

25 January 2008

**Eastern Corporation Limited
ASX Announcement**

MOU SIGNED FOR \$10 MILLION BROUGHTON SALE

Eastern Corporation Limited ("Eastern") has signed a Memorandum of Understanding with Rio Tinto Coal Australia ("Rio") for the sale of company's wholly owned subsidiary, Broughton Coal Mining Limited for a consideration of \$10 million.

Broughton Coal Mining Limited holds 90% of the Broughton Coal Joint Venture ("Broughton"). Mitsui Coal Holdings Limited ("Mitsui") holds the remaining 10%.

Eastern acquired EPC 818 Broughton, adjacent to Rio's Hail Creek mine, in late 2004. In June 2005 Eastern announced a Joint Venture with Mitsui whereby Mitsui acquired 10% of Broughton for \$4 million and secured the right to increase this interest to 30%.

It was announced in February 2007 that under current economic conditions the project could not sustain the capital cost of infrastructure required for its development on a stand alone basis.

The agreement signed with Rio is subject to a due diligence which is expected to be completed by the end of February.

For and on behalf of
The Board of Directors



Campbell Smith
Managing Director

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