

Notice of Annual General Meeting and Explanatory Memorandum

Eastern Corporation Limited

ACN 064 957 419

Date of Meeting: Friday, 27 November 2009

Time of Meeting: 1.00 pm (Brisbane time)

Place of Meeting: BDO Kendalls (Qld), Level 15, 300 Queen Street, Brisbane

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of **Eastern Corporation Limited ACN 064 957 419 (Company)** will be held at the offices of BDO Kendalls (Qld), Level 15, 300 Queen Street, Brisbane, Queensland, on Friday 27 November 2009 at 1.00pm (Brisbane time).

Agenda

Ordinary business

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheet, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2009.

1. Remuneration Report

To consider and, if thought fit, pass the following advisory resolution:

"That, the Remuneration Report for the year ended 30 June 2009 (as set out in the Directors' Report) is adopted."

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

2. Re-election of Richard J May as a Director

To consider and, if thought fit, pass the following resolution, as an ordinary resolution of the Company:

"That Richard J May, who retires by rotation in accordance with Rule 58 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

3. Election of Steven J Koroknay as a Director

To consider and, if thought fit, pass the following resolution, as an ordinary resolution of the Company:

"That Steven J Koroknay, who retires in accordance with Rule 56 of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director."

4. Appointment of Auditor

To consider and, if thought fit, pass the following resolution as an ordinary resolution, with or without amendment:

"That, subject to the consent of the Australian Securities & Investments Commission to the current auditor resigning, to appoint BDO Kendalls Audit & Assurance (QLD) Pty Ltd ACN 134 022 370, having been duly nominated in accordance with Section 328B(1) of the *Corporations Act 2001 (Cwlth)*, as Auditor of the Company."

[Note: In accordance with section 328B(3) of the *Corporations Act* a copy of the notice of nomination of Auditor accompanies this Notice of Meeting.

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5. Ratification of Shares Issued Pursuant to a Placement

To consider and, if thought fit, pass the following resolution, as an ordinary resolution, with or without amendment:

“That in accordance with the provisions of Listing Rule 7.4 of the Official Listing Rules of the ASX Limited, and for all other purposes, the shareholders ratify the previous issue of 10,416,667 fully paid ordinary shares in the Company (**Previous Shares**) at an issue price of \$0.24 per share pursuant to a placement to professional and sophisticated investors who fall within one or more of the classes of exemptions specified in Section 708 of the *Corporations Act 2001 (Cwlth)* (**Placees**) (**Placement**) upon the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Notes:

The Company will disregard any votes cast on this Resolution by:

- any of the Placees; and
- any associate of any Placee.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

6. Issue of Options to Patersons Securities Limited or Nominees

To consider and, if thought fit, pass the following resolution as an ordinary resolution, with or without amendment:

“That in accordance with the provisions of Listing Rule 7.1 of the Official Listing Rules of the ASX Limited, and for all other purposes, the Company be authorised to issue 1,000,000 options to subscribe for ordinary shares in the Company exercisable at \$0.24 each (**Options**) to Patersons Securities Limited (**Patersons**) (or their nominees) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting (**Patersons' Options**).”

Notes

The Company will disregard any votes cast on this Resolution by:

- Patersons or their nominee; and
- any associate of any Patersons or their nominee.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

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7. Issue of Options to Steven J Koroknay

To consider and, if thought fit, pass the following resolution, as an ordinary resolution, with or without amendment:

“That in accordance with the provisions of Listing Rule 10.11 of the Official Listing Rules of the ASX Limited and Part 2E of the *Corporations Act 2001 (Cwlth)* and for all other purposes, the Company be authorised to issue 2,000,000 options to subscribe for ordinary shares in the Company on the terms as set out in the Explanatory Memorandum accompanying this Notice of Meeting to Steven J Koroknay (**Koroknay**) (or his nominee) (**Koroknay Options**).

Notes:

- A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with the Australian Securities & Investments Commission in accordance with Section 218 of the *Corporations Act 2001 (Cwlth)*.
- The Company intends to issue the Koroknay Options as soon as practicable following the Meeting and in any event no later than one (1) month from the date of the Meeting.
- A detailed summary of the proposed terms of the Koroknay Options is contained within the Explanatory Memorandum.
- No funds will be raised by the issue of the Koroknay Options.
- If approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

The Company will disregard any votes cast on this Resolution by:

- Koroknay (or his nominee); and
- any associate of Koroknay (or his nominee).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

8. Issue of Options to Lester C Rathie

To consider and, if thought fit, pass the following resolution, as an ordinary resolution, with or without amendment:

“That in accordance with the provisions of Listing Rule 7.1 of the Official Listing Rules of the ASX Limited and for all other purposes, the Company be authorised to issue 2,000,000 options to subscribe for ordinary shares in the Company on the terms as set out in the Explanatory Memorandum accompanying this Notice of Meeting to Lester C Rathie (**Rathie**) (or his nominee) (**Rathie Options**).”

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Notes:

- The Company intends to issue the Rathie Options as soon as practicable following the Meeting and in any event no later than three (3) months from the date of the Meeting.
- A detailed summary of the proposed terms of the Rathie Options is contained within the Explanatory Memorandum.
- No funds will be raised by the issue of the Rathie Options.

