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The Manager
Company Announcements Office
Australian Stock Exchange

EASTERN ANNOUNCES PURCHASE OF NEW ZEALAND COAL MINE

Eastern Corporation Limited is a Queensland energy company pursuing the exploration and development of coal in the Bowen Basin in Queensland, and in New Zealand, as well as coal seam methane in the Galilee Basin near Longreach.

The Board of Eastern Corporation Limited (Eastern) is pleased to advise that a sale agreement has been entered into to purchase the existing Cascade coal mining operations near Westport on the west coast of New Zealand's south island.

Eastern has carried out extensive legal, accounting and technical due diligence on the Cascade mining assets in recent weeks, culminating in the sale agreement being entered into. Key features of the agreement are:

- Eastern (through a wholly-owned subsidiary) will acquire the mining plant, equipment, permits and related assets and approvals associated with the Cascade mine for a purchase price of NZ$3.5m.

- The purchase price is to be paid by Eastern out of a combination of debt funding and existing cash reserves.

- Completion of the purchase is scheduled to occur on or before 30 June 2005, and is subject to certain conditions being satisfied in the meantime, including:

    - Finalising various statutory consents for the transfer of the mining permits and other resource/ access consents associated with the existing mining operations;

    - Establishing satisfactory arrangements for the future sale of the coal to be produced from the mine.

The open cut Cascade mine is situated only 5 kilometres from the area of Eastern's Whareatea West exploration permit on the Denniston plateau, and approximately 25km from Westport. Profitable mining activities have been conducted at Cascade for some years.

The coal that is produced from Cascade is unique, having low ash and sulphur contents as well as a high calorific value. Resource estimates have yet to be finalised but the expectation of the purchase is to supply coal for export to specialist lucrative niche markets which call for low tonnages at high prices.

The strategy driving the Cascade acquisition by Eastern is twofold. Firstly it enables the company to secure an existing operating coal mine in New Zealand's main coking coal region and to establish its credentials, albeit on a relatively small scale, as a producer. More importantly, the proximity of the Cascade operations to Eastern's existing Whareatea exploration permit means that the activities at Cascade over the next two to three years are an ideal lead-in to the future development of the significantly larger coal resource at Whareatea.

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