

ASX / Media Announcement

4 February 2011



EAST COAST TO ACQUIRE ADVANCED LITHIUM PROJECT IN AUSTRIA HOSTING SUBSTANTIAL JORC RESOURCE

HIGHLIGHTS

- East Coast agrees to enter into a conditional agreement to acquire an 80% interest in advanced lithium project in Corinthia, Austria,
- Consideration of €9.95M (approx. AUD\$13.6M) in shares and staged cash payments,
- Project has a JORC Resource of 18 million tonnes at 1.6% Li₂O,
- An additional exploration target* of 8 to 12 million tonnes, grading 1.5% to 2% Li₂O, has also been delineated at project,
- Project sits within granted Exploration Licenses (Mining Permit applications submitted), is close to existing infrastructure and centrally located in Europe,
- More than 16,000m of drilling previously completed, with 1,389 metres of decline (4m x 4m) in place,
- Vienna based lithium specialist, Dr Richard Göd, who has extensive understanding of the project to be retained as a key advisor/ consultant to the Company; and
- \$2.6M capital raising to fund the acquisition to be undertaken.

Australian based exploration and mining company, East Coast Minerals NL (ASX: ECM) ("East Coast" or the "Company"), has entered into what it believes is a company transforming deal, signing a conditional heads of agreement ("HoA") with Exchange Minerals Limited ("EML") to acquire an 80% interest in an advanced lithium project in Corinthia, Austria, ("Austrian Lithium Project").

Under the terms of the HoA, East Coast has agreed to a total consideration of €9.95M, to be made up of shares and staged cash payments (refer Appendix 1 for further details).

East Coast will pay an exclusivity fee of €550,000 (subject to shareholder approval) to EML to reimburse the payment made to third party vendors. East Coast will now progress to due diligence and formal documentation on or before 31 May 2011.

The Austrian Lithium Project is considered to be of strategic importance to European manufacturers, and in the view of the Company has the potential to deliver substantial shareholder wealth in both the short and medium term.

It is Pegmatite hosted and at an advanced stage, with a JORC Resource (inferred) of **18 million tonnes grading 1.6% Lithium Oxide ("Li₂O")**. In addition, the Project also contains an additional exploration target* of **8 to 12 million tonnes with a grade of 1.5% to 2% Lithium Oxide ("Li₂O")**.

** The potential quantity and grade of this exploration target is conceptual in nature and has yet to be fully drill tested. There has been insufficient exploration to define a JORC compliant Mineral Resource and it is uncertain if future exploration will result in the further resources being discovered.*

In addition to the attractive project metrics, the Company has also received confirmation that Dr Richard Göd, a Vienna based lithium specialist who has an intimate knowledge of the Austrian Lithium Project, is willing to be retained as a key advisor/ consultant to the Company.

Background

The Austrian Lithium Project is located in Corinthia, 270 km south of Vienna, see Figure 3. The Project is 20 km from Wolfsberg, an industrial town.

The Project is contained within valid Exploration Licenses, with applications for a Mining Permit submitted.

The vendors have owned the Project since 1991, and kept the mine on care and maintenance during that time. Prior to that the Project was owned and developed by the **Austrian Government**, which expended substantial time and money on drilling, underground development and mineral processing studies. It is estimated that over **€8 million** has been spent on the Project to date. Despite the extensive work undertaken on this project the mine was not developed at the time based entirely on the low Lithium price.

The Project is pegmatite hosted and has an inferred JORC resource of **18 million tonnes grading 1.6% Lithium Oxide ("Li₂O")** with a further initial exploration target of **8 to 12 million tonnes with a grade of 1.5% to 2% Lithium Oxide ("Li₂O")***.

There are two types of Pegmatite ores within the Project, with veins up to 5.5m:

- Amphibolite Hosted Pegmatite ("AHP") with grades up to 3.15% Li₂O; and
- Mica Hosted Pegmatite ("MHP") with grades up to 1.95% Li₂O.

Preliminary work indicates that there is significant scope to increase the size of the resource by drilling out the parallel MHP down to 450 metres, as well as drilling below 450 metres for both the MHP and AHP ore types. The Project is located on a hill and it is expected the cost of drilling can be reduced by accessing the ore body from the bottom of the hill. It is anticipated that drilling will be undertaken this year, targeting the down dip extension of the Pegmatite ore body.

The Project has been drilled to a depth of approximately 450 metres and the ore body remains open. There are 37 underground diamond drill holes with a total of 4,715 metres and 64 surface drill holes totalling 12,012 metres and 35 surface trenches. Total assays undertaken are 1,607. There is also 1,389 metres of decline (4m x 4m see Figure 1)/drives and crosscuts which access the ore body (Figure 2) from which trial mining was undertaken between 1985 and 1988.

