



EASTERN
CORPORATION LIMITED

Investor Presentation

May 2009

Campbell Smith

Managing Director

- Eastern Corporation Ltd (“ECU”) is a Brisbane based energy company with a significant coal seam gas (“CSG”) acreage position in Queensland and profitable coal mining and exploration operations in New Zealand
- ECU’s current focus is the farm-in agreement with AGL Energy Ltd in ATP 529 where its production pilot is targeting initial reserves certification in 2010, along with further development of its coal operations in New Zealand
- ECU is today launching Placement & Non-renounceable Rights Issue to raise up to A\$7.5 million (the “Offer”) at the issue price of \$0.24
- ECU will use the proceeds from the Offer to undertake an exploration programme for its second CSG permit ATP 799 to identify for prospective resources and determine a suitable reserves certification programme
- It is anticipated that the proceeds from the Offer will provide sufficient funding for all planned operation and exploration commitments up to mid 2010

Company Overview

Overview

- Eastern Corporation Limited (ASX: ECU) floated 1996
- Emerging energy company with coal seam gas interests in Australia and operating coal mines in New Zealand.
- Strategy in place to focus on the development and delivery of **Coal Seam Gas** reserves for the East Coast gas market.
 - Recent success with AGL farm-in for \$37 million targeting reserves certification in 2010
 - Advisors engaged on the sale of non-core coal assets

Key Assets

Coal Seam Gas Exploration - Queensland	
ATP 529 (50%)	Potential >20 TCF Gas in Place 5 Spot Pilot - 2009
ATP 799 (100%)	Seismic & Appraisal Holes - 2009
Operating Coal Mines – New Zealand	
Cascade	50,000 tpa – take or pay contract
Takitimu	140,000 tpa – Major Fonterra contracts

Financial Snapshot

Shares on Issue	71.8 million
Market Cap. ¹	\$22.9 million
Cash ²	\$1 million
Shareholders	Becamal Pty Ltd 19.3% AMP Life Limited 10% Top 20 Shareholders 53.7%

Notes:

1. Share price \$0.32 as at 19 May 2009

2. As at 30 Mar 2009

Share Price Performance



Company Milestones

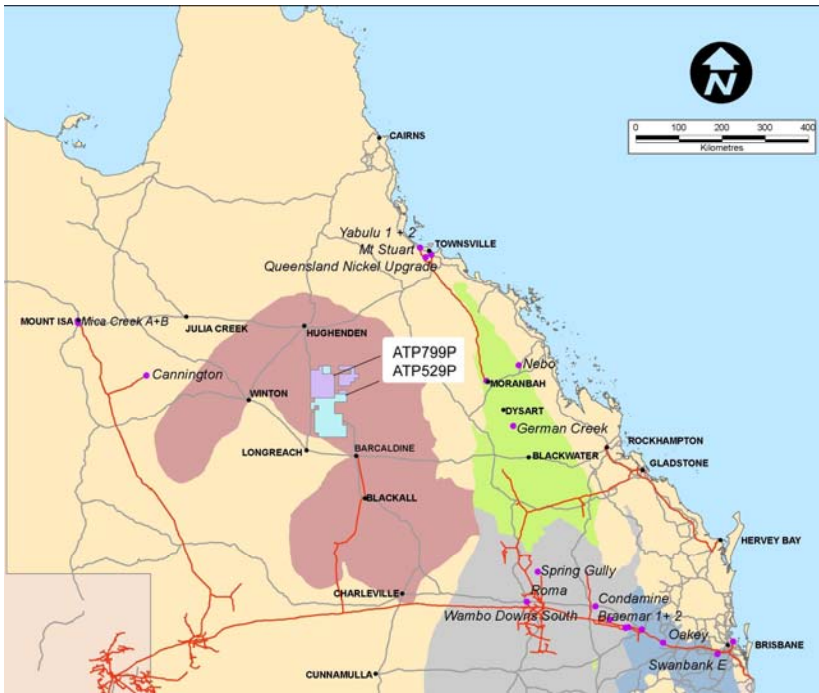
1996	Listed on the ASX
2003	<ul style="list-style-type: none">▪ New Board and Management team in place▪ Acquires 51% of Galilee Energy Limited – assets in the Galilee Basin▪ Divestment of non-core assets
2003 - 4	Initial Galilee CSG pilot programme (ATP 529P)
2004	Australian coal division established – purchase of Broughton (Mitsui Joint Venture)
2005 – 6	<ul style="list-style-type: none">▪ New Zealand Coal operations - Purchase of South Island mines▪ Granting of second license in Galilee Basin (ATP 799P)
July 2007	ATP 529P - RC8 core hole program establishes potential for significant recoverable gas resources
July 2008	AGL Farmin deal - \$37 million (ATP 529P)
Nov 2008	JV Reserves Programme gets underway with Glenaras 5 spot production pilot

