ECR MINERALS plc
(“ECR Minerals”, “ECR” or the “Company”)

AIM: ECR

UNAUDITED HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2020 AND UPDATE

LONDON: 30 JUNE 2020 - ECR Minerals plc, the gold exploration and development company, is pleased to announce unaudited half-yearly financial results for the six months to 31 March 2020 for the Company as consolidated with its subsidiaries (the “Group”), along with a review of significant developments during the period and subsequently.

HIGHLIGHTS

- Victoria, Australia continues to enjoy a gold exploration boom and interest from third parties in ECR’s projects in Victoria is strong, with several discussions taking place in respect of potential commercial transactions over our Bailieston and Creswick projects.

- Announced results from exploration activities in Victoria included positive findings of an alteration study on RC drill cuttings from the Creswick project (March 2020), and confirmation of very high grade gold mineralisation at Creswick by the completion of ‘full bag’ testing (November 2019).

- In January 2020, MGA, ECR’s 100% owned Australian subsidiary, received a research and development expenditure refund of A$555,212 (approximately £295,515) from the Australian government.

- The Company completed the sale of its Argentine subsidiary Ochre Mining SA in February 2020 and retains an NSR royalty of up to 2% to a maximum of USD 2.7 million in respect of future production from the SLM gold project.

- Post-period end, the Company sold licences comprising the Avoca, Moormbool and Timor gold exploration projects in Victoria, Australia to Fosterville South Exploration Ltd for total potential cash consideration of up to A$2.5 million announced in April 2020.

- Post-period end, the Company’s cash position was strengthened by a £500,000 equity financing and the receipt of A$500,000 from Fosterville South Exploration Ltd in April 2020.

- Group comprehensive expense of £1,846,202 for the six months ended 31 March 2020 (£480,368 for the six months ended 31 March 2019) and net assets of £2,206,211 at 31 March 2020 (£3,876,921 at 31 March 2019).

- The Group Operating Loss for the six months ended 31 March 2020 reduced to £369,102, compared with £438,145 for the six months ended 31 March 2019.

- Despite the effect of the COVID-19 pandemic on the global economy, the Directors’ believe ECR is in a robust financial position and continues to provide shareholders with exposure to an exciting range of gold projects.

FINANCIAL RESULTS

For the six months ended 31 March 2020 the unaudited financial statements of the Group record a total comprehensive expense of £1,846,202, including, a one off exceptional item of (£1,602,539) which pertains to the disposal of the Company’s Argentine subsidiary Ochre Mining SA. This amount cannot remain capitalised under applicable accounting standards, although this amount could be recovered from future royalty payments in relation to the SLM gold project in Argentina, which is owned by Ochre Mining SA, if they progress to production.

The Group's net assets were £2,275,479 at 31 March 2020, compared with £3,876,921 at 31 March 2019. The reduction in net assets has occurred largely due to the disposal of Ochre Mining SA, as explained above.

The Group held £166,852 of cash and cash equivalents at 31 March 2020, compared with £622,457 at 31 March 2019. The current cash position of the Group today is £742,379.

In January 2020, Mercator Gold Australia Pty Ltd ("MGA"), ECR's 100% owned Australian subsidiary, received a research and development (R&D) refund of A$555,212 (approximately £295,515) from the Australian government. This refund relates to qualifying expenditure incurred by MGA in the year ended 30 September 2019. The qualifying R&D activities pertain to research into turbidite-hosted gold deposits within MGA's exploration licences in Victoria. Post the period end, the Group's cash position benefited from a £500,000 equity financing completed by the Company and the receipt of AUD$500,000 from the sale of licences in April 2020.

The financial information included in the 31 March 2019 announcement have been restated due to a change in the accounting treatment of the R&D refunds received by MGA. As well as the refund noted above, a refund of A$318,971.73 (approximately £175,188) was received in May 2019. This was previously categorised as other income in the interims to 31 March 2019. The amount received has been offset against exploration assets following the restatement.

REVIEW OF PRINCIPAL DEVELOPMENTS DURING THE PERIOD AND SUBSEQUENTLY

Sale of Avoca, Moormbool and Timor gold exploration projects (the "Licences") in Victoria, Australia to Fosterville South Exploration Ltd

In April 2020, ECR announced that Fosterville South Exploration Ltd, which listed on the TSX Venture Exchange that same month, had agreed to acquire MGA's 100% ownership of the Licences by way of Currawong Resources Pty Ltd, a wholly owned subsidiary of Fosterville South, for total potential cash consideration of up to A$2.5 million, as follows:

1. A$500,000 in cash, which was paid to MGA immediately;

2. A further payment of A$1 for every ounce of gold or gold equivalent of measured resource, indicated resource or inferred resource estimated within the area of one or more of the Licences in any combination or aggregation of the foregoing, up to a maximum of A$1,000,000 in aggregate;

3. A further payment of A$1 for every ounce of gold or gold equivalent produced from within the area of one or more of the Licences, up to a maximum of A$1,000,000 in aggregate.

