



Unlocking a New Coal Frontier

Acquisition of Idalia Coal

March 2013

EAST ENERGY RESOURCES LTD (ASX:EER)

www.eastenergy.com.au

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Geological Attribution

Competent Persons Statement

Competent Persons - Idalia

The information in this presentation 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 2012 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 presentation 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 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 – EER

The JORC Resource for EER's Blackall Project of 1.74Bt is comprised of 627.5 Mt Indicated and 1,113Mt Inferred Resources. Refer to the Competent Persons statement in the EER Announcement dated 17 September 2012.

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.

Transaction Overview

- Agreement to acquire 100% of Idalia Coal Pty Ltd from Camvill Pty Ltd (a wholly owned subsidiary of the Noble Group Limited (Noble) and Majicyl Pty Ltd (a company associated with the Basso-Brusa family) (Majicyl) (Transaction)
- Consideration equivalent of A\$40 million will be paid via the issue of fully paid ordinary shares of EER at 20 cents per EER share
- EER will have access to estimated cash of A\$5 - 6 million funded by Noble at the close of the Transaction
- Under this transaction EER will become the beneficial owner and ultimate holder of EPCs 1398, 1399, 1400, 1403 and 1407, with the remaining Idalia EPCs (1402, 1404, 1405, 1406, 1408, 1409 and 1410) currently being surrendered
- An independent expert has concluded that the Transaction is “fair and reasonable” to non-associated shareholders of EER
- The Independent Directors of EER have completed due diligence, considered the acquisition and recommend that EER shareholders vote in favour of the transaction
- The Transaction requires shareholder approval at the General Meeting expected to be held on 29 April 2013

Key Dates

Event	Indicative date
Announcement of SPA	20 March 2013
Dispatch Notice of Meeting	29 March 2013
General Meeting of Shareholders	29 April 2013
Expected Implementation date	29 April 2013

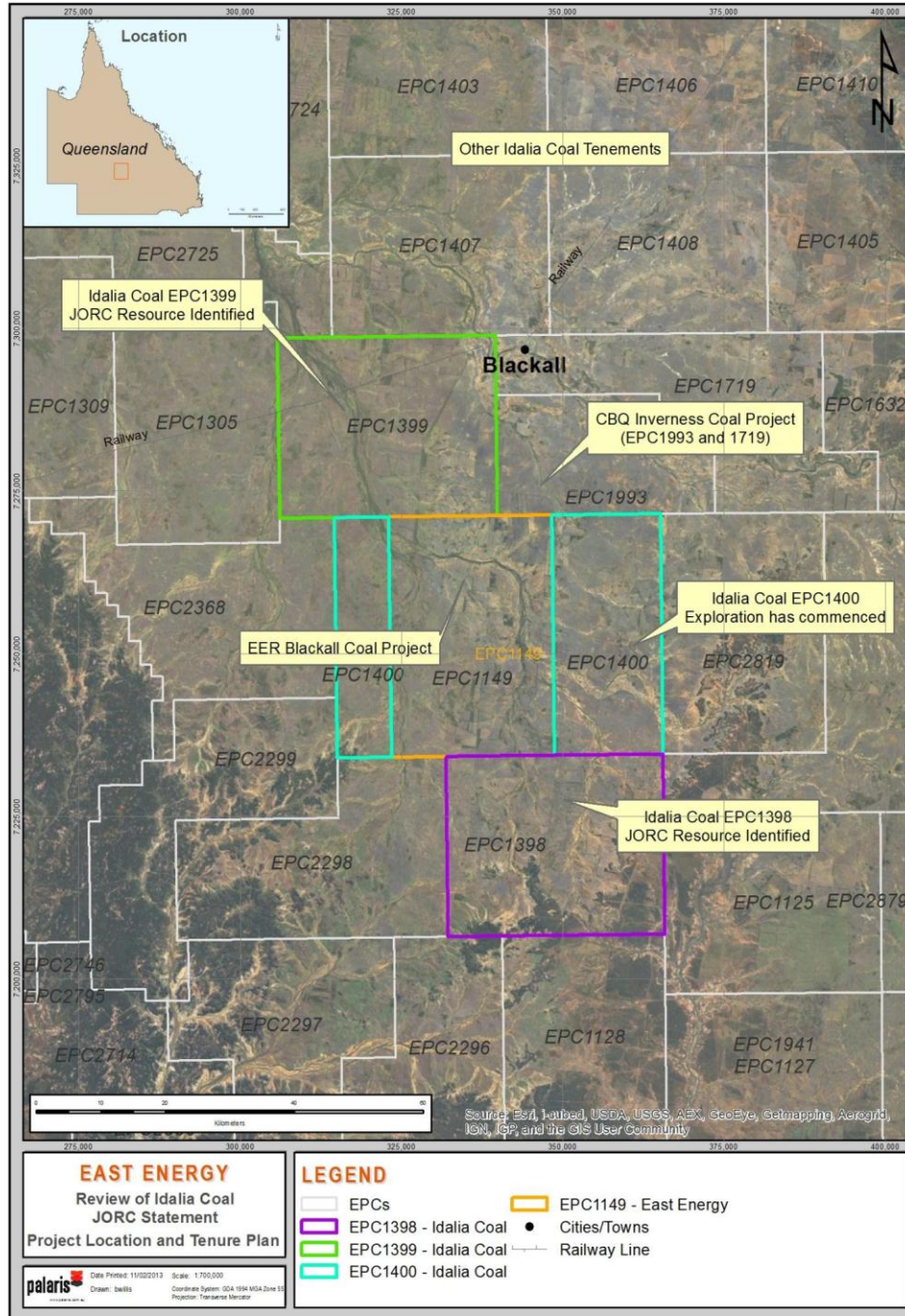
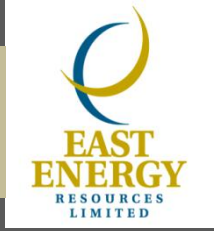
Transaction Highlights

