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

AIM: ECR
US OTC: MTGDY

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2012 AND UPDATE

London: 29 June 2012 - ECR Minerals plc is pleased to provide its unaudited interim results for the six months to 31 March 2012 along with the following update on its activities.

HIGHLIGHTS

- Net assets of £15,163,264 at 31 March 2012
- Reconstitution of board of directors completed and new corporate strategy in place
- Promising results from first drilling programme at El Abra gold prospect
- Planning for next phase of exploration at El Abra underway

FINANCIAL RESULTS

For the six months ended 31 March 2012 the Company as consolidated with its subsidiaries (the “Group”) recorded total comprehensive income of £162,856 attributable to shareholders, which has arisen as a result of a gain in the value of ECR’s holding in THEMAC (categorised in the interim financial statements as a fair value movement on available for sale assets).

This compares with total comprehensive income of £7,635,746 attributable to shareholders for the six months ended 31 March 2011, during which period the Company completed the sale of its option over the Copper Flat project in New Mexico, USA to THEMAC Resources Group Ltd (“THEMAC”), recording a large profit on the sale along with further revaluation gains that occurred following completion.

The Group’s net assets were £15,163,264 at 31 March 2012 compared with £14,395,701 at 31 March 2011, reflecting the gain in the value of ECR’s holding in THEMAC.

BOARD & STRATEGIC CHANGES

The fact that Michael Silver and Luca Tenuta were not re-elected as directors of ECR at its annual general meeting held on 31 March 2012 necessitated a reconstitution of the Company’s board of directors. This process was completed in late May with the appointment of Richard (Dick) Watts as a non-executive director, complementing the earlier appointments of Paul Johnson as a non-executive director and Keith Irons as Non-Executive Chairman.

Keith Irons has a background at senior levels within some of the largest companies in the global mining industry as well as extensive experience in the junior mining space. Dick Watts is an internationally experienced mining engineer and Paul Johnson is a Chartered Accountant, co-founder of the Mining Maven organisation and an experienced private investor.

Thus the reconstituted board (the “Board”) brings a broad range of competencies to ECR, and has quickly moved to implement a new corporate strategy. The cornerstone of this strategy is the streamlining of ECR to focus on the realisation of value from its core investment positions as this becomes appropriate. Accordingly, all the Company’s investments have been subjected to detailed review and the Board is working to reduce the complexity of ECR’s operations by disposing of non-core interests, whilst corporate overheads have been reduced.

THEMAC RESOURCES GROUP (TSX-V: MAC)

THEMAC is working towards the completion of a prefeasibility study (PFS) for its 100% owned Copper Flat copper-molybdenum-gold-silver porphyry project in New Mexico, USA, and earlier this week announced that it expects to publish the finished PFS during July. THEMAC also announced the first results from its 2012 drilling programme at Copper Flat. The best intersection obtained to date is 0.72% copper and 0.13 oz silver per ton over 305 ft from surface in hole CF12-07. Numerous other positive intersections were also disclosed.

Encouragingly, THEMAC has indicated that the drilling results announced earlier this week will be included in the PFS reserve estimate, and has in addition detailed significant progress with the Copper Flat mine permitting process, which is of key importance to the future of the project.

ECR’s expectation is that the Copper Flat PFS will demonstrate a materially increased net present value (NPV) for the project relative to the preliminary economic assessment (PEA) completed in 2010, partly thanks to the inclusion of the gold and silver content of the deposit, which was excluded from the PEA, and partly thanks to other factors including the extra drilling carried out during 2011 and so far this year.

The release of the Copper Flat PFS may also pave the way for the sale of all or a significant proportion of ECR’s interest in THEMAC, which consists of 14.35 million common shares and 14.35 million common share purchase warrants. ECR’s shareholding is equivalent to approximately 19% of THEMAC’s issued shares, and combined with the Company’s warrants gives a 21% fully diluted interest.

ECR’s shares and warrants in THEMAC are not subject to any Canadian regulatory restrictions as to their disposal, and the current share price of THEMAC represents a significant uplift on the Company’s investment in securing the Copper Flat option, validating the project and completing a sale of the option to THEMAC, a process which was concluded in March 2011.

The sale of all or a major part of the Company’s interest in THEMAC along with other planned disposals has the potential to transform ECR from a company that is reliant on periodic equity financings to a company that could significantly advance one or more projects of substance using its own cash resources. Such a sale is therefore a key objective for ECR, but patience may be required in order to achieve a transaction on attractive terms.

