east coast minerals

ABN 82 000 738 885

Interim financial report

For the 6 months ended 31 December 2008

The Directors present their report together with the financial report of East Coast Minerals N.L. ("the Company") for the half-year ended 31 December 2008 and the independent auditors' review report thereon.

The Directors of the Company at any time during or since the end of the half-year are:

MR GRAHAM LIBBESSON LLB., B.Com., CA. Chairman	Mr Libbesson is a Chartered Accountant with over 30 years experience in taxation, management and mergers and acquisitions. Mr Libbesson is also Non-Executive Director of eServGlobal Ltd and ComOps Ltd. Mr Libbesson was appointed a director on 17 December 2007 and Chairman on 2 July 2008.
MR RICHARD SEALY CA MAICD Managing Director	Mr Sealy has over the last 30 years held positions as financial director, managing director or chairman of a number of public and private companies in Australia, New Zealand and the United Kingdom. Mr Sealy was previously a director of Inventis Limited. Mr Sealy was appointed a director on 17 March 2008 and Managing Director on 2 July 2008.
MR SEVAG CHALABIAN LLB. Non-Executive Director	Mr Chalabian is a practicing commercial lawyer with particular specialisation in corporate and commercial transactions in the mining and property industries. Mr Chalabian is Chairman of Apollo Minerals Ltd and Artemis Resources Ltd and Non-Executive Director of Bisan Ltd. Mr Chalabian was appointed a director on 24 June 2008.
MR LESLIE WHITE Former Chairman and Executive Director	Mr White retired from the board on 2 July 2008 after 39 years of service to the Company.

RESULT AND REVIEW OF OPERATIONS

The loss after income tax for the period amounted to $1,381,439 (December 2007: Loss of $168,099). This result includes the recognition of losses on disposal of the Company's investments in Esperance Minerals NL and Greenvale Mining NL which totalled $493,218. Also included is an amount determined by Ernst & Young of $302,000 to Gravner Limited in respect of the value of the 50,000,000 options issued as part of the contract entered into with Gravner for services rendered in relation to finding new projects, investments and funding.

During the period the Company continued its mineral exploration activity in Western Australia. The Munni Munni Joint Venture between the Company and Legend Mining Limited continues exploration for nickel, copper, platinum, silver and palladium. The results to date have so far revealed no commercially viable deposits in the areas explored.

An independent valuation of the tenements in the Munni Munni Joint Venture was commissioned by the directors in August 2008. This resulted in a tenement valuation of $780,000. This means that the Company's 69.88% share is valued at $545,064. Despite recent announcements of the location of an interesting geological find in one of the licence areas the Directors believe that in light of the independent valuation it is appropriate to continue carrying the tenements at this value.

The company has also recently entered into an option to acquire 51% of an underground coal gasification development company.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year to the date of this report.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2008.

Signed in accordance with a resolution of the Directors

Richard Sealy
Managing Director
Dated at Sydney
6 March 2009

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of East Coast Minerals N.L. for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

C J Hume
Partner

Sydney, NSW
Dated: 6th March 2009

CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	2008 $	2007 $
Revenue	6,455	4,107
Interest received	13,473	8,189
Exploration expenditure	(216,676)	(69,783)
Consultancy fees	(139,544)	-
Consultancy fees - Gravner	(302,000)	-
Directors and employee benefits	(108,427)	(47,602)
Occupancy expenses	(34,925)	-
Finance costs	(1,692)	-
Loss on disposal of investments	(493,218)	-
Other expenses	(104,885)	(63,010)
(LOSS)/PROFIT BEFORE INCOME TAX	(1,381,439)	(168,099)
Income tax benefit	-	-
(LOSS)/PROFIT FOR THE PERIOD	(1,381,439)	(168,099)
Basic and diluted (loss)/ earnings per share	(2.79) cents	(0.41) cents

The condensed income statement is to be read in conjunction
with the attached notes to the financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Issued Capital $	Fair Value Reserve $	Accumulated Losses $	Options Reserve $	Total Equity $
Balance at 30 June 2007	7,835,470	819,931	(5,251,235)	-	3,404,166
Change in fair value of financial assets held for sale (net of deferred tax)	-	474,960	-	-	474,960
Share conversion and issues	1,260	-	-	-	1,260
Loss for the period	-	-	(168,099)	-	(168,099)
Balance at 31 Dec 2007	**7,836,730**	**1,294,891**	**(5,419,334)**	**-**	**3,712,287**
Balance at 30 June 2008	8,686,730	656,303	(6,980,275)	-	2,362,758
Change in fair value of financial assets (net of deferred tax)	-	(656,303)	-	-	(656,303)
Share conversion and issues	24,056	-	-	320,000	344,056
Equity facility funding	-	-	-	-	-
Loss for the period	-	-	(1,381,439)	-	(1,381,439)
Balance at 31 Dec 2008	**8,710,786**	**-**	**(8,361,714)**	**320,000**	**669,072**

The condensed statement of changes in equity is to be read in conjunction with the attached notes to the financial statements.

