



## Quarterly Activities Report for period ending 30 June 2009

### Highlights

- Successful Rights Issue completed in May 2009 raising additional funds of \$3.8m to further fund drilling works program
- JORC Compliant Resource report for EPC 1149 completed 22 April 2009;
- Report confirms southern half of tenement an Inferred Resource of over 1.2 Billion tonnes of thermal coal;
- Further drilling planned to enable the Coal Resource to be upgraded to Indicated status;
- A study on the potential development options for the Blackall thermal coal deposit was commissioned.
- Further exploration drilling on the northern half of EPC1149 scheduled to commence Q4 – 2009.
- An initial program of 20 exploration drill holes on EPC 1066 Norwich Park scheduled to commence Q3 – 2009

### Rights Issue

The company successfully completed a Rights Issue in May 2009 which raised \$3,813,235 to further fund the company's drilling program. The Company Issued 38,130,347 fully paid ordinary shares at 10c and in terms of the rights issue also issued accompanying 76,204,694 options which are exercisable at 20c and expire 31/3/2011.

### Blackall EPC 1149

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

The Blackall Project is located in the Mesozoic Eromanga Basin, which is contemporaneous with the Surat Basin within the Great Artesian Basin.

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Exploration drilling was conducted between June and November 2008 with the last drill hole being completed on 10 November 2008. Exploration covered most of the southern half of the EPC providing a good basis for modeling of the geology and establishing the continuity of coal seams north to south and down-dip to the west. Strata intersected by drilling belong mainly to the Winton Formation of Lower to Upper Cretaceous age. A total of six coal seams (1 to 6) comprising up to 13 individual coal plies have been identified. Strata dips are generally to the W and NW at less than 2 degrees. Interseam sediments consist mainly of fine grained sandstones with some siltstone and mudstone. Carbonaceous traces increase in abundance in the sediments associated with coal. A dark brown to black soil from 1 to 2 m thick overlies most of the area.

SRK were commissioned to complete an independent estimate of the Coal Resources contained within EPC 1149 (Blackall) in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code), 2004, for public reporting. The benchmark for this estimation is the *Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves, 2003*.

This study involved the collation, validation, databasing and modelling of borehole data, gathered from East Energy's exploration program for EPC 1149 (Blackall). These were supplemented by a review of open-file historical exploration reports and other documentation relevant to the Resources estimation

An Inferred Raw Coal Resource of 1,222 Million tonnes (Mt) has been estimated for the Blackall Coal Deposit as shown in the table below. Of this, a total Inferred Raw Coal Resource of 776 Mt has been estimated to occur within a 10:1 cumulative vertical overburden ratio to seam group 4.

Group	Cumulative av. Ply Thickness (m)	Raw Tonnes Inferred (Mt)	F1.60 av. Yield %	Washed (F1.60) Tonnes Inferred (Mt)
1	1.69	163.8	76.39	125.1
2	1.09	259.3	84.98	220.4
3	2.47	402.5	84.95	341.9
4	1.7	396.6	81.43	322.9
<b>Total</b>	<b>6.95</b>	<b>1222.2</b>	<b>82.6</b>	<b>1010.3</b>

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. A drilling program is being planned to investigate the northern half of the tenement commencing Quarter 4, 2009.

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## Norwich Park EPC 1066

Desk top studies and literature searches, completed during January 2009, have resulted in twenty drill sites being identified for investigation in the lease area surrounding the township of Capella. Drilling for this program is scheduled to commence in Quarter 3, 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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