



22nd January 2008

The Announcements Office
Australian Stock Exchange Limited
Level 3, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Transmission

Dear Sir

BLACKALL COAL PROJECT

Please find attached a media release and update on the company's Blackall Coal Project.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Ranko Matic", is positioned above the typed name.

Ranko Matic
Non-Executive Director
Company Secretary

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MEDIA RELEASE
22 January 2008

Independent analysis confirms prospectivity of East Energy's QLD coal project – 79 to 90 million tonne thermal coal mineralisation target

Key Points:

- **Independent due diligence confirms a potential mineralisation target of 79 to 90 million tonnes at QLD coal project,**
- **Company believes scope exists to increase the mineralisation target considerably**
- **East Energy to fast-track delineation of JORC compliant resource at project,**
- **Company to have uninterrupted access to drill rigs and technical staff**

Perth-based coal exploration company East Energy Resources (East Energy) has, as a result of independent technical due diligence, identified a potential mineralisation target of approximately 79 to 90 million tonnes of thermal coal at its Blackall Coal Project (EPC 1149), in the Adavale Basin in Queensland.

In accordance with section 18 of the JORC Code, the company wishes to state that the potential quantity and quality of this mineralisation target is conceptual in nature, with insufficient verification of previous exploration to define a mineral resource. It is uncertain if further exploration will result in the determination of a mineral resource.

The potential mineralisation targets are based on the historical estimates which, although in existence and available in the public domain, will require verification to meet JORC requirements for a resource statement.

The company has prepared a technical report that identified abundant historical data relating to coal mineralisation at the project, including pre-JORC coal mineralisation statements and well documented drilling information (1340m drilling and 97m of coring). East Energy believes that this information is of sufficient quantity and quality to allow it to expedite the preparation of JORC Compliant resource estimate.

East Energy Chairman Terry Byrt believes the independent technical due diligence is a key milestone in confirming the initial economic validity of this project.

"It has been a key priority for the company to review all available historical data to ensure we have a clear idea on the scale of the project and the economic parameters under which it could be developed," Mr Byrt said.

"This mineralisation target does provide us with an idea of what we potentially have and what we need to do to move this project forward in terms of the next phase of exploration.

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“Getting a JORC compliant resource is the key, and to this end we plan to commence drilling at the project as soon as the tenement is granted.

East Energy has secured exclusive use of drill rigs and technical staff through an agreement with QLD based company Ansett Mining Corporation Limited.

During the preparation of the technical report the company also determined that there is little overburden, which upon determining a JORC compliant resource could be mined using conventional open-cut methods.

Basis for technical report

The technical report was prepared using the historical exploration report prepared by the Mining division of THEISS Bros Pty Ltd for Brigalow Mines. This historical report was dated 9 November 1974.

Drilling was in the Cretaceous Winton formation which consists of sandstones, siltstones and claystones with coal seams. The upper coal seam contains up to 22m of coal, carbonaceous shale, mudstone, siltstone and minor sandstone. This coal bearing seam was located within 20m of the surface. The lower contains much thinner seams and is about 13m thick.

Interseam sediments consist mainly of fine grained sandstones with some siltstones and mudstone.

Two coal seam horizons are present, the upper seam being the most viable, with mineralisation of 90 million tones outlined to a maximum depth of 47m.

The economic potential in the NW and W of the tenement has yet to be tested.

Further drilling will identify a JORC compliant resource and extend the prospective area on the NW limbs of the Carlow and Hope ck.Anticlines.

The main Structures are the gentle folded Carlow and Hope ck.Anticlines. These structures all plunge gently to the SW. No faulting has been observed in the Cretaceous sediments within the EPC.

Individual coal seams range from 0.4 metres to over 4 metres in thickness.

Minor amounts of pyrite, chalcopryrite and carbonate minerals occur at irregular intervals throughout the seam intersections.

Comparison of raw and washed coal analyses (floats at S.D. 1.60) shows: no significant difference in moisture content, lower ash content in washed coal, and corresponding increase in volatile matter, fixed carbon and specific energy in washed coal.

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It is considered that washed at S.D. 1.80 will markedly improve the yield percentage without adversely affecting the content.

Depth of overburden averages about 15m and can be readily stripped as it is soft, there are no topographic extremes and the coal seam attitude is relatively flat.

Coal Mineralisation

The mineralisation has been calculated using the following parameters:

1. radius of influence of cored hole-750m
2. only coal seams of greater than 1m have been used
3. volumes for tonnages have been weighted for:
 - Distance between holes
 - Seam thickness
 - Yield percentage (S.D. 1.60)

Based on previous drilling and analyses this has excellent economic potential with only a small area of the deposit having been properly tested.

ENDS

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Competent persons statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Ian Splatt who is a member of The Australasian Institute of Geoscientists. Mr Splatt 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 Splatt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Editors Notes

Company Background

East Energy Resources has acquired the rights to two coal tenements in the Bowen Basin and Adavale Basin in Queensland. The Norwich Park tenement is an exploration phase project with identified coal material in the western portion of the block. Coal measures are being mined adjacent to the tenement area and further data review, exploration and drilling is required to assess the area. 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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