

# East Coast Minerals NL (ASX:ECM)

29 July 2009

## June Quarterly Report



ABN 82 000 738 885

Elizabeth Hill (M47/342, M47/343)  
(East Coast 69.88% Legend Mining 30.12%)

### *Exploration Work during the Quarter*

East Coast Minerals announced on 28 April 2009 that using a Sub-Audio Magnetic Survey (SAM) technique it had discovered seven new silver and base metal targets at Elizabeth Hill (see *Figure 2*), two of which were adjudged anomalous for silver mineralisation.

SAM results identified the lower grade, remnant silver resource at the Elizabeth Hill Mine (7,000 tonnes grading 700 g/t silver (22 oz/t)). This validated the use of SAM as a viable technique for identifying a silver resource. SAM has also been carried out over the area south of Elizabeth Hill and no potential targets have been identified in this area confirming the past drilling results.

On 15<sup>th</sup> of May 2009, the Company announced the results of an Electromagnetic (EM) geophysical survey that had identified five new EM anomalies within 400m of the original Elizabeth Hill underground silver mine.

The EM survey was undertaken following analysis of the SAM results to see if any conductors were present within the SAM anomalies. The 5 anomalies located suggest that the volcanogenic massive sulphide (VMS) system may extend north from Elizabeth Hill, up to the Mustang Prospect.

The Mustang Prospect previously identified by EM is situated between two base metal (zinc, silver, lead and copper) prospects discovered by Fox Resources in 2007. Fox subsequently did limited drill testing of Sunchaser and Conquest and identified copper and zinc mineralisation. Best intercepts at Sunchaser were 6.1m @ 3.1% zinc from 28.4m and at Conquest 25m @ 0.52% copper from 144m.

### *Previous Mining*

Silver was mined by East Coast Minerals and Legend Mining from the Elizabeth Hill underground mine between 1998 and 2000, with 16,800 tonnes of ore grading at 2,100 g/t silver (70 oz/t) mined to produce 1,170,000 ounces of silver, which at today's prices would be worth AUD\$21 million.

After mining ceased in 2000, exploratory drilling continued 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 silver deposits in the southern area.

*The Geological Model (see Figure 1)*

Previous models for Elizabeth Hill postulated that the silver deposit was emplaced with the Munni Munni Intrusion and the area north of Elizabeth Hill was previously regarded as unprospective due to the belief that the area was dominated by granite. As a result virtually no exploration was undertaken in the area.

More recent models indicate that the Elizabeth Hill deposit may be the result of the Munni Munni Intrusion assimilating a volcanogenic massive sulphide (VMS) deposit as it was emplaced along an area of structural weakness.

If the latter model is correct, then the area between Elizabeth Hill and the Mustang Prospect to the north is potentially a VMS target prospective for silver and base metals.

