

JUNE 2018

QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- *Conversion of \$27m Noble Debt into 2,844m fully paid ordinary shares*
- *Approval by DNRME of the renewal of EPC 1149 for a further 5 year period.*
- *Application for renewal of EPC 1399 for a further 5 year period lodged with DNRME.*
- *All DNRM statutory reporting and rental payments are up to date and in compliance*

BLACKALL COAL PROJECT

The Blackall Project consists of three main coal resource areas within MDL464, EPC1398 and EPC1399. It is located immediately to the south of the township of Blackall in central western Queensland.

These permits host a combined **JORC Total Coal Resource Estimate of 3.44 billion tonnes** of thermal quality coal.^{Note 1}

In addition, an Exploration Target in the range of 2.0 to 2.5 billion tonnes has been identified with EPC 1398 and EPC 1399. References to Reported Exploration Targets are in accordance with the guidelines of the JORC Code (2012). The potential quantity and grade of the targets is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.^{Note 1}

With the reduced demand for new sources of thermal coal the company has minimised its expenditure and has carried out no field work during the quarter. Alternative strategies for development of the resource continue to be considered.

Note 1. See ASX announcement dated 10 July 2014 - EER REPORTS 3.44 BILLION TONNE JORC RESOURCE

Disclaimer: The Company confirms that it is not aware of any new information or data that would materially affect the resources and all material assumptions and technical parameters underpinning the Resource estimates continue to apply and have not materially changed in the meantime.

ASX: EER

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

EER has combined Total JORC Resources of 3.44Bt of Thermal Coal (627.5Mt Indicated and 2817Mt Inferred) located south west of the major deposits of GVK Hancock Coal and Waratah Coal in the Galilee Basin.

Capital Structure

Share Price: \$0.005

Market Cap: \$16.005m

Shares on Issue: 3,200,987,035

Board of Directors

Rex Littlewood
Managing Director

Ranko Matic
Non-Executive Director

Chris Thoroughgood
Non-Executive Director

Contact Us

www.eastenergy.com.au

Level 3
216 St Georges Terrace
PERTH WA 6000
PO Box 7054
CLOISTERS SQUARE WA 6850

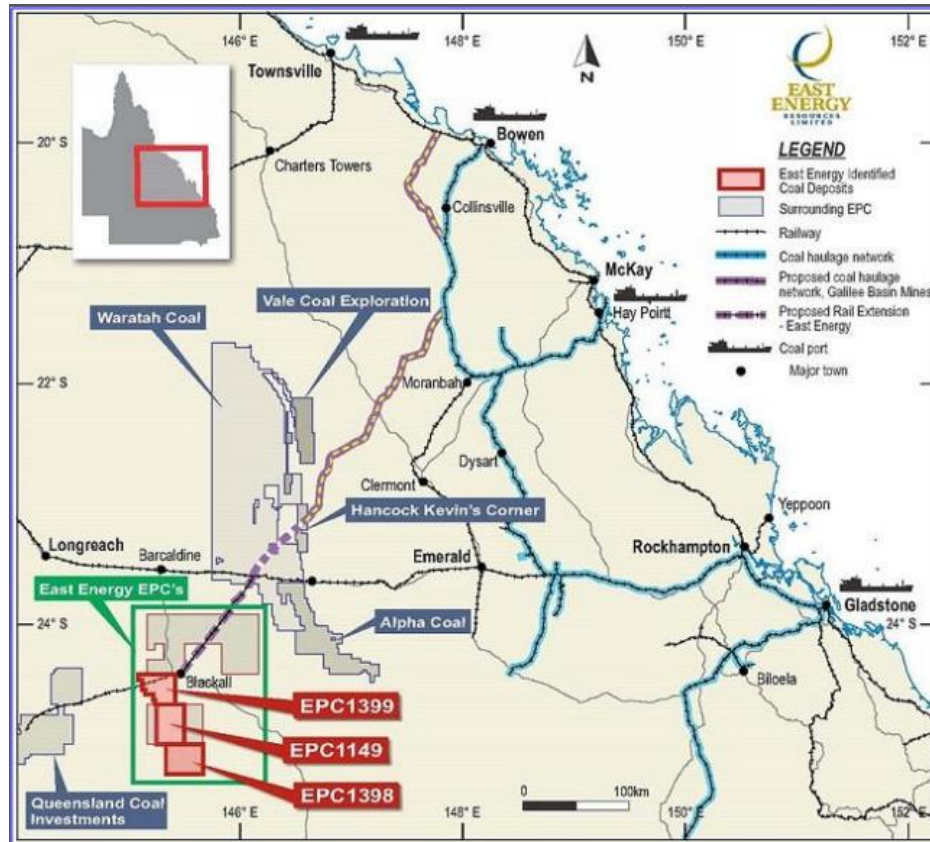
Ph: +61 8 6188 8181

Fax: +61 8 6188 8182

Email: admin@eastenergy.com.au

Web: www.eastenergy.com.au

Figure 1: Blackall Project Location Map



Mineral Development License (MDL 464)

MDL464 was granted for a period of 5 years, with a commencement date from 1 August 2014. The MDL covers some 37,000ha over the central portion of the main coal resource where initial mining is most likely to occur should the project proceed.

Statutory Compliance and Reporting

All tenements remain in good standing with rents paid, statutory obligations complied with and the necessary government reports lodged on time. During the quarter the Group received notification from the DNRME that they had approved the recent renewal application for EPC 1149, which was renewed for a further 5 years to April 2023. The Company also lodged an application to renew EPC 1399 for a further five -year period, with a decision from DNRME expected in the September quarter.

The Company During the quarter the Company continued to assess the demand for thermal coal and the potential for further development of the coal resource within MDL 464 and the three EPCs covering the main body of the Blackall Coal Project.

