East Energy Resources Limited

ABN 66 126 371 828

Interim Financial Report 2013

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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

Level 1/12 Kings Park Road
WEST PERTH WA 6005

CONTACTS

Ph: +61 8 9226 4500
Fax: +61 8 9226 4300
Web: www.eastenergy.com.au
ASX Code: EER

SOLICITORS

Nova Legal
Ground Floor, 10 Ord Street
WEST PERTH WA 6005
Ph: +61 8 9466 3177
Fax: +61 8 9200 5697

Jackson McDonald Lawyers
140 St Georges Tce
PERTH WA 6000
Ph: +61 8 9426 6611
Fax: +61 8 9321 2002

AUDITORS

Regency Audit Pty Ltd
Suite 1, Ground Floor
437 Roberts Road
SUBIACO WA 6008
Ph: +61 8 6380 2555
Fax: +61 8 9381 1122

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 2013.

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 appointed 5/03/2014)
Mr Damien Gray (Alternate Non-Executive Director appointed 11/12/2013; resigned 5/03/2014)
Mr William Randall (Alternate Non-Executive Director resigned 11/12/2013)

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 profit of the Group after income tax for the half year ended 31 December 2013 amounted to $1,674,942 (loss $316,879: 2012).

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/IDALIA COAL PROJECT

The Group's main coal projects are located in central Queensland, Blackall.

The Group commenced the Blackall Project in securing and developing EPC 1149, which covers 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, with East Energy making application for a Mineral Development Licence over the southern portion of the Coal Resource in 2011 (approval pending). A further application has been made to extend the entire tenement for another 5 years, which was granted in June 2013. This tenement is located 25km south of the township of Blackall in the Eromanga Basin. Waratah Coal's Galilee Coal Project is located approximately 125km to the NNE of EPC 1149.

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 1020, providing an area of over 3,000 sq km.

Exploration background – EPC 1149

Drilling was completed in the southern part of EPC1149 between June and November 2008 provided a good basis for modelling of the geology and establishing the continuity of coal seams in this deposit.

In early 2009, SRK Consulting conducted an independent appraisal of the exploration results and reported an Inferred Raw Coal Resource of 1,222 Million tonnes (Mt) for this area.

Also in 2009 Coffey Mining Pty Ltd completed a high level study into the potential development options for the Blackall Coal Deposit. Their report examined potential mining methods, coal treatment and transport options. Coffey reported that the coal quality appears to be suitable for thermal energy requirements such as in power stations and that the volume of coal available for open cut mining is large.

Coffey anticipated that, with further exploration, the resource base is likely to increase in size to allow a potential open cut mine life of over 30 years at a rate progressively increasing to over 20 Mt/a washed product. This potential scale of operations suggests consideration should be given to different processes, products, transport systems and markets to optimise utilisation and value of the deposit. Possible options could include the following singularly or in combinations:

- Local power station (high ash coal),
- Domestic / export coal (standard or clean coal technology),
- Coal gasification (washed coal),
- Coal gasification (underground in-situ) and
- Hydrogenation, liquefaction (gas to liquid).

Following geostatistical analysis by SRK, a further campaign of drilling commenced in early October 2009 with the aim of defining an Indicated Resource over the potential open-cut area of the deposit.

Between October 2009 and early 2011 a further 96 cored holes and 68 pilot chip holes were drilled and coal samples assayed.

Xenith Consulting were commissioned to update the geological model and undertake an independent resource assessment incorporating the new exploration data. Xenith completed this work in April 2011 and based on the additional drilling results, were able to upgrade a total of 469Mt from Inferred to Indicated Resource.

The focus of exploration then moved to extending the resource into the northern half of the EPC and completion of infill cored and chip drilling where necessary to close any gaps in the geological model and expand both the Inferred and Indicated Resources.

An exploration target of 2Bt was considered achievable and, with this in mind, drilling continued through to February 2012, by which time the area explored within EPC 1149 totalled some 295 square kilometres.

Updated JORC report

The new geological, geophysical and coal quality data obtained during the last phase of drilling was provided to SRK Consulting who completed an updated Coal Resource Estimate for the Blackall Project released in September 2012 (see 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.

