MEDIA RELEASE
7th June 2011

Xenith Jorc Report 459 Million Tonnes Indicated Resource

- We are pleased to release the full version of the Xenith Insitu Coal Resources Estimate for our thermal coal asset (EPC 1149) Blackall QLD.
- This report covers only a portion of the southern area. The current drilling program in the northern area is unveiling further large resource targets.
- Mining Development Application (MDL) has been lodged. The expected time frame for approval is 6 to 12 months.
- Preliminary rail studies are underway.

ENDS

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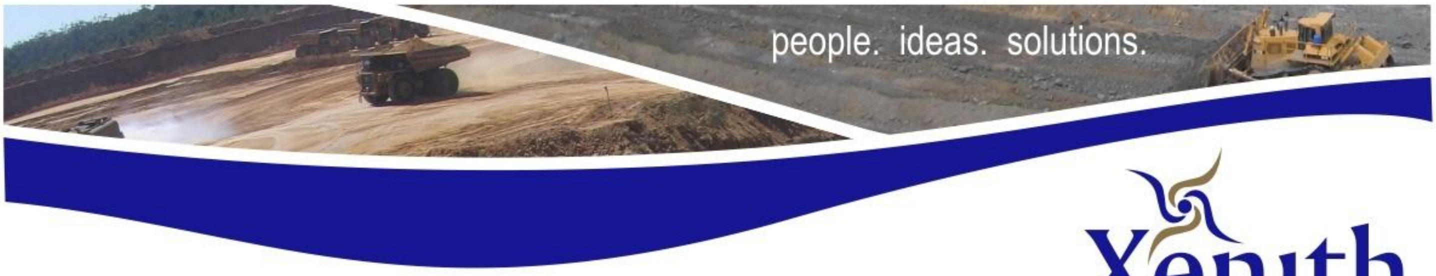
Xenith

East Energy Resources Ltd

Blackall Project
Insitu Coal Resources Estimate

April 2011



Xenith

Document Issue Approval

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1 – To be initialed and dated by the person who actions the issue of the documents.

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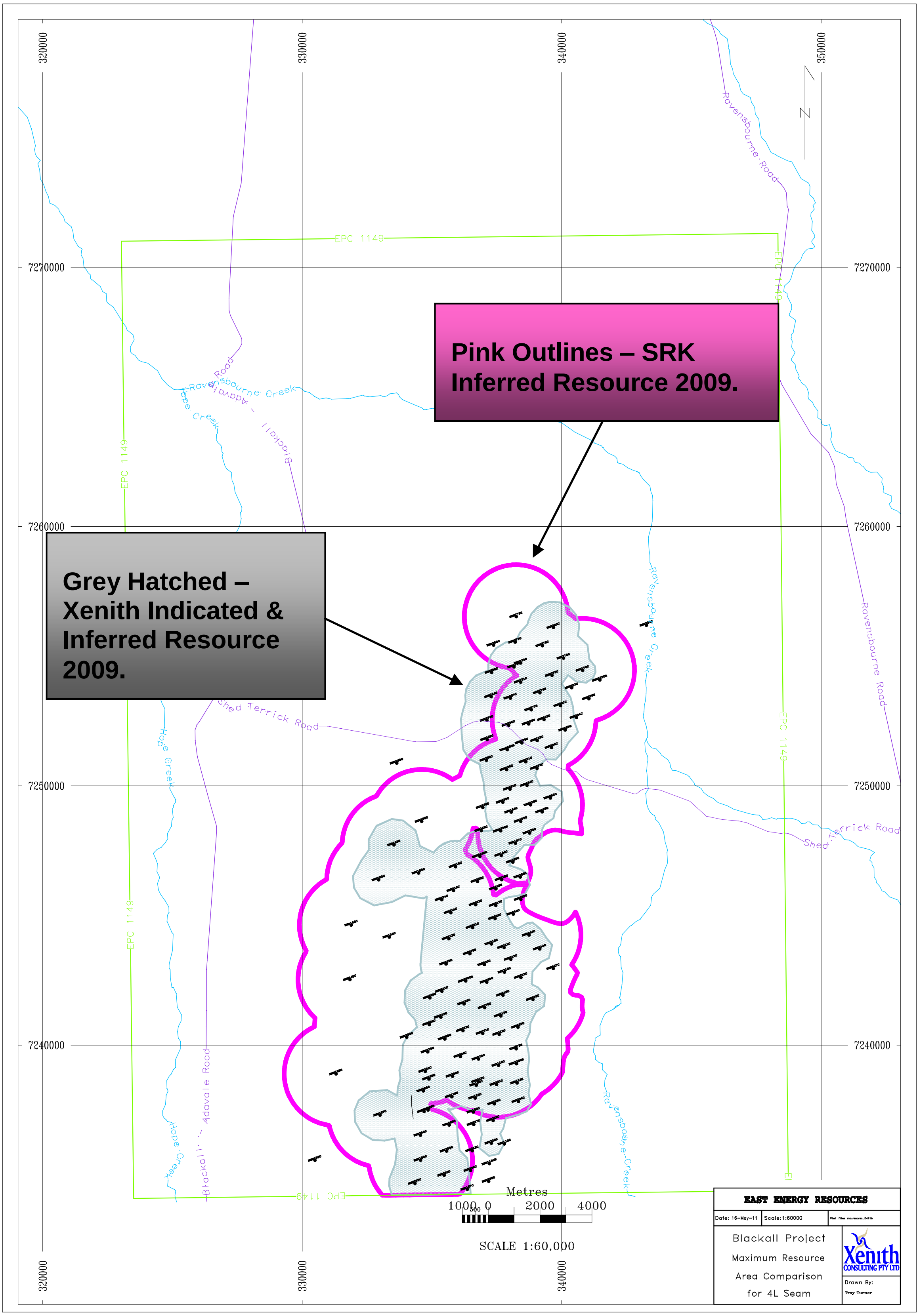
1 EXECUTIVE SUMMARY

Xenith Consulting Pty Ltd (”Xenith”) has been commissioned by East Energy Resources Ltd (“EER”) to report an updated JORC compliant coal resource estimate for the Blackall coal project within tenement EPC1149. The EPC has a total area of 90,000 Hectares.

Previous Studies conducted for EER of the Blackall coal deposit were undertaken by SRK Consulting (Australia) in 2009. This report had estimated an inferred resource of 1.2 Billion tonnes for the Blackall deposit, over an area of approximately 16,500 Ha. A comparison of the previous and current resource boundaries are shown in Figure 1-1. The Pink outline defines the Inferred resource by SRK, and the grey hatched area defines the smaller area as estimated by Xenith including Indicated and Inferred resource.

The difference is resource estimates is primarily due to the spacing between points of observation used for inferred resources. SRK had used a distance of 4,000 metres between points of observation, whereas with the updated bore hole data set since 2009 and the subsequent coal thickness and quality variance observed, Xenith has used a more conservative distance of 2,000 metres.

Figure 1-1 – Comparison of Resource Outlines 2009 and 2011 for 4L Seam



The Blackall Project is secured by tenement EPC 1149, covering 300 sub-blocks over an area of approximately 90,000 Ha in the Eromanga Basin in Queensland. The tenement was granted to East Energy on 22 April 2008 for an initial period of five years. The area is 65 kilometres south of Blackall township, 177 kilometres North West of Charleville, and 81 kilometres West of Tambo. The deposit is accessed by travelling south from Blackall via the Blackall Adavale Road and then the local Shed Terrick Road.

The topography consists of gently sloping smooth plains, which are partly dissected by tributaries of the Hope and Ravensbourne Creeks. These creeks only flow intermittently during the wet season into the Barcoo River System to the north.

The Blackall project lies within a sub-basin of the Eromanga Basin, an intracratonic basin which is early Jurassic to late Cretaceous in age. The basin covers an area of approximately 1,000,000km^2 of Western Queensland and Northern South Australia. The Eromanga Basin overlies the Galilee Basin with the contact to the east of the project area. The basin fill contains sedimentary units that are stratigraphically equivalent to or correlate with the Jurassic to Cretaceous succession in the Surat Basin.

The geology of the project area consists of three main units in descending age:

- Quaternary Sediments
- Winton Formation (coal target)
- Mackunda Formation

There are six main coal seams within the EPC, three of which comprise of several ‘upper’ and ‘lower’ plies. Average individual seam thicknesses range from 0.40m to 1.45m in the resource model area. The No.3 lower and No.4 upper seams are the thickest seams in the sequence. The coal seams dip towards the west at angles ranging from 2-4 degrees. The coal seams in the sequence exhibit highly variable thickness with the seams lenticular, splitting over short distances and even absent in some cases.

The average individual seam thickness from the geological model is reported in Table 1-1.

Table 1-1 – Seam Thickness Summary

Seam	Average Thickness (m)
1U	0.72
1L	0.73
2	0.94
3U	0.63
3U1	0.48
3U2	0.49
3L	1.45
3L1	0.83
3L2	0.62
4U	0.94
4U1	0.64
4U2	0.63
4L	0.60
5	0.50

The seams are generally dipping at 2-4 degrees with some slight steepening in the North of the deposit. 2 large faults have been interpreted as this stage with an N-S strike very similar to the coal seam strike direction. These faults have an interpreted throw of 15-30m. Evidence exists for other significant structures in this deposit, thought to be E-W striking faults, however these have not been included yet as they will require further definition drilling. The overburden cover of the coal seam sequence seam varies from approximately 10 metres near the eastern sub-crop lines to over 150 metres in the western part of the deposit

EER undertook an extensive drilling programme in EPC 1149 in 2008. Further drilling continued in 2010 and 2011 with slim cores being targeted at the nominal 1000m spacing which were to form the basis of the indicated resource objective that EER had. A total of 249 drill holes are included in the April 2011 model. Out of these holes 106 are rotary chip holes and the remaining 143 are HQ slim core holes, which have had samples taken for both raw and product quality analysis.

Cumulative coal thickness for the total coal sequence range between 3 to 9 metres, and average approximately 6 metres once the full sequence is intersected.

Coal quality summary results are reported on an air dried basis (adb). Model results show the average raw coal ash ranges from 17%-27%. The F1.60 product ash ranges from 10%-15%. The coal seams have inherent moisture ranging from 19%-21%, with total moisture averaging 26%. This confirms the Blackall coal to be low rank sub-bituminous type. Raw and product sulphur results range from 0.35%-0.60%. Raw specific energy ranges from 15 Mj/Kg to 17 Mj/Kg across the deposit, with the F1.60 product energy ranging from 19-20 Mj/Kg.

Overall the EPC 1149 tenement contains a JORC compliant resource of **749** Million tonnes.

- No measured resource is classified in the area.
- A total of **469** Million tonnes are classified in the Indicated category, and
- The remaining **280** Million tonnes are in the Inferred category.

Coal resources were limited to seams with a thickness of 0.15m or greater. A maximum raw ash cut off of 50% ash was also applied, along with a depth limit of 150 metres below topography.

2 INTRODUCTION

2.1 Introduction

Xenith Consulting Pty Ltd (”Xenith”) has been commissioned by East Energy Resources Ltd (“EER”) to report an updated JORC compliant coal resource estimate for the Blackall coal project within tenement EPC1149. The project is located in the Eromanga Basin. The deposit is located approximately 65km south of the Blackall township in Central Queensland.

This report describes the methodology and results of the coal resource estimate as at 28th April 2011, and incorporates all exploration results received up to 18th April 2011.

2.2 Scope of Work

Xenith were commissioned by EER in August 2010 to produce a JORC compliant insitu coal resource estimate for the Blackall Project within tenement EPC 1149. The agreed scope of work is as follows:

- Review of existing historical exploration data.
- Collate and review recent exploration data from the 2010 and 2011 exploration programs.
- Create a geological model using Mincom ‘Minescape’ software, using all exploration data deemed suitable after the review.
- Prepare a Coal Resource Estimate in accordance with the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, and the “Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves “, 2003 edition.

