



ABN 82 000 738 885

**East Coast Minerals N.L.  
and its controlled entities**

**Interim financial report**

**For the 6 months ended  
31 December 2011**

## DIRECTORS' REPORT

The Directors present their report together with the financial report of East Coast Minerals NL ("the Company") for the half-year ended 31 December 2011 and the independent auditor's review report thereon.

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

### **NIGEL LITTLE**

Non-Executive Chairman      Mr Little was appointed a Chairman on 18 March 2011.

### **EDWARD MEAD**

Executive Director      Mr Mead was appointed an Executive Director on 30 October 2009 and resigned on 13 February 2012.

### **SEVAG CHALABIAN**

Non-Executive Director      Mr Chalabian was appointed a director on 24 June 2008.

### **ANTHONY ROBERTS**

Executive Director      Mr Roberts was appointed an Executive Director on 8 December 2010.

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

**LYNTON MCCREERY**      Mr McCreery was appointed Company Secretary on 11 January 2011  
Company Secretary

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## RESULT AND REVIEW OF OPERATIONS

### *Result*

The loss after income tax attributable to equity holders of the parent entity for the six months period ended 31 December 2011 amounted to \$1,191,376 (December 2010: Loss of \$1,843,656).

Set out below is an overview of the operations for the

### *Wolfsburg Lithium Project in Austria*

During the financial period, the Company was largely involved in the due diligence and set-up process in relation to the acquisition of the Company's 80% owned flagship project, the Wolfsburg Lithium Project in Austria ("**Project**"). In particular:

- on the 8th August 2011, the Company entered into a conditional share sale and purchase agreement with Exchange Minerals Group (comprising of Exchange Minerals Limited and Exchange Minerals (Holdings) Limited) for the acquisition of 80% interest in this project; and
- the acquisition was approved by shareholders on 25 November 2011 at a General Meeting and completion took place on the 5 December 2011.

Under the terms of the acquisition at completion, the Company issued to Exchange Minerals Group 135.6 million paid ordinary shares or 43.83% shareholding as consideration for the acquisition. Exchange Minerals Group retained a 20% interest in the Project. In addition, Exchange Minerals Group has a 4% earnings before interest and taxes participation right in the Project.

The Company has assumed responsibility for the management and control of Project.

## DIRECTORS' REPORT

The heads of agreement between the Company and Exchange Minerals Group associated with the acquisition was announced in February 2011. The acquisition from Exchange Minerals Group was subject to a heads of agreement that it in turn had entered into with the former long time owner, Kärntner Montanindustrie GmbH ("KMI"). The acquisition by Exchange Minerals Group was not finalised until September 2011 and after taking account of the time required to complete the Notice of Meeting and other required documentation, the acquisition with the Exchange Minerals Group was not finalised until 2 December 2011.

There are a number of reasons for the delay in the acquisition with the Exchange Minerals Group, including the cross border legal issues, time required to deal with the mining authority in Austria, and requirement for a cash advance of €1.2million. There was no doubt that the delay in completing the acquisition has been costly to the Company. Nonetheless, the board, management and the Company advisers have worked tirelessly since December to better position the Company.

The acquisition of the Project was in effect funded by:

- equity by the Exchange Minerals Group; and
- deferred consideration from KMI - €6.0 million.

One of the risks of the acquisition of the Project was the no-payment of the deferred consideration could result in KMI exercising its security rights and taking back the Project for nominal consideration. On the 29 November 2011, the Company announced that in consideration for the payment of €0.5 million, KMI agreed to the following extension:

Deferred Payments	Original terms	Amended terms
First installment	€2.5 million payable on or before 31 <sup>st</sup> December 2011	€2.0 million on or before 30th April 2012
Second installment	€3.5 million payable on or before 30 <sup>th</sup> April 2012	€3.5 million payable on or before 31 <sup>st</sup> July 2012

The loss for period is as a result of:

- legal costs associated with the acquisition;
- due diligence costs, including expert reports;
- fund raising activities; and
- other administrative costs associated with the expanded group.

Despite the distraction of the above corporate activities, during the period, management were able to:

- open up an office in Wolfsburg;
- commence negotiations with the employment of key people;
- look to put into place contracts with potential off take partners;
- commence planning for drilling activities;
- enter into arrangements with KMI to undertake field work and compliance work activities; and
- Identify key people.

