



# **EASTERN**

## **CORPORATION LIMITED**

ABN 11 064 957 419

10 February 2010

### **ASX Announcement**

## **Offer to acquire 100% of Galilee Energy**

Eastern Corporation Limited (Eastern) has today made an offer to acquire the shares of the minority shareholders in 68% owned subsidiary company, Galilee Energy Limited (Galilee).

The Offer to acquire the remaining shares of Galilee is in line with Eastern's desire to simplify the ownership structure of its coal seam gas assets in Australia. If successful, it will effectively merge Eastern and Galilee and result in a single Board and management team to efficiently realise the value of the significant coal seam gas project assets in the Galilee Basin.

Galilee currently holds 100% of ATP 799P where it is the operator, and a 50/50 joint venture with AGL Energy Limited (AGL) in the adjoining ATP 529P under which AGL is the operator. Both tenements are located in the Galilee Basin near Longreach in Central Queensland.

The Independent Directors of Eastern believe strongly that this transaction will add considerable value for all Eastern shareholders. It will increase the attractiveness of the Company to investors not only by increasing the Company's stake in the Galilee project, but also by simplifying the corporate structure. Eastern wishes to maximise the potential opportunities to engage with other companies in the development of a large coal seam gas business, and the simplified corporate structure will mean that potential joint venturers will be able to deal directly with Eastern as the single owner of the assets.

Shareholders of Galilee, an unlisted public company, who accept the Offer will be able to continue to participate in the Galilee project via the shares in Eastern issued under the Offer. In addition, they will obtain an interest in Eastern's profitable coal operations and gain liquidity provided by the ownership of shares in Eastern which is an ASX listed company.

In summary, Eastern has offered Galilee Shareholders 1 Eastern share for every 9 Galilee shares held. Based on the last closing price for Eastern shares of 27.5 cents on 9 February 2010, this Offer values each Galilee Share at 3.1 cents per share. If accepted in full, 33,002,114 Eastern shares will be issued at a deemed issue price of 27.5 cents per share, being the closing price on 9 February 2010.

The Offer is subject to a number of conditions which are set out in an Offer Document, including Eastern having received valid acceptances resulting in Eastern holding at least 90% percent of Galilee shares – although the Eastern Directors reserve the right to waive this condition – and Eastern obtaining the required shareholder approvals to proceed with the transaction and issue Eastern Shares as consideration.

The Offer is scheduled to close at 5pm Australian Eastern Standard Time on Friday, 19 March 2010.

Full details of the Offer are contained in the Offer Document being sent to Galilee shareholders today and will be lodged separately with the ASX.





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As the additional Eastern shares being issued under the Offer will require approval of Eastern shareholders, an Extraordinary General Meeting will be convened shortly and is expected to be held by the end of March 2010. Meeting Materials will be despatched to Eastern shareholders and lodged with the ASX shortly.

If the Offer is successful, it is also intended to change the name of the merged entity from Eastern Corporation Limited to Galilee Energy Limited to readily identify the Company by its highly prospective coal seam gas projects in Australia. A resolution to this effect will be included in the EGM Notice. In New Zealand, the Company will continue to operate under the name Eastern Coal Holdings (NZ) Ltd.

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