

DECEMBER 2014 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- The Company continued to pursue alternative opportunities to develop the Blackall Coal Resource during the quarter
- The Company lodged a global variation with the Department of Resources and Mines to cover the work programmes and expenditure commitments for all EPCs within East Energy's Blackall Project

BLACKALL COAL PROJECT

The Blackall Project consists of three main coal resource areas in three tenements (EPC1149, EPC1398 and EPC1399). It is located immediately to the south of the township of Blackall in the eastern Eromanga Basin in central western Queensland.

The Company completed an updated JORC compliant Coal Resource Statement for EPC1399 (announced to the ASX on 10/7/2014) within the Blackall Project, comprising a **JORC (2012) compliant Inferred Resource of 1,504 million tonnes.** ^{Note 1}

The updated Statement, together with the previously announced JORC Statements for EPC1149 and EPC 1398, confirms the Company holds a combined **JORC Total Coal Resource Estimate of 3.44 billion tonnes** of thermal quality coal at its Blackall Coal Project. ^{Note 1}

The Company also announced an updated Exploration Target in the range of 2.0 to 2.5 billion tonnes within EPC1398 and EPC1399. All references to Reported Exploration Targets are in accordance with the guidelines of the JORC Code (2012). As such, the potential quantity and grade 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}

The company is not presently conducting field work while opportunities to develop the resource continue.

^{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 Hancock Coal and Waratah Coal in the Galilee Basin.

Capital Structure

Share Price: \$0.018

Market Cap: \$6.42m

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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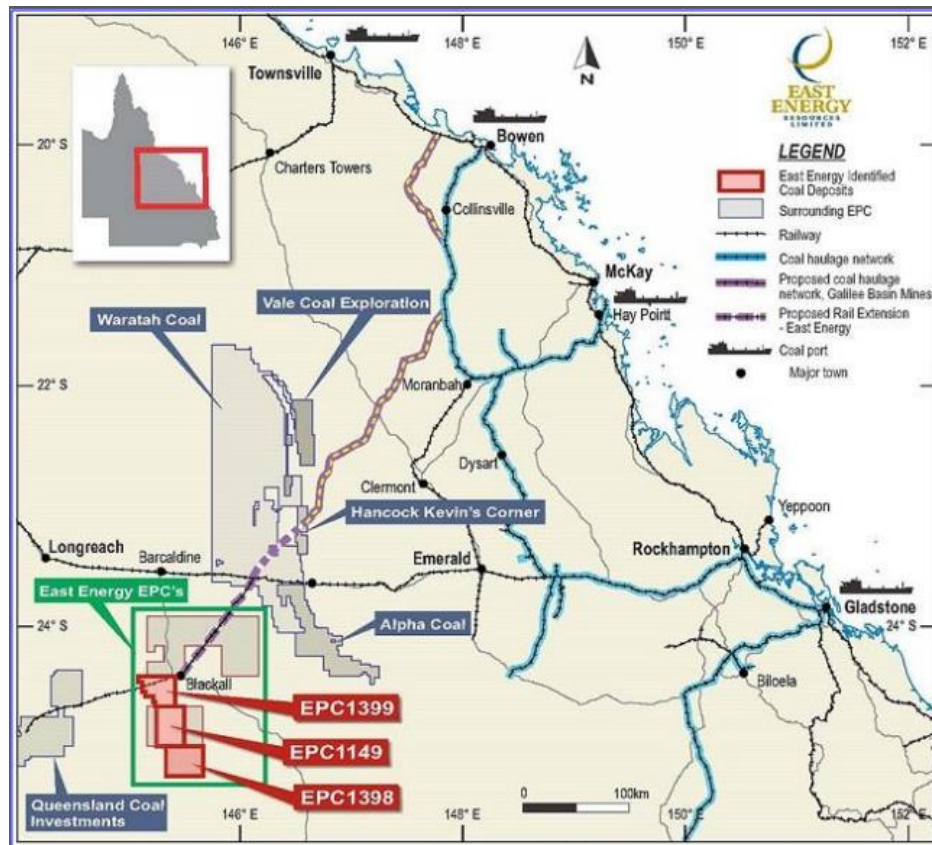
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Figure 1: Blackall Project Location Map



Mineral Development License (MDL 464)

