



ABN 82 000 738 885

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

Interim financial report

**For the 6 months ended
31 December 2010**

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 2010 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:

Current Directors

MR GRAHAM LIBBESSON Mr Libbesson has over 30 years experience in business, taxation, management and mergers and acquisitions, as a Chartered Accountant, business advisor and as a director of various listed and unlisted companies.
LLB., B.Com., CA.
Non-Executive Chairman

Mr Libbesson was appointed a director on 17 December 2007 and Chairman on 2 July 2008.

MR EDWARD MEAD Mr Mead is a geologist with some 15 years experience in gold and base metals exploration, mine development and mine production. He has worked for Geological Survey of Western Australia, Portman Mining, Western Mining Corporation and Sons of Gwalia. He has also worked in the oil and gas sector for Baker Hughes Inteq in the Bass Strait, North West Shelf and Timor Sea. More recently Mr Mead was the Geology Manager for Fox Resources Limited and was involved in taking that company from an explorer to producer. Mr Mead was also involved as a company Director of Comdek Limited (now Resource Generation Limited) in transitioning the company into a potential coal producer.
BSc Geology, MAUSIMM
Executive Director

Mr Mead was appointed a director of East Coast on 30 October 2009.

MR ANTHONY ROBERTS Mr Roberts is an experienced mining engineer with extensive operational and mine management skills covering some 45 years in the resource sector. Mr Roberts' experience includes being in charge of operations for BHP Limited's former Koolan Island operations and various other operations in the mining sector, and also leading logistical and contract negotiation activities in the mining sector.
Dip MinEng
Executive Director

Mr Roberts was appointed a director of East Coast on 8 December 2010.

MR SEVAG CHALABIAN Mr Chalabian is a practicing commercial lawyer with particular specialisation in corporate and commercial transactions in the mining and property industries.
B Econ, B Laws, M Laws & Mgmt.
Non-Executive Director

Mr Chalabian is a Non-Executive Director of Bisan Limited.

Mr Chalabian was appointed a director on 24 June 2008.

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

Secretary

MR LYNTON MCCREERY Mr McCreery has been a director and company secretary of a number of listed public companies over the past 29 years. He is currently also the company secretary for Astro Resources NL and Jaguar Minerals Ltd.
Company Secretary

Mr McCreery was appointed company secretary on 11 January 2010.

RESULT AND REVIEW OF OPERATIONS

The loss after income tax attributable to equity holders of the parent entity amounted to \$1,843,656 (December 2009: Loss of \$1,224,871).

The first six months of the current financial year have been focused upon the following matters:

- resolving the dispute with the minority shareholders of Energie Future NL ("EFNL");
- pursuing the potential transaction in relation to the acquisition of Potash Holdings Pty Limited ("Potash"). After much evaluation, this opportunity did not meet the Company's criteria; and
- dealing with a number of corporate matters, including the Convertible Loan with Exchange Minerals FZE ("EML").

The loss for the period included the following:

- loss on the disposal of the former controlled entity - Energie Future NL of \$341,124, as a result of entering into a confidential deed of settlement with the minority shareholders on 20 August 2010;
- legal fees in relation to the dispute between the former minority shareholders;
- professional fees in relation to the acquisition of Potash Holdings Pty Limited ("Potash") - terminated in November 2010 of \$113,200;
- preparation of the documentation in relation to the notice of meeting for the proposed acquisition of Potash and the Convertible Loan with EML of \$49,612;
- financing costs in relation to the EML Convertible loan (now converted into ordinary shares since balance date) of \$103,541; and
- payment of \$164,280 in relation to the termination of the corporate advisory agreement with Gravner Limited.

The above costs totalling \$771,757 are considered to be non-recurring and excluding those costs, the operating loss for the period would have been \$672,977.

Austrian Lithium Project

On 4th February 2011, The Company announced the acquisition of the Austrian Lithium Project. Further details of the acquisition can be found on the Company's website and in the announcement to the ASX.

Going forward

Despite the abnormal level of operating loss for the period, the Directors are confident that with the proposed acquisition of the Austrian Lithium Project and the repair to the balance sheet in so far as the capitalisation of the EML Convertible Loan and the issue of approximately \$2.0 million in share capital that the Company's fortune has significantly changed.

