



Eastern Corporation Limited
Level 14, 145 Eagle Street
Brisbane Qld 4000

PO Box 7145
Riverside Centre
Brisbane QLD 4001

A.B.N. 11 064 957 419
Telephone: 07 3832 0855
Fax: 07 3832 5424

July 31, 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited

Dear Manager,

JUNE QUARTER REPORT AND APPENDIX 5B

An announcement for release to the market is attached on the activities and cashflow for the quarter to June 30, 2003.

Yours faithfully,

A handwritten signature in black ink, appearing to read "David", is written over a large, empty oval shape.

DAVID K BARWICK
Chairman

Enc.

QUARTERLY REPORT- JUNE 2003

INTRODUCTION:

This report details the activities undertaken by Eastern Corporation Limited (ECU) for the quarterly period ending 30th June 2003.

BUSINESS ACTIVITIES:

(a) Galilee Energy Limited (Galilee)

As indicated previously, the activities of ECU's subsidiary Galilee have centred on the company's five-well pilot program situated near Longreach in central Queensland. Galilee continued to focus on the pumping of water from all five wells with the view of being able to update the data collected from previous on-site activities as well as gain a full understanding of the gas field's characteristics and potential. At this stage encouraging and increasing gas pressures have been recorded in the wells at Rodney Creek and management is cautiously optimistic about achieving significant long term gas flows.

A program of well equipment inspection and assessment is now underway. In addition gas flow testing and analysis has commenced with the aim of gaining a full understanding of the gas field's characteristics and potential.

In view of the consistently high quality gas encountered in the wells an initial technical audit was commissioned, the outcome of which has encouraged the company to proceed with a far more detailed technical audit. The aims of the audit are to :

- Validate the main gas reservoir parameters and related geological data
- Match water production from the current 5 well pilot programme using a SIMED gas reservoir simulator
- Establish a conceptual model (gas and water production, % recovery) with sensitivities using the SIMED gas reservoir simulator and crosschecking with previous modelling results.

Discussions have commenced with potential consumers, and strategies and budgets are being developed to address the various possibilities for the most effective development of ECU's Galilee project including :

- Continuing the 5 well pilot programme with potential to meet demands of an initial end user (consequently providing cashflow)
- Drilling two oil exploration wells with an associated seismic programme, although this must be taken to be purely speculative at this stage
- Developing a further number of CBM wells
- Initiating conditional offtake agreements for product from the project.

Likely funding issues are also being addressed, to meet realistic requirements of both ECU and its Galilee programme over the next 6-12 months.

(b) Other

The 7th March 2003 agreement between ECU and Sur American Gold Corporation (Sur American) (a company listed on the Canadian TSX Venture Exchange) was concluded and on 21st May 2003 the board announced that a Variation Deed had been entered into.

As a result of completion of the Variation Deed, ECU is now the registered holder of 5 million shares in Sur American which represents approx. 11% of that company's issued capital.

ECU no longer has any direct shareholding interest in its former subsidiary Sabena Limited which holds the gold and gold/copper assets in the Philippines.

Subsequent to quarter end, on July 28 ECU announced it had signed an agreement to sell its entire SUR holding for \$500,000 through a share exchange arrangement with former ECU and Sabena directors. An Independent Experts Report has been commissioned to express an opinion as to whether or not the transaction is fair and reasonable to the non-associated ECU shareholders.

In addition it remains the intention of the ECU board to continue to pursue other potential resource based projects within Australia to complement the Galilee coal bed methane and oil project.

CORPORATE ACTIVITIES:

(a) Employee Incentive Plan

The trust which acquired a pool of 2 million tradeable shares in ECU and was established to incentivise employees has issued 250,000 shares to employees during the period.

As previously stated the pool is distributed by the Directors of ECU but no Director is able to participate in the incentive shares.

(b) Corporate Governance

During the quarter the following committees were established in accordance with board's intention to ensure full compliance with corporate governance procedures.

Audit Committee
Finance Committee
Corporate Governance Committee
Special Purpose Committee
Remuneration Committee

SHAREHOLDING DETAILS:

(a) Small Shareholder Buyout

The Small shareholder buyout was concluded during the quarter with 506 shareholders being reduced from the share register and 3,261,341 shares being disposed of. This will mean a significant saving to ECU in reporting to non active shareholders.

As the market in ECU shares was at a level higher than current prices these shareholders received a premium on the price they would have otherwise received.

(b) Major Shareholder

Propwood Pty Ltd aff. The Propwood Unit Trust exercised 12.5 million options in June 2003 and as a result increased their holding in ECU to 155,000,000. Subsequent to quarter end, the directors of this company exercised a further 25 million options on the 29th July 2003 and ECU has made the next payment to Galilee.

Top Ten Shareholders (as at 30 June 2003)

NAME	NO OF SHARES
Propwood Pty Ltd	155,000,000
Jade Securities Pty Ltd	10,000,000
David Bird	9,287,533
Phillips Exploration Pty Ltd (Phillips Family A/C)	6,262,000
Clavell Holdings Pty Ltd	5,000,000
Phillips Exploration Pty Ltd	3,713,478
Oakgrade Pty Ltd	2,528,500
Jaldale Pty Ltd	2,250,000
Garry James Clark	1,955,100
Eastern Corp. Employee Incentive Fund	1,750,000

[Note: These Top 10 shareholders represent approximately 61% of the total issue shares.]

Options

On 30 June 2003, some 72,163,386 options to subscribe for ordinary shares in ECU (exercisable at 20 cents each) lapsed, in accordance with their terms.

FINANCIAL INFORMATION:

The attached 5B provides all up to date information on the financial position of ECU as at the date of this report.



David K Barwick
Chairman

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 June 2003

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	-	-
	(b) development	(703)	(703)
	(c) production	-	-
	(d) administration	(713)	(1290)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	11
1.5	Interest and other costs of finance paid	(59)	(59)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	--	-
Net Operating Cash Flows		(1469)	(2042)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	(2,000)
	(c) other fixed assets	(328)	(328)
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	1806*	1806*
*Note : This figure is taking up the consolidation of the 51% subsidiary Galilee Energy Limited and reflects the net cash held in this entity at the beginning of the period			
Net investing cash flows		1478	(522)
1.13	Total operating and investing cash flows	9	(2564)

1.13	Total operating and investing cash flows (brought forward)	9	(2564)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	500	3,255
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(3)	(3)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	497	3252
	Net increase (decrease) in cash held	507*	690
	*Inc \$1,000 rounding		
1.20	Cash at beginning of quarter/year to date	202	20
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	710	710

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	138
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 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	147
4.2	Development	281
Total		428

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	496	193
5.2	Deposits at call	9	9
5.3	Bank overdraft	-	-
5.4	Other (provide details)	205*	-
	* Environmental Bonds		
Total: cash at end of quarter (item 1.22)		710	202

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 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	321,865,304	-	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- - -	- - -	- - -	- - -
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	12,500,000	-	.04c	-
7.10 Expired during quarter	72,163,386	-	.20c	30 June 03
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

(Director/~~Company secretary~~)

Date: 31 July 2003

Print name: David K Barwick

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.

== == == == ==