

EAST ENERGY COMMENCES DRILLING ON NEWLY ACQUIRED IDALIA TENEMENTS

East Energy Resources Ltd (**ASX:EER**) is pleased to announce it has commenced its drilling program on the newly acquired Idalia Coal (Idalia) tenements, EPCs 1398 and 1399.

Prior to the purchase of Idalia Coal, Idalia had already undertaken and completed extensive exploration programs in EPCs 1398 and 1399. These two leases share common boundaries to the south and north respectively with East Energy's EPC 1149. As previously reported, EPC 1149 has a large JORC Resources of 1.74Bt of Thermal Coal of which 627.5Mt is Indicated and 1.113Mt is Inferred.

EPC 1398 is located to the south of East Energy's EPC 1149, where Idalia has already completed a total of 40 open (chip) holes and 4 core holes for a total of 8,093m of drilling. EPC 1399, which is located to the north of EPC 1149, has a total of 48 open and 15 core holes, which have been completed for total of 11,500m of drilling. All these holes were geophysically logged.

The above drilling program on EPCs 1398 and 1399 has identified a JORC Inferred Resource of 440Mt and a JORC Exploration Target of 4.0 to 4.5 billion tonnes, as reported in ASX announcement dated 23 January 2013.

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: \$0.048

Market Cap: \$17.11m

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

Idalia Coal Pty Limited	Dec-12			
	Exploration Targets <150m cover	Coal Resources <150m cover		
Lease / locations	(Mt)	Inferred (Mt)	Indicated (Mt)	Measured (Mt)
EPC 1399	1,810	240		
EPC 1398	2,290	200		
Idalia Total	4,100	440		
<i>Proportions</i>	<i>87%</i>			
<i>Reporting Range</i>	<i>4,000 to 4,500</i>			

Notes:

Resource estimates based on JORC guidelines

Points of Observation	<i>Geophysically logged core holes, maximum spacing of 4km, supported by geophysically logged open holes</i>
Default Coal Density	<i>1.4 t/bcm</i>
Max. Depth of Cover	<i>150m</i>
Min. Seam Thickness	<i>0.3m</i>
Validation	<i>Mass Balance (boundary polygon) vs sum of areas of influence</i>

Coal quality for the Exploration Target, based on samples from the core holes, is shown in the table below.

Idalia Coal Quality		Samples	Proximate								
			Product Yield (Yld %)	TM (% ar)	IM (% adb)	Ash (% adb)	VM (% adb)	FC (% adb)	TS (% db)	CV Kcal/kg (gar)	CV Kcal/kg (adb)
Idalia: EPC 1399	RAW Avg	23		29.9	16.8	20.4	32.2	46.6	0.78	3,980	4,728
	F1.60	19	93%		20.5	7.6	29.1	42.9	1.12	4,647	5,274
Idalia: EPC 1398	RAW Avg	53		30.1	16.8	21.8	26.9	34.5	0.6	3,570	4,250
	F1.60	40	73%		14.1	14.1	29.5	40.4	0.6	4,167	4,773

The results from this drilling and exploration programme have indicated that:

- the coal deposit contained within East Energy's EPC 1149 is continuous to the north and south through Idalia's EPCs 1398 and 1399;
- that the structure, seam thicknesses and coal quality are similar in nature in all three EPCs.

East Energy will now build on these results and undertake a continuation of drilling on the EPCs 1398 and 1399. EER will undertake sufficient drilling to enable the estimation of a JORC Inferred Resource in EPC 1399, with the completion of a further five or six core holes remaining to be drilled. This work is expected to be completed within the next two months, weather conditions permitting.

East Energy will then focus on EPC 1398, where they intend to drill a further 30 cored holes and 26 chip holes over the next six months or so. This is then expected to complete the resource drilling on this tenement.

Upon completion of this exploration program, East Energy expects to have sufficient data to enable a JORC Inferred Resource to be estimated for the entire deposit covered by EPC's 1149, 1398 and 1399.

The deposit in the three combined tenements has a strike length of 95km and is 5km to 7km in width from the line of oxidation in the east to the 150m cover line on the western side.



“It is very pleasing to be able to get straight into drilling and exploration on these new tenements, so soon after the completion of the Idalia transaction. The preliminary work undertaken by Idalia has provided an excellent base for East Energy to build on and the scale of the combined deposit is remarkable - it is a very exciting time for East Energy” said Peter Tighe, Exploration Manager of East Energy Resources Limited.

For more information:

Mr Mark Basso
Managing Director
Tel: +61 8 9225 5833
E: info@eastenergy.com.au

The JORC Exploration Targets and Mineral Resources referred to in relation to Idalia are based on two competent persons assessment and has been prepared in accordance with the principles and guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves.

All statements as to exploration targets and statements as to potential quality and grade are conceptual in nature. There has been insufficient exploration undertaken to date to define a coal resource and identification of a resource will be totally dependent on the outcome of further exploration. Any statement contained in this document as to exploration results or exploration targets has been made consistent with the requirements of the JORC Code (2004).

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 previous 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.