



East Energy Resources Limited

ABN 66 126 371 828

Interim Financial Report 2017



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Corporate Directory

DIRECTORS

Mark Basso-Brusa (Managing Director)
Ranko Matic (Non-Executive Director)
Rex Littlewood (Non-Executive Director)

COMPANY SECRETARY

Ranko Matic

REGISTERED OFFICE

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AUDITORS

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SHARE REGISTRY

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009



Directors' Report

Your directors submit the financial accounts of the consolidated entity consisting of East Energy Resources Limited ("EER" or "the Company") and the entity it controls ("the Group") for the half year ended 31 December 2017.

Directors

The names of the directors in office at any time during the whole of the half year and up to the date of this report are:-

Mr Mark Basso-Brusa (Managing Director and Chairman)

Mr Ranko Matic (Non-Executive Director and Company Secretary)

Mr Rex Littlewood (Non-Executive Director)

Review of Operations

Principal Activities

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

Results

The consolidated net loss of the Group after income tax for the half year ended 31 December 2017 amounted to \$12,585,488 (2016: \$1,351,506).

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.

Corporate

During the half year, the Company requested to be suspended from official quotation, as it was in discussions with its financier, Noble Group Limited (Noble). This situation caused uncertainty for the Company and so therefore it was deemed appropriate to request a voluntary suspension whilst it sought resolution to these issues, which were critical to the Company's solvency.

On 24 November 2017, the Company announced that Noble had agreed to provide an advance of \$500,000 to the Company and in exchange for the funding, the Company agreed:

- to bring forward the date upon and from which Noble's rights of conversion shall be exercisable;
- to convene a general meeting in early 2018 for shareholders to approve the issue of shares in the Company to Noble upon the exercise of Noble's option to convert its debt into equity in the Company; and
- upon the exercise by Noble of its rights of conversion under the Facility Agreement, the incumbent officers of the Company and its subsidiaries will resign from their respective offices and Noble shall be entitled to appoint three officers to fill each office, which is so vacated.

The above agreement and the receipt of \$500,000 in funding from Noble on 24 November 2017 has resolved the Company's current discussions with Noble as referred to in the request for Voluntary Suspension made on 29 September 2017. The Company was reinstated to official quotation on 14 December 2017. The Company has not yet conducted its Annual General Meeting (AGM) due to the discussions with the Noble Group that were not resolved until November. Until these issues were resolved, the Company was unable to complete its Annual Report and therefore would not have been able to present the Annual Report at the AGM and seek to approve the Remuneration Report as required at the AGM. The Company therefore determined that it is would be best to combine the Annual General Meeting and the above General Meeting into one meeting.. The Company is currently working through the required documentation to complete and dispatch the Notice of Meeting for the General Meeting as referred to above.

Exploration

BLACKALL COAL PROJECT

Background

The Group's main coal project is located in Central Western Queensland near the township of Blackall. The Group commenced the Blackall Project in 2008 by securing and developing EPC 1149, which initially covered 300 sub-blocks over an area of approximately 900 sq km in the Eromanga Basin in Queensland. This tenement was granted to East Energy on 22 April 2008 for an initial period of five years and approval was granted for further five year extension to the entire tenement in June 2013.

In May 2013, East Energy Resources acquired Idalia Coal Pty Ltd, which held EPCs 1398, 1399, 1400, 1403 and 1407 which are all located adjacent or close to the existing EPC 1149 tenement.

In 2014 East Energy was granted a Mineral Development Licence (MDL 464) consisting of approximately 37,000 Ha over the primary Coal Resource within EPC 1149.

JORC Resources

The Blackall Project contains three main coal resource areas within EPC's 1149, 1398 and 1399 and MDL 464.

In July 2014 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.

The updated Resources combined with the previously announced JORC Resources for EPC1149 and EPC1398, show that the Company holds a combined JORC Total Coal Resource Estimate of 3.44 billion tonnes of thermal quality coal at its Blackall Coal Project.

The Company also announced an updated Exploration Target in the range of 2.0 to 2.5 billion tonnes within EPC1398 and EPC1399. 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 1. See ASX announcement dated 10 July 2014 - EER REPORTS 3.44 BILLION TONNE JORC RESOURCE

Exploration

No exploration was carried out during the period.

Mineral Development License (MDL 464)

MDL464 was granted for a period of 5 years commencing 1 August 2014. The MDL covers some 37,000ha over the central portion of the main coal resource where initial mining is most likely to occur should the project proceed.

General

During the period the Company continued to assess the demand for thermal coal and the potential for further development of the coal resource within MDL 464 and the three EPCs covering the main body of the Blackall Coal Project. The Board is monitoring the progress of coal projects in the Galilee Basin. The proposed rail line for Adani's Carmichael Coal Mine will provide a crucial link for the future transport of coal from the Blackall Project.

All tenements remain in good standing with statutory obligations complied with and the necessary departmental reports lodged on time.

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 a consultant to 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. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. 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. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. 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 is a consultant to 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.

Events After the Balance Sheet Date

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included within this financial report for the period ended 31 December 2017.

