



# EASTERN CORPORATION LIMITED

ABN 11 064 957 419

29 August 2007

## Eastern Corporation Limited ASX Announcement

### Galilee Energy Update

The enclosed letter to Galilee Energy Limited ("GEL") shareholders commenting on the recent exploration drilling at GEL's coal seam methane prospect has been received by the Board of Eastern Corporation Limited ("ECU").

ECU holds approximately 67% of GEL.

For and on behalf of  
The Board of Directors

Campbell Smith  
Managing Director

#### **For further information contact:**

Miss Sam Aarons  
Manager, Business Development & Corporate Relations

Tel: 07 3216 1155  
Fax: 07 3216 1199  
Email: [info@easterncorp.com.au](mailto:info@easterncorp.com.au)  
Website: [www.easterncorp.com.au](http://www.easterncorp.com.au)



24 August 2007

Dear Shareholder,

**Re: Completion of drilling and testing for RC#8**

The board of Galilee would like to inform shareholders of the successful completion of drilling and testing of exploration well RC#8 and that it considers the results are encouraging for the future commercial development of the field.

Core recovery from both Aramac and Betts creek seam sequences approached 100%. Gamma logging correlating to the core recovery has highlighted a total combined seam thickness of 27.6 metres. Further correlation has identified a potential economic seam aggregate thickness of over 16m. In-seam velocity testing in the coal seams was also undertaken and has been successfully completed.

The recovered core has shown inherent vertical fractures through most of the coal seams. This leads to the view that only minimal additional fracturing should be required for future production flow testing, which will reduce the risk of unintentional fracturing of overlying water bearing sandstone strata. This in turn will minimise water ingress from the overlying strata, which was a problem in the earlier Galilee production testing.

Preliminary indications of gas content are comparable to or somewhat better than earlier Enron results, identifying significant potential coalbed methane resources over the area of Galilee's leases. Confirmation of this number is due late October 2007, at the completion of laboratory tests. Gas composition and confirmed permeability data is also expected on completion of these lab tests.

Review of seismic and previous drill hole data has led our independent technical consultants to conclude that the coal seam sequences and gamma logs observed in RC#8 correlate reasonably well with 12 previous drill holes and that there is continuity of the uppermost seam (R1) across a significant part of the Galilee Basin.

The Board has commenced a review of future exploration options and expects to advise shareholders of the results of such deliberations early in 2008.

Yours sincerely,



**Rino Camarri**  
Chairman