The Company will disregard any votes cast on this Resolution by:

- Rathie (or his nominee); and
- any associate of Rathie (or his nominee).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

9. Non-Executive Directors' Remuneration

To consider and, if thought fit, pass the following resolution as an ordinary resolution, with or without modification:

“That in accordance with Listing Rule 10.17 of the Official Listing Rules of the ASX Limited and Article 61 of the Company's Constitution, the total aggregate annual remuneration payable to non-executive Directors of the Company and its child entities be increased by \$300,000 per annum, from \$300,000 per annum to a maximum of \$600,000 per annum.”

Notes:

The Company will disregard any votes cast on this Resolution by:

- a Director; and
- any associate of a Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

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10. Issue of Shares to Becamal Pty Ltd

To consider and, if thought fit, pass the following resolution, as an ordinary resolution, with or without amendment:

“That in accordance with the provisions of Listing Rule 10.11 of the Official Listing Rules of the ASX Limited and Part 2E of the *Corporations Act 2001 (Cwlth)* and for all other purposes, the Company be authorised to issue 2,096,774 fully paid ordinary shares (**Becamal Shares**) at an issue price of \$0.62 each to Becamal Pty Ltd ACN 010 344 895 (**Becamal**) on the terms and conditions as contained in this Notice of Meeting and attached Explanatory Memorandum.”

Notes:

- A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with the Australian Securities & Investments Commission in accordance with Section 218 of the Corporations Act 2001 (Cwlth).
- The Company intends to issue the Becamal Shares as soon as practicable following the Meeting and in any event no later than one (1) month from the date of the Meeting.
- If approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

The Company will disregard any votes cast on this Resolution by:

- Becamal; and
- any associate of Becamal.

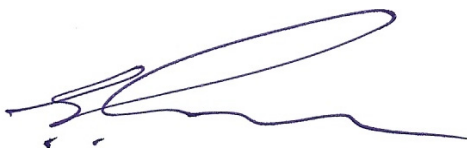
However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the board



Bill Lyne
Company Secretary
26 October 2009

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of **Eastern Corporation Limited ACN 064 957 419 (Company)** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at the offices of BDO Kendalls (Qld), Level 15, 300 Queen Street, Brisbane, Queensland on Friday, 27 November 2009 commencing at 1.00pm (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 14.

2. Consider the Company's Annual Report

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheets, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2009 were released to the ASX Limited on 29 September 2009. The Company's Annual Report is placed before the shareholders for discussion. No voting is required for this item.

3. Resolution 1 – Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executive of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company

4. Resolution 2 - Re-election of Richard J May as a Director

Richard J May retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr May was initially appointed as a Non-Executive Director on 22 August 2006 and was appointed as Non-Executive Chairman on 7 October 2008.

Mr May had 27 years as a partner with KPMG until his retirement on 30 June 2006. He has held senior positions within KPMG including a period as National Chairman of the Middle Market Advisory practice and was Partner in Charge of the Brisbane Middle Market Advisory practice for 20 years. Mr May has extensive experience in accounting, taxation, auditing and business advisory matters having provided services to a diverse client base including medium sized and international corporations. He is Chairman of The Brisbane Lions Foundation and a board member of The Queensland Club Foundation.

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The Directors (with Mr May abstaining) recommend that you vote in favour of this Ordinary Resolution.

5. Resolution 3 – Election of Steven J Koroknay as a Director

Steven J Koroknay was appointed on 19 December 2008 as an addition to the Company Board. In accordance with the Company's Constitution Mr J Koroknay will hold the office under this appointment until the 2009 Annual General Meeting and, being eligible, offers himself for election as a Director.

Mr Koroknay has more than 30 years experience in the international and gas industry, initially with Esso Australia, where he became Technical Manager of their upstream activities in Australia, and later with Bridge Oil Limited where he rose to Executive Director – Resources. Mr Koroknay founded Anzon Energy Pty Ltd and Anzon Australia Pty Ltd, companies engaged in oil and gas development and production. Mr Koroknay was a non-executive director and chairman of CIM Resources Ltd (now Gloucester Coal Ltd), a coal mining company in the Gloucester Basin, New South Wales. He also consulted to Transfield Energy Group in respect of their coal seam gas assets in Queensland. Mr Koroknay is also the Non Executive Chairman of Galilee Energy Limited, a Non Executive Director of Innamincka Petroleum Limited and on 9 October 2009 was appointed a Non Executive Director of Cue Energy Limited.

The Directors (with Mr Koroknay abstaining) recommend that you vote in favour of this Ordinary Resolution.

6. Resolution 4 – Appointment of Auditor

By Resolution 4, the Company is seeking shareholder approval to the appointment to BDO Kendalls Audit & Assurance (QLD) Pty Ltd ACN 134 022 370 (**BDO Kendalls Audit and Assurance**) as auditor for the Company, subject to the consent of the Australian Securities & Investments Commission (**ASIC**) to the resignation of the existing auditor pursuant to the Corporations Act and subject to compliance generally with the Corporations Act.

