

DECEMBER 2015 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- *Assessment of alternative strategies to develop the Blackall Coal Resource continued during the quarter*
- *Approval received from Queensland's Department of Natural Resources and Mines to reduce the expenditure and work programs for most of East Energy's EPC's within the Blackall Project to bring expenditure down to a minimum for the next two to three years.*

BLACKALL COAL PROJECT

The Blackall Project consists of three main coal resource areas within MDL464, EPC1398 and EPC1399. It is located immediately to the south of the township of Blackall in central western Queensland.

These permits host a combined **JORC Total Coal Resource Estimate of 3.44 billion tonnes** of thermal quality coal.^{Note 1}

In addition, an Exploration Target in the range of 2.0 to 2.5 billion tonnes has been identified with EPC 1398 and EPC 1399. References to Reported Exploration Targets are in accordance with the guidelines of the JORC Code (2012). The potential quantity and grade of the targets 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}

With the current downturn in the thermal coal market, the company continues to conserve capital, postponing further exploration and reducing overhead and staff costs, while monitoring alternative strategies to develop the resource.

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

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

ASX: EER

East Energy Resources is a coal exploration and development company primarily focused in the Eromanga Basin in Queensland.

EER has combined Total JORC Resources of 3.44Bt of Thermal Coal (627.5Mt Indicated and 2817Mt Inferred) located south west of the major deposits of GVK Hancock Coal and Waratah Coal in the Galilee Basin.

Capital Structure

Share Price: \$0.003

Market Cap: \$1.069m

Shares on Issue: 356,480,930

Board of Directors

Mark Basso
Managing Director

Ranko Matic
Non-Executive Director

Rex Littlewood
Non-Executive Director

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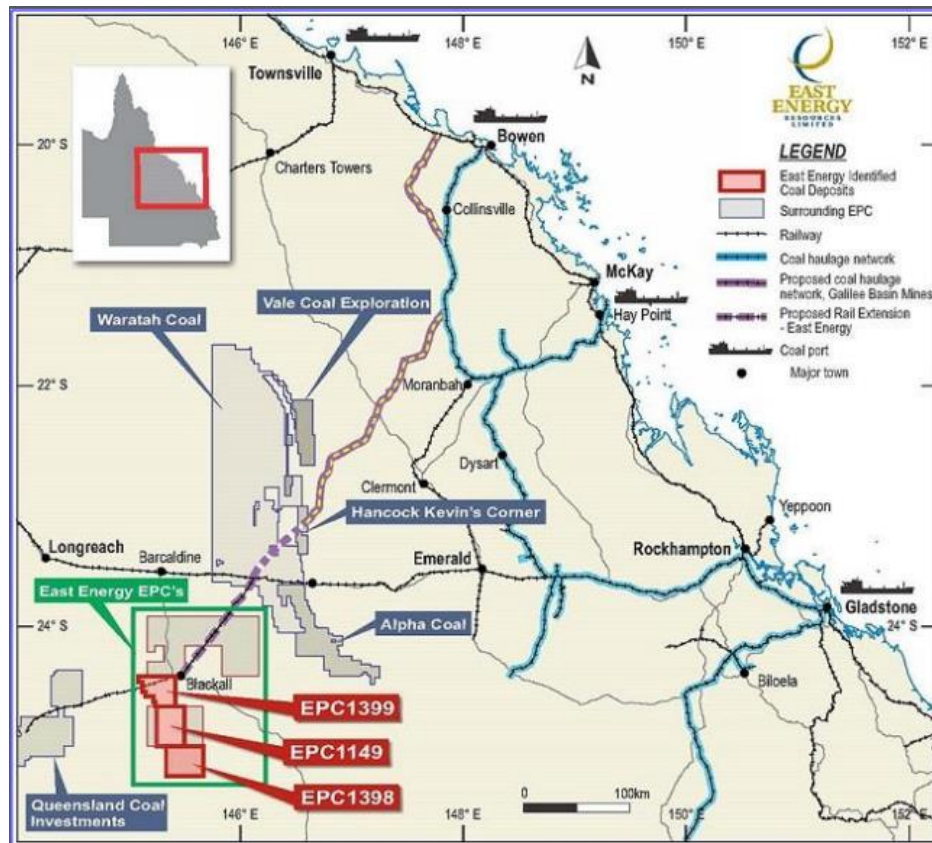
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technical parameters underpinning the Resource estimates continue to apply and have not materially changed in the meantime.

Figure 1: Blackall Project Location Map



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 37,000a over the central portion of the main coal resource where initial mining is most likely to occur should the project proceed.

Annual Reporting

Annual reports for EPC 1399, 1400, 1403, 1407 and MDL 464 were lodged and approved by DNRM during the quarter.

Reduction/Postponement of Work Programs

In response to the present downturn in the thermal coal market the Company lodged applications with DNRM during the previous quarter to reduce or postpone annual work programs and expenditure covering all EPC's as well as MDL464 within the Blackall Coal Project.

DNRM has now approved the variations for four of the seven tenements. The remaining three are still under assessment with approvals for the reduced expenditure expected during the current quarter.

CORPORATE

During the December 2015 quarter the Company continued assessing the development options for the coal resource within MDL 464 and the three EPCs covering the main body of the Blackall Project.

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

KEY OBJECTIVES FOR MARCH 2016 QUARTER

- Continue to review strategic options for development of the Blackall Project;
- Continue to appraise the market outlook for thermal coal
- Monitoring of Galilee Basin coal projects and government approvals
- Monitoring and assessment of rail and port infrastructure commitments by other proponents as to their impact on the potential development of the Blackall Project

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

| Tenement Reference | Location | Interest at beginning of quarter | Acquired/ Disposed | Interest at end of Quarter |
|--------------------|---------------|----------------------------------|--------------------|----------------------------|
| 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 1403 | Blackall, QLD | 100% | N/A | 100% |
| EPC 1407 | Blackall, QLD | 100% | N/A | 100% |
| MDL 464 | Blackall, QLD | 100% | N/A | 100% |

Summary of Farm-in and Farm-out Arrangements held by East Energy Resources Ltd

| Tenement Reference | Location | Interest at beginning of quarter | Acquired/ Disposed | Interest at end of Quarter |
|--------------------|----------|----------------------------------|--------------------|----------------------------|
| None | N/A | N/A | N/A | N/A |
| | | | | |

Further information:

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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. 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 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.