EASTERN
CORPORATION LIMITED
ABN 11 084 957 419

**The Eastern Corporation group of companies:**
Cascade Coal Pty Ltd
Rochfort Coal Mining Pty Ltd
Broughton Coal Mining Pty Ltd
Galilee Energy Limited
Dorben Pty Ltd

26 June 2006

ASX Announcement

# MAJOR SHAREHOLDER TO EXERCISE OPTIONS

Eastern Corporation Limited ("Eastern") has today announced that its largest shareholder Propwood Pty Ltd (32.6%) intends to exercise its full entitlement of 12.23 million options.

Eastern had a total of 98.4 million options on issue. The options, which ceased quotation on the ASX on 23 June, are exercisable at 6 cents each. Remaining holders have until the end of this week (5.00pm, June 30) to exercise their options.

Funds raised by this current exercise will further Eastern's growth strategy of development and acquisitions of coal projects in Australia and New Zealand.

In April Eastern announced its intention to purchase a second operating coal mine in New Zealand's South Island. The company has also recently completed an exploration drilling programme at its Whareatea West coking coal prospect, near the existing Cascade mine. Drilling was interrupted on several occasions due to extreme weather conditions however it is now complete and results are expected to be released in the coming months.

In Australia the company is continuing to pursue coal opportunities in conjunction with developing the Broughton coking coal project adjacent to Rio Tinto's Hail Creek mine in Queensland's Bowen Basin.

The Directors of Eastern recommend that shareholders exercise their options to support the strategy to expand Eastern into a significant energy company.

Gordon Smith

GORDON SMITH
Chairman

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