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.

Exploration background – EPCs 1398, 1399

Up to the acquisition of Idalia Coal, previous drilling had intersected coal seams which are interpreted to continue along strike (north and south) of the coal seams in EER's Blackall Project (EPC 1149) and indicated that the structure, seam thicknesses and coal quality are similar in nature in all three EPCs (1149, 1398 and 1399).

In May 2013, the Group commenced its drilling program on the Idalia tenements, EPCs1398 and 1399.

Prior to the purchase of Idalia Coal, Idalia had already undertaken and completed extensive exploration programs in EPCs 1398 and 1399. These two leases share common boundaries to the south and north respectively with East Energy's EPC 1149.

EPC 1398 is located to the south of East Energy's EPC 1149, where Idalia has already completed a total of 40 open (chip) holes and 4 cored holes for a total of 8,093m of drilling. EPC 1399, which is located to the north of EPC 1149, has a total of 48 open and 15 cored holes, which have been completed for total of 11,500m of drilling. All these holes were geophysically logged.

East Energy then undertook to build on the previous results and undertake a continuation of drilling on the EPCs 1398 and 1399. EER will undertake sufficient drilling to enable the estimation of a JORC Inferred Resource in EPC 1399, with the completion of a further five or six cored holes remaining to be drilled. This work was completed in July 2013.

The Group is to then focus on EPC 1398, where they intend to drill a further 30 cored holes and 26 chip holes over the next six months or so. This is then expected to complete the resource drilling on this tenement.

Upon completion of this exploration program, East Energy expects to have sufficient data to enable a JORC Inferred Resource to be estimated for the entire deposit covered by EPC's 1149, 1398 and 1399.

The deposit in the three combined 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.

Exploration Activity during the period

During the second half of 2013, East Energy Resources Limited 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 six months, while the regulatory process for the application of the Mineral Development Licence also progressed.

Further drilling has been budgeted for in the 2014/2015 financial year and planning for this work has commenced. The focus of this program will be to infill data gaps between the three main tenements, EPC 1398, 1399 and 1149 to enable the modelling of the entire field as one continuous coal deposit with a strike length of some 95km.

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

EPC 1398 and 1399 – Idalia Coal Pty Ltd

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

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 2013 and during the current half year the Company drilled 19 RAB holes on EPC 1398 for a total of 2,807m.

One cored hole was completed on EPC 1399 to a depth of 114.8m, finalising the resource drilling required for the tenement. The Company now believes it has sufficient drilling data to enable an Inferred Resource to be estimated for EPC 1399. Work is well under way towards producing the resource report with completion expected within the first half of 2014.

Structural modelling of the coal deposit within EPC 1398 should also be completed during this time, although additional cored drilling for coal quality will be required before a resource report can be completed.

This drilling will consist of approximately 30 cored holes, mostly within EPC 1398 which will 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 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.

EPC 1149 – East Energy Resources Ltd

No exploration works were undertaken in EPC 1149 during the current half year, as the focus has been on exploration 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 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 and has held discussions with DNRM regarding the five year work program and budget for the MDL. Subject to the acceptance of East Energy's work program, grant of the MDL is expected during the first half of 2014.

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.

Competent Persons' Statements:

The statement in this report relating to Idalia Coal Pty Ltd's exploration targets and coal resources is extracted from the company's ASX announcement entitled EAST ENERGY RESOURCES LTD SIGNS BINDING HEADS OF AGREEMENT TO ACQUIRE 100% OF IDALIA COAL PTY LIMITED dated 23rd January 2013.

The statement in this report relating to EER's coal resources is extracted from the company's ASX announcement entitled "EAST ENERGY RESOURCES ARE PLEASED TO ANNOUNCE UPDATED JORC RESOURCE OF 1.74Bt" dated 17th September 2012.

The above reports are available to view on the company's website at www.eastenergy.com.au. 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

On 5th March 2014, Mr Damien Gray resigned as an Alternate Non-Executive Director for Mr Rex Littlewood and was replaced by Mr Chris Thoroughgood.

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 2013.

