EASTCOAST Energy

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FOR IMMEDIATE RELEASE
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EastCoast announces first quarter results to 31 March 2006

TORTOLA, British Virgin Islands. EastCoast Energy Corporation ("EastCoast" or the "Company") announces its results for the quarter ended 31 March 2006.

FINANCIAL AND OPERATING HIGHLIGHTS

Three months ended	31 Mar 2006	31 Dec 2005	Change	31 Mar 2005	Change
Financial (US$'000 except where otherwise stated)					
Total revenue	**2,073**	2,741	(24%)	350	492%
Profit/(loss) before taxation	**266**	864	(69%)	(518)	151%
Netback (US$/mcf)	**2.05**	2.27	(10%)	3.24	(37%)
Working capital	**2,118**	2,211	(4%)	4,895	(57%)
Shareholders' equity	**16,928**	16,662	2%	15,444	10%
Profit/(loss) per share – basic and diluted (US$)	**-**	0.02	(100%)	(0.02)	100%
Cash flow per share – basic and diluted (US$)	**0.04**	0.07	(43%)	(0.02)	300%
Outstanding Shares ('000)					
Class A shares	**1,751**	1,751	-	1,751	-
Class B shares	**21,613**	21,513	-	21,513	-
Options	**1,887**	1,987	(5%)	1,987	(5%)
Operating					
Additional Gas sold (mmscf) - industrial	**230**	299	(23%)	97	137%
Additional Gas sold (mmscf) - power	**682**	766	(11%)	-	-
Average price per mcf (US$) - industrial	**7.63**	7.86	(3%)	5.23	46%
Average price per mcf (US$) - power	**1.79**	2.15	(17%)	-	-

Quarter Highlights

- Earned profit before tax of US$0.3 million with net cash flow from operations of US$0.9 million.

- Increased EastCoast's Q1 sales of Additional Gas to Dar es Salaam industrial customers to 2.6 mmscf/d, up 137% over Q1 2005, at an average price of US$7.63/mcf. April sales averaged 3.2 mmscf/d and this is expected to increase through the remainder of Q2. For 2006, East Coast is projecting average industrial gas sales in excess of 4.0 mmscf/d.

- Generated power sector Additional Gas sales of 7.6 mmscf/d at Ubungo under the Interim Agreement with the electricity utility, TANESCO at an average price of US$1.79/mcf.

- Commenced the negotiation of a master agreement with TANESCO, for the supply of gas to 245 MWs of new generation; and 19.5% of the gas requirements of the Ubungo power plant that is currently being supplied under the Interim Agreement. This is projected to increase new Additional Gas sales by up to 61 mmscf/d by Q1 2008 (43 mmscf/d at 70% load).

- Identified a new high potential drilling prospect in the Songo Songo West area. If gas is discovered, the most likely GIIP is 600 bcf with an upside of 1,070 bcf. The prospect is approximately two kilometers west of the existing Songo Songo field and at the same reservoir interval. The Company has commenced the search for a jack up rig to drill the well.

- Conducted infrastructure capacity tests that indicate that the gas processing plant can operate at significantly higher levels than the nameplate capacity of 70 mmscf/d. Initial indications are that a capacity of 105 – 110 mmscf/d can be achieved with additional capital expenditure of US$3-4 million.

- Developed plans to drill a well on the Songo Songo field during 2006/2007 and perform a well intervention on the SS9 offshore well, to increase deliverability from 140 mmscf/d to a forecast 215 mmscf/d.

- Signed four new gas sales contracts for 0.9 mmscf/d. To service this expanded industrial market a 3.6 kilometer spur line is being constructed at a cost of US$0.2 million.

Message from the President and CEO

During Q1 2006, EastCoast Energy continued to advance the Company's development and growth plans. To be ready to supply increased volumes of Additional Gas to the power sector, EastCoast was engaged in commercial negotiations with the electricity utility, TANESCO over the quarter. The negotiations focused on the natural gas that will be needed for 245 MWs of new power generation. Engineering studies of the existing gas transportation infrastructure from Songo Songo Island to Dar es Salaam have been initiated to determine the most reliable and cost effective way to increase gas throughput.

Exploration plans continue to move forward following the Q1 identification of a promising drilling prospect in the Songo Songo West area approximately two kilometers west of the existing Songo Songo field. EastCoast plans to drill an initial exploration well on the prospect in 2007.

Four new contracts to supply natural gas to the Dar es Salaam industries were also signed during Q1. By July 2006, EastCoast estimates that the Company's Additional Gas sales to the industrial sector will exceed 4.5 mmscf/d.

Power sector demand

Faced with ongoing power shortages due to limited hydro generation capacity, Tanzania's electricity utility, TANESCO, is pushing ahead with the conversion of the 100 MW IPTL power plant at Dar es Salaam. Until the IPTL conversion is fully completed, TANESCO is to lease a 100 MW plant. A 45 MW unit is also planned for Tegeta, and the purchase of an additional 100 MW plant is expected to follow. The recent rainy season has provided some short term relief for the reservoirs that supply TANESCO's hydro power generating facilities, but it is still anticipated that load shedding will resume in June 2006.

To fuel the new power plants, gas supply will need to increase by up to 61 mmscf/d (43 mmscf/d at 70% load). Meeting this demand will represent a significant step change for EastCoast. The increase in the required supply of Additional Gas is expected by the first quarter of 2008.

The need for larger volumes of Additional Gas for the power sector means that the total volume of gas to be transported from Songo Songo could peak at 125 mmscf/d by Q1 2008. The current nameplate infrastructure capacity of 70 mmscf/d is adequate to meet current contracted utility and industrial sales of Additional Gas and up to, but not more than, 45 mmscf/d required by the Protected Gas users.

