



East Energy Resources Limited

ABN 66 126 371 828

Interim Financial Report 2018



East Energy Resources Limited

ABN 66 126 371 828

Interim Financial Report 2018

Table of Contents

Corporate Directory	2
Directors' Report.....	3
Auditor's Independence Declaration.....	6
Consolidated Statement of Profit or Loss and other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity.....	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11
Directors' Declaration	14
Independent Review Report	15

Corporate Directory

DIRECTORS

Rex Littlewood (Managing Director and Chairman)
Ranko Matic (Non-Executive Director)
Chris Thoroughgood (Non-Executive Director)

COMPANY SECRETARY

Andrea Betti

REGISTERED OFFICE

Level 2, 22 Mount St
PERTH WA 6000

CONTACTS

Ph: +61 8 6188 8181
Fax: +61 8 6188 8182
Web: www.eastenergy.com.au
ASX Code: EER

AUDITORS

Criterion Audit Pty Ltd
Suite 1, Ground Floor
437 Roberts Road
SUBIACO WA 6008
Ph: +61 8 6380 2555
Fax: +61 8 9381 1122

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 2018.

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 Rex Littlewood (Managing Director and Chairman)

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

Mr Chris Thoroughgood (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 2018 amounted to \$346,108 (2017: \$12,585,488).

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

Company Funding

In July 2018, the Company received \$400,000 from Noble Ltd (a 93.42% shareholder of the Company) by way of an intercompany loan to fund working capital. Later in the period, the Company commenced discussions with Noble for a more formal arrangement to fund further working capital requirements and operational expenses of the Company.

Subsequent to the period end, the Company entered into an intercompany loan agreement with Noble for funding of A\$1.355m, which covers the previous \$400,000 advance made in July 2018 and provided an additional \$955K of funding to the Company for working capital purposes.

Restructure of Major Shareholder

The Company advised the market on 21 December 2018 that its major shareholder Noble Ltd (a 93.42% shareholder of the Company) (Noble) had successfully completed its restructure.

Change of Address

The Company advised in August 2018 that its Registered Office and Principal Place of Business had changed to:
Level 2, 22 Mount Street, PERTH WA 600

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. It is located immediately to the south of the township of Blackall in central western Queensland.

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.^{Note 1}

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}

Note 1. See ASX announcement dated 10 July 2014 - EER REPORTS 3.44 BILLION TONNE JORC RESOURCE

Exploration

Statutory Compliance and Reporting

All tenements remain in good standing with rents paid, statutory obligations complied with and the necessary government reports lodged on time.

The Company During the quarter 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 continues to monitor the progress of coal projects in the Galilee Basin and the proposed rail line for Adani's Carmichael Coal Mine, which will provide a crucial link for the future transport of coal from the Blackall Project.

No exploration was carried out during the period.

Mineral Development License (MDL 464)

MDL464 was granted for a period of 5 years, with a commencement date from 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. Subsequent to the period end, the Company has lodged an application to renew the MDL which expires in August 2019, for a further 5 year period.

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

Subsequent to the period end, the Company entered into an intercompany loan agreement with Noble for funding of A\$1.355m, which covers the previous \$400,000 advance made in July 2018 and provided an additional \$955K of funding to the Company for working capital purposes.

No other 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 2018.

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



REX LITTLEWOOD

Managing Director and Chairman

DATED at PERTH this 14th day of March 2019

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122

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 2018, 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



ELIZABETH LOUWRENS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 14th day of March 2019

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the half year ended 31 December 2018

	Consolidated	
	31.12.2018	31.12.2017
	\$	\$
Revenue from continuing operations	26	499
Audit Fees	(5,000)	(6,500)
Depreciation	-	(671)
Insurance	(9,056)	(14,042)
Share Registry Costs	(5,061)	(2,505)
Directors Salary and Fees	(102,804)	(118,700)
Employee Benefits Expenses	(25,706)	(27,078)
Interest Expense	-	(1,267,741)
Impairment of Exploration Assets	4 (171,673)	(11,077,956)
Other expenses	(26,834)	(70,794)
Loss before income tax	(346,108)	(12,585,488)
Income tax (expense)/benefit	-	-
Net loss for the period attributable to the members of East Energy Resources Limited	(346,108)	(12,585,488)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period attributable to the members of East Energy Resources Limited	(346,108)	(12,585,488)
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of East Energy Resources Ltd	(0.097)	(0.353)

The accompanying notes form part of these financial accounts

Consolidated Statement of Financial Position

as at 31 December 2018

		Consolidated	
		31.12.2018	30.06.2018
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents		113,764	88,302
Trade and Other Receivables		83,342	11,258
TOTAL CURRENT ASSETS		197,106	99,560
NON CURRENT ASSETS			
Property, Plant and Equipment		-	-
Exploration, Evaluation and Development Expenditure	4	13,526,000	13,526,000
TOTAL NON-CURRENT ASSETS		13,526,000	13,526,000
TOTAL ASSETS		13,723,106	13,625,560
CURRENT LIABILITIES			
Trade and Other Payables		134,427	91,533
Provisions		950	-
TOTAL CURRENT LIABILITIES		135,377	91,533
NON-CURRENT LIABILITES			
Provisions		-	190
Borrowings	5	400,000	-
TOTAL NON-CURRENT LIABILITIES		400,000	190
TOTAL LIABILITIES		535,377	91,723
NET ASSETS		13,187,729	13,533,837
EQUITY			
Issued Capital	6	86,901,419	86,901,419
Accumulated Losses		(73,713,690)	(73,367,582)
TOTAL EQUITY		13,187,729	13,533,837