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

MARK BASSO-BRUSA

Managing Director

DATED at PERTH this 17th day of March 2018

Regency Audit Pty Ltd

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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 review of the financial statements of East Energy Resources Limited and its controlled entity for the half year ended 31 December 2017, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



CHRIS WATTS CA
Director

REGENCY AUDIT PTY LTD

DATED at PERTH this 17th day of March 2018

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the half year ended 31 December 2017

	Consolidated	
	31.12.2017	31.12.2016
	\$	\$
Revenue from continuing operations	499	6,120
Audit Fees	(6,500)	(6,500)
Depreciation	(671)	(1,382)
Insurance	(14,042)	(11,075)
Share Registry Costs	(2,505)	(2,882)
Directors Salary and Fees	(118,700)	(118,700)
Employee Benefits Expenses	(27,078)	(22,113)
Interest Expense	(1,267,741)	(1,170,277)
Impairment of Exploration Assets	4 (11,077,956)	-
Other expenses	(70,794)	(24,697)
Loss before income tax	(12,585,488)	(1,351,506)
Income tax (expense)/benefit	-	-
Net loss for the period attributable to the members of East Energy Resources Limited	(12,585,488)	(1,351,506)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period attributable to the members of East Energy Resources Limited	(12,585,488)	(1,351,506)
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of East Energy Resources Ltd	(0.353)	(0.379)

The accompanying notes form part of these financial accounts

Consolidated Statement of Financial Position

as at 31 December 2017

	Consolidated	
	31.12.2017	30.06.2017
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	309,250	305,351
Trade and Other Receivables	20,852	5,392
Research & Development Tax Concession Receivable	-	-
TOTAL CURRENT ASSETS	330,102	310,743
NON CURRENT ASSETS		
Property, Plant and Equipment	6,364	7,819
Exploration, Evaluation and Development Expenditure	4 13,525,000	24,430,333
TOTAL NON-CURRENT ASSETS	13,531,364	24,438,152
TOTAL ASSETS	13,861,466	24,748,895
CURRENT LIABILITIES		
Trade and Other Payables	83,606	32,767
Provisions	-	(1,752)
Borrowings	5 27,356,705	-
TOTAL CURRENT LIABILITIES	27,440,311	31,015
NON-CURRENT LIABILITES		
Provisions	190	7,214
Borrowings	5 -	25,704,213
TOTAL NON-CURRENT LIABILITIES	190	25,711,427
TOTAL LIABILITIES	27,440,501	25,742,442
NET ASSETS	(13,579,035)	(993,547)
EQUITY		
Issued Capital	6 59,912,357	59,912,357
Accumulated Losses	(73,491,392)	(60,905,904)
TOTAL EQUITY	(13,579,035)	(993,547)

The accompanying notes form part of these financial accounts

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2017

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance as at 1 July 2016	59,912,357	(58,206,158)	1,706,199
Net income/(loss) for the period	-	(1,351,506)	(1,351,506)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	(1,351,506)	(1,351,506)
Transactions with Equity Holders in their capacity as Equity Holders	-	-	-
Balance at 31 December 2016	59,912,357	(59,557,664)	354,693
Balance as at 1 July 2017	59,912,357	(60,905,904)	(993,547)
Net income/(loss) for the period	-	(12,585,488)	(12,585,488)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	(12,585,488)	(12,585,488)
Transactions with Equity Holders in their capacity as Equity Holders	-	-	-
Balance at 31 December 2017	59,912,357	(73,491,392)	(13,579,035)

The accompanying notes form part of these financial accounts

Consolidated Statement of Cash Flows

for the half year ended 31 December 2017

	Consolidated	
	31.12.2017	31.12.2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	499	6,120
Interest Paid	(100,337)	(87,854)
Payments for exploration, evaluation and development	(177,029)	(156,016)
Payments to suppliers & other expenses	(219,234)	(196,881)
Net Cash outflows used in Operating Activities	(496,101)	(434,631)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets (net)	-	-
Payments for property, plant & equipment	-	-
Net Cash outflows from Investing Activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	500,000	-
Net Cash inflows from Financing Activities	500,000	-
Net (decrease) / increase in cash and cash equivalents	3,899	(434,631)
Cash and cash equivalents at 1 July	305,351	793,011
Cash and cash equivalents at 31 December	309,250	358,380

The accompanying notes form part of these financial accounts

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2017

NOTE 1. BASIS OF PREPARATION OF HALF-YEARLY REPORT

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial statements. Accordingly, this interim financial report is to be read in conjunction with the annual financial statement for the year ended 30 June 2017 and any public announcements made by East Energy Resources Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2017.

The accounting policies have been applied consistently throughout the Company for the purposes of preparation of these interim financial statements.

New and revised Accounting Standards

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

Reporting Basis and Conventions

The half year financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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.