The Directors are conscious of the fact that the loss attributable to owners of the parent entity of \$1.191 million was higher than expected. A conscious effort to reduce the level of spend has been put into place.

## DIRECTORS' REPORT

### *Elizabeth Hill*

During the period, the Company acquired the remaining 30.12% interest in Elisabeth Hill project and assumed a number of liabilities from the former joint venture partner.

The Company engaged a resource geologist to review the remaining shallow historical resource of some 157,000 ounces of silver. It was noted that the database required validation and East Coast has since spent significant time rebuilding the database from original documents. This will allow a JORC compliant resource calculation to be completed.

### *Fund Raising*

On the 30<sup>th</sup> December 2011, the Company issued 18.3 million shares to professional investors for a total sum of \$460,000.

Since the end of the financial period the Company completed a placement to Professional Investors of 134,366,666 ordinary shares which resulted in an amount of \$4,031,000 (before costs) being raised.

### *Events after balance date*

There are a number of key post balance date events that occurred during the period and these have been set out in note 10.

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### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, other than the matters referred to elsewhere in this report, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review.

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### DIVIDENDS

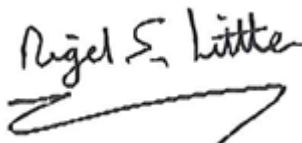
No dividends have been paid or declared since the end of the previous financial year to the date of this report.

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### 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 2011.

Signed in accordance with a resolution of the Directors



Nigel Little  
**Chairman**

London, United Kingdom, 13 March 2012

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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 2011, 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

*David Wall*

DAVID WALL  
Partner

Perth, WA  
Dated: 14 March 2012

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	<b>CONSOLIDATED</b>	
	<b>31 DEC 2011</b>	<b>31 DEC 2010</b>
	<b>\$</b>	<b>\$</b>
Revenue	-	1,944
Interest received	19,092	13
Exploration and evaluation expenditure written off	-	-
Consultancy fees – Exploration and evaluation	-	(109,075)
Consultancy fees – Administration	(142,819)	(175,938)
Consultancy fees – Corporate advisory	-	(277,480)
Compliance costs	(66,225)	(46,088)
Depreciation	(2,705)	(206)
Directors and employee benefits	(392,610)	(233,489)
Occupancy expenses	(77,282)	(31,823)
Finance costs	(15,980)	(103,541)
Legal fees	(84,000)	(49,612)
Loss on disposal of investments	-	(341,124)
Other expenses	(432,709)	(78,315)
<b>(LOSS) BEFORE INCOME TAX</b>	<b>(1,195,238)</b>	<b>(1,444,734)</b>
Income tax benefit	-	-
<b>(LOSS) FOR THE PERIOD</b>	<b>(1,195,238)</b>	<b>(1,444,734)</b>
<b>OTHER COMPREHENSIVE (LOSS)</b>		
Change in fair value of financial assets	-	18
Exchange differences on translating foreign controlled entities	(199,415)	-
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>	<b>(1,394,653)</b>	<b>(1,444,716)</b>
<b>(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Owners of the parent	(1,191,376)	(1,843,656)
Non-controlling interest	(3,862)	398,922
	(1,195,238)	(1,444,734)
<b>OTHER COMPREHENSIVE (LOSS) ATTRIBUTABLE TO:</b>		
Owners of the parent	(199,415)	18
Non-controlling interest	-	-
	(199,415)	18
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>	<b>(1,394,653)</b>	<b>(1,444,716)</b>
<b>Earnings per share</b>		
Basic and diluted (loss) per share	(0.40) cents	(1.37) cents

*The accompanying notes form part of these financial statements*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

<b>CONSOLIDATED</b>	<b>Share Capital</b>	<b>Exchange Difference Reserve</b>	<b>Fair Value Reserve</b>	<b>Share Based Payment Reserve</b>	<b>Options Reserve</b>	<b>Accumulated Losses</b>	<b>Non- Controlling Interest</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 1 July 2010</b>	<b>11,045,839</b>	-	-	-	<b>672,650</b>	<b>(12,370,917)</b>	<b>(398,922)</b>	<b>(1,051,350)</b>
Profit (loss) for the period	-	-	-	-	-	(1,843,656)	398,922	(1,444,734)
Change in fair value of financial assets (net of deferred tax)	-	-	18	-	-	-	-	18
<b>Total comprehensive income for period</b>	-	-	<b>18</b>	-	-	<b>(1,843,656)</b>	<b>398,922</b>	<b>(1,444,716)</b>
Issue of share capital	900,523	-	-	-	-	-	-	900,523
Costs associated with capital issues	(30,380)	-	-	-	-	-	-	(30,380)
Share options granted	-	-	-	-	156,000	-	-	156,000
Share options forfeited	-	-	-	-	(302,000)	302,000	-	-
<b>Balance at 31 Dec 2010</b>	<b>11,915,982</b>	-	<b>18</b>	-	<b>526,650</b>	<b>(13,912,573)</b>	-	<b>(1,469,923)</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