The Board believes that, depending on circumstances at the time and the particulars of the transaction agreed, under the AIM Rules the Company will likely be required to obtain shareholder approval in order to dispose of all or the majority of its interest in THEMAC.

SIERRA DE LAS MINAS GOLD PROJECT, ARGENTINA

During March and April 2012 ECR completed a 1,112m diamond drilling programme at the El Abra prospect within the Company’s 100% owned Sierra de las Minas gold project area in La Rioja Province, Argentina. Of 13 holes drilled, three holes intersected very high grade gold mineralisation and four more intersected mineralisation grading in excess of 1g/t gold.

The best overall intersection of the programme was 3.9m downhole at 11.6g/t gold in hole 9, including 0.2m at 109.1g/t gold. The results are very promising and have confirmed the presence at depth of high grade gold mineralisation within quartz veining over a 500m strike length. The mineralisation remains open along strike and down dip and the Company believes that further drilling is merited in order to better define the mineralisation encountered and, dependent on future results, to obtain sufficient data to complete an initial resource estimate for the prospect.

However, the mineralisation at El Abra is structurally and geologically complex and in order to give further drilling the best chance of success further preparatory work is required. The Company is currently planning this next phase of exploration, which is expected to consist of a combination of further surface sampling and reconnaissance, underground sampling from within historic mine workings following basic rehabilitation of the workings to establish safe access, and a detailed structural study.

ECR's exploration strategy for the Sierra de las Minas project area remains oriented towards identifying sufficient high grade mineralisation to support the establishment of small scale production by late 2012 or early 2013, and the results of initial metallurgical testwork conducted on surficial samples from three prospects at Sierra de las Minas, including El Abra, indicate that near surface gold bearing material from Sierra de las Minas can be processed by conventional methods to achieve high rates of gold recovery.

WEST WITS MINING (ASX: WWI) & PANIAI GOLD

The acquisition by West Wits Mining Ltd ("West Wits") of the interest held by Paniai Gold Ltd ("Paniai") in the Derewo River project in Papua Province, Indonesia was completed in July 2011, and ECR notes that since that time West Wits has not been able to gain access to the site of its proposed alluvial gold mining operations due to the presence of artisanal miners.

West Wits has however announced the sale of certain of its gold exploration projects in South Africa for a total of A$9 million along with the receipt of A$2 million of this amount, and has stated that it intends to apply the funds to the development of the Derewo River project, which extends over approximately 129,000 hectares located within approximately 100km of Freeport McMoRan's Grasberg copper-gold mine in the central highlands of Papua Province.

The objectives of the Derewo River project are to establish a modern alluvial gold mining operation on a 40 hectare mining licence and to explore a number of exploration licences for new deposits. West Wits has a 50% interest in the proposed initial alluvial mining operation and an interest of up to 80% in exploration activities, which have been initiated and are reported to be progressing well.

While recognising that West Wits remains well placed to take the Derewo River project forward, in accordance with ECR's newly adopted strategy and in view of its relatively minor exposure to the Derewo River project through the Company's shareholdings in West Wits and Paniai, it is the Board's intention to dispose of ECR's holding in West Wits, which consists of 11,149,826 ordinary shares, at an opportune time.

ECR's shareholding in Paniai now stands at 23%, or 100 million shares, following the conversion in December 2011 of approximately A$338,000 of loans to Paniai made by the Company. On the basis that Paniai's value is highly leveraged to success at the Derewo River project being achieved within a certain timeframe, the Board considers it appropriate to retain the Company's shareholding.

Paniai itself holds 46 million West Wits performance shares and 12.5 million options exercisable at A$0.08 until 28 July 2016. The performance shares convert to ordinary shares subject to the Derewo River project achieving production of 20,000oz gold before 28 July 2013.

Paniai has also more recently acquired an option over a 30% interest in the initial alluvial mining operation planned at the Derewo River project. The option is valid for 24 months from 4 February 2012 and is exercisable for consideration of A$2.5 million payable either in cash, in shares of West Wits, or in a combination of the two. The option has been acquired from West Wits's local joint venture partner for consideration of 4 million Paniai shares, 100 million Indonesian rupiah (approximately US$10,000) and 15 million Paniai options exercisable at A$0.03 per share and valid for two years.

While Paniai does not presently have the cash resources to exercise the option, an obvious strategy would be for Paniai to seek to sell the option to West Wits, allowing West Wits to acquire an 80% interest in the proposed alluvial mining operation at Derewo River should it so wish.

The carrying value of ECR's shares in Paniai has been impaired in the interim financial statements to equal 23% of Paniai's net assets, whereas previously the investment was carried at cost. As a result the carrying value has been reduced by around 40%.