Richard May Non-executive Chairman	Mr May, a former partner with accounting firm KPMG, has extensive experience in accounting, taxation, auditing and business advisory matters having provided services to a diverse client base including Australian and international corporations.
Campbell Smith Managing Director	Mr Smith has been involved in a number of major mining projects such as the Ivanhoe Copper Company's mine in Myanmar and the Ernest Henry mine in north Queensland. Most recently he headed Eastern's NZ operations during their successful establishment.
Steve Koroknay Non-executive Director	Mr Koroknay has over 30 years experience in the oil & gas industry both within Australia and internationally. He has held senior positions with Esso and Bridge Oil and more recently founded Anzon Energy and Anzon Australia.
John McIntyre Non-executive Director	Mr McIntyre is a professional mining engineer with both open pit and underground management experience. He is Managing Director of the Australian subsidiary of US mineral industry consultant, Behre Dolbear. He previously held senior positions at the Goonyella and Curragh coal mines in the Bowen Basin.

Steve Koroknay Non-executive Chairman	Mr Koroknay has over 30 years experience in the oil & gas industry both within Australia and internationally. He has held senior positions with Esso and Bridge Oil and more recently founded Anzon Energy and Anzon Australia.
Campbell Smith Executive Director	Mr Smith has been involved in a number of major mining projects such as the Ivanhoe Copper Company's mine in Myanmar and the Ernest Henry mine in north Queensland. Most recently he headed Eastern's NZ operations during their successful establishment.
Cam Rathie Non-executive Director	Mr Rathie has extensive experience in operational aspects of oil, gas and coal seam gas. He was previously with BHP Petroleum, Upstream Petroleum and AGR Asia Pacific.
Rino Camarri Non-executive Director	Mr Camarri has a background of banking, funds management and general finance. His involvement with the Galilee project began when Galilee Energy was formed in the mid 90's.
Ken McMahon Non-executive Director	Mr McMahon has served on the boards of several mining and oil companies in Australia and offshore. He is the principal of Kenneth McMahon & Partners P/L, a group that was once Australia's largest mining consultancy.

