



Quarterly Activities Report for period ending 31 December 2010

Highlights

- A further 13 chip holes and 15 core holes were completed in the southern part of the lease as the program of resource definition drilling nears completion.
- East Energy's consultants, Xenith Consulting, commenced detailed geological modeling of the coal deposit for the next stage of assessment.
- Heavy rain and flooding throughout central western Queensland caused a suspension of all field activity during the quarter.

Blackall EPC 1149

During the quarter the company continued resource definition drilling over the Carlow field in the southern half of EPC 1149.

Xenith Consulting was commissioned in September to assess all exploration data to date and commenced work on a detailed geological model for the Blackall Coal deposit.

Xenith is a Brisbane based mining consultancy with extensive experience in Resource Evaluation, Geological Modelling and JORC Resource and Reserve Reporting. They have worked with most of the large resource companies as well as many of the smaller emerging mining companies.

The extreme weather events in Queensland meant that all field activity was curtailed towards the end of 2010. While the company was able to restart its drilling operation in mid January 2011, this delay has meant that any further reporting of resources has been delayed until the end of Q1 2011.

EXPLORATION

EPC1149 Southern Field

Drilling during the quarter saw a further 13 chip holes and 15 core holes completed in the southern Carlow deposit.

Wet weather has delayed drilling and the updated resource evaluation, incorporating all the infill drilling, is now expected to be completed towards the end of Q1 2011.



EPC1149 Northern Field

As previously reported, a drilling program was completed in the northern Allambi field during March and April 2010. The field drilled measures approximately 12km by 12km and a total of 25 chip holes were completed.

Core drilling, planned for November/December 2010 at Allambi, has been delayed by wet weather and is not likely to be undertaken until mid 2011.

The exploration plan is to close up the drilling to less than 4km centre's and complete coring of the seams for detailed coal quality analysis.

Once coal quality has been established and seam correlations completed the data should provide the basis for substantial additional JORC compliant resources.

Capella EPC 1066

East Energy is in the process of relinquishing EPC1066 and is currently completing the final rehabilitation report.

Peter Tighe

Exploration Manager

Ends

Website: www.eastenergy.com.au

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.*