

SEPTEMBER 2013 QUARTERLY ACTIVITIES REPORT

Highlights

- Resource drilling completed on Idalia tenement EPC 1399.
- Completion of 19 open (RAB) holes on EPC 1398 and one core hole on EPC 1399.
- Geological modelling commenced to delineate estimated coal resource on EPC 1399.
- Queensland Department of Natural Resources and Mines proposing to grant application for MDL over central part of EPC 1149.

BLACKALL/IDALIA COAL PROJECT

During the September 2013 Quarter, East Energy Resources Limited (ASX: **EER** – “EER” or “the Company”) continued to progress operations at its key coal project in Queensland, with the aim of delineating an increased JORC Code compliant resource across two of its recently acquired Idalia Project tenements (EPC1398 and EPC 1399).

Exploration drilling operations were completed within two of the Idalia tenements during the Quarter, while the regulatory process for the application of the Mineral Development Licence also progressed.

The Company is reviewing new project opportunities to enhance its project portfolio and increase its overall value proposition.

IDALIA TENEMENTS - EPC 1398 and EPC1399

Prior to the acquisition of Idalia Coal Pty Ltd by East Energy Resources, an extensive exploration program had been conducted within the Idalia tenements (as detailed in the June 2013 Quarterly report).

ASX: EER

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

EER has a JORC Resource of 1.74Bt of Thermal Coal (627.5Mt Indicated and 1113Mt Inferred) located south west of the major deposits of Hancock Coal and Waratah Coal in the Galilee Basin. The recent purchase of Idalia Coal has added a further 440Mt of Inferred Coal Resources and a drill defined Exploration Target of 4.0Bt to 4.5Bt to the Group's asset base.

Capital Structure

Share Price: \$0.045

Market Cap: \$16.04m

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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Following the acquisition, EER commenced a new drilling program with the objective of obtaining sufficient data to enable the estimation of a JORC Inferred Resource in EPC's 1398 and 1399.

This drilling program commenced in May and during the current quarter, the Company drilled 19 RAB holes on EPC 1398 for a total of 2,807m. One core hole was completed on EPC 1399 to a depth of 114.8m.

The Company now believes it has sufficient drilling data to enable a JORC Inferred Coal Resource to be estimated for EPC 1399. Data validation and geological modeling has commenced and is targeting completion of the resource estimate by year-end.

An additional 30 core holes, mostly in EPC 1398, are still planned to be drilled. This drilling should allow the entire deposit, from EPC 1398 in the south, through EPC 1149 to EPC 1399 in the north to be modeled as a single continuous resource. The company is considering conducting this work during the next financial year.

The coal deposit across the Blackall/Idalia Project tenements has a strike length of 95km and is 5km to 7km in width from the line of oxidation in the east to the 150m cover line on the western side.

BLACKALL TENEMENT - EPC 1149

No exploration works were undertaken in EPC 1149 during the current quarter, as the focus has been on the exploration works within the Idalia tenements.

The Mineral Development License application regulatory process has continued, covering part of EPC1149, as detailed below.

MDL 464

In mid-2011, the company lodged an application for a Mineral Development License covering approximately 37,000 hectares over the central portion of the main coal resource area within EPC 1149.

The Company has received advice from the Department of Natural Resource and Mines in Queensland that the government is proposing to grant the MDL.

The board of East Energy is currently considering strategic options for exploration and development planning across the Blackall/Idalia Project coal resource and exploration target area. The Company is committed to the development of the Blackall/Idalia Project but, in light of current international coal markets, EER is currently assessing the timing of additional financial resources to the project

CORPORATE

The Company's cash at bank balance at the end of the September Quarter was ~\$192,000. The Company has a loan facility in place with a major shareholder - the Noble Group, of up to ~\$4.9 million available for drawdown.

The Company is reviewing new project opportunities to enhance its project portfolio and increase the overall value proposition of EER. The Company will consider all resource commodities to ensure it is best placed to deliver value and upside potential for all its shareholders.

KEY OBJECTIVES FOR DECEMBER 2013 QUARTER

- ✦ Complete JORC Resource estimate works for the Idalia tenement – EPC 1399.
- ✦ Progress MDL application process toward grant stage.
- ✦ Continue review of new project opportunities to enhance EER project portfolio.

ENDS

Further information:

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Competent Persons Statements

Competent Persons - Idalia

The information in this announcement that relates to the Exploration Results and Exploration Targets is based on information reviewed by Mr Peter Tighe, who is a Member of The AusIMM and is the exploration manager of Idalia Coal Pty 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 2004



Edition of the JORC Code. 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.

The information in this announcement that relates to the estimates of Exploration Targets and Mineral Resources is based on information reviewed by Mr Bill Knox, who is a Member of The AusIMM and a director of Idalia Coal Pty Ltd. 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 2004 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 - EER

The JORC Resource for EER's Blackall Project of 1.74Bt is comprised of 627.5 Mt Indicated and 1,113Mt Inferred 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. 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.

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.