- #1** The Transaction will create one of the largest coal portfolios in Australia
- #2** The combined tenement portfolio of coal resources may have the potential to support a large scale mining operation in western Queensland
- #3** The scale of the combined entity provides the foundation for the development of rail and port infrastructure

	Exploration targets (Bt)	Coal resources		
		Inferred (Bt)	Indicated (Bt)	Measured (Bt)
EER	-	1.1	0.6	-
Idalia	4.0 to 4.5	0.4	-	-
Combined	4.0 to 4.5	1.5	0.6	-



Overview of Combined Tenement Holdings



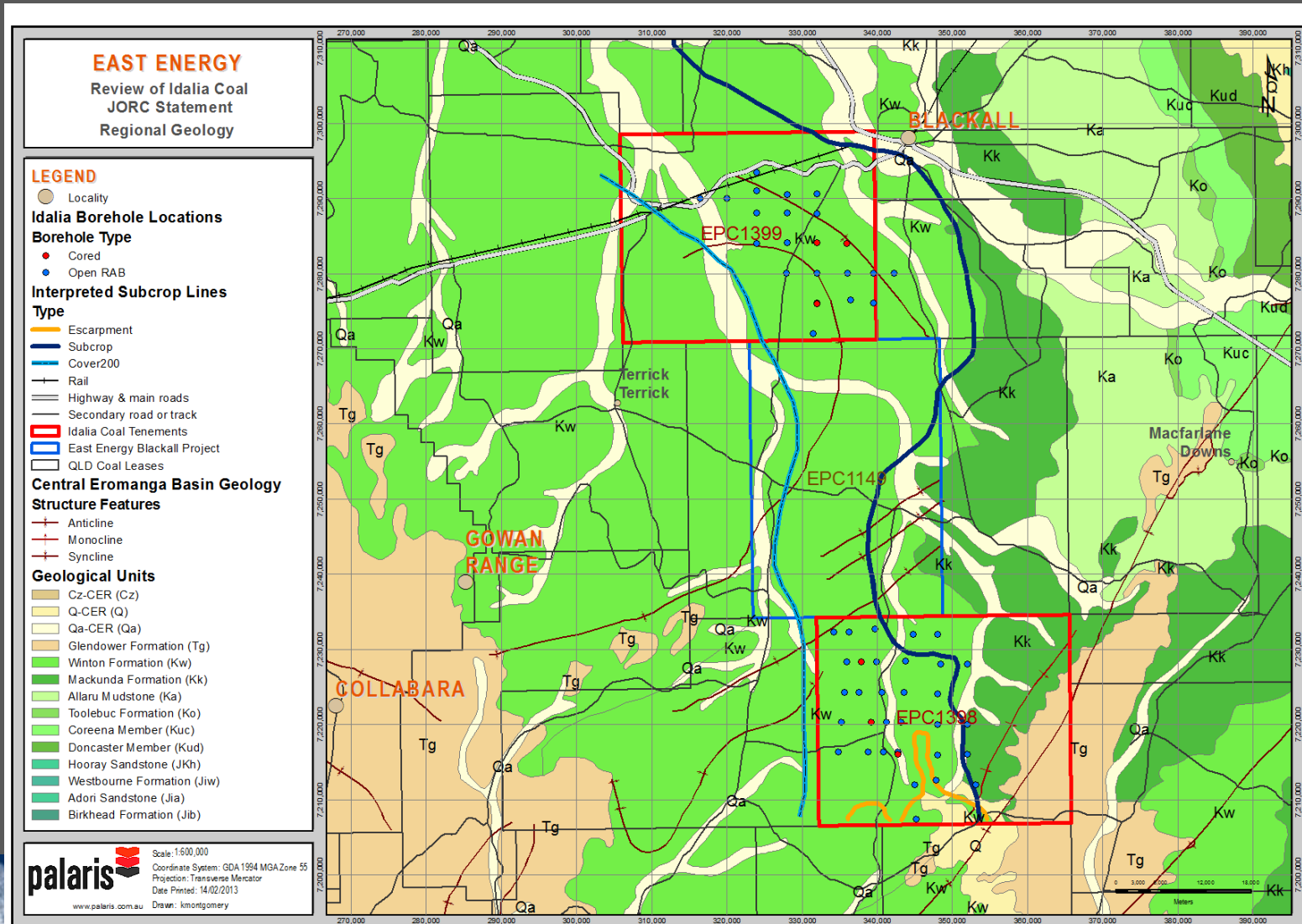
*some of the Idalia tenements in this map are in the process of being surrendered. They are EPCs 1402, 1404, 1405, 1406, 1408, 1409 and 1410.