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.

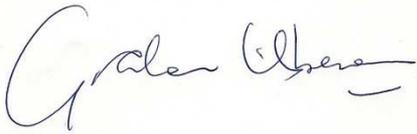
DIVIDENDS

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 5 and forms part of the directors' report for the half-year ended 31 December 2010.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, appearing to read 'Graham Libbesson', written over a light yellow rectangular background.

Graham Libbesson
Chairman
Dated at Sydney
28 February 2011

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 2010, 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

Chartered Accountants



C J Hume

Partner

Sydney, New South Wales

Dated: 28th February 2011

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	CONSOLIDATED	
	31 DEC 2010	31 DEC 2009
	\$	\$
Revenue	1,944	736
Interest received	13	255
Exploration and evaluation expenditure written off	-	(107,253)
Consultancy fees – Exploration and evaluation	(109,075)	(250,189)
Consultancy fees – Administration	(175,938)	(222,980)
Consultancy fees – Corporate advisory	(277,480)	(215,885)
Compliance costs	(46,088)	(71,757)
Depreciation	(206)	(1,129)
Directors fees and employee benefits	(233,489)	(266,211)
Occupancy expenses	(31,823)	(52,283)
Finance costs	(103,541)	(9,763)
Legal fees	(49,612)	(127,747)
Loss on disposal of investments	(341,124)	-
Other expenses	(78,315)	(107,229)
(LOSS) BEFORE INCOME TAX	(1,444,734)	(1,431,435)
Income tax benefit	-	-
(LOSS) FOR THE PERIOD	(1,444,734)	(1,431,435)
OTHER COMPREHENSIVE (LOSS)		
Change in fair value of financial assets	18	-
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	(1,444,716)	(1,431,435)
(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the parent	(1,843,656)	(1,224,871)
Non-controlling interest	398,922	(206,564)
	(1,444,734)	(1,431,435)
OTHER COMPREHENSIVE (LOSS) ATTRIBUTABLE TO:		
Owners of the parent	18	-
Non-controlling interest	-	-
	18	-
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	(1,444,716)	(1,431,435)
Earnings per share		
Basic and diluted (loss) per share	(1.37) cents	(1.81) cents

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

CONSOLIDATED	Share Capital	Fair Value Reserve	Options Reserve	Accumulated Losses	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2009	9,182,316	-	320,000	(9,318,988)	(84,667)	98,661
Profit (loss) for the period	-	-	-	(1,224,871)	(206,564)	(1,431,435)
Total comprehensive income for period	-	-	-	(1,224,871)	(206,564)	(1,431,435)
Issue of share capital	1,221,655	-	-	-	-	1,221,655
Costs associated with capital issues	(148,482)	-	-	-	-	(148,482)
Share options earned	-	-	289,150	-	-	289,150
Balance at 31 Dec 2009	10,255,489	-	609,150	(10,543,859)	(291,231)	29,549
At 1 July 2010	11,045,839	-	672,650	(12,370,917)	(398,922)	(1,051,350)
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
Total comprehensive income for period	-	18	-	(1,843,656)	398,922	(1,444,716)
Issue of share capital	900,523	-	-	-	-	900,523
Costs associated with capital issues	(30,380)	-	-	-	-	(30,380)
Share options earned	-	-	156,000	-	-	156,000
Share options forfeited	-	-	(302,000)	302,000	-	-
Balance at 31 Dec 2010	11,915,982	18	526,650	(13,912,573)	-	(1,469,923)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	CONSOLIDATED	
	31 DEC 2010	30 JUNE 2010
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	65,586	300,689
Trade and other receivables	55,660	312,801
TOTAL CURRENT ASSETS	121,246	613,490
NON-CURRENT ASSETS		
Financial assets	28	10
Property, plant and equipment	612	818
Exploration and evaluation expenditure	501,935	467,000
TOTAL NON-CURRENT ASSETS	502,575	467,828
TOTAL ASSETS	623,821	1,081,318
CURRENT LIABILITIES		
Trade and other payables	256,366	521,429
Financial liabilities	1,837,378	1,611,239
TOTAL CURRENT LIABILITIES	2,093,744	2,132,668
NON-CURRENT LIABILITIES		
Trade and other payables	-	-
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	2,093,744	2,132,668
NET ASSETS	(1,469,923)	(1,051,350)
EQUITY		
Issued capital	11,915,982	11,045,839
Reserves	526,668	672,650
Retained losses	(13,912,573)	(12,370,917)
Parent entity interest	(1,469,923)	(652,428)
Non-controlling entity interest	-	(398,922)
TOTAL EQUITY	(1,469,923)	(1,051,350)