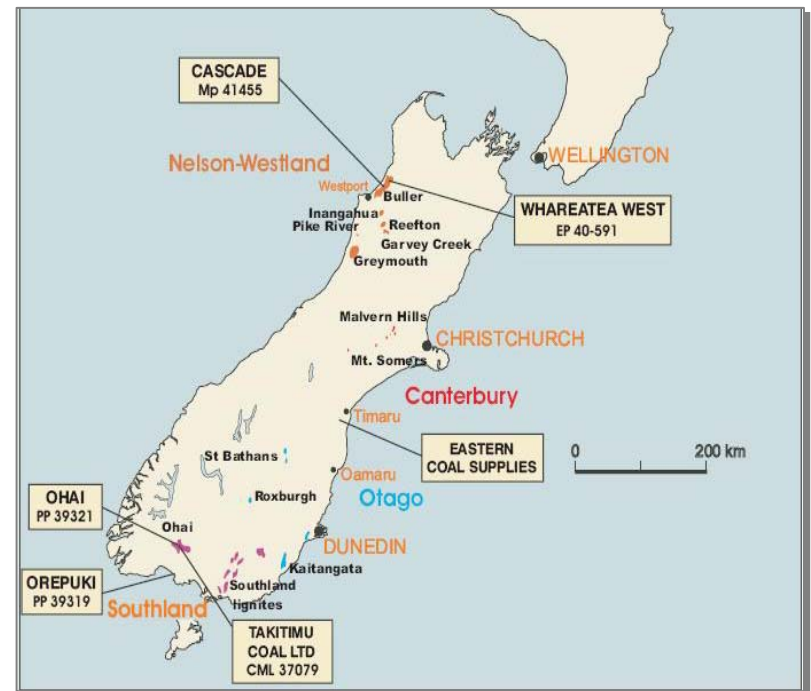
Coal Seam Gas Exploration (Queensland)

- ~10,000 sq kms across two permits in the Galilee Basin (Qld), largely unexplored
- Permits held by **Galilee Energy Ltd** – 67% subsidiary of ECU
- Jul 2008 - Farm-in by AGL in ATP 529P for \$37m to earn 50%
- Exploration programme for ATP 799P to commence late 2009



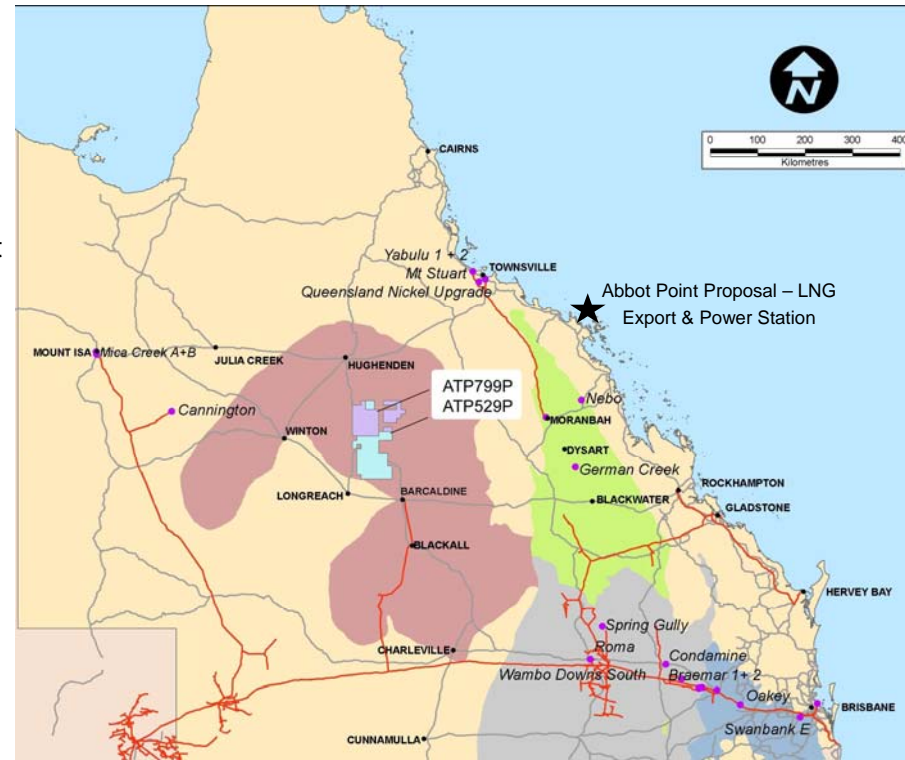
Coal Mining Operations (New Zealand)

- Two operating coal mines producing ~200ktpa
- Positive turnaround now forecasting profitability in 2009
- Self-funding through positive cashflow and project loan facilities
- Sale contracts in place to underwrite current production and planned mine expansion and resource upgrades