ACS ASIA

ACS Asia, the Thai steel products business in which ECR holds a 70% interest, recorded a gross profit of £343,132 for the period under review compared with £437,340 for the six months ended 31 March 2011. Turnover for the six months ended 31 March 2012 was £2,304,707 versus £2,019,477 for the same period ending in 2011.

Although ACS Asia is maintaining a healthy order book, the business continues to suffer from an acute shortage of working capital, partly as a result of non-payment for goods supplied by ACS Asia to a company named Australian Cable Tray Systems Pty Ltd ("ACTS").

ACTS has now been placed into administration and ACS Asia has succeeded in recovering custody of a large proportion of the goods supplied to ACTS, under retention of title provisions. Efforts to sell these goods in Australia are ongoing but for the time being a 100% provision against the outstanding balance due from ACTS, a total of US$611,782, has been made in the interim financial statements of Gold Crest Holdings Ltd ("Gold Crest"), the Hong Kong holding company for the ACS Asia business.

ECR is making preparations for the disposal of its interest in ACS Asia and will look to complete this disposal as soon as possible. However, the process is likely to take at least a further 2-4 months and will entail the Company seeking shareholder approval for the transaction in accordance with the AIM Rules.

WARM SPRINGS RENEWABLE ENERGY CORPORATION

Warm Springs Renewable Energy Corporation ("WSREC"), in which ECR has a 90% interest, is no longer actively pursuing plans to develop a solar power facility in conjunction with the development of the Copper Flat project in New Mexico by THEMAC. The Board do not consider it appropriate to devote significant further resources to WSREC for the time being, notwithstanding the progress being made by THEMAC. However in light of this progress the conceptual work undertaken by WSREC remains of some value, and it may be appropriate in future to reactivate WSREC or else to seek a partner with renewable energy expertise in order to take WSREC's plans forward.

MERCATOR GOLD AUSTRALIA

Full and effective control of ECR's 100% owned Australian subsidiary Mercator Gold Australia Pty Ltd ("MGA") has not yet been returned to its directors, who await notice from MGA's administrators of the termination of the Deed of Company Administration (DOCA) to which MGA is currently subject. Once the DOCA has been terminated, the utilisation of the A$77 million of tax losses that are believed to be valid and useable by MGA subject to certain conditions will become a significant focus for the Company.

OUTLOOK

Equity market conditions have taken a markedly adverse turn since the beginning of 2012 and the Board has chosen to augment ECR's working capital position as and when necessary using the Company's Standby Equity Distribution Agreement (SEDA) with YA Global Master SPV Ltd rather than accept other financing on onerous terms.

Despite market conditions the Board is optimistic regarding the potential, in due course, for the proposed realisation of value from ECR's holding in THEMAC along with other proposed disposals to strengthen the Company's position and facilitate the creation of value in other assets.

Patrick Harford
Managing Director

For further information please contact:

ECR Minerals plc — Tel: +44 (0)20 7929 1010
Patrick Harford, Managing Director
Stephen Clayson, Director & Chief Financial Officer

Email: info@ecrminerals.com
Website: www.ecrminerals.com

Daniel Stewart & Company plc — Tel: +44 (0)20 7776 6550
Paul Shackleton/Tessa Smith/David Hart

Consolidated income statement

For the six months ended 31March 2012

Continuing operations	Six months ended 31 March 2012 £	Six months ended 31 March 2011 £	Year ended 30 September 2011 £
Revenue	2,304,707	2,019,477	4,953,728
Cost of sales	(1,961,575)	(1,582,137)	(3,915,108)
Gross profit	**343,132**	**437,340**	**1,038,620**
Project realisation	–	–	430,239
Exploration expenses	(339,030)	–	(251,610)
	(339,030)	–	178,629
Expense			
Administrative expenses	(1,219,228)	(1,944,635)	(3,342,467)
Share based payments	–	(495,000)	–
Other income	5,732	–	34,851
Impairment loss on trade receivables	(176,251)	–	(206,835)
Currency exchange differences	(15,331)	8,245	18,711
Impairment of and loss on disposal of other investments	(156,629)	(4,500)	(20,034)
Total administrative expenses	(1,561,707)	(2,435,890)	(3,515,774)
Operating loss	**(1,557,605)**	**(1,998,550)**	**(2,298,525)**
Gain on revaluation of other investments	963,450	–	964,275
Gain on derivative	–	–	69,000
Profit on disposal of available for sale financial asset	–	6,025,645	6,025,645
	(594,155)	4,027,095	4,760,395
Finance income	9,666	25,213	38,676
Financial expense	(374,835)	(185,135)	(451,481)
Finance income and costs	**(365,169)**	**(159,922)**	**(412,805)**
Profit/(loss) for the period before taxation	**(959,324)**	3,867,173	**4,347,590**
Income tax	–	(32,932)	(45,476)
Profit/(loss) for the period after taxation	**(959,324)**	**3,834,241**	**4,302,114**
Profit/(loss) attributable to:			
Owners of the parent	(854,303)	4,034,199	4,404,105
Non–controlling interests	(105,021)	(199,958)	(101,991)
	(959,324)	3,834,241	4,302,114
Profit/(loss) per share (basic and diluted)	*(0.13)p*	*0.83p*	*0.86p*

