

Eastern plans Buller and Ohai exploration growth; boosts coal output

10 August 2009 - Brisbane-based coal miner Eastern Corporation Ltd says it is planning further exploration of its Buller coal prospects and is looking at further developments in its Ohai and Orepuki prospects in Western Southland.

Eastern has applied for the upgrade of both the Ohai and Orepuki prospecting permits to exploration permit status.

The company says its New Zealand coal operations are now providing solid cash-flow through profitable trading.

Eastern says, in its June quarter report, that it continued to progress its plans to develop the highly prospective Whareatea West coking and thermal coal resource in the Buller coalfield. The coking coal has a potential export market.

Eastern says options for the site are currently being discussed with a joint venture partner, which they hope will secure the funding for the next stage of exploration at the 820 ha site.

The company says it has also completed a successful drilling programme at its Ohai permit. Formal assessment of the results of the 10 hole programme is currently underway.

Following this process the company expects to begin negotiations with the adjoining landowner with a view to extending the area under development.

At Orepuki, on the western Southland coast, preliminary desktop studies are currently underway ahead of any consideration given to a drilling programme.

Production at the Takitimu coal mine in the Ohai/Nightcaps area in western Southland tracked ahead of expectations with sales for fiscal 2009 exceeding forecasts by approximately 30,000 tonnes at around 170,000 tonnes worth NZ\$9 million.

The mine commenced first shipments of coal to its largest customer, Fonterra's milk processing plant at Clandeboye, last September and will continue to supply the plant at a rate of 130,000 tonnes per annum.

The recent closure of the nearby Solid Energy Ohai mine has strengthened the position of Takitimu in the Ohai/Nightcaps region making it the only major supplier of thermal coal to many large industrial coal customers in the area.

In the 2009-2010 year Eastern is forecasting Takitimu production to increase further, to 220,000 tonnes.

The Cascade open cut coal mine in Buller continues to deliver steady production of 40,000 tonnes per annum to major contracted customer, cement company Holcim at Westport. Because of the strong demand for Cascade coal, production is forecast to grow to 45,000 tonnes in 2009-2010.

Sources: Eastern Corporation and Lindsay Clark

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