

22 May 2009

Australian Securities Exchange Announcement

EASTERN CORPORATION ANNOUNCES A\$7.5 MILLION CAPITAL RAISING TO UNDERTAKE FURTHER EXPLORATION OF COAL SEAM GAS PROJECTS

Eastern Corporation Limited (**Eastern or the Company**) is pleased to announce the placement to professional and sophisticated investors who have committed to subscribe for shares to raise A\$2.5 million before costs (**Placement**). The Placement, managed by Patersons Securities Limited, was heavily oversubscribed with commitments to subscribe for approximately 10,416,667 shares at A\$0.24 per share.

In conjunction with the Placement, all eligible Eastern shareholders will have the opportunity to participate in a non-renounceable entitlement offer (**Entitlement Offer**) to acquire 1 new share (**New Share**) for every 4 shares held as at 7:00pm (AEST) on the Record Date being 10 June 2009, at an issue price of A\$0.24 per share, to raise approximately A\$5 million.

In these volatile times the board considers it prudent to have the Offer underwritten. This will be undertaken by Patersons Securities Limited with Becamal Pty Ltd participating as a sub-underwriter. In pricing the Offer the board has endeavoured to set a price which will encourage strong support from existing shareholders.

On completion of the Placement and Entitlement Offer Eastern will have approximately A\$8.5 million in cash, which will be used primarily to fund the exploration of the Company's second coal seam gas (**CSG**) project in the Galilee Basin ATP 799P.

Campbell Smith, Managing Director of Eastern said "We are extremely pleased with the level of support from both institutional and sophisticated investors in the Placement and welcome all new shareholders to the register. The high level of demand for the Placement signals the strong support for the Company's interests in leading CSG projects in the Galilee Basin and ensures Eastern has the financial capability to continue its active CSG exploration programme over the next 12 months."

The Directors wish to provide the opportunity for existing shareholders to invest in the Entitlement Offer at a discounted price and can advise that all directors will be taking up their entitlements.



Entitlement Offer

Key Terms

The Entitlement Offer will be made under a Prospectus proposed to be lodged with the ASIC and the ASX on 1 June 2009. The Entitlement Offer will be fully underwritten by Patersons Securities Limited with Becamal Pty Ltd (an entity associated with the Company's Managing Director, Campbell Smith) participating as a partial sub-underwriter.

Shareholders with registered addresses in Australia and New Zealand as at 7.00pm (AEST) on the Record Date are entitled to participate in the Entitlement Offer (**Eligible Shareholders**). Shares issued under the Placement will be entitled to participate in the Entitlement Offer. Full Details of the Entitlement Offer will be contained in the Prospectus to be lodged with the ASIC and the ASX and to be dispatched to Eligible Shareholders in accordance with the timetable set out below. The Prospectus will also be available on Eastern's website www.easterncorp.com.au upon lodgement with the ASIC and the ASX.

Key dates for the Entitlement Offer are set out below. The dates are indicative only and Eastern reserves the right to vary them, subject to the Corporations Act 2001 (Act) and the ASX Listing Rules.

Prospectus lodged with ASIC and ASX	1 June 2009
Notice with information on Entitlement Offer sent to shareholders	2 June 2009
Shares trade 'ex-Entitlement' (date from which Shares commence trading without the entitlement to participate in the Entitlement Offer)	3 June 2009
Record Date to determine Entitlements	10 June 2009
Anticipated dispatch of Prospectus and Entitlement and Acceptance Forms	16 June 2009
Entitlement Offer Opening Date	17 June 2009
Entitlement Offer Closing Date and last day for lodgement of Entitlement and Acceptance Forms and payment in full	8 July 2009
Allotment and expected date for dispatch of holding statements	16 July 2009
Expected date for commencement of trading of New Shares on the ASX	17 July 2009

Galilee Energy Limited

ECU's 67% owned subsidiary, Galilee, holds tenements ATP 529P and 799P in the Galilee Basin near Longreach in Central Queensland. In ATP 529P, AGL can earn up to a 50% interest by investing \$37 million in a production pilot and exploration and appraisal programme with Galilee under a farmin agreement in which AGL is the operator. The final well in the Glenaras 5 spot production pilot was drilled in late November 2008. In 2009, it is intended that the wells will be completed, pumps installed and a dewatering program commenced. The farmin will be completed with a multi-well core hole drilling programme and an extensive seismic survey.

At ATP 799P, Galilee has undertaken ground and aerial surveys as the initial phase of a seismic programme and has commenced planning of a core hole drilling programme, of at least two wells, scheduled for 2009. In 2008 \$4.6 million was raised through a rights issue to Galilee shareholders to fund the first stages of this programme.

About Eastern Corporation Limited

Eastern Corporation Limited (ECU) is an emerging energy company targeting coal seam gas production in the Galilee Basin of Queensland through its 67% interest in Galilee Energy Limited. ECU is engaged in coal production and exploration in New Zealand, and has a coking coal tenement in Queensland's Bowen Basin.

For further information contact:

Sam Aarons
Manager, Business Development & Corporate Relations

Tel: 07 3216 1155
Fax: 07 3216 1199
Email: info@easterncorp.com.au
Website: www.easterncorp.com.au