



MEDIA RELEASE
25 August 2009

East Energy welcomes private rail/ port plans for Central QLD

Diversified resources company East Energy Resources Limited (**ASX: EER**) (“East Energy” or “the company”) welcomes the recent announcement by Hancock Prospecting Limited that as part of the development of its thermal coal operation in central Queensland’s Galilee Basin it will be looking to construct a 510km railway line to a privately built port located at Abbots Point (refer attached article).

East Energy believes the construction of the proposed rail and port infrastructure in the region will assist in not only the development of a range of resources projects in central Queensland, but more importantly to the company the development of its 100% owned Blackall Coal Project.

The Blackall Coal project is located less than 200km from the Hancock owned Alpha Coal Project, and has Inferred Resource of 1.2 billion tonnes of thermal coal. The company plans to upgrade this resource with further exploration activities, which would further enhance the economics of the project.

“The proposed construction of privately owned rail and port infrastructure is excellent news for the Galilee Basin and exploration companies in the area,” said East Energy Managing Director Mr Mark Basso.

“Port and rail facilities are critical to the success of tenements located in this area, including our Blackall Project.

“We strongly believe the development of a dedicated railway line to the coast is a key link to resource development in the central Queensland area,” Mr Basso added.

The Alpha Coal Project is located approximately 200kms North East of the township of Blackall, as illustrated in the attached map.

Company Background

East Energy Resources has acquired the rights to two coal tenements in the Bowen Basin and Adavale Basin in Queensland.

The Capella tenement, EPC 1066 (previously referred to as ‘Norwich Park’), is predominantly surrounding the central Queensland township of Capella. It is an exploration phase project with identified coal material in the western portion of the block.

The Blackall tenement, EPC 1149, is located 58kms south of the Blackall township. It has a confirmed maiden JORC Inferred resource of 1.2 billion tonnes of thermal coal. Large adjacent areas remain to be evaluated.

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Appointment of Chairman

The Board of East Energy Resources is pleased to advise that Mr Mark Basso has been appointed Executive Chairman of the company, effective immediately.

ENDS

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Competent persons statement

*The information in this report relating to resources is based on information compiled by Peter Tighe who is a member of the **Australian Institute of Mining and Metallurgy** and who is employed by **East Energy Resources Limited**. 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.*

Proposed location of private port and railway line

Proposed Rail Routes for Alpha Coal Project
(Map not to scale)



MINENEWS00211AA - Coffey Report
Potential Development Options of the Blackall EPC1149 Thermal Coal Deposit 2 July 2009

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Rinehart's Hancock presses for \$7.5b coal project approval

PETER KLINGER

Australia's richest woman, Gina Rinehart, has stepped up her campaign to gain Federal Government approval for a \$7.5 billion coal project in Queensland after the launch yesterday of a two-week public consultation period.

Ms Rinehart's Hancock Pro-

specting wants to develop a 60 million tonnes-a-year thermal coal operation near the town of Alpha in central Queensland's Galilee Basin.

She is envisaging first coal production from the Kevin's Corner deposit by late 2013, though the ambitious timetable will depend on her ability to find a partner, most likely Chinese or Indian, to share development costs.

Hancock Prospecting's environmental impact statement for Kevin's Corner opened for public comment yesterday, with submissions due by August 25.

Environmental approval looms as one of the key hurdles for the project, which foresees open-pit and underground coal mines connected via a 510km railway to a privately built

port located between Gladstone and Townsville. The project will employ up to 2200 operational staff.

Hancock Prospecting's Alpha project contains four billion tonnes of in-situ resource, including 1.8 billion tonnes of coal in Kevin's Corner, named after Kevin Dalby, a long-time senior employee of Ms Rinehart's late father, Lang Hancock.

Ms Rinehart hopes to have a bankable feasibility study completed by late next year, with construction due to start from 2011.

While Ms Rinehart is pushing ahead, her rival for the mantle of Australia's richest iron ore tycoon, Clive Palmer, is working on his \$6.6 billion Waratah Coal/China First development, also in the Galilee Basin.

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