

## QUARTERLY ACTIVITIES REPORT THREE MONTHS TO 30 JUNE 2013

### Highlights

- East Energy Resources Ltd completes the acquisition of Idalia Coal Pty Ltd.
- East Energy makes its first drawing under the new Facility provided by Noble.
- Exploration Drilling commences in EPC 1399

### Completion of Idalia Coal Acquisition

On 10<sup>th</sup> May 2013, East Energy Resources Ltd (EER) completed the acquisition of 100% of the total shares in Idalia Coal Pty Ltd from Camvill Pty Ltd (a wholly owned subsidiary of the Noble Group Limited) and Majicyl Pty Ltd (a company associated with Basso-Brusa Family).

As a result 95,205,844 East Energy Shares were issued to Noble (a 50.1% shareholder of Idalia) and 94,825,781 East Energy Shares were issued to Majicyl (49.9% shareholder of Idalia). Noble and Majicyl now hold 40.93% and 45.87% of the issued shares of EER, respectively. Other shareholders hold 13.2% of EER. The newly issued shares will remain in escrow for 12 months, until 10 May 2014.

EER therefore became the beneficial owner and ultimate holder of EPCs 1398, EPC 1399, EPC 1400, EPC 1403 and EPC 1407. Upon settlement, EER then assumed control of the Exploration Permits held by Idalia and commenced an exploration program.

### Previous Exploration of Idalia Tenements

Within EPC 1398 and 1399 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 (refer to ASX announcement on 19/03/2013). Previous drilling has intersected coal seams, which are interpreted to continue along strike (north and south) of the coal seams in EER's Blackall Project (EPC 1149).

### 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: \$0.042

Market Cap: \$14.97m

Shares on Issue: 356,480,930

### Board of Directors

Mark Basso  
Managing Director

Ranko Matic  
Non-Executive Director

Rex Littlewood  
Non-Executive Director

### Contact Us

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Dec-12				
Idalia Coal Pty Limited	Exploration Targets <150m cover	Coal Resources <150m cover		
		Inferred	Indicated	Measured
Lease / locations	(Mt)	(Mt)	(Mt)	(Mt)
<b>EPC 1399</b>	1,810	240		
<b>EPC 1398</b>	2,290	200		
<b>Idalia Total</b>	<b>4,100</b>	<b>440</b>		
<i>Reporting Range</i>	<i>4,000 to 4,500</i>			

<i>Notes: Resource estimates based on JORC guidelines</i>	
Points of Observation	<i>Geophysically logged core holes, maximum spacing of 4km, supported by geophysically logged open holes</i>
Default Coal Density	<i>1.4 t/bcm</i>
Max. Depth of Cover	<i>150m</i>
Min. Seam Thickness	<i>0.3m</i>
Validation	<i>Mass Balance (boundary polygon) vs sum of areas of influence</i>

Coal quality for the Exploration Target, based on samples from the core holes, is shown in the table below.

Idalia Coal Quality		Product		Proximate					CV Kcal/kg	
	Samples	Yield (Yld %)	TM (% ar)	IM (% adb)	Ash (% adb)	VM (% adb)	FC (% adb)	TS (% db)	(gar)	(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

## Noble Facility

As part of the Idalia transaction, a debt re-financing facility was provided to EER by the Noble Group. This facility has been used to repay the debt that EER owed to Idalia and additional funding to repay the Idalia Loan to the Noble Group. This was completed in May 2013, with the combined debt totaling \$12.2m. The facility also provided an additional \$6.2m to EER available for drawdown and working capital purposes under the debt re-financing arrangement. EER made its first drawing for working capital purposes in mid May for \$350,000.

The Idalia transaction will create one of the largest coal portfolios in Australia which EER's Board believe has the potential to support a large scale mining operation in western Queensland and provides the foundation for the development of rail and port infrastructure.

Details of the transaction were provided in ASX Announcements dated 23<sup>rd</sup> January 2013, 19<sup>th</sup> March 2013 and 10<sup>th</sup> May 2013.

## **Exploration**

### **EPC 1149**

No further exploration was undertaken in EPC 1149 during the current quarter, whilst the focus has been on the further exploration of the Idalia tenements.

### **EPC 1398 and 1399**

Prior to the acquisition of Idalia Coal, there had already been an extensive exploration program in EPCs 1398 and 1399. These two leases share common boundaries with EPC 1149. EPC 1398 (located to the south of EPC 1149) already had a total of 40 open (chip) holes and 4 core holes for a total of 8,093m of drilling. EPC 1399 (located to the north of EPC 1149) had a total of 48 open and 15 core holes, which have been completed for total of 11,500m of drilling. All these holes were geophysically logged.

The above previous drilling program on EPCs 1398 and 1399 had identified a JORC Inferred Resource of 440Mt and a JORC Exploration Target of 4.0 to 4.5 billion tonnes, as reported in ASX announcement dated 23 January 2013.

In May East Energy commenced the drilling program on the Idalia tenements with the view of undertaking sufficient drilling to enable the estimation of a JORC Inferred Resource in EPC 1399 and 1398.

The drilling commenced on EPC 1399 in May and continued until the end of June. Drilling progressed slowly due to the wet weather experienced throughout May and June. At the end of the quarter the target of 5 core holes were completed, with a total of 821m of drilling accomplished, of which 401m was core drilling. 62 core sections from this drilling were sampled and sent to HRL Laboratories for assay work.

East Energy will now focus on EPC 1398, where the intention is to drill a further 30 cored holes and 26 chip holes. This is expected to then complete the resource drilling on this tenement.

Upon completion of this exploration program, East Energy should 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.

## **EPC 1149 Lease Renewal**

EPC 1149 was granted on 22<sup>nd</sup> April 2008 for a period of five years and was due to expire on 21<sup>st</sup> April 2013. Previously an application to renew this permit for a further five years was lodged by East Energy Resources with the Queensland Department of Natural Resources and Mines. This was approved on 7<sup>th</sup> June 2013 and now provides for the further exploration and development of the resource through to 21<sup>st</sup> April 2018.

### **Peter Tighe** Exploration Manager

#### ***Competent Persons Statement***

##### **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. 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.