

# ASX / Media Announcement

14 September 2011



## ECM ACQUISITION OF AUSTRIAN LITHIUM PROJECT COMPLETED

### HIGHLIGHTS

- Major acquisition milestone achieved with the transfer of the Project licenses from KMI to ECM Lithium.
- Acquisition is now only subject to approval by East Coast Shareholders.

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

ECM Lithium AT GmbH (“ECM Lithium”) has now finalised the purchase of The Project from Kärntner Montanindustrie GmbH (“KMI”), with the transfer of the exploration and mining licenses by the Austrian mining authority “Montanbehörde”. ECM Lithium is now the registered and beneficial owner of the mining and exploration licenses of The Project. The payment of an initial installment of €3.7 million by ECM’s major shareholder, Exchange Minerals Group (Exchange Minerals Limited and Exchange Minerals Holdings) has now been released to KMI.

As part of the conditions for the transfer of the licenses by the mining department “Montanbehörde”, ECM Lithium was required to evidence €1.2 million of cash in its bank account. These funds support the work program that was submitted as part of the transfer process and will be used as working capital by ECM Lithium for the Austrian Lithium Project. The €1.2 million was advanced by the Exchange Minerals Group to ECM Lithium. The key terms of this loan include:

- interest of 12% per annum;
- term of the loan - 1 year and repayable earlier by East Coast; and
- security - a charge on ECM Lithium’s shares in ECM Lithium (Investments) Limited

As a consequence of the above, variations to the contracts previously executed between East Coast and the Exchange Minerals Group have been made.

The Company expects to lodge the notice of meeting, including independent expert report, with the Australian Securities and Investment Commission (“ASIC”) and Australian Stock Exchange (“ASX”) in the coming weeks. Once the notice of meeting is approved by ASIC and the ASX, a date for the meeting of shareholders to consider the approval to acquire the Project and related approvals will be announced.

In anticipation of shareholders approval, ECM Lithium has commenced the engagement of consultants and contractors in order to advance the project. An office and accommodation in Wolfsberg has also been

For personal use only

secured, providing a local ECM presence in the community. Management has also commenced engaging with key local stakeholders, including the Wolfsberg Mayor and Councillor's, and will present an overview of the Project and the Company within the next 2 weeks to keep local stakeholders fully informed and build a strong relationship with the Carinthian community.

As previously advised, East Coast intends to convert the inferred resource of 18Mt at 1.6% Li<sub>2</sub>O into a mineral reserve and to commence production as quickly as possible. The exact timing of the commencement of mining is yet to be determined and in part will be determined by the following:

- undertaking limited drilling to convert inferred resources into indicated or measured;
- engaging a metallurgist to bring the 1980's mineral processing work into 2011, utilising improvements in mineral processing technology; and
- engaging a technical marketing and sales expert to determine the best sales and marketing strategy. A key part of this will rely on the product specifications that the mineral processing techniques can deliver.

With the licenses now granted, East Coast can now see a clear path to moving the Project forward. Strengthening management capacity to drive the Project forward is a priority and management has interviewed a number of high quality consultants that will be able to make a positive contribution toward achieving production, and complement the skills and experience of ECM Lithium's current consultant, Dr Richard Göd.

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.

**For further details please contact:**

**Ed Mead**

Executive Director

Tel: +61 8 6389 5775

Email: [edmead@eastcoastminerals.com](mailto:edmead@eastcoastminerals.com)

**Media Enquiries:**

**David Brook**

Professional Public Relations

Tel: +61 8 9388 0944

Email: [david.brook@ppr.com.au](mailto:david.brook@ppr.com.au)

**Dr. Joachim Fleing**

Fleing Kommunikation

Tel: +49 (0) 6421 4870040

Email: [jf@fleingcom.com](mailto:jf@fleingcom.com)

[www.fleingcom.com](http://www.fleingcom.com)

**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** ("Li<sub>2</sub>O").

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

The Exchange Minerals Group has paid €4.25 million to KMI for the project. Should East Coast shareholders approve the 80% acquisition of the Austrian Lithium Project, East Coast will be required to pay KMI a further €2.5 million on or before 31<sup>st</sup> December 2011 and €3.5 million on or before 30<sup>th</sup> April 2012.

#### **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](http://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