The existing auditor is BDO Kendalls (QLD). The Company has been advised that BDO Kendalls (QLD) has changed its corporate structure from a partnership to that of a proprietary company. As a result of the change in corporate structure the existing auditor has notified the Company of its resignation with effect from the annual general meeting. The Company intends to have BDO Kendalls Audit and Assurance appointment as a replacement auditor approved by Shareholders under Chapter 2M of the Corporations Act.

The current auditor of the Company has obtained ASIC's consent under Section 329(5) of the Corporations Act.

The Company has received a nomination from a member of the Company (in the form attached to this Explanatory Memorandum) nominating BDO Kendalls Audit & Assurance as a proposed auditor of the Company in accordance with Section 328B(3) of the *Corporations Act*.

Accordingly, the Company is seeking shareholder approval to the appointment of BDO Kendalls Audit and Assurance as auditor of the Company with effect from the date of the Meeting.

The Board unanimously recommends that Shareholders vote in favour of this Ordinary Resolution.

7. Resolution 5 – Ratification of Shares Issued Pursuant to a Placement

7.1 Introduction

On 22 May 2009 the Company announced the completion of a placement of shares to professional and sophisticated investors (**Placement**).

Under the terms and conditions of the Placement, the Company issued 10,416,667 fully paid ordinary shares at \$0.24 per share to raise \$2.5 million (before costs).

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7.2 Resolution

Resolution 5 seeks the ratification of Shareholders for the previous issue of 10,416,667 fully paid ordinary shares (**Previous Shares**) at \$0.24 per share.

7.3 ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that an issue of securities made without prior approval under ASX Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently ratify it.

In accordance with ASX Listing Rule 7.4, shareholder approval is sought to ratify the issue of Previous Shares in the Company, being issues of securities made by the Company during the previous 12 months for which shareholder approval has not already been obtained.

ASX Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new shares equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

If this Resolution is approved it will have the effect of refreshing the Company's ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.

For the purposes of ASX Listing Rule 7.5, the Company advises:

- the number of shares issued was 10,416,667 fully paid ordinary shares;
- the Previous Shares were issued and allotted on 28 May 2009;
- the Previous Shares were issued at \$0.24 per Previous Share;
- the Previous Shares were issued to investors who fall within one or more of the classes of exemptions specified in Section 708 of the Corporations Act, and the Company confirms that none of these investors were a related party of the Company (within the meaning of the Corporations Act and the Listing Rules);
- the Previous Shares have the same rights and entitlements as all other fully paid ordinary shares in the issued capital of the Company; and
- the Placement raised \$2.5 million in cash which (in conjunction with other funds raised by the Company) was primarily used to fund the Company's second coal seam gas exploration in the Galilee Basin ATP799P.

The Board unanimously recommends that Shareholders vote in favour of this Ordinary Resolution.

8. Resolution 6 – Issue of Options to Patersons Securities Limited or Nominees

8.1 Introduction

The Directors are seeking approval for the proposed grant of options to Patersons Securities Limited (**Patersons**) (or their nominees) (**Patersons' Options**). The Patersons' Options are to be issued as part of the fee payable to Patersons under their corporate advisory mandate and the exercise price reflects the Company's share price at the time these arrangements were first put in place. Patersons have advised the Company that they wish to have the Patersons' Options issued to Colbern Fiduciary Nominees Pty Ltd ACN 008 691 629.

8.2 Resolution

Resolution 6 seeks the approval of the issue of the following options to subscribe for Shares:

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Option Recipient	No of Options	Exercise Price	Expiry Date
Colbern Fiduciary Nominees Pty Ltd (as Patersons' nominees)	1,000,000	\$0.24	3 years from the date of issue

8.3 Option Terms

A summary of the material terms of the Patersons' Options is set out below:

- (a) the securities to be issued to Patersons are options to subscribe for ordinary shares in the capital of the Company;
- (b) the Patersons' Options are to be issued in consideration for services provided by Patersons to the Company as Corporate Advisors (and for nil cash consideration);
- (c) shares issued on exercise of the Patersons' Options will rank pari passu with all existing ordinary shares of the Company from the date of issue;
- (d) the Patersons' Options may be exercised wholly or in part by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque for the exercise price of the Patersons' Options multiplied by the number of shares in respect of which Patersons' Options are being exercised;
- (e) the Patersons' Options shall be unlisted;
- (f) the Patersons' Options shall be non-transferable;
- (g) upon allotment of Shares pursuant to the exercise of Patersons' Options, the Company shall use its best endeavours to have such Shares quoted and listed on the Official List of the ASX;
- (h) optionholders do not participate in dividends or in bonus issues unless the Patersons' Options are exercised;
- (i) while the optionholders do not have any participating rights in new issues of securities in the Company made to shareholders generally, in the cases of a bonus issue or pro-rata offer only, the optionholders shall be afforded a period of at least 10 business days before the record date to determine entitlements to the issue, to exercise the Patersons' Options;
- (j) in the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (i) the number of Patersons' Options, the exercise price of the Patersons' Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Director Options which are not conferred on the Shareholders; and
 - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Patersons' Options will remain unchanged;
- (k) if, during the life of any Patersons' Options:
 - (i) shares are offered pro rata for subscription by the Company to its Shareholders generally by way of rights issue; and

