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EAST COAST MINERALS NL ACQUIRES AN OPTION OVER AN ADVANCED COAL TO LIQUIDS PROJECT IN WYOMING USA



ABN 82 000 738 885

Key Points

- Energie Future acquires an option over the Rawlins underground coal gasification (UCG) project at Rawlins, Wyoming USA
- Rawlins is the site of three successful UCG trials which together with the Rocky Mountain 1 site are the only commercial scale UCG trials outside of the CIS
- Energie Future will have the right to acquire the benefit of over US\$100 million of research and development that has been invested in Rawlins over the last 30 years by Gulf Oil, Williams and the US Department of Energy
- Energie Future will immediately commence work on a 2,700 barrel per day coal to liquids project at the Rawlins site utilising a Small Fixed Bed Fischer Tropsch Process and proprietary catalysts developed by Energie Future's partner, Energy Technology Partners LLC
- East Coast Minerals will not proceed with the proposed 3 cent call on partly paid shares and will instead hold an EGM to approve a placement of securities in order to raise funds

East Coast Minerals NL's (ASX:ECM) subsidiary, Energie Future NL announced today that it has entered into an option agreement (**the Option**) with Williams to acquire Carbon County UCG Inc (CCUCG). CCUCG owns the Rawlins site which is situated 20 km west of Rawlins, Wyoming in the United States of America.

The site has been extensively explored by Raven Ridge Resources Inc (www.ravenridge.com) and this is in addition to the extensive coal characterisation and resource studies conducted under previous exploration campaigns during the 1980's and 1990's.

Raven Ridge will continue to be responsible for the ongoing coal resource characterisation and reserve development work contemplated at the Rawlins site. Resource estimates developed in the earlier campaigns were performed to standards required in the USA. The proposed work is aimed at reconfirming previous resource estimates and conforming to current JORC standards. Energie Future expects to announce a maiden JORC resource in the December Quarter 2009.

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. The second trial was in fact one of only two commercial scale UCG trials outside of the CIS.

The terms of the Option for the purchase of CCUCG which includes the Rawlins site and associated coal assets are that:

- The Option is for a period of three years;
- Option fees include the payment of US\$50,000 for the first year, US\$100,000 for the second year and US\$200,000 for the third year;
- The consideration for the acquisition of CCUCG will be US\$2 million provided CCUCG is acquired within the first two years. If acquired in the third year, additional consideration will be payable equal to the cost of any work carried out by Williams on the site in that year will be payable;
- On acquisition of CCUCG, Energie Future will be required to comply with normal bonding requirements of the Wyoming Department of Energy which currently implies a bond of US\$6 million.



Figure 1: Aerial view of trial site at Rawlins, Wyoming in 1995 before being dismantled

Acquiring the Option will give Energie Future a significant advantage in its efforts to commercialise the UCG process. The ability to achieve an accelerated time line for the project comes from the foundation work already carried out by Gulf Oil and Williams at the Rawlins site.



Figure 2: Existing production well at Rawlins



Figure 3: Two of the four existing injection wells at Rawlins

Energie Future will benefit from over US\$100 million that has been invested over a 30 year period in the Rawlins site by acquiring access to:

- The detailed data from three trials at the site between 1979 and 1995, one of which was a commercial trial which ran for three months with coal consumption of 200 tonnes per day;
- An extensive database of UCG operational performance;
- Extensive coal target definition, including seismic and drilling to estimate the tonnage and suitability for UCG;
- Detailed design of UCG modules and well bore configuration;
- 4 Injection, 1 production and 18 monitoring wells which remain in place and are ready to commence gasification;
- Extensive environmental work and approvals including environmental baselines which themselves would take 18 months to generate; and
- A full commercial feasibility for a UCG base coal to liquids plant and further feasibility study for an Ammonia Plant completed in 1995.

Energie Future is planning to have a full feasibility study completed and approvals in place within 24 months and is setting a target to commence commercial production of the gas to liquids plant within 42 months, but with UCG trials expected to commence earlier than this.

Work will commence immediately on a feasibility study and the detailed design of a 2,700 barrel per day gas to liquids project. This work will be greatly assisted by having access to the previous feasibility studies acquired from Williams.