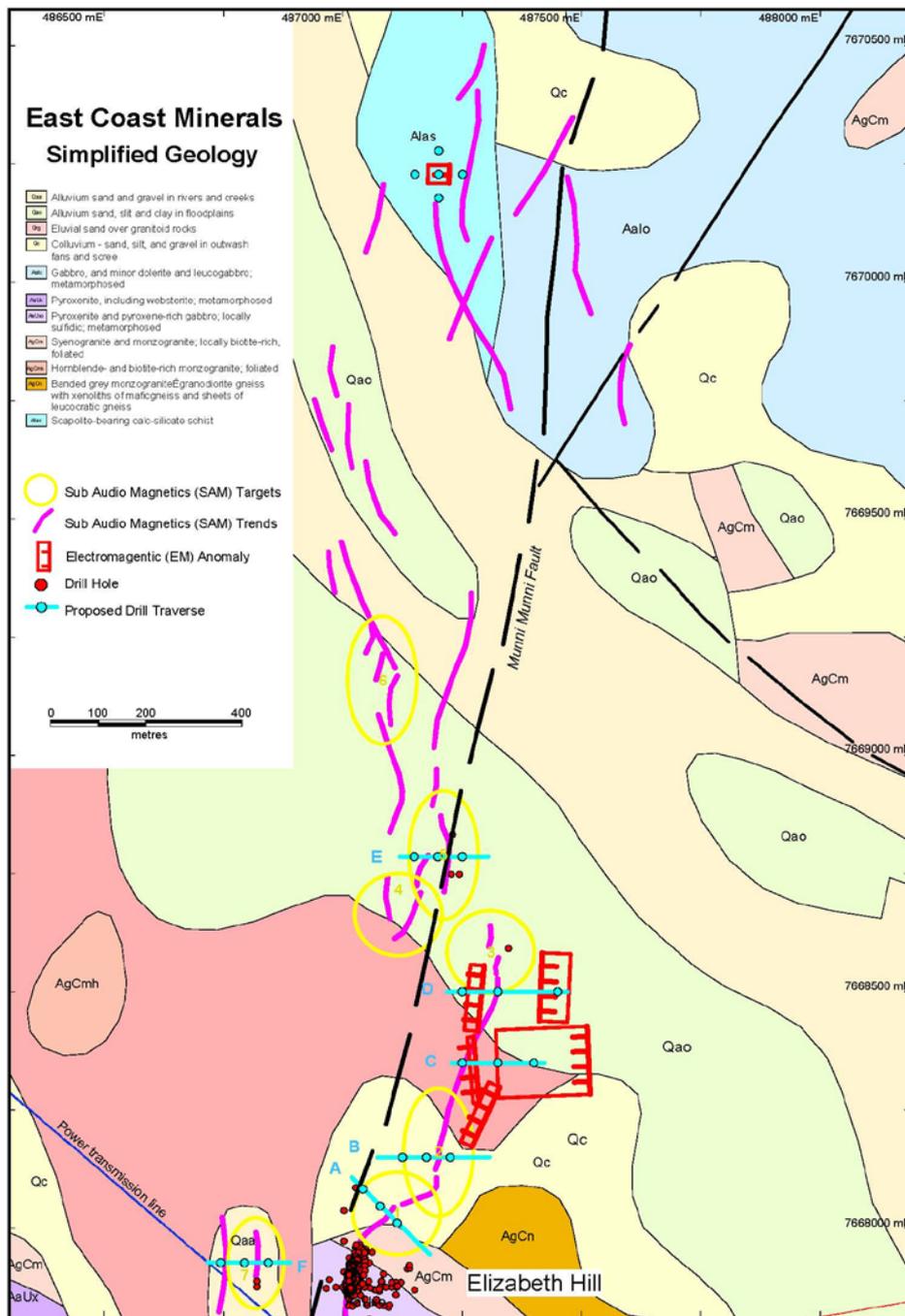


Figure 1: Simplified GSWA 1:10,000 Geology. All recent work appears to have little relationship to geology