Explanatory Memorandum

- (ii) where the Company is listed on ASX, the price at which each share is so offered is less than the market price in force on the day of public announcement of the rights issue,

then the subscription price applicable to each share then comprised in the Patersons' Options may be reduced by the value of the theoretical rights entitlement per cum rights share and that theoretical rights entitlement per cum rights share shall be taken to have a value calculated by applying the formula:

$$O1 = O - E \frac{[P - (S + D)]}{N + 1}$$

where

O1 = the new exercise price of the option

O = the old exercise price of the option

E = the number of underlying securities into which one option is exercisable

P = the average market price per security (weighted by reference to volume) of the underlying securities during the five (5) trading days ending on the day before the ex right date or the ex entitlements date

S = the subscription price for a security under the pro-rata issue

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue)

N = the number of securities which rights of entitlements that must be held to receive a right to one new security

- (l) if there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Patersons' Options is exercisable may be increased by the number of Shares which the option holder would have received if the Patersons' Options had been exercised before the record date for the bonus issue;
- (m) the terms of the Patersons' Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change; and

However, the terms of the Patersons' Options shall not be changed to reduce the exercise price, increase the number of Patersons' Options or change any period for exercise of Patersons' Options.

The Board unanimously recommends that Shareholders vote in favour of this Ordinary Resolution.

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9. Resolution 7– Issue of Options to Steven J Koroknay

9.1 Introduction

The Directors are seeking approval from the members for the proposed grant of options to Steven J Koroknay or his nominee as follows:

Option Recipient	No of Director Options	Exercise Price	Vesting Date	Expiry Date
Steven J Koroknay (or his nominee)	1,000,000	\$0.80	12 months from the date of issue	3 years from the date of issue
	1,000,000	\$0.87	24 months from the date of issue	3 years from the date of issue

Approval for the issue of the Director Options is sought in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Part 2E of the *Corporations Act*. If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

In order for the Director Options to be granted to directors, the requirements of Chapter 2E of the *Corporations Act* need to be observed.

9.2 Options terms

A summary of the material terms of the Director Options is set out below:

The securities to be issued to the Option Recipient are options to subscribe for ordinary shares in the capital of the Company;

- (a) the Director Options are to be issued for no consideration;
- (b) shares issued on exercise of the Director Options will rank *pari passu* with all existing ordinary shares of the Company from the date of issue;
- (c) the Director Options may be exercised wholly or in part by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque for the exercise price of the Director Option multiplied by the number of Shares in respect of which Director Options are being exercised;
- (d) the Director Options shall be unlisted;
- (e) upon allotment of Shares pursuant to the exercise of Director Options, the Company shall use its best endeavours to have such Shares quoted and listed on the Official List of the ASX;
- (f) optionholders do not participate in dividends or in bonus issues unless the Director Options are exercised;
- (g) while the Option Recipient does not have any participating rights in new issues of securities in the Company during the term of any Director Options held, the Option Recipient shall be afforded a period of at least 10 business days before the record date to determine entitlements to the issue, to exercise the Director Options and it shall be a condition of the Director Options that any entitlements to bonus issues of securities are only available to the Option Recipient in the event of a prior exercise of the Director Options;
- (h) if, during the life of any Director Option:
 - (i) shares are offered *pro rata* for subscription by the Company to its Shareholders generally by way of rights issue; and

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- (ii) where the Company is listed on ASX, the price at which each share is so offered is less than the market price in force on the day of public announcement of the rights issue,

then the subscription price applicable to each share then comprised in the Director Options may be reduced by the value of the theoretical rights entitlement per cum rights share and that theoretical rights entitlement per cum rights share shall be taken to have a value calculated by applying the formula:

$$O1 = O - E \frac{[P - (S + D)]}{N + 1}$$

where

O1 = the new exercise price of the option

O = the old exercise price of the option

E = the number of underlying securities into which one option is exercisable

P = the average market price per security (weighted by reference to volume) of the underlying securities during the five (5) trading days ending on the day before the ex right date or the ex entitlements date

S = the subscription price for a security under the pro-rata issue

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue)

N = the number of securities which rights of entitlements that must be held to receive a right to one new security

- (i) if there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Director Options is exercisable may be increased by the number of Shares which the Option Recipient would have received if the Director Options had been exercised before the record date for the bonus issue;
- (j) the terms of the Director Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change.

However, the terms of the Director Options shall not be changed to reduce the exercise price, increase the number of Director Options or change any period for exercise of Director Options.

9.3 Chapter 2E of the *Corporations Act*

Chapter 2E of the *Corporations Act 2001* (Cth) (***Corporations Act***) prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

A “related party” for the purposes of the *Corporations Act* is defined widely and includes a director of the public company.

A “financial benefit” for the purposes of the *Corporations Act* has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

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This proposed resolution, if passed, will confer financial benefits to Steven J Koroknay and the Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the *Corporations Act* and for this reason and for all other purposes the following information is provided to shareholders.

(a) **The related party to whom Resolution 7 would permit the financial benefit to be given**

Steven J Koroknay being a director of the Company.