ECR considered the Avoca, Moormbool and Timor licences to be high-potential but non-core to the Company, and the Company maintains exposure to upside from the projects as a result of future resource estimation or production, through a royalty arrangement as set out above.

Alteration Study - Creswick Gold Project

In February 2020, MGA commissioned Dr Dennis Arne to carry out an alteration study of cuttings (chips) generated by the RC drilling at the Creswick project in 2019. Dr Arne is a preeminent consulting geochemist in Victoria, whose experience includes previous and on-going reviews of geochemistry at the highly successful Fosterville gold mine in Central Victoria owned by Kirkland Lake Gold.

The results of the study were announced on 27 March 2020, and showed good indications of hydrothermal fluid flow related to gold mineralisation in a number of drill holes at Creswick. Importantly, the variation in the results, with some areas 'lighting up' and others not, is potentially useful for identifying gold-bearing shoots.

'Full Bag' Sampling - Creswick Gold Project
In February 2019 MGA completed a total of 1,687 metres of reverse circulation (RC) drilling in 17 holes at Creswick, targeting multiple quartz vein orientations within the Dimocks Main Shale ("DMS"). The drilling identified more extensive quartz than anticipated, in a zone exceeding 60 metres in width (more than twice the 25 metres expected), with quartz identified in more than one third of the 1,687 metres drilled. Gold mineralisation was identified in the majority of holes, with grades in nine holes ranging from 0.6 g/t gold to 44.63 g/t gold (1.44 oz/t).

MGA's geologists hypothesised an extreme nuggety distribution of gold based on the results of drilling and other observations, including capturing a small 0.27 g nugget in gravity tests conducted on a single sample bag. In order to assess the significance of this effect, MGA's consultants devised a testing program using gravity and electrostatic concentration (GEC) on full bags of RC drill cuttings, which would constitute the whole sample recovered from each metre of drilling (less sub-samples obtained at the time of drilling via a splitter mounted on the drill rig). In nuggety gold systems, increasing sample size increases the chance of nuggets being captured in the sample, and thus being appreciated as part of the gold endowment of the system.

Using the GEC method on the full bags, MGA was able to subject larger, more representative sample sizes to analysis. A total of 129 'full-bag' samples were analysed using the GEC process. In parallel, 74 duplicate sub-samples obtained at the time of drilling via the rig-mounted splitter were analysed by the Leachwell method at Gekko Systems. This was done to enable comparison with the assay results (obtained by the same method) for the first set of sub-samples, to assist in classifying the nugget effect as extreme, major or minor.

Grade variability due to the nugget effect was demonstrated by the results of the exercise, which were announced in November 2019, but some consistency between results was also seen, and indicates the nugget effect may be less severe than initially thought. Overall, the programme confirmed the presence of nuggety gold mineralisation in the Dimocks Main Shale (DMS) at Creswick, some of which is very high grade.

MGA's tenement position at Creswick covers approximately 7 kilometres of the DMS trend, and the 2019 drilling only tested approximately 300 metres of this. ECR therefore believes there is significant potential upside in the project.

Sale of SLM Gold Project
In February 2020, the Company sold its wholly owned Argentine subsidiary Ochre Mining SA, which holds the SLM gold project in La Rioja, Argentina, to Hanaq Argentina SA ("Hanaq"). The sale allows ECR to focus on its core gold exploration activities in Australia.

Hanaq is a Chinese-owned company engaged in lithium, base and precious metals exploration in Northwest Argentina including Salta, Jujuy and La Rioja, with a highly experienced management team.

ECR retains an Net Smelter Return ("NSR") royalty of up to 2% to a maximum of USD 2.7 million in respect of future production from the SLM gold project. ECR believes that Hanaq has the operational capabilities and access to Chinese investment capital necessary to put the SLM project into production, subject to the usual prerequisites such as further exploration and feasibility studies being successfully completed (if deemed necessary by Hanaq) and to the necessary permits for production being obtained.

