

ASX / Media Announcement

9 August 2011



EAST COAST MINERALS ENTERS FINAL PHASE OF AUSTRIAN LITHIUM PROJECT ACQUISITION

HIGHLIGHTS

- Major acquisition milestone achieved with payment of initial installment of €3.7 million to KMI.
- Submission lodged with the Austrian mining authority “Montanbehörde”, for approval of the transfer of exploration and mining licenses.
- Preparations underway for notice of meeting and an independent expert report in anticipation of the successful completion of final acquisition conditions.

Australian based exploration and mining company, East Coast Minerals NL (ASX: ECM) (“East Coast” or the “Company”), is pleased to report that there has been continuing positive developments in relation to its acquisition of a majority stake in the advanced Austrian Lithium Project in Carinthia in southern Austria.

East Coast Minerals has entered into a conditional agreement through its major shareholder Exchange Minerals Ltd (EML) to acquire an 80% shareholding in the proposed owner of the Austrian Lithium Project, the ECM Lithium Group. (refer Appendix 1 below for diagram of the corporate chart for “ECM Lithium Group”).

ECM Lithium Group subsidiary, ECM Lithium AT GmbH (“ECM Lithium”), has subsequently entered into a conditional contract with third party vendor Kärntner Montanindustrie GmbH (“KMI”), for the acquisition of mining and exploration licenses in the mining area known as the Austrian Lithium Project. A major condition of that agreement has now been met with the payment of an initial installment of €3.7 million by Exchange Minerals. The above payment is in addition to the €550,000 already paid for the exclusivity period by EML.

With other key conditions for the contract between KMI and ECM Lithium having been fulfilled, ECM Lithium is now awaiting the completion of the approval of the transfer of the exploration and mining licenses by the mining department known as “Montanbehörde”.

East Coast Minerals has now completed its technical and legal due diligence reports in relation to the acquisition of the Project under the conditional agreements with Exchange Minerals for the acquisition of a total of 80% of the shares in ECM Lithium Group. Appendix 2 below summarises the key terms of the transaction and these are predominately in line with those announced on 4 February 2011. The agreements with Exchange Minerals are subject to the following key conditions:

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- East Coast Minerals shareholder approval; and
- completion of the transaction with KMI and the approval of the transfer of the exploration and mining licenses;

In anticipation of the successful approval of the transfer of the exploration and mining licenses, East Coast Minerals will proceed with completing a notice of meeting for shareholders, which will include an independent expert's report. The exact timing for the notice of meeting and the dispatch to shareholders of documentation will be subject to the transfer of the licenses to ECM Lithium and Australian regulatory approval of the notice of meeting. However, the Company has been progressing these tasks and is reasonably advanced in this regard.

East Coast Minerals Chairman, Mr Nigel Little has commented that *"Compiling all of the documentation associated with this acquisition has been an enormous task, reflecting the complex cross border legal and accounting issues associated with an acquisition of this size. We look forward with great excitement to finalising the agreement and developing the possibilities that arise from this wonderful opportunity that our major shareholder Exchange Minerals has facilitated and funded"*.

The Austrian Lithium Project currently has an inferred JORC resource of **18 million tonnes grading 1.6% Lithium Oxide ("Li₂O")**.

Further details will be provided in relation to the status of the acquisition of the Austrian Lithium Project, as soon as they come to hand.

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About East Coast Minerals

East Coast Minerals is an Australian based exploration and mining company listed on the Australian Stock Exchange (ASX: ECM). The philosophy of the Company is to become a leading "mining house", whereupon we take an interest in promising mining opportunities and apply our expertise to commercialise and crystallise the opportunity to create and extract shareholder wealth.

We will continue to look for new prospects, joint ventures and investments in the mining and exploration sectors in Australia and elsewhere.

About the Austrian Lithium Project

The Austrian Lithium Project is located in Carinthia, 270 km south of Vienna. The Project is 20 km from Wolfsberg, an industrial town.

The Project is contained within valid Exploration and Mining Licenses. It is estimated that over €8 million has been spent on the Project to date. This work includes drilling, metallurgical and processing studies, underground decline and trial mining.