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

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	CONSOLIDATED	
	31 DEC 2010	31 DEC 2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	17,910	-
Payments to suppliers and employees	(894,337)	(1,007,187)
Interest received	12	255
Interest paid	(31)	-
	<u>(876,446)</u>	<u>(1,006,932)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available for sale investments	1	7,500
Disposal of controlled entities	(46,003)	-
Payments for exploration expenditure	(96,449)	(187,950)
Receipts from joint venture partners	130,255	-
Proceeds from repayment of loans from related parties	-	21,479
Acquisition of tenements and licences	(2,001)	-
	<u>(14,197)</u>	<u>(158,971)</u>
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	607,523	1,056,655
Proceeds from draw-down of convertible finance facility	360,000	400,000
Repayments of convertible finance facility	(268,402)	-
Costs of issuing share capital	(43,581)	(22,332)
	<u>655,540</u>	<u>1,434,323</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
Net increase/(decrease) in cash held	(235,103)	268,420
Cash at the beginning of the financial period	<u>300,689</u>	<u>48,904</u>
	<u>65,586</u>	<u>317,324</u>
CASH AT THE END OF THE FINANCIAL PERIOD		

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial report is for East Coast Minerals N.L. and its controlled entities for the six months ended 31 December 2010. East Coast Minerals N.L. is a company domiciled in Australia.

The condensed interim financial statements were approved by the Board of Directors on 28 February 2011.

BASIS OF PREPARATION

The interim consolidated 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 2010. 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.

(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 losses of \$1,444,734 and the consolidated entity had net cash outflows from operating activities of \$876,446 for the period ended 31 December 2010. As at that date the consolidated entity had net current liabilities of \$1,972,498 and net liabilities of \$1,469,923.

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

- The ability to call on the partly paid shares, or to accept offers to pay up ordinary shares to 2 cents or to accept funds through the exercise of options. Approximately \$250,000 has been received subsequent to period end;
- Subsequent to period end the company has entered into a capital raising for \$2.6 million. As at the date the financial statements have been signed approximately \$2.6 million has been received and held by the share registrar pending issue of the shares;
- The ability to issue additional shares under the *Corporations Act 2001*;
- Subsequent to period end, the convertible note to the value of \$1,837,378 has been converted to equity. This has had the impact of significantly reducing the net current liabilities and returning the consolidated entity to net assets;
- The ability of the consolidated entity to further scale back certain parts of their activities that are non-essential so as to conserve cash.

(B) 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 2010 was based on the loss attributable to shareholders of the parent entity of \$1,843,656 (2009: Loss \$1,224,871) and the weighted average number of ordinary shares outstanding during the half year ended 31 December 2010 of 133,981,484 (2009: 67,585,786), calculated as follows:

	31 DEC 2010 Cents	31 DEC 2009 Cents
Basic and diluted (loss)/earnings per share	(1.37)	(1.81)
	31 DEC 2010 No of Shares	31 DEC 2009 No of Shares
Weighted average number of shares:		
Fully paid ordinary shares	123,552,099	56,325,518
Ordinary shares paid to 2 cent	10,429,385	11,260,268
	<u>133,981,484</u>	<u>67,585,786</u>

3. TRADE AND OTHER RECEIVABLES

	31 DEC 2010 \$	30 JUNE 2010 \$
Trade and other receivables	55,660	270,583
Prepayments	-	40,583
Loans to related parties	-	1,635
	<u>55,660</u>	<u>312,801</u>

The decrease in trade and other receivables is primarily attributable to a reduction in amounts receivable from joint venture partners in relation to Elizabeth Hill, the disposal of the Company's interest in Energie Future and a decrease in GST refundable from the Australian Taxation Office.

