



East Energy Resources Limited

ABN 66 126 371 828

Interim Financial Report 2015



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Corporate Directory

DIRECTORS

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

COMPANY SECRETARY

Ranko Matic

REGISTERED OFFICE

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AUDITORS

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SHARE REGISTRY

Advanced Share Registry Ltd
150 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 2015.

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)
Mr Chris Thoroughgood (Alternate 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 2015 amounted to \$49,273,225 (\$1,044,678 : 2014).

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.

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. The size of these tenements vary, with the aggregate sub-blocks held being 835, providing an area of 2,600 sq km.

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.

Directors' Report

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

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 looking at alternative strategies to develop the resource.

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.

Project Based Permit Administration

During the June 2014 quarter the DNRM advised the Company that it had granted Project Status over five tenements within the Blackall Project enabling exploration expenditure to be focused more effectively and efficiently.

In response to the present downturn in the thermal coal market the Company lodged applications with DNRM during the period 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 five of the seven tenements. The remaining two are still under assessment with approvals for the reduced expenditure expected during the current half year.

General

During the half year, the Company reviewed the carrying value of its exploration assets in light of the prolonged downturn in coal markets. Based on internal assessments, the Company has therefore recognised an impairment of \$48,553,959 as at 31 December 2015.

The Company also continued to assess the development options for Blackall Coal Project. All tenements remain in good standing with statutory obligations complied with and the necessary departmental reports lodged on time.

EER continues to seek other resource opportunities and appraise potentially cash flow positive projects whilst recognising the need to conserve capital.

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.

Directors' Report continued

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.

Events After the Balance Sheet Date

The Company made a drawing on the Noble Group Loan facility of \$500,000 in February 2016.

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 2015.

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



MARK BASSO-BRUSA

Managing Director

DATED at PERTH this 15th day of March 2016

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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 for the half year ended 31 December 2015, 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 15th day of March 2016

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the half year ended 31 December 2015

	Consolidated	
	31.12.2015	31.12.2014
	\$	\$
Revenue from continuing operations	1,766	7,368
Profit on sale of fixed assets	61,130	-
Other Income – Research & Development Tax Concession	678,560	-
Audit Fees	(6,500)	(6,500)
Depreciation	(1,396)	(1,440)
Insurance	(8,171)	(17,423)
Rent	-	(1,625)
Share Registry Costs	(2,734)	(3,317)
Directors Salary and Fees	(118,700)	(118,700)
Employee Benefits Expenses	(75,377)	(223,008)
Impairment/Write-Off of Assets	(8,969)	(45)
Professional Fees – R&D Claim	(142,498)	-
Interest Expense	(1,066,613)	(982,880)
Impairment of Exploration Assets	4 (48,553,959)	-
Other expenses	(29,764)	(90,620)
Loss before income tax	(49,273,225)	(1,438,190)
Income tax (expense)/benefit	-	393,512
Net profit/(loss) for the period attributable to the members of East Energy Resources Limited	(49,273,225)	(1,044,678)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period attributable to the members of East Energy Resources Limited	(49,273,225)	(1,044,678)
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of East Energy Resources Ltd	(13.82)	(0.29)

The accompanying notes form part of these financial accounts

Consolidated Statement of Financial Position

as at 31 December 2015

		Consolidated	
		31.12.2015	30.06.2015
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents		118,364	517,298
Trade and Other Receivables		17,313	10,272
Research & Development Tax Concession Receivable		678,560	-
TOTAL CURRENT ASSETS		814,237	527,570
NON CURRENT ASSETS			
Property, Plant and Equipment		14,798	29,788
Exploration, Evaluation and Development Expenditure	4	24,125,000	72,844,963
TOTAL NON-CURRENT ASSETS		24,139,798	72,874,751
TOTAL ASSETS		24,954,035	73,402,321
CURRENT LIABILITIES			
Trade and Other Payables		186,074	40,277
Provisions		30,039	29,908
TOTAL CURRENT LIABILITIES		216,113	65,025
NON-CURRENT LIABILITES			
Provisions		34,763	330,463
Borrowings	5	21,748,444	20,778,893
TOTAL NON-CURRENT LIABILITIES		21,783,207	21,109,356
TOTAL LIABILITIES		21,999,320	21,174,381
NET ASSETS		2,954,715	52,227,940
EQUITY			
Issued Capital	6	59,912,357	59,912,357
Accumulated Losses		(56,957,642)	(7,684,417)
TOTAL EQUITY		2,954,715	52,227,940