2.3 Previous Studies

Previous Studies conducted for EER of the Blackall coal deposit were undertaken by SRK Consulting (Australia), who produced a high level review of the Blackall data library in January 2009. This report assessed the suitability of the data to produce a JORC compliant Resource Statement which was released in April 2009 (SRK, 2009). This report had estimated an inferred resource of 1.2 Billion tonnes for the Blackall deposit.

3 TENEMENT DETAILS

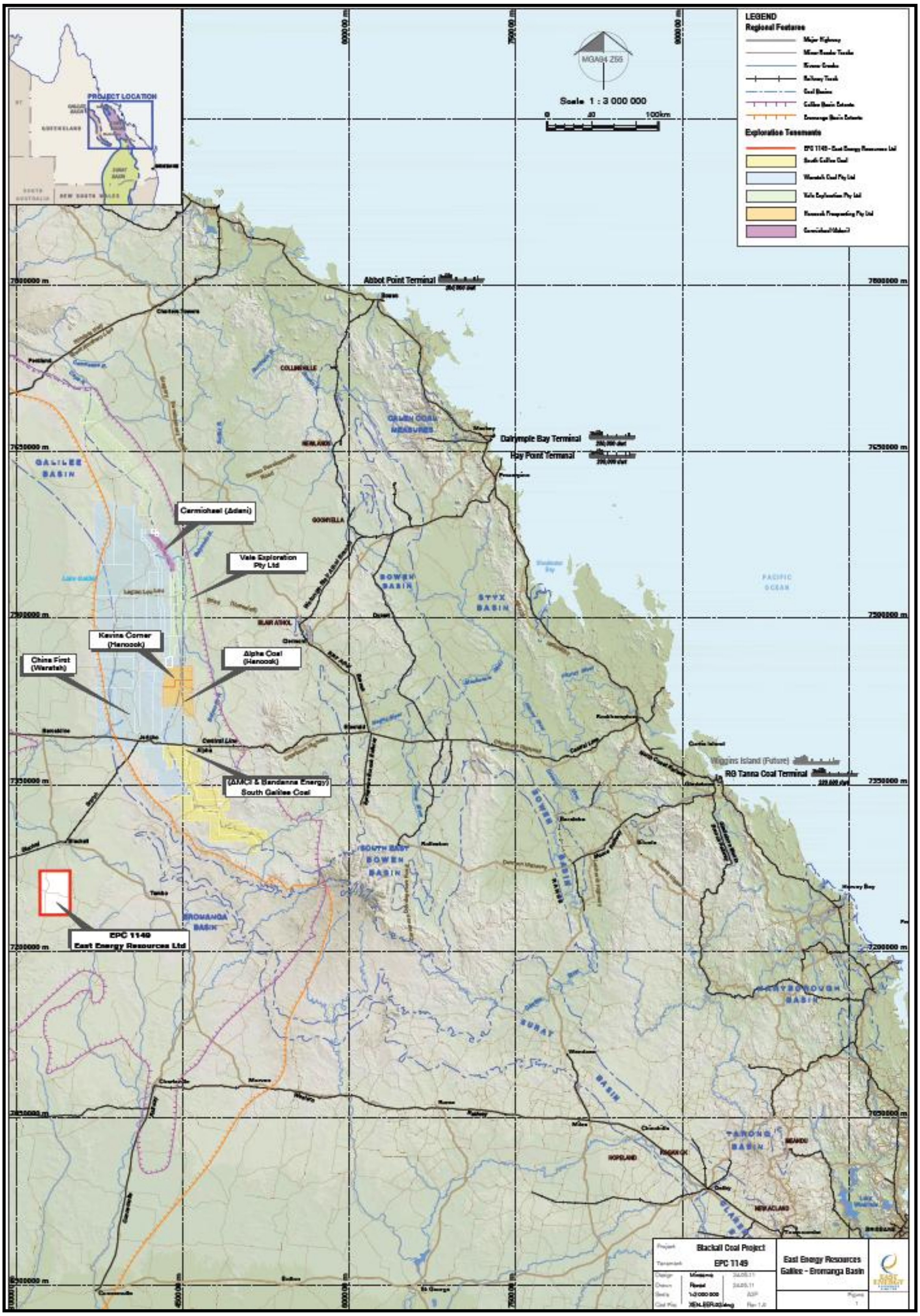
3.1 Deposit Location

The Blackall Project is secured by tenement EPC 1149, covering 300 sub-blocks over an area of approximately 900 km^2 in the Eromanga Basin in Queensland. The tenement was granted to East Energy on 22 April 2008 for an initial period of five years.

The area is 65 kilometres south of Blackall town ship, 177 kilometres North West of Charleville, and 81 kilometres West of Tambo. The deposit is accessed by travelling south from Blackall via the Blackall Adavale Road and then the local Shed Terrick Road. Figure 3-1 Figure 4-1displays the location of EPC 1149. The sedimentary basins are also shown with the eastern boundary of the Eromanga Basin shown by the orange stepped line.

Blackall is 1,050 kilometres from Brisbane via the Warrego and Landsborough Highways. An old railway line easement of approximately 120 kilometres between Jericho and Blackall is the shortest link to Jericho which is on the main central - western railway line that extends from Rockhampton to Longreach.

Figure 3-1 - General Location and Tenement Plan

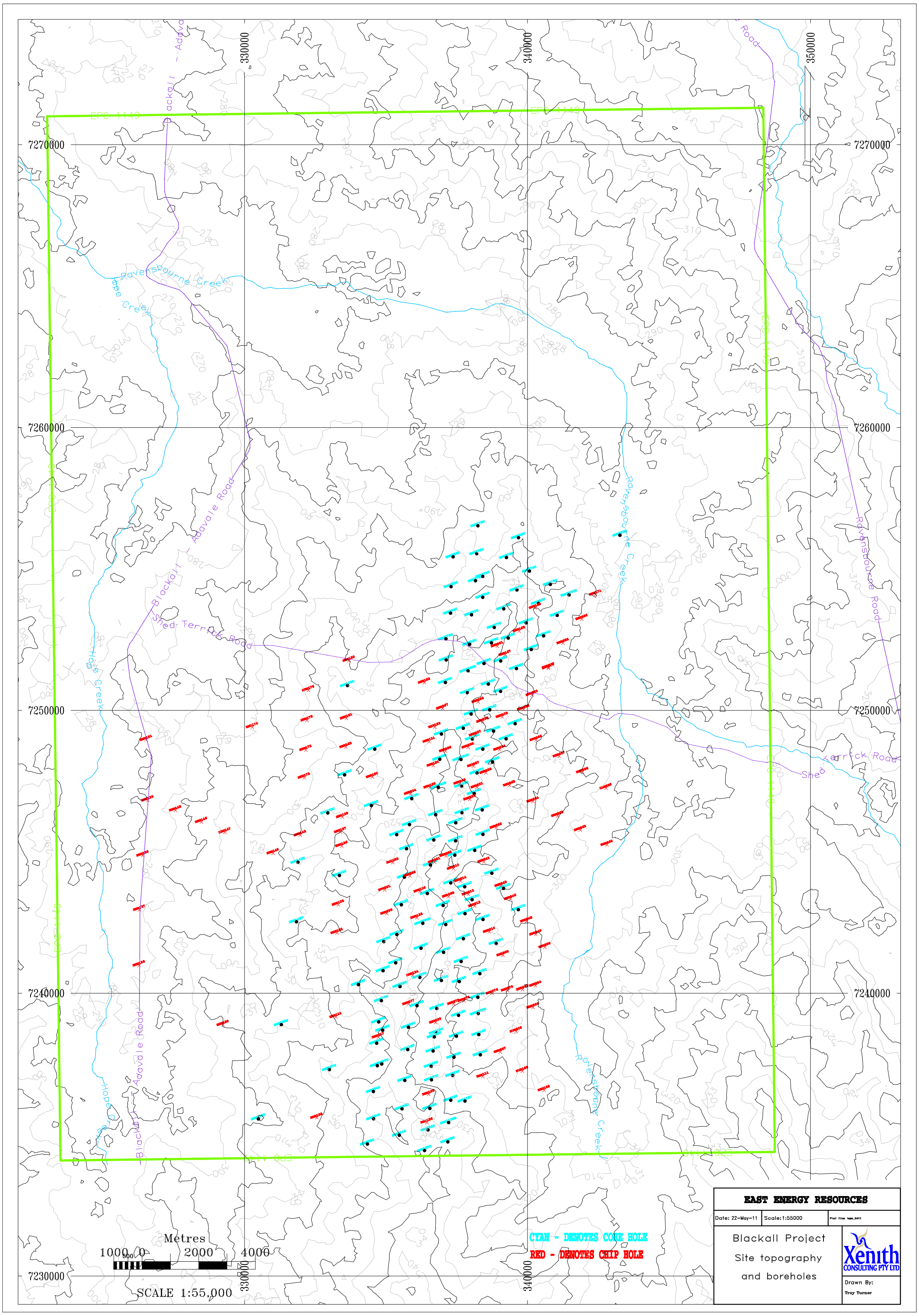


4 GEOLOGY

4.1 Topography and Drainage

The topography consists of gently sloping smooth plains, which are partly dissected by tributaries of the Hope and Ravensbourne Creeks. These creeks only flow intermittently during the wet season into the Barcoo River System to the north. Elevations vary from 329 metres in the south to 278 metres in the north, (SRK, 2009). The deposit topography and drainage is shown in Figure 4-1.

Figure 4-1 – EPC 1149 Topography and Drainage



4.2 Regional Geology

The Blackall project lies within a sub-basin of the Eromanga Basin, an intracratonic basin which is early Jurassic to late Cretaceous in age. The basin covers an area of approximately 1,000,000km^2 of Western Queensland and Northern South Australia. The basin is comprised of marine and non-marine siliciclastic sediment, minor carbonate and coal beds and has a reported maximum stratigraphic thickness of 2,600m. The Eromanga Basin is known for its coal, oil and gas reserves. The Eromanga Basin overlies the Galilee Basin with the contact to the east of the project area.

The Eromanga basin outline (orange stepped line) along with the Galilee and Surat basins is shown in Figure 4-2.

The Eromanga basin Stratigraphy is displayed in Figure 4-3.

The basin fill contains sedimentary units that are stratigraphically equivalent to or correlate with the Jurassic to Cretaceous succession in the Surat Basin.

The basal Jurassic Poolowanna Formation is equivalent to the Precipice Sandstone and the Evergreen Formation in the Surat Basin and also hosts thin uneconomical coal seams (<0.5 m thick). The overlying Hutton Sandstone correlates directly with the same unit in the Surat Basin and stretches over most of the Eromanga Basin.

The Eromanga Basin equivalent of the Walloon Subgroup is the Birkhead Formation which was deposited in a similar low energy fluvial to paludal environment. Coals in the Birkhead Formation are however very thin and not of economical value in the Eromanga basin as distinct from the Surat Basin. The Westbourne Formation can be correlated across the Nebine Ridge into the Eromanga Basin and is underlain by the equivalent to the Springbok Sandstone, the Adori Sandstone.

The Murta Formation, Hooray Sandstone, Namur Sandstone and the upper section of the Algebuckina Sandstone in the Eromanga Basin form the lateral equivalents of the Gubberamunda Sandstone, Orallo Formation and Mooga Sandstone in the Surat Basin. The transition from fluvio-lacustrine and deltaic to paralic and marine environments occurs with deposition of the Cadna-owie Formation (Goscombe and Coxhead, 1995).

The Cretaceous sequence in the Eromanga Basin continues with the Wallumbilla Formation, Oodnadatta Formation, Toolebuc Formation, Allura Mudstone, Mackunda Formation and the Winton Formation. The Winton Formation marks the change back to terrestrial depositional environments with the accumulation of coal seams up to 7 m thick in a paralic to non-marine environment (Goscombe and Coxhead, 1995).

