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**Eastern Corporation Limited
ASX Announcement**

PRESS RELEASE

Full steam ahead for Nightcap's Takitimu mine.

Production is now back in full swing at the Takitimu coal mine in Nightcaps as the operation ramps up to meet demand when the mine takes over the contract to supply coal to Fonterra's Clandeboye plant near Timaru.

The Takitimu mine, previously known as Nightcaps, was purchased by Eastern Coal Holdings (NZ) Limited in September last year. The company, a subsidiary of Brisbane based Eastern Corporation Limited, has been a New Zealand coal producer since June 2005 when it acquired the Cascade open cut coal mine near Westport.

Eastern Managing Director Campbell Smith said the Takitimu mine is an important part of the company's overall New Zealand coal strategy.

"We purchased the mine with the intention of expanding our existing coal business and were awarded the Clandeboye contract in a tender process earlier this year. From September 2008, we will supply approximately 130,000 tonnes of coal each year to Clandeboye from our Takitimu operations", he said. The tender involved several energy companies from throughout the South Island so it was pleasing to see the business remaining in Southland. This will have benefits for the local community, especially in view of the closure of the nearby Ohai mine. "

Mr Smith said the company would be making considerable expenditure commitments in the coming 12 months on plant and equipment. "Since taking ownership of the mine we have upgraded the existing processing facilities, however construction will soon commence on a new plant capable of handling significantly higher tonnages. The Takitimu mine has also been awarded several other contracts to supply coal in the district so we are targeting tonnages of 50,000 tonnes in the coming year, increasing to over 200,000 tonnes thereafter. We will also be supplying 'clean' low sulphur bagged coal for domestic use".

Running the Takitimu mine is Southland local, John Marnane, whose family leased the mine in the 90's.

Eastern also holds Prospecting Permits in the Southland area, one surrounding the existing Takitimu permit and another on the coast at Orepuki, which are targeted for exploration and development. Late last year the company also purchased a coal handling and distribution centre, Eastern Coal Supplies, in Timaru. On the West



Coast, the company intends to develop another Exploration Permit it holds at Whareatea West on the Denniston Plateau near its Cascade operations.

“The company has invested over \$12 million so far in developing its coal projects in the South Island”, said Mr Smith. “We certainly see a future for coal as a viable, cost effective energy source, however we are also respectful of conservation values and the need to work within strict guidelines to protect the environment.”

Mayor Frana Cardno is pleased to see that the Takitimu mine is all go and that its owners are showing a strong commitment to Southland. Recently the Southland District Mayor met with Campbell Smith and Eastern’s Business Development Manager Sam Aarons when they visited Invercargill.

“I welcome new businesses into our region, especially those that support our local communities’. I think that there will be some great synergies between the mine and the local communities that will benefit all”, she said.

Mayor Cardno is sure that the business will become a strong feature of the local community and is hopeful that it will use the rail network to distribute its coal.

“I am optimistic that we will see a sustainable transport system used for moving the coal and with a railway line available there I certainly hope that this is put to good use,” Mayor Cardno said.

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