

# ASX / Media Announcement

29 April 2011



ABN 82 000 738 885

## March Quarterly Activities Report

### HIGHLIGHTS

- East Coast enters into a conditional agreement to acquire an 80% interest in advanced lithium project in Carinthia, Austria,
- Project has an inferred JORC Resource with significant exploration upside,
- Vienna based lithium specialist, Dr Richard Göd, who has extensive understanding of the project has been retained;
- Land use agreement with landowner, covering the project area has been entered into;
- Successful \$2.61 million capital raising is completed;
- East Coast appoints Mr. Nigel Little to the board as Chairman; and
- Plan for forthcoming shareholder meeting to be held to consider various resolutions.

East Coast Minerals NL (ASX: ECM) ("East Coast" or the "Company"), is pleased to announce the Company's Quarterly Activities Report for the period ended 31 March 2011:

### Austrian Lithium Project (East Coast to have 80% Exchange Minerals 20%)

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 Carinthia, Austria, ("Austrian Lithium Project" or "the Project").

Under the terms of the HoA, East Coast will receive an 80% shareholding in the Project and agrees to fund 100% of the total consideration. The full terms of the acquisition were announced on the 4th February. In short, the terms of the proposed transaction are as follows:

- EML is to pay to the third party vendor €3.7 on completion of the transaction (initially was €3.4 million, but has increased due to the completion of the Land access agreement noted in the below paragraphs) and In consideration, EML will receive fully paid ordinary shares (FPOS) in East Coast, to be escrowed for one year at 4.5 cents per FPOS;
- in addition to the above, East Coast will also pay an exclusivity fee of €550,000 (subject to shareholder approval) to EML to reimburse it for the payment made to the third party vendor;
- East Coast is to make two further cash payments to the third party vendor, totaling €6 million;
- EML is to have a free carry up to the decision to mine; and
- a royalty of 2% of net revenue is to be paid to to EML.

Since announcing the above transaction, East Coast has invested its resources and efforts during the quarter in progressing and finalising its due diligence. A substantial part of this work has been completed. The formal documentation for the project has advanced and further announcements will be made in the near future.

A key part of the due diligence was to ensure that a fresh land use agreement was entered into. The Company has received confirmation from EML that an agreement with the landowner has now been signed and that the agreement reflects favorable terms going forward. As a consequence of entering into this agreement, an additional €300,000 has been agreed to be paid to the third party vendor, resulting in a total purchase price payable to the third party vendor (excluding option of €550,000) of €9.7 million (€3.7 upon signing and the two staggered payments totaling €6.0 million).

The Austrian Lithium Project is located in Carinthia, 270 km south of Vienna (Figure 2). The Project is 20 km from Wolfsberg, an industrial town. The Project is considered to be of potential 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.

The Project is Pegmatite hosted and at an advanced stage with an inferred JORC Resource (subject to final due diligence) of **18 million tonnes grading 1.6% Lithium Oxide** ("Li<sub>2</sub>O").

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, has been retained by ECM Lithium Holdings AT Limited, the joint venture holding company vehicle with EML as an employee.



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.

#### Elizabeth Hill (East Coast 69.88% Legend Mining 30.12%)

No work has been undertaken.

#### Gossan Dam (EL 70/3545, East Coast 80%)

No work has been undertaken.

#### Kurabuka Creek (ELA 09/1701, East Coast 80%)

No work has been undertaken.

### Corporate Matters

#### *Appointment of Chairman*

Mr Little has over 34 years experience in the finance, capital markets and resources sectors and is currently a non-executive Chairman of Niche Group (a publicly quoted oil and gas company with interests in onshore Turkey), a director of Cornhill Capital, Cornhill Asset Management, Cornhill FX, Senior Advisor to Kleinwort Benson Bank and an Advisory Board member of Westbury private clients. Full details of Mr Little's qualifications were announced on the 18 March 2011.

The East Coast board welcomes the appointment of Mr Little and believes that with his depth of experience and the imminent completion of the acquisition the Austrian Lithium Project and mine, the Company has a strong platform from which to launch the next phase of its growth.

During the quarter, Mr Graham Libbesson retired as board member. He will be retained by the Company, as a consultant for a twelve month period. Mr Libbesson was paid a retirement benefit of \$90,000. In the announcement dated 18 March 2011, it was noted that Mr Libbesson was to receive 1 million East Coast shares. However, the Company did not have any capacity to issue shares and a cash payment of \$90,000 was paid in lieu.

### *Capital Raising*

During the quarter, the Company successfully completed a \$2.61 million capital raising. The purpose of the raising was to provide working capital and financing costs associated with the acquisition of the Austrian Lithium Project.

### *Shareholders meetings*

It is proposed at a forthcoming meeting of shareholders, details of which will be announced at a later date, to deal with the following matters:

- approve and ratify the grant and issue of 5,250,000 options to those persons who participated in the recent capital raising and such options were not able to be issued due to the whole 15% capacity being utilised;
- refreshment of the 15% capacity for directors to issue securities;
- issue of 5 million securities to Mr Tony Roberts, as announced on 1 March 2011; and
- issue of 42 million partly paid shares to the Directors at 10 cents with 0.1 cent payable on application and 9.9 cents at any time within three years from the date of issue and at the sole election of the Director, subject to East Coast's share price reaching a price of 15 cents for five consecutive days; and
- approve an Employee Share Incentive Option Plan not exceeding 5% of the issued capital of the Company.

A notice of meeting will be sent to shareholders as soon as possible.

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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 vision of the Company is to become a leading "mining house" by taking an interest in promising mining opportunities and applying our expertise to commercialise and crystallise the opportunity to extract shareholder value.

The Company 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](http://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 Doralda 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 2: Austrian Lithium Project Location