The founder and CEO of Hanaq Group, of which Hanaq Argentina SA is part, is Mr Xiaohuan (Juan) Tang, who has a substantive track record in Latin America, including responsibility for the successful permitting of the Pampa de Pongo iron ore project in Peru in his former capacity as General Manager of Jinzhao Mining Peru. Pampa de Pongo is one of the largest iron ore deposits in Latin America. Mr Tang has degrees from Tsinghua University in China, and Imperial College, Cambridge University and Oxford University in the UK.

Outlook, Future Prospects and COVID 19

The Directors' of ECR Minerals plc are very positive regarding the outlook for the Company, gold and the prospectively of the Company's projects in Victoria, Australia.

As a consequence of COVID 19, governments around the world have imposed restrictions on international travel; restrictions have also been imposed on domestic travel within Australia. These restrictions have meant that the board have been unable to visit the assets. However, the team on the ground in Australia continue the work at site without interruption. Accordingly, there has been no significant negative impact on the Group from the coronavirus.

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FORWARD LOOKING STATEMENTS

This announcement may include forward looking statements. Such statements may be subject to a number of known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from current expectations. There can be no assurance that such statements will prove to be accurate and therefore actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. Any forward looking statements contained herein speak only as of the date hereof (unless stated otherwise) and, except as may be required by applicable laws or regulations (including the AIM Rules for Companies), the Company disclaims any obligation to update or modify such forward looking statements as a result of new information, future events or for any other reason.

ABOUT ECR MINERALS PLC

ECR is a mineral exploration and development company. ECR's wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd has 100% ownership of the Bailieston and Creswick gold projects in central Victoria, Australia.

Following the sale of the Avoca, Moormbool and Timor gold projects in Victoria, Australia to Fosterville South Exploration Ltd (TSX-V: FSX), ECR has the right to receive up to A$2 million in payments subject to future resource estimation or production at those projects.

ECR has earned a 25% interest in the Danglay gold project, an advanced exploration project located in a prolific gold and copper mining district in the north of the Philippines, and holds a royalty on the SLM gold project in La Rioja Province, Argentina.

Consolidated Income Statement

For the six months ended 31 March 2020

	Six months ended 31 March 2020 Unaudited	Restated Six months ended 31 March 2019 Unaudited	Year ended 30 September 2019 Audited
Continuing operations	**£**	**£**	**£**
Other administrative expenses	(339,674)	(432,387)	(833,203)
Currency exchange differences	(29,428)	(5,758)	(6,051)
Gain on hyperinflation adjustment			113,310
Total administrative expenses	(369,102)	(438,145)	(725,945)
Operating loss	**(369,102)**	**(438,145)**	**(725,945)**
Fair value movements – financial asset at fair value through profit or loss	17,243	4,260	(8,112)
Aborted transaction option fee	-	(25,000)	(25,000)
Loss on disposal of subsidiary – Ochre Mining SA	(1,602,539)	-	-
	(1,954,398)	**(458,885)**	**(759,056)**
Finance income	237	1,135	1,846
Finance costs	-	-	-
Finance income and costs	**237**	**1,135**	**1,846**
Loss for the period before taxation	(1,954,161)	(457,750)	(757,210)
Income tax	-	-	-
Loss for the period	**(1,954,161)**	**(457,750)**	**(757,210)**
Loss attributable to:			
Owners of the parent	**(1,954,161)**	**(457,750)**	**(757,210)**
Loss per share – basic and diluted	*(0.44)p*	*(0.11)p*	*(0.18)p*

Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2020

	Six months ended 31 March 2020 Unaudited	Restated Six months ended 31 March 2019 Unaudited	Year ended 30 September 2019 Audited
	£	£	£
Loss for the period	**(1,954,161)**	**(457,750)**	**(757,210)**
Items that may be reclassified subsequently to profit or loss			
Gain/(losses) on exchange translation	107,959	(22,618)	(5,375)
Other comprehensive income/(expense) for the period	107,959	(22,618)	(5,375)
Total comprehensive expense for the period	**(1,846,202)**	**(480,368)**	**(762,586)**
Attributable to:			
Owners of the parent	**(1,846,202)**	**(480,368)**	**(762,586)**