Figure 4-2 – Eromanga Basin Boundary

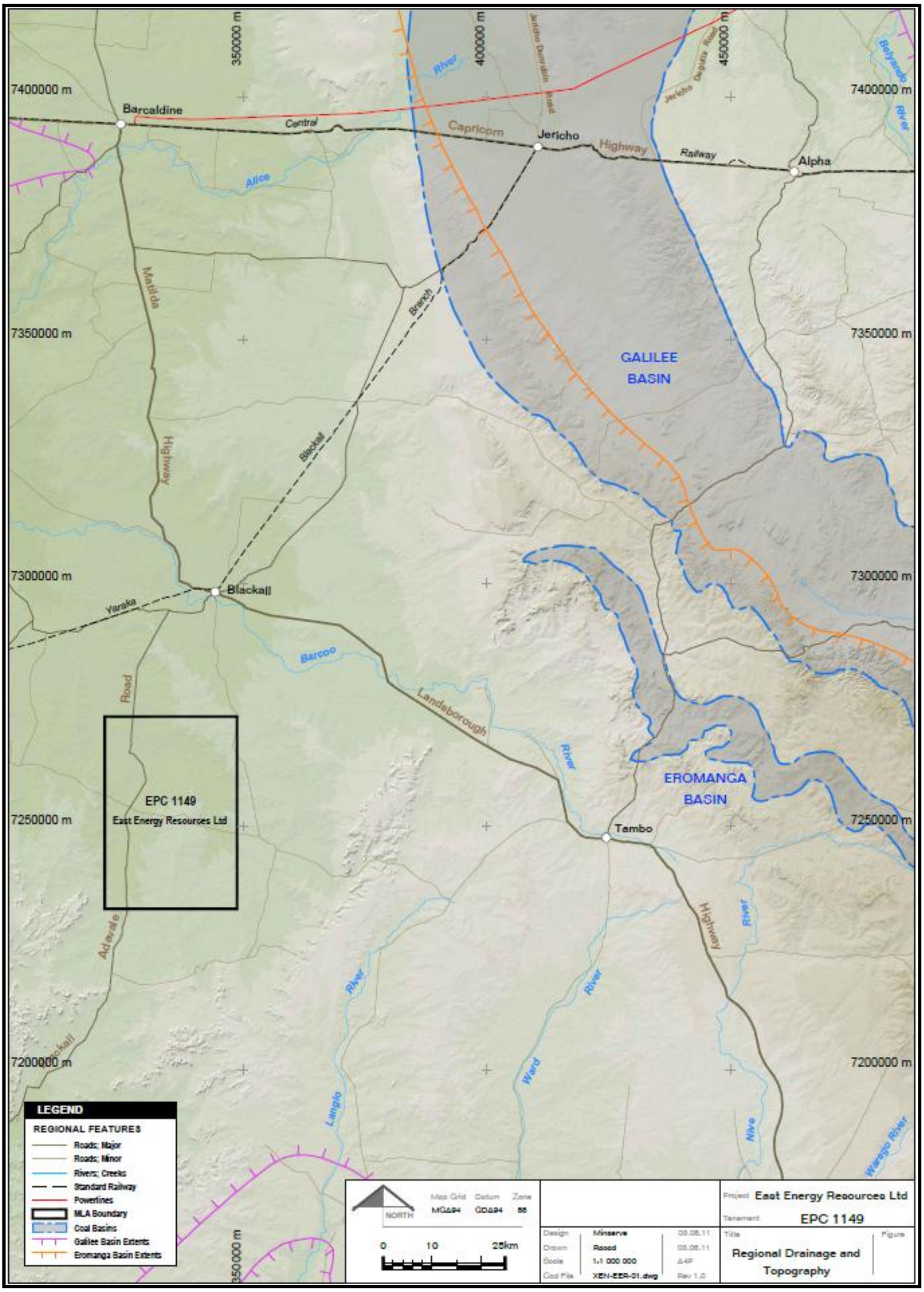
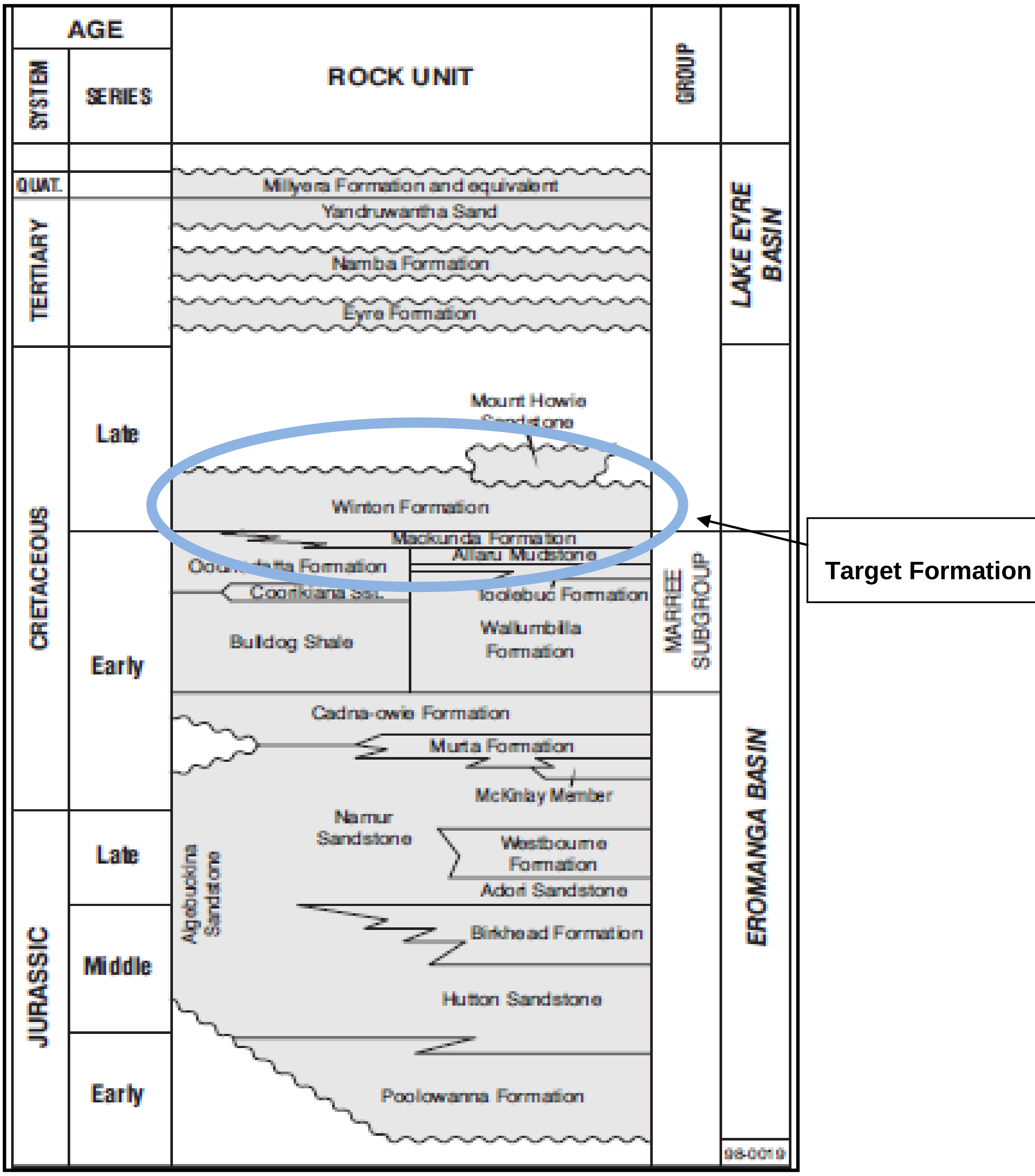


Figure 4-3 – Eromanga Basin Schematic



4.3 Local Geology

The geology of the project area consists of three main units in descending age –

4.3.1 Quaternary

Poorly consolidated alluvial clays and gravels are found to exist along the creek systems. Generally thicknesses of less than 5 metres have been intersected.

4.3.2 Winton Formation

This unit is the late Cretaceous age coal bearing formation, in which the target coal seams are found. It consists of sandstone, siltstones and carbonaceous mudstones. The Winton formation is found to crop out over most of the EPC area. The unit is reported to have a thickness ranging from 300-400 metres.

4.3.3 Mackunda Formation

This unit underlies the Winton formation and is found to outcrop close to the Carlow homestead in the eastern part of the EPC. It consists of labile sandstone, siltstone and mudstone.

4.4 Coal Seam Geology

There are six main coal seams within the EPC, three of which comprise of several ‘upper’ and ‘lower’ plies. The No.3 lower and No.4 upper seams are the thickest seams in the sequence.

The coal seams dip towards the west at angles ranging from 2-4 degrees. The coal seams in the sequence exhibit highly variable thickness with the seams lenticular, splitting over short distances and even absent in some cases.

The geophysical signatures of the different coal seams are shown in a representative hole selected being EER072C, as displayed in Figure 4-4. The average coal thickness for each of the seams is reported in Table 4-1.

The No. 6 seam has only been randomly intersected during drilling and as such has not been modelled or included in the resource estimate.

Average individual seam thicknesses range from 0.40m to 1.45m in the resource model area. The No. 3 lower and No.4 supper seams are the thickest seams in the sequence.

Figure 4-4 – Blackall Deposit Geophysical Trace (Hole EER 072C)

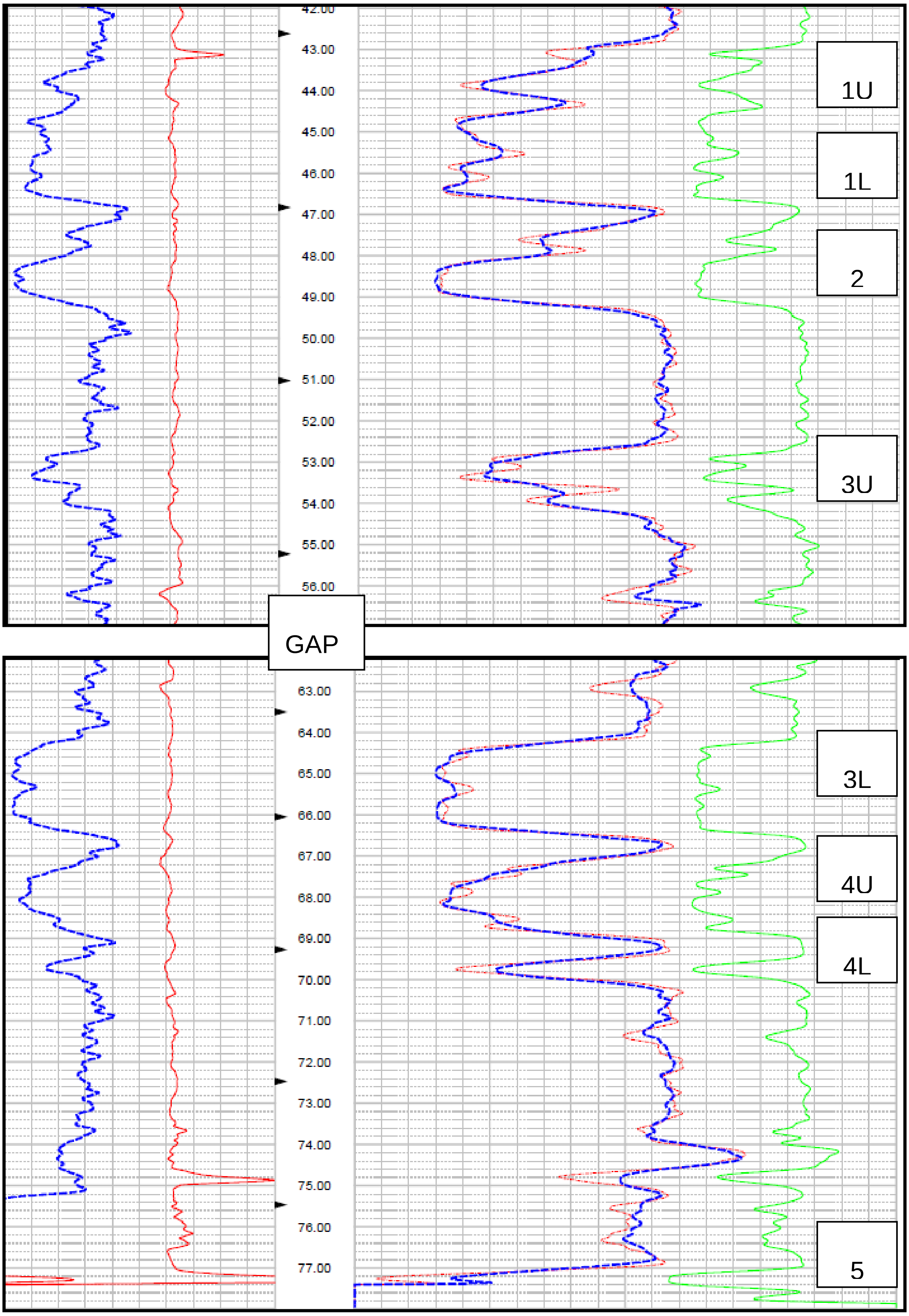


Table 4-1 – Average Coal Thickness in EPC 1149

Seam	Average Thickness (m)
1U	0.72
1L	0.73
2	0.94
3U	0.63
3U1	0.48
3U2	0.49
3L	1.45
3L1	0.83
3L2	0.62
4U	0.94
4U1	0.64
4U2	0.63
4L	0.60
5	0.50