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008

	31-DEC-2008 $	30-JUN-2008 $
CURRENT ASSETS		
Cash and cash equivalents	200,324	771,040
Receivables	24,943	2,857
Investments	-	900,440
TOTAL CURRENT ASSETS	225,267	1,674,337
NON-CURRENT ASSETS		
Receivables	15,228	-
Investments	7,500	435,548
Property, plant and equipment	2,355	-
Intangible assets – Exploration and evaluation expenditure	545,064	545,064
TOTAL NON-CURRENT ASSETS	570,147	980,612
TOTAL ASSETS	795,414	2,654,949
CURRENT LIABILITIES		
Payables	125,250	292,191
Short term provisions	1,092	-
TOTAL CURRENT LIABILITIES	126,342	292,191
NON-CURRENT LIABILITIES		
Deferred tax liabilities	-	-
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	126,342	292,191
NET ASSETS	669,072	2,362,758
EQUITY		
Issued capital	8,710,786	8,686,730
Fair value reserves	-	656,303
Options reserve	320,000	-
Retained losses	(8,361,714)	(6,980,275)
TOTAL EQUITY	669,072	2,362,758

The condensed balance sheet is to be read in conjunction with the attached notes to the financial statements.

CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(569,775)	(186,005)
Interest received	13,474	8,189
Interest paid	(1,692)	-
NET CASH USED IN OPERATING ACTIVITIES	(557,993)	(177,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from performance bond	-	-
Proceeds from disposal of non-current assets	163,881	-
Payments for exploration expenditure	(200,660)	(69,783)
Payments for purchase of listed securities	-	-
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(36,779)	(69,783)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	24,056	1,260
Proceeds from draw-down of convertible finance facility	-	-
Proceeds from repayment of loans from related parties	-	100,000
Advances from related companies	-	55,072
NET CASH PROVIDED BY FINANCING ACTIVITIES	24,056	156,332
Net increase/(decrease) in cash held	(570,716)	(91,267)
Cash at the beginning of the financial period	771,040	212,453
CASH AT THE END OF THE FINANCIAL PERIOD	200,324	121,186

The condensed cash flow statement is to be read in conjunction with the attached notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

East Coast Minerals N.L. ("the Company") is a company domiciled in Australia. The interim financial report of the Company is for the six months ended 31 December 2008.

The condensed interim financial statements were approved by the Board of Directors on 6 March 2009.

BASIS OF PREPARATION

The interim financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The condensed half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2008. This report must also be read in conjunction with any public announcements made by the company during the half-year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The accounting policies adopted in the preparation of this financial report are, unless otherwise stated, consistent with those presented in the most recent annual financial report.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(A) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Recovery of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related site itself, or if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to the environmental restoration obligations) and changes to commodity prices.

Recoverability of Deferred Tax Assets

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets are recognised only where it is considered more likely than not they will be recovered.

2. EARNINGS PER SHARE

The calculation of basic earnings and diluted earnings per share at 31 December 2008 was based on the loss attributable to ordinary shareholders of $1,381,439 (2007: Loss $168,099) and the weighted average number of ordinary shares outstanding during the half year ended 31 December 2008 of 59,870,138 (2007: 40,626,000), calculated as follows:

	2008 Cents	2007 Cents
Basic and diluted (loss)/earnings per share	(2.79)	(0.41)

	31-DEC-2008 No of Shares	31-DEC-2007 No of Shares
Weighted average number of ordinary shares:		
Fully paid ordinary shares	47,017,395	39,112,450
Ordinary shares paid to 1 cent	976,273	1,513,550
Partly paid bonus shares paid to 1 cent (issued Nov 2008)	1,484,559	-
	49,478,227	40,626,000

1,214,217 potentially convertible equity instruments on issue throughout the year, that could potentially dilute the basic earnings per share in the future, were not included in the calculation of earnings per share because they are anti-dilutive for the half-year ended 31 December 2008.

