

January 8, 2009

ASX Release

Profit Guidance 31 December 2008 Results

In accordance with Listing Rule 3.1, the Board of Eastern Corporation Limited advises that it expects to report a loss for the six months to 31 December 2008 in the range of \$1.5 -1.7 million compared to a loss of \$3 million for the six months to 31 December 2007.

The reduced loss is mostly attributed to positive results from the company's New Zealand operations which preliminary estimates indicate will record a profit for the period of around \$AUD175k compared with a loss for the same period to December 2007 of \$AUD 756k. These figures are based on current management assessments, to be confirmed when the company completes the audit of its results in March. There is the possibility of some variation occurring when sales figures for December are finalised as these are often subject to fluctuation due to industry shut downs over the holiday period.

At the Cascade mine, on the west coast of the South Island, the company was successful in negotiating a take or pay contract with local cement manufacturer Holcim for 90% of the mine's production.

At Takitimu in the far south, start up costs have now been expended and the mine is moving into its first year of full production with global dairy producer Fonterra as the major contracted customer.

The increasing cash flow from both operations is more than adequate to meet the repayments of the debt facilities established locally to fund the development of the southern mine and will also enable the NZ subsidiaries to commence repayment of the parent company loans during the next 6 months.

In Australia, Eastern has secured funding for the initial stages of both its coal seam gas exploration projects held through its 67% subsidiary, Galilee Energy Limited. In July 2008 a farmin agreement was announced with AGL Energy Limited to fund the exploration of ATP 529P for \$37 million to earn 50% equity in the tenement. In November 2008 a rights issue to Galilee shareholders was finalised raising \$4.6 million for the initial stages of exploration in wholly owned ATP 799P.

The company is seeking future funding by way of sale of its Broughton coking coal project in central Queensland, and the disposal of the Whareatea West coking coal project on New Zealand's West coast.

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