

26 February 2007

## **BROUGHTON COAL JOINT VENTURE FEASIBILITY STUDY UPDATE**

Eastern Corporation Limited (Eastern) today announced that it would not be proceeding to develop the Broughton coal resource as a stand alone project in the near term.

The Broughton coal project in Queensland's Bowen Basin is held in joint venture with Mitsui Coal Holdings Pty Ltd ("Mitsui"). As recently announced, an interim report from the feasibility study into the development of the project was presented to the joint venture partners.

The study confirmed the 30 million tonne\* resource (Measured 16.5 mt, Indicated 8.5mt and Inferred 5mt) to a cut off depth of 200m with a dual hard coking coal and PCI (Pulverised Coal Injection) product. The recommended production scenario was a stand alone operation with ROM coal treated in an on-site preparation plant.

Since the acquisition of the Broughton project however operating and capital expenditure costs have increased significantly. In the opinion of the Joint Venture the projected development and operating costs and revenues for the mining options which were considered do not justify commencing development of the resource at this time.

The joint venture will continue to review other development options for the Broughton project including development in conjunction with adjoining tenement holders to maximise economics based on an expanded operation.



Mitsui have confirmed their intention to maintain their current interest in the project. They retain the right to increase their interest by an additional 20% once the full elements of stage two of the feasibility study, including a definitive plan to mine the deposit, have been completed.



Mike O'Brien  
Chief Executive Officer

*The information in this report that relates to Broughton Coal Resources is based on information compiled by Mr Barry Saunders of Queensland Geological Services Pty Ltd, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Saunders has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Saunders consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

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