	0

REMUNERATION REPORT (AUDITED)

The Remuneration Report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Service agreements
C Details of remuneration
D Share-based compensation

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

The remuneration arrangements detailed in this report relate to the following Directors and key management personnel as follows:

Mr Mark Basso-Brusa	(Managing Director and Chairman)
Mr Ranko Matic	(Non-Executive Director and Company Secretary)
Mr Rex Littlewood	(Non-Executive Director)
Mr Chris Thoroughood	(Alternate Non-Executive Director)
Mr Peter Tighe	(Exploration Manager)
Mr Damien Gray	(Alternate Non-Executive Director, resigned 5 March 2014)
Mr William Randall	(Alternate Non-Executive Director, resigned 11 December 2013)

The following table shows the gross revenue, profits/losses and share price of the Company at the end of the respective financial period.

	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $
Revenue from continuing operations	10,380	848,861	1,314,490	125,260	159,967
Net profit/(loss) after tax	6,292	(3,083,669)	442,787	(509,024)	(896,320)
Share price	1.9 cents	4 cents	14 cents	35 cents	18.5 cents

A. Principles used to determine the nature and amount of remuneration

In determining competitive remuneration rates, the Board, acting in its capacity as the remuneration committee, seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board recognises that East Energy Resources Limited operates in a global environment. To prosper in this environment we must attract, motivate and retain key executive staff.

Market Comparisons

Consistent with attracting and retaining talented executives, the board endorses the use of incentive and bonus payments. The board will continue to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

Board Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors currently $220,000 per annum. The Board determines actual payments to directors and reviews their remuneration annually based, on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

The employment conditions of the managing director, any executive director and executives are formalised in contracts of employment when such an arrangement is considered appropriate. Other than the managing director, the exploration manager, appointed in June 2008 and the Chief Financial Officer appointed December 2007, are permanent employees of East Energy Resources Limited. The managing director is employed under a fixed 3 year contract, which expired in December 2010. This agreement continues until a party terminates it by giving notice as mentioned in the service agreement.

Performance Based Remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages.

Group Performance, Shareholder Wealth and Directors and Executives Remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executives' performance. Currently, directors and executives are encouraged to hold shares in the Company to ensure the alignment of personal and shareholder interests. The Company currently does not offer performance based remuneration during the exploration phase of operations. This policy may change once the exploration phase is complete and the Company is generating revenue. At present, the existing policy is not impacted by the Group's performance, including earnings and changes in shareholder wealth.

B. Service Agreements

Employment Contracts Of Directors and Senior Executives

The employment conditions of the managing director, Mr Mark Basso-Brusa, are formalised in an executive service agreement. Mr Basso-Brusa's agreement is a fixed 36 month agreement from date of listing, which commenced in July 2007 and expired in December 2010. After the Initial Term, the agreement continues until a party terminates it by giving notice.

Any party may terminate the agreement after the Initial Term by providing 3 months notice. The Company can also terminate the agreement summarily, and without notice or compensation, in circumstances of serious misconduct or breach by the Executive.

Upon termination, the Executive is subject to a 12 month non-competition covenant, whereby the Executive must not: engage in, directly or indirectly, through any person in an enterprise, company or firm; or carry on a substantially similar activity to that of the Company's business. The Executive is also subject to covenants prohibiting the solicitation of Company personnel.

Mr Matic, Mr Littlewood and Mr Thoroughood are not employed on a formal contract.

C. Details of remuneration

The remuneration for each director and each executive officer of the Company during the year was as follows:

2014

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment				
	Cash, salary & Commissions	Cash Profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity	Options	Total	Performance Related	Remuneration Consisting of Options
	$	$	$	$	$	$	$	$	$	%	%
Mark Basso-Brusa	145,250	-	-	-	-	-	-	-	145,250	-	-
Ranko Matic (i)	-	-	-	54,000	-	-	-	-	54,000	-	-
Rex Littlewood	38,150	-	-	-	-	-	-	-	38,150	-	-
Chris Thoroughgood	-	-		-	-	-	-	-	-	-	-
Damien Gray	-	-	-	-	-	-	-	-	-	-	-
William Randall	-	-	-	-	-	-	-	-	-	-	-
Peter Tighe	196,886	-	-	-	18,212	-	-	-	215,098	-	-
	380,286	-	-	54,000	18,212	-	-	-	452,498	-	-

(i) Ranko Matic is a director and shareholder of Capital & Corporate Advisors Pty Ltd (CCA). CCA was paid $54,000 in relation to directorship, corporate secretarial and accounting services performed.

2013

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment				
	Cash, salary & Commissions	Cash Profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity	Options	Total	Performance Related	Remuneration Consisting of Options
	$	$	$	$	$	$	$	$	$	%	%
Mark Basso-Brusa	145,250	-	-	-	-	-	-	-	145,250	-	-
Ranko Matic (i)	-	-	-	54,000	-	-	-	-	54,000	-	-
Rex Littlewood	38,150	-	-	-	-	-	-	-	38,150		
William Randall	-	-	-	-	-	-	-	-	-	-	-
Peter Tighe	196,886	-	-	-	17,720	-	-	-	214,606	-	-
	380,286	-	-	54,000	17,720	-	-	-	452,006	-	-

(i) Ranko Matic is a director and shareholder of Capital & Corporate Advisors Pty Ltd (CCA). CCA was paid $54,000 in relation to directorship, corporate secretarial and accounting services performed.

D. Share-based compensation

Shares Issued on Exercise of Compensation Options

No options granted as compensation in prior periods were exercised, forfeited or lapsed through the year.