The Project is pegmatite hosted and has an inferred JORC resource of **18 million tonnes grading 1.6% Lithium Oxide** ("Li₂O").

Despite the extensive work undertaken on this project the mine was not developed at the time based entirely on the low Lithium price.

About Elizabeth Hill Silver Mine

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.

A lower grade resource of 7,000 tonnes grading 700 g/t silver (22 oz/t) for 157,000 ounces remains.

More information: www.eastcoastminerals.com

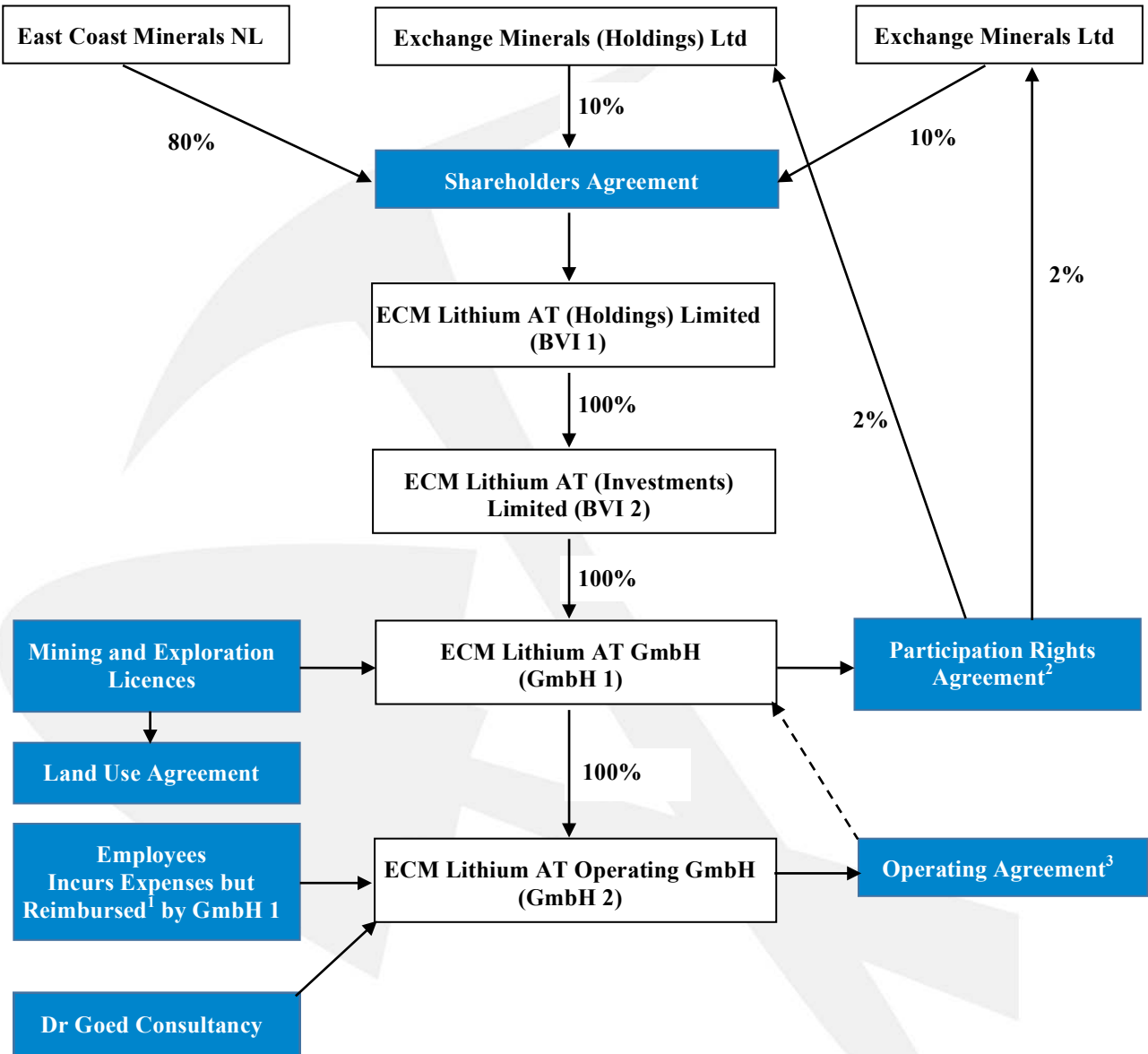
Competent Persons Statement

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 an employee and Director of East Coast Minerals. 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

