

QUARTERLY ACTIVITIES REPORT THREE MONTHS TO 30 JUNE 2011

This continued to be a busy quarter for East Energy Resources (ASX:EER) with the release of the much awaited JORC report on the southern region of the tenement and the continuation of the Company's aggressive drilling program on its Blackall tenement (EPC 1149).

Corporate:

This quarter saw the finalization of the Company's Options which expired on 31 March 2011, with the final allotment of exercised options issued in April 2011. In total, the Company issued 37,846,956 shares and received \$7.569m in funds, with the majority exercised within the six months ending 31 March 2011.

East Energy was delighted in the level of uptake by the option holders. This included the Noble Group Limited, which converted all of its option holding (25,000,000 options).

Operations – Exploration and Development:

Highlights:

- Xenith Consulting, completed an updated resource report for the Carlow deposit (Southern part of EPC 1149), resulting in a JORC Indicated Resource being announced to the market.
- Continuation of drilling in the Alambi field (Northern part of EPC 1149), with 12 chip holes and 27 partially cored holes being completed as part of the program of resource definition drilling for the northern part of EPC1149.
- Application was made to the Qld Dept of Mines and Energy for a Mineral Development Licence (MDL).
- Commencement of Preliminary Rail Studies with an expression of interest registered for up to 20Mtpa capacity at Abbott Point port in Northern Queensland.
- Continuation of water level monitoring over the tenement
- Continuation of Rehabilitation works covering previously drilled areas.

EAST ENERGY RESOURCES LTD

ASX: EER

East Energy Resources is a coal exploration and development company primarily focused in the Eromanga Basin in Queensland.

It has a Maiden JORC Indicated Resource of 469Mt of Thermal Coal at its Blackall Project, located south west of the major deposits of Hancock Coal and Waratah Coal in the Galilee Basin.

Capital Structure

Share Price: \$0.35

Market Cap: \$58.26M

Shares on Issue: 166,449,305

Board of Directors

Mark Basso, Managing Director

Ranko Matic, Non-Executive Director

Malcolm Castle, Non-Executive Director

Rex Littlewood, Non-Executive Director

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EXPLORATION

BLACKALL EPC 1149

During the quarter the Company released the much awaited Xenith JORC report for the south field (Carlow Deposit). The Company's exploration efforts over the last three months have been focused on resource definition drilling over a portion of the Alambi field (northern deposit).

Southern Field - Carlow

All sampling and analysis was finalised for the next stage of resource assessment. This enabled Xenith Consulting to complete their report on the exploration results. In April, East Energy announced a JORC compliant Indicated Resource of 469Mt of coal in this part of the lease.

The resource sits within a wider total (Inferred and Indicated) Resource of 749Mt, with the resource values being based on an exploration area of approximately only 15% of the Blackall tenement area, with a cut-off depth of 150m.

The mineralization extends into the northern area of the project, where East Energy is currently drilling to continue to expand on the project's Resource.

The Xenith JORC report covered a smaller area compared to the previously reported 1.2Bt Inferred Resource report prepared by SRK Consultants in 2009. The Indicated Resource report provides higher certainty based on extensive in-fill drilling. The Xenith Report covered 9500 ha, whilst the SRK report covered almost twice that land area at 17,000ha.

Northern Field - Alambi

The core drilling program recently commenced in the Alambi Field, and is set to evaluate this coal deposit with the aim of establishing additional JORC compliant inferred resource. Drill spacing has been reduced to between 2km - 3km grid in order to increase confidence in the geological structure and provide additional coal quality data.

The previous exploration drilling program completed in April 2010 covered an area of 12km². In this previous drilling program 25 holes were completed at approximately 3 km centres. Rock Chip and geophysical logs indicate Alambi is continuous with Carlow, and appears similar in geology seam thickness and quality.

This quarter, a further 12 chip holes and 27 partially cored holes were completed in this northern part of the lease as part of the current program of resource definition drilling for the Alambi field.

This work forms part of the drilling program which aims to complete a JORC compliant Inferred Resource for the Alambi field.



Drill Rig at Blackall



Coal Samples at Blackall

Mineral Development Licence

In February Environmental Licensing Professionals were engaged by the Company to assist in the preparation and lodgment of a Mineral Development Licence (MDL) over the Blackall Coal Resource. This application was lodged in the quarter. The expected time frame for approval is six to twelve months.

Preliminary Rail Studies

The Company commenced their Preliminary Rail Studies, and have engaged Calibre Rail to undertake a Concept Rail Alignment Study. An expression of interest has also been registered for up to 20Mtpa capacity at Abbott Point port in Northern Queensland.

Peter Tighe

Exploration Manager

Competent Persons Statement

The information in this report relating to insitu coal resources calculated by Xenith Consulting is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd.

Mr Turner is a qualified geologist 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".