53,000,000 options to acquire partially paid shares (equivalent to the partly paid bonus shares issued to ordinary shareholders), that could potentially dilute the basic earnings per share in the future, were not included in the calculation of earnings per share because they are anti-dilutive for the half-year ended 31 December 2008.

3. INVESTMENTS

		31 DEC 2008	30 JUNE 2008
Current		**$**	**$**
Investments in available-for-sale listed securities of related parties, at fair value	**(b)**	-	900,440
TOTAL CURRENT		-	900,440
Non-Current			
Unlisted investments in related party, at cost	**(a)**	7,500	138,603
Investments in available-for-sale listed securities of related parties, at fair value	**(b)**	-	296,945
TOTAL NON-CURRENT		7,500	435,548
TOTAL INVESTMENTS		7,500	1,335,988

(a) Shares in unlisted related party securities:

The fair value of unlisted securities cannot be reliably measured, as variability in the range of reasonable fair value estimates is significant. As a result, the unlisted investment is reflected at deemed cost, being the carrying amount of the investment at the time when the Company partially disposed of its holding and no longer had significant influence over the investment.

(b) Investments in available-for-sale related party listed securities:

The valuation of investments in available for sale listed securities is based upon the last quoted sale price on the Australian Stock Exchange at 31 December 2008. Investments in available-for-sale listed securities comprise investments in the ordinary and partly paid share capital of the related entities set out in the table below:

Name	Principal Activity	Country of Incorporation	Share Class	Ownership Interest		Carrying Amount of Investment	
				31 DEC 2008 %	30 JUN 2008 %	31 DEC 2008 $	30 JUN 2008 $
ASX Listed Companies:							
Esperance Minerals NL	Mining exploration	Australia	Contributing	-	6.37	-	296,945
Greenvale Mining NL	Mining exploration	Australia	Ordinary	-	6.80	-	900,440
Unlisted Companies:							
Minga Pty Limited	Finance and investment	Australia	Ordinary	15.00	15.00	7,500	138,603

The Directors have concluded that the Company does not hold significant influence over the above companies. The companies are considered to be related parties due to common directors during the half year ended 31 December 2008.

4. INTANGIBLE EXPLORATION AND EVALUATION EXPENDITURE

	31 DEC 2008	30 JUNE 2008
	$	**$**
Exploration and evaluation phase costs carried forward at valuation:	545,064	545,065

Exploration expenditure carried forward at 31 December 2008 represents a 69.88% (June 2008: 69.88%) interest in the Munni Munni Joint Venture (being mining leases: 47/340, 47/341, 47/342, 47/343 and exploration licence 47/587). These leases are located in the Pilbara goldfield of Western Australia. The principal activity of the joint venture is mining exploration.

An independent valuation of the tenements in the Munni Munni Joint Venture was commissioned by the directors in August 2008. This resulted in a tenement valuation of $780,000. This means that the Company's 69.88% share has been valued at $545,064. Despite recent announcements of the location of an interesting geological find in one of the licence areas the Directors believe that in the light of the independent valuation it is appropriate to write down the value of the tenements to their recoverable amount. As a result a non-cash impairment charge of $1,334,140 was recognised at 30 June 2008.

5. SHARE CAPITAL

	31 DEC 2008 $	30 JUNE 2008 $
Issued capital	8,565,080	8,541,024
Equity facility	145,706	145,706
	8,710,786	8,686,730

ISSUED CAPITAL DETAILS

46,495,118 (June 2008: 44,996,568) Fully paid ordinary shares:	8,100,129	8,526,038
Nil (June 2008: 1,498,550) Ordinary shares paid to 1 cent:	-	14,986
46,495,118 (June 2008: nil) Partly paid bonus shares	464,951	-
	8,565,786	8,541,024

(a) Movement in issued capital:

During the half-year, 95,850 ordinary shares paid to 1 cent were converted to fully paid shares.

Additionally, 1,402,700 ordinary shares paid to 1 cent were forfeited as a result of the call made on 3 September 2008. These were auctioned as fully paid ordinary shares for which the company received proceeds of $15,430.

On 14 November 2008, there was a 1:1 bonus issue to existing shareholders, of partly paid bonus shares issued at 8 cents each paid to 1 cent.

(b) Terms of the Issue:

(i) Fully paid ordinary shares

Ordinary shares participate in dividends and are entitled to one vote per share at shareholders meetings. In the event of winding up the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation in proportion to the number of shares held.