<b>CONSOLIDATED</b>	<b>Share Capital</b>	<b>Exchange Difference Reserve</b>	<b>Fair Value Reserve</b>	<b>Share Based Payment Reserve</b>	<b>Options Reserve</b>	<b>Accumulated Losses</b>	<b>Non- Controlling Interest</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 1 July 2011</b>	<b>16,631,564</b>	-	<b>151</b>	-	<b>526,650</b>	<b>(15,381,670)</b>	-	<b>1,776,695</b>
Loss for the period attributable to members of the parent entity	-	-	-	-	-	(1,191,376)	-	(1,191,376)
Loss for the period attributable to non-controlling interest	-	-	-	-	-	-	(3,862)	(3,862)
Exchange differences on translating foreign controlled entities	-	(199,415)	-	-	-	-	-	(199,415)
<b>Total comprehensive loss for period</b>	-	<b>(199,415)</b>	-	-	-	<b>(1,191,376)</b>	<b>(3,862)</b>	<b>(1,394,653)</b>
Issue of share capital	6,583,463	-	-	-	-	-	-	6,583,463
Costs associated with capital issues	(1,500)	-	-	-	-	-	-	(1,500)
Share Based Payments	-	-	-	23,555	-	-	-	23,555
Minority Interest	-	-	-	-	-	-	(19,015)	(19,015)
<b>Balance at 31 Dec 2011</b>	<b>23,213,527</b>	<b>(199,415)</b>	<b>151</b>	<b>23,555</b>	<b>526,650</b>	<b>(16,573,046)</b>	<b>(22,877)</b>	<b>6,968,545</b>

The accompanying notes form part of these financial statements



**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Notes	<b>CONSOLIDATED</b>	
		<b>31 DEC 2011</b>	<b>30 June 2011</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,245,826	1,333,218
Trade and other receivables		33,731	39,235
<b>TOTAL CURRENT ASSETS</b>		<b>1,279,557</b>	<b>1,372,453</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets		161	161
Property, plant and equipment		36,177	4,037
Exploration and evaluation expenditure	<b>4</b>	14,462,618	566,606
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,498,956</b>	<b>570,804</b>
<b>TOTAL ASSETS</b>		<b>15,778,513</b>	<b>1,943,257</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		204,805	166,562
Financial liabilities	<b>5</b>	8,605,163	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,809,968</b>	<b>166,562</b>
<b>TOTAL LIABILITIES</b>		<b>8,809,968</b>	<b>166,562</b>
<b>NET ASSETS</b>		<b>6,968,545</b>	<b>1,776,695</b>
<b>EQUITY</b>			
Issued capital	<b>6</b>	23,213,527	16,631,564
Reserves		350,941	526,801
Accumulated losses		(16,573,046)	(15,381,670)
Parent entity interest		6,991,422	1,776,695
Non-controlling interest		(22,877)	-
<b>TOTAL EQUITY</b>		<b>6,968,545</b>	<b>1,776,695</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

**CONSOLIDATED**

	<b>31 DEC 2011</b>	<b>31 DEC 2010</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	50	17,910
Payments to suppliers and employees	(1,152,081)	(894,337)
Interest received	20,441	12
Interest paid	-	(31)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,131,590)</b>	<b>(876,446)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of available for sale investments	-	1
Disposal of controlled entities	-	(46,003)
Payments for exploration expenditure	(111,435)	(96,449)
Receipts from joint venture partners	-	130,255
Proceeds from repayment of loans from related parties	-	-
Acquisition of tenements and licences	(651,746)	(2,001)
Acquisition of subsidiary, net of cash acquired	1,368,550	-
<b>NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>	<b>605,369</b>	<b>(14,197)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	460,000	607,523
Cash received pending allotment of shares	21,000	-
Proceeds from draw-down of convertible finance facility	-	360,000
Repayments of convertible finance facility	-	(268,402)
Costs of issuing share capital	-	(43,581)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>481,000</b>	<b>655,540</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(45,221)</b>	<b>(235,103)</b>
Cash at the beginning of the financial period	1,333,218	300,689
Effect of exchange rates on cash holdings in foreign currencies	(42,171)	-
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<b>1,245,826</b>	<b>65,586</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