Consolidated Statement of Financial Position

At 31 March 2020

	As at 31 March 2020 Unaudited	Restated As at 31 March 2019 Unaudited	As at 30 September 2019 Audited
Assets	**£**	**£**	**£**
Non–current assets			
Property, plant and equipment	1,912	2,001	1,041
Exploration assets	2,029,364	3,130,452	3,295,996
Total non-current assets	**2,031,276**	**3,132,453**	3,297,038
Current assets			
Trade and other receivables	46,922	245,494	108,653
Financial assets at fair value through profit or loss	30,430	25,558	13,187
Cash and cash equivalents	166,852	622,457	268,517
	244,204	893,510	390,357
Total assets	**2,275,480**	**4,025,962**	**3,687,395**
Current liabilities			
Trade and other payables	69,259	149,041	46,791
Total liabilities	69,259	149,041	46,791
Net assets	**2,206,221**	**3,876,921**	**3,640,604**
Equity attributable to owners of the parent			
Share capital	11,284,845	11,284,794	11,284,845
Share premium	45,391,202	45,164,876	45,391,202
Exchange reserve	124,901	(412,119)	(394,876)
Other reserves	742,698	1,381,998	742,698
Retained losses	(55,337,425)	(53,542,629)	(53,383,265)
Total equity	**2,206,221**	**3,876,921**	**3,640,604**

Consolidated statement of changes in equity

For the six months ended 31March 2020

	Share capital	Share premium	Exchange reserves	Other reserves	Retained reserves	Total Equity
	£	£	£	£	£	£
At 1 October 2018	**11,283,756**	**44,460,171**	**(389,501)**	**1,381,998**	**(53,084,878)**	**3,651,546**
Loss for the period	–	–	–	–	(457,750)	(457,750)
Loss on exchange translation	–	–	(22,618)	–	–	(22,618)
Total comprehensive income /(expense)	–	–	(22,618)	–	(457,750)	(480,368)
Share issued	1,039	737,745	–	–	–	738,784
Shares issue costs	–	(38,040)	–	–	–	(38,040)
At 31 March 2019 (as restated)	**11,284,795**	**45,159,876**	**(412,119)**	**1,381,998**	**(53,542,628)**	**3,871,922**
Loss for the period	–	–	-	-	(299,460)	(299,460)
Loss on exchange translation	–	–	17,243	-	-	17,243
Total comprehensive income /(expense)	–	–	17,243	-	(299,460)	(282,217)
Shares issued	–	–	–	–	–	–
Shares issue costs	–	–	–	–	–	–
Share based payments	–	180,476	–	(639,300)	458,824	–
Shares issued in payment of creditors	50	50,850	–	–	–	50,900
At 30 September 2019	**11,284,845**	**45,391,202**	**(394,876)**	**742,698**	**(53,383,264)**	**3,640,604**
Loss for the period	–	–	–	–	(1,954,161)	(1,954,161)
Loss on exchange translation	–	–	107,959	–	–	107,959
Total comprehensive income /(expense)	–	–	107,959	–	(1,954,161)	(1,846,202)
Recycled through profit or loss on disposal of subsidiary	–	–	411,819	–	–	411,819
Total transactions with owners, recognised directly in equity	–	–	411,819	–	–	411,819
At 31 March 2020	**11,284,845**	**45,391,202**	**124,901**	**742,698**	**(55,337,425)**	**2,206,221**

Consolidated Cash Flow Statement

For the six months ended 31 March 2020

	Six months ended 31 March 2020 Unaudited £	Restated Six months ended 31 March 2019 Unaudited £	Year ended 30 September 2019 Audited £
Net cash flow used in operations	**(192,643)**	**(571,969)**	**(773,318)**
Investing activities			
Purchase of plant, property and equipment	(1,603)	–	–
Increase in exploration assets	(203,171)	(446,165)	(611,710)
Research and development grant	295,515	175,188	175,188
Interest received	237	1,135	1,846
Net cash used in investing activities	**90,978**	**(269,842)**	**(434,676)**
Financing activities			
Proceeds from issue of shares	–	705,744	700,744
Net cash from financing activities	–	705,744	700,744
Net change in cash and cash equivalents	**(101,665)**	**(136,067)**	**(507,250)**
Cash and cash equivalents at beginning of the period	268,517	781,142	781,142
Effect of change in exchange rates	-	(22,618)	(5,375)
Cash and cash equivalents at end of the period	**166,852**	**622,457**	**268,517**

Notes to the Condensed Half-Yearly Financial Statements

For the six months ended 31 March 2020

1. Basis of preparation

The condensed consolidated half-yearly financial statements incorporate the financial statements of the Company and its subsidiaries (the "Group") made up to 31 March 2020. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date such control ceases.

These condensed half-yearly consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2019. They have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 September 2019. The report of the auditors on those accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, but did include a reference to matters which the auditors drew attention to by way of emphasis without qualifying their report.