Options issued as part of remuneration for the year ended 30 June 2014.

No options were issued in the year ended 30 June 2014.

There is not currently a formal Employee Share Option Plan in place.

Options may be issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of East Energy Resources Limited to increase goal congruence between executives, directors and shareholders.

Remuneration Consultants

Remuneration Consultants were not used by East Energy Resources in the current year or prior years.

Voting of Remuneration Report at 2013 Annual General Meeting

The 2013 Remuneration Report was voted for, without any commentary or discussion, at the 2013 Annual General Meeting, on a show of hands with proxy votes for of 152,164,818 (100%) and 0 votes against (0%).

END OF AUDITED REMUNERATION REPORT.

Meetings of Directors

During the financial year, one meeting of the directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
Directors	**Number eligible to attend**	**Number Attended**
Mark Basso-Brusa	4	4
Ranko Matic	4	3
Rex Littlewood	4	4
Chris Thoroughgood (alternate to Rex Littlewood)	0	0
Damien Gray (alternate to Rex Littlewood resigned 5 March 2014)	0	0
William Randall (alternate to Rex Littlewood resigned 11 December 2013)	0	0

The full board fulfils the role of remuneration, nomination and audit committees.

Indemnifying Officers or Auditor

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Consolidated Group shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Consolidated group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The total amount of insurance contract premiums paid is $20,540 (2013: $18,452).

Options

At the date of this report, there are no unissued ordinary shares of East Energy Limited under option.

During the financial year ended 30 June 2014 there were no options granted, exercised or lapsed.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of these proceedings.

The Group was not a party to any such proceedings during the year.

Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

No fees for non-audit services were paid/payable to the external auditors during the financial year ended 30 June 2014 (2013: nil).

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 23 for the year ended 30 June 2014.

Signed in accordance with a resolution of the Board of Directors.

MARK BASSO-BRUSA
Director

Dated at Perth this 30th day of September 2014

Corporate Governance Statement

As an integral part of its preparations to list on the Australian Securities Exchange ("**ASX**"), the Group has considered and set up a framework for embracing the ASX Corporate Governance Principles and Recommendations with 2010 amendments ("**Recommendations**"). The Group has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Group and the Board, the resources available to the Group and the activities of the Group. Where, after due consideration the Group's corporate governance policies depart from the Recommendations, the Board has outlined the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is available on the Company's web site at www.eastenergy.com.au.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Group's practices depart from the Recommendations. As the Group's activities develop in size, nature and scope, further consideration will be given by the Board to the implementation of additional corporate governance structures.

	PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
	Recommendation	**East Energy Resources Limited Current Practice**
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions	Satisfied. The Directors have adopted a Board Charter which outlines the role of the Board. Executive Director Consultancy Agreements outline functions of the executive directors. Non-executive Director appointment letters outline the terms and conditions of non-executive director appointments. As the Group recruits additional management, the roles and responsibilities of these persons will be considered and documented
1.2	Companies should disclose the process for evaluating the performance of senior executives	Not currently applicable. Other than the Directors the Company does not currently employ any senior executives. The full Board will be responsible for the appointment and will regularly review the performance of senior executives having regard to the Nomination and Remuneration Charters
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1 outlined in the Recommendations	Satisfied. Board Charter available at www.eastenergy.com.au
	PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE	
	Recommendation	**East Energy Resources Limited Current Practice**
2.1	A majority of the board should be independent directors	Not satisfied. Currently there is one independent director and two non-independent directors. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non independent directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's operations, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional independent directors as it deems appropriate
2.2	The chair should be an independent director	Not satisfied. While the Board recognises the importance of independence in decision making, it does not comply with Recommendation 2.2. Given the size and the limited resources of the Company there would be no value to shareholders or the Company in having an independent Chairman at this point in time. This will be revisited should the nature or size of the operations change substantially. The Board believes that Mr Basso-Brusa is the most appropriate person for the position as Chairman because of his experience and knowledge of the Company's operations and mineral projects

	Recommendation	East Energy Resources Limited Current Practice
2.3	Roles of chair and chief executive officer should not be exercised by same individual	Not Satisfied. The role of chairperson of the Board and the CEO (Managing Director) are exercised by the same person with Mr Basso-Brusa being appointed as Chairman by the Board of Directors in 2009. Whilst the Company recognises the benefit in these roles being undertaken by two separate individuals, the size of the Company and its limited resources does not warrant the appointment of an independent individual as Chairman or CEO. This position will be revisited by the Board should the nature or the size of the operations substantially change.
2.4	The board should establish a nomination committee	Not satisfied. The Company does not have a separate Nomination Committee and the full Board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination Committee Charter setting out the board processes to raise the issues that would otherwise be considered by the Nomination Committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee
2.5	Companies should disclose the process for evaluating the performance of its board, its committees and individual directors	Not satisfied. The Company has not yet established formal performance review measures or induction procedures for key executives nor has it established a separate nomination committee given the size and stage of the Company's operations. The full Board will review the performance of Directors and key executives on a regular basis
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2 outlined in the Recommendations	The skills and experience of directors are set out in the Company's Annual Report and on its website.
	PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING	
	Recommendation	**East Energy Resources Limited Current Practice**
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code.	Satisfied. Code of conduct and Trading in securities policy available at www.eastenergy.com.au
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Not Satisfied. After discussing the possibility of adopting a diversity policy at Board level it was determined that due to the nature and size of the current operation this would be of no value to the organisation. Currently there are only three board members and two other permanent members of staff. There are no immediate plans to increase the board size or staff in the organisation or to replace current employees or directors.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Not Satisfied. These have not been set as per above, due to the size and nature of the Company.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior positions and women on the board.	2013 (No. / %) — 2014 (No. / %) Women on the Board: 0 / 0 — 0 / 0 Women in senior management roles: 1 / 33% — 1 / 33% Women employees in the Company: 1 / 33% — 1 / 33%
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3 outlined in the Recommendations	Reported in this Corporate Governance Statement.

	PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
	Recommendation	**East Energy Resources Limited Current Practice**
4.1	The board should establish an audit committee	Satisfied. An audit committee has been established
4.2	The audit committee should be structured such that it: •Consists only of non-executive directors; •Consists of a majority of independent directors; •Is chaired by an independent chair, who is not the chair of the board; •Has at least three members	Not satisfied. The audit committee currently consists of the full board with two being non-executive directors. The Chairman of the Board is not the Chairman of the Audit Committee. The Board notes that ASX Corporate Governance Council recommends the audit committee have at least three members with the majority being independent non-executive directors however considering the current size of the Company and composition of the Board, the Board considers the current audit committee size and composition is sufficient at this stage
4.3	The audit committee should have a formal charter	Satisfied. Available at www.eastenergy.com.au
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4 outlined in the Recommendations.	Satisfied. The Company's Audit Committee Charter is available at www.eastenergy.com.au
	PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE	
	Recommendation	**East Energy Resources Limited Current Practice**
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy and Securities trading policy available at www.eastenergy.com.au
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5 outlined in the Recommendations	Satisfied. Refer 5.1
	PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS	
	Recommendation	**East Energy Resources Limited Current Practice**
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Satisfied. Communications with shareholders policy available at www.eastenergy.com.au
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6 outlined in the Recommendations	Satisfied. Refer 6.1
	PRINCIPLE 7 – RECOGNISE AND MANAGE RISK	
	Recommendation	**East Energy Resources Limited Current Practice**
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	Satisfied. Risk management program available at www.eastenergy.com.au The Board has considered the material risks impacting the Company and its Shares. Key risks impacting the Company will be reviewed and considered by management and the Board on a regular basis
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks	Satisfied. The Board including the Managing Director routinely consider risk management matters.

	Recommendation	East Energy Resources Limited Current Practice
7.3	The board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the management system is operating effectively in all material aspects in relation to financial reporting	Satisfied. The Board has received a Section 295A declaration pursuant to the 2014 financial period.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Satisfied. Refer above
	PRINCIPLE 8 – REMUNERATE FARILY AND RESPONSIBLY	
	Recommendation	**East Energy Resources Limited Current Practice**
8.1	The board should establish a remuneration committee	Not satisfied. The Company does not have a separate Remuneration Committee and the full Board will consider matters of remuneration, in accordance with the Remuneration Committee Charter. The Company has adopted a Remuneration Committee Charter setting out the board processes to raise the issues that would otherwise be considered by the remuneration committee. Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matter that would normally fall to the remuneration committee. In addition all matter of remuneration will continue to be determined in accordance with the Corporations Act requirements, especially in relation to related party transactions. That is no director will participate in any deliberations regarding their own remuneration or related issues.
8.2	The remuneration committee should be structured so that it: • Consists of a majority of independent directors • Is chaired by an independent chair • Has at least three members	Not applicable – there is no remuneration committee. Refer 8.1 above.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Satisfied. The structure of directors remuneration is disclosed in the remuneration report of the Annual Report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8 outlined in the Recommendations	Refer to the Remuneration Report in the Company's Annual Report. The Remuneration Committee Charter is available at www.eastenergy.com.au

REGENCY
AUDIT

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of East Energy Resources Limited and Controlled Entities for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

CHRIS WATTS CA
Director

REGENCY AUDIT PTY LTD

DATED at PERTH this 30th day of September 2014

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue from continuing operations	4	10,380	24,742
Other Income – Research & Development Tax Concession	4	-	824,119
Audit Fees	3	(22,802)	(30,257)
Depreciation		(3,045)	(4,334)
Insurance		(20,540)	(18,452)
Directors & Employee Benefits		(562,064)	(288,306)
Impairment of Exploration Asset		(64,941)	(44,731)
Professional Fees for lodgement of R&D Return		(109,224)	(129,507)
Other Expenses		(104,468)	(290,237)
Interest Expense		(1,583,525)	(266,673)
Profit/(Loss) before income tax		(2,460,229)	(223,636)
Income tax (expense)/reversal	5	2,466,521	(2,860,033)
Net profit/(loss) attributable to members of the group		6,292	(3,083,669)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total Comprehensive income/(loss) for the year attributable to the members of the consolidated group		6,292	(3,083,669)
Basic earnings/(loss) per share (cents per share) for profit/(loss) attributable to ordinary equity holders of the Company	6	0.002	(1.60)
Diluted earnings/(loss) per share (cents per share) for profit/(loss) attributable to ordinary equity holders of the Company	6	0.002	(1.60)

The accompanying notes form part of these consolidated financial accounts

Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	344,112	1,289,459
Trade and other receivables	8	17,414	126,961
TOTAL CURRENT ASSETS		361,526	1,416,420
NON CURRENT ASSETS			
Property, plant and equipment	9	56,943	114,887
Exploration, evaluation and development expenditure	10	72,396,948	72,614,809
TOTAL NON-CURRENT ASSETS		72,453,891	72,729,696
TOTAL ASSETS		72,815,417	74,146,116
CURRENT LIABILITIES			
Trade and other payables	11	384,634	3,990,211
TOTAL CURRENT LIABILITIES		384,634	3,990,211
NON CURRENT LIABILITIES			
Deferred Tax Liability	5(d)	393,512	2,860,033
Borrowings	12	17,459,846	12,724,739
TOTAL NON CURRENT LIABILITIES		17,853,358	15,584,772
TOTAL LIABILITIES		18,237,992	19,574,983
NET ASSETS		54,577,425	54,571,133
EQUITY			
Issued capital	13	59,912,357	59,912,357
Accumulated losses		(5,334,932)	(5,341,224)
TOTAL EQUITY		54,577,425	54,571,133