East Coast intends to exploit the Project with the view to applying Australian underground bulk mining techniques.

As noted in the introduction of this announcement, ECM Executive Directors have met with the geologist who worked on the Project from discovery in 1981 through to 1988, Dr Richard Göd. Dr Göd has confirmed his keen interest in being involved in the Project and will be an invaluable asset to East Coast as we develop the Project.

Trial Mining

The following work which included two trial stopes was undertaken during trial mining that occurred between 1985 and 1988:

- verification of the deposit;
- completion of rock mechanic studies;
- mining economics and efficiency studies;
- processing and pilot plant studies; and
- an ability to produce saleable Spodumene product and Lithium Carbonate product with a 93% recovery rate.

The products produced from the 150,000 Tonnes per annum ("TPA") trial included:

- 25,000 TPA of Spodumene concentrated (6% Li₂O);
- 49,500 TPA of Feldspar;
- 24,500 TPA of Silica sand; and
- 3,375 TPA of Mica.

ECM Executive Directors are currently undertaking due diligence on the Austrian Lithium Project to review all work undertaken to date and to also map out a development strategy for the Project.

Industry Review of Lithium

Appendix 2 (at back of announcement) sets out a brief overview on the Lithium industry. The Company at this stage envisages that its product will be sold into the European market, which is considered to be robust.

Risk factors

As with any mining project, Austrian Lithium Project is subject to a number of risks including but not limited to time to reach production, demand for lithium, change in lithium prices and changes in foreign currency. Further details will be provided to shareholders in the notice of meeting.



Figure 1: The decline in to the Project. Pictured is the Austrian Lithium Project Mine Manager and East Coast Executive Director Tony Roberts walking into the mine.



Figure 2: The footwall contact with Pegmatite and Amphibolite.

Corporate Matters

Capital Raising

ECM has entered into a mandate agreement with Australian firm Indian Ocean Capital to be lead manager with regard to a capital raising of \$A2.6 million. The capital raising is to be undertaken at AUD\$0.03 per share, plus a one-for-two free attaching option exercisable at AUD\$0.04 (2:1). Assuming that the capital raising is fully subscribed, there will be 87 million ordinary shares and 43.5 million options issued. The shares will be issued pursuant to the shareholder approval obtained at the Company's AGM on 29 November 2010. Up to 39 million options will be issued pursuant to the Company's capacity to issue securities without shareholder approval, with the issue of the balance of the options to be subject to shareholder approval in accordance with ASX Listing Rule 7.1. ECM will apply to have the options listed.

The purpose of the raising is to provide working capital and assist with the acquisition of the Austrian Lithium Project. Following the above capital raising, ECM's new capital structure for fully paid shares is as follows:

Existing Ordinary Shares on Issue:	174,011,586
Proposed number of Shares issued pursuant to capital raising:	87,000,000
Total:	261,011,586

Further details will be provided as soon as they come to hand.

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About East Coast Minerals

East Coast Minerals is an Australian based exploration and mining company listed on the Australian Stock Exchange (ASX: ECM). The philosophy of the Company is to become a leading

"mining house", whereupon we take an interest in promising mining opportunities and apply our expertise to commercialise and crystallise the opportunity to create and extract shareholder wealth.

We will continue to look for new prospects, joint ventures and investments in the mining and exploration sectors in Australia and elsewhere.

More information: www.eastcoastminerals.com

Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by Ed Mead who is a member of the Australian Institute of Mining and Metallurgy and is a consultant to and Director of East Coast Minerals. Ed Mead's services are provided under contract by Doreda Pty Ltd. Ed Mead has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ed Mead consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.



Figure 3: Austrian Lithium Project Location

Appendix 1: Key terms of the transaction

East Coast has entered into a conditional HoA with Exchange Minerals Limited (incorporated in Dubai), where EML has granted East Coast an exclusivity up to 31 May 2011 to acquire 80% of the shares in the holding company [ECM Lithium Holdings Limited ("ECMLH")] for \$A1.00. ECMLH wholly owned subsidiary, ECM Lithium AT GmbH ("ECM Lithium") has in turn entered into a conditional HoA with the current vendor of the Austrian Lithium Project for the acquisition of the tenements relating to the Austrian Lithium Project.

The HoA between East Coast and EML is subject to a number of conditions, including shareholder approvals as required under the Corporations Act 2001 and the ASX Listing Rules.