4.5 Structural Interpretation

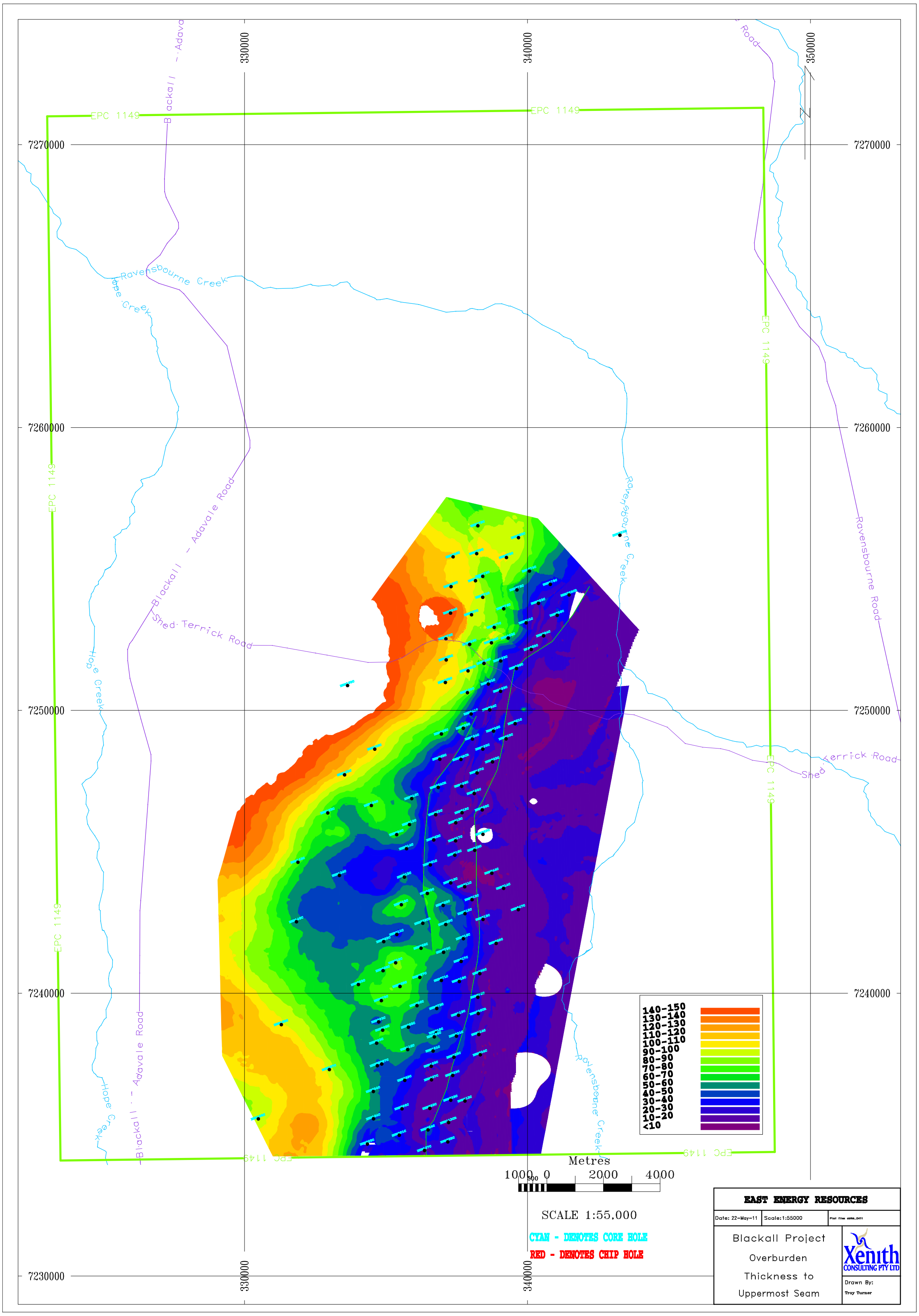
The coal seams within EPC 1149 dip gently to the west with coal seams sub-cropping towards the northwest, just east of Ravensbourne Creek. The sub-crop lines show some repetition due to the interpreted faults.

The seams are generally dipping at 2-4 degrees with some slight steepening in the North of the deposit.

2 faults have been interpreted at this stage with an N-S strike very similar to the coal seam strike direction. These faults have an interpreted throw of 15-30m. Evidence exists for other significant structures in this deposit, thought to be E-W striking faults, however these have not been included yet as they will require further definition drilling. The inter-burden thicknesses between the seams shows some major changes over the deposit suggesting some large sedimentary features exist, including channels and washouts.

The overburden cover of the coal seam sequence seam varies from approximately 10 metres near the eastern sub-crop lines to over 150 metres in the western part of the deposit, as shown in Figure 4-5. .

Figure 4-5 – Overburden Thickness Contour to Uppermost Seam



5 EXPLORATION DATA AND EVALUATION

5.1 Exploration Drilling History

Exploration drilling of the Blackall Project area was undertaken in between 1974 and 1975 by Theiss Brothers Pty Ltd on behalf of Brigalow Mines Pty Ltd. The programme included 38 chip holes (3,013m) and 7 cored holes (96.8m) (SRK, 2009). Preliminary results of the coal analysis indicated a poor quality, low rank coal (SRK, 2009).

Brigalow were granted a licence area of 270 sub-blocks in 1974 but later relinquished the area stating the geometry of the coal seams, low rank, remoteness of the area and market conditions made the project not suitable to pursue (SRK, 2009).

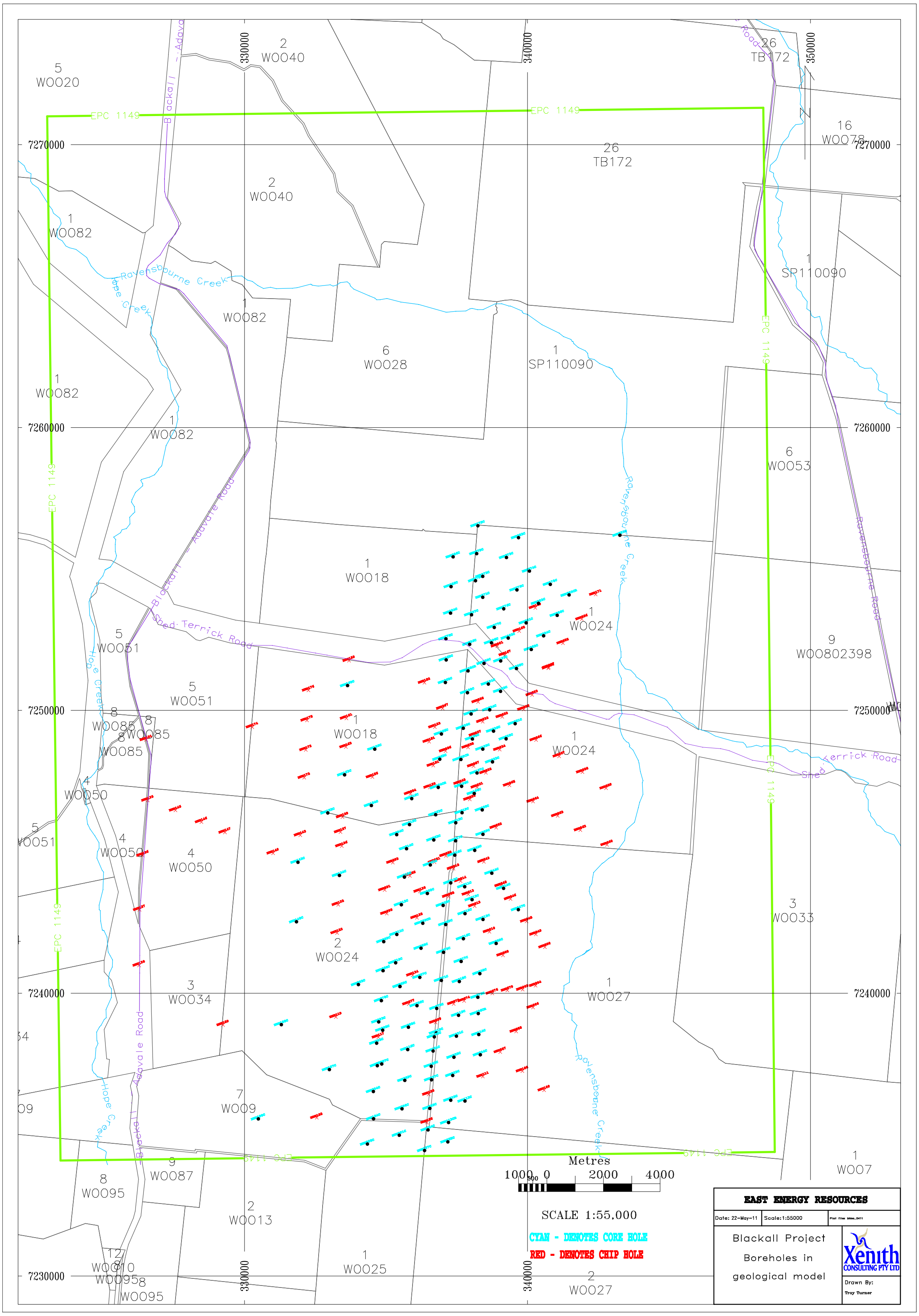
5.2 Exploration Data Summary

EER undertook an extensive drilling programme in EPC 1149 in 2008, including both open holes for structure and some slim core holes for quality analysis. These holes formed the basis for the SRK resource estimate in 2009.

Further drilling continued in 2010 with slim cores being targeted at the nominal 1000m spacing which were to form the basis of the indicated resource objective that EER had. Further in-fill and finalisation of the cored holes pattern was completed in early 2011 and then results were collated by EER and handed over to Xenith for modelling.

A total of 249 drill holes are included in the April 2011 model. Out of these holes 106 are rotary chip holes and the remaining 143 are HQ slim core holes, which have had samples taken for both raw and product quality analysis.

Figure 5-1 – Borehole Location Plan



5.3 Core Sampling Methodology

Core holes have been sampled on a ply basis. The plies have then been combined if required to give a seam sample for analysis. Generally any parting bands greater than 0.10 metre was sampled separately to allow these to be modelled as discreet parting zones in the geological model if required. In most cases the seam roof and floor has also been sampled for geotechnical purposes.