### 1) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial report is for East Coast Minerals N.L. (or “**the Company**”) and its controlled entities for the six months ended 31 December 2011. East Coast Minerals NL is a company domiciled in Australia.

The interim financial statements were approved by the Board of Directors on 13 March 2012.

#### 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 interim 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 2011. 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*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

#### NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the consolidated entity’s accounting policies.

#### (A) GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. As disclosed in the financial statements, the consolidated entity incurred a loss of \$1,195,238 and had net cash outflows from operating activities of \$1,131,590 for the half year ended 31 December 2011. As at that date the consolidated entity had net current liabilities of \$7,530,411, inclusive of the balance of the deferred consideration payable for the acquisition of the Wolfsburg Lithium Project, as disclosed in Note 9.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- failure to meet the amounts owing to either KMI or Exchange Minerals Group (refer to note 5) would result in the loss of the Wolfsburg Lithium Project (“**Project**”). Accordingly, for the purposes of solvency, the Directors believe that the financial liabilities should be excluded as there is no financial consequence(excluding the loss of the Project) for the failure to meet such financial obligation; and
- subsequent to period end the company raised \$4.031 million (before expenses of the raising), by way of a share placement of 134.4million shares, plus in certain cases, a one for four option, that is subject to ratification by shareholders. The purpose of this raising is for working capital and meeting of the amount owing in respect of the Project.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**(A) GOING CONCERN (CONT'D)**

In addition to the above, the Directors have considered the following:

- as disclosed in Note 10, the Company has called the full amount owing on the Partly Paid shares. This potentially could raise up to \$2.46 million;
- the Directors have implemented a cost reduction program;
- in the past, the Company has been able to secure funding from its major shareholder Exchange Minerals Group. Such finding has not been sought for, given that the Company has been able to raise funds without the need for Exchange Minerals Group; and
- the Company has the ability to scale back certain parts of its activities or not to undertake drilling to conserve cash.

**2) EARNINGS PER SHARE**

The calculation of basic earnings and diluted earnings per share at 31 December 2011 was based on the loss attributable to shareholders of the parent entity of \$1,191,376 {2010: Loss \$1,843,656 } and the weighted average number of ordinary shares outstanding during the half year ended 31 December 2011 of 298,071,518 (2010: 133,981,484), calculated as follows:

	<b>31 DEC 2011</b>	<b>31 DEC 2010</b>
	<b>Cents</b>	<b>Cents</b>
Basic and diluted (loss)/earnings per share	(0.40)	(1.37)
	<b>31 DEC 2011</b>	<b>31 DEC 2010</b>
	<b>No of Shares</b>	<b>No of Shares</b>
<b>Weighted average number of shares:</b>		
Fully paid ordinary shares	287,829,634	123,552,099
Ordinary shares paid to 2 cent	10,241,884	10,429,385
	298,071,518	133,981,484

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**3) CONTROLLED ENTITIES**

On 5 December 2011, the Company announced the completion of the acquisition of an 80% interest in the Wolfsburg Lithium Project from Exchange Minerals Group.

The acquisition was effected by East Coast Minerals acquiring from Exchange Minerals Group an 80% shareholding in ECM Lithium Holdings AT Limited ("ECM AT") and its wholly owned subsidiaries.