To increase the capacity of the pipeline system, EastCoast has contracted Petrofac Engineering Limited to assess ways to significantly add throughput. The preliminary Petrofac report indicates that 105-110 mmscf/d could be transported through the existing process facilities and pipeline for an additional investment of approximately US$3-4 million with a lead time of 40 weeks. The plant has already operated under test satisfactorily at 110 mmscf/d and the additional capacity is required to increase reliability at sustained higher rates. This is now under discussion with the Ministry of Energy and Minerals and Songas Limited to see if the nameplate capacity of the plant can be re-certified. A third gas processing train may still be required if peak demand can not be met from the gas contained in the pipeline system or compression.

Songo Songo field development

EastCoast intends to drill a development well on the Songo Songo field during the next 12 months and perform a fishing operation/workover on the offshore well, SS9, to increase deliverability from 140 mmscf/d to approximately 215 mmscf/d. This will ensure security of supply in the event of the failure of any single well at the higher rates planned.

The new development well is planned to be drilled as a deviated well from Songo Songo Island, thereby reducing the drilling and tie-in costs to approximately US$8 million. When drilling the new development well the Company intends to also test a further structure in the Eocene which has previously flowed gas and could add new reserves if successful. The SS9 well workover is estimated to cost approximately US$2 million.

Exploration progress

Reserves and deliverability need to be ahead of demand so that significant commitments to power and infrastructure developments can be planned with greater certainty. During Q1, EastCoast continued to analyse and interpret the 917 kilometers of seismic that was acquired in Q4 2005 and to assess the best drilling strategy given the need to meet the demands of the forthcoming power contracts and to generate additional reserves.

The most significant exploration result in Q1 was the delineation of the Songo Songo West prospect approximately 2 kilometers west of the existing Songo Songo field. If gas is discovered, the most likely GIIP is 600 bcf (compared with current certified 2P Additional Gas recoverable reserves of 320 bcf in the Songo Songo field) with an upside potential of 1,070 bcf. EastCoast intends to drill at least one well on the northern aspect of this structure in the next 12 - 18 months and is currently undertaking a search for a shallow water jack-up rig. A rig inspection team has been working for EastCoast in this regard. It is anticipated that any commercial gas reserves discovered at Songo Songo West will be absorbed in the Tanzanian market.

As reported at the year end, a lead was identified on the seven adjoining blocks ("Adjoining Blocks") but it was assessed as relatively small with a high degree of risk. Accordingly, the Company informed the Ministry of Energy and Minerals on 24 May 2006 that it does not intend to drill a well on the Adjoining Blocks by April 2007 and that it has relinquished the acreage to concentrate on the higher prospectivity of Songo Songo West which has no drilling obligation under the PSA. The relinquishment of this acreage has no impact on the rights of the Company to the Songo Songo field or on Songo Songo West.

Work continues on processing and interpreting 328 kilometers of new seismic that was shot on part of the Nyuni licence acreage ("Area A") subject to the terms of the Nyuni farm-in agreement between EastCoast and a subsidiary of Aminex plc. Under the terms of the agreement, the Company has until 30 September 2006 to elect whether or not to participate in the drilling of a well on Area A. TPDC has indicated that it may not be possible to split out Area A from the remainder of the Nyuni Production Sharing Agreement ("Nyuni PSA"). Accordingly, the Company is in discussion with Aminex plc with respect to transferring the work undertaken on Area A into an equitable interest in the Nyuni PSA.

Q1 sales of Additional Gas

The industrial market at Dar es Salaam is developing well with sales of 0.2 mmscf/d commencing to two new customers, Mukwano Industries (T) Limited and Tanzania Cigarette Company Ltd. Two new contracts were also signed during Q1 with East Coast Oils and Fats Limited and Serengeti Breweries Limited. These new customers will add an additional 0.1 mmscf/d during Q2 2006 increasing to 0.7 mmscf/d by the end of Q4 2006. A 3.6 kilometers spur line is in the process of being constructed to connect these customers at a cost of US0.2 million. In addition, Lakhani Industries Limited Textile and Murzah Oil Mills Limited were connected to the gas distribution system in Q1 and will commence gas consumption at the end of May 2006 at a rate of 0.5 mmscf/d. By July 2006, the Company forecasts that gas sales to the industrial sector will exceed 4.5 mmscf/d.

Additional contracts are currently under discussion for a further 0.7-1.0 mmscf/d of industrial sales and a number of our customers are considering expanding their existing facilities. To meet this demand and ensure security of supply, the Company plans to expand the capacity of the existing distribution system by installing an additional pressure reduction station at a cost of approximately US$2.5 million. This work is scheduled to begin in the second half of 2006.

In addition to its industrial sales, EastCoast continues to supply 19.5% of the gas consumption of the six turbines at the Ubungo Power Plant. However, in February a transformer breakdown at Ubungo on turbines 5 and 6 reduced gas sales. The breakdown was repaired by the end of March and sales returned to normalized levels in April.

Outlook

At 31 March, 2006 EastCoast was in a strong financial position with working capital of US$2.1 million. Over Q2 the Company is projecting increased industrial and power sector gas sales. This will enable EastCoast to continue to finance its immediate work commitments and longer lead time items before needing to raise funds to finance the 2007 development and exploration programme.

Your Company is committed to developing new production and additional markets for natural gas in East Africa. Success over the next 18 months will open up new exploration and development opportunities for the Company, both in Tanzania and elsewhere.

The recent surge in oil and gas exploration activities, both onshore and offshore East Africa, is gaining momentum and your Company is well placed to access these opportunities. We value the ongoing confidence of our shareholders and are confident we can continue to add long term value to the benefit of all. This is an exciting time and EastCoast has great potential for growth.

Peter R. Clutterbuck
President & CEO

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