The accompanying notes form part of these consolidated financial accounts

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Issued Capital $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2012	21,906,032	(2,257,555)	19,648,477
Total comprehensive income/(loss) for the year	-	(3,083,669)	(3,083,669)
Contribution of Equity net of transaction costs	38,006,325	-	38,006,325
Balance at 30 June 2013	59,912,357	(5,341,224)	54,571,133
Balance as at 1 July 2013	59,912,357	(5,341,224)	54,571,133
Total comprehensive income/(loss) for the year	-	6,292	6,292
Contribution of Equity net of transaction costs	-	-	-
Balance at 30 June 2014	59,912,357	(5,334,932)	(54,577,425)

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The accompanying notes form part of these consolidated financial accounts

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and Income received		10,380	25,167
Research & Development Tax Concession received		-	824,119
Interest Paid		(148,418)	-
Payments to suppliers & other expenses		(778,196)	(750,246)
Payments for exploration, evaluation and development		(3,328,033)	(1,995,670)
Net Cash Outflows from Operating Activities	18(b)	(4,244,267)	(1,896,630)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from acquisition of Idalia tenement assets		-	125,991
Payments for property, plant & equipment		(1,080)	(3,941)
Net Cash Outflows from Investing Activities		(1,080)	122,050
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds from borrowings		3,300,000	1,550,000
Net Cash Inflows from Financing Activities		3,300,000	1,550,000
Net Increase/(Decrease) in cash and cash equivalents		(945,347)	(224,580)
Cash and cash equivalents at 1 July		1,289,459	1,514,039
Cash and cash equivalents at 30 June	18(a)	344,112	1,289,459

The accompanying notes form part of these consolidated financial accounts

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report includes the financial statements and notes of East Energy Resources Limited and its controlled entities (the "consolidated group" or "group"). These principal accounting policies have been consistently applied to all years presented, unless otherwise stated.

It is recommended that this financial report be read in conjunction with any public announcements made by East Energy Resources Limited during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

a. Basis of Preparation

The financial statements is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements of East Energy Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (ISAB). East Energy Resources Limited is a for-profit entity for the purposes of preparing the financial statements.

The financial report was authorised for issue in accordance with a resolution of the Directors on 30 September 2014.

b. Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

c. Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, East Energy Resources Ltd and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

d. Asset Acquisition

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also include the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and continent liabilities assumed in an asset acquisition are, with limited exceptions, measure initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as deferred exploration expenditure. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

e. Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Tax consolidation

East Energy Resources Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 10 May 2013. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

f. Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

g. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. The ultimate recoupment of capitalised exploration, evaluation and development expenditure is dependant upon the final approval of exploration permits.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

h. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Leases - continued

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

i. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

j. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

m. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

o. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Goods and Services Tax ("GST") continued

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

p. Share-based Payment Transactions

The fair value of options granted by East Energy Resources Limited is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the option holder becomes unconditionally entitled to the options. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

q. Property, Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on both a prime cost and a reducing balance basis to write off the net cost of each item of plant and equipment over its expected useful life, being 3 to 20 years. The current depreciation rates are as follows:

Motor Vehicles	25%
Office Equipment	10% – 25%
Computer Equipment	20% – 33.33%
Plant and Equipment	13.33% - 25%

r. Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

s. Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

t. Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

u. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, has been identified as the Board of Directors.

v. Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

w. Critical Accounting Estimates And Judgements

In preparing this Financial Report the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

x. Significant Accounting Judgements

In the process of applying the Group's accounting policies, management has the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capitalisation of Exploration and Evaluation Expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Deferred Tax Assets

The Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

y. Significant Accounting Estimates And Assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of group key management personnel in office at any time during the financial year are:

Mark Basso-Brusa	Managing Director and Chairman
Rex Littlewood	Non-Executive Director
Ranko Matic	Non-Executive Director and Company Secretary
Peter Tighe	Exploration Manager
Chris Thoroughgood	Alternate Non-Executive Director
Damien Gray	Alternate Non-Executive Director (resigned 5 March 2014)
William Randall	Alternate Non-Executive Director (resigned 11 December 2013)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION – continued

b. Key management personnel compensation

	2014	2013
	$	$
Short-term employee benefits	434,286	434,286
Post-employment benefits	18,212	17,750
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	452,498	452,006

c. Number of Options Held by Key Management Personnel

There are no options held by Key Management Personnel over the last two financial years.

d. Number of Shares Held by Key Management Personnel

Key Management Person	Balance 1.7.2013	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2014	Balance Nominally Held
Mark Basso-Brusa	163,526,982	-	-	-	163,526,982	163,526,982
Rex Littlewood	-	-	-	-	-	-
Ranko Matic	220,000	-	-	-	220,000	220,000
Chris Thoroughgood	-	-	-	-	-	-
Damien Gray	-	-	-	-	-	
William Randall	-	-	-	-	-	
Peter Tighe	-	-	-	-	-	-
	163,746,982	-	-	-	163,746,982	163,746,982

Key Management Person	Balance 1.7.2012	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2013	Balance Nominally Held
Mark Basso-Brusa	68,701,201	-	-	94,825,781[1]	163,526,982	163,526,982
Rex Littlewood	-	-	-	-	-	-
Ranko Matic	220,000	-	-	-	220,000	220,000
William Randall	-	-	-	-	-	-
Peter Tighe	-	-	-	-	-	-
	68,921,201	-	-	94,825,781	163,746,982	163,746,982

[1] Shares issued as consideration for the acquisition of Idalia Coal Pty Ltd

e. Other transactions with key management personnel

Mark Basso-Brusa is a director and shareholder of MCPBB Pty Ltd trading as Evolution Exploration, the drilling company engaged to undertake the drilling program for East Energy Resources Limited. All transactions with Evolution Exploration are on normal commercial terms and conditions.