The accounting policies have been applied consistently throughout the Group for the purpose of preparation of these consolidated half-yearly financial statements. New standards, amendments and interpretations effective for accounting periods commencing after 1 January 2019 have been adopted but do not have a material impact on the condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The financial information in this statement does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the six months ended 31 March 2020 and 31 March 2019 is unaudited. The comparative figures for the period ended 30 September 2019 were derived from the Group's audited financial statements for that period as filed with the Registrar of Companies. They do not constitute the financial statements for that period.

2. Going concern

The Directors are satisfied that the Group has sufficient resources to continue its operations and to meet its commitments for the immediate future. The Group therefore continues to adopt the going concern basis in preparing its condensed half-yearly financial statements.

3. Cash and cash equivalents

Cash includes petty cash and cash held in bank current accounts. Cash equivalents include short-term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

4. Earnings per share

	Six months ended 31 March 2020	**Restated Six months ended 31 March 2019**	**Year ended 30 September 2019**
Weighted number of shares in issue during the period	445,840,783	400,451,205	423,047,928
	£	**£**	**£**
Loss from continuing operations attributable to owners of the parent	(1,954,161)	(457,750)	(757,210)

The disclosure of the diluted loss per share is the same as the basic loss per share as the conversion of share options decreases the basic loss per share thus being anti-dilutive.

Notes to the Condensed Half-Yearly Financial Statements

For the six months ended 31 March 2020

5. Income tax

No charge to tax arises on the results and no deferred tax provision arises or deferred tax asset is identified.

6. Shares and options transactions during the period

The share capital of the Company consists of three classes of shares: ordinary shares of 0.001p each which have equal rights to receive dividends or capital repayments and each of which represents one vote at shareholder meetings; and two classes of deferred shares, one of 9.9p each and the other of 0.099p each, which have limited rights as laid out in the Company's articles: in particular deferred shares carry no right to dividends or to attend or vote at shareholder meetings and deferred share capital is only repayable after the nominal value of the ordinary share capital has been repaid.

a) Changes in issued share capital and share premium:

	Number of Shares	Ordinary shares	Deferred 9.9p shares	Deferred 'B' 0.099p shares	Deferred 0.199p shares	Total shares	Share premium	Total
		£	£	£	£	£	£	£
At 1 October 2019	450,930,783	4,509	7,194,816	3,828,359	257,161	11,284,845	45,391,202	56,676,049
Balance at 31 March 2020	**450,930,783**	**4,509**	**7,194,816**	**3,828,359**	**257,161**	**11,284,845**	**45,391,202**	**56,676,049**

All the shares issued are fully paid up and none of the Company's shares are held by any of its subsidiaries.

7. Consolidated Cash Flow Statement

	Six months ended 31 March 2020	**Six months ended 31 March 2019**	**Year ended 30 September 2019**
	£	**£**	**£**
Operating activities			
Loss for the period, before tax	**(1,954,161)**	**(457,750)**	**(757,210)**
Adjustments:			
Depreciation expense, property, plant and equipment	732	1,032	1992
Loss on disposal of subsidiary	1,602,539	-	-
Interest income	(237)	(1,135)	(1,846)
(Gain)/Loss on financial assets at fair value through profit or loss	(17,243)	(4,259)	8,112
Shares issued in lieu of expense payments	–	–	50,900
(Increase) /decrease in accounts receivable	45,616	(166,080)	(29,240)
Increase/(Decrease) in accounts payable	22,778	56,225	(46,024)
Foreign exchange on operating activities	107,333		
Net cash flow used in operations	**(192,643)**	**(571,969)**	**(773,318)**

8. Post period end events

On 6 April 2020, ECR announced the placing (the "Placing") of 100,000,000 new ordinary shares of 0.001p (the "Placing Shares") at a Placing price of 0.5p per share for gross proceeds of £500,000. Placees will receive one warrant ("Warrant") for each Placing Share. Each Warrant is exercisable to subscribe for a new ordinary share in the Company at a price of 1p for a period of 24 months. If all the Warrants were to be exercised, this would generate proceeds of £1 million for the Company.

In addition to the Placing Shares, the Company issued 1,542,860 new ordinary shares in lieu of fees for services unconnected with the Placing (the "Payment Shares"). The deemed price of the Payment Shares was the same as the Placing price.

On 20 April 2020, ECR announced the sale of its wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd of the licences comprising the Avoca, Moormbool and Timor gold exploration projects in Victoria, Australia to a subsidiary of Fosterville South Exploration Ltd, a company listed on the TSX Venture Exchange, for total potential cash consideration of up to A$2.5 million.

On 19 May 2020, ECR's wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd surrendered the exploration licences comprising the Windidda project in Western Australia, based on the results of desktop evaluation and planning, and in order to concentrate on activities in Victoria.