Galilee Basin – Next Frontier for Coal Seam Gas

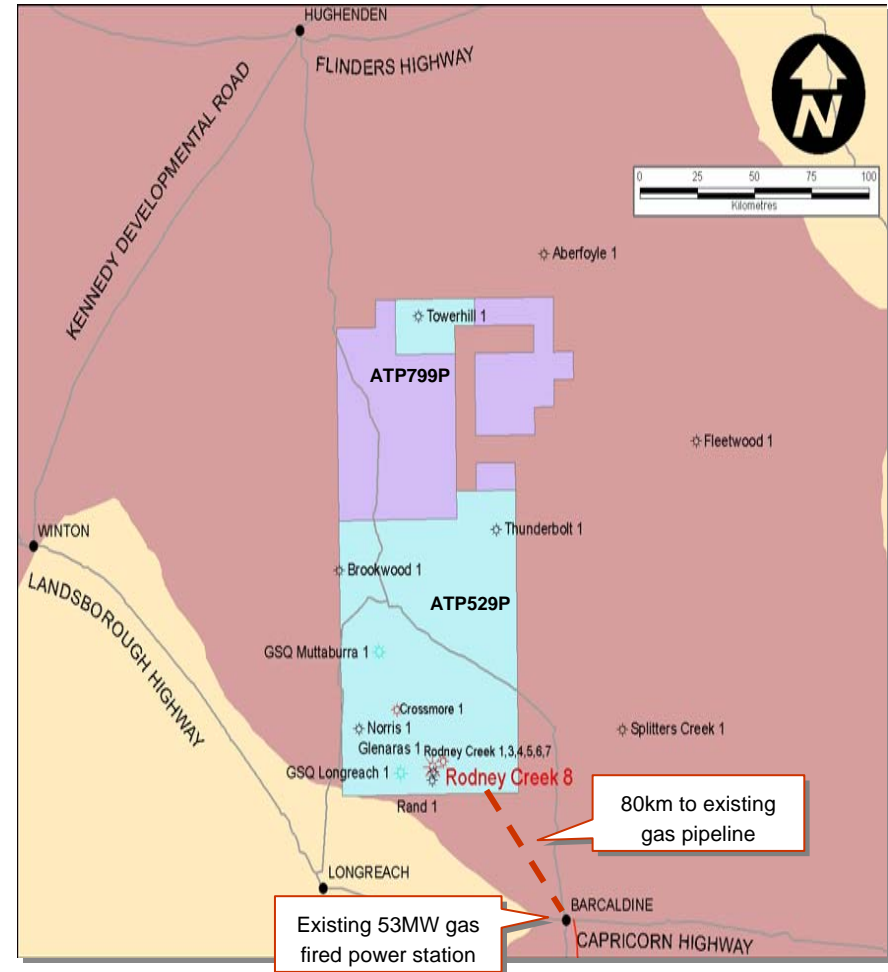
- **Galilee Energy Limited**
 - 67% subsidiary of Eastern Corporation
 - Extensive exploration permits ~10,000 sq kms
 - Both permits largely unexplored
- **Coal Seam Gas Exploration Potential**
 - Known prospectivity for Coal Seam Gas
 - Initial pilot programme 1990's by Enron/Galilee Energy
 - Rodney Creek 8 core hole results 2007 demonstrate significant resource potential of >20 TCF GIP
 - \$37m AGL Energy Farm-in secured in 2008
 - Increased interest through permits awarded to Origin, Blue Energy, Comet Ridge and others.
- **Proximity to Commercial Markets & Infrastructure**
 - 80km to existing gas pipeline connection to Moomba and Brisbane
 - Local gas fired power generation & Industrial markets of Mt Isa
 - ***Abbott Point export LNG terminal and 450MW power station proposal by Energy World Corp (ASX: EWC)***
- **Conventional hydrocarbon potential**
 - Desktop study indicates potential
 - Exploration to be considered post CSG programme