	Consolidated	
	2014	2013
	$	$
Drilling and Associated Costs	674,874	1,031,541
Outstanding balance at year end	-	1,211,961

Mark Basso-Brusa is also a director and shareholder of Majicyl Pty Ltd, the Company that owned 49.5% of Idalia Coal Pty Ltd when it was acquired by East Energy Resources Ltd. The completion of this transaction in 2013, resulted in Majicyl Pty Ltd being issued 94,825,781ordinary shares.

	Consolidated 2014 $	Consolidated 2013 $
NOTE 3. AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
– Auditing or reviewing the financial report	22,802	30,257
	22,802	30,257
NOTE 4. REVENUE		
Interest Received	10,380	24,742
Other Income – Research and Development Tax Concession	-	824,119
	10,380	848,861
NOTE 5. INCOME TAX		
(a) **Income tax expense**		
Current tax	-	-
Reversal of deferred tax from previous year	(2,860,033)	-
Deferred tax	393,512	2,860,033
	(2,466,521)	2,860,033
Deferred income tax expense included in income tax expense comprises:		
- Reversal of deferred tax from previous year	(2,860,033)	-
- (Increase) in deferred tax assets	(18,161,077)	(5,624,181)
- Increase in deferred tax liabilities	18,554,589	8,484,214
	(2,466,521)	2,860,033
(b) **Reconciliation of income tax expense to prima facie tax payable**		
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(Loss) before income tax	(2,460,229)	(223,636)
Prima facie tax on operating profit/(loss) at 30%	(738,069)	(67,091)
Add / (Less)		
Tax effect of exploration expenditure	(334,137)	(439,515)
Tax effect of Legal Fees	32,298	579
Tax effect of other	18,907	47,732
Tax effect of non-assessable income	-	(247,236)
Tax effect of movement in unrecognised temporary differences	546,772	81,650
Tax effect of under/(over) provision for the prior year	393,512	1,195,404
Tax effect of deferred tax asset not brought to account	477,343	2,288,510
Reversal of deferred tax from previous year	(2,860,033)	-
Deferred tax asset not brought to account	(2,466,521)	2,860,033
Income tax attributable to operating loss	-	-
The applicable weighted average effective tax rates are as follows:	nil%	nil%
Balance of franking account at year end	nil	nil
(c) **Deferred tax assets**		
Tax Losses	17,572,172	5,468,460
Other	588,905	155,721
	18,161,077	5,624,181
Set-off deferred tax liabilities	(18,161,077)	(5,624,181)
Net deferred tax assets	-	-
Less deferred tax assets not recognised	-	-
Net Tax assets	-	-

NOTE 5. INCOME TAX - continued

	Consolidated 2014 $	2013 $
(d) **Deferred tax liabilities**		
Exploration expenditure	18,554,589	8,484,214
Other	-	-
	18,554,589	8,484,214
Set-off deferred tax assets	(18,161,077)	(5,624,181)
Net deferred tax liabilities	393,512	2,860,033
(e) **Tax losses**		
Unused tax losses available	58,573,906	18,228,199

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2014 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;

ii. the Group continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

NOTE 6. EARNINGS PER SHARE

	$	$
(a) Earnings/(loss) used to calculate basic and diluted EPS	6,292	(3,083,669)
	Number of Shares	**Number of Shares**
(b) Number of ordinary shares outstanding at the end of the year used in calculating basic EPS	356,480,930	356,480,930
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	356,480,930	193,001,669
	2014 Cents	**2014 cents**
(c) Earnings/(loss) per share – basic	0.002	(1.60)
Earnings/(loss) per share – diluted	0.002	(1.60)

NOTE 7. CASH AND CASH EQUIVALENTS

Cash at Bank	344,112	1,289,459

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates

	Consolidated 2014 $	Consolidated 2013 $
NOTE 8. TRADE AND OTHER RECEIVABLES		
Other Receivables	17,414	126,961

(a) **Other receivables**

These transactions generally arise from transactions outside the usual operating activities of the group. The balance consists of receivables relating to refunds expected in relation to good and services tax and operating expense prepayments.

(b) **Ageing of receivables past due not impaired**

As at 30 June 2014 there were no receivables past due not impaired.

(c) **Ageing of impaired trade receivables**

As at 30 June 2014 there were no receivables impaired.

