



**Eastern Corporation Limited**

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**Eastern Corporation Limited**

**Quarterly Report – March 2004**

**Introduction**

This report summarises the activities undertaken by Eastern Corporation Limited (Eastern) and its subsidiary companies for the quarter ended 31 March 2004.

**Business Activities**

**Galilee Energy Limited (Galilee)**

Galilee is continuing to pursue its pilot programme aimed at proving a coal seam methane resource for commercial development in the Galilee Basin of Central Queensland. A \$1 million loan will be made to Galilee by Eastern to fund its ongoing programme. Eastern can elect to have the loan funds repaid either in cash or in Galilee shares at a conversion price of 6c per share when the loan falls due for repayment at the end of this calendar year. If Eastern elects to convert the loan into shares, its overall holding in Galilee will increase to 58%.

Subsequent to period end, the Chairman of Galilee announced the appointment of John Jones to the board. Mr Jones is currently the General Manager for the Galilee Gas Project and will continue to operate in this role.

**Dorben Pty Ltd**

Eastern completed the purchase of Dorben Pty Ltd in late 2003. Eastern is now preparing a submission to the Department of Natural Resources and Mines for the application for the Authority to Prospect (ATP) to be granted.

**Events Subsequent to Period End**

**Options to acquire coal assets signed**

On 19 April 2004 Eastern announced it had signed options to acquire coal assets in Queensland's Bowen Basin and in New Zealand. Eastern has taken options to purchase The Peak and Wonbindi coal projects and technical information from the Eastern Coal Joint Venture (unrelated to Eastern Corporation Limited), and the shares in Restpine Pty Ltd which holds an exploration permit for Broughton, adjoining The Peak, and also at Whareatea West in New Zealand.

Eastern has commenced its due diligence review of these coal assets in conjunction with its technical advisors. The due diligence review is scheduled for completion in early June 2004.

### **Capital raising activities**

A placement of 55 million Eastern shares at 4 cents each with free attaching options has now been fully subscribed, raising an amount of \$2.2 million. A shareholders' meeting to approve the issue of these shares and options will be held on 27 May 2004.

The funds raised will be used to fund the due diligence and related activities on the coal acquisition projects, the loan to Galilee and for ongoing working capital requirements.

Eastern has also offered existing shareholders the opportunity to participate in a share purchase plan up to a total of 40 million shares. This will close on 14 May 2004.

### **Corporate Activities**

#### **a) Major Shareholders**

Eastern's largest shareholder Propwood Pty Ltd has announced its intention to acquire up to 12.5 million shares for a cost of \$500,000 and on the same terms as the 55 million share placement described above. Participation by Propwood Pty Ltd is also subject to shareholder approval on 27 May 2004.

#### **b) Top Ten Shareholders as at 31 March 2004**

|   |                    |
|---|--------------------|
| <b>Propwood Pty Ltd</b>                     | <b>202,500,000</b> |
| <b>Mr David Bird</b>                        | <b>10,000,000</b>  |
| <b>Jade Securities</b>                      | <b>9,100,000</b>   |
| <b>Danwild Pty Ltd</b>                      | <b>2,418,788</b>   |
| <b>Arco Four Investments Pty Ltd</b>        | <b>2,000,000</b>   |
| <b>Becamal Pty Ltd</b>                      | <b>2,000,000</b>   |
| <b>Mr F Schollbach &amp; Mrs K Stirling</b> | <b>2,000,000</b>   |
| <b>Womby Investments</b>                    | <b>2,000,000</b>   |
| <b>Eastern Employee Incentive Fund</b>      | <b>1,575,200</b>   |
| <b>Mr PM Shannon &amp; Mrs RJ Shannon</b>   | <b>1,550,000</b>   |
| <b>Total</b>                                | <b>235,143,988</b> |

These Top 10 shareholders represent approximately 64% of the total shares on issue.

### **Financial Information**

The attached 5B provides all the up to date information on the financial position of Eastern as at 31 March 2004.