Controlled entities:

	<b>Country of Incorporation</b>	<b>Ownership % 31 DEC 2011</b>	<b>Ownership % 30 JUNE 2011</b>
<b>Parent Entity:</b>			
East Coast Minerals NL	Australia	-	-
<b>Subsidiaries:</b>			
East Coast Metals Pty Limited	Australia	100	100
East Coast Minerals (Australia) Pty Ltd	Australia	100	-
ECM Lithium AT (Holdings) Limited	British Virgin Islands	80	-
ECM Lithium AT (Investments) Limited	British Virgin Islands	80	-
ECM Lithium AT GmbH	Austria	80	-
ECM Lithium AT Operating GmbH	Austria	80	-

**4) EXPLORATION AND EVALUATION EXPENDITURE**

	<b>31 DEC 2011</b>	<b>30 JUNE 2011</b>
	\$	\$
Exploration and evaluation phase costs:	<u>14,462,618</u>	<u>566,606</u>

Exploration expenditure carried forward at 31 December 2011 represents a 100% (June 2011: 100%) interest in the Elizabeth Hill Project (being mining leases: 47/340, 47/341, 47/342, 47/343 and exploration licence 47/587), the Gossan Dam Project (being exploration licence 70/3545), the Karabuka Creek Project (being exploration licence 09/1701) and the 80% interest in the Wolfsburg Lithium Project in Austria.

	<b>31 DEC 2011</b>	<b>30 JUNE 2011</b>
	\$	\$
<b>Reconciliation of carrying amount</b>		
Balance at beginning of financial period	566,606	467,000
Acquisition of prospects – Project	13,735,466	-
Exploration expenditure in current period	160,546	99,606
Exploration expenditure written off	-	-
<i>Balance at end of financial period</i>	<u>14,462,618</u>	<u>566,606</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**5) FINANCIAL LIABILITIES**

	<b>31 DEC 2011</b>	<b>30 JUNE 2011</b>
	\$	\$
Loan	8,605,163	-

The amount of the loan is made up of as follows:

- \$7,009,048 (€5,500,000) which represents the amount owed to Kärntner Montanindustrie GmbH (“KMI”), as deferred consideration, as the vendor of the mining and exploration rights, of the Wolfsburg Lithium Project (Note 9). This liability is payable - \$2,548,600(€2,000,000) on 30 April 2012 and \$4,460,448 (€3,500,000) on 31 July 2012.

KMI holds a charge over ECM Lithium AT GmbH, the subsidiary that holds the licenses for the Project. The failure to pay any amount of the deferred consideration could result in KMI exercising its rights under the security arrangement and taking back the Project for a nominal amount of consideration; and

- \$1,596,115 (€1,240,241) which represents the amount owing to Exchange Minerals Group [comprising of Exchange Minerals Limited and Exchange Minerals (Holdings) Limited] which was an advance to ECM Lithium AT (Holdings) Ltd to satisfy the mining authority in issuing the mining and exploration licences. Exchange Minerals Group also has a charge over the shares in 80% owned subsidiary, ECM Lithium AT (Investments) Limited, in the event of the failure by the Company to pay such liability.

**6) SHARE CAPITAL**

	<b>31 DEC 2011</b>	<b>30 JUNE 2011</b>
	\$	\$
420,913,059 (June 2011: 268,886,586) Fully paid ordinary shares:	22,394,176	15,812,213
40,967,538 (June 2011: 40,967,538) Ordinary shares paid to 2 cents:	819,351	819,351
	23,213,527	16,631,564

***Reconciliation of movements in share capital***

	<b>Fully Paid Ordinary Shares No. Shares</b>	<b>Ordinary shares paid to 2 cents No. Shares</b>
Opening balance – 1 July 2011	268,886,586	40,967,538
Shares issued during the period:		
2 December 2011	117,832,141	-
30 December 2011	34,194,332	-
Closing balance – 31 December 2011	420,913,059	40,967,538

**OPTIONS**

During the period the Company issued 5,000,000 unlisted options to Tony Roberts as part of his remuneration arrangements upon commencement of his employment with the Company in November 2010. The resolution to issue the options were passed by shareholders at the Extraordinary General Meeting held 16 September 2011. The options are to acquire fully paid shares at an exercise price of 4 cents and expire on 14 July 2013.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**6) SHARE CAPITAL (CONT'D)**

**CONVERTIBLE REDEEMABLE SHARES**

During the period the Company issued 32,000,000 convertible redeemable shares to the directors. The resolution was passed by shareholders at the Extraordinary General Meeting held at 16 September 2011.

**OPTIONS**

At the date of this report, the unissued ordinary shares and unissued partly paid share of East Coast Minerals N.L under option are as follows:

	<b>Number issued</b>	<b>Number listed on ASX</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Ordinary Options	77,054,658	-	4 cents	14/07/2013
Ordinary Options	12,000,000	-	4 cents	08/12/2013
Ordinary Options	5,000,000	-	4 cents	31/12/2013
Partly Paid Share Options	6,250,000	-	Nil	27/11/2012
Partly Paid Share Options	5,000,000	-	Nil	30/04/2013
	<u>105,304,658</u>	<u>-</u>		

**7) SEGMENT INFORMATION**

The consolidated entity's operations in 2011 are managed in Australia and Austria and involve exploration of its mineral properties.