NOTE 9. PROPERTY, PLANT & EQUIPMENT

	2014	2013
Plant and equipment – at cost	64,078	63,388
Accumulated depreciation	(39,259)	(32,049)
	24,819	31,339
Office equipment – at cost	122,489	122,489
Accumulated depreciation	(100,865)	(83,571)
	21,624	38,918
Motor Vehicle – at cost	221,082	220,692
Accumulated depreciation	(210,582)	(176,062)
	10,500	44,630
Total property, plant and equipment	56,943	114,887

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant and equipment $	Office equipment $	Motor Vehicle $	Total $
Opening balance at 1 July 2012	40,692	55,672	84,053	180,417
Additions	-	2,043	1,898	3,942
Depreciation expense	(9,353)	(18,797)	(41,321)	(69,471)
Balance at 30 June 2013	31,339	38,918	44,630	114,887
	$	$	$	$
Opening balance at 1 July 2013	31,339	38,918	44,630	114,887
Additions	690	-	390	1,080
Depreciation expense	(7,210)	(17,294)	(34,520)	(59,024)
Balance at 30 June 2014	24,819	21,624	10,500	56,943

	Consolidated	
	2014	2013
NOTE 10. EXPLORATION EXPENDITURE	$	$
Carrying amount at the beginning of the period	72,614,809	19,723,617
Reduction in Stamp Duty for purchase of tenements in May 2013	(1,641,510)	
Deferred exploration expenditure incurred during the period	1,488,590	1,469,558
Purchase of Exploration Assets including land duty	-	51,466,365
Impairment of tenement	(64,941)	(44,731)
Carrying Value at 30 June	72,396,948	72,614,809

The Group has included $55,979 (2013: $65,137) of depreciation of property, plant and equipment in exploration expenditure for the period.

The value of the Group's interest in exploration expenditure is dependent upon the:

- continuance of the economic entity rights to tenure of the areas of interest;
- results of future exploration; and
- recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The economic entity exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTE 11. TRADE AND OTHER PAYABLES		
Trade payables	7,816	1,347,298
Land Duty Payable on Idalia Tenements	-	2,466,365
Other payables	376,818	176,548
	384,634	3,990,211

NOTE 12. NON-CURRENT LIABILITIES

Borrowings

In May 2013, East Energy Resources entered into a Loan Facility Agreement with Noble Group Ltd. This facility provides for funding of up to $7.5m to cover working capital, plus the repayment of the loan between Idalia Coal and East Energy Resources Limited and the loan between the Noble Group Ltd and Idalia Coal Pty Ltd.

This facility is for a period of up to 5 years, with staggered drawdowns, as required. At the date of this report East Energy had drawn a total of $4,650,000 of the $7,500,000 working capital limit.

The loan is due to be repaid at the earlier of 5 years from the date of the agreement, which may be extended for a further 6 months at the option of East Energy Resources Ltd, by lodging an extension notice with the lender, or at the date of a Change in Control Event. A Change of Control Event occurs with a change to the control of the composition of the East Energy Board of Directors, a change in the control of more than half the voting power or change in the control of more than half of the issued capital of East Energy.

The facility is provided on normal commercial terms, with the applicable interest rate being Bank Bill Swap Reference Rate (BBSW) 6 month rate, plus a margin of 7.0%. The interest on this facility can be capitalised, at the request of East Energy Resources Ltd.

NOTE 12. NON-CURRENT LIABILITIES - continued

As stated above, at the end of the 5 year term, East Energy can extend the facility for a further 6 months ("extension period"). Should East Energy not have paid out the funds owing under this facility at this time, Noble Ltd has the option to make application during this extension period to convert the funds owing under this facility into ordinary shares.

East Energy has provided security for this loan (as approved by Shareholders on 3 May 2014), by way of a personal property security interest over the assets of East Energy Resources Ltd and Idalia Coal Pty Ltd and a mortgage over both Company's tenements.

	Consolidated	
	2014	**2013**
	$	**$**
Loan Drawings	15,850,773	12,550,773
Capitalised Interest	1,609,073	173,966
Total Outstanding	17,459,846	12,724,739

NOTE 13. ISSUED CAPITAL

		Consolidated			
		2014 Number	**2013 Number**	**2014 $**	**2013 $**
(a) Share capital					
Ordinary shares					
Fully paid	(b)	356,480,930	356,480,930	59,912,357	59,912,357
Total Issued Capital		356,480,930	356,480,930	59,912,357	59,912,357

(b) Movements in Ordinary Shares

Details	**Number of Shares**	**Number of Shares**	**Issue price $**	**$**
Shares at the beginning of the reporting period	356,480,930	166,449,305	59,912,357	21,906,032
Share Issue for acquisition of Idalia Coal	-	190,031,625	-	38,006,325
Less: Transaction costs				
Balance at end of year	356,480,930	356,480,930	59,912,357	59,912,357

(c) Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group has ready access to a credit facility from the Noble Group Ltd as detailed in note 12. Further sources of funding are equity raisings. However the Group maintains focus on the Group's current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to utilising the Noble Facility carefully and considering appropriate capital raisings if required. The working capital position of the Group at 30 June is as follows:

	2014	**2013**
	$	**$**
Cash and cash equivalents	344,112	1,289,459
Trade and other receivables	17,414	126,961
Trade and other payables	(384,634)	(3,990,211)
Working capital deficit	(23,108)	(2,573,789)

NOTE 14. RELATED PARTY TRANSACTIONS

(a) **Parent Entity**

The parent entity within the Group is East Energy Resources Ltd.

(b) **Subsidiaries.**

Interests in subsidiaries are set out in Note 19.

(c) **Key management personnel**

Transactions relating to key management personnel are set out in Note 2.

(d) **Transactions with related parties**

During the period there have been no other transactions with related parties other than those set out in Note 2.

NOTE 15. SEGMENT INFORMATION

Management has determined that the Group has one reportable segment, being coal exploration in Queensland. As the Group is focused on coal exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred. This internal reporting framework is the most relevant to assist the Board with making decision regard the Group and its ongoing exploration activities while also taking into consideration the results of exploration work that has been performed to date.