The key terms of the HoA are as follows:

- completion of the acquisition of the tenements associated with the Austrian Lithium Project from a third party vendor by ECM Lithium on the terms described below;
- East Coast to acquire 80% of the shares in ECMLH from EML for \$1;
- an exclusivity fee of €550,000 is payable to EML- ("EML Exclusivity Fee") as a "back to back" reimbursement of the exclusivity fee of the same amount being paid to the Vendors of the tenements. The Exclusivity Fee payable to EML is to be satisfied by way of issue of East Coast Ordinary shares at AUD\$0.045 cents per share. The EML Exclusivity Fee is to be paid following shareholder approval. The EML Exclusivity Fee is to be denominated in Australian dollars with an exchange rate of Euro =AUD 1.37;
- a shareholders agreement between East Coast, ECMLH and EML is to be put in place. It is intended that the key terms of the shareholders' agreement will be as follows:
 - East Coast to provide all funding of exploration commitments up to completion of such activities. This obligation ceases at the time of the decision to mine the Austrian Lithium Project;
 - East Coast is to fund the payments due to the third party vendor of the Austrian Lithium Project totalling €6.0 million as outlined further in this section;
 - East Coast to have board control of ECMLH; and
 - East Coast to have pre-emptive right for the purchase of EML's 20% interest; and
- EML is to have a 2% net smelter royalty

Set out below are the amounts due to the third party vendor of the Austrian Lithium Project:

- upon signing of the heads of agreement between EML and the third party vendor for exclusivity - €550,000 ("Vendor Exclusivity Payment"). The payment of this obligation is to be satisfied by EML;
- the earlier of signing of an asset sale agreement or 31 March 2011 - €3.4 million ("Tranche 1"). The payment of this obligation is also to be satisfied by EML;
- 31 December 2011 - €2.5 million ("Tranche 2"); and
- 30 April 2012 - €3.5 million ("Tranche 3").

As noted above, EML is to initially provide the funding for Tranche 1 payments. In addition, EML will be responsible for meeting the funding of the legal, accounting and other professional fees associated with the due diligence and acquisition of the Austrian Lithium Project. These costs are to be credited to a EML loan account which is to be denominated into Australian dollars using the spot rate of each transaction and are to repaid by East Coast by way of issuing fully paid East Coast Minerals shares to EML at a fixed price of AUD\$0.045 cents per share. The total of the Tranche 1 payment and the legal and accounting fees is expected to be approximately AUD\$5,000,000.

The deferred payments of Tranche 2 and Tranche 3 payable to the third party vendor are unsecured and not subject to interest. However, the third party vendor will be taking a charge over the shares in the special purpose subsidiary, ECM Lithium, which is to own the mining tenements. In addition, the third party vendor is to have the right to appoint one of the two directors to ECM Lithium. Under Austrian law, the nominee director will need to act to shareholders instructions, with the exception of any sale or charging of the tenements as this will be specifically excluded in the contract for purchase. Such arrangement is only in place until the repayment of Tranche 2 and Tranche 3.

It is also intended that a separate operating subsidiary of ECMLH will be established and that company will be responsible for all exploration activities. The third party vendor's representative will not be a director of that company.

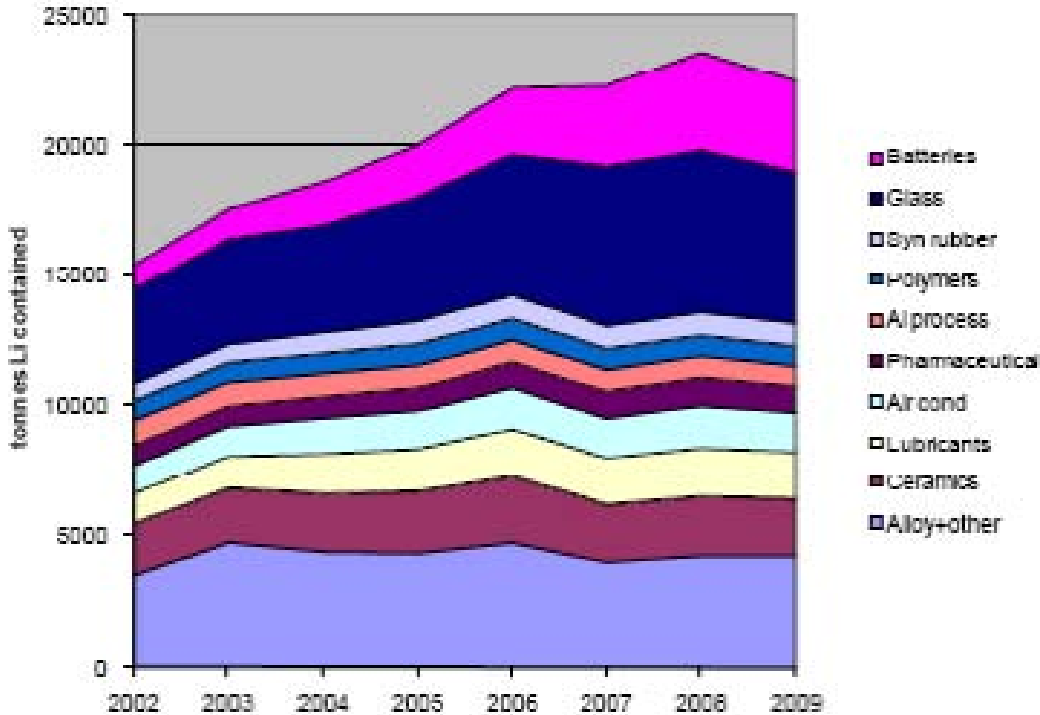
As part of funding East Coast is to issue to EML 90 million unlisted options with an exercise price of AUD\$0.04 per option at an issue price of AUD\$0.002 per option, with an expiry date of 15 April 2012. The proceeds of such options will be used to fund part of the acquisition price of the Austrian Lithium Project.