(b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is:

- (i) the grant of 2,000,000 Director Options to Steven J Koroknay as referred to in Resolution 7;
- (ii) the Director Options shall be granted for no cash consideration; and
- (iii) the Director Options shall be exercisable into fully paid shares at such an exercise price of \$0.80 (in respect of 1,000,000 Director Options) and \$0.87 (in respect of 1,000,000 Director Options) per share exercisable after the Vesting Date and on or before the Expiry Date.

(c) **Directors' recommendation**

With respect to Resolution 7, the Directors (with Steven J Koroknay abstaining) recommend that shareholders vote in favour of this resolution. The reasons for this recommendation include:

- (i) the grant of the Director Options as proposed to Steven J Koroknay will provide a reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the options to a third party.

As Steven J Koroknay is interested in the outcome of Resolution 7, he accordingly makes no recommendation to Shareholders in respect of this resolution.

(d) **Directors' interest and other remuneration**

Steven J Koroknay has a material personal interest in the outcome of Resolution 7, as it is proposed that Director Options be granted to him as set out in Resolution 7.

Excluding the Director Options, Steven J Koroknay (and entities associated with him) holds 125,000 shares of the Company. Please refer to the table below which indicates the holdings of Steven J Koroknay (and entities associated with him).

Other than the Director Options to be issued to Steven J Koroknay pursuant to Resolution 7, Steven J Koroknay shall receive director's remuneration of \$45,000 per annum from the Company for his services as a Non-Executive Director and \$50,000 per annum from Galilee Energy Limited for his services as a Non-Executive Director of that company.

Set in section 9.4 is a table summarising the interests of Steven J Koroknay upon the exercise of the Director Options.

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(e) Valuation

The Director Options are not currently quoted on the ASX and as such have no market value. The Director Options each grant the Option Recipient a right to be issued one ordinary share in the Company upon exercise of the Director Option and payment of the Exercise Price of the Director Option. Accordingly, the Director Options may have a present value at the date of their grant.

The Director Options may acquire future value dependent upon the extent to which the Shares exceed the Exercise Price of the Director Options during the term of the Director Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- (i) the period outstanding before the expiry date of the options;
- (ii) the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- (iii) whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest;
- (iv) the value of the shares into which the options may be converted; and
- (v) whether or not the options are listed (ie readily capable of being liquidated),

and so on.

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Binomial Option Valuation Model which has been tailored specifically for use in valuing employee and director options).

The Company has sought an independent valuation of the options. The Binomial Model was used to value the Directors' Options and determines the value of an option as a function of a number of variables, some which must be assumed. The data relied upon in applying the Binomial Model was:

- The current share price of the underlying Shares as at 9 October 2009, being \$0.62;
- The exercise price of the options being \$0.80 and \$0.87 respectively;
- A volatility of the share price of 55.5 %;
- The vesting conditions being those set out in the table under section 9.1 above;
- The time to maturity being the exercise date being three (3) years from the grant date;
- A risk-free interest rate of 4.92 %;
- A nil expected dividend yield; and
- An exercise price multiple of 2.0,

(assumed data).

Based on this information, the Company has adopted an indicative value per Director Option of \$0.1911 (for the options at an Exercise Price of \$0.80) and \$0.1863 (for the options at an Exercise Price of \$0.87) each.

Explanatory Memorandum

On that basis, the aggregate value of the Director Options to be issued pursuant to Resolution 7 is \$377,400.

(f) **Any other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its directors save and except as follows:

9.4 Opportunity costs

The opportunity costs and benefits foregone by the Company issuing the Director Options to Steven J Koroknay is the potentially dilutionary impact on the issued share capital of the Company (in the event that the options are exercised). Until exercised, the issue of the Director Options will not impact upon the number of ordinary shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused with the issue of shares may be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

It is also considered that the potential increase of value in the Director Options is dependent upon a concomitant increase in the value of the Company generally.

9.5 Taxation consequences

No stamp duty will be payable in respect of the grant of the Director Options. No GST will be payable by the Company in respect of the grant of the Director Options (or if it is then it will be recoverable as an input credit).

Under Australian Accounting Standard AASB 2 the fair value of the Director Options is measured by reference to the fair value of the equity instrument granted and must be recognized as an expense in the Company's Income Statement. The expense recognised will not be deductible for income tax purposes.

9.6 Dilutionary effect

Set out below is a table summarising the interests of Steven J Koroknay if all of the Director Options are issued and exercised.

Shareholders	Current Share Capital		Share Capital Upon Exercise of Directors Options (Resolution 7) ²	
Current Shareholders	102,627,659	99.88%	102,627,659	97.97%
Steven J Koroknay ¹	125,000	0.12%	2,125,000	2.03%
Total	102,752,659	100.00%	104,752,659	100.00%

Notes:

1. *Includes all direct and indirect holdings.*
2. *Assumes that no other shares are issued by the Company, other than the shares upon exercise of the Directors Options.*

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by the proposed Resolution 7.

