



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2010

HIGHLIGHTS

- Drilling commenced in the northern half of Blackall EPC 1149 aimed at proving up further coal resources in this area.
- Early results in the north indicate a continuation of the coal seams from the south into this area
- A further seven core holes and seven chip holes were completed in the southern shallow coal resource area to adding to the 30 core holes completed in the previous quarter
- No additional work was carried out at Capella EPC 1066 during the quarter.

BLACKALL EPC 1149

Queensland's Department of Mines and Energy formally granted EPC 1149 on 22 April and East Energy Ltd commenced field exploration in early June 2008.

Exploration drilling completed between June and November 2008 provided a good basis for modeling of the geology and establishing the continuity of coal seams in the southern half of the tenement. SRK Consulting have reported an Inferred Raw Coal Resource of 1,222 Million tonnes (Mt) for the Blackall Coal Deposit.

Southern Field

In the Q4 – 2009 report it was noted that the current phase of drilling, aimed at defining an Indicated Resource over the southern half of the lease, had commenced in October 2009 and that 30 core holes had been completed.

Following a 10 day Christmas shutdown and rain delays, a further seven core holes and seven chip holes were completed in this area during Q1-2010.

A suitable site for a bulk sample has been identified and this will be extracted during Quarter 2 - 2010 to allow more thorough metallurgical test work to be carried out.



Further drilling is planned during Q2 – 2010 to finalise the exploration required to allow the estimation of an Indicated Resource in this area.

Northern Field

The northern drilling program, originally scheduled to commence early in Qtr 1 2010, was delayed due to the heavy rain and flooding that occurred during January and February. The focus of the drilling program is to explore the top half of the tenement, which has not been previously drilled by East Energy. This area measures 25km east to west and 15 km north to south.

During the quarter a total of 11 chip holes were completed in the northern half of the tenement, all of which were geophysically logged.

The rock chips and geophysical logs indicate that the coal seams are continuous to the north and retain similar character in terms of seam thickness and apparent quality as in the south.

This effectively increases the strike length of the resource to the north by approximately 14km. The structure of the deposit in the north appears to mirror that of the south with seams dipping from east to west at an angle of less than 2 degrees.

The exploration plan is now to close up the drilling in the north to less than 4km centres and complete coring of the seams for coal quality analysis.

Once coal quality has been established and seam correlations completed the data should provide the basis for substantial additional JORC compliant Inferred Resources.

CAPELLA EPC 1066

No further work was carried out on EPC1066 during the quarter.

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Ends

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Competent person statement

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