

## QUARTERLY REPORT – SEPTEMBER 2005

### INTRODUCTION

This report summarises the activities undertaken by Eastern Corporation Limited (“Eastern”) and its subsidiary companies for the quarter ended 30 September 2005.

### BUSINESS ACTIVITIES

#### (a) Broughton

In late July approval was received from the Foreign Investment Review Board for Mitsui to acquire a 10% interest in the company’s Broughton project. Approval was also forthcoming from the Queensland Department of Natural Resources and Mines and the \$4 million initial payment by Mitsui was then effected.

A drilling programme was completed to upgrade the resource at Broughton to Measured Status under the JORC code, and to provide large core samples for pilot scale carbonisation tests. Final analysis and reporting of these results was expected by the end of the quarter however a backlog in the laboratory resulted in delays in processing the samples. These have now been analysed and the final report is expected by November end.

A feasibility study of Broughton commenced in August. This is due for completion late 2006 and will address issues including coal preparation options and rail and port access. It will also include a fully costed mine plan, geological modelling and environmental and cultural heritage studies.

#### (b) Cascade Mine, New Zealand

The Cascade Mine, purchased at the end of June 2005, has operated to expectations within the quarter with production increasing to achieve the targeted 100,000 tonnes per annum. The existing workforce has been retained and additional personnel recruited locally, new equipment has been purchased and is now in operation on site and an office has been established in Westport.

#### (c) Whareatea West, New Zealand

An application for a further drilling programme at the company’s exploration permit at Whareatea West (EP 40-591) was submitted to the New Zealand Department of Conservation in June however approval was delayed due to the New Zealand elections which were held in September. Drilling is scheduled to commence in November, subject to final approval being received. The tenement, situated approximately 5 kilometres from the Cascade mine, is prospective for export quality coking coal with development scheduled for 2008.



(d) Galilee Energy Limited ("Galilee")

As a result of recent technical assessments of Galilee, Eastern committed to a further exploration programme in the vicinity of the existing Rodney Creek wells. The programme will commence in the first quarter of 2006, subject to rig availability. It will be conducted in conjunction with US CSM expert, Dr Read Holland and will include the drilling of two additional wells on the ATP. A capital raising amongst Galilee shareholders was successful in securing just under \$750,000 to fund this exploration. The company's largest shareholder, Eastern Corporation, now holds 60% of the total shares in Galilee.

## CORPORATE ACTIVITIES

### (a) Top Ten Shareholders

#### Top Ten Shareholders as at 30 September 2005

NAME	NUMBER OF SECURITIES
Propwood Pty Ltd	226,675,000
Resource Capital Fund 111 LP	25,000,000
Auriferous Mining Limited	24,290,000
ANZ Nominees Limited	17,013,000
Allied Equipment Pty Ltd	15,093,298
Jade Securities Pty Ltd	10,550,284
Mr W Brown & Mrs M Brown <Lifetex>	8,209,000
Mr W Brown & Mrs M Brown <WWB Investments>	7,425,000
Mr R L Estens	7,100,000
Becamal Pty Ltd	7,000,000
<b>TOTAL SHARES ON ISSUE</b>	<b>348,355,582</b>

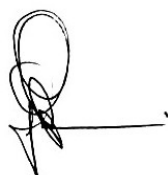
These Top Ten Shareholders represent approximately 55.8% of the total shares on issue.

Propwood Pty Ltd holds 36% of total shares on issue and is the company's largest shareholder.

**Total Ordinary Shares on Issue : 623,633,978 Total Options on Issue : 98,420,000**

## FINANCIAL INFORMATION

The attached 5B provides all of the up to date information on the financial position of Eastern Corporation Limited as at 30 September 2005.



PAUL WILLIAMS

Chief Executive Officer  
28 October 2005

## Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Eastern Corporation Limited

ABN

11 064 957 419

Quarter ended ("current quarter")

30 September 2005

## Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	365	365
1.2	Payments for (a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,058)	(1,058)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	84	84
1.5	Interest and other costs of finance paid	(41)	(41)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(650)</b>	<b>(650)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	(206)	(206)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets – equity share of joint venture	4,000	4,000
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)		
	(a) exploration expenditure (net of refunds)	177	177
	(b) Joint venture equity contribution	(900)	(900)
	(c) Other	(36)	(36)
	<b>Net investing cash flows</b>	<b>3,035</b>	<b>3,035</b>
1.13	Total operating and investing cash flows (carried forward)	2,385	2,385

1.13	Total operating and investing cash flows (brought forward)	2,385	2,385
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc. - OEI	204	204
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(8)	(8)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		196	196
<b>Net increase (decrease) in cash held</b>		2,581	2,581
1.20	Cash at beginning of quarter/year to date	2,150	2,150
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	4,731	4,731

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
Aggregate amount of payments to the parties included in item 1.2	-
Aggregate amount of loans to the parties included in item 1.10	-

Explanation necessary for an understanding of the transactions

-
---

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-
---

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-
---

Financing facilities available  
Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	900
4.2 Development	-
<b>Total</b>	<b>900</b>

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,388	2,388
5.2 Deposits at call	2,343	2,343
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>4,731</b>	<b>4,731</b>

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-			
6.2 Interests in mining tenements acquired or increased	-			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	-			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-			
7.3 <b>+Ordinary securities</b>	623,633,978			
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	94,807,500			
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-			
7.7 <b>Options</b> <i>(description and conversion factor)</i>	94,807,500		<i>Exercise price .06c</i>	<i>Expiry date 30.6.06</i>
7.8 Issued during quarter	-			
7.9 Exercised during quarter				
7.10 Expired during quarter	-			
7.11 <b>Debentures</b> <i>(totals only)</i>	-			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-			