Idalia Coal Pty Ltd Geology

- Idalia Coal has JORC Inferred Resources of 440Mt and a drill identified JORC Exploration Target in the order of 4.0 to 4.5 billion tonnes
- Drilling has intersected coal seams which are interpreted to continue along strike (north and south) of the EER Blackall Project (EPC 1149) seams, however not yet correlated
- Coal deposits appear to be similar to that at Blackall Project (EPC 1149)
- EPC 1399 occurs in a position located down-dip relative to EPC 1398 and the target seams typically occur at greater depths than in EPC 1398
- EPC 1398 coal deposit appears to occur mostly along strike but slightly up-dip of coal in EPC 1149. The target seams sub-crop in the central part of EPC 1398



Regional Geology



Idalia Coal Pty Ltd Coal Quality

- Indicative tests of Coal quality is similar to that of the Blackall Project (EPC 1149)
- The slight variance in coal quality across the tenements is indicative of depositional characteristics: lenticular seams with splitting

		Proximate								
	Samples	Product Yield (yld %)	TM (% ar)	IM (% adb)	Ash (% adb)	VM (% adb)	FC (% adb)	TS (%db)	CV Kcal/kg (gar)	CV Kcal/kg (adb)
Idalia: EPC 1399	RAW Avg	23	29.9	16.8	20.4	32.2	46.6	0.78	3,980	4,728
	F1.60	19	93%	20.5	7.6	29.1	42.9	1.12	4,647	5,274
Idalia: EPC 1398	Raw Avg	53	30.1	16.8	21.8	26.9	34.5	0.6	3,570	4,250
	F1.60	40	73%	14.1	14.1	29.5	40.4	0.6	4,167	4,773



Blackall Coal Project Update

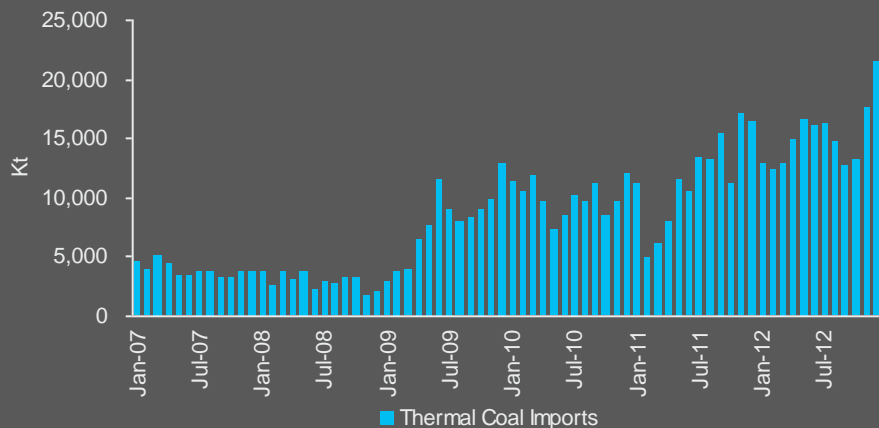
- East Energy has lodged a renewal application for EPC 1149 for a further period of five years with the Queensland Department of Natural Resources and Mines
 - EPC 1149 was granted on 22nd April 2008 for a period of five years and is due to expire on 21st of April 2013
 - The renewal application will provide for a further exploration and development of the resource through to 21st April 2018
- In the December 2012 quarter, East Energy appointed Palaris Group to commence a Desk Top Study on EPC 1149 Blackall Project in the Eromanga Basin in Queensland
 - This Desk Top Study is the first step in the engineering evaluation of the open cut mineable resource
- Further drilling is expected to increase the resource base



