



ASX ANNOUNCEMENT

10th May 2013

EAST ENERGY COMPLETES ACQUISITION OF IDALIA COAL PTY LIMITED

East Energy Resources Ltd (**ASX:EER**) is pleased to announce that, following on from shareholder approval at a General Meeting held on 3rd May 2013, it has today completed the acquisition of Idalia Coal Pty Limited.

Idalia Coal Pty Ltd (ACN 148 075 441) (**Idalia**), is a private Australian company holding several coal tenements in the Eromanga Basin, located next to or near East Energy's Blackall tenement (EPC 1149).

The transaction

EER has acquired Idalia from Camvill Pty Ltd (ABN 27 148 845 578) (a wholly owned subsidiary of the Noble Group Limited) (**Noble**) and Majicyl Pty Ltd (ABN 20 118 309 265) (a company associated with the Basso-Brusa family) (**Majicyl**) in consideration for \$38,006,325 via the issue of fully paid ordinary shares in the capital of EER at 20 cents per EER share (**Transaction**). The purchase price was adjusted from the original \$40,000,000 purchase price, based on Idalia's cash balances, GST receivable, accounts payable and outstanding debt balance.

As a result 95,205,844 East Energy Shares were issued to Noble (a 50.1% shareholder of Idalia) and 94,825,781 East Energy Shares were issued to Majicyl (49.9% shareholder of Idalia). Upon completion of the Transaction, Noble and Majicyl now hold 40.93% and 45.87% of the issued shares of EER, respectively. Other shareholders hold 13.2% of EER. The newly issued shares will remain in escrow for 12 months.

EER have now become the beneficial owner and ultimate holder of EPCs 1398 (immediately adjacent to the south of EER EPC 1149), EPC 1399 (immediately adjacent to the north of EER EPC 1149), and EPC 1400 all of which sit adjacent to EER's current tenement as shown in Figure 1 below, as well as EPCs 1403 and 1407. EER have now also assumed control of the Exploration Permits held by Idalia, which are shown below in **Figure 1**. **Note that 7 of these EPCs are now in the process of being surrendered by Idalia (EPCs 1402, 1404, 1405, 1406, 1408, 1409 and 1410).**

ASX: EER

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

It has a JORC Resource of 1.74Bt of Thermal Coal (627.5Mt Indicated and 1,113Mt Inferred) located south west of the major deposits of Hancock Coal and Waratah Coal in the Galilee Basin.