4. OTHER FINANCIAL ASSETS

	31 DEC 2010	30 JUNE 2010
	\$	\$
Non-Current		
Investments in available-for-sale listed securities, at fair value	28	10
TOTAL INVESTMENTS	<u>28</u>	<u>10</u>

5. CONTROLLED ENTITIES

On 20 August 2010, the Company disposed of its 56.54% interest in Energie Future N.L. and consequently the investments Energie Future N.L. holds in subsidiaries American Energy Future LLC, CTL Technologies Pty Limited and Sydney Basin UCG Pty Limited. The loss is shown in the statement of comprehensive income as loss on disposal of investments. No remaining interest in Energie Future N.L. is held by any member of the consolidated group.

Controlled entities:	Country of Incorporation	Ownership % 31 DEC 2010	Ownership % 30 JUNE 2010
Parent Entity:			
East Coast Minerals N.L.	Australia	-	-
Subsidiaries:			
American Energy Future LLC	United States	-	56.54
CTL Technologies Pty Limited	Australia	-	56.54
East Coast Metals Pty Limited	Australia	100	100
Energie Future N.L.	Australia	-	56.54
Sydney Basin UCG Pty Limited	Australia	-	56.54

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 DEC 2010	30 JUNE 2010
	\$	\$
Exploration and evaluation phase costs carried forward at valuation:	<u>501,935</u>	<u>467,000</u>

Exploration expenditure carried forward at 31 December 2010 represents a 69.88% (June 2010: 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.

	31 DEC 2010	30 JUNE 2010
	\$	\$
Reconciliation of carrying amount		
Balance at beginning of financial period	467,000	545,064
Acquisition of prospects	1,405	-
Exploration expenditure in current period	33,530	368,527
Exploration expenditure written off	-	(446,591)
Balance at end of financial period	<u>501,935</u>	<u>467,000</u>

7. FINANCIAL LIABILITIES

	31 DEC 2010	30 JUNE 2010
	\$	\$
Convertible finance facility	1,837,378	1,611,239

As announced on 12 October 2009, the company entered into a convertible loan with one of its major shareholders. The loan is secured by a mortgage over the assets of East Coast Minerals. The convertible loan has a term of 12 months, but may be repaid earlier by East Coast. The purpose of the loan is to assist with working capital requirements.

On 29 November 2010, the shareholders approved the Convertible Loan facility of up to \$2.1 million which was subject to interest at the rate of 12% and repayable over a period of time and payable in cash or shares, at the election of EML. This Convertible Loan refinanced the previous convertible and unsecured loans provided by EML. As set out and noted in note 11, EML exercised its election and converted its Convertible Loan in fully paid ordinary shares. Accordingly the loan has remained classified as a current liability.

8. SHARE CAPITAL

	31 DEC 2010	30 JUNE 2010
	\$	\$
127,723,923 (June 2010: 87,653,581) Fully paid ordinary shares:	11,081,631	10,211,488
41,717,538 (June 2010: 41,717,538) Ordinary shares paid to 2 cents:	834,351	834,351
	11,915,982	11,045,839

Reconciliation of movements in share capital

	Fully Paid Ordinary Shares No. Shares	Ordinary shares paid to 2 cents No. Shares
Opening balance – 1 July 2010	87,653,581	41,717,538
Shares issued during the period:		
14 July 2010	24,809,525	-
27 July 2010	11,140,684	-
29 July 2010	4,120,133	-
Closing balance – 31 December 2010	127,723,923	41,717,538

SHARE OPTIONS

During the period the Company issued 51,929,658 unlisted options as follows:

- 39,929,658 options were issued as part of the share placements, in accordance with the resolution passed by shareholders at the Extraordinary General Meeting held 30 April 2010. The options are to acquire fully paid shares at an exercise price of 4 cents. The options expire on 14 July 2013.
- 12,000,000 options were issued to Directors and the Company Secretary, in accordance with the resolution passed by shareholders at the Annual General Meeting held on 29 November 2010. The options are to acquire fully paid shares at an exercise price of 4 cents, and only if the Company's share price reaches 6c. The options expire on 8 December 2013

