

Eastern locates good quality coking coal in Buller prospect

20 February 2007 - Exploration drilling by Queensland-based coal company Eastern Corporation in its coal exploration permit at Whareatea West in the Buller coal field near Westport has located good quality coking coal and an unexplored near-surface seam.

Eastern says in its December quarter report that 10 holes drilled in EP 40591 at Whareatea West indicate a shallow seam of coal exhibiting favourable coking characteristics and high swell numbers. Further geological information is required before a full resource estimate can be prepared.

An exploration programme has been devised which will initially include Mini-Sosie, a non-invasive form of seismic profiling, particularly useful for environmentally sensitive situations, which provides cost-effective exploration of shallow targets.

This will be followed by a series of shallow drill holes to obtain samples for quality analysis. These will be strategically located to minimise any environmental impact.

At Eastern's Cascade open-cut coal mine, approximately 25 km northeast of Westport, 6300 tonnes of low ash, low sulphur coal was produced in the December quarter. Equipment was diverted to overburden removal for the first part of the quarter. However sales of 12,373 tonnes worth \$1,300,744 were made in the quarter, thanks to the use of stockpiled coal.

Mining operations have also been successfully established at Eastern's newly-acquired Takitimu coal mine in the Ohai/Nightcaps coal fields in Western Southland during the quarter.

Approximately 2000 tonnes of coal were extracted during the start up phase to December for trials into the local industrial markets. Stripping by contractors is ahead of budget. Production is expected to increase as trials continue and offtake agreements are secured, Eastern says.

A measured resource of 2.85 million tonnes of sub-bituminous coal has been defined at the Takitimu mine.

During the quarter Eastern was granted two prospecting permits in Western Southland sub-bituminous coal area near Ohai (PP 39321) and at Orepuki on the Western Southland coast (PP 39319).

Source: Eastern Corporation