**SILVER**

The Company is currently conducting exploration upon tenements considered prospective for silver. No income has been derived from the recovery of silver in period ending 31 December 2011 (2010: Nil).

**LITHIUM**

The Company is currently conducting exploration upon tenements considered prospective for lithium. No income has been derived from the recovery of lithium in the period ending 31 December 2011 (2010: Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**7) SEGMENT INFORMATION (CONT'D)**

The segment information provided to the Board of Directors for the reportable segments for the six months ended 31 December 2011 is as follows:

	<b>Continuing Operations</b>			
	<b>Silver</b>	<b>Lithium</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Six months ended 31 December 2011</i>				
<b>Revenue</b>				
Other revenues from external customers	-	-	19,092	19,092
Total segment revenue	-	-	19,092	19,092
<b>Result</b>				
Segment result	-	-	(1,195,238)	(1,195,238)
Interest Revenue	-	-	19,092	19,092
Depreciation	-	-	(2,705)	(2,705)
<b>Assets and Liabilities</b>				
Segment assets				
- Exploration Expenditure	666,535	13,796,083	-	14,462,618
	666,535	13,796,083	-	14,462,618
Unallocated assets				
- Cash and cash equivalents	-	-	1,245,826	1,245,826
- Trade and other receivables	-	-	33,731	33,731
- Financial Assets	-	-	161	161
- Property, Plant and Equipment	-	-	36,177	36,177
	-	-	1,315,895	1,315,895
Total assets as per the Statement of Financial Position	666,535	13,796,083	1,315,895	15,778,513
Segment liabilities				
Unallocated liabilities				
- Trade and other Payables	-	-	204,805	204,805
- Financial Liabilities	-	-	8,605,163	8,605,163
Total liabilities as per the Statement of Financial Position	-	-	8,809,968	8,809,968



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**7) SEGMENT INFORMATION (CONT'D)**

SIX MONTHS ENDED 31 DECEMBER 2010

**Continuing Operations**

	<b>Silver</b>	<b>Lithium</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Six months ended 31 December 2010</b>				
<b>Revenue</b>				
Other revenues from external customers	-	-	1,957	1,957
Total segment revenue	-	-	1,957	1,957
<b>Result</b>				
Segment result	-	-	(1,444,734)	(1,444,734)
Interest Revenue	-	-	1,944	1,944
Depreciation	-	-	(206)	(206)
<b>Assets and Liabilities</b>				
Segment assets				
- Exploration Expenditure	501,935	-	-	501,935
	501,935	-	-	501,935
Unallocated assets				
- Cash and cash equivalents	-	-	65,586	65,586
- Trade and other receivables	-	-	55,660	55,660
- Financial Assets	-	-	28	28
- Property, Plant and Equipment	-	-	612	612
	-	-	121,886	121,886
Total assets as per the Statement of Financial Position	501,935	-	121,886	623,821
Segment liabilities				
Unallocated liabilities				
- Trade and other Payables	-	-	256,366	256,366
- Financial Liabilities	-	-	1,837,378	1,837,378
Total liabilities as per the Statement of Financial Position	-	-	2,093,744	2,093,744

**8) CONTINGENT LIABILITIES**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**9) ACQUISITION OF WOLFSBURG LITHIUM PROJECT**

On 5 December 2011, the Company acquired 80% interest in the Project from Exchange Minerals Group.

The acquisition was effected by the Company acquiring from Exchange Minerals, an 80% shareholding in ECM Lithium Holdings AT Limited. It is considered that the acquisition of the Project is not a business combination, but rather an acquisition of mining tenements.

Under the terms of the acquisition at Completion, ECM issued to Exchange Minerals 135,605,383 fully paid ECM ordinary shares as the provisional settlement consideration. The details of the consideration are as follows:

**Consideration and Valuation**

<b>Recipient</b>	<b>Instrument</b>	<b>No. of Instruments</b>	<b>Amount paid</b>
Vendors	Cash[1]	-	\$1
Vendors	Ordinary Shares	135,605,383[2]	\$6,072,811
Total			<u>\$6,072,812</u>

[1] Consideration paid for 80% equity interest in ECM Lithium Holdings AT Limited.