Appendix 2: Lithium Industry

Industry Demand

Lithium is a soft, silver-white metal, which forms part of the alkali metal group of chemical elements and is represented by the symbol Li on the periodic table. The element is a major component of the batteries commonly used in powering portable electronic devices and electric tools. Total lithium consumption has experienced strong growth since the commencement of the 21st century and is depicted in the following figure:

Figure 4



Source: Helmsec Global Capital Limited

In 2009, the market consisted of approximately US\$500 million in revenue produced by a handful of primary producers. However, anticipated lithium demand post 2010 is expected to rise significantly. This is as a result of a shift in the global automobile industry toward mass produced electric vehicles.

Prior to 2009, automobile manufacturers used nickel metal hydride batteries. Recent technological advancements has seen lithium batteries as the more economical choice. Other developments and policy initiatives which are anticipated to see a rise in lithium demand include:

Obama Administration Initiative - In 2008, the Obama administration pledged to have 1 million hybrid electric vehicles on the road by 2015, as part of the US government initiative to reduce carbon emissions as well as its offshore energy dependence;

Global Tax Incentives - Canada, China, Japan and 15 of the 27 European member states have formed tax incentives to facilitate the purchasing of battery drive vehicles. The development of lithium based policies has seen further advancements in the commercial development of lithium based batteries. In 2009, France commissioned the first commercial facility manufacturing lithium ion cells. As a result downstream users, which include BMW and Mercedes Benz each began use of 1.9 kWh lithium ion battery packs.

It is noted that as at August 2010, all major automobile manufacturers have at various stages of development, plans to incorporate lithium based batteries in the drive train of its vehicles. By 2015, the expected lithium battery demand is anticipated to reach 10,400 tonnes. This is approximately 3 times the lithium consumed by batteries in 2008; and

China Development - In 2009, the Chinese domestic market surpassed the US vehicle market in terms of sales for the first time in history. Further, the countries demand for electric scooters and motorbikes also present scope for increasing lithium production. Both Honda and Yamaha are expected to expand its lithium battery driven electric motorbikes throughout the Asian markets, which account for 60.0% of the worlds 2 wheel vehicle demand.

German Development - During late 2010, the German automobile industry launched a €360 million lithium battery development program in order to progress the development of commercial production in electric vehicles within Germany. In conjunction with this initiative, Daimler and RWE Energy announced it would cooperative through the construction of 500 electric vehicle charging stations.

Industry Supply

During 1997, the lithium carbonate price saw a considerable decline in price. This was as a result of the major expansion of output from the Salar de Atacama, being the largest salt flat in the world and has since dominated global supply.

The following outlines the major suppliers of lithium:

Salar de Atacama - approximately half the worlds supply of lithium was produced from 2 brine complexes on the Salar de Atacama. This site is operated by the Chilean based entity Chemical & Mining Co. of Chile Inc. ("SQM"), and the United States based Chemetall;

Salar del Hombre - the Argentinean site Salar del Hombre Muerto amounted to 15.0% of global supply. This site was developed by FMC Corp in 1998 and up until 2005 operated significantly under full capacity; and

Greenbushes - the largest pegmatite source of lithium is Talison Minerals Greenbushes operation, which is located in Western Australia. It is estimated that Talison Minerals supplied approximately 24.0% of global demand. This was in the form of spodumene concentrates, this being the highest grade and most common lithium mineral in commercial pegmatite's.