Explanatory Memorandum

10. Resolution 8 – Issue of options to Lester C Rathie

10.1 Introduction

The Company is seeking approval from the members for the proposed grant of options to Lester C Rathie (or his nominee) (**Rathie Options**) as follows:

Option Recipient	No of Director Options	Exercise Price	Vesting Date	Expiry Date
Lester C Rathie (or his nominee)	1,000,000	\$0.80	12 months from the date of issue	3 years from the date of issue
	1,000,000	\$0.87	24 months from the date of issue	3 years from the date of issue

Mr Rathie is a director of Galilee Energy Limited, a subsidiary of the Company, but is not a director of the Company.

10.2 Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new shares equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

In accordance with Listing Rule 7.1 the Company is now seeking the approval of Shareholders for the issue of the Rathie Options.

The effect of the Shareholders approving the issue of the Rathie Options will be that the issue will not be counted as part of the Company's 15% limit under ASX Listing Rule 7.1, and the Company will therefore retain a greater proportion of the 15% limit for any subsequent requirements that may arise.

In accordance with ASX Listing Rule 7.3, the Company advises as follows:

- the maximum number of options that will be issued under this Resolution 8 is 2,000,000;
- the Rathie Options will be issued and allotted no later than 3 months from the date of the Meeting;
- the exercise price of the Rathie Options set out in the table above at section 10.1;
- the Rathie Options will be issued to Lester C Rathie;
- the Shares issued upon exercise of the Rathie Options will have the same rights and entitlements as all other fully paid ordinary shares in the issued capital of the Company; and
- the Rathie Options will not be quoted.

10.3 Option Terms

A summary of the material terms of the Rathie Options is set out below:

The securities to be issued to the Option Recipient are options to subscribe for ordinary shares in the capital of the Company;

- (a) the Rathie Options are to be issued for no consideration;
- (b) shares issued on exercise of the Rathie Options will rank pari passu with all existing ordinary shares of the Company from the date of issue;

Explanatory Memorandum

- (c) the Rathie Options may be exercised wholly or in part by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque for the exercise price of the Rathie Option multiplied by the number of Shares in respect of which Rathie Options are being exercised;
- (d) the Rathie Options shall be unlisted;
- (e) upon allotment of Shares pursuant to the exercise of Rathie Options, the Company shall use its best endeavours to have such Shares quoted and listed on the Official List of the ASX;
- (f) optionholders do not participate in dividends or in bonus issues unless the Rathie Options are exercised;
- (g) while the Option Recipient does not have any participating rights in new issues of securities in the Company during the term of any Rathie Options held, the Option Recipient shall be afforded a period of at least 10 business days before the record date to determine entitlements to the issue, to exercise the Rathie Options and it shall be a condition of the Rathie Options that any entitlements to bonus issues of securities are only available to the Option Recipient in the event of a prior exercise of the Director Options;
- (h) if, during the life of any Rathie Option:
 - (i) shares are offered pro rata for subscription by the Company to its Shareholders generally by way of rights issue; and
 - (ii) where the Company is listed on ASX, the price at which each share is so offered is less than the market price in force on the day of public announcement of the rights issue,

then the subscription price applicable to each share then comprised in the Rathie Options may be reduced by the value of the theoretical rights entitlement per cum rights share and that theoretical rights entitlement per cum rights share shall be taken to have a value calculated by applying the formula:

$$O1 = O - E \frac{[P - (S + D)]}{N + 1}$$

where

O1 = the new exercise price of the option

O = the old exercise price of the option

E = the number of underlying securities into which one option is exercisable

P = the average market price per security (weighted by reference to volume) of the underlying securities during the five (5) trading days ending on the day before the ex right date or the ex entitlements date

S = the subscription price for a security under the pro-rata issue

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue)

N = the number of securities which rights of entitlements that must be held to receive a right to one new security

- (i) if there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Rathie Options is exercisable may be increased by the number of Shares which the Option Recipient would have received if the Rathie Options had been exercised before the record date for the bonus issue;

Explanatory Memorandum

- (j) the terms of the Rathie Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change; and

However, the terms of the Rathie Options shall not be changed to reduce the exercise price, increase the number of Rathie Options or change any period for exercise of Rathie Options.

The Board unanimously recommends that Shareholders vote in favour of this Ordinary Resolution.

11. Resolution 9 – Non-executive Directors’ Remuneration

In order for the total aggregate annual remuneration payable to Non-Executive Directors of the Company and its child entities to be increased, Listing Rule 10.17 of the ASX Listing Rules and Article 61 of the Company’s Constitution must be complied with. The ASX Listing Rules and the Constitution provide that the Company must not increase the amount of remuneration payable to Non-Executive Directors of the Company and its child entities unless Shareholders approve such an increase.

Additionally, Listing Rule 10.17.2 of the ASX Listing Rules provides that if Non-Executive Directors are paid, they must be paid a fixed sum. All Non-Executive Directors will be paid a fixed sum as determined at the sole discretion of the Board.

Currently the Non-Executive Directors of the Company and its subsidiary Galilee Energy Limited (**GEL**) are entitled to receive a combined annual aggregate remuneration of \$300,000 which is apportioned as follows:

- \$150,000 for payment of Non-Executive Directors’ fees for the Non-Executive Directors of ECU; and
- \$150,000 for payment of Non-Executive Directors’ fees for the Non-Executive Directors of GEL.

noting the Directors of the Company are entitled to apportion and distribute the above aggregate Non-Executive Directors of ECU and GEL (respectively) remuneration as they determine providing they do not exceed the aggregate amounts noted above and previously approved by Shareholders.

