



Quarterly Activities Report for period ending 31 December 2008

Highlights

- Extensive drilling campaign completed on EPC 1149 Blackall during the last quarter of 2008.
- Exploration continued to focus on defining the structure and extent of the deposit in the southern half of the tenement.
- A further 24 Rotary Air Blast (RAB) holes were drilled bringing the total number of RAB holes on EPC 1149 to 190.
- A total of 35 partially core holes were completed and all coal samples sent to ALS in Emerald for analysis.
- SRK Consulting appointed to produce JORC compliant Resource Statement for EPC 1149
- No exploration work was conducted on EPC 1066 Norwich Park during the quarter.

Blackall EPC 1149

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

Exploration drilling continued during October and November with the last drill hole for the quarter being completed on 10 November 2008. This brought the total number of RAB holes to 190 with a further 35 core holes drilled to obtain samples of the coal for quality testing. Exploration has now covered most of the southern half of the EPC extending known geology well beyond the historical exploration completed by Thiess in the 1970's and establishing the continuity of coal seams north to south and down-dip to the west.

All drill holes (with the exception of few that had caved and could not be cleared) have been geophysically logged using standard wire line logging techniques to accurately define the top and bottom of the coal seams and precisely target the core drilling.

Results of the final phase of drilling have continued to indicate that the coal generally occurs in two horizons of 4 to 5 meters thickness separated by 15 to 20 meters of weak siltstone and mudstone. Thickness of the individual seams ranges from 0.5m to 4.0m. To the western side of the EPC the coal horizons have been intersected at a maximum depth of 190m. The width of the deposit, from these deep occurrences through to the sub crop line (where the coal is 10m below surface), is 11km and the deposit has now been drilled out to 22km strike length north-south.



Final coal quality analysis of core samples is due for completion in January 2009.

In December, SRK Consulting was appointed to carry out resource modelling and develop a JORC compliant resource statement. This is expected to be completed in the first quarter of 2009.

Norwich Park EPC 1066

Additional desk top studies and literature searches commenced on EPC 1066 during December to further assess the prospectivity of the tenement and to prepare for a partial relinquishment of the permit area required in February 2009.

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.*

Company Background

East Energy Resources has acquired the rights to two coal tenements in the Bowen Basin and Adavale Basin in Queensland.

The Blackall tenement includes a potential quantity of coal measures of thermal coal, which has been defined by a limited number of drill holes. Large adjacent areas remain to be evaluated.

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