Capital Structure

Share Price: \$0.07

Market Cap: \$24.95m

Shares on Issue: 356,480,930

Board of Directors

Mark Basso
Managing Director

Ranko Matic
Non-Executive Director

Rex Littlewood
Non-Executive Director

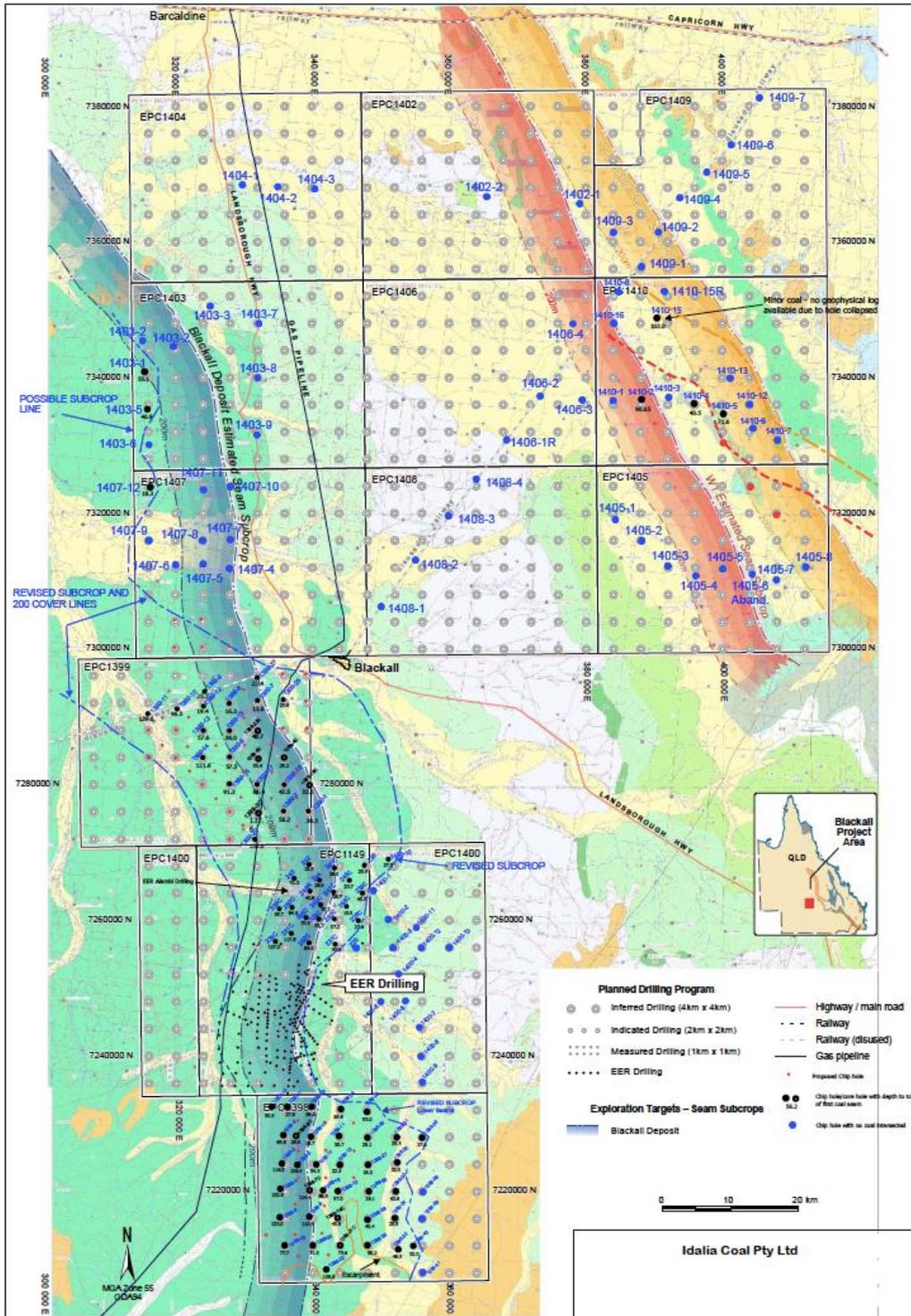
Contact Us

Level 1
12 Kings Park Road
WEST PERTH WA 6005

PO Box 44
WEST PERTH WA 6872

Ph: +61 8 9225 5833
Fx: +61 8 9225 7311
Email: info@eastenergy.com.au
Web: www.eastenergy.com.au

Figure 1.



As part of the agreement, the Noble Group have also provided EER with a debt re-financing arrangement which is being used by EER to repay the debt that EER owes to Idalia under the facility agreement between EER and Idalia dated 24 September 2012 (**EER Facility**) in full, and for EER to provide additional funds to Idalia to fully repay the Idalia Loan (**Idalia Loan**) to the Noble Group (together the **Debt Re-Financing**). The final amount refinanced was determined at \$13.48m, with relevant transaction stamp duties still to be assessed. After the assessment of stamp duties EER will have approximately \$5m available to draw down for working capital purposes under the Debt Refinancing arrangement.

The Term of the Debt Re-Financing arrangement will be for 5 years (subject to early repayment provisions relating to the commercialisation of the Tenements or a change of control) with an interest rate of Bank Bill Swap Rate plus a 7% margin and will be secured with security to be granted over the assets of both EER and Idalia. EER will also provide a guarantee for Idalia's performance and obligations under the Debt Re-Financing arrangement.

Capital structure post acquisition

The capital structure of EER post acquisition is as follows:

Ordinary Shares	Number of Shares
Current fully paid ordinary shares on issue	166,449,305
Shares issued upon completion of transaction	190,031,625
Total pro-forma Ordinary Shares on issue	356,480,930

The Board are extremely pleased to announce the completion of this transaction, as a result of our continued focus on generating shareholder value through both organic growth and strategic acquisition. The combination of these assets potentially creates one of the largest coal resources in Australia, which provides EER with scale for the development of its resources. We are confident that the acquisitions of these assets will generate value as we consider the Idalia areas highly prospective as they are located along strike of our current deposits on which we have recently announced our 1.74 billion tonne Thermal Coal JORC Resource.*

For more information:

Mr Ranko Matic
Non-Executive Director
Company Secretary
Tel: +61 8 9226 4500

E: info@eastenergy.com.au

Competent Persons Statement

Competent Persons - Idalia

The information in this announcement that relates to the Exploration Results and Exploration Targets is based on information reviewed by Mr Peter Tighe, who is a Member of The AusIMM and is the exploration manager of Idalia Coal Pty 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 JORC Code. Mr Tighe consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

The information in this announcement that relates to the estimates of Exploration Targets and Mineral Resources is based on information reviewed by Mr Bill Knox, who is a Member of The AusIMM and a director of Idalia Coal Pty Ltd. Mr Knox 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 JORC Code. Mr Knox consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

***Competent Persons - EER**

The JORC Resource for EER's Blackall Project of 1.74Bt is comprised of 627.5 Mt Indicated and 1,113Mt Inferred Resources. Refer to the Competent Persons statement in the EER Announcement dated 17 September 2012.

Forward Looking Statements

This Announcement may contain forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements are subject to risk factors associated with the Company's business, many of which are beyond the control of the Company. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should not place undue reliance on forward-looking statements and neither East Energy Resources Limited nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.