[2] Shares issued by assignment of debts from vendors to East Coast Minerals N.L.

In addition to the above, an amount of \$7,009,048 (€5,500,000) is owed to KMI at reporting date and represents the balance of settlement monies due to vendor from the acquisition of the mining and exploration rights for the Wolfsburg Lithium Project. The assets acquired and liabilities assumed at the date of acquisition were as follows:

	<b>Recognised on Acquisition</b>
	<b>\$</b>
Cash and cash equivalent	1,368,550
Capitalised Exploration	12,910,830
Other Assets	36,391
Liabilities	<u>(15,704,022)</u>
<b>Net Liabilities</b>	<u>(1,388,251)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**10) EVENTS SUBSEQUENT TO 31 DECEMBER 2011**

Since balance date, the following key events have occurred:

- a) the Company completed the following capital raisings:
  - (i) 18 January 2012, - issuing 700,000 ordinary fully paid shares at \$0.03, raising \$21,000;
  - (ii) 23 February 2012 issuing of 118,633,333 ordinary fully paid shares at \$0.03, together with 29,658,333 free attaching options (which are subject to shareholder approval) for \$3,559,000 (before expenses);
  - (iii) 2 March 2012 – issuing of 15,033,333 ordinary fully paid shares at \$0.03 and 3,758,333 free options, the issue of which is subject to shareholder approval for \$451,000;
- b) the Directors entered into an agreement with the Company to redeem their 32 million Convertible Redeemable Shares, that were issued in October 2011 and that such redemption was satisfied by the proceeds raised on the 23 February 2012;
- c) the Company entered into an agreement with its major shareholder, Exchange Minerals Group to cancel their 90 million options with an exercise price of 4 cents; and
- d) the Company announced that it intended to make a call for the amount of \$0.06 outstanding in respect of the 40,967,538 partly paid shares.

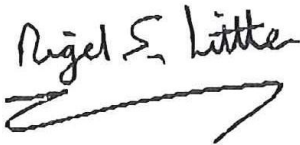
## DIRECTORS' DECLARATION

**In the opinion of the Directors of East Coast Minerals N.L. (the Company):**

- (a) the financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.
- (b) 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 London, United Kingdom this 13 March 2012

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink that reads "Nigel S. Little". Below the signature is a horizontal line that tapers to a point on the right side.

Nigel Little  
Chairman

**RSM Bird Cameron Partners**  
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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 of East Coast Minerals N.L. which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *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 a 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 consolidated entity's financial position as at 31 December 2011 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.

# RSM Bird Cameron Partners

Chartered Accountants

## Independence<sup>T</sup>

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of East Coast Minerals N.L., would be in the same terms if given to the directors as at the time of this auditor's review report.

## 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 consolidated entity's financial position as at 31 December 2011 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

*David Wall*

DAVID WALL  
Partner

Perth, WA  
Dated: 14 March 2012

## **DIRECTORS**

Nigel Little (Non-Executive Chairman)  
Edward Mead (Executive Director)  
Anthony Roberts (Executive Director)  
Sevag Chalabian (Non-Executive Director)

## **COMPANY SECRETARY**

Lynton McCreery

## **PRINCIPAL AND REGISTERED OFFICE**

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West Perth WA 6005

Ph: (08) 6389 5775  
Fax: (08) 9486 1258

## **SHARE REGISTRY**

Computershare  
Level 2, 45 St Georges Terrace  
Perth WA 6000

Ph: (08) 9323 2000  
Fax: (08) 9323 2033  
[www.computershare.com](http://www.computershare.com)

## **AUDITORS**

RSM Bird Cameron Partners

## **BANKERS**

Westpac Banking Corporation

## **SOLICITORS**

DLA Piper Australia and DLA Piper Austria

## **WEBSITE**

[www.eastcoastminerals.com](http://www.eastcoastminerals.com)

## **STOCK EXCHANGE**

Australian Stock Exchange  
**Code:** ECM

Open Market of the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange).

**Symbol:** 9EC  
**ISIN:** AU000000ECM6  
**WKN:** 863804

**EAST COAST MIN.** (Full name is abbreviated in the search machine)  
Market maker is Equinet AG: [www.equinet-ag.com](http://www.equinet-ag.com)