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

MARK BASSO-BRUSA
Managing Director

DATED at PERTH this 14th day of March 2014

REGENCY AUDIT

Regency Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122
www.regencypartners.com.au

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 2013, 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 14th day of March 2014

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the half year ended 31 December 2013

	Note	Consolidated 31.12.2013 $	Consolidated 31.12.2012 $
Revenue from continuing operations		4,531	16,573
Audit Fees		(8,302)	(10,048)
Depreciation		(1,719)	(2,344)
Insurance		(14,703)	(13,781)
Public Relations		-	(29,339)
Rent		(825)	(28,721)
Share Registry Costs		(2,704)	(3,503)
Directors Salary and Fees		(118,700)	(118,700)
Employee Benefits Expenses		(155,855)	(23,388)
Impairment of Exploration Asset		(29,697)	(60)
Professional Fees – R&D Claim		(70,282)	-
Legal Fees		(2,165)	(18,551)
Interest Expense		(733,948)	(33,438)
Other expenses		(50,722)	(51,579)
Profit/(Loss) before income tax		(1,185,091)	(316,879)
Income tax (expense)/benefit	7	2,860,033	-
Net profit/(loss) for the period attributable to the members of East Energy Resources Limited		1,674,942	(316,879)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period attributable to the members of East Energy Resources Limited		1,674,942	(316,879)
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of East Energy Resources Ltd		0.47	(0.19)

The accompanying notes form part of these financial accounts

Consolidated Statement of Financial Position

as at 31 December 2013

	Note	Consolidated 31.12.2013 $	Consolidated 30.06.2013 $
CURRENT ASSETS			
Cash and Cash Equivalents		210,850	1,289,459
Trade and Other Receivables		21,796	126,961
TOTAL CURRENT ASSETS		232,646	1,416,420
NON CURRENT ASSETS			
Property, Plant and Equipment		86,261	114,887
Exploration, Evaluation and Development Expenditure		71,853,514	72,614,809
TOTAL NON-CURRENT ASSETS		71,939,775	72,729,696
TOTAL ASSETS		72,172,421	74,146,116
CURRENT LIABILITIES			
Trade and Other Payables		1,034,382	3,990,211
TOTAL CURRENT LIABILITIES		1,034,382	3,990,211
NON-CURRENT LIABILITES			
Deferred Tax Liability	7	-	2,860,033
Borrowings	6	14,891,964	12,724,739
TOTAL NON-CURRENT LIABILITIES		14,891,964	15,584,772
TOTAL LIABILITIES		15,926,346	19,574,983
NET ASSETS		56,246,075	54,571,133
EQUITY			
Issued Capital	5	59,912,357	59,912,357
Accumulated Losses		(3,666,282)	(5,341,224)
TOTAL EQUITY		56,246,075	54,571,133

The accompanying notes form part of these financial accounts

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2013

	Issued Capital	Accumulated Losses	Total Equity
	$	$	$
Balance as at 1 July 2012	21,906,032	(2,257,555)	19,648,477
Net loss for the period	-	(316,879)	(316,879)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	(316,879)	(316,879)
Transactions with Equity Holders in their capacity as Equity Holders	-	-	-
Balance at 31 December 2012	21,906,032	(2,754,434)	19,331,598
Balance as at 1 July 2013	59,912,357	(5,341,224)	54,571,133
Net income/(loss) for the period	-	1,674,942	1,674,942
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	1,674,942	1,674,942
Transactions with Equity Holders in their capacity as Equity Holders	-	-	-
Balance at 31 December 2013	59,912,357	(3,666,282)	56,246,075

The accompanying notes form part of these financial accounts

Consolidated Statement of Cash Flows

for the half year ended 31 December 2013

	Consolidated	
	31.12.2013	31.12.2012
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	4,531	14,212
Payments for exploration, evaluation and development	(2,025,450)	(1,680,809)
Payments to suppliers & other expenses	(556,610)	(528,889)
Net Cash outflows from Operating Activities	(2,577,529)	(2,195,486)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets (net)	-	-
Payments for property, plant & equipment	(1,080)	(3,941)
Net Cash outflows from Investing Activities	(1,080)	(3,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	1,500,000	1,200,000
Net Cash inflows from Financing Activities	1,500,000	1,200,000
Net increase / (decrease) in cash and cash equivalents	(1,078,609)	(999,427)
Cash and cash equivalents at 1 July	1,289,459	1,514,039
Cash and cash equivalents at 31 December	210,850	514,612

The accompanying notes form part of these financial accounts

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 2013 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 that the financial statements and notes also comply with International Financial Reporting Standards.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expect 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 2013 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 2013.