**GORDON SMITH**

Chairman & Chief Executive Officer

30 April 2004

## 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")

31 March 04

### Consolidated statement of cash flows

|   |  | Current quarter<br>SA'000 | Year to date<br>(...9... months)<br>SA'000 |
|---|--|---------------------------|--|
| <b>Cash flows related to operating activities</b> |  |                           |  |
| 1.1   | Receipts from product sales and related debtors            | -                         | -  |
| 1.2   | Payments for (a) exploration and evaluation                | -                         | -  |
|   | (b) development  | (343)                     | (1,055)                                    |
|   | (c) production   | -                         | -  |
|   | (d) administration   | (328)                     | (1,020)                                    |
| 1.3   | Dividends received   | -                         | -  |
| 1.4   | Interest and other items of a similar nature received      | 11                        | 29   |
| 1.5   | Interest and other costs of finance paid                   | -                         | -  |
| 1.6   | Income taxes paid  | -                         | -  |
| 1.7   | Other (provide details if material)                        | -                         | -  |
| <b>Net Operating Cash Flows</b>                   |  | <b>(660)</b>              | <b>(2,046)</b>                             |
| <b>Cash flows related to investing activities</b> |  |                           |  |
| 1.8   | Payment for purchases of: (a)prospects                     | -                         | (20)                                       |
|   | (b)equity investments                                      | -                         | -  |
|   | (c) other fixed assets                                     | (45)                      | (133)                                      |
| 1.9   | Proceeds from sale of: (a)prospects                        | -                         | -  |
|   | (b)equity investments                                      | 162                       | 318  |
|   | (c)other fixed assets                                      | -                         | -  |
| 1.10  | Loans to other entities                                    | -                         | -  |
| 1.11  | Loans repaid by other entities                             | -                         | -  |
| 1.12  | Other (provide details if material)                        | -                         | -  |
| <b>Net investing cash flows</b>                   |  | <b>117</b>                | <b>165</b>                                 |
| 1.13  | Total operating and investing cash flows (carried forward) | <b>(543)</b>              | <b>(1,882)</b>                             |

|   |  |       |         |
|---|--|-------|---------|
| 1.13  | Total operating and investing cash flows (brought forward) | (543) | (1,882) |
| <b>Cash flows related to financing activities</b> |  |       |         |
| 1.14  | Proceeds from issues of shares, options, etc.              | -     | 1,900   |
| 1.15  | Proceeds from sale of forfeited shares                     | -     | -       |
| 1.16  | Proceeds from borrowings                                   | -     | -       |
| 1.17  | Repayment of borrowings                                    | (1)   | (4)     |
| 1.18  | Dividends paid   | -     | -       |
| 1.19  | Other (provide details if material)                        | -     | -       |
| <b>Net financing cash flows</b>                   |  | (1)   | (1,896) |
| <b>Net increase (decrease) in cash held</b>       |  | (545) | 14      |
| 1.20  | Cash at beginning of quarter/year to date                  | 1,269 | 710     |
| 1.21  | Exchange rate adjustments to item 1.20                     | -     | -       |
| 1.22  | <b>Cash at end of quarter</b>                              | 724   | 724     |

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<br>\$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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 350        |
| 4.2 Development                | 100        |
| <b>Total</b>                   | <b>450</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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 519                        | 1,064                       |
| 5.2 Deposits at call  | -                          | -                           |
| 5.3 Bank overdraft  | -                          | -                           |
| 5.4 Other (provide details)   | 205                        | 205                         |
| <b>Total: cash at end of quarter (item 1.22)</b>  | <b>724</b>                 | <b>1,269</b>                |

Changes in interests in mining tenements

|     | Tenement<br>reference | Nature of interest<br>(note (2))                              | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>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><br><i>(description)</i>   | -            |               |   |  |
| 7.2  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | -            |               |   |  |
| 7.3  | <b>*Ordinary securities</b>  | 369,365,304  |               |   |  |
| 7.4  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | -            |               |   |  |
| 7.5  | <b>*Convertible debt securities</b><br><i>(description)</i>  | -            |               |   |  |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              | -            |               |   |  |
| 7.7  | <b>Options</b><br><i>(description and conversion factor)</i>   | -            |               | <i>Exercise price</i>                         | <i>Expiry date</i>                               |
| 7.8  | Issued during quarter  | -            |               |   |  |
| 7.9  | Exercised during quarter   | -            |               |   |  |
| 7.10 | Expired during quarter   | -            |               |   |  |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>  | -            |               |   |  |
| 7.12 | <b>Unsecured notes</b><br><i>(totals only)</i>   | -            |               |   |  |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:

  
\_\_\_\_\_

(Director)

Date: 30 April 2004

Print name: GORDON SMITH

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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