	Consolidated	
	2014	**2013**
	$	**$**
Revenue from external sources	-	-
Reportable segment profit (loss)	(1,975,401)	(717,249)
Reportable segment assets	72,396,948	72,614,809
Reportable segment liabilities	-	-
Reconciliation of reporting segment profit or loss		
Reportable segment profit/(loss)	(1,975,401)	(717,249)
Other profit/(loss)	10,380	848,861
Unallocated:		
- Corporate Expenses	(495,208)	(355,248)
Profit/(Loss) Before Tax	(2,460,229)	(223,636)
Reconciliation of reporting segment assets		
Reportable segment assets	72,396,948	72,614,809
Unallocated:		
- Cash & Receivables	361,526	1,416,420
- Property, Plant & Equipment	56,943	114,887
Total Assets	72,815,417	74,146,116
Reconciliation of reporting segment liabilities		

NOTE 15. SEGMENT INFORMATION - continued	Consolidated 2014 $	2013 $
Reportable segment liabilities	-	-
Unallocated:		
- Trade and other payables	384,634	3,990,211
- Deferred Tax Liability	393,512	2,860,033
- Borrowings	17,459,846	12,724,739
Total Liabilities	18,237,992	19,574,983

NOTE 16. COMMITMENTS

Tenement Expenditure Commitments.

The Group is required to maintain current rights of tenure to tenements, which require outlays of expenditure. A tenement will be liable to forfeiture if the expenditure conditions, specified within the terms of the grant are not complied with.

The Group has a 100% share of tenements rental and expenditure commitments of:

Payable:		
– not later than 12 months	3,372,450	3,861,252
– between 12 months and 5 years	3,061,061	7,260,512
– greater than 5 years	-	-
	6,433,511	11,121,764

NOTE 17. DIVIDENDS

The Group has not declared nor paid a dividend for the period.

NOTE 18. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	344,112	1,289,459

(b) Reconciliation of Cash Flow from Operations with Operating Profit/(Loss) after Income Tax

Operating profit/(loss) after income tax	6,292	(3,083,669)
Depreciation and amortisation	59,024	69,471
Impairment of exploration assets	64,941	44,731
Interest Accrued	1,435,107	249,276
Income Tax expense	(2,466,635)	2,860,033
Changes in assets and liabilities:		
(Increase)/decrease in receivables	109,546	256,567
(Increase)/decrease in exploration assets	152,920	(3,976,145)
Increase/(decrease) in trade and other payables	(3,605,576)	1,683,106
Net Cash Flow from/(used in) Operating Activities	(4,244,267)	(1,896,630)

NOTE 19. CONTROLLED ENTITIES

Ultimate Parent Entity:

East Energy Resources Ltd

Subsidiary	Country of	Class of shares	Ownership interest	
			2014	2013
Idalia Coal Pty Ltd	Australia	Ordinary	100%	100%

NOTE 20. PARENT ENTITY DISCLOSURES

Parent entity disclosures

	2014	2013
(a) Financial Position	$	$
Assets		
Current Assets	353,519	1,168,012
Non-Current Assets	70,105,941	71,641,598
Total Assets	70,459,460	72,809,610
Liabilities		
Current Liabilities	79,601	2,653,705
Non-Current Liabilities	17,853,358	15,584,772
Total Liabilities	17,932,959	18,238,477
Equity		
Contributed Equity	59,912,357	59,912,357
Reserves	-	-
Retained (Losses)	(7,385,856)	(5,341,224)
Total Equity	52,526,501	54,571,133
(b) Financial Performance		
Profit/(Loss) for the year	(2,090,948)	(3,083,669)
Other comprehensive income	-	-
Total Comprehensive (Loss)	(2,090,948)	(3,083,669)

(c) Contingent Liabilities of the Parent Entity

There are no such contingencies.

	2014	2013
(d) Commitments of the Parent Entity		
Not longer than 1 year	202,500	171,920
Longer than 1 year and not longer than 5 years	1,119,213	839,180
Longer than 5 years	-	-
Total	1,321,713	1,011,100

NOTE 21. EVENTS AFTER THE REPORTING PERIOD

On 10th July 2014, the Group released an updated JORC compliant Coal Resource Statement as detailed above in the Exploration section of the Operations Report.

In early August 2014, the Group made an application for a drawing under the Noble Facility, and lodged a Utilisation Notice for $1,000,000. The funds were received by the Group on 15th August 2014.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 22. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short-term deposits. The Group has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Group's activities expose it to a variety of financial risks, including, credit risk, liquidity risk and cash flow interest rate risk. The Group is not exposed to foreign exchange or price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

(a) Market Risk

(i) Interest rate risk
The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2014 $	2014 $	2014 $	2014 $	2014 $	2014 %
Financial Assets						
Cash	324,112	20,000	-		344,112	1.86%
Trade and other receivables	-	-	-	17,414	17,414	
Total Financial Assets	324,112	20,000	-	17,414	361,526	1.86%
Financial Liabilities						
Trade and other payables	17,459,846	-	-	384,634	17,844,480	7.94%
Total Financial Liabilities	17,459,846	-	-	384,634	17,844,480	7.94%

	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2013 $	2013 $	2013 $	2013 $	2013 $	2013 %
Financial Assets						
Cash	1,269,459	20,000	-	-	1,289,459	3.32%
Trade and other receivables	-	-	-	126,961	126,961	
Total Financial Assets	1,269,459	20,000	-	126,961	1,416,420	3.32%
Financial Liabilities						
Trade and other payables	12,724,739	-	-	3,990,211	16,714,950	8.19%
Total Financial Liabilities	12,724,739	-	-	3,990,211	16,714,950	8.19%

NOTE 22. FINANCIAL RISK MANAGEMENT – continued

The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The Group does not have any receivables or payables that may be affected by interest rate risk.