Appendix 1 - Diagram of the Austrian Lithium Group

Figure 1

Proposed Structure of the ECM Lithium Group



1. This is subject to an agreement in terms of timing
2. This is subject to a Deed of Guarantee and Indemnity
3. GmbH 1 and 2 are parties to the Operating Agreement

Appendix 2 - Summary of key terms of the transaction with Exchange Minerals

Below are the key terms of the proposed transaction from Exchange Minerals:

Acquisition of ECM Lithium Group

1. East Coast Minerals to acquire 80% of the shares in ECM Lithium Group from Exchange Minerals for \$1;
2. an exclusivity fee of €550,000 is payable to Exchange Minerals (" **Exclusivity Fee**") as a "back to back" fee paid to KMI by Exchange Minerals. The Exclusivity Fee payable to Exchange Minerals is to be satisfied by way of issue of 16,744,444 East Coast Fully Paid Ordinary shares. The Exclusivity Fee is to be paid following shareholder approval;
3. payment to Exchange Minerals by way of issue of East Coast Minerals fully paid ordinary shares for the following:
 - a. the initial payment to KMI of €3.7 million;
 - b. all legal and accounting fees associated with the acquisition of the Austrian Lithium Project; and
 - c. all operating costs in connection with the Austrian Lithium Project.

The amount to be paid to Exchange Minerals will be determined on the date of completion. However, it is expected that the final amount will be in excess of €4.2 million, including the KMI payment. A provisional payment of 100 million East Coast Minerals ordinary shares will be paid to Exchange Minerals on the date of completion, with the balance to be date upon the production of financial information by Exchange Minerals. All payments are to be denominated into Australian dollars based on the prevailing exchange rate as at the payment of payment.

4. a shareholders agreement between East Coast Minerals and Exchange Minerals. The key terms of the shareholders' agreement are as follows:
 - a. East Coast Minerals to provide all funding of exploration commitments up to the decision to mine the Austrian Lithium Project. As part of those obligation, this includes the deferred payments to KMI - see below;
 - b. East Coast to have board control over the ECM Lithium Group; and
 - c. East Coast to have pre-emptive right for the purchase of EML's 20% interest in ECM Lithium Group;
 - d. in the event that additional funding is required for ECM Lithium Group and one party does not wish to contribute, dilution is to be based upon the relative fair value of the ECM Lithium Group;
 - e. a minimum distribution policy of 50% of after tax profits;
 - f. drag along (where the seller has 51% or more of the shares in ECM Lithium Group) or tag along rights (i.e. if the seller has more than 51% of the issued capital of ECM Lithium Group); and
5. Exchange Minerals is granted 4% participation rights ("**Participation Rights**"). The Participation Rights are to be based on the future earnings before interest and taxes ("**EBIT**") from the Austrian Lithium Project. Additionally, in the event of sale of the Austrian Lithium Project by ECM Lithium, East Coast Minerals is required to use its best efforts to procure a 2% gross royalty in favour of Exchange Minerals. In the event that East Coast Minerals is unable to achieve a 2% royalty on behalf of Exchange Minerals, then Exchange Minerals will be entitled to 4% of the gross proceeds arising from the sale. All obligations associated with the Participation Rights will be guaranteed by East Coast Minerals.

Payments to KMI

Set out below are the amounts paid or due to KMI:

1. exclusivity payment of €550,000 has been paid to KMI;
2. completion payment of €3.7 million. €3.4 million is in an escrow account pending the transfer of the project licenses. €0.3 million has been paid to KMI; and
3. deferred amounts due:
 - a. on or before 31 December 2011, €2.5 million ("Tranche 2") is due to KMI; and
 - b. on or before 30 April 2012, €3.5 million ("Tranche 3") is due to KMI.

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