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21 May 2003

The Manager
Australian Stock Exchange
Corporate Announcement Platform

Dear Sir/Madam

RE: SUR AMERICAN AGREEMENT VARIATION

The Board of Eastern Corporation Limited ("ECU") is pleased to announce that a Variation Deed has been entered into by ECU with Sur American Gold Corporation which will effectively convert all of ECU's current shareholding in Sabena Limited into Sur American shares.

On 7 March 2003, ECU announced that it had entered into an agreement with Toronto Venture Exchange Listed Company, Sur American Gold Corporation in relation to the Philippine Mineral interests held by ECU's subsidiary, Sabena Limited.

The original form of the agreement provided for Sur American to have the right to earn a 51% interest, by the staged issue of 17,324,771 shares in Sabena. This agreement required Sur American to expend an initial total of CAN$2 million in exploration on Sabena's Philippine gold and gold/copper projects over a two and a half year period and issued to ECU a total of 5 million common shares in Sur American (currently worth $CAN550,000 on the TSX Venture Exchange) The agreement also provided for an opportunity for Sur American to increase its stake in Sabena to 70% by expending a further CAN$2 million.

Pursuant to this agreement, ECU has already been issued 1,500,000 common shares in Sur American, who in turn acquired a 30% interest in Sabena.

Under the variation agreement that has now been entered into between ECU and Sur American, the initial agreement has been varied with the effect that:

- ECU be immediately issued common shares in Sur American to increase its total holding to 5 million shares;
- Sur American be issued shares in Sabena to take its total holding to 70% of the issued capital of Sabena;

- Sur American has agreed to commit (on a best endeavours basis) CAN$4 million to expenditure on Sabena's Philippine interests within 5 years; and

- ECU is afforded certain non-dilution rights, to enable the company to preserve its percentage interest in Sur American (at ECU's election) of approximately 11% until 30 June 2005.

Completion of this transaction will be effected as soon as possible, pending completion of outstanding regulatory approvals and authorities in Canada being obtained. A twelve month mandatory escrow will apply on the 5 million shares that ECU is to receive in Sur American.

The Board of ECU are very pleased to have secured this further variation to the arrangements with Sur American. ECU had already transferred 30% of its shareholding interest in Sabena to interests associated with Alan Phillips and Garry Clark and now, this arrangement with Sur American means that ECU's entire interest in the Philippines project is retained in its 5 million common shares in the listed Sur American entity (representing about 11% of the total Sur American shares).

Allocation of Employee Fund Shares

In addition, the Board of ECU wish to advise that an allocation of 250,000 shares has been made by the Eastern Corporation Employee Incentive Fund to certain employees and consultants of ECU, in recognition of the services already rendered by those persons particularly in relation to development of the Galilee Energy coalbed methane project. The Board maintains its view that it is important the company maintains its ability to adequately remunerate and incentivise its employees and consultants and intend to continue utilising the Incentive Fund's resources in the future.

Yours faithfully

David K Barwick
Chairman