

# EASTERN CORPORATION LIMITED

COMPANY OVERVIEW: October 2009

## INTRODUCTION

Eastern Corporation Ltd (ECU) is an emerging energy company with highly prospective coal seam gas (CSG) acreage in Queensland held through subsidiary Galilee Energy Ltd (Galilee) and profitable coal mining operations in New Zealand.

ECU's strategy is to expedite the development of a significant exploration acreage position in the Galilee Basin to demonstrate its potential as an emerging gas province for CSG reserves.

ECU's current focus is the farm-in agreement with AGL Energy Ltd in ATP 529 where a production pilot is targeting initial reserves certification in 2010, and the commencement of an exploration programme in 2009 in ATP 799.

## INVESTMENT HIGHLIGHTS

### Significant Coal Seam Gas Acreage Galilee Basin

~10,000 sq kms of CSG acreage with several other CSG companies such as Origin, Comet Ridge and Blue Energy with adjacent acreage.

\$37m AGL Energy Farm-in for a two year exploration and reserves programme for 50% of ATP 529 targeting 2P reserves certification in 2010.

Exploration programme in ATP 799 in 2009/10 to delineate the potential for a significant recoverable CSG resource.

Gas in place potential across the two permits independently estimated >20 Tcf\*

\*JR Holland & Associates - Rodney Creek 8 Well Completion Report

### Expansion of Profitable Coal Operations in NZ

Profitable coal operations targeting an increase to 300ktpa providing required funding for production and resource expansion potential.

Prospective export coking and thermal coal project targeting production of up to 1Mtpa from 2013.

## KEY ASSETS

### Coal Seam Gas Queensland

**ATP 529 (50%)** Potential ~20 TCF Gas-In-Place  
5 Spot Pilot 2009/10

**ATP 799 (100%)** Seismic & Appraisal Core Holes  
2009

### Operating Coal Mines – New Zealand

**Cascade** 45,000tpa – take or pay contract

**Takitimu** 170,000 tpa – major Fonterra contract

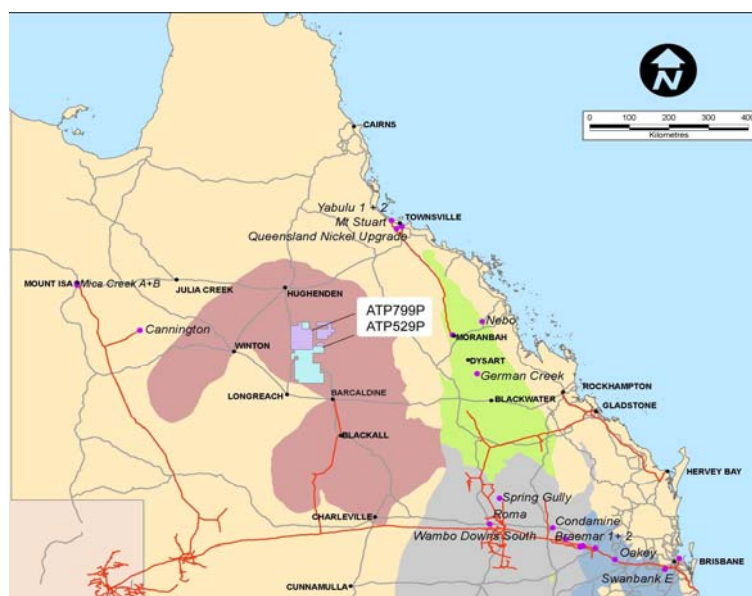
## COMPANY MILESTONES

1996	<ul style="list-style-type: none"> <li>Listed on the ASX</li> </ul>
2003	<ul style="list-style-type: none"> <li>New Board and Management team in place</li> <li>Acquires 51% of Galilee Energy Limited – assets in the Galilee Basin</li> <li>Divestment of non-core assets</li> </ul>
2003/4	<ul style="list-style-type: none"> <li>Initial Galilee CSG pilot programme (ATP 529P)</li> </ul>
2004	<ul style="list-style-type: none"> <li>Australian coal division established – purchase of Broughton (Mitsui Joint Venture)</li> </ul>
2005/6	<ul style="list-style-type: none"> <li>New Zealand Coal operations - Purchase of South Island mines</li> <li>Granting of second license in Galilee Basin (ATP 799P)</li> </ul>
July 2007	<ul style="list-style-type: none"> <li>ATP 529P - RC8 core hole programme establishes potential for significant recoverable gas resources</li> </ul>
July 2008	<ul style="list-style-type: none"> <li>AGL Farmin deal - \$37 million (ATP 529P)</li> </ul>
Nov 2008	<ul style="list-style-type: none"> <li>JV Reserves Programme gets underway with Glenaras 5 spot production pilot</li> </ul>
May 2009	<ul style="list-style-type: none"> <li>\$7.5m Institutional Placement and Underwritten Rights issue to fund the 2009/10 exploration programme</li> </ul>

## PROJECTS

### Coal Seam Gas – Galilee Basin, Queensland

~10,000 sq kms across two permits with GIIP estimates of >20 Tcf held by Galilee Energy Ltd (68% subsidiary of ECU).