The accompanying notes form part of these financial accounts

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2018

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
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)

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance as at 1 July 2018	86,901,419	(73,367,582)	13,533,837
Net income/(loss) for the period	-	(346,108)	(346,108)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	(346,108)	(346,108)
Transactions with Equity Holders in their capacity as Equity Holders	-	-	-
Balance at 31 December 2018	86,901,419	(73,713,690)	(13,187,729)

The accompanying notes form part of these financial accounts

Consolidated Statement of Cash Flows

for the half year ended 31 December 2018

	Consolidated	
	31.12.2018	31.12.2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	26	499
Interest Paid	-	(100,337)
Payments for exploration, evaluation and development	(188,891)	(177,029)
Payments to suppliers & other expenses	(185,673)	(219,234)
Net Cash outflows used in Operating Activities	(374,538)	(496,101)
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	400,000	500,000
Net Cash inflows from Financing Activities	400,000	500,000
Net (decrease) / increase in cash and cash equivalents	25,462	3,899
Cash and cash equivalents at 1 July	88,302	305,351
Cash and cash equivalents at 31 December	113,764	309,250

The accompanying notes form part of these financial accounts

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2018

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 2018 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 2018 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 2018.

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 \$346,108 with net cash outflows of \$374,537. As at 31 December 2017, the Group had a working capital surplus of \$61,729.

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. Subsequent to the period end, the Company received additional funding from the Noble Group (93.42% shareholder) of \$955,000 to cover working capital and operating expenses of the Company.

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.

Notes to the Consolidated Financial Statements continued

for the half year ended 31 December 2018

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

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 arranged for a valuation of the Exploration Assets held as part of the Annual General Meeting Notice of Meeting held in May 2018. The valuation 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, which has been recognised in the 30 June 2018 Financial Accounts. The Company has determined that this valuation is still appropriate and will continue to recognise the carrying value of its Exploration Assets at \$13.5m at 31 December 2018.

NOTE 2. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the period end, the Company entered into an intercompany loan agreement with Noble for funding of A\$1.355m, which covers the previous \$400,000 advance made in July 2018 and provided an additional \$955K of funding to the Company for working capital purposes.

No other 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.

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

	31.12.2018	30.06.2018
	\$	\$
Opening Balance	13,697,673	24,430,333
Expenditure	-	245,493
Impairment of Exploration Assets	(171,673)	(11,149,826)
Closing Balance	13,526,000	13,526,000

Notes to the Consolidated Financial Statements continued

for the half year ended 31 December 2018

NOTE 5. NON-CURRENT LIABILITIES

Borrowings

In July 2018, the Company received \$400,000 from Noble Ltd (a 93.42% shareholder of the Company) by way of an intercompany loan to fund working capital. Later in the period, the Company commenced discussions with Noble for a more formal arrangement to fund further working capital requirements and operational expenses of the Company.

Subsequent to the period end, the Company entered into an intercompany loan agreement with Noble for funding of A\$1.355m, which covers the previous \$400,000 advance made in July 2018 and provided an additional \$955K of funding to the Company for working capital purposes. Key terms of the loan facility include an interest rate of 9.8% p.a. with the repayment of the facility and all accrued interest to occur three years after the date of the Agreement. The loan is provided on an unsecured basis.

	31.12.2018	30.06.2018
	\$	\$
Opening Balance	-	25,704,213
Drawings during the year	400,000	500,000
Capitalised Interest during the year	-	818,595
Conversion to fully paid ordinary shares in the Company	-	(27,022,808)
Total Outstanding	400,000	-

NOTE 6. CHANGES TO ISSUED CAPITAL

There were no changes to issued capital.

NOTE 7. SEGMENT INFORMATION

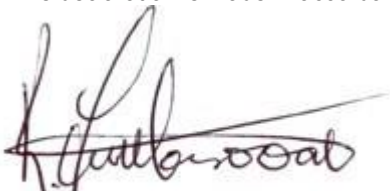
Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group does not have any operating segments with discrete financial information. The Group does not have any customers at this stage, and all the Group's 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 2018 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.



REX LITTLEWOOD

Managing Director and Chairman

DATED at PERTH this 14th day of March 2019

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122

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 2018, 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 2018 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 2018 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 half year report, which indicates that the Consolidated Entity incurred a net loss of \$346,108 with net cash outflows of \$374,538 for the period, and had net current liabilities of \$338,271 at 31 December 2018. These conditions, 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.

Criterion Audit

CRITERION AUDIT PTY LTD

Elizabeth Louwrens

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 14th day of March 2019