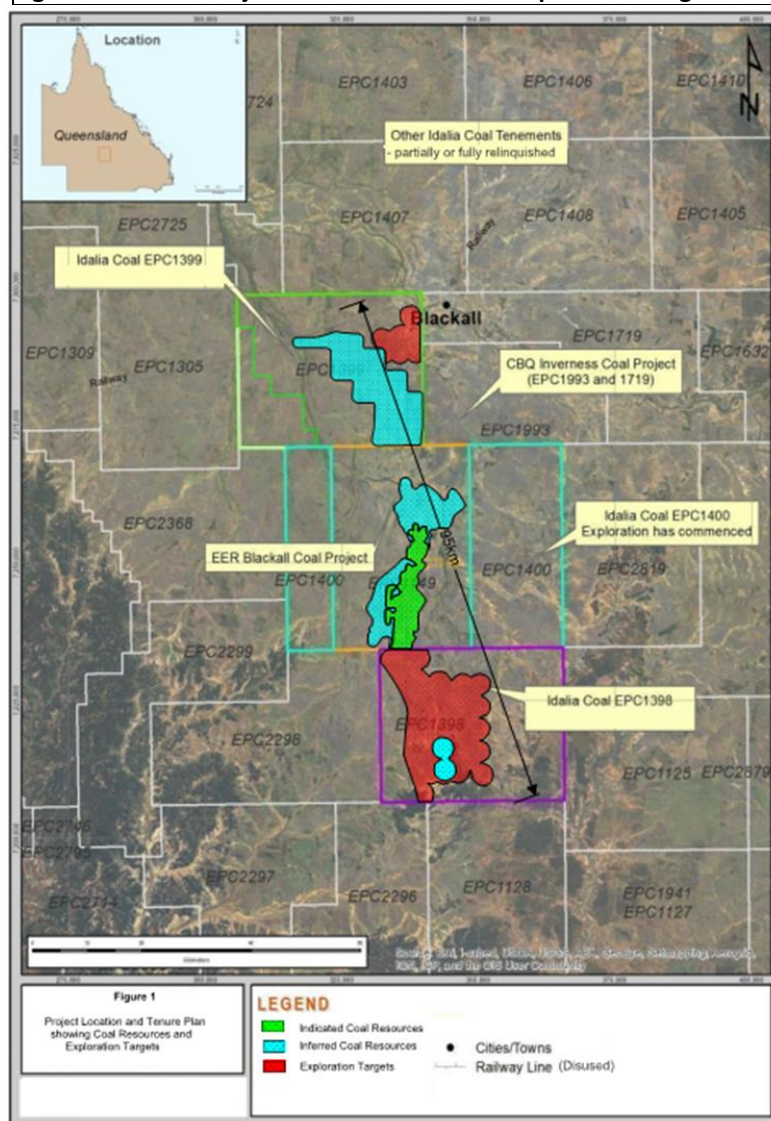
The Company was advised by DNRM on 20 July 2014 that MDL464 had been granted for a period of 5 years, with a commencement date from 1 August 2014. The MDL covers some 37,000a over the central portion of the main coal resources on EPC 1149 where mining is most likely to take place in the future.

Project Based Permit Administration

During the June 2014 quarter the DNRM advised the Company that it had granted Project Status over five tenements within the Blackall Project which will enable exploration expenditure to be focused more effectively and efficiently. Pursuant to this approval of Project Status, the Company commenced discussions with the DNRM to modify the annual work programs and expenditure on these tenements.

In November the company lodged a "Global Variation" covering all EPC's as well as MDL464 within the Blackall Coal Project, proposing modified work programs and expenditure commitments for the next three to four years. The variation proposes reduced work programs and expenditure in response to the current downturn in the thermal coal market.

Figure 2: Blackall Project - Coal Resource and Exploration Target areas



CORPORATE

The Company continues to review strategic options for exploration and development planning across the proposed MDL and the three EPCs covering the main body of the known coal resource and exploration target. EER is also continuing to appraise and review a number of other new project resource opportunities to enhance its project portfolio and increase the overall value proposition of EER. The Company devoted considerable effort during the December 2014 quarter on the appraisal of a number of new project opportunities aimed at enhancing the Company's project portfolio. The company is considering commodities other than coal to ensure it is best placed to deliver value and upside potential for all its shareholders.

KEY OBJECTIVES FOR MARCH 2015 QUARTER

- ✦ Continue to review strategic options for exploration and development planning within the Blackall Project;
- ✦ Continue to review new project opportunities to enhance EER project portfolio.

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%
EPC 1408	Blackall, QLD	100%	Fully Relinquished	0%
EPC 1409	Blackall, QLD	100%	Fully Relinquished	0%
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

ENDS

Further information:

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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 employed full time as Exploration Manager with 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 full time employee of 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.