

Eastern Corporation Limited

A.B.N. 11 064 957 419

Report for the Quarter Ending 31 March 2002

CORPORATE

Investment in Online Media Group Pty Ltd

As previously announced on 18 February 2002, as a result of recent positive and material developments within Online Media Group Pty Ltd (OMG), the Company has reconsidered the sale of its 30% interest in OMG to Beecher Investments Pty Ltd (Beecher) and now plans to satisfy its contractual obligations to acquire a 40% interest in OMG and to then increase its 40% interest to a 50% holding, as detailed below.

Eastern currently holds a 30% interest in OMG and under its agreement with OMG has the right to subscribe a further \$1.5 million to acquire a further 10% of OMG shares.

Stage 1

Eastern proposes to satisfy its contractual obligations by an issue of 50 million fully-paid Eastern shares to Beecher in lieu of the \$1.5 million cash requirement.

Stage 2

Eastern then proposes to acquire from Beecher a further 10% of OMG by issuing to Beecher a further 50 million fully paid Eastern shares. At that stage Eastern would hold 50% of OMG.

Beecher is a company associated with Graham McVean, a director of Eastern Corporation. Mr McVean also presently holds a 52% direct and indirect interest in OMG.

Both these transactions are subject to approval by Eastern shareholders and regulatory authorities and it is anticipated that notice of meeting materials containing full details of the transaction will be sent to shareholders in the near future.

Share Structure post Transaction

Current shares on issue	148,610,091
Issue – Stage 1	50,000,000
Issue – Stage 2	<u>50,000,000</u>
Total	<u>248,610,091</u>

There will be no change to the Option structure.

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JabCast

As announced on 13 December 2001, JabCast Inc. has launched a new and revolutionary instant messaging system called JabCast SRC (Secure RealTime Communications) into the United States market.

The SRC System was developed in conjunction with OMG to support OMG's e-commerce application as part of its interactive television platform.

JabCast Inc. is 51% owned by OMG which in turn is 30% owned by Eastern.

JabCast SRC has been evaluated by Information Transport Associates Inc. of Annapolis, Maryland in the USA, a company which is a development partner with IBM and Microsoft. ITA also works closely with US Government Agencies and private sector enterprises which require specialist skills in computer security.

ITA President and CEO Thomas R. Cornell writes: "We have monitored the development of the JabCast product line with interest since August 2001.

"We have tested and analyzed the JabCast product in our development lab and found the product scalable, robust, reliable and most importantly, secure.

"The ability to tailor the encryption level to a particular customer's requirements is a significant market advantage."

Describing JabCast SRC, JabCast Inc's CEO, Mr Craig Woolven stated: "Every day tens of millions of people round the world communicate through instant messaging systems like Yahoo Messenger, MSN Messenger Service or ICQ. But not one of those systems is secure, so until now real-time communication has been useless for business, industry or government applications.

"The JabCast SRC system has changed all that. JabCast has bank-level security from client to server, within the server and from server to client.

"JabCast has two central benefits for business, industry and government: Secure multi-way transmission of text or voice or image files; and Secure transmission of data for high level military, finance, industrial control or security applications."

JabCast Inc. (JabCast) has the marketing rights in North America and JabCast has entered into a non-exclusive marketing agreement with SyntheSys Secure Technologies Inc (SyntheSys), a global secure solutions company to market its SRC system throughout North America.

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OMG retains the marketing rights throughout the Pacific, Asia (including China) and Europe.

On 31 December 2001, SyntheSys announced that it had completed a merger with AUG Corporation (OTC/BB:AUGC) whereby SyntheSys became a wholly owned subsidiary of AUG Corp. AUG Corp. is a company listed on the New York Stock Exchange in the Over The Counter market. AUG Corp shares are presently trading at US\$5.00.

The major shareholder in AUG Corp is Lancer Offshore Inc, a member of the Lancer Management Group, an investment fund estimated to manage funds in excess of US\$1 billion.

Series B 7% Converting Notes

The last outstanding Series B Converting Notes were converted to shares and options during the quarter. \$50,000 worth of notes were converted into 3,410,429 fully paid shares and an equal number of 20 cent options expiring 30 June 2003.