(ii) *Ordinary shares paid to 1 cent*

Partly paid shares are 9 cents uncalled and rank equally with fully paid shares for dividend and voting purposes.

(iii) Partly paid bonus shares

The Partly paid bonus shares are issued at 8 cents each paid to 1 cent and rank equally with fully paid shares for dividend and voting purposes.

EQUITY INSTRUMENTS DETAILS

	31 DEC 2008 $	30 JUNE 2008 $
Equity Facility	145,706	145,706

Details:

The Company entered into a Deed of Convertible Loan Facility (“Deed”) on 17 December 2007. The terms of the Deed provided for a loan facility of up to $850,000. Repayment terms provide for 395 days from signing the agreement and interest of 12% per annum on the funds drawn down.

The Company pursuant to the Deed was entitled to convert any portion of the facility drawn into full paid ordinary shares at a price of $0.12 per share.

SHARE OPTIONS

During the period the Company issued 53,000,000 unlisted options. 50,000,000 options were issued to Gravner Limited in accordance with the resolution put to shareholders at the Extraordinary General Meeting held 31 October 2008. 3,000,000 options were also issued to the Directors at this time. The options are to acquire partly paid shares of 9 cents each credited as paid up to 1 cent and will vest 30 days after the Company’s share price exceeds 20 cents for more than 5 consecutive days, and will expire 3 years after the date of issue.

6. SEGMENT INFORMATION

	FINANCE & INVESTMENT		MINING & MINERAL EXPLORATION		TOTAL	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
SEGMENT REVENUE						
Segment result from operating activities	(1,393,220)	(176,288)	-	-	(1,393,220)	(176,288)
Financing income	13,473	8,189	-	-	13,473	8,189
Financing expense	(1,692)	-	-	-	(1,692)	-
(Loss)/Profit before income tax	(1,381,439)	(168,099)	-	-	(1,381,439)	(168,099)
Income tax benefit		-	-	-		-
(Loss)/Profit after income tax	(1,381,439)	(168,099)	-	-	(1,381,439)	(168,099)
OTHER:						
Depreciation and amortisation	-	-	-	-	-	-
Impairment Expense	-	-	-	-	-	-
Loss)/Profit after income tax and non-cash items	(1,381,439)	(168,099)	-	-	(1,381,439)	(168,099)

7. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

8. EVENTS SUBSEQUENT TO 31 DECEMBER 2008

The following events have occurred subsequent to the end of the financial period:

The Company has issued 1,214,216 fully paid ordinary shares at 12 cents each, pursuant to the loan facility with Findlay & Co Stockbrokers (Underwriters) Pty Limited as agent for its clients. This represents the conversion of the outstanding amount of $145,706 which was not repaid with the last conversion announced on 4 June 2008.

On 18 February 2009 the Directors of East Coast Minerals N.L. made the first call of 1 cent per share on the 46,495,118 partly paid shares issued to shareholders on 16 November 2008.

The company entered into an option to acquire 51% of an underground coal gasification development company, Energie Future, which is expected to provide a significant coal gasification opportunity. Energie Future has applied for four coal mining exploration licences over 6,000km^2 offshore of New South Wales and has a non-binding MOU with United States underground coal gasification specialists to provide the required technology for the development of the business. The execution of this option is subject to due diligence, however should the company exercise the option it will pay for its 51% interest through the issue of 1 million fully paid ordinary shares along with the obligation to fund the venture for 12 months or to a maximum of $1.5 million. In addition, the vendors are entitled to certain success fees in relation to the project.

There have been no other events subsequent to year end which would have a material effect on the company's financial statements at 31 December 2008.

In the opinion of the Directors of East Coast Minerals N.L.:

(a) the financial statements and notes, set out on pages 5 to 14:

(i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations; and

(ii) give a true and fair view of the Company's financial position as at 31 December 2008 and of the Company's performance, for the half-year ended on that date.

(b) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 6 March 2009.

Signed in accordance with a resolution of the Directors.

Richard Sealy
Managing Director

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

EAST COAST MINERALS N.L.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report East Coast Minerals N.L., which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

– giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and

– complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of East Coast Minerals N.L., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of East Coast Minerals N.L. is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

C J Hume
Partner

Sydney, NSW
Dated: 6th March 2009

CORPORATE DIRECTORY

DIRECTORS
Graham Libbesson (Non-Executive Chairman)
Richard Sealy (Managing Director)
Sevag Chalabian (Non-Executive Director)

COMPANY SECRETARY
John Hartigan

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