The Non-Executive Directors of the Company and GEL receive the following board fees:

Director	Annual Board Fees of ECU
John S McIntyre	\$30,000
Richard J May	\$30,000
Steven J Koroknay	\$45,000

Director	Annual Board Fees of GEL
Steven J Koroknay	\$50,000
Lester C Rathie	\$30,000
Rino Camarri	\$30,000
Kenneth McMahon	\$30,000

In addition, there may be occasions when the Non-Executive Directors are required to perform services that fall outside the scope of their ordinary duties as a Non-Executive Director. In the event

Explanatory Memorandum

that the Non-Executive Directors are required to perform additional duties they are entitled, under the Company's Constitution, to be paid for the performance of these additional duties. However, payments for the performance of additional services must also fall within the aggregate amount of remuneration for Non Executive Directors that has been approved by Shareholders.

The aggregate remuneration that may be applied to pay the Non-Executive Directors of both ECU and GEL has remained unchanged and has not been increased since 2003.

Shareholder approval is sought to increase the total aggregate annual remuneration payable to Non-Executive Directors of the Company and its child entities from \$300,000 to a maximum aggregate amongst all Non-Executive Directors of \$600,000 (to be divided between Non-Executive Directors of the Company and/or its child entities as the board determines).

It is important to note that in the current phase of activities being undertaken by GEL, the Non-Executive Directors of that entity are performing additional duties to supplement the tasks being performed by GEL's executives and contractors, and such will require additional payments that are expected to exceed the current approved aggregate remuneration.

The Board considers that this increase in the total aggregate annual remuneration payable to Non-Executive Directors is necessary to provide an ability to increase the remuneration payable to the current Non-Executive Directors and any additional Non-Executive Directors who might join the Board. Further details on the remuneration paid to Non-Executive Directors are set forth in the Remuneration Report contained in the Directors' Report section of the Annual Report.

The Company believes that all relevant information concerning Resolution 9 required in respect of Listing Rule 10.17 is included in the text, and accompanying notes, of this resolution in the Notice of Meeting

12. Resolution 10 – Issue of Shares to Becamal Pty Ltd

12.1 Introduction

In November 2008, the Company obtained a loan from Becamal Pty Ltd ACN 010 314 895 (**Becamal**) (a company associated with Campbell G Smith, Managing Director of the Company) (**Becamal Agreement**). Under the Becamal Agreement, the Company was provided with a loan in the amount of \$2,650,000 (**Becamal Loan Amount**). The Becamal Loan Amount was approved by the Company in subscribing for shares in Galilee Energy Limited as part of a rights issue undertaken by Galilee Energy Limited in 2008.

The Becamal Loan Amount was provided to the Company in November 2008. Under the terms and conditions of the Becamal Agreement the Becamal Loan Amount or part thereof may be repaid by either cash or, subject to Shareholder approval the issue of Shares.

The Company and Becamal have agreed that, subject to shareholder approval, an amount equal to \$1,300,000 of the Becamal Loan Amount be repaid by the issue of Shares (**Conversion Amount**). Upon conversion of the Conversion Amount, and subject to shareholder approval being obtained, Becamal will be issued with 2,096,774 fully paid ordinary shares in the Company at an issue price of \$0.62. The issue price for the conversion of the Conversion Amount has been determined on the basis of a volume weighted average (**VWAP**) calculate over 15 days up to 12 October 2009 being 0.62

12.2 Resolution

The Company now seeks Shareholder approval for the issue of Shares under the Becamal Agreement.

Resolution 10 seeks Shareholder approval to issue 2,096,774 Shares to Becamal (**Becamal Shares**) in satisfaction of the obligation of the Company to repay the Conversion Amount owing under the Becamal Loan Amount

If the issue of the Becamal Shares is not approved the Company will be required to repay the Becamal Loan Amount in cash on demand by Becamal.

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If Resolution 10 is approved the Conversion Amount will be deducted from the Becamal Loan Amount reducing the total amount repayable under the Becamal Loan

12.3 ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless prior approval is obtained, a company must not issue or agree to issue equity securities to a related party.

A “related party” for the purposes of the Listing Rules has the meaning ascribed to that term in the *Corporations Act*. A “related party” for the purposes of the *Corporations Act* is defined widely and it includes a director of the public company. The definition of “related party” is also extended to include an entity controlled by a related party. Becamal is controlled by Campbell G Smith, Managing Director of the Company.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1

12.4 Chapter 2E Corporations Act

Chapter 2E of the *Corporations Act 2001* (Cth) (**Corporations Act**) prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

A “related party” for the purposes of the *Corporations Act* is defined widely and includes a director of the public company.

A “financial benefit” for the purposes of the *Corporations Act* has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

This proposed resolution, if passed, will confer financial benefits to Becamal (an entity controlled by Campbell G Smith) and the Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the *Corporations Act* and for this reason and for all other purposes the following information is provided to shareholders.

(k) **The related party to whom Resolution 10 would permit the financial benefit to be given**

Becamal is an entity associated with Campbell G Smith who is a director of the Company.