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### ATP 529 –AGL Energy Farm-in (50% & Operator)

July 2008 farm-in agreement signed with AGL Energy Limited (AGL) to take up 50% of ATP 529P for an expenditure of \$37 million. Under the terms of the agreement AGL will operate a two stage programme comprising a 5 spot production pilot along with a 500km seismic and 7 hole exploration and appraisal programme. The seismic acquisition has now commenced and the first core hole, Muttaborra 2 has spudded.

Glenaras 5 spot production pilot wells are due for stimulating and completion along with the construction of a holding pond prior to commencing a production test in Q409.

Completion of both phases are scheduled to finish in 2010 to enable a more comprehensive understanding of the permit's CSG potential along with a reserves certification target of 2P reserves by Q410.

### ATP 799 (Galilee 100%)

4,452 sq kms of acreage largely unexplored. An exploration programme is currently underway to understand the permit's CSG potential and identify primary prospects to support an aggressive exploration drilling and reserves certification programme in 2010. 150 of seismic acquisition is now complete and drilling of the first of two core holes, Dunrossie-01 will commence by end October.

### Coal Operations – New Zealand

ECU operations include two mines producing ~200ktpa of sub-bituminous coal which is sold under contract to local industrial users, including Fonterra. Both operations are operating profitably with additional operating cash flow funding mine expansion and exploration plans.

Recent infrastructure upgrades and further resource drilling will enable ECU to expand operations through 2010 to increase production capability up to 300ktpa.

Feasibility underway on a new export coking and thermal coal project at Whareatea West targeting production up to 1Mtpa from 2013. Discussions are being held with JV partners on project funding and development options.

### Broughton Coal Project - Australia

An offer has been received for the purchase of the Company's 90% interest in the Broughton Coal project by way of a put and call option (at \$8.5 and \$12m respectively) over a 6 month period.

### **OLD CSG RESERVES POTENTIAL DRIVING VALUE**

2008/9 witnessed global gas companies commit to A\$16B Investment in CSG assets on the east coast, with a further commitment of A\$20B for LNG projects, providing a significant rerating to the sector.

Recent Queensland asset transactions indicate substantial value uplift is achieved with the booking of certified reserves.

Company	Deal Value	3P Reserves	3P Deal Metric
Sunshine Gas	\$811m	1,097 PJ	\$0.74
Pure Energy	\$1,026m	2,427 PJ	\$0.42
ATP 788	\$660m	1,150 PJ	\$0.57

ECU's current farm-in programme operated by AGL Energy is targeting initial 2P reserves certification in 2010.

Total CSG resource potential across both permits is independently estimated at > 20 Tcf.

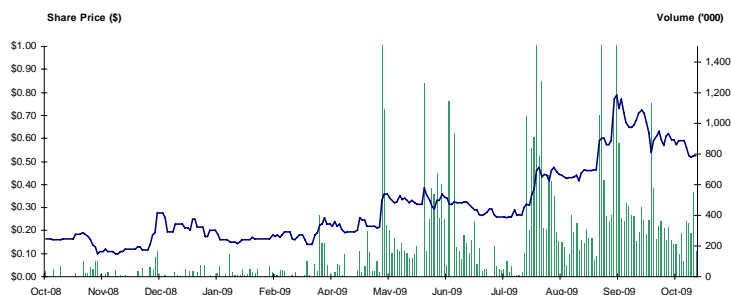
**AGL and ECU have also signed a binding 10yr gas marketing agreement for up to 240PJ.**

### **BOARD AND MANAGEMENT**

ECU boasts an experienced and highly regarded Board & Senior Management team, supplemented by an experienced management team at Galilee Energy Ltd.

Mr Richard May	Non-Executive Chairman
Mr Campbell Smith	Managing Director
Mr Steve Koroknay	Non-Executive Director
Mr John McIntyre	Non-Executive Director
Mr Cam Rathie	Non-Exec Director Galilee
Mr Glenn Haworth	Operations Mgr Galilee

### **SHARE PRICE PERFORMANCE**



<b>Shares on Issue</b>	102.8 million
<b>Market Cap.<sup>1</sup></b>	\$53.3 million
<b>Cash<sup>2</sup></b>	\$7.1 million
<b>Shareholders</b>	Becamal Pty Ltd 18% AMP Life Limited 9% Top 20 Shareholders 53.9%

Notes:

1. Share price \$0.52 as at 22 October 2009

2. As at 30 September 2009

### **CONTACT DETAILS**

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