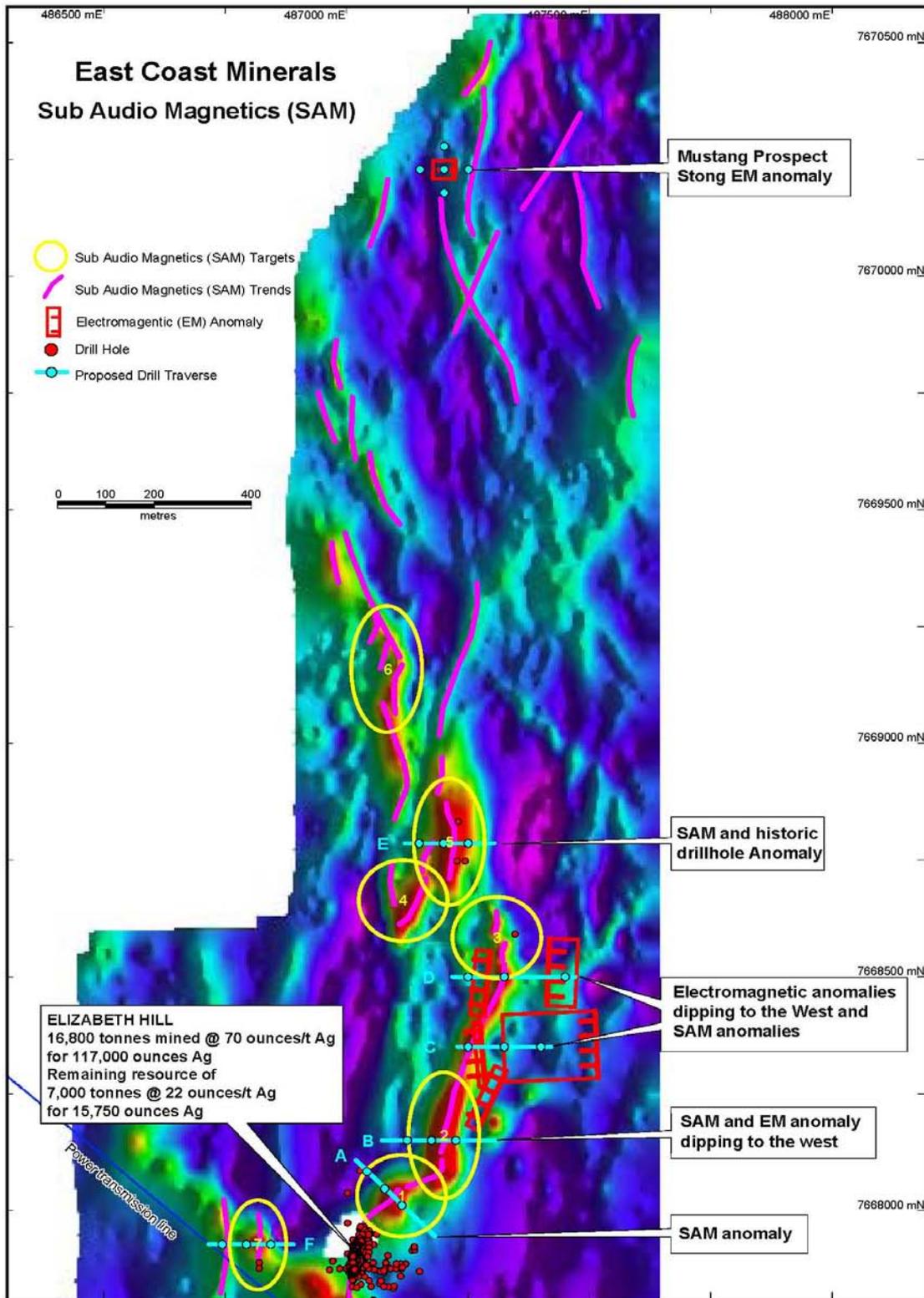


Figure 2: Sub Audio Magnetics (SAM) results with anomalies, EM anomalies, all current drilling and proposed drill traverses.

