

EAST ENERGY COMPLETES DUE DILIGENCE AND SIGNS FORMAL AGREEMENTS IN RELATION TO THE ACQUISITION OF IDALIA COAL PTY LIMITED

East Energy Resources Limited (**ASX:EER**) is pleased to announce it has today entered into a Share Purchase Agreement (**SPA**) to acquire 100% of the total issued shares in Idalia Coal Pty Limited (ACN 148 075 441) (**Idalia**), a private Australian company holding several coal tenements in the Eromanga Basin. The SPA has been entered into pursuant to the Heads of Agreement to purchase Idalia, as detailed in ASX release dated 23rd January 2013. EER will hold its General Meeting of shareholders in April to consider resolutions pertaining to the proposed acquisition of Idalia.

The transaction

EER is acquiring 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 the equivalent of \$40,000,000 via the issue of fully paid ordinary shares in the capital of EER at 20 cents per EER share (**Transaction**).

The total consideration shall be adjusted (increased or decreased) based on Idalia's cash balances, GST receivable, accounts payable and outstanding debt balance on the business day immediately preceding the close of the Transaction.

Noble currently holds 50.1% of Idalia and Majicyl holds 49.9% of Idalia. Following completion of the Transaction, Noble and Majicyl will hold 41.18% and 45.98% of the issued shares of EER, respectively. Other shareholders will hold 12.84% of EER.

Under the Transaction, EER will 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. The JORC Resources and Exploration Targets are based on exploration evaluation of EPCs 1398 and 1399 only. Under the Transaction EER will assume 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: \$0.082