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 Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year include:

- AASB 10 ‘Consolidated Financial Statements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 11 ‘Joint Arrangements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 12 ‘Disclosure of Interests in Other Entities’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 127 ‘Separate Financial Statements’ (2011) and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 128 ‘Investments in Associates and Joint Ventures’ (2011) and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 13 ‘Fair Value Measurement’ and AASB 2011-8 ‘Amendments to Australian Accounting Standards arising from AASB 13’
- AASB 119 ‘Employee Benefits’ (2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011)’
- AASB 2012-2 ‘Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities’
- AASB 2012-5 ‘Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle’
- AASB 2012-10 ‘Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments’

The above standards have extensive disclosure requirements, however these do not effect this half year financial report.

The adoption of the above standards have not had a material impact on this half year financial report.

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 profit after tax for the half year of $1,674,942 and net cash outflows of $1,078,609.

As at 31 December 2013, the Company had a working capital deficit of $801,736.

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 $1.85m. East Energy therefore has access to the remaining amount of $5.65m over the next 4 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.

NOTE 2. SEGMENT INFORMATION

Management has determined that the company has one reportable segment, being coal exploration in Queensland. As the company is focused on coal exploration, the Board monitors the company based on actual versus budgeted exploration expenditure incurred. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities while also taking into consideration the results of exploration work that has been performed to date.

	Consolidated	
	Half Year 2013	**Half Year 2012**
Revenue from external sources	-	-
Reportable segment (loss)	(1,022,271)	(120,635)
	31 December 2013	**30 June 2013**
Reportable segment assets	71,853,514	72,614,809

	Half Year 2013	**Half Year 2012**
Reconciliation of reporting segment profit or loss		
Reportable segment (loss)	(1,022,271)	(120,635)
Other profit/(loss)	4,531	16,573
Unallocated:		
- Corporate Expenses	(167,351)	(212,817)
(Loss) before Tax	(1,185,091)	(316,879)

NOTE 3. EVENTS SUBSEQUENT TO REPORTING DATE

On 5th March 2014, Mr Damien Gray resigned as an Alternate Non-Executive Director for Mr Rex Littlewood and was replaced by Mr Chris Thoroughgood.

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 4. CONTINGENT ASSETS AND LIABILITIES

There have been no changes in contingent assets and liabilities since the last annual reporting date.

NOTE 5. CHANGES TO ISSUED CAPITAL

There were no changes to issued capital.

NOTE 6. 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 to repay the Idalia and East Energy Debts as well as an additional $7.5m for a period of up to 5 years (10/05/2018), with a staggered drawdown. After the payout of the Idalia and East Energy debts, the first drawing of $350,000 occurred in May 2013. Three subsequent drawings were made in the current half year for an aggregate amount of $1,500,000. 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. East Energy has provided security for this loan (as approved by Shareholders on 3 May 2013), by way of a personal property security interest over the Company's assets and a mortgage over the Company's tenements.

	31.12.2013	**30.06.2013**
	$	**$**
Loan Drawings – payout Idalia and East Energy Debt	12,200,773	12,200,773
Loan Drawing – working capital and exploration	1,850,000	350,000
Capitalised Interest	841,191	173,966
Total Outstanding	14,891,964	12,724,739

NOTE 7. INCOME TAX

At 30 June 2013, a deferred tax liability and corresponding income tax expense was recognised due to the tax effect on exploration assets exceeding the available tax losses of the Group. As at balance date, due to Idalia Coal Pty Ltd now forming part of the consolidated tax group, the tax effect of the available tax losses now exceed that of exploration assets and hence the deferred tax liability has been reversed.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 15, 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 2013 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 14th day of March 2014

REGENCY AUDIT

Regency Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122
www.regencypartners.com.au

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 2013, 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.

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 2013 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 2013 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 14th day of March 2014