



Eastern Corporation Limited

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**Eastern Corporation Limited
Quarterly Report – December 2003**

Introduction :

This report summarises the activities undertaken by Eastern Corporation Limited (ECU) and its subsidiary companies for the quarter ended 31 December 2003.

Business Activities

(a) Galilee Energy Limited

The company's main focus to date has been the Galilee coal seam methane project in central Queensland, centred on the Rodney Creek 5 well pilot programme, which is continuing to provide information for the gas field simulation model that Galilee Energy's consultants are developing. Galilee has now commenced a review of various areas within the 14,000sq km ATP in order to identify additional prospective targets for coal bed methane development. It is planned to upgrade site infrastructure during the first part of the year including the installation of gas fired power generating systems.

Discussions are also continuing with prospective gas customers but it is not expected that any formal agreements will be finalised until sustained water pumping and gas flow monitoring has occurred for some months.

(b) Dorben Pty Ltd

ECU has completed the purchase of Dorben Pty Ltd, a company with an ATP application in place with Queensland's Department of Natural Resources and Mines. This ATP application, in the Laura Basin of Queensland, contains significant coal resources and may have a considerable prospectivity for coal bed methane. This will compliment the company's existing coal bed methane project operated through Galilee Energy Limited.

The first priority with this project is to finalise arrangements with the Department to have the ATP formally granted.

(c) Other

ECU has announced its intention to expand the overall asset base of the company across various parts of the energy sector with the intention of generating cash flow from operating activities within the next 12 – 18 months.

Preliminary discussions have commenced on the acquisition of assets that are currently cash producing. The company is also considering projects in the in the pre-development stage in the coal and coal bed methane sectors to capitalise on the upside of taking those projects into full production.

Corporate Activities

(a) Major Shareholders

Propwood Pty Ltd <atf The Propwood Unit Trust> exercised 22.5 million options on 31 December 2003 and, as a result, increased their holding in ECU to 202,500,000.

(b) Top Ten Shareholders as at 31 December 2003

NAME	NO OF SECURITIES
Propwood Pty Ltd	202,500,000
David Bird	10,000,000
Jade Securities Pty Ltd	9,100,000
Phillips Exploration Pty Ltd (Phillips Family A/C)	3,102,000
Tynco Nominees Pty Ltd	2,250,000
Becamal Pty Ltd	2,000,000
Oakgrade Pty Ltd	2,000,000
Arco Four Investments Pty Ltd (The Ocramid Holdings Fam A/C)	1,700,000
Eastern Corp Employee Incentive Fund	1,575,200
Mr Phillip McColl Shannon & Mrs Rosemary Janet Shannon	1,550,000

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 ECU as at 31 December 2003.



GORDON SMITH
CHAIRMAN & CHIEF EXECUTIVE OFFICER

30 January 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 December 2003

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	-	-
(b) development	(364)	(712)
(c) production	-	-
(d) administration	(267)	(692)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(625)	(1,386)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(20)	(20)
(b)equity investments	-	-
(c) other fixed assets	(76)	(88)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	156	156
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	61	48
1.13 Total operating and investing cash flows (carried forward)	(565)	(1,338)

1.13	Total operating and investing cash flows (brought forward)	(565)	(1,338)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	900	1,900
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1)	(2)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		899	1,898
Net increase (decrease) in cash held		334	559
1.20	Cash at beginning of quarter/year to date	935	710
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,269	1,269

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	77
Aggregate amount of loans to the parties included in item 1.10	-

Explanation necessary for an understanding of the transactions

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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

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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

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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	428
4.2 Development	260
Total	688

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	1,064	730
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	205	205
Total: cash at end of quarter (item 1.22)	1,269	935

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	-	-	-	-

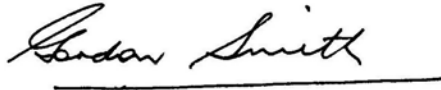
Issued and quoted securities at end of current quarter

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	369,365,304	-	-	-
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	22,500,000	-	<i>.04 cents</i>	
7.10	Expired during quarter	-	-	-	-
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: Date: 30 January 2004
(Director/Company secretary)

GORDON SMITH

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.

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