

ASX / Media Announcement

28 February 2011



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December Quarterly Activities Report

Key Points

Elizabeth Hill

- Re-estimation of the remaining historical shallow silver resource is nearing completion. Economic viability of re-instating the project to be considered.

Termination of the potential acquisition of a Potash project

- The Board assessed that the potential acquisition from Exchange Minerals Limited (incorporated in Dubai, "EML"), in relation to the potential acquisition of a potash project in Western Australia did not meet the Company's investment criteria and accordingly, the Company terminated discussions with EML.

Corporate matters

- Executives are in the advanced stage of reviewing an acquisition outside of Australia. Details to follow as soon as they are to hand.
- EML converts its entire loan note of approximately \$1.921 million into 46.3 million ordinary shares.
- Approval was gained for the issue of up to 200 million securities at 80% of the VWAP and up to 300 million ordinary shares at a fixed price of 3 cents and 300 million options with an exercise price of 4 cents price at the AGM and EGM held on 29 November 2010.

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 December 2010:

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

The Elizabeth Hill project is a long standing project of East Coast located near Karratha, Western Australian.

Exploration Work during the Quarter

A re-estimation of the remaining historical shallow silver resource is nearing completion, with a view to looking at the economics to mine, based on recent increases in the silver price to round AUD\$27 ounce. Digitisation of the mine workings from operations between 1998 and 2000 is yet to be completed and validated. Once this is done the workings can be removed from the global resource calculation.

The price of silver was around US\$5 ounce when the underground mining operation at Elizabeth Hill was undertaken. On completion of the resource estimation, calculations into the viability of either open cut or underground mining will be assessed. Results of this work will be announced when they come to hand.

Silver was mined by East Coast and Legend Mining from the Elizabeth Hill underground mine between 1998 and 2000. 16,800 tonnes of ore grading 2,100 g/t silver (70 oz/t) was mined to produce 1,170,000 ounces of silver.

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

The Exploration License over the Gossan Dam base metal and silver prospect is near Mukinbudin, which is 300Km east of Perth in Western Australia. No resource has been defined in the area, but significant mineralisation has been identified by rock chip sampling and limited drilling from previous companies.

East Coast is in the final stages of a desk top study to outline potential exploration initiatives to look at methods of defining targets. Regional airborne magnetic and radiometric data has been acquired and processed. Due to seasonal pastoralist cropping a field visit is not scheduled until later in the year.

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

An exploration application was applied for at Kurabuka Creek in the Gascoyne mineral field. The area is prospective for base metals and silver. Recent work has continued in finalising a Heritage Agreement which will then allow the tenement to be granted.

Potash Acquisition - now terminated

In April 2010, East Coast announced that it had entered into a heads of agreement with EML for the purchase of a potash project located in Western Australia. Considerable management time and resources was spent investigating this potential acquisition. In November 2010, the Board

assessed that the project did not meet its investment criteria and terminated its exclusivity arrangement with EML.

Corporate Matters

Acquisitions

Executives are in the advanced stage of reviewing an acquisition outside of Australia. Further details will be made available as soon as they come to hand.

Convertible Notes

On the 29th November 2010, East Coast shareholders approved the Exchange Minerals Limited (EML) Convertible Notes. Prior to finalising the Convertible Loan, an additional draw down of \$110,000 was received from EML. The implementation of the Convertible Loan documentation has been completed.

EML exercises its right under the Convertible Notes

On the 28 January 2011, the company accepted EML's notice of exercise to convert its convertible notes. As at the date of conversion, the value of EML's convertible notes was A\$1,920,938. Based on the volume weighted average price of \$0.0415 which was calculated in accordance with the terms of issue of the convertible note, EML was issued 46,287,663

New Capital Structure

Following the conversion of EML's note, ECM's new capital structure for the fully paid shares is as follows:

Existing Ordinary Shares on Issue:	127,723,923
Share issue to EML through conversion of the loan note:	46,287,663
Total:	174,011,586

Based on the above, EML will own approximately 27% of ECM's issued capital.

Shareholders meetings

East Coast held its Annual General Meeting (AGM) and Extraordinary Meeting (EGM) on the 29 November 2010. In those meetings, approval was obtained in those meetings for the following securities:

- 300,000,000 Placement Shares at a fixed price of 3 cents per share and up to 300,000,000 Placement Options at a price of 4 cents for the purposes of financing the Company's working capital and future acquisitions;
- approval of 200,000,000 Securities at a price equal to no less than 80% of the last five days volume weighted average price (VWAP); and
- 12 million options to directors.

The proceeds from the above will be used to assist East Coast:

- to provide it with working capital; and
- finance potential acquisitions.

Existing cashflows

The Directors are mindful of the Company's cash position and are undertaking all possible steps in which to address this issue. The Directors are currently working with a broker to assist them with raising capital. This raising together with the conversion of the Convertible Loan will rectify East Coast's current balance sheet and working capital position.

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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 Doraleda 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.