

**EASTERN CORPORATION LIMITED
ACN 064 957 419**

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY MEMORANDUM**

Date of Meeting: Tuesday 25 November 2008
Time of Meeting: 3:00pm (Brisbane time)
Place of Meeting: Hopgood Ganim Lawyers
Level 7 Waterfront Place
1 Eagle Street
Brisbane
Queensland

This Notice of Annual General Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

**NOTICE OF ANNUAL GENERAL MEETING
EASTERN CORPORATION LIMITED**

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 Hopgood Ganim Lawyers, Level 7 Waterfront Place, 1 Eagle Street, Brisbane, Queensland on Tuesday 25 November 2008 at 3:00pm (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 Sheets, Cashflow Statements and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2008.

1. REMUNERATION REPORT

To consider and, if thought fit, pass the following Advisory Resolution:

"That, the Remuneration Report for the year ended 30 June 2008 (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 JOHN STEUART MCINTYRE AS A DIRECTOR

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

"That John Steuart McIntyre who retires by rotation in accordance with Rule 58.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

SPECIAL BUSINESS

3. AUDITOR

To consider and, if thought fit, pass the following as an Ordinary Resolution:

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

NOTE: In accordance with Section 328B(3) of the *Corporations Act 2001* a copy of the notice of nomination of Auditor accompanies this Notice of Meeting.

4. ISSUE OF OPTIONS TO THE NON EXECUTIVE DIRECTORS

To consider and, if thought fit, pass the following Ordinary Resolution without modification:

*“That in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 4,000,000 options to subscribe for ordinary shares in the Company on the terms as set out in the Explanatory Memorandum accompanying this Notice (**Director Options**) to the Non-Executive Directors of the company as set out in the Explanatory Memorandum (**Option Recipients**).”*

Note:

- *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.*
- *The Company intends to issue the Director 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 Director Options is contained within the Explanatory Memorandum.*
- *No funds will be raised by the issue of the Directors 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:*
 - *the Option Recipients; and*
 - *any associate of the Option Recipients.*
- *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.*

5. APPROVAL TO REFRESH EMPLOYEE SHARE AND OPTION PLAN

To consider and, if thought fit, to pass the following Ordinary Resolution:

“That for the purposes of Exception 9 in Listing Rule 7.2 of the ASX Listing Rules and for all other purposes, the Company be authorised to issue securities under the Employee Share Option Plan as an exception to Listing Rule 7.1 of the ASX Listing Rules.”

Note:

- *The Company will disregard any votes cast on this Resolution by:*
 - *a Director of the Company; and*
 - *any associate of a Director of the Company.*
- *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
24 October 2008

EXPLANATORY MEMORANDUM

EASTERN CORPORATION LIMITED ACN 064 957 419

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 Hopgood Ganim Lawyers, Level 7 Waterfront Place, 1 Eagle Street, Brisbane, Queensland on Tuesday 25 November 2008 commencing at 3:00pm (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 the Interpretation section at the end of this Explanatory Memorandum.

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, Cashflow Statements and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2008 was despatched to Shareholders and released to the ASX on 24 October 2008. The Annual Report is also available on the Company's website at www.easterncorp.com.au.

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:

- (a) explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- (d) 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 – ELECTION OF JOHN STEUART MCINTYRE AS A DIRECTOR

In accordance with Rule 58.1 of the Company's Constitution, Mr McIntyre retires by rotation as a director of the Company and offers himself for re-election.

Mr McIntyre was appointed as a director of the Company on 7 July 2004 and has been a member of the Audit Committee since August 2007.

Mr McIntyre is a professional mining engineer, with more than 35 years of operating, management and advisory experience in both open pit and underground management, operation, feasibility evaluation and development of mining projects. Since 1994, he has been the Managing Director of Behre Dolbear Australia, the Australian subsidiary of US mineral industry consultant, Behre Dolbear & Co Inc. Mr McIntyre has previously held senior positions at the Goonyella mine and was General Manager of the Curragh mine in Queensland's Bowen Basin.