Thermal Coal Dynamics

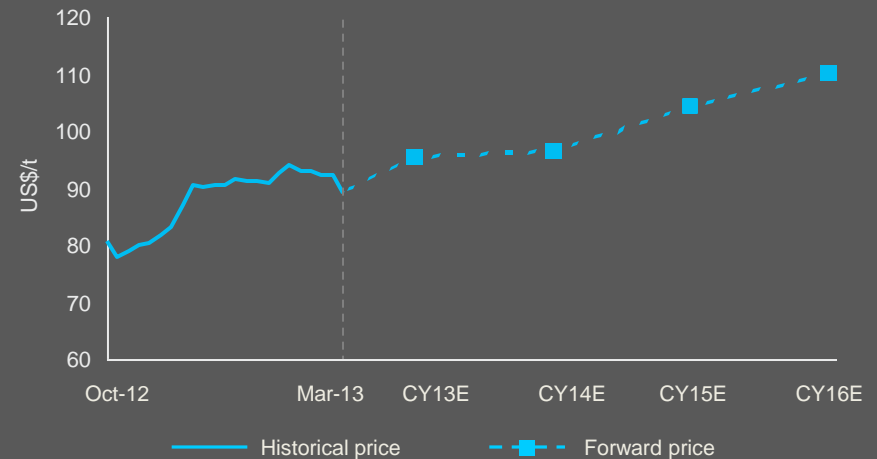
- Demand for thermal coal is expected to recover in 2013 with reduced coal-to-gas switching and robust demand in key markets – thermal coal power generation in China increased 11% mom (+4% yoy) in December
- There is significant upside to global power demand and coal is expected to maintain its leading market share in power generation and power capacity, sustaining a 2011-20E CAGR of 3.0%
- Electricity demand in China set to exceed that of the US and grow at an annual rate of ~7% over 2011-20E

Historical China thermal coal imports (Kt)



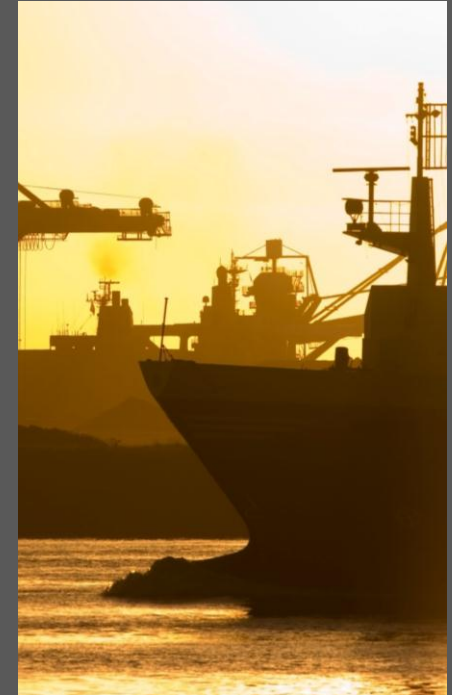
Source: Bloomberg.

Thermal coal price (US\$/t)



Opportunities Ahead

- Located in a major new thermal coal basin with significant resources growth expected over the next 10 years
- Thermal coal demand underpinned by global growth in a new coal fuelled power generation
- The combined tenement portfolio of coal resources will be able to support a large scale mining operation in western Queensland
- Very large deposit, targeting bulk tonnage of up to 20Mtpa over 30+ year mine life
- Well positioned to gain access to new and expanded port and rail infrastructure; sea freight advantage to meet burgeoning demand from Asian and sub-continent consumers



Transaction Terms

- Consideration shall be paid by EER to Noble and Majicyl for the equivalent of A\$40 million via the issue of fully paid ordinary shares in the capital of EER at A\$0.20 per EER share
- Noble Group will provide EER with a debt re-financing arrangement
 - To be used by EER to repay the debt EER owes to Idalia and for EER to provide additional funds to Idalia to fully repay the Idalia Loan to Noble Group
 - EER will have access to estimated cash of A\$5 - 6 million funded by Noble at close of the Transaction for draw down and working capital purposes
- Shareholding in EER:

	Pre-Transaction	Post-Transaction
Noble	30.46%	41.18%
Majicyl	41.27%	45.98%
Other	28.26%	12.84%

Transaction Conditions

- The Transaction is subject to the satisfaction of a number of conditions, including:
 - Regulatory approvals – to be satisfied
 - No material adverse effect – to be satisfied
 - Approval of EER shareholders – to be sought at General Meeting in April 2013
 - Idalia executing formal royalty deeds in favour of Noble and Majicyl in respect of the tenements held by Idalia – to be satisfied
 - Termination of the incorporated JV agreement in respect of Idalia between Noble, Majicyl, Noble Group and Idalia, and termination not having a material adverse effect – to be satisfied
 - The directors of EER (excluding Mr Mark Basso-Brusa) must unanimously recommend the Transaction – satisfied as recommended in the Notice of Meeting for the General Meeting in April 2013



Unlocking a New Coal Frontier

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