5.4 Topography Surface and Survey Data

The topographic surface used in the geological model was surface contours at 10m intervals, which were downloaded from satellite spatial data. The surface was validated against the surveyed borehole data and although shows some inconsistencies, the majority of the drill holes are within acceptable limits to be used, generally +- 2 metres.

5.5 Geological Model Parameters

The model is based on all validated drill holes, with the Finite Element Method (FEM) interpolator used for Thickness, Surface and Trend characteristics. A grid cell size of 50 metres was used for this model.

The base of weathering surface has been applied as the uppermost limit parameter for the coal resource calculations.

5.6 Geological Model Results

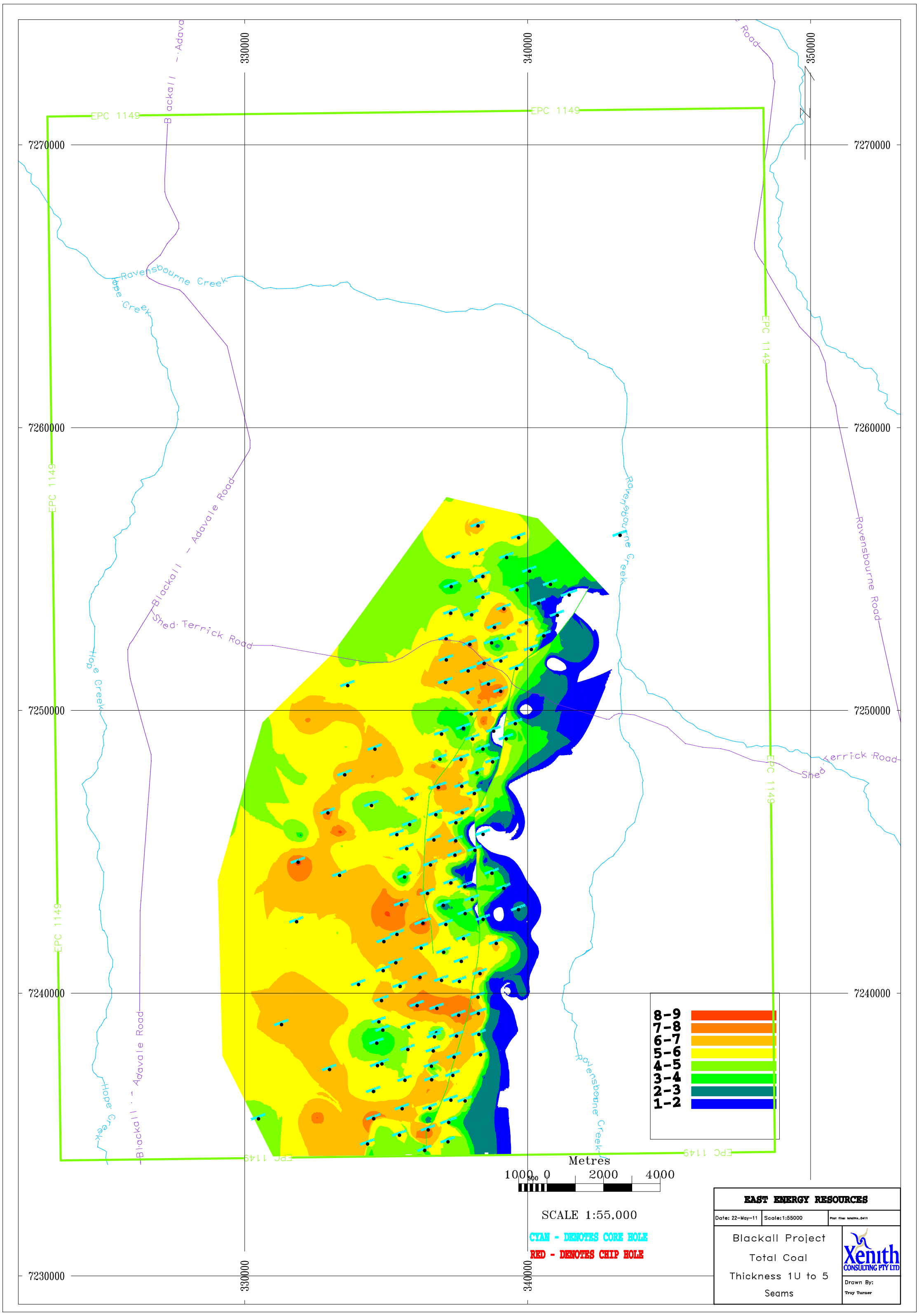
The final geological model for the project was built on the 20th April 2011.

Results from the structural geological model show the No.3L and No.4 seams to be the thickest coal seams in the sequence.

The No.1U and No.5 seams show the greatest variability in the deposit and in some cases can be washed out and are absent.

Cumulative coal thickness for the total coal sequence is displayed in Figure 5-2.

Figure 5-2 – Cumulative Coal Thickness



6 COAL QUALITY RESULTS

All coal samples taken from the drilling program were double bagged at the drill site and were sent to the laboratory to be analysed. Two different laboratories were used for the different drilling program phases.

The initial EER program drilled in 2008 had limited raw quality analysis completed, with the main focus on F1.60 product quality results. The 2010 and 2011 laboratory procedures were amended to include relative density and raw proximate analysis, raw specific energy and raw sulphur testing.

As a result of these different laboratory procedures, certain gaps were apparent in the raw coal quality data from the earlier holes. A number of regression curves have been formulated to calculate values for raw coal quality in these holes; however no regressions were used to generate yield/washability data.

Only the F1.60 washability data has been modelled. (Some test results included F1.50 data, but these were not modelled).

Coal quality summary results are displayed in Table 7-1, and are reported on an air dried basis (adb).

Model results show the average raw coal ash ranges from 17%-27%. The F1.60 product ash ranges from 10%-15%.

The coal seams have inherent moistures ranging from 19%-21%, with total moisture averaging 26%. This confirms the Blackall coal to be low rank sub-bituminous type.

Raw and product sulphur results range from 0.35%-0.60%.

Raw specific energy ranges from 15 Mj/Kg to 17 Mj/Kg across the deposit, with the F1.60 product energy ranging from 19-20 Mj/Kg.

7 COAL RESOURCE ESTIMATION

7.1 JORC Code Requirements

Coal Resources have been determined in a manner consistent with the "*Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~ The JORC Code ~ 2004 Edition" (the Code) and the associated 2003 edition of "Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves" (the Guidelines)*.

The code outlines minimum standards and includes guidelines to standardise terminology for reporting and checklists for criteria to be considered when reporting mineral exploration results.

The guidelines give definitions of the types of data points that can be used at different confidence levels to define resource categories as outlined below -

Measured Coal Resources being that part of the resource estimate in which the quantity and quality can be estimated with a high level of confidence. There are sufficient data points to reliably estimate coal extent, thickness, depth range, insitu quantity and quality. This level of confidence is high enough to support detailed mine plans.

Indicated Coal Resources being that part of the resource estimate in which the quantity and quality can be estimated with reasonable levels of confidence. There are sufficient data points to reasonably estimate coal extent, thickness, depth range, insitu quantity and quality.

Inferred Coal Resources being that part of the resource estimate that can only be estimated with a low level of confidence. There are sufficient data points to allow an estimate of the coal thickness and quality, but are at a level which is insufficient for mine planning purposes.

7.1.1 Observation Points

Valid points of observation for this estimate are:

- Slim core holes that have been geophysically logged.
- Have acceptable core recovery results (>95%).
- Have raw ash and relative density quality results as a minimum.

7.1.2 Indicated Category

Resource categories qualify for indicated status where points of observation are no more than 1000m apart. Indicated resources are extrapolated a maximum of 500 metres beyond a point of observation. A minimum of three adjacent points of observation are required to define any indicated resources. The zones of influence around each point were based on 500 metre radii and these zones had to touch or overlap to be included. Indicated resources are contained within the limits of the inferred resource area for each coal seam.

7.1.3 Inferred Category

Resource categories qualify for inferred status where points of observation are no more than 2000m apart. Inferred resources have been extrapolated a maximum of 1000 metres beyond a point of observation, to achieve sufficient confidence based on our review of the geological features of the Blackall deposit.

7.1.4 Insitu Density – Preston Sanders Calculation

The insitu density of the coal seams has been adjusted using the Preston Sanders calculation. The total moisture results as analysed for each seam have been used in the calculation. If no total moisture and/or inherent moisture data is present, the Relative Density v Insitu Density regression has been used.

7.2 Resource Estimates

Overall the EPC 1149 tenement contains a JORC compliant resource of 749 Million tonnes.

- No measured resource is classified in the area.
- A total of 469 Million tonnes are classified in the Indicated category, and
- The remaining 280 Million tonnes are in the Inferred category.
- The resource estimate is based on the exploration area known as Carlow Deposit, which covers approximately 11,000 Ha out of the total tenement area of 90,000 Ha.

Coal resource tonnage results are summarised in Table 7-1.

Table 7-1 – Resource Estimate Summary Results

Seam	Av. Coal Thickness (m)	Coal Volume Cu.m (x 10^6)	Coal Area (Ha)	Coal Mass Tonnes Insitu (x 10^6)	Coal RD Insitu	Total Moisture	Inherent Moisture % (Adb)	Raw Ash % (Adb)	Raw Volatile Matter % (Adb)	Raw Sulphur % (Adb)	Raw Specific Energy Mj/Kg (Adb)	F1.60 Product Ash % (Adb)	F1.60 Product Volatile Matter % (Adb)	F1.60 Product Sulphur % (Adb)	F1.60 Product Specific Energy Mj/Kg (Adb)	F1.60 Product Yield % (Adb)
1U																
Indicated	0.70	15.4	2,197	21.5	1.40	29.2	22.5	20.2	25.7	0.38	15.74	13.2	30.7	0.30	19.4	79.1
Inferred	0.74	13.8	1,867	18.9	1.37	30.0	23.2	20.7	25.2	0.43	15.89	12.0	29.9	0.30	19.6	74.8
1L																
Indicated	0.80	18.5	2,307	26.1	1.41	29.6	22.5	22.1	24.4	0.43	15.82	15.9	30.4	0.38	18.6	80.1
Inferred	0.65	19.2	2,938	27.4	1.41	29.8	23.8	22.6	24.4	0.45	16.41	15.3	29.8	0.37	18.8	78.8
2																
Indicated	1.00	39.6	3,968	56.4	1.42	28.6	21.8	24.0	25.9	0.38	16.23	14.4	30.3	0.36	19.1	78.4
Inferred	0.84	23.5	2,799	33.1	1.41	29.7	22.4	21.8	25.2	0.42	16.61	12.4	31.8	0.38	19.5	82.2
3U																
Indicated	0.71	13.8	1,948	19.9	1.44	27.6	20.4	25.6	26.0	0.40	16.51	14.2	30.6	0.36	19.5	76.7
Inferred	0.48	6.7	1,387	9.9	1.49	26.9	18.9	31.4	23.7	0.41	14.98	14.9	31.1	0.45	19.5	62.5
3U1																
Indicated	0.49	12.1	2,477	17.7	1.46	27.8	20.4	26.8	27.6	0.64	16.39	15.1	28.5	0.43	19.2	74.4
Inferred	0.48	12.9	2,682	18.8	1.46	27.7	20.6	27.4	28.0	0.53	16.93	15.4	29.2	0.39	19.8	73.6
3U2																
Indicated	0.55	13.6	2,479	19.9	1.46	26.7	19.9	27.4	27.8	0.47	15.89	15.7	28.6	0.40	19.1	68.8
Inferred	0.38	7.3	1,927	10.5	1.43	27.3	20.2	24.2	27.9	0.56	17.11	16.5	28.7	0.39	19.2	76.1
3L																
Indicated	1.49	42.4	2,846	58.4	1.38	30.9	23.3	18.1	27.3	0.49	17.02	12.1	30.3	0.44	19.9	85.7
Inferred	1.38	26.0	1,886	35.5	1.37	31.9	24.8	16.8	28.8	0.47	17.28	10.5	31.7	0.48	21.0	87.9
3L1																
Indicated	0.84	47.2	5,629	66.9	1.42	28.0	20.8	21.8	27.4	0.43	16.77	13.6	29.8	0.41	20.0	76.9
Inferred	0.79	10.8	1,362	15.4	1.43	27.8	21.0	24.0	27.8	0.47	16.75	13.9	30.0	0.40	20.3	74.1
3L2																
Indicated	0.66	18.1	2,735	26.0	1.44	27.8	20.7	24.6	25.3	0.39	16.09	14.3	29.2	0.41	19.4	76.0
Inferred	0.50	6.7	1,346	9.7	1.44	27.6	19.9	25.7	26.0	0.38	16.05	15.9	28.9	0.40	19.2	73.9
4U																
Indicated	0.96	59.5	6,195	82.9	1.39	29.5	21.4	19.4	26.6	0.45	17.08	11.2	30.8	0.40	20.5	82.5
Inferred	0.91	39.2	4,308	54.5	1.39	30.0	22.7	19.3	28.4	0.48	17.59	11.4	31.1	0.43	20.9	83.9
4U1																
Indicated	0.64	5.9	916	8.3	1.42	31.5	19.9	23.5	26.2	0.48	15.99	15.5	29.7	0.53	19.1	75.1
Inferred	0.79	0.1	9	0.1	1.41	32.6	19.2	21.1	28.0	0.54	17.16	12.0	30.1	0.57	19.3	77.2
4U2																
Indicated	0.63	5.8	919	8.2	1.42	29.1	20.0	21.8	25.4	0.42	17.23	12.8	29.6	0.37	19.6	85.6
Inferred	0.40	0.0	9	0.1	1.43	29.6	20.1	22.9	25.1	0.34	16.83	14.3	28.5	0.38	18.9	84.2
4L																
Indicated	0.56	36.3	6,452	51.5	1.42	28.3	20.8	22.7	25.7	0.54	16.13	15.0	29.8	0.50	19.4	77.2
Inferred	0.67	17.1	2,559	24.0	1.40	28.9	21.7	21.0	27.4	0.53	16.29	13.3	30.9	0.51	20.4	82.0
5																
Indicated	0.48	3.3	689	4.9	1.49	27.9	19.4	32.6	22.7	0.63	14.75	15.2	29.0	0.50	19.1	60.0
Inferred	0.50	15.2	3,040	22.4	1.47	28.5	20.6	30.0	23.7	0.79	15.92	13.6	30.4	0.61	20.1	67.3
Sub Total		530		749												
Summaries																
Total Measured		-		-												
Total Indicated		**332**		**469**												
Total Inferred		**199**		**280**												
TOTAL (All Seams)		**530**		**749**												

