



Eastern Corporation Limited

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EASTERN CORPORATION LIMITED

QUARTERLY REPORT- SEPTEMBER 2003

INTRODUCTION:

This report summarises the activities undertaken by Eastern Corporation Limited (ECU) and its subsidiary companies for the quarter ended 30th September 2003.

BUSINESS ACTIVITIES:

(a) Galilee Energy Limited

The major activities of ECU related to its subsidiary Galilee Energy Limited (Galilee) which has continued to focus on this company's five-well pilot program at its site near Longreach in central Queensland.

Data has been collected from each of the wells on a daily basis and has been used to better understand reservoir characteristics. In addition, Galilee, with assistance from various external industry specialists, has reviewed all past and current data. Part of that program was to inspect and assess equipment on site with a view to installing new equipment where required during the second quarter. That review is now completed and it is apparent that at this time, there is still a considerable amount of information required to be obtained about the Rodney Creek field. As part of the scheduled site workover, equipment has been ordered for installation early in November with full operations expected to resume in December 2003.

Galilee will continue to focus on the operation of the pilot program to yield further data on water and gas flows that will be used to refine a gas reservoir model of production potential. Galilee will also commence work on a desk top review of various parts of the Galilee ATP (both in and around the Rodney Creek and Crossmore areas, as well as elsewhere) in order to assist with the data collection exercise and identify additional prospective targets for coal bed methane development throughout other areas of the 14000 sq km ATP area.

Discussions continue with prospective end users and in line with those discussions early tests of gas quality have shown potential for pipeline quality gas.

During the quarter ECU announced its intention to acquire the remaining 49% of Galilee which it did not own. ECU was to pay \$3.1 million in cash and issue 122 million ECU shares to the vendors. ECU also intended acquiring the \$1.8 million related party loans in Galilee by paying the lenders a combination of cash, ECU shares and the issue of convertible notes. Subsequent to the end of the quarter ECU has announced that it does not intend proceeding with the offer to acquire either the 49% equity or the related party loans but rather will continue to financially support the project with all cash being made available to Galilee to confirm the potential viability of the project.

(b) Other

In July 2003 ECU signed an agreement to sell its 11% stake in Sur American Gold Corporation being 5 million shares in exchange for the proceeds from the sale of 10 million ECU shares held by former directors. As it was a related party transaction shareholder approval has been sought at the November AGM.

CORPORATE ACTIVITIES:

(a) Major Shareholders

Propwood Pty Ltd <atf. The Propwood Unit Trust> exercised 25 million options on 29th July 2003 and as a result increased their holding in ECU to 180,000,000.

(b) Top Ten Shareholders as at 30th September 2003

NAME	NUMBER OF SECURITIES
Propwood Pty Ltd	180,000,000
Mr David Bird	10,728,282
Jade Securities Pty Ltd	9,100,000
Phillips Exploration Pty Ltd <Phillips Family A/C>	5,475,478
Phillips Exploration Pty Ltd	2,713,478
Oakgrade Pty Ltd	2,528,500
Eastern Corp Employee Incentive Fund	1,750,000
Arco Four Investments Pty Ltd	1,700,000
Jambet Downs Pty Ltd	1,516,792
Mr John Anthony Nolan	1,500,000
Total Shareholding	217,012,530
Total Ordinary Shares on Issue	346,865,304

Note : These Top 10 Shareholders represent approximately 63% of the total shares on issue.

FINANCIAL INFORMATION:

The attached 5B provides all up to date information on the financial position of ECU as at 30th September 2003.



David K Barwick

Chairman

31 October 2003

Appendix 5B

Rule 5.3

Name of entity

Eastern Corporation Limited

ABN

11 064 957 419

Quarter ended ("current quarter")

30 September 2003

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$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	-	-
	(b) development	(460)	(460)
	(c) production	-	-
	(d) administration	(313)	(313)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	12	12
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		(761)	(761)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	(13)	(13)
	(c) other fixed assets	-	-
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			
1.13	Total operating and investing cash flows (carried forward)	(13)	(13)

1.13	Total operating and investing cash flows (brought forward)	(774)	(774)	
	Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1000	1000	
1.15	Proceeds from sale of forfeited shares	-	-	
1.16	Proceeds from borrowings	-	-	
1.17	Repayment of borrowings	(1)	(1)	
1.18	Dividends paid	-	-	
1.19	Other (provide details if material)	-	-	
	Net financing cash flows	999	999	
	Net increase (decrease) in cash held	225	225	
1.20	Cash at beginning of quarter/year to date	710	710	
1.21	Exchange rate adjustments to item 1.20	-	-	
1.22	Cash at end of quarter	935	935	

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

-

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	391
4.2 Development	450
Total	841

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	730	496
5.2 Deposits at call	-	9
5.3 Bank overdraft	-	-
5.4 Other (provide details)	205	205
Total: cash at end of quarter (item 1.22)	935	710

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 (description)	-	-	-	-
7.2	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	346,865,304			
7.4	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)			Exercise price	Expiry date
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	25,000,000	-	.04c	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

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:

Date: 31 October 2003

(Director/~~Company secretary~~)

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.