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

5. RESOLUTION 3 – APPOINTMENT OF NEW AUDITOR

By resolution 3, the Company is seeking shareholder approval to the appointment to BDO Kendalls (QLD) as auditor for the Company, subject to the consent of the Australian Securities & Investments Commission (**ASIC**) pursuant to the *Corporations Act* and subject to compliance generally with the *Corporations Act*.

The current auditor of the Company has provided in notice to the Company of their intention to resign as auditor, and has applied for the ASIC's consent under Section 329(5) of the *Corporations Act 2001*.

As at the date of this Notice of Annual General Meeting, ASIC consent to the resignation has not been obtained. If the consent of ASIC is provided and the current Auditors resignation takes effect prior to the Meeting, the Directors intend to appoint BDO Kendalls (Qld) to fill the casual vacancy pursuant to section 327C of the *Corporations Act*. In those circumstances BDO Kendalls (Qld) would remain auditors until the Meeting.

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

Accordingly, the Company is seeking shareholder approval to the appointment of BDO Kendalls (QLD) as auditor of the Company, with such appointment to be effective upon the consent of the ASIC being given to the current auditor of the Company resigning.

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

6. RESOLUTION 4 - ISSUE OF OPTIONS TO THE NON-EXECUTIVE DIRECTORS

6.1 Introduction

The Directors are seeking approval from the members for the proposed grant of options to the Non-Executive Directors as follows:

Option Recipient	No of Director Options	Exercise Price	Vesting Date	Expiry Date
Richard John May	1,000,000	\$0.30	12 months from the date of issue	3 years from the date of issue
	1,000,000	\$0.35	24 months from the date of issue	3 years from the date of issue
John Steuart McIntyre	1,000,000	\$0.30	12 months from the date of issue	3 years from the date of issue
	1,000,000	\$0.35	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.

6.2 Options terms

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

The securities to be issued to each 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) Participants do not participate in dividends or in bonus issues unless the Director Options are exercised;
- (g) While the Recipients do not have any participating rights in new issues of securities in the Company during the term of any Director Options held, the Recipients 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 Recipients 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
- (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.

6.3 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.

This proposed resolution, if passed, will confer financial benefits to Richard John May and John Steuart McIntyre 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 4 would permit the financial benefit to be given**

Each of Richard John May and John Steuart McIntyre, being directors 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 each of the Recipients as referred to in Resolution 4;
- (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 \$0.30 or \$0.35 per share exercisable after the Vesting Date and on or before the Expiry Date.

(c) **Directors’ recommendation**

With respect to Resolution 4, Campbell Smith recommends that shareholders vote in favour of this resolution. The reasons for his recommendation include:

- (i) the grant of the Director Options as proposed to the Recipients will provide them with reward and incentive for future services they 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 Richard John May is interested in the outcome of Resolution 4, he accordingly makes no recommendation to shareholders in respect of this resolution.

As John Steuart McIntyre is interested in the outcome of Resolution 4, he accordingly makes no recommendation to shareholders in respect of this resolution.

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

Richard John May has a material personal interest in the outcome of Resolution 4, as it is proposed that Director Options be granted to him as set out in Resolution 4.

Excluding the Director Options, Richard John May (and entities associated with him) holds 241,126 shares of the Company on terms previously approved by the members of the Company. Please refer to the table below which indicates the holdings of Richard John May (and entities associated with him).

Other than the Director Options to be issued to Richard John May pursuant to Resolution 4, Richard John May shall receive director's remuneration of \$30,000 per annum from the Company for his services as a Non-Executive Director and Chairman.

John Steuart McIntyre has a material personal interest in the outcome of Resolution 4, as it is proposed that Director Options be granted to him as set out in Resolution 4.

Excluding the Director Options, John Steuart McIntyre (and entities associated with him) holds 880,433 shares of the Company on terms previously approved by the members of the Company. Please refer to the table below which indicates the holdings of John Steuart McIntyre (and entities associated with him)

Other than the Director Options to be issued to John Steuart McIntyre pursuant to Resolution 4, John Steuart McIntyre shall receive director's remuneration of \$30,000 per annum from the Company for his services as a Non-Executive Director.