Excellent Core Hole Results - Rodney Creek 8

ATP529P – 2007 Core Hole Results

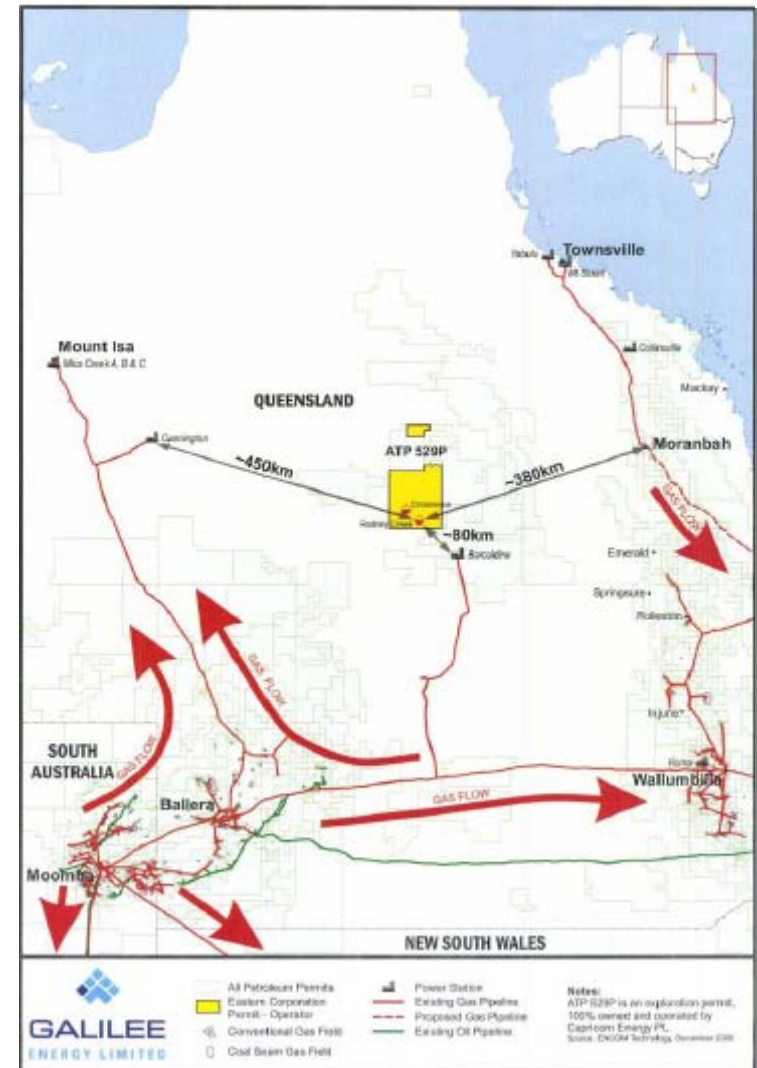
- **24 metre Betts Creek & Aramac coal measures**
 - Large continuous seams
 - Well cleated
- **Permeability Up to 150 millidarcies**
 - Betts Creek average 69 md
- **Gas Contents**
 - Median value 4.4 m³ / tonne
- **Gas composition**
 - 97 – 98% methane
 - Pipeline quality gas
- **CSG potential validated through significant farm-in agreement with AGL Energy Ltd**



AGL Energy Farm-in Confirms Resource Potential

ATP529P – AGL Farm-in (50%)