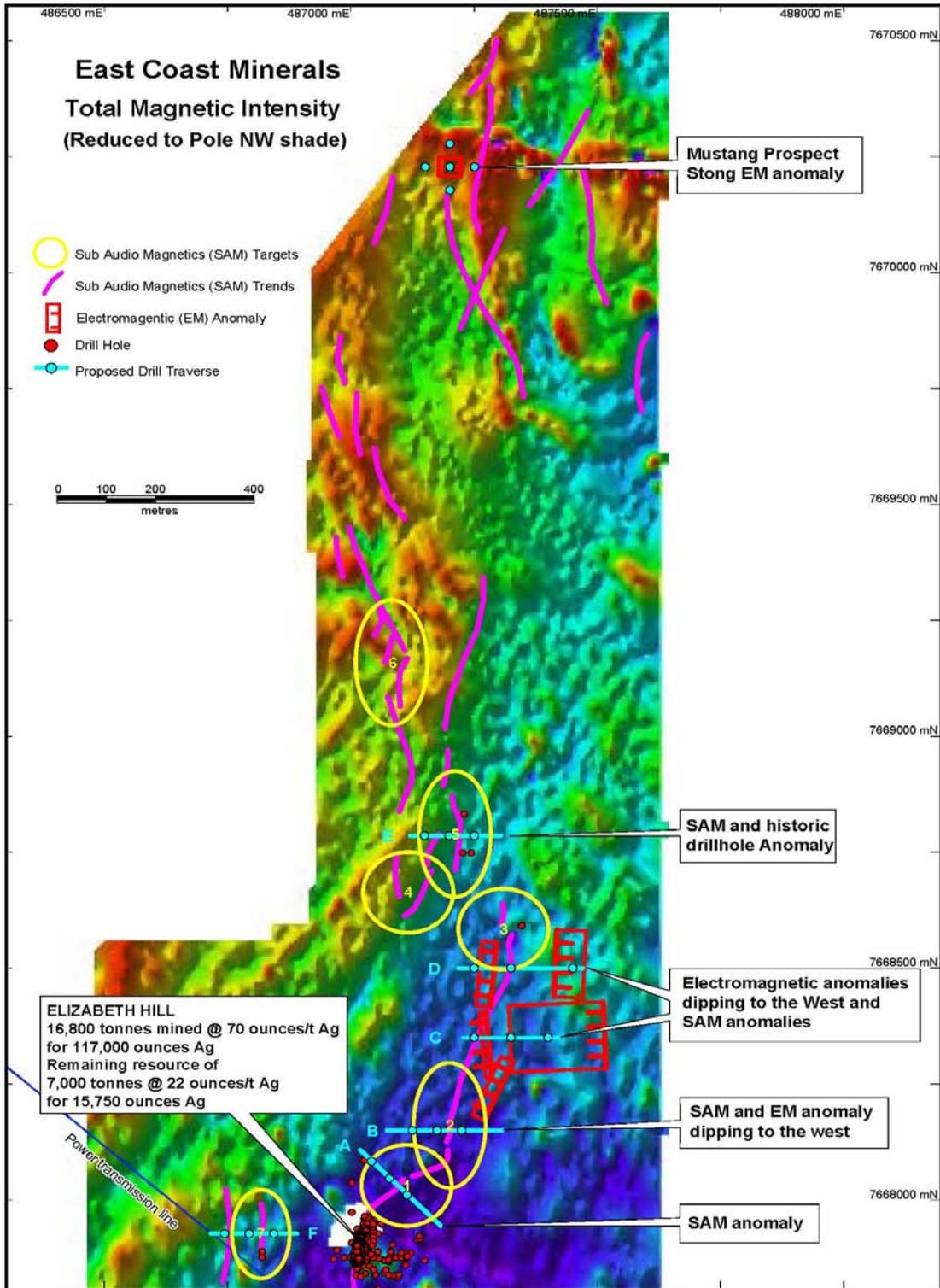


Figure 3: Total Magnetic Intensity (TMI) with SAM anomalies, EM anomalies, all current drilling and proposed drill traverses

### Drilling Programme at Elizabeth Hill

East Coast Minerals proposes to drill 22 reverse circulation drill holes for 3,050 metres to test the geophysical results (see *Figure 3* for cross sections and for drill traverse and drill hole locations).

A program of work has been submitted to the Department of Minerals and Petroleum (WA) and the granting of this is expected shortly. A Heritage Agreement with the Ngarluma Aboriginal Corporation is being finalised and upon completion of this, will allow ECM to start drilling.