The developed major lithium producers have outlined both their reserve longevity as well as the ability to increase supply in order to meet industry requirements. For instance, Chemetall aims to increase total output to 40,000 tonnes of lithium carbonate equivalent by 2015, in comparison to the 27,000 tonnes produced in 2008. However, both the Salar de Atacama and Salar del Hombre sites will have future supply issues, particularly stemming from the lower marginal grades, increased costs associated with such output.

Historical Pricing

We note that lithium market producers enter into long-term supply contracts with customers, where price negotiations are undertaken on an individual basis. As such there is no spot market for lithium prices. Credit Suisse have analysed lithium carbonate import and export data as provided by Global Trade Atlas as well as USGS Minerals Yearbook releases, in order to gauge historical lithium pricing. A summary of the findings is outlined below:

Mid/Late 1990's - As a result of SQM entering the market in 1996-97, supply and demand in the lithium market changed dramatically. The structure of the lithium market altered from high cost lithium compound production to low cost, large scale brine based production. Over the 1996-97 period it is estimated that prices decreased by 27.0%, with a further 15.0% decline experienced in 1997-98 or from USD\$3,000/ton to less than USD\$2,000/ton;

Mid 2000's - During 2005-2008 there was a significant surge in lithium prices. This was due to robust growth in consumer demand for handheld devices, the battery market, as well as the impact of the Iraq war. As demand outstripped brine capacity expansions, high-cost ore producers located in China returned to production; and

Late 2000's - Despite the 20.0% decline in traded volumes as well as the introduction of new lithium capacity which came online in 2008-09, lithium prices remained relatively stable at a price of USD\$5,000/ton. This was primarily due to the disciplined approach taken by SQM and ROC, two of the lower cost producers. These two entities left idle or did not bring online 25k metric tons of capacity. This equated to approximately 20.0% of nameplate capacity.

Despite the projected increase in demand for lithium, prices are anticipated to be under significant pressure. As highlighted above, major producers have announced that idled and off-line capacity will be brought on line to meet customer demand. In addition industry participants such as SQM have stated that they intend to enter supply contracts at 20.0% price discounts in an attempt to drive industry demand.

Major Industry Participants

An overview of current lithium producers is outlined in the following:

Galaxy Resources - the company primarily holds interest in the Mt Cattlin lithium tantalum project, which is located in Ravensthorpe, Western Australia. The project encompasses a mine and minerals plant which is expected to produce 137,000 TPA of 6% Li₂O spodumene concentrate. Resources are Pegmatite hosted and stand at around 18mt @ 1.05% Li₂O. At 1mtpa the mine has a 16 year lifespan. We note that the company is in the process of establishing a lithium carbonate processing facility in China;

Lithium One - Lithium One is engaged in the development and exploration of lithium. The company's flagship project, Sal de Vida Lithium Brine Project, located at Salar del Hombre Muerto is adjacent to FMC Corp's lithium project. Lithium One controls more than 365 square kilometres of land in the region. Currently, sampling reveals similar grade and brine chemistry to that of the FMC Corp. In addition the company's James Bay Lithium Pegmatite Project in mining-friendly Quebec, demonstrated notable grades and continuity during the drilling program conducted in 2009;

FMC Corp - FMC Corp is a diversified chemical company that owns mineral rights in the Salar del Hombre Muerto Project. This site is located in Argentina, and holds high grade low contaminant lithium reserves, with a mine life expectancy of over 75 years. The company operates through its commercialized a selective purification process, which extracts lithium chloride from the salar brine in near pure form with minimal processing requirements;

SQM - SQM is engaged in the production and sale of fertilizers and specialty chemicals globally. SQM owns and operates a large scale commercial lithium project in the Salar de Atacama region. This site has a series of advantages which include reduced processing costs as a result of its low magnesium grade content, and high evaporation rates allowing for year round lithium production;

Rockwood Holdings - Rockwood Holdings, through its subsidiary Chemetall, is a major lithium producer as at the date of this document. Currently it operates two production facilities, which includes the large scale commercial deposit in Salar de Atacama Chile, and the Silver Peak deposit in Nevada. In addition, Chemetall owns a world class spodumene deposit in Kings Mountain of North Carolina which may be reopened if needed;

Talison Lithium - Talison Lithium mines and processes lithium bearing mineral spodumene at its Greenbushes Project, located in Western Australia. Its lithium concentrates are distributed to global customers, including China. We note that in September 2010, Talison Lithium merged with Lithium, Inc. which has provided exposure to lithium brine projects located in Chile;