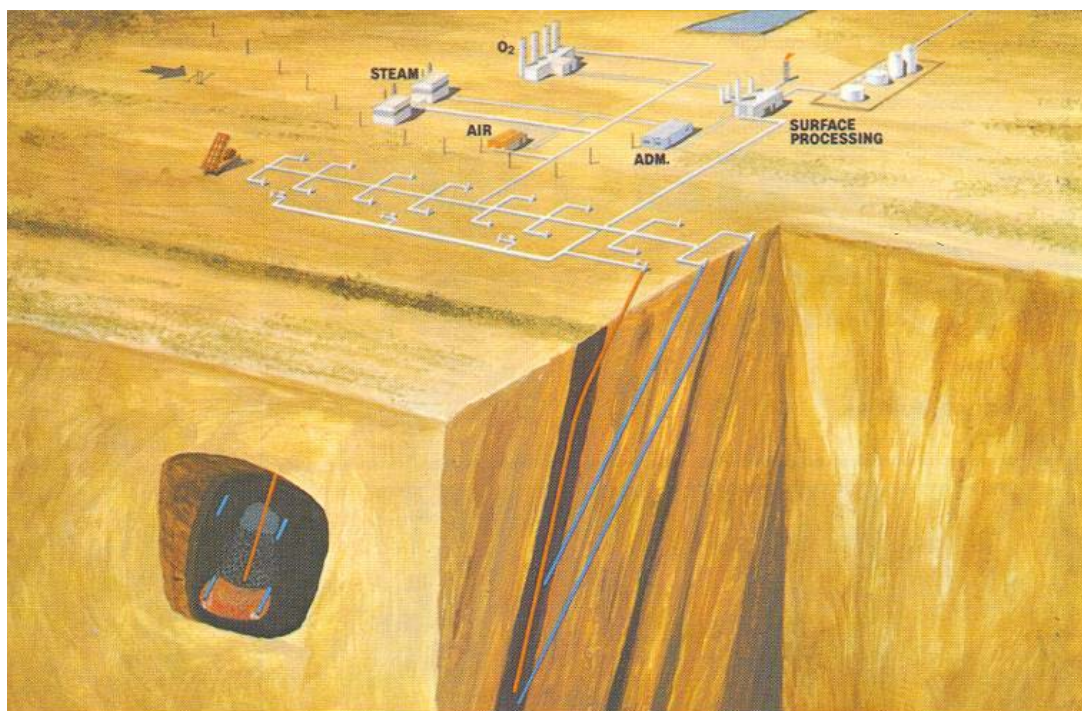


Figure 4: Conceptual design of the Rawlins plant as determined from the previous feasibility work

A 2,700 barrel per day gas to liquids plant will be the first stage of a project that is aimed at having a capacity to reach up to 50,000 barrels per day. The plant will utilise the Small Fixed Bed Fischer Tropsch Process and proprietary catalysts developed by Energie Future's Pittsburgh-based partner, Energy Technology Partners LLC. The Small Fixed Bed technology is expected to result in competitive capital and operating cost bases.

Funding

The Directors have decided not to make a further call on partly paid shares. Therefore the proposed call of 3 cents per partly paid share previously announced will now not go ahead. Instead, it is proposed that a placement of 40,000,000 securities will be made in order to raise funds for the activities of the company.

In order to proceed, it is necessary to hold an Extraordinary General Meeting to approve the placement of these shares. It is proposed that this meeting will be held in October 2009 which will at the same time deal with a number of other matters.

The Extraordinary General Meeting will consider the following resolutions:

- Ratification of the previous issue of 7,000,000 fully paid shares issued under the directors' 15% discretionary authority;
- Authorisation for the issue of 3,000,000 unlisted options for the issue of 3,000,000 fully paid shares at an issue price of 20 cents each to the underwriter of the issue of 6,000,000 of the fully paid shares noted above;
- Authorisation for the directors to issue 647,896 fully paid shares to the sub underwriter of the company's 1c call on its partly paid shares;
- Authorisation to place 40,000,000 securities; and
- An amendment to the constitution of the company to allow partly paid shares to be fully paid in advance of a call made by the company.

As the Extraordinary General Meeting is still some way off, entities associated with the Directors of East Coast Minerals and two supporting shareholders, Kafta Enterprises Pty Limited and Falafel Investments Pty Limited have, in anticipation of the immediate funding requirements of Energie Future, decided to convert 4,777,580 of their partly paid shares to fully paid shares. This conversion will occur once the proposed Extraordinary General Meeting has approved the change to the Company's constitution.

In the meantime East Coast Minerals has received \$286,654.80 from these parties which will be applied to funding its obligations to provide funding to Energie Future. Energie Future will use these funds to meet the option costs and the initial costs of the feasibility studies and resource studies of the Rawlins Project.

About East Coast Minerals

East Coast Minerals NL is an Australian-based exploration company, which listed on the ASX in 1970. The company has interests in the Pilbara region of WA, where it is exploring for precious and base metals and a 51% shareholding in Energie Future (refer below).

About Energie Future and UCG

Energie Future NL is a subsidiary of East Coast Minerals with interests in UCG. Other innovative companies active in this clean coal technology field are Linc Energy, Carbon Energy and Cougar Energy.

Energie Future is actively developing an ultra clean diesel project using UCG and proprietary Fischer Tropsch gas to liquids technology. Energie Future's technology partners are leaders in the UCG and gas to liquids fields.

Energie Future will use innovative technology to monetise otherwise stranded energy assets around the world.

Energie Future has applications for coal mining exploration licences over an offshore area of almost 6,000 km² stretching from Wollongong to Port Stephens, NSW, Australia, and is currently pursuing other development opportunities in areas with high energy demands.

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