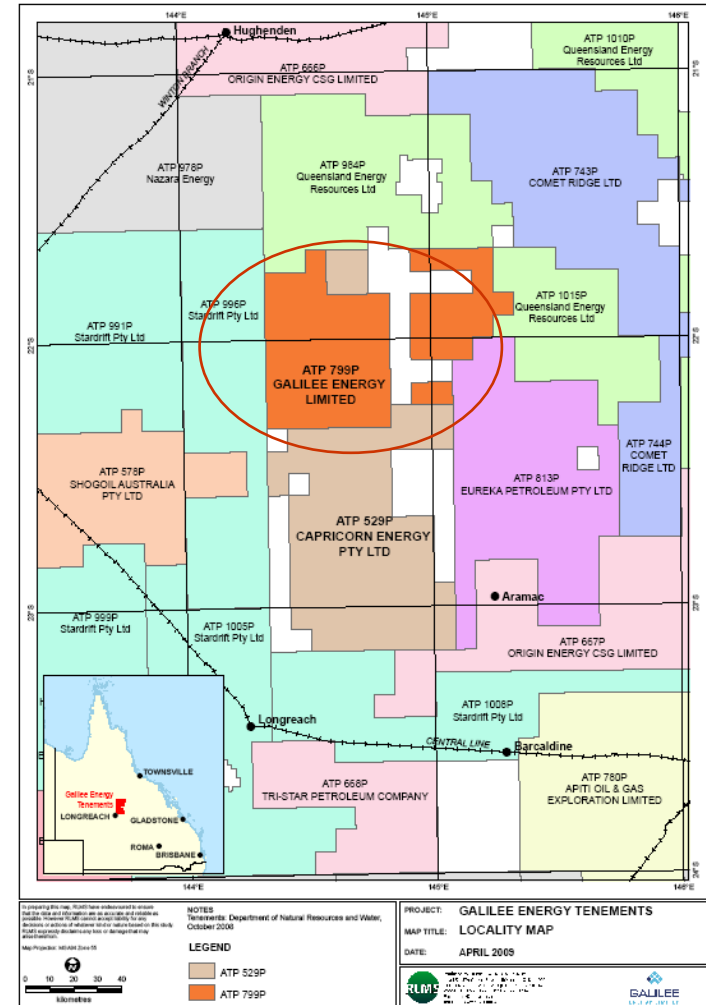
- 5,625 sq kms
- Leading integrated energy company
- \$37m AGL Energy Farm-in deal secured July 2008
 - **Stage 1:**
 - 5 spot production pilot
 - Initial reserves certification
 - **Stage 2**
 - Exploration and appraisal
 - **10yr gas marketing agreement for up to 240PJ**
- Five spot pilot test at Glenaras drilled with completion due Q309
- Awaiting construction and completion of water handling facility
- Production testing and dewatering to commence in Q409
- **2010 reserves certification targeting up to 500 PJ 2P**
 - **250 PJ net to Galilee**



ATP799P – Exploration Programme to Commence 2009

ATP799P – Exploration Programme

- 100% working interest – Galilee Energy
- 4,452 sq kms
- Seismic and ground truthing
- Initial 2 core hole program late 2009 to determine resource potential
- Farm-in potential to be determined for an aggressive core hole and pilot well program in 2010
- Proximity to Mt Isa industrial gas markets providing gas marketing opportunities
- Multiple TCF resource potential
- Significant demand for acreage with leading CSG companies such as AGL, Origin and Comet Ridge securing in adjacent acreage



