



EASTERN

CORPORATION LIMITED

ABN 11 064 957 419

20 January 2010

ASX Announcement

Profit Guidance 31 December 2009 Results

Eastern Corporation Limited (Eastern) is pleased to announce a profit increase from its New Zealand coal operations. Results for the 6 months to 31 December 2009 are expected to be in the range of A\$1.2m to A\$1.3m compared with a profit before tax for the same period the previous year of A\$0.57m.

The New Zealand mining operations have maintained a strong cash positive position. The Takitimu mine in the far south of the South Island had a successful first year of supply to major dairy company, Fonterra. The Company has also signed a variation to the Fonterra contract extending the supply agreement for a 10 year period, subject to certain conditions. Exploration of the Ohai permit surrounding the Takitimu mine has also been undertaken which will allow for an extension to the existing resource base.

The Cascade mine on the South Island's west coast continues to supply 90% of its production to local cement manufacturer, Holcim, and has achieved revenue increases under the take or pay contract. Talks are also underway to progress the development of the nearby Whareatea West coking coal prospect with a potential joint venture partner.

The cashflow generated from these operations will be directed to further debt repayments in New Zealand, and expenditure on additional plant upgrades at Takitimu. Some funds will be repatriated to the Australian parent.

While the Company's New Zealand operations are forecast to continue to return strong profits, overall the consolidated entity expects to report an after-tax loss for the half year to 31 December 2009 in the range of A\$4.2m to A\$4.5m compared to a loss of A\$1.55m for the six months to 31 December 2008. This is due to the increased activities on the Company's coal seam gas permits where two exploration and development programmes are underway in the tenements held through Eastern's 68% owned subsidiary company, Galilee Energy Limited (Galilee). These programmes advanced significantly in the final quarter of 2009 to achieve the ultimate goal of certification of reserves in the second half of 2010.





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Significant operating items moving forward include the Company forecasting continuing strong cash flow from its New Zealand operations, the sale of Broughton which is expected to complete in Q1, 2010 and, longer term, there is the possibility that Galilee will address farming out an interest in ATP 799P, based on the results of the current evaluation activity.

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