

EAST ENERGY RESOURCES LIMITED

Corporate Governance Statement

As an integral part of its preparations to list on the Australian Securities Exchange (“ASX”), the Company has considered and set up a framework for embracing the ASX Corporate Governance Principles and Recommendations (2nd Edition) (“Recommendations”). The Company has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Company and the Board, the resources available to the Company and the activities of the Company. Where, after due consideration the Company’s corporate governance policies depart from the Recommendations, the Board has outlined the nature of, and reason for, the adoption of its own practice.

Further information about the Company’s corporate governance practices is available on the Company’s web site at www.eastenergy.com.au.

The Board sets out below its “if not why not” report in relation to those matters of corporate governance where the Company’s practices depart from the Recommendations. It is noted that given the Company has only recently been incorporated some of the Recommendations have not yet been applicable to the Company (i.e. annual reporting requirements) however will be considered by the Board as required. As the Company’s activities develop in size, nature and scope, further consideration will be given by the Board to the implementation of additional corporate governance structures.

Recommendation

1.1 Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.

East Energy Resources Limited current practice

Satisfied.
The Directors have adopted a Board Charter which outlines the role of the Board. Executive Director Consultancy Agreements outline functions of the executive directors. Non-executive Director appointment letters outline the terms and conditions of non-executive director appointments. As the Company recruits additional management, the roles and responsibilities of these persons will be considered and documented.

1.2 Companies should disclose the process for evaluating the performance of senior executives.

Not currently applicable.
Other than the Directors the Company does not currently employ any senior executives. The full Board will be responsible for the appointment and will regularly review the performance of senior executives having regard to the Nomination and Remuneration Charters.

1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1 outlined in the Recommendations.

Satisfied.
Board Charter available at www.eastenergy.com.au.

2.1 A majority of the board should be independent directors.

Not satisfied.
Currently there is only one independent director and four non-independent directors.

The Board has been structured such that its composition and size will enable it to effectively

discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's operations, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional independent directors as it deems appropriate.

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| 2.2 | The chair should be an independent director. | Not satisfied. |
| | | While the Board recognises the importance of independence in decision making, it does not comply with Recommendation 2.2 as Mr Byrt (the Chairman) is a substantial shareholder of the Company. The Board believes that Mr Byrt is the most appropriate person for the position as Chairman because of his experience and knowledge of the Company's mineral projects. |
| 2.3 | Roles of chair and chief executive officer should not be exercised by same individual. | Satisfied. |
| | | The role of chairperson of the Board is and the CEO (Managing Director) are not exercised by the same person with Mr Basso-Brusa appointed as Managing Director and Mr Byrt as chairman of the Board. |
| 2.4 | The board should establish a nomination committee. | Not satisfied. |
| | | The Company does not have a separate Nomination Committee and the full Board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination Committee Charter setting out the board processes to raise the issues that would otherwise be considered by the Nomination Committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. |
| 2.5 | Companies should disclose the process for evaluating the performance of its board, its committees and individual directors. | Not satisfied. |
| | | The Company has not yet established formal performance review measures or induction |

		procedures for key executives nor has it established a separate nomination committee given the size and stage of the Company's operations. The full Board will review the performance of Directors and key executives on a regular basis.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2 outlined in the Recommendations.	Not currently applicable. The Company is yet to prepare an Annual Report however intends to incorporate all information as required. The Company's Nomination Committee Charter is available at www.eastenergy.com.au
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code.	Satisfied. Code of conduct available at www.eastenergy.com.au
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Satisfied. Trading in securities policy available at www.eastenergy.com.au
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3 outlined in the Recommendations.	Satisfied. Available at www.eastenergy.com.au
4.1	The board should establish an audit committee.	Satisfied. An audit committee has been established.
4.2	The audit committee should be structured such that it: <ul style="list-style-type: none"> • Consists only of non-executive directors; • Consists of a majority of independent directors; • Is chaired by an independent chair, who is not the chair of the board; • Has at least three members. 	Not satisfied. The audit committee currently consists of two members with only one being a non-executive director. The Chairman of the Board is not the Chairman of the Audit Committee. The Board notes that ASX Corporate Governance Council recommends the audit committee have at least three members with the majority being independent non-executive directors however considering the current size of the Company and composition of the Board, the Board considers the current audit committee size is sufficient at this stage.
4.3	The audit committee should have a formal charter.	Satisfied. Available at www.eastenergy.com.au .
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4 outlined in the Recommendations.	Not currently applicable. The Company is yet to prepare an Annual Report however intends to incorporate all information as required. The Company's Audit Committee Charter is available at www.eastenergy.com.au
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing	Satisfied. Continuous disclosure policy and Securities

	Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose these policies.	trading policy available at www.eastenergy.com.au
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5 outlined in the Recommendations.	Satisfied. Refer 5.1
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage their effective participation at general meetings.	Satisfied. Communications with shareholders policy available at www.eastenergy.com.au
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6 outlined in the Recommendations.	Satisfied. Refer 6.1
7.1	The board or appropriate board committee should establish and disclose policies for the oversight and management of material business risks and disclose a summary of those policies	Satisfied. Risk management program available at www.eastenergy.com.au The Board has considered the material risks impacting the Company and its Shares and has summarised these in the Company's IPO Prospectus. Key risks impacting the Company will be reviewed and considered by management and the Board on a regular basis.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Not satisfied The Company is yet to implement formal risk management and internal control systems to manage the Company's material risks, given the current stage of its operations. As its operations grow post listing on ASX, the Board and the Audit Committee will review and consider appropriate risk management and internal controls to be implemented by the Company having consideration to the key risks identified.
7.3	The board should disclose whether it has received assurance from the CEO and the CFO that the declaration in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the management system is operating effectively in all material aspects in relation to financial reporting.	Not currently applicable. This declaration will be disclosed in the Company's 2008 Annual Report.
7.4	Report and disclose 7.1, 7.2 and 7.3	7.1 Satisfied. Refer 7.1 7.2 Not satisfied. Refer 7.2 7.2 Not currently applicable. Refer 7.3.
8.1	The board should establish a remuneration committee.	Not satisfied. The Company does not have a separate Remuneration Committee and the full Board will consider matters of remuneration, in accordance with the Remuneration Committee Charter. The Company has adopted a Remuneration Committee Charter setting out the board

processes to raise the issues that would otherwise be considered by the remuneration committee. Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matter that would normally fall to the remuneration committee.

In addition all matter of remuneration will continue to be determined in accordance with the Corporations Act requirements, especially in relation to related party transactions. That is no director will participate in any deliberations regarding their own remuneration or related issues.

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| 8.2 | Clearly distinguish the structure of non-executive directors' remuneration from that of executives. | Satisfied
Details of executive and non-executive remuneration are outlined in the Company's IPO Prospectus. |
| 8.3 | Companies should provide the information indicated in the Guide to reporting on Principle 8 outlined in the Recommendations. | Not currently applicable
The Company is yet to prepare an Annual Report to include required disclosures.
The Remuneration Committee Charter is available at www.eastenergy.com.au |