

## QUARTERLY ACTIVITIES REPORT THREE MONTHS TO 30 SEPTEMBER 2012

This quarter saw the completion and release of the new JORC report and the securing of a \$5.5m facility for East Energy Resources Limited.

### Highlights

- **SRK consulting completed the new Coal Resource Estimate for the Blackall Coal Project on EPC 1149**
- **No further exploration or drilling was carried out during the quarter while the updated resource report was being prepared and completed.**
- **The company entered into an agreement for the provision of a \$5.5m secured draw down facility with Idalia Coal Pty Ltd which will provide the Company with funding of up to \$5.5m over the next 4 years.**

### EXPLORATION ACTIVITY

#### Blackall EPC 1149

Earlier in the year East Energy had completed infill drilling to allow the entire area explored on EPC 1149 to be combined into a single JORC resource report.

The area now explored within EPC 1149 total some 295 square kilometres.

All geological, geophysical and coal quality data was provided to SRK Consulting who completed an updated coal Resource estimate for the Blackall Project in September (EER Company Announcement 17 September 2012, "1.74 Billion Tonne Thermal Coal JORC Resource"). The salient points are summarized below.

The total JORC open cut Resource estimated by SRK is 1,741 Mt, comprising 1,113Mt in the Inferred JORC Resource Category and 628 Mt in the Indicated Resource Category.

The coal resource is developed in the late Cretaceous Winton Formation with six main coal intervals, designated Seams 1 to 6, identified across the project area.

### EAST ENERGY RESOURCES LTD

#### ASX: EER

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

It has a Maiden JORC Resource of 1.74Bt of Thermal Coal at its Blackall Project, located south west of the major deposits of Hancock Coal and Waratah Coal in the Galilee Basin.

#### Capital Structure

Share Price: \$0.10

Market Cap: \$16.645M

Shares on Issue: 166,449,305

#### Board of Directors

Mark Basso, Managing Director

Ranko Matic, Non-Executive Director

Rex Littlewood, Non-Executive Director

#### Contact Us

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The Blackall coals are sub-bituminous with an average raw ash of 22% (ad) and inherent moistures ranging from 18% to 22% (ad). Average raw specific energy ranges from 15Mj/kg to 17Mj/kg, with the average F1.60 product energy ranging from 19 Mj/kg to 21Mj/kg.

Further drilling is expected to increase the Resource base, particularly in the north of the EPC.

**Peter Tighe**  
Exploration Manager

## **CORPORATE ACTIVITY**

In September 2012, East Energy entered into an agreement for the provision of a \$5.5m secured draw down facility with Idalia Coal Pty Ltd. These funds will provide East Energy with working capital to maintain its exploration program for its Blackall Coal Project (EPC 1149).

Idalia is 50.1% owned by Camvill Pty Ltd, which is a subsidiary of the Noble Group Limited. Noble, through its subsidiary Onglory Pty Ltd, owns 30.46% of East Energy. The other 49.9% of Idalia is owned by Majicyl Pty Ltd, the major shareholder of East Energy (41.28%) and the family company of Mark Basso, the Managing Director of East Energy.

The funding will be provided on a staggered basis, with \$2.5m being available immediately (\$1.2m has been drawn down to date), and a further \$1m being available for drawing each year thereafter. Interest may be capitalised during the term of the loan, at the discretion of East Energy. The applicable interest rate is the 6-month bank bill swap rate plus a margin of 7.5%

East Energy will be providing security for this facility, with a personal property security interest over the Company's assets and a mortgage over the Company's tenement. The ASX Listing Rules require East Energy to obtain shareholder approval for the security arrangements under the general security deed executed by the Company to secure the facility. This approval will be sought at the upcoming Annual General Meeting of East Energy on 29 November 2012.

**Mark Basso**  
Managing Director

### Competent Persons Statement

*The information in the report that relates to the Blackall Coal Resource is based on information reviewed by Dr Gerard McCaughan, who is a Member of The AusIMM and is a full time employee of SRK. 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 report of the matters based on this information in the form and context in which it appears.*