



Eastern Corporation Limited

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QUARTERLY REPORT – MARCH 2005

INTRODUCTION :

This report summarises the activities undertaken by Eastern Corporation Limited ("Eastern") and its subsidiary companies for the quarter ended 31 March 2005.

BUSINESS ACTIVITIES

(a) Broughton/ Restpine

Early test results of samples taken from both the Elphinstone and Hynds seams indicated a high rank, low volatile bituminous coal suitable for a quality blend coking product. The indicated resource is 23.9 million tonnes.

A drilling programme has been scheduled to both identify any possible additional tonnage and to take the resource to measured status. Unfortunately this programme has been hampered, initially by weather and then by availability of drilling rigs and crews. It is hoped to recommence in May/June. Large scale samples will also be taken at this time for pilot scale carbonisation testing to further clarify coke drum strength indices and possibly upgrade the classification of the Broughton coal.

Joint venture negotiations are continuing as are discussions with surrounding tenement holders with a view to either farming into additional reserves to increase production tonnage, or to share infrastructure costs to enable development of the existing Broughton resource.

(b) Cascade Mine, New Zealand

In January Eastern announced it had signed an option to purchase the Cascade Mine, a small operating coal mine situated adjacent to the company's exploration permit at Whareatea West, on the west coast of the south island of New Zealand. This 90 day option, expiring on April 30, was subject to a full technical and financial due diligence.

(c) Whareatea West, New Zealand

The company is still awaiting access approval from the New Zealand Department of Conservation to commence a drilling programme to identify the potential extent of the coal resource to JORC standard.

(d) Galilee Energy Limited ("Galilee")

Following a full technical review of the operations of the 5 well pilot programme at Galilee, a decision was made to conduct further drilling, including at least one exploration well, to obtain additional gas content data to more accurately assess the overall prospectivity of the gas field. It is also the intention of the Galilee board to conduct slim hole drilling as part of the exploration programme to assess the potential for conventional petroleum within the ATP.

Expressions of interest are actively being sought from potential joint venture or farm in partners both from Australia and the US with a view to raising the necessary funding for these exploration programmes.

(e) Options

At the time of this report, Eastern has 97,860,000 listed options which expire on June 30, 2005. These options are exercisable at 4 cents, at which time one ordinary share and one further free attaching option (exercisable at 6 cents 30 June 2006) will be issued.

EVENTS SUBSEQUENT TO PERIOD END

(a) Cascade Mining

Eastern announced on 21 April 2005 that a conditional contract had been signed for the purchase of the Cascade Mine in New Zealand for \$NZ3.5 million.

The contract is contingent on certain statutory resource and access consents being issued, and on the sourcing of appropriate contracts for the marketing of the coal.

The coal produced from this mine is of a unique specification, suitable for particular niche export markets. Resources estimates and production outputs are still to be announced, subject to further drilling and a review of data.

CORPORATE ACTIVITIES

(a) Top Ten Shareholders

Top Ten Shareholders as at 31st March 2005

	NAME	NUMBER OF SECURITIES
1	Propwood Pty Ltd	214,445,000
2	Allied Equipment Pty Ltd	15,093,298
3	Resource Capital Fund 111 LP	12,500,000
4	Auriferous Mining Limited	11,950,000
5	Jade Securities Pty Ltd	9,575,000
6	Ujanta Pty Ltd <David Bird Family Acc>	7,641,000
7	ANZ Nominees Limited	5,110,000
8	Becamal Pty Ltd	5,000,000
9	Ecarlate Pty Ltd	3,644,287
10	JP Morgan Nominees	3,000,000
	Total Ordinary Shares	287,958,585


These Top Ten Shareholders represent approximately 59.77% of the total shares on issue.

Propwood Pty Ltd holds 41% of total shares on issue and is the company's largest shareholder

Total Ordinary Shares on Issue	521,842,550
Total Options on Issue	97,860,000

FINANCIAL INFORMATION

The attached 5B provides all up to date information on the financial position of Eastern Corporation Limited as at 31 March 2005.

A handwritten signature in black ink that reads "Gordon Smith". The signature is written in a cursive style and is positioned above a solid horizontal line that underlines the name.

GORDON SMITH

Chairman
27 April 2005

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 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9months) \$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	(269)	(895)
(b) development	-	-
(c) production	-	-
(d) administration	(362)	(2,429)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	37
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	133
Net Operating Cash Flows	(625)	(3,154)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	(47)	(47)
(b)equity investments	-	-
(c)other fixed assets	-	(5)
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)	-	-
Net investing cash flows	(47)	(52)
1.13 Total operating and investing cash flows (carried forward)	(672)	(3,206)

1.13	Total operating and investing cash flows (brought forward)	(672)	(3,206)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	12	2,524
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	75	75
1.17	Repayment of borrowings	(1)	(4)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		86	2,595
Net increase (decrease) in cash held		(586)	(611)
1.20	Cash at beginning of quarter/year to date	2,475	2,500
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,889	1,889

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

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

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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

-

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	1,000
4.2 Development	560
Total	1,560

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	249	565
5.2 Deposits at call	1,550	1,820
5.3 Bank overdraft	-	-
5.4 Other – DNRM Bond	90	90
Total: cash at end of quarter (item 1.22)	1,889	2,475

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	522,152,550			
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	310,000			
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>	97,860,000 On exercise, a further option issued on 1:1 basis exercisable @ 6c on 30.6.06		<i>Exercise price .04c</i>	<i>Expiry date 30.6.05</i>
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-			
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 ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 27 April 2005

Print name: GORDON SMITH

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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