7.3 Resource Limit Parameters

Coal resources were limited to seams with a thickness of 0.15m or greater. A maximum raw ash cut off of 50% ash was also applied.

Seam subcrop lines were created during the modeling process and all seams are truncated at the Base of Weathering surface in the resource estimate.

A depth limit of 150 metres below topography was also applied as a constraint, however in most cases the resource areas were east of this line.

The coal seam resource areas are presented in Figures 7-1 to 7-8.

Figure 7-1 – Resource Areas for No.1 Upper Seam.

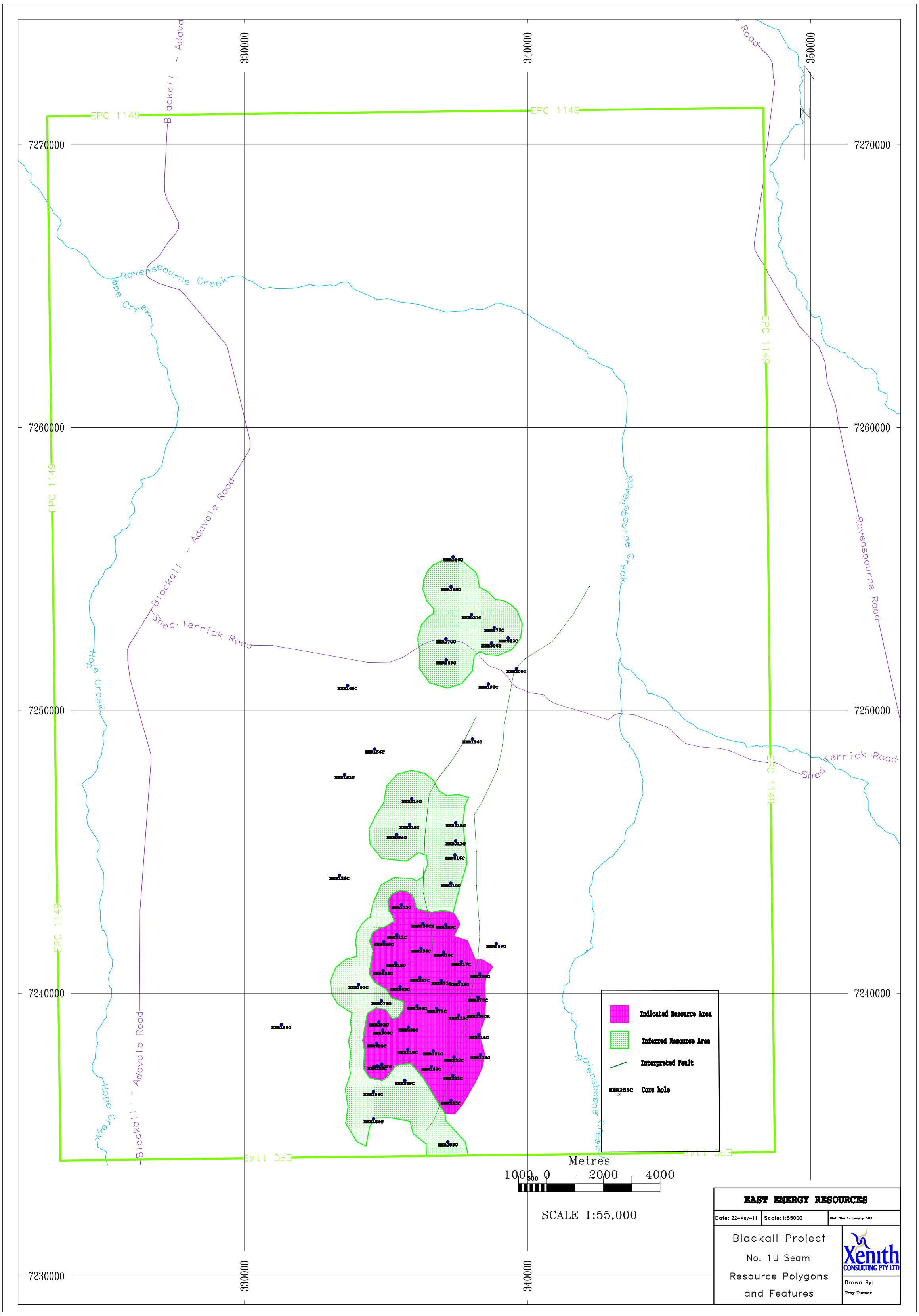


Figure 7-2 – Resource Areas for No.1 Lower Seam

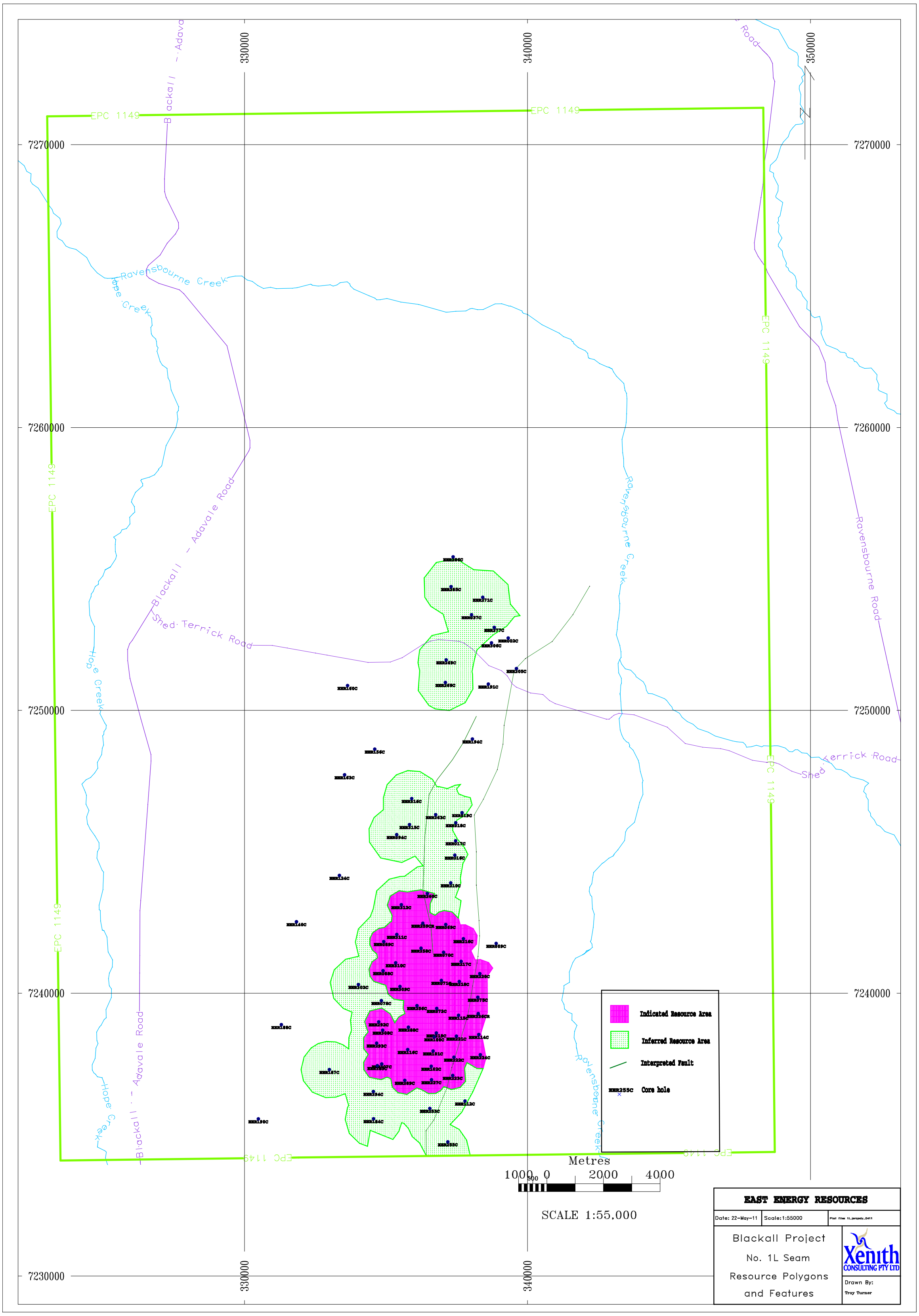


Figure 7-3 – Resource Areas for No.2 Seam

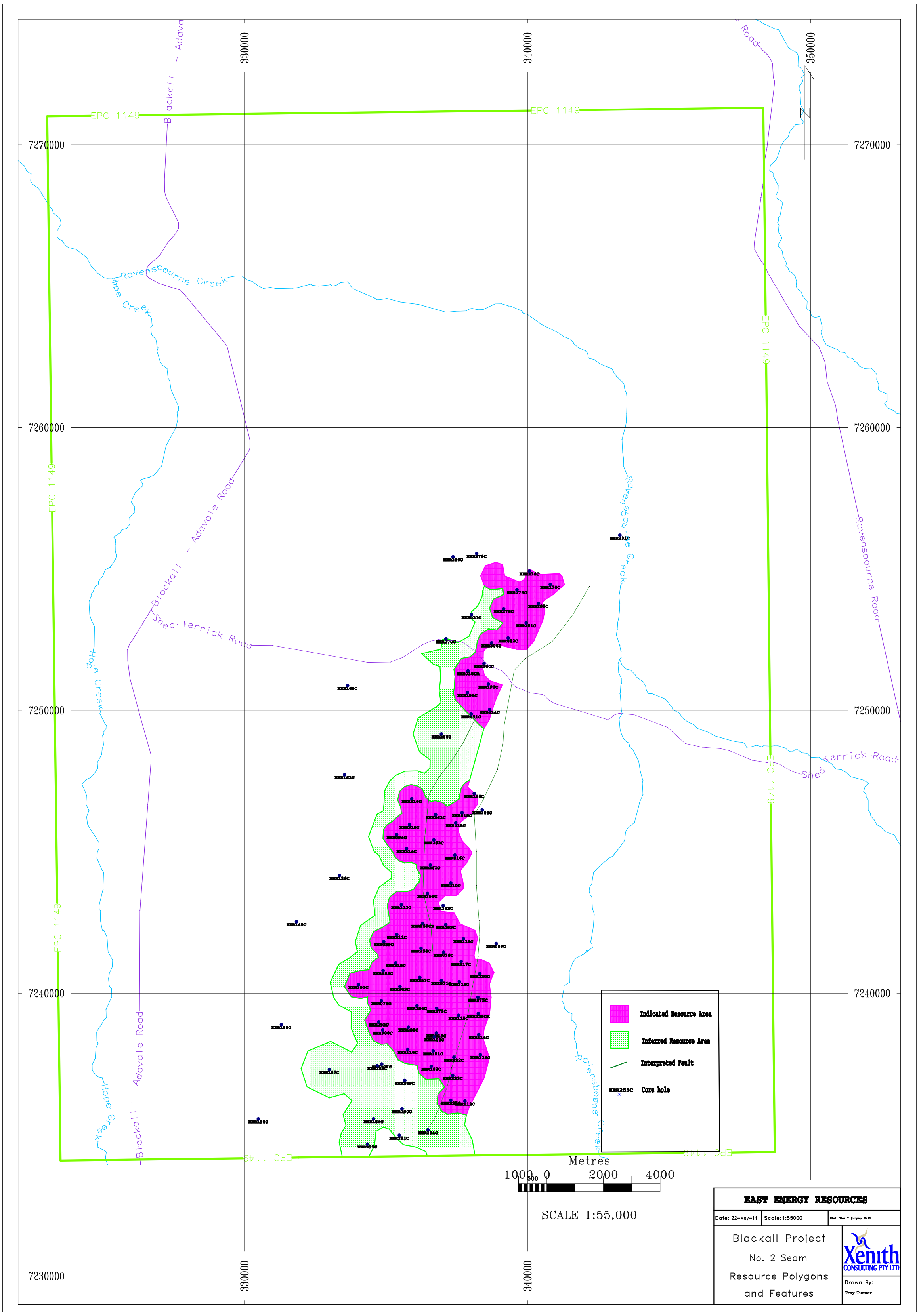


Figure 7-4 – Resource Areas for No. 3 Upper Seam

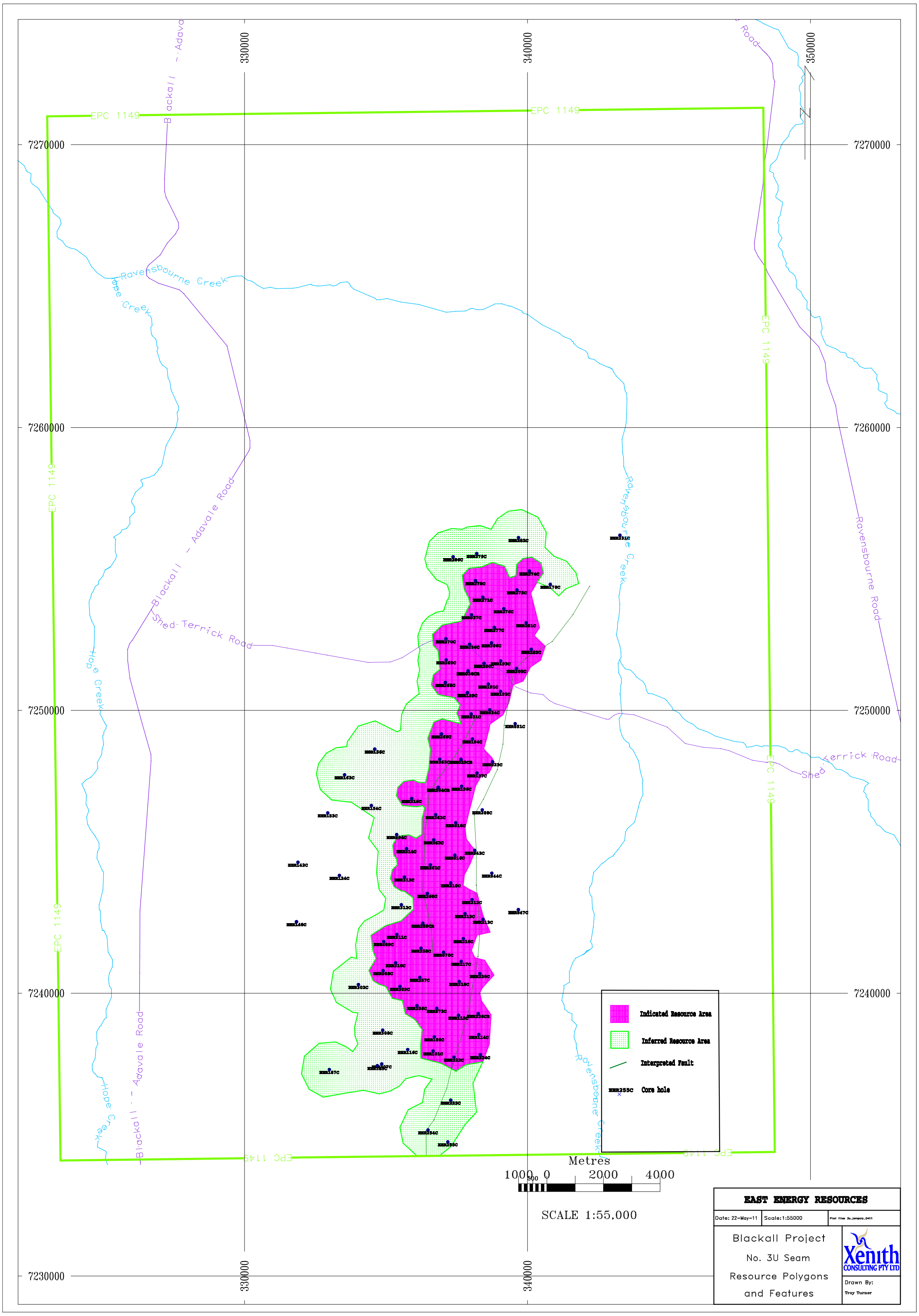


Figure 7-5 – Resource Areas for No.3 Lower Seam

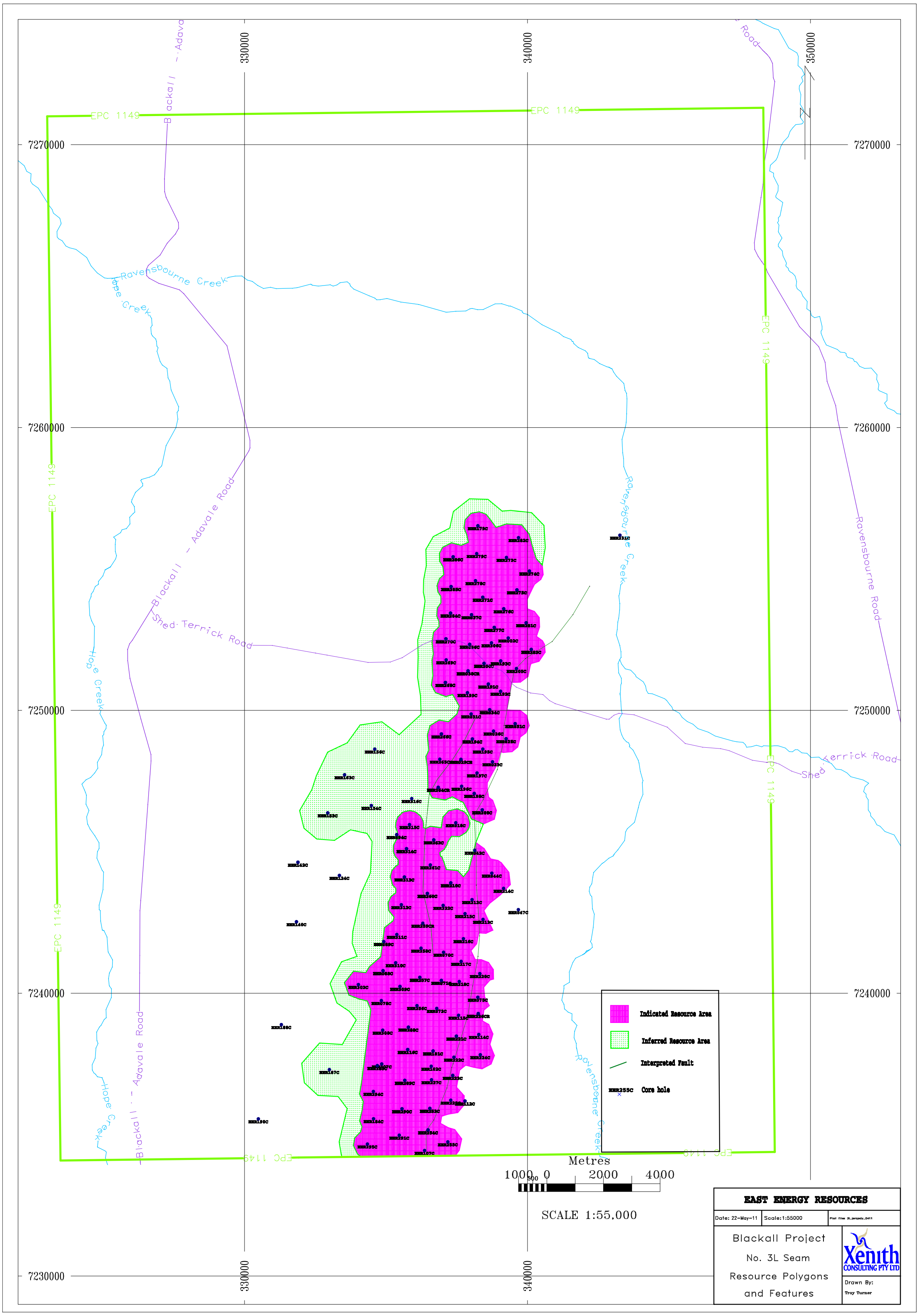


Figure 7-6 – Resource Areas for No.4 Upper Seam

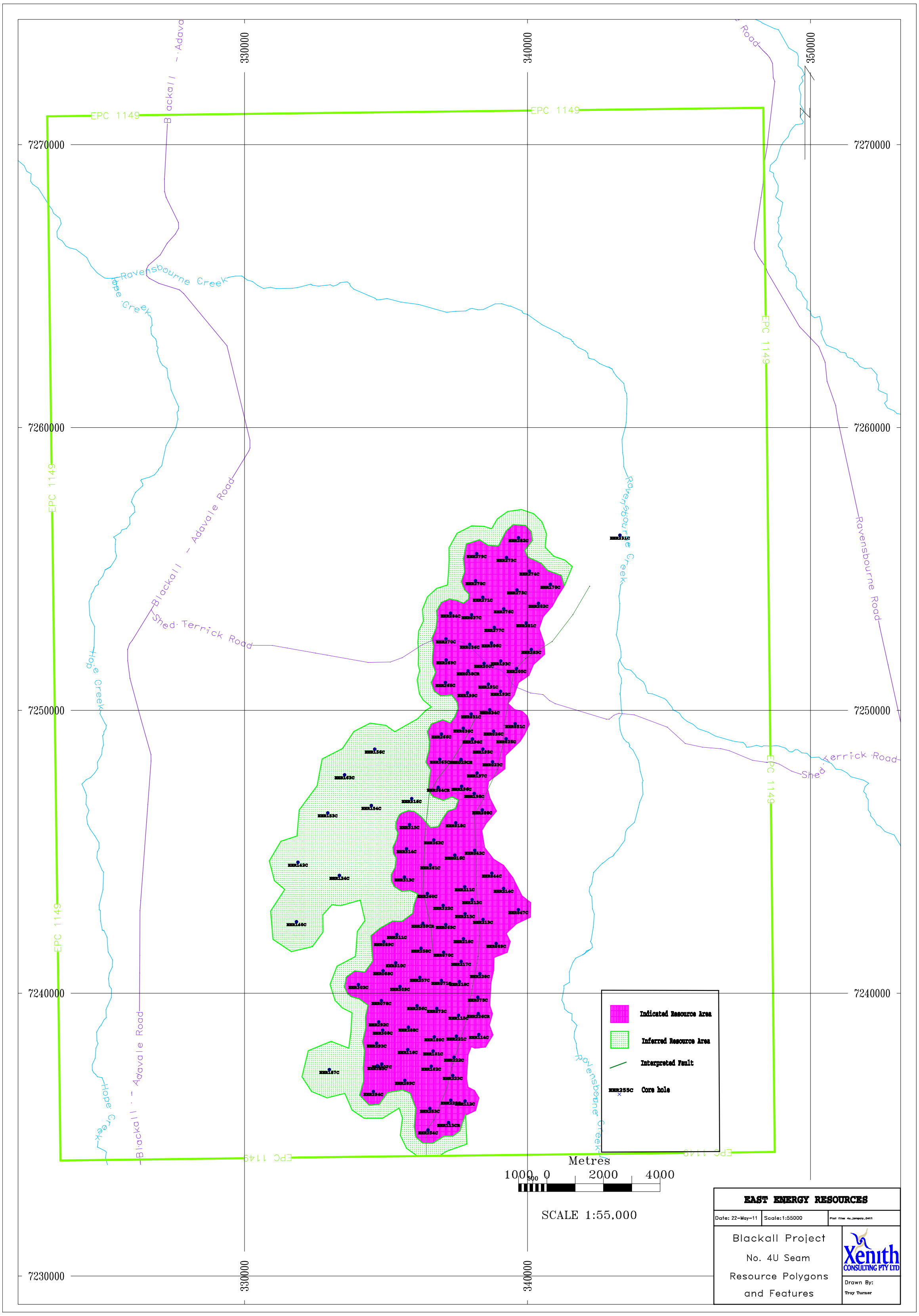