The accompanying notes form part of these financial accounts

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2015

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance as at 1 July 2014	59,912,357	(5,334,932)	54,577,425
Net income/(loss) for the period	-	(1,044,678)	(1,044,678)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	(1,044,678)	(1,044,678)
Transactions with Equity Holders in their capacity as Equity Holders	-	-	-
Balance at 31 December 2014	59,912,357	(6,379,610)	53,532,747
Balance as at 1 July 2015	59,912,357	(7,684,417)	52,227,940
Net income/(loss) for the period	-	(49,273,225)	(49,273,225)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	(49,273,225)	(49,273,225)
Transactions with Equity Holders in their capacity as Equity Holders	-	-	-
Balance at 31 December 2015	59,912,357	(56,957,642)	2,954,715

The accompanying notes form part of these financial accounts

Consolidated Statement of Cash Flows

for the half year ended 31 December 2015

	Consolidated	
	31.12.2015	31.12.2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	1,766	7,368
Interest Paid	(97,061)	(87,212)
Payments for exploration, evaluation and development	(134,961)	(205,835)
Payments to suppliers & other expenses	(234,433)	(461,153)
Net Cash outflows used in Operating Activities	(464,689)	(746,832)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets (net)	65,755	-
Payments for property, plant & equipment	-	-
Net Cash outflows from Investing Activities	65,755	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	-	1,000,000
Net Cash inflows from Financing Activities	-	1,000,000
Net (decrease) / increase in cash and cash equivalents	(398,934)	253,168
Cash and cash equivalents at 1 July	517,298	344,112
Cash and cash equivalents at 31 December	118,364	597,280

The accompanying notes form part of these financial accounts

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2015

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 2015 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 2015 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 2015.

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 \$49,273,225 with a non-cash impairment expense of \$48,553,959 and net cash outflows of \$398,934. As at 31 December 2015, the Company had a working capital surplus of \$598,124.

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 staggered drawdown. Since entering into the agreement, East Energy has drawn a total of \$5.65m (with a recent drawing of \$500,000 occurring in February 2016). East Energy therefore has access to the remaining amount of \$1.85m over the next 2 years 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 2015

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.

During the half year, the Company reviewed the carrying value of its exploration assets in light of the prolonged downturn in coal markets. Based on internal assessments, the Company has therefore recognised an impairment of as disclosed in Note 4.

NOTE 2. EVENTS SUBSEQUENT TO REPORTING DATE

The Company made a drawing on the Noble Group Loan facility of \$500,000 in February 2016.

No other 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.

Notes to the Consolidated Financial Statements continued

for the half year ended 31 December 2015

NOTE 4. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	31.12.2015	30.06.2015
	\$	\$
Opening Balance	72,844,963	72,396,948
Expenditure	133,853	448,015
Reversal of Rehabilitation provision	(299,857)	-
Impairment of Exploration Assets	(48,553,959)	-
Closing Balance	<u>24,125,000</u>	<u>72,844,963</u>

During the half year, the Company reviewed the carrying value of its exploration assets in light of the prolonged downturn in coal markets. Based on internal assessments, the Company has therefore recognised an impairment of \$48,553,959 as at 31 December 2015.

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 \$5,650,000 of the \$7,500,000 working capital limit. No drawings were made in the current half year, with a drawing of \$500,000 made in February 2016. 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.

	31.12.2015	30.06.2015
	\$	\$
Loan Drawings	21,464,413	17,350,773
Capitalised Interest	284,031	3,428,120
Total Outstanding	<u>21,748,444</u>	<u>20,778,893</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 13, 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 2015 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 15th day of March 2016

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 Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2015, 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 entities 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 2015 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 Controlled Entities 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 2015 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.

Regency Audit

REGENCY AUDIT PTY LTD



CHRIS WATTS CA
Director

DATED at PERTH this 15th day of March 2016