Market Cap: \$13.65m

Shares on Issue: 166,449,305

Board of Directors

Mark Basso
Managing Director

Ranko Matic
Non-Executive Director

Rex Littlewood
Non-Executive Director

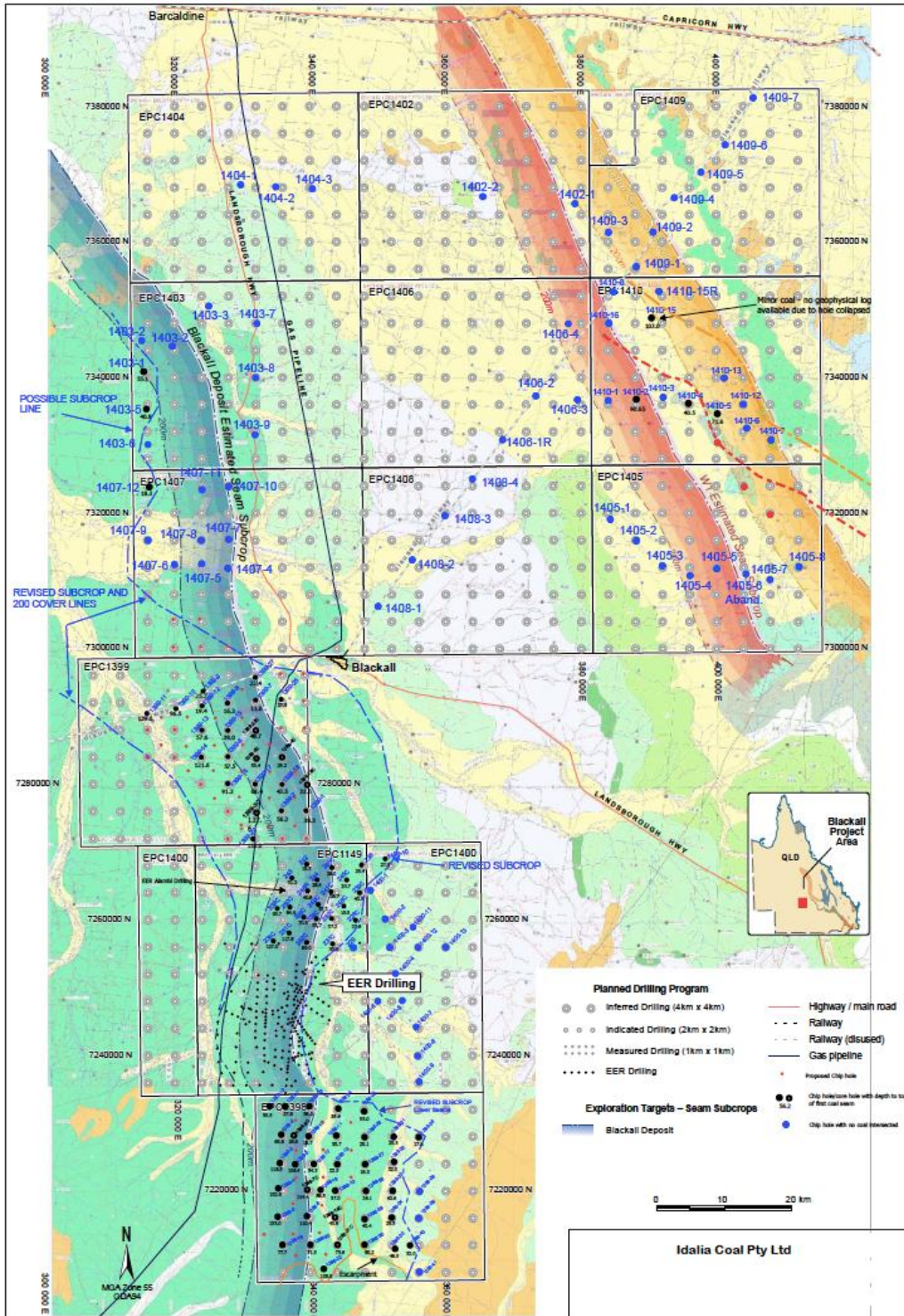
Contact Us

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.



The Noble Group will also provide EER with a debt re-financing arrangement to be 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 to be refinanced will be determined on the business day immediately preceding the close of the Transaction. Post the repayment of the EER Facility, the Idalia Loan and payment of any relevant stamp duties associated with the transaction, EER will have a further A\$5m to \$6m available for draw down and working capital purposes under the Debt Re-Financing 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.

Satisfaction of Conditions Precedent

The Transaction pursuant to the SPA is subject to the satisfaction of several conditions precedent as detailed in ASX release dated 23rd January 2013.

The parties have completed due diligence investigations on each other within 45 days from the date of the Heads of Agreement.

Conditions precedent not yet satisfied

The conditions precedent which remain outstanding, and which must be satisfied no later than 90 days after the date of the Heads of Agreement (or any other date agreed in writing by EER, Noble and Majicyl) include:

- (a) each party obtaining all regulatory approvals and third party consents required for the Transaction;
- (b) there being no material adverse effect on the financial condition, assets, liabilities, results of operations, profitability or prospects of EER, in the reasonable opinion of Noble and Majicyl;
- (c) Idalia executing formal royalty deeds in favour of Noble and Majicyl in respect of the tenements held by Idalia;
- (d) approval of EER shareholders for the Transaction for the purposes of the Corporations Act 2001 (Cth) and the ASX Listing Rules; and
- (e) termination of the incorporated joint venture agreement in respect of Idalia between Noble, Majicyl, Noble Group and Idalia, and termination not having a material adverse effect on the financial condition, assets, liabilities, results of operations, profitability or prospects of Idalia.

Pursuant to the SPA, the directors of EER (excluding Mr Mark Basso-Brusa who has a material personal interest in the transaction) must unanimously recommend the resolutions referred to in the pending Notice of Meeting having received an independent expert's report determining that the Transaction is "fair and reasonable" to non-associated shareholders of EER. The independent expert has opined that the transaction is on balance fair and reasonable and the directors of EER (excluding Mr Mark Basso-Brusa who has a material personal interest in the transaction) will unanimously recommend the resolutions referred to in the pending Notice of Meeting.

A notice of meeting has been prepared and is currently being reviewed by the Australian Securities Exchange (**ASX**) and the Australian Securities and Investment Commission (**ASIC**) and, pending approval, will be dispatched next week, with the pending General Meeting to be held on 29th April 2013.

Acquisition completion process and timetable

General Meeting of Shareholders

EER will hold its General Meeting of shareholders to consider resolutions pertaining to the proposed acquisition, issue of shares and other matters relating to the Transaction.

Provisional Timetable

	Indicative Date
Execution of SPA	19-Mar-13
Lodgement and Dispatch Notice of General Meeting	29-Mar-13
General Meeting of Shareholders	29-Apr-13
Acquisition Completion	29-Apr-13
Issue of shares	29-Apr-13

The above dates are indicative only and may vary. The Company reserves the right to change the above dates without prior notice.

Indicative capital structure post acquisition

The exact amount of shares that will be issued, will be determined upon completion of the transaction, however on the basis that 200,000,000 shares are issued, the capital structure of EER post acquisition will be as follows:

Ordinary Shares	Number of Shares
Current fully paid ordinary shares on issue	166,449,305
Shares issued upon completion of transaction	200,000,000
Total pro-forma Ordinary Shares on issue	366,449,305

The Board are extremely pleased to announce the progressing 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 2012 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 2012 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.