Set out below is a table summarising the interests of Richard John May and John Steuart McIntyre upon the exercise of the Director Options.

Shareholders	Current Share Capital		Share Capital Upon Exercise of Directors Options (Resolution 4) ²	
	Number of Shares	Percentage	Number of Shares	Percentage
Current Shareholders	70,663,842	98.44%	70,663,842	93.24%
Richard John May ¹	241,126	0.33%	2,241,126	2.96%
John Steuart McIntyre ¹	880,433	1.23%	2,880,433	3.80%
Total	71,785,401	100%	75,785,401	100%

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.*

(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 10 October 2008, being \$0.237;
- The exercise price of the options being \$0.30 and \$0.35 respectively;
- A volatility of the share price of 65%;
- The vesting conditions being those set out in the table under 6.1 above;
- The time to maturity being the exercise date being on or before 25 November 2011;
- A risk-free interest rate of 4.37%;
- A nil expected dividend yield; and
- An exercise price multiple of 2;

(assumed data)

Based on this information, the Company has adopted an indicative value per Directors Option of \$0.084 (for the options at an Exercise Price of \$0.30) and \$0.081 (for the options at an Exercise Price of \$0.35) each.

On that basis, the respective value of the Director Options to be issued pursuant to Resolution 4 are as follows:

Richard John May – \$165,000;

John Steuart McIntyre – \$165,000.

(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:

6.4 Opportunity costs

The opportunity costs and benefits foregone by the Company issuing the Director Options to each of the Recipients 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 will 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.

6.5 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.

6.6 Dilutionary effect

Set out below is a table summarising the interests of Richard John May and John Stuart McIntyre if all of the Director Options are issued and exercised.

Shareholders	Current Share Capital		Share Capital Upon Exercise of Directors Options (Resolution 4) ²	
	Number of Shares	Percentage	Number of Shares	Percentage
Current Shareholders	70,663,842	98.44%	70,663,842	93.24%
Richard John May ¹	241,126	0.33%	2,241,126	2.96%
John Stuart McIntyre ¹	880,433	1.23%	2,880,433	3.80%
Total	71,785,401	100%	75,785,401	100%

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 4.

7. RESOLUTION 5 – APPROVAL TO REFRESH EMPLOYEE SHARE AND OPTION PLAN

Pursuant to Resolution 5, the Company is seeking shareholder approval to potential future issue of securities under the Company's Employee Share Option Plan (**the Plan**) as an exception to Listing Rule 7.1

Background

The Company approved the establishment of the Plan at the 2004 Annual General Meeting on 17 November 2004 as a means of rewarding and incentivising its key employees. A summary of the terms of the Plan are set out in Annexure A to this Explanatory Memorandum.

The Plan refreshes the expired approval to issue securities under the Employee Share Option Plan which was originally approved by shareholders in the Company's 2004 AGM.

Listing Rules

Under Listing Rule 7.1, a listed company is generally prevented from issuing more "securities" (including shares or options) that would equate to (when all other issues of securities are aggregated) 15% of its share capital in any 12 month period, without first obtaining shareholder approval.

As a result, any issue of options by the Company to eligible employees under the Plan would reduce the Company's 15% capacity under Listing Rule 7.1.

Exception 9 of Listing Rule 7.2 however, allows the Company to issue "securities" without specific shareholder approval and without reducing the 15% capacity under Listing Rule 7.1, where shareholders of the Company have approved the issue of securities under the Plan as an exception to Listing Rule 7.1, within three years prior to the issue of the securities. Resolution 5 is being put to shareholders for this purpose and will allow the Company to utilise Exception 9 to Listing Rule 7.2 for three years from the date of the Resolution being passed.

Information for shareholders

In accordance with Exception 9 of Listing Rule 7.2, the Company advises as follows:

- There have been no options or shares issued under the Plan since 17 November 2004; and
- A summary of the terms of the Plan are set out in Annexure A.

8. 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 on 23 November 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

9. INTERPRETATION

ASIC means the Australian Securities and Investments Commission;

ASX means the ASX Limited trading as Australian Securities Exchange;

Expiry Date means the expiry date for each of the Director Options as set out in the table in section 6.1;

Exercise Price means the exercise price for each of the Director Options as set out in the table in section 6.1;

Share means a fully paid ordinary share in the capital of Eastern Corporation Limited.

