

# December Quarterly

## Activities Report

28<sup>th</sup> January 2009



ABN 82 000 738 885

### Key Points

#### Rawlins

- JORC compliant coal resource calculation underway for Rawlins underground coal gasification (UCG) project at Rawlins, Wyoming USA
- A Pre Feasibility Study (PFS) is being considered to start in early 2010 based on the JORC compliant coal resource.
- All data from the previous UCG studies and trials of gasification to be digitised in pre-emption of a positive decision to undertake a PFS

#### Elizabeth Hill

- Drilling to be undertaken in March at the Elizabeth Hill Silver and Base metal project on the 13 identified drill targets.

East Coast Minerals (ASX: ECM, East Coast) is pleased to announce the Company's Quarterly Activities Report for the period ended 31 December 2009.

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

#### ***Exploration Work during the Quarter***

No work was carried out on the project during the quarter due to seasonal conditions.

Drilling is anticipated to start in March 2010 on the granted mining licenses. The drill targets are immediately adjacent to the resource of 7,000 tonnes grading 700 g/t silver (22 oz/t). The drill targets consist of:

- 5 Electromagnetic (EM) anomalies.
- 7 Sub Audio Magnetic (SAM) anomalies.
- Anomalies are between 50 and 150 metres below the surface.
- The anomalies are prospective for silver, copper and zinc (base metals).

#### ***Previous Mining and History***

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.

Exploratory efforts were focused to the south of Elizabeth Hill until December 2002 in an effort to delineate a repeat of the Elizabeth Hill silver deposit, but drilling failed to locate any further mineralisation. The 13 EM and SAM anomalies identified in 2009 are immediately adjacent to and north of Elizabeth Hill underground mine and have not been drill tested.



Figure 1: Project locations in Western Australia

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

The Exploration License over the Gossan Dam base metal and silver Prospect has been granted (figure 1). The project 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.

In 1970 Asarco Australia Ltd carried out rock chip sampling. The results recorded maximum values of **3.25% Zn (Zinc)**, **1.16% Pb (Lead)**, **77g/t Ag (Silver)** and **9.6% Mn (Manganese)**.

In 1976, Otter Exploration NL carried out further rock chip sampling and returned grades of up to **6.8% Zn**, **6.7% Pb** and **127g/t Ag** from the gossan and **5.2% Zn**, **2.4% Pb** and **98g/t Ag** from the surrounding syenite host rocks.

In 1977, Shell Minerals Exploration (Australia) Pty Ltd undertook drilling. The best results recorded averaged **1.03 metres @ 1.00% Cu**, **1.50% Pb**, **1.70% Zn** and **760g/t Ag** (fillet sample) and **0.65% Cu**, **1.58% Pb**, **1.81% Zn** and **680g/t Ag** (quarter BQ core sample) from **85.09m**. A total of 7 Diamond Drill holes for 930.95 metres and 3 Percussion holes for 141 metres have been drilled. All drilling undertaken was based on the view that the mineralisation dipped to the south.

In 1997, Merrit Mining NL undertook further sampling of gossans. The best results recorded were **2.23% Zn**, **1.01% Pb**, **34.8 g/t Ag** and **12.9% Mn**. All the previous work has concluded that potential exists for extensions to the known high grade silver mineralisation. However, the complex geophysical magnetic anomalies remain untested and no drilling has ever tested the potential for a north dipping mineralised system.

East Coast will start a review using modern geophysical methods to look for extensions to known mineralisation and to test for a varying dip of mineralisation.

### **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.

### **Energie Future (East Coast 51%)**

During the quarter East Coast's subsidiary, Energie Future NL has continued to advance the Rawlins UCG Project. Work has been initiated on undertaking a JORC compliant resource calculation. This work has involved digitisation of all the data over the project area. Sydney based Geos Mining have been contracted to complete a resource calculation for all the historical drilling. Geos Mining visited the USA in December to start this process. The maiden JORC resource is expected to be completed by February 2010.

Rawlins has been the site of three successful UCG trials, the first two by Gulf Oil and the US Department of Energy and the third by Williams Group.

A summary of the Rawlins Project:

- Three (3) gasification trials at Rawlins between 1979 and 1995 have been completed. The trial in 1979 ran for 30 days and gasified 30 to 50 tonnes of coal per day. The second trial in 1981 ran for 65 days gasifying 125 tonnes of coal per day. The final trial was in 1995 and was

planned and constructed to gasify coal and supply syngas to feed an ammonia plant. Low natural gas prices caused the plans to be abandoned, but not before a test burn in a full scale gasification module was begun,

- An extensive database of UCG operational performance has been compiled;
- Extensive coal target definition, including seismic and drilling to estimate the non JORC coal tonnages and suitability for UCG have been completed;
- Detailed design of UCG modules and well bore configuration have been completed;
- 4 Injection, 1 production and 18 monitoring wells have been completed, needing only to be retested for wellbore integrity to be deemed ready to commence gasification;
- Extensive environmental work and approvals which include environmental baseline studies have been completed;
- A Williams Group in house feasibility study for a UCG based coal to liquids plant has been completed and further feasibility study for an Ammonia Plant was completed in 1995.