(l) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is the grant of 2,096,774 Shares to Becamal as referred to in Resolution 10.

(m) **Directors’ recommendation**

With respect to Resolution 10, the Directors (with Campbell G Smith abstaining) recommend that shareholders vote in favour of this resolution as the issue of the Conversion Shares will reduce the total amount repayable under the Becamal Loan.

As Campbell G Smith is interested in the outcome of Resolution 10, he accordingly makes no recommendation to shareholders in respect of this resolution.

(n) **Directors’ interest**

Campbell G Smith has a material personal interest in the outcome of Resolution 10, as it is proposed that the Becamal Shares be granted to an entity controlled by him as set out in Resolution 10.

Explanatory Memorandum

Excluding the Becamal Shares, Campbell G Smith (and entities associated with him) holds 22,909,264 shares of the Company. Please refer to the table below which indicates the holdings of Campbell G Smith (and entities associated with him).

Other than the Becamal Shares to be issued to Becamal pursuant to Resolution 10, Campbell G Smith shall receive director's remuneration of approximately \$220,000 per annum from the Company for his services as Managing Director.

Set out in section 12.7 is a table summarising the interests of Campbell G Smith the Director Becamal.

(o) **Any other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its directors save and except as follows:

12.5 Opportunity costs

The opportunity costs and benefits foregone by the Company issuing the Becamal Shares is the potentially dilutionary impact on the issued share capital of the Company (in the event that the options are exercised). To the extent that the dilutionary impact caused with the issue of shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company in repaying the Becamal Loan Amount in full by way of equity rather than cash.

12.6 Taxation consequences

No stamp duty will be payable in respect of the grant of the Becamal Shares. No GST will be payable by the Company in respect of the issue of the Becamal Shares (or if it is then it will be recoverable as an input credit).

12.7 Dilutionary effect

Set out below is a table summarising the interests of Becamal if all of the Becamal Shares are issued.

Shareholders	Current Share Capital		Share Capital Upon Issue of Becamal Shares (Resolution 10) ²	
Current Shareholders	79,843,321	77.7%	79,843,321	76.15 %
Becamal ¹	22,909,264	22.3%	25,006,038	23.85 %
Total	102,752,659	100.0%	104,849,433	100.00%

Notes:

1. *Includes all direct and indirect holdings.*
2. *Assumes that no other shares are issued by the Company, other than the Becamal Shares.*

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by the proposed Resolution 10.

13. Voting Entitlement

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm Wednesday, 25 November 2009. Accordingly,

Explanatory Memorandum

transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

14. Interpretation

ASIC means the Australian Securities and Investments Commission;

ASX means the ASX Limited;

Board means the board of directors of the Company;

Company means Eastern Corporation Limited ACN 064 957 419;

Constitution means the constitution of the Company;

Corporations Act means the *Corporations Act 2001 (Cwlth) (Act)* as amended from time to time;

Meeting means this annual general meeting to be held on 27 November 2009;

Non Executive Director means a non-executive director of the Company;

Resolution means a resolution proposed at the Meeting;

Share means ordinary fully paid shares in the issued capital of the Company; and

Shareholder means a holder of Shares in the Company.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Bill Lyne (Company Secretary):

Level 2, 895 Ann Street, Fortitude Valley, QLD 4006

Phone +61 (0) 7 3216 1155 or mobile +61 (0) 4 1887 4175

BECAMAL PTY LTD

ACN 010 344 895

PO Box 1157 Milton Qld 4064

9 October 2009

The Directors
Eastern Corporation Limited
Level 2
895 Ann Street
Fortitude Vally Qld 4006

Sirs,

Notice of Nomination of Auditor

We, Becamal Pty Ltd, being a shareholder of Eastern Corporation Limited ACN 064 957 419 ("the Company"), hereby give written notice pursuant to Section 328B(1) of the *Corporations Act 2001* ("the Act") of the nomination of BDO Kendalls Audit & Assurance (QLD) Pty Ltd ACN 134 022 370 for appointment as Auditor of the Company at the forthcoming Annual General Meeting.

Would you please circulate a copy of this Notice as required under the Act.

Yours faithfully,



.....
Director



EASTERN
CORPORATION LIMITED
ABN 11 064 957 419

000001 000 ECU
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 552 270
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 1.00pm (Brisbane time) Wednesday 25 November 2009

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Eastern Corporation Limited hereby appoint

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual named, or if no individual is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Eastern Corporation Limited to be held at BDO Kendalls (Qld), Level 15, 300 Queen Street, Brisbane 4000 on Friday, 27 November 2009 at 1.00pm (Brisbane time) and at any adjournment of that meeting.

Important for Item/s 5, 6, 7, 8, 9 & 10: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item/s 5, 6, 7, 8, 9 & 10 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item/s 5, 6, 7, 8, 9 & 10 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of item/s 5, 6, 7, 8, 9 & 10 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and in those circumstances votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Approval of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Richard May as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Election of Steven Koroknay as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Ratification of shares issued pursuant to a placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Issue of options to Patersons Securities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Issue of options to Steven Koroknay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Issue of options to Lester Campbell Rathie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Non Executive Directors Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Issue of Shares to Becamal Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____