Figure 7-7 – Resource Areas for No.4 Lower Seam

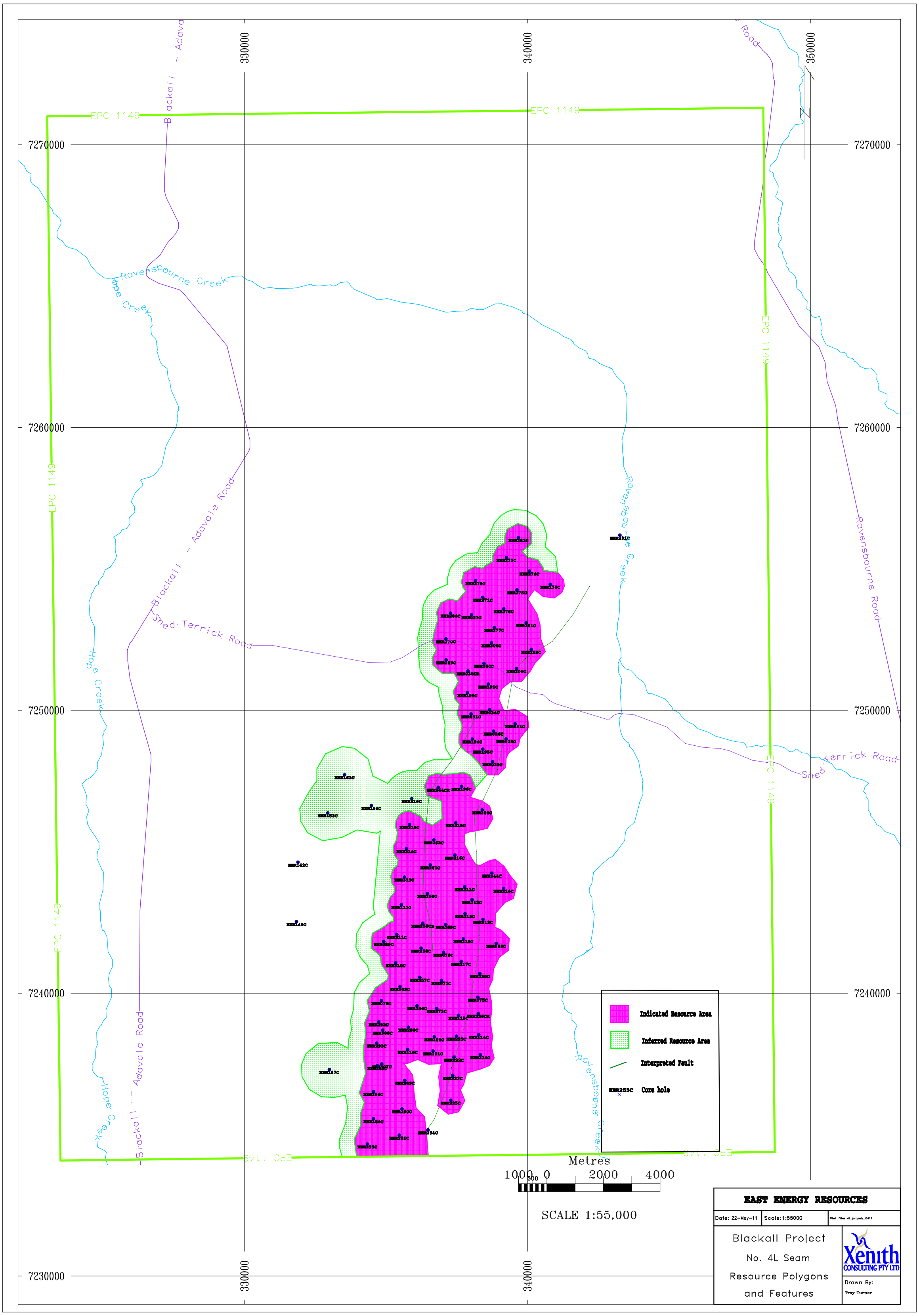
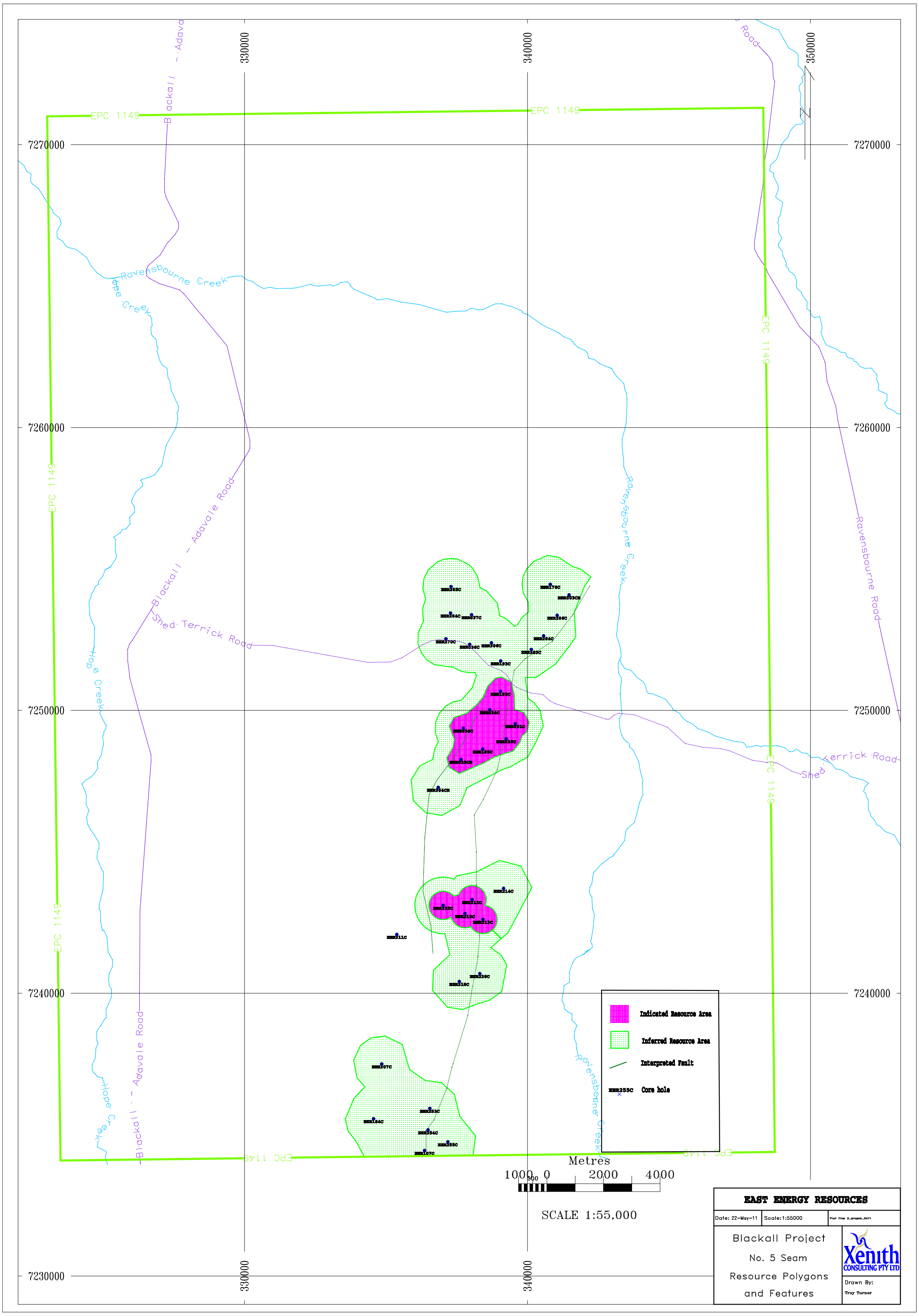


Figure 7-8 – Resource Areas for No.5 Seam



8 RECOMMENDATIONS

Based on the interrogation of the geological model for the Blackall project, we believe that there is a need to increase the geological confidence around the extent of the deposit towards the eastern subcrop boundaries, particularly the effect on the subcrop by the interpreted faults.

Further work should also be considered to increase the understanding of the proposed east west direction fault structures through the deposit.

Further large diameter core drilling will also enable more detailed float sink studies, including the optimum ash/yield curve to be established. These holes will also allow further pre-treatment and sizing analysis to be done to see how the coal seams behave in simulated wash plant model. This work is very important due to the quite variable raw ash values in each of the seams across the deposit.

With the strike of the coal seams open to the North further drilling in this area will increase the confidence on the structure and quality of the coal seams and could then allow further increases in the coal resources to be included in subsequent studies. Also further tightening of drill holes spacing in the south western part of the deposit should also allow for further increases in coal resources with coal seams intersected but not at the relevant core hole spacing as applied in this estimate.

9 REFERENCES

- *EPC 1149 Blackall – Independent Coal Resource Report – SRK Consulting, April 2009*.

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10 JORC STATEMENT

The information in this report relating to insitu coal resources is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd.

Mr Turner is a qualified geologist 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 2004 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*."

Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Troy Turner

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227689.