Work is expected to continue to a Pre Feasibility Study (PFS) based on an initial 2,700 barrel per day gas to liquids project, on results of a pending maiden JORC compliant coal resource. This work will be greatly assisted by having access to the previous feasibility studies acquired from Williams.

## **Corporate**

### ***Finances***

On the 5<sup>th</sup> November 4,777,580 partly paid shares were converted to fully paid, upon receipt of cash proceeds of \$286,655.

On the 26<sup>th</sup> November a Share Purchase Plan (SPP) was announced at a subscription of 6 cents. The closing date was to have been the 24<sup>th</sup> December, but due to a Postal strike across much of Australia the board made a decision to extend the SPP to the 12<sup>th</sup> January 2010. Securities issued up to the end of December were 9,583,334 fully paid shares at 6 cents which raised \$575,000.

3,000,000 unlisted options exercisable at 20 cents were also issued and allotted on the 21<sup>st</sup> December to the underwriter of the issue of the 6,000,000 fully paid shares in July 2009. This was in accordance with the resolution passed at the EGM on 12 October 2009.

### ***Key Appointments***

On the 30<sup>th</sup> October Ed Mead was appointed an executive Director of East Coast. He was previously the Exploration Manager for the company and is therefore fully across all the companies projects and investments. He has held previous board positions and has corporate experience as well as 15 years of geological experience in exploration, mining

and the general resources industry. The addition to the board has strengthened the company as it moves forward.

Mr Richard Sealy resigned as a director of East Coast and the board thanks him for his valuable contribution to the Company.

### ***General Meeting***

On the 27<sup>th</sup> November the Company held its Annual General Meeting of shareholders at which all proposed resolutions were passed unanimously on a show of hands.

**For Further details please contact:**

Ed Mead, Executive Director

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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 Doraleta 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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EAST COAST MINERALS N.L.

ABN

82 000 738 885

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(20)	(36)
(b) development		
(c) production		
(d) administration	(443)	(880)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Capitalised Legal Costs	(24)	(122)
<b>Net Operating Cash Flows</b>	(487)	(1,038)
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(41)	(152)
(b) equity investments		
(c) other fixed assets		
(d) exploration expenditure		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	-	7
(c) other fixed assets		
1.10 Loans to other entities	(27)	(70)
1.11 Loans repaid by other entities	78	91
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	10	(124)
1.13 Total operating and investing cash flows (carried forward)	(477)	(1,162)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(477)	(1,162)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	697	1,057
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	400	687
1.17	Repayment of borrowings	(287)	(287)
1.18	Dividends paid		
1.19	Cost of capital	(19)	(22)
	<b>Net financing cash flows</b>	791	1,435
	<b>Net increase (decrease) in cash held</b>	314	273
1.20	Cash at beginning of quarter/year to date	5	46
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	319	319

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	238
1.24	Aggregate amount of loans to the parties included in item 1.10	30

1.25 Explanation necessary for an understanding of the transactions

Payments to related parties includes consulting fees and other fees on the acquisition of Energie Future N.L. and its subsidiaries.  
In addition this includes \$60,000 in termination payments and other payments made to an outgoing director.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	198
4.2 Development	
<b>Total</b>	<b>198</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	319	5
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	319	5

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	41,717,538 69,070,248	- 69,070,248	8 cents Fully paid	2 cents Fully paid
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buybacks	9,583,334  4,777,580 (partly paid shares were fully paid up, increasing fully paid shares and reducing the partly paid shares)	9,583,334  4,777,580	N/A  N/A	N/A  6 cents
7.5	<b>+Convertible debt securities</b>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	53,000,000 (options to acquire 53m partly paid shares of 9 cents credited as paid to 1 cent, leaving 8 cents outstanding)  6,250,000 (options to acquire partly paid 'A' shares of 9 cents credited as paid to 1 cent, leaving 8 cents outstanding)  3,000,000 (options to acquire 3m fully paid shares)	-	Exercise price No cash amount   No cash amount   20c	Expiry date 31 Oct 2011 (or 7 working days after the market price of the shares exceeds 20 cents for more than 5 consecutive trading days) 27 Nov 2012 (or 60 working days after the market price of the shares exceeds 20 cents)  21 Dec 2011

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.8	Issued during quarter	6,250,000 (options to acquire partly paid 'A' shares of 9 cents credited as paid to 1 cent, leaving 8 cents outstanding)  3,000,000 (options to acquire 3m fully paid shares)		No cash amount   20c	27 Nov 2012 (or 60 working days after the market price of the shares exceeds 20 cents)   21 Dec 2011
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: E. Mead  
(Executive Director)

Date: 28 January 2010

Print name: Ed Mead

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

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- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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