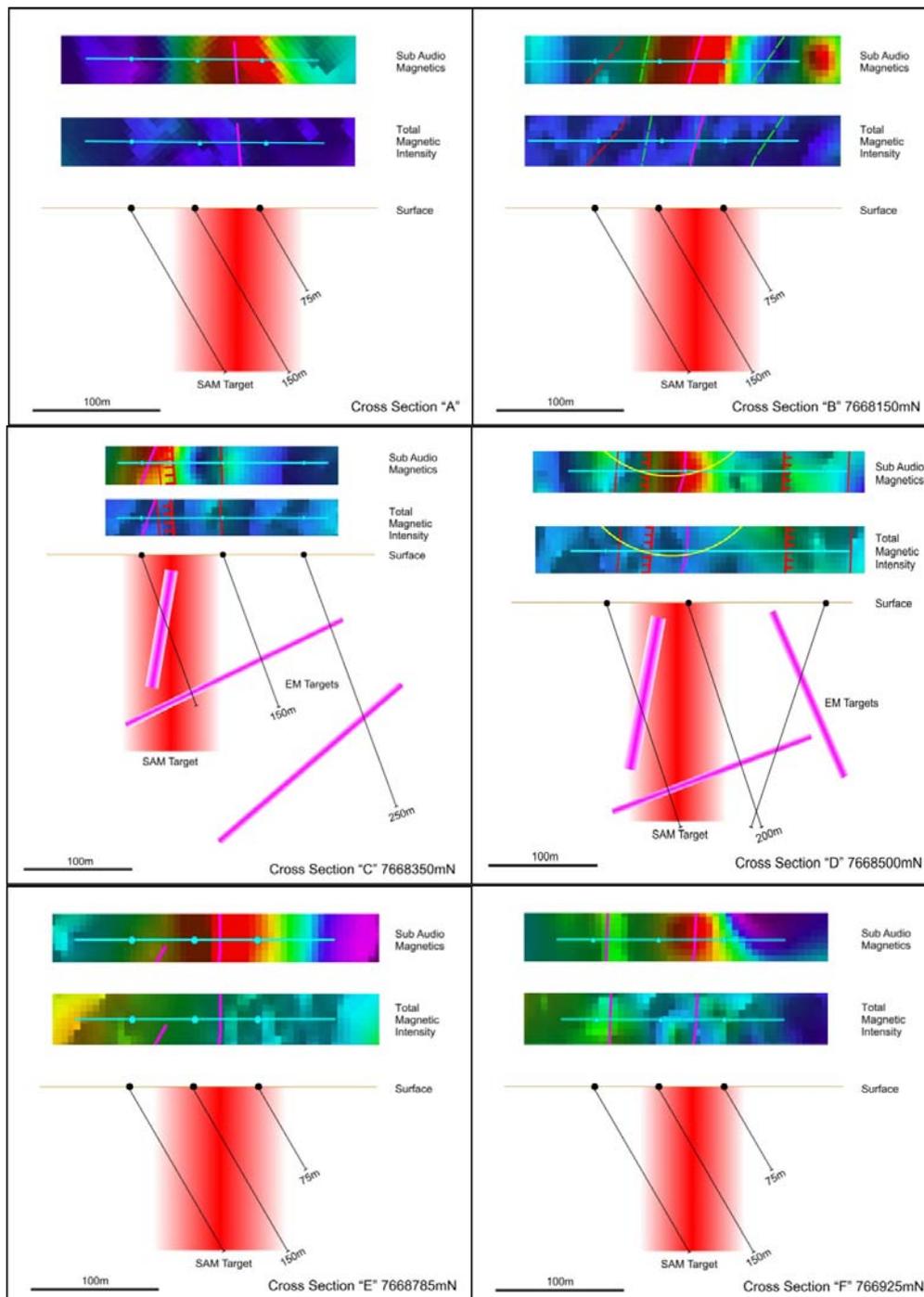


Figure 4: Drill Traverses A-F diagrammatically represented in Cross Section with SAM and TMI plan view slices.

## **Cadgerina Dyke Project (M47/340)**

The Cadgerina Dyke area is situated 6km west of Elizabeth Hill. A review of existing geophysical data was performed and an Electromagnetic Survey was carried out during the quarter.

The results of the survey have been received and no significant anomalies exist that would be related to massive sulphides. Further work will look at possible disseminated sulphides associated with Platinum Group Elements (PGE's) within Cadgerina.

## **Investment in Energie Future**

East Coast Minerals exercised its option to acquire 51% of Energie Future NL (Energie Future) on 19 May 2009. As a result the Company will fund approved expenditures of Energie Future up to \$1.5m to support the development opportunities that Energie Future has established.

### *Technology Partnership*

One of the key attractions of Energie Future was its MOU with leading UCG experts InSitu Energy LLC (ISE) and gas to liquids experts Energy Technology Partners. The principals of ISE formerly led trials at Rawlins, Wyoming, and Huntley, New Zealand and played a key role in the Rocky Mountains 1 trial in the United States.

Energie Future has established a joint venture vehicle, CTL Technologies Pty Ltd (CTL), to be held in partnership with ISE. ISE and ETP have agreed to licence their technologies to CTL exclusively within Australia and on a non-exclusive basis outside of the USA giving CTL the right to sub licence these technologies.

Binding agreements with ISE and ETP are well advanced and will be concluded in the next two weeks.

### *US Development Opportunity*

As a part of the transaction with ISE, Energie Future will acquire the right to an advanced development opportunity in Wyoming. The extensive IP related to the project is to be transferred to Energie Future as part of the transaction.

Energie Future has been negotiating with Raven Ridge Resources LLC and a major multinational engineering firm to undertake the preliminary design and commercial feasibility study for a coal to liquids plant.

### *Sydney Basin Opportunity*

Energie Future has made application for coal exploration leases in the offshore Sydney Basin. Energie Future believes the offshore Sydney Basin represents a huge opportunity to catch up with Queensland and Western Australia for the state of NSW in the area of energy development. This project has the potential to create new industries in Newcastle and Wollongong, significantly enhancing the potential of NSW.

The four applications, MELA's 6 7 8 and 9, are currently under review by the NSW Department of Primary Industries. After an extended public consultation period the DPI has assimilated broad commentary from a host of NSW and Federal Government departments. The applications require approval under a joint authority between State and Federal Government departments and consequently are on an indeterminate timetable.

The MELA's overlaps PEP 11 held by MEC Resources and Bounty Energy. Extensive seismic has been undertaken throughout the area and the PEP 11 holders report their Seismic confirms continuation of onshore coal measures into the offshore basin. Outcroppings north of Newcastle and north of Wollongong have already been identified and this latest seismic provides further confirmation of a possible coal resource.

## Capital Raised

During the quarter the company made a 1 cent call on its 46,495,118 partly paid shares. Payments of 1 cent were made on 20,897,017 partly paid shares leaving 25,598,101 to be auctioned. A further 8,348,101 partly paid shares were sold at auction with the balance of 17,250,000 partly paid shares going to the underwriters and sub-underwriters. In all \$464,951 was raised from the call.

On the 25 of June 2009 as part of the acquisition price of its interest in Energie Future, the Board of East Coast Minerals NL allotted 1,000,000 fully paid ordinary shares to the owners of Energy Future and of the shares allotted, 250,000 will remain in escrow for a period of one year.

On the 1st of July 2009 the company completed a placement to a number of sophisticated investors of 6,000,000 shares at 6 cents each raising \$360,000.

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The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Ed Mead who is a consultant to the company and is a member of the Australasian Institute of Mining and Metallurgy. Mr 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'. Mr Mead consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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