CSG Projects – Key Milestones

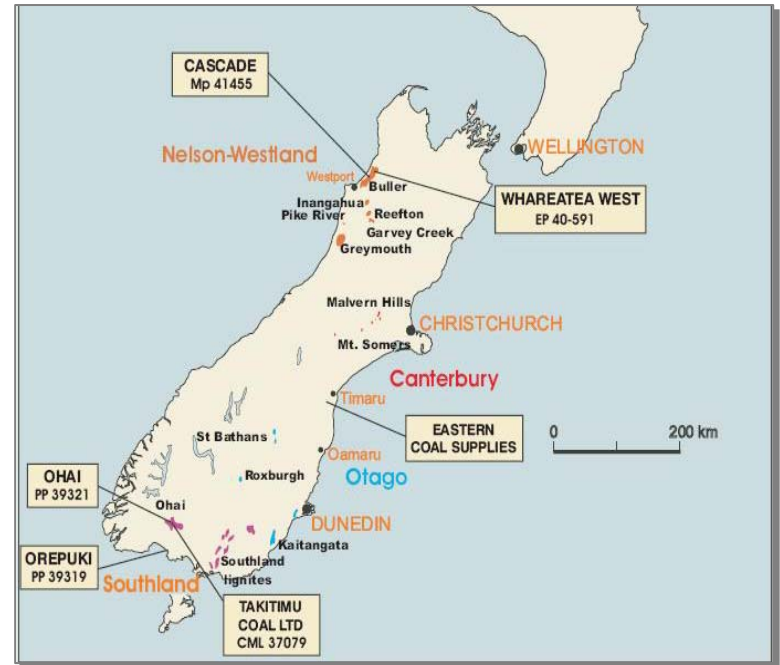
	2009		2010			
	Q3	Q4	Q1	Q2	Q3	Q4
ATP 529 – AGL Farm-in (50%)						
Completion of 5-spot Production Pilot						
Completion Water Handling Facility						
Dewatering of Pilot						
Stage 2 Exploration & Appraisal Wells						
Target for Reserves Certification						
ATP 799 – Galilee 100%						
150km 2D Seismic						
Drill 2 Core Holes						
Drill 2 Core Holes (Optional)						
Potential Pilot Programme						

NOTE: Timetable is indicative only and subject to change

Profitable Coal Operations - New Zealand

New Zealand Coal Operations

- Strategic initiatives now providing profitable operations and self-funding for mining and resource expansion plans up to ~300ktpa
- **Cascade Mine**
 - 50,000 tpa (strong demand for growth)
 - Take or pay contract to local industrial applications
- **Takitimu Coal Mine**
 - Fonterra contract secured September 08
 - 140,000tpa 08/09
 - 220,000 tpa 09/10
- **Whareatea West - Exploration Permit**
 - Potential for 1mtpa export coking and thermal coal
 - Feasibility for JV participation/divestment
 - Only 40% explored
- **Ohai & Orepuki - Prospecting Permits**
 - Sub bituminous coal
 - Progress to Exploration Permits underway
- **Timaru Coal Yard**



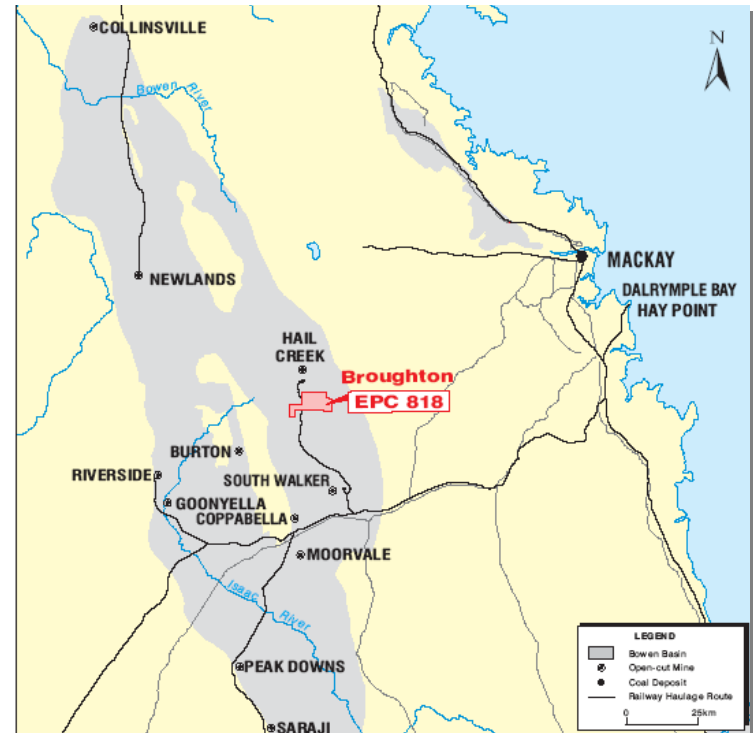
Production (YTD)