The Group produced a net loss after tax for the half year of \$12,585,488 with net cash outflows of \$496,101. As at 31 December 2017, the Group had a working capital deficit of \$27,110,209.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital and managing cashflow in line with available funds. During May 2013, East Energy Resources Limited entered into a loan facility agreement with the Noble Group, whereby the Noble Group will provide up to \$7.5 million in funding for working capital and exploration expenses for a period of up to 5 years, with a 6 month extension. Since entering into the agreement, East Energy has drawn a total of \$6.45m which includes the drawing of \$500,000 made in the half year. East Energy therefore has access to the remaining amount of \$1.05m until November 2018 to cover operational and exploration expenses. The Company has made a conscious effort to only draw on this facility, as needed, in order to minimise the interest expense applicable to the facility.

Notes to the Consolidated Financial Statements continued

for the half year ended 31 December 2017

NOTE 1. BASIS OF PREPARATION OF HALF-YEARLY REPORT (continued)

In November 2017, the Company agreed to bring forward Noble's right to convert their debt, however this will require shareholder approval, which has not yet been obtained. If this is approved, the Group has a working capital surplus of \$246,496.

The Directors have prepared a cash flow forecast based on the factors outlined above which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this interim financial report. Should the Group be unsuccessful in any of the matters outlined above, it may be required to raise additional funding through either debt or equity sources.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of being able to draw down on the facility to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

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:

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.

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.

The Company is currently in the process of finalising the documents required for the Notice of Meeting for the Company's Annual General Meeting where an updated valuation of the Exploration Assets has been sought. This report is currently in its draft format, however has provided a range of \$9.6m to \$19.5m with a preferred value of \$13.5m. The Board has agreed to accept the value of \$13.5m for the carrying value of its Exploration Assets and the Company has therefore recognised an impairment of \$11,077,956 for the half year ended 31 December 2017.

Notes to the Consolidated Financial Statements continued

for the half year ended 31 December 2017

NOTE 2. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

NOTE 3. CONTINGENT ASSETS AND LIABILITIES

There have been no changes in contingent assets and liabilities since the last annual reporting date.

NOTE 4. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	31.12.2017	30.06.2017
	\$	\$
Opening Balance	24,430,333	24,206,391
Expenditure	172,623	223,942
Impairment of Exploration Assets	(11,077,956)	-
Closing Balance	<u>13,525,000</u>	<u>24,430,333</u>

The Company is currently in the process of finalising the documents required for the Notice of Meeting for the Company's Annual General Meeting where an updated valuation of the Exploration Assets has been sought. This report is currently in its draft format, however has provided a range of \$9.6m to \$19.5m with a preferred value of \$13.5m. The Board has agreed to accept the value of \$13.5m for the carrying value of its Exploration Assets and the Company has therefore recognised an impairment of \$11,077,956 for the half year ended 31 December 2017.

NOTE 5. 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 \$6,450,000 of the \$7,500,000 working capital limit. A drawing of \$500,000 was made in the current half year. 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.

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. The facility also becomes payable should a change of control event occur in relation to the Borrower.

East Energy has provided security for this loan, 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.

Notes to the Consolidated Financial Statements continued

for the half year ended 31 December 2017

NOTE 5. NON-CURRENT LIABILITIES (continued)

Borrowings (continued)

On 24 November 2017, the Company announced that Noble had agreed to provide an advance of \$500,000 to the Company and in exchange for the funding, the Company agreed:

- to bring forward the date upon and from which Noble's rights of conversion shall be exercisable;
- to convene a general meeting in early 2018 for shareholders to approve the issue of shares in the Company to Noble upon the exercise of Noble's option to convert its debt into equity in the Company; and
- upon the exercise by Noble of its rights of conversion under the Facility Agreement, the incumbent officers of the Company and its subsidiaries will resign from their respective offices and Noble shall be entitled to appoint three officers to fill each office, which is so vacated.

The Company received the \$500,000 in funding on 24 November 2017 and is currently preparing the Notice of Meeting for the Annual General Meeting to approve the above issue of shares.

	31.12.2017	30.06.2017
	\$	\$
Loan Drawings	18,650,773	18,150,773
Capitalised Interest	8,705,931	7,553,440
Total Outstanding	<u>27,356,704</u>	<u>25,704,213</u>

NOTE 6. CHANGES TO ISSUED CAPITAL

There were no changes to issued capital.

NOTE 7. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group does not have any operating segments with discrete financial information. The Group does not have any customers at this stage, and all the Group's assets and liabilities are located within Australia. The Board of Directors review internal management reports that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 14, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and other mandatory professional requirements;
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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



MARK BASSO-BRUSA
Managing Director

DATED at PERTH this 17th day of March 2018

Regency Audit Pty Ltd

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Independent Auditor's Review Report

To the Members of East Energy Resources Limited

We have reviewed the accompanying half-year financial report of East Energy Resources Limited ("the Company") and its Controlled Entity ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entity it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of East Energy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of East Energy Resources Limited and its Controlled Entity is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 1 to the annual report, which indicates that the Consolidated Entity incurred a net loss of \$12,585,488 and as of that date, the Consolidated Entity had net cash outflows of \$496,101. These conditions, along with other matters as set forth in Note 1 and Note 5 in relation to the terms of the Noble facility, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Regency Audit

REGENCY AUDIT PTY LTD



CHRIS WATTS CA
Director

DATED at PERTH this 17th day of March 2018