



## Quarterly Activities Report for period ending 31 December 2009

### Highlights

- The next stage of exploration drilling at Blackall EPC 1149 commenced on 15 October 2009.
- Drilling is progressing well with 30 core holes completed in the area of the resource where depth to coal is less than 60m.
- Early results are in line with predictions from the existing geological model.
- Drill sites at Capella EPC 1066 were rehabilitated in preparation for relinquishment of this lease early in 2010.

### Blackall EPC 1149

Queensland's Department of Mines and Energy formally granted EPC 1149 on 22 April 2008 and East Energy Ltd commenced field exploration in early June 2008.

Exploration drilling completed between June and November 2008 provided a good basis for modeling of the geology and establishing the continuity of coal seams in the southern half of the tenement. SRK Consulting have reported an Inferred Raw Coal Resource of 1,222 Million tonnes (Mt) for the Blackall Coal Deposit and the Company is confident that additional tonnes will be delineated in the northern portion of this tenement, which to date has not been subject to meaningful drilling activity.

SRK Consulting recently completed a geostatistical analysis of the drilling data obtained during the 2008 exploration. They provided East Energy with advice on the optimum drill spacing for future work and this was incorporated into the planning for the current phase of drilling.

Drilling commenced on 15 October 2009 with the aim of defining an Indicated Resource over the southern half of the lease, in the shallower more economically attractive part of the resource. Thirty core holes were completed in the quarter, all of which were geologically and geophysically logged.

Coal seam depths and thicknesses in the latest drilling have been found to be generally as predicted from the existing geological model that was produced by SRK using data from the 2008 drilling campaign.

Samples from coal seam intersections have been dispatched to ACIRL in Emerald and early coal quality results are in line with those from last year's work.

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Initial exploration drilling to investigate the northern half of the tenement will commence in Quarter 1, 2010.

It is planned to extract a bulk coal sample during Quarter 1 2010 to allow more thorough metallurgical test work to be carried out. A suitable site for the bulk sample is currently being investigated.

### **Capella EPC 1066**

In the previous quarter, a total of 16 exploration holes were drilled in EPC 1066 at approximately 4km centres, to depths of between 100m and 150m. No coal seams were intersected.

Accordingly, the East Energy board has decided that no further exploration drilling will be undertaken on EPC 1066.

Restoration of the 16 drill sites was completed during the December quarter. Preparation of a Final Rehabilitation Report is now underway, with the intention of lodging this with the Department of Mines and Energy and relinquishing the lease in early 2010.

### **Peter Tighe**

Exploration Manager

Ends

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### **Competent person statement**

*The information in this report relating to resources is based on information compiled by Peter Tighe who is a member of the **Australasian Institute of Mining and Metallurgy** and who is employed by **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 2004 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 his information in the form and context in which it appears.*

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