Mine	Sales (tonnes)	Sales (NZ\$)
Cascade	30,735	3,448,587
Takitimu	138,863	7,126,796
Total	169,598	10,575,383

Broughton Coal JV - Queensland

Broughton Coal JV

- Located in Queensland's Bowen Basin
- Joint Venture with Mitsui (10%)
- Feasibility study concluded 'stand alone' project not viable under current commodity pricing
- The company is continuing to work with advisors to secure divestment of the asset



Significant Queensland Coal Seam Gas Acreage	<ul style="list-style-type: none">▪ Over 10,000 sq kms across two permits in the Galilee Basin (Qld), largely unexplored▪ Proximity to existing infrastructure▪ Gas in Place estimated >20 TCF
Reserves Certification Programme Underway ATP 529	<ul style="list-style-type: none">▪ \$37m AGL Energy Farm-in deal – leading integrated energy company▪ Production testing and dewatering to commence in Q4 09▪ Targeting 500PJ 2P Reserves in 2010 (250PJ net to Galilee)▪ 10yr gas marketing agreement for up to 240PJ in place
Significant Resource Potential ATP 799	<ul style="list-style-type: none">▪ Acreage largely unexplored▪ Seismic and two core-hole program in 2009 to determine potential for a significant exploration program and farm-in potential
Expansion of Profitable Coal Operations	<ul style="list-style-type: none">▪ Strategic initiatives now providing profitable operations▪ Customer contracts in place to underwrite production▪ Increased production planning underway with resource expansion to thermal coal operations

Offer Details

- **\$2.5m Placement to sophisticated investors**
 - Lead Manager: Patersons Securities
- **1 for 4 Non-renounceable Rights Issue to raise ~\$5.0m***
 - Lead Manager & Underwriter: Patersons Securities
 - Campbell Smith (MD) participating as sub-underwriter
 - Placement participants can participate
- **Issue price \$0.24 per share for both offers**

Capital Structure

	Shares (m)	%
Existing Shares on Issue	71.8	70
Placement Shares	10.4	10
Rights Issue Shares	20.6	20
Total	102.8	100

Attractive Pricing (as at close 19/5/09)

Period	Discount
Last Close (\$0.315)	24%
5-day VWAP (\$0.32)	25%
30-day VWAP (\$0.32)	25%

* Further details to be provided in a Prospectus to be lodged with ASX

Sources & Uses of Funds - Up to Mid 2010

Sources of Funds

	A\$ million
Opening cash balance (31 Mar)	1.0
Placement	2.5
Rights Offer	5.0
Total	8.5

Uses of Funds

	A\$ million
Galilee Basin – ATP 799 Exploration <ul style="list-style-type: none">• 150km 2D seismic• 2 well core hole program• Optional 2 further core holes	5.9
Offer costs	0.5
Working Capital	2.1
Total	8.5

NOTE: All funding commitments for ATP 529 are covered by the AGL Farm-in Agreement through to 2010

Indicative Timetable

Placement	Date (2009)
Trading Halt	Wednesday, 20 May
Bids Into Placement Book	3pm, Thursday, 21 May
Announce Placement & Rights Issue – Recommence Trading	10am Friday, 22 May
Settlement (via DVP) of Placement Shares	Wednesday, 27 May
Placement Shares Commence Trading	Thursday, 28 May

Rights Offer	
Record Date	Tuesday, 9 June
Rights Issue Open Date	Wednesday, 17 June
Rights Issue Closing Date	Wednesday, 8 July
Settlement on Shortfall	Thursday, 16 July
Allot & dispatch holding statements	Friday, 17 July

NOTE: All dates are indicative and subject to change. Time refers to AEST.

This presentation may contain forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Investors should undertake their own analysis and obtain independent advice before investing in ECU shares.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.