A summary of the outstanding options as at 31 December 2010 is as follows:

	Number issued	Number listed on ASX	Exercise Price	Expiry Date
Ordinary Options	3,000,000	-	20 cents	21/12/2011
Ordinary Options	39,929,658	-	4 cents	14/07/2013
Ordinary Options	12,000,000	-	4 cents	08/12/2013
Partly Paid Share Options	3,000,000	-	Nil	31/10/2011
Partly Paid Share Options	6,250,000	-	Nil	27/11/2012
Partly Paid Share Options	5,000,000	-	Nil	30/04/2013
	69,179,658	-		

No options were exercised during the period.

9. SEGMENT INFORMATION

The consolidated group's operations in 2010 are managed in Australia and involve exploration of its mineral properties.

10. CONTINGENT LIABILITIES

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

11. EVENTS SUBSEQUENT TO 31 DECEMBER 2010

Since balance date, the following key events have occurred:

- on 28 January 2011, the Company announced that it had received a notice from EML in relation to the conversion of its Convertible Loan. As a result of this notice, the Company allotted 46.3 million fully paid ordinary shares in the Company to EML. The effect of this is that the Convertible Loan is now classified as equity;
- on 4 February 2011, the Company announced it had entered into a conditional heads of agreement in respect of the acquisition of a lithium project in Austria from EML. The terms of that transaction have been set out in the Company's announcement;
- on 23 February 2011, the company allotted 5,875,000 shares as a result of the exercise of 4 cent unlisted options and the conversion of partly paid shares into fully paid shares following the balance of 6 cents being paid up; and
- the company has entered into a capital raising for \$2.6 million. As at the date the financial statements have been signed approximately \$2.6 million has been received and held by the share registrar pending issue of the shares.

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 consolidated group's financial position as at 31 December 2010 and of its 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 28 February 2011.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Graham Libbesson', is written over a light yellow rectangular background.

Graham Libbesson
Chairman

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 condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 2010 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*. 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 2010 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

Chartered Accountants



Sydney, New South Wales

Dated: 28th February 2011

C J Hume

Partner

DIRECTORS

Graham Libbesson (Non-Executive Chairman)
Edward Mead (Executive Director)
Anthony Roberts (Executive Director)
Sevag Chalabian (Non-Executive Director)

COMPANY SECRETARY

Lynton McCreery

REGISTERED OFFICE

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SYDNEY NSW 2000

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SHARE REGISTRY

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Fax: (02) 9287-0303

SOLICITORS

DHL Phillips Fox

AUDITORS

RSM Bird Cameron Partners

BANKERS

Westpac Banking Corporation

WEBSITE

www.eastcoastminerals.com

Market Update

1 March 2011



ABN 82 000 738 885

East Coast Minerals NL (ASX: East Coast or the Company) is pleased to announce that technical due diligence in relation to the proposed acquisition of the Austrian Lithium Project is progressing. A review of the resource and relevant mining data for the project is underway.

The Company also advises that for the purposes of the requirements under the Corporations Act and the ASX Listing Rules the Company is required to issue a cleansing notice with regard to the issue of shares/options pursuant to the placement of 87million shares and 43.5 million options.

To ensure the Company is in compliance with its continuous disclosure obligations as they relate to the cleansing notice, East Coast advises that subject to the completion of due diligence for the acquisition of the Austrian Lithium Project, the Company intends to issue further securities to complete the acquisition and for the advancement and development of the project. The Company expects its capital requirements for these purposes to be significant but is not in a position to quantify them as this stage.

The acquisition of the Austrian Lithium Project and any subsequent capital raising or issue of securities is subject to Shareholder approval.

It is also noted that approval for the issue of 5 million securities to Mr Anthony Roberts and or his associated entities will be sought at the next general meeting of shareholders. The terms and conditions of these securities will be the same as those issued to the other Directors and approved by shareholders on the 29 November 2010. These securities were provided to Mr Roberts as part of his employment with the Company.

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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.