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Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Bill Lyne, Company Secretary, or Miss Sam Aarons, Business Development & Corporate Relations Manager:

Eastern Corporation Limited
Level 2
895 Ann Street
FORTITUDE VALLEY QLD 4000
Telephone Phone: +61 7 3216 1155 Facsimile No: +61 7 3216 1199

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ANNEXURE A

EASTERN CORPORATION LIMITED ACN 064 957 419 EXECUTIVES AND EMPLOYEES SHARE OPTION PLAN SUMMARY OF TERMS AND CONDITIONS OF THE PLAN

1. The Plan is to extend initially to employees of the Company and subsequently to such other executives and employees as the Board may in its discretion determine.
2. As at the date of adoption of the Plan, the Directors have not resolved to issue any options pursuant to the Plan.
3. The total number of shares in respect of which options may be granted under the Plan to employees and which have not been exercised or lapsed shall not at any time exceed five percent (5%) of the Company's issued share capital at that time ("Permitted Limit").
4. There is to be no similar restriction as to the number of shares in respect of which options may be granted under the Plan to executives.
5. The options are to be issued for no consideration.
6. The exercise price of an option will be the price determined by the Board and advised at the time of granting the option.
7. The option period is five (5) years or such earlier period as either determined by the Board or as a result of the employee ceasing his or her employment with the Company.
8. The option exercise period is the period commencing on either:
 - (a) if the Company has issued a current prospectus, the day after lodgement with ASIC;
 - or
 - (b) otherwise, the later of:
 - (i) the day twelve (12) months after the date of approval of the Plan unless otherwise determined by the Board;
 - (ii) when the Company has been listed on ASX for 12 months; or
 - (iii) when the Company is otherwise authorised or permitted to issue shares under the Plan pursuant to Section 708 of the Corporations Act 2001 (Cth) or an ASIC Class Order,

and expiring (unless the Board determines a shorter period) at the end of the option period.

9. Eligibility to participate is determined by the Board. Eligibility is restricted to executives and employees of the Company and its subsidiaries. The Board is entitled to determine:
 - (a) the total number options to be offered provided that the number of options offered in any one year to employees shall not result in the Permitted Limit in clause 2 above being exceeded; and
 - (b) the eligible executives and employees to whom offers will be made.

At present, the Company has made no determination as to executives or other employees who will be eligible to participate in the Plan.

10. Participants do not participate in dividends or in bonus issues unless the options are exercised.
11. In the event that a rights issue is made by the Company during the term of the options at a discount to the prevailing market price then the Company shall be obliged to adjust the exercise price for the options in accordance with a specific formula.
12. The Board has the right to vary the entitlements of all participants to take account of the effective capital reconstructions, bonus issues or rights issues.
13. The Board may vary the Plan, but subject to the ASX Listing Rules.

BECAMAL PTY LTD

ACN 010 344 895

PO Box 1157 Milton Qld 4064

13 October 2008

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 of the nomination of BDO Kendalls (QLD) for appointment as Auditor of the Company.

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

Yours faithfully,



.....
Director

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

Lodge your Proxy:



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 Proxy to be effective it must be received by 3.00pm (Brisbane Time) Sunday 23 November 2008

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: I9999999999



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

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

I ND

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 or body corporate named, or if no individual or body corporate 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 Hoggood Ganim Lawyers, Level 7 Waterfront Place, 1 Eagle Street, Brisbane on Tuesday, 25 November 2008 at 3.00pm (Brisbane time) and at any adjournment of that meeting.

Important for Item/s 4 & 5: If the Chairman of the Meeting is your proxy and you do not wish to direct him/her how to vote on Item/s 4 & 5 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 4 & 5 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 4 & 5 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 that 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 Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of John Steuart McIntyre as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

3 Appoint BDO Kendalls (QLD) as Auditor of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Options to the Non Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Refresh Employee Share and Option Plan	<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 ____/____/____