The Future of Sabena Limited

The directors are buoyed by the recent increase in the world price of gold plus the surge in interest in junior exploration companies in Australia. The Company remains convinced that it is in the best interests of shareholders for the mineral exploration assets of Sabena Limited (a wholly owned subsidiary of Eastern) to be in a separate company to the media and technology interests.

The Company is presently seeking opportunities to achieve this aim and is in active discussions with parties in both Australia and Canada.

Eastern Corporation Limited**A.B.N. 11 064 957 419****Report for the Quarter Ending 31 March 2002****TWENTY LARGEST SHAREHOLDERS**

The names of the twenty largest holders of ordinary shares are listed below as of 31 March 2002

Name	No. of ordinary shares	%
1. Clavell Holdings Pty Ltd	14,710,580	9.90
2. Mr Christopher Hood	7,775,290	5.23
3. Devonport Pty Ltd	5,758,775	3.88
4. Mr Albert Lawrence Gerick	4,933,995	3.32
5. Ms Elizabeth Gerick	4,933,995	3.32
6. Phillips Exploration Pty Ltd	3,713,478	2.50
7. Jaldale Pty Ltd	3,610,429	2.43
8. Tesha Pty Ltd	3,453,865	2.32
9. Maranoa Broadcasting Pty Ltd	3,400,000	2.29
10. Piranha Nominees Pty Ltd	3,129,500	2.11
11. Mr Phillip Dickinson	2,924,286	1.97
12. Mr Istvan Sipos	2,792,948	1.88
13. Jambet Downs Pty Ltd	2,697,342	1.82
14. Clavell Holdings Pty Ltd	1,969,398	1.33
15. I E Properties Pty Ltd	1,701,495	1.14
16. Octifil Pty Ltd	1,659,802	1.12
17. Deracraft Pty Ltd	1,507,000	1.01
18. Mr Fergus Hugh Anderson	1,350,000	0.91
19. Mr Brett A Taylor	1,117,225	0.75
20. Arco Four Investments Pty Ltd	1,100,000	0.74

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")

31 MARCH 2002

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(20)	(93)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(80)	(282)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	12	14
	Net Operating Cash Flows	(88)	(361)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	(3)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	111	111
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	(12)
	Net investing cash flows	111	96
1.13	Total operating and investing cash flows (carried forward)	23	(265)

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1.13	Total operating and investing cash flows (brought forward)	23	(265)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	378
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(50)	(150)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(50)	(228)
	Net increase (decrease) in cash held	(27)	(37)
1.20	Cash at beginning of quarter/year to date	37	47
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	10	10

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
1.23	Aggregate amount of payments to the parties included in item 1.2	19
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Reimbursement of expenses and consulting fees.

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

NIL

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

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

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	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	8	8

Estimated cash outflows for next quarter		\$A'000
4.1	Exploration and evaluation	30
4.2	Development	-
Total		30

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	12
5.2 Deposits at call	8	25
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	10	37

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	EPM 10918	EPM of 4 sub-blocks relinquished	100%	Nil
6.2	Interests in mining tenements acquired or increased	NIL			

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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 Preference + securities <i>(description)</i>	NIL			
7.2 Changes during quarter				
(a) Increases through issues	NIL			
(b) Decreases through returns of capital, buy-backs, redemptions	NIL			
7.3 +Ordinary securities	148,610,091	148,610,091		
7.4 Changes during quarter				
(a) Increases through issues	3,410,429	3,410,429		
(b) Decreases through returns of capital, buy-backs	NIL			
7.5 +Convertible debt securities <i>(description)</i>	NIL			
7.6 Changes during quarter				
(a) Increases through issues	NIL			
(b) Decreases through securities matured, converted	666,666 200,000	NIL NIL	30 cents 25 cents	30 cents 25 cents
7.7 Options <i>(description and conversion factor)</i>	8,316,666	NIL	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 30/6/2002
	72,163,386	72,163,386	20 cents	30/6/2003
7.8 Issued during quarter	3,410,429	3,410,429	20 cents	30/6/2003
7.9 Exercised during quarter	NIL			
7.10 Expired during quarter	NIL			
7.11 Debentures <i>(totals only)</i>	NIL			

7.12	Unsecured notes <i>(totals only)</i>	NIL	
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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: Date:
(Director/Company secretary)

Print name:

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.