The Board continues to monitor the progress of coal projects in the Galilee Basin and the proposed rail line for Adani's Carmichael Coal Mine, which will provide a crucial link for the future transport of coal from the Blackall Project.

CORPORATE

Conversion of Debt

Energy Resources Limited (East Energy, the Company) and Noble Group Limited (Noble) entered into a facility agreement dated 10 May 2013 (Facility Agreement) pursuant to which Noble agreed to make a loan facility available to the Company. The parties also entered into a general security deed dated 10 May 2013 (General Security Deed). The Facility Agreement was recently amended to bring forward the date upon and from which Noble's rights of conversion are exercisable.

On 23 May 2018, East Energy conducted a General Meeting whereby shareholder approval was obtained to issue shares in the Company to Noble upon the exercise of Noble's option to convert its debt into equity in the Company under the Facility Agreement.

The Company received a Conversion Notice from Noble Group Ltd on Friday 22nd May 2018, requesting the conversion of the entire amount owed by East Energy to the Noble Group of \$27,022,808.00 with the shares to be issued to Maylion Pty Ltd, a wholly owned subsidiary of Noble Group Ltd. As per the terms of the Facility Agreement, the debt is convertible at 95% of the *90-day VWAP price rounded to the nearest whole cent*, which has been calculated at \$0.0095. As a result, 2,844,506,105 fully paid ordinary shares in the Company were issued on 22nd June 2018 to Maylion Pty Ltd.

Board Changes

On 24th May 2018, the Company announced the appointment of Mr Chris Thoroughgood as Non-Executive Director. Mr. Thoroughgood currently holds the position of Executive Director - Hard Commodities Australia and New Zealand within the Noble Group. Mr Thoroughgood joined the Noble Group in 2000 and has held several positions within the group. Prior to that Mr Thoroughgood worked in various roles at Carbon Consulting International. Mr Thoroughgood has over 25 years' of experience in the resources industry in both technical and management roles. He graduated from the University of Newcastle with a Bachelor of Science. At the same time, Mark Basso-Brusa, tendered his resignation,

Upon the resignation of Mr Basso-Brusa, Mr. Rex Littlewood, a Non-Executive Director at East Energy Resources Ltd, stepped up into the Managing Director and Chairman role. Mr. Littlewood was formerly vice president at Noble Energy, the subsidiary of Noble Group responsible for the Asian coal and coke platform. Mr Littlewood has thirty-eight years experience in international coal trade, associated with most aspects from mining, export, sales and financing. Mr Littlewood has expertise in coal technology, coal use and international coal sales negotiations across most coal consumers worldwide. During this period Mr. Littlewood facilitated the green fields start-up of five producing coal mines in Australia including Mount Owen open cut, Donaldson open cut, Tasman underground, Abel underground, in the Hunter Valley and Middlemount open cut in Queensland. He has negotiated investment in two operating coal companies and coal supply and sales agreements from Australia, New Zealand, Indonesia and South Africa.

Appointment of Company Secretary

On 27th April 2018, the Company appointed Andrea Betti as joint company secretary, with the role to be managed jointly with the current company secretary Ranko Matic.

Company Funding

Subsequent to the end of the quarter, the Company received \$400,000 from Noble Ltd (a 93.42% shareholder of the Company) by way of an intercompany loan to fund working capital with no set repayment.

KEY OBJECTIVES FOR THE SEPTEMBER 2018 QUARTER

- ✦ With the change in management, 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 and strategic opportunities to ensure it is best placed to deliver value and upside potential for all its shareholders.
- ✦ Continue to review strategic options for development of the Blackall Project;
- ✦ Continue to appraise the market outlook for thermal coal
- ✦ Monitoring and assessment of rail and port infrastructure commitments by Galilee Basin projects and their impact on the potential development of the Blackall Project

Summary of tenement holdings and movements held by East Energy Resources Ltd

Tenement Reference	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of Quarter
EPC 1149	Blackall, QLD	100%	N/A	100%
EPC 1398	Blackall, QLD	100%	N/A	100%
EPC 1399	Blackall, QLD	100%	N/A	100%
EPC 1400	Blackall, QLD	100%	N/A	100%
EPC 1403	Blackall, QLD	100%	N/A	100%
EPC 1407	Blackall, QLD	100%	N/A	100%
MDL 464	Blackall, QLD	100%	N/A	100%

Summary of Farm-in and Farm-out Arrangements held by East Energy Resources Ltd

Tenement Reference	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of Quarter
None	N/A	N/A	N/A	N/A

Further information:

Rex Littlewood

Managing Director

T | +61 8 6188 8181

E | admin@eastenergy.com.au

W | www.eastenergy.com.au

Competent Persons Statement – EPC 1399 Resources

The information in this report relating to estimates of Mineral Resources within EPC1399, is based on information compiled by Mr Peter Tighe who is a member of the Australian Institute of Mining and Metallurgy. Mr Tighe is a geological consultant to East Energy Resources Limited. Mr Tighe has had over 30 years' experience in exploration, mining and resource evaluation and 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 Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tighe consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Competent Persons Statement – EPC 1398 Resources

The information in this announcement relating to the estimates of Mineral Resources within EPC 1398 is based on the 2004 JORC code and information reviewed by Mr Bill Knox, who is a Member of The AusIMM. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. 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 Statement – EPC 1149 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. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. 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.

Competent Persons Statement – Exploration Targets

The information in this announcement relating to Exploration Targets within EPC 1398 and EPC 1399 is based on information compiled by Mr Peter Tighe who is a Member of The AusIMM and a geological consultant to East Energy Resources 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". 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.

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.

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.