

November 20, 2008

ASX Release

Eastern subscribes to Galilee Rights Issue

Eastern Corporation Limited (Eastern) has taken up the shortfall of the Galilee Energy Limited (Galilee) Rights Issue which closed in August.

Under the terms of the issue, shareholders could purchase one new ordinary share for every fifteen shares held at a price of 8.5 cents per share. Shareholders also had the right to oversubscribe. A total of 21,562,026 shares were subscribed.

As permitted under the terms of the offer, the board of Galilee offered the shortfall of 31,152,892 shares to Eastern who settled the transaction for a consideration of \$2,647,996. Eastern's interest in Galilee is now 67.4%. Funding for the transaction was by way of a director's loan to the company. An unsecured loan of \$2.6 m was made to the company by a related party of Managing Director, Campbell Smith, at an interest rate of 12% per annum.

The raising of \$4,480,767 will assist in funding the exploration for coal seam gas (CSG) in Galilee's wholly owned ATP799P. An exploration programme has been devised. The first stage of this will be seismic to determine prospectivity for both CSG and conventional hydrocarbons. A site visit is scheduled to commence this week to confirm location points for the proposed seismic.

ATP 799P is adjacent to ATP 529P. In July Galilee announced an agreement under which AGL Energy Limited farmed into ATP 529P. AGL are currently operating an exploration and development programme on site. The first stage of this programme, the drilling of the Glenaras 5 spot production pilot, is nearing completion.

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