Sensitivity analysis

At 30 June 2014, if interest rates had changed by -/+100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss would have been $204,408 (2013: $40,028) lower/higher as a result of lower/higher interest income from cash and cash equivalents and lower/higher interest expense applicable to loans. Management have deemed a movement of 100 basis points to be an appropriate measure for this sensitivity analysis.

(b) Credit risk

The Group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Group. Given this the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:-

	Consolidated	
	2014	2013
	$	$
Financial assets - counterparties without external credit rating		
Financial assets with no defaults in the past	17,414	126,961
Cash and cash equivalents		
‘AA-’ S&P rating	344,112	1,289,459
Bank guarantees	-	-
	361,526	1,289,459

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Group’s exposure to the risk of changes in market interest rates relate primarily to cash assets.

The directors monitor the cash-burn rate of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has access to a credit facility from the Noble Group as detailed in Note 12.

The financial liabilities the Group had at reporting date were other payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments. The other financial liability is the facility from the Noble Group as detailed in Note 12.

NOTE 22. FINANCIAL RISK MANAGEMENT – continued

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	$	$	$	$	$	$	$
As at 30 June 2014							
Trade and other payables	384,634	-	-	**17,459,846**	-	**17,844,480**	17,844,480
As at 30 June 2013							
Trade and other payables	3,990,211	-	-	**12,724,739**	-	**16,714,950**	16,714,950

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the reporting date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The carrying value of borrowings are assumed to be their fair value as the value is periodically confirmed with the borrower as to the amount outstanding and interest accruing. The borrowings at reporting date are recorded at amounts approximating their carrying amount.

NOTE 23. GROUP DETAILS

The registered office and principal place of business of the Group is:

Level 1/12 Kings Park Road

WEST PERTH WA 6005

NOTE 24. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities.

NOTE 25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
IFRS 15 "Revenue from contracts with customers"	1 January 2017	1 July 2017

The group has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Directors' Declaration

The Directors of the Group declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001, including:

   a. complying with Accounting Standards and Corporations Regulations 2001; and

   b. giving a true and fair view of the Group's financial position at 30 June 2014 and of its performance for the year ended on that date; and

2. In accordance with Section 295A of the Corporations Act the Chief Executive Officer and the Chief Financial Officer have provided the directors with declarations that:

   a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view;

3. in the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

4. The Group has included in the notes to the financial statement an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.

MARK BASSO-BRUSA
Managing Director

DATED at PERTH this 30th day of September 2014

REGENCY AUDIT

Regency Audit Pty Ltd

ABN 85 165 181 822

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SUBIACO WA 6008

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Independent Auditor's Report

To the Members of East Energy Resources Limited

We have audited the accompanying financial report of East Energy Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a. The financial report of East Energy Resources Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of East Energy Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Regency Audit

REGENCY AUDIT PTY LTD

CHRIS WATTS CA
Director

DATED at PERTH this 30th day of September 2014

Shareholder Information

Additional information required by the Australian Securities Exchange Limited Listing Rules, and not disclosed elsewhere in this report.

Class Of Shares And Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

Substantial Shareholders

The names of the substantial shareholders in the Company's register as at 18 September 2014 are:

		Number
1.	Majicyl Pty Ltd <Basso Investment A/c>	163,526,982
2.	Onglory Pty Ltd	145,913,453

Distribution Of Shareholders (as at 18 September 2014)

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1,000	35	5,860	0.002%
1,001 – 5,000	131	388,283	0.11%
5,001 – 10,000	127	1,099,928	0.31%
10,001 – 100,000	350	13,053,715	3.66%
100,001 – over	94	341,933,144	95.92%
	737	**356,480,930**	**100.000%**

There were 425 shareholders holding less than a marketable parcel at 18 September 2014. The percentage of shares held by 20 largest shareholders is 91.77%. There is no current on-market buy back taking place.

Distribution of Listed Option holders

There are currently no listed options.

Unlisted Options

There are currently no unlisted options.

Shareholder Information continued

TWENTY LARGEST SHAREHOLDERS (as at 18 September 2014)

NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD
Majicyl Pty Ltd <Basso Investment A/C>	163,526,982	45.87%
Onglory Pty Ltd/Camvill Pty Ltd	145,913,453	40.93%
Altius Investment Holdings	2,987,892	0.81%
Benison Holdings Pty Ltd	2,225,994	0.62%
DBS Vickers Securities (Singapore) Pte Ltd <Client Account>	1,403,000	0.39%
Steven David Bland	1,336,899	0.35%
JP Morgan Nominees	1,060,000	0.30%
Siska Drilling Pty Ltd <Siska Drilling P/L S/F A/C>	1,000,000	0.28%
Mario Ambrosino	815,010	0.23%
Janafield Pty Ltd <Superannuation Fund A/C>	800,000	0.22%
Dr Peter Poon	795,000	0.22%
Michael Johns <Limestone Hill Super A/C>	701,427	0.20%
Gentry Investments Pty Ltd	700,000	0.20%
Ernst Feldmen	700,000	0.20%
Bradley Rowan Pollard	647,276	0.18%
Jotmot Pty Ltd	597,324	0.17%
Ms Kim Claudette Parry	568,000	0.16%
Diverse Industry Financial Services Pty Ltd	500,000	0.14%
Sebastian Corporation Pty Ltd <Rapanaro Super Fund A/C>	497,062	0.14%
Citicorp Nominees Pty Ltd	480,000	0.14%
Total	**327,165,319**	**91.77%**

EAST ENERGY RESOURCES LIMITED

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