Consolidated statement of comprehensive income

For the six months ended 31March 2012

Profit/(loss) for the period	**(959,324)**	**3,834,241**	**4,302,114**
Fair value movements on available for sale assets	1,063,056	4,886,544	1,926,271
Gains / (losses) on exchange translation	(34,042)	(13,569)	45,922
	69,690	8,707,216	6,274,307
Deferred tax relating to revaluation gains	–	(1,270,501)	–
Total comprehensive income for the period	**69,690**	**7,436,715**	**6,274,307**
Total comprehensive income attributable to:			
Owners of the parent	162,856	7,635,746	6,362,521
Non–controlling interest	(93,166)	(199,031)	(88,214)
Total recognised income for the period	**69,690**	**7,436,715**	**6,274,307**

Consolidated statement of financial position

At 31 March 2012

	As at 31 March 2012	As at 31 March 2011	As at 30 September 2011
Assets	**£**	**£**	**£**
Non–current assets			
Property plant and equipment	536,980	509,352	503,043
Available for sale financial assets	–	12,376,066	–
Other investments	230,824	834,437	175,000
Exploration assets	445,322	–	772,691
Other non-current assets	237	–	5,314
Deferred tax asset	–	128,700	–
Total non-current assets	**1,213,363**	**13,848,555**	**1,456,048**
Current assets			
Inventories	653,606	817,298	712,324
Trade and other receivables	4,104,115	4,807,338	4,805,429
Available for sale financial assets	7,561,832	–	6,621,049
Other financial assets	5,281,814	128,990	4,318,364
Taxation	46,506	34,420	21,630
Other current assets	2,672	18,672	2,672
Cash and cash equivalents	514,195	888,164	593,642
Total current assets	**18,164,740**	**6,694,882**	**17,075,110**
Total assets	**19,378,103**	**20,543,437**	**18,531,158**
Non-current liabilities			
Interest bearing borrowings	1,328,172	1,975,117	1,824,266
Other creditors	37,245	–	–
Deferred tax liability	–	1,270,501	–
Total non-current liabilities	**1,365,417**	**3,245,618**	**1,824,266**
Current liabilities			
Trade and other payables	2,028,521	2,032,461	2,091,158
Current taxation	19,085	161,632	–
Interest bearing borrowings	798,839	588,025	1,294,385
Provision for costs	2,977	120,000	3,053
Total current liabilities	**2,849,422**	**2,902,118**	**3,388,596**
Total liabilities	4,214,839	6,147,736	5,212,862
Net assets	**15,163,264**	**14,395,701**	**13,318,296**
Equity attributable to owners of the parent			
Share capital	7,908,725	7,728,915	7,738,267
Share premium	37,763,548	35,966,494	36,111,908
Exchange reserve	159,221	229,405	205,118
Other reserves	622,847	739,430	669,667
Retained losses	(31,291,077)	(30,250,892)	(31,499,830)
	15,163,264	14,413,352	13,225,130
Non controlling interests	–	(17,651)	93,166
Total equity	**15,163,264**	**14,395,701**	**13,318,296**

Consolidated statement of changes in equity

For the six months ended 31March 2012

	Share capital	Share premium	Exchange reserves	Other reserves	Retained reserves	Non-controlling interest	Total equity
	£	£	£	£	£	£	£
At 1 October 2010	**7,526,572**	**33,658,773**	**172,973**	**765,696**	**(38,352,978)**	**181,380**	**3,952,416**
Comprehensive income							
Profit/(loss) for the period	–	–	–	–	4,034,199	(199,958)	3,834,241
Available for sale financial assets fair value movements	–	–	70,928	–	3,545,114	–	3,616,042
Exchange differences on translating foreign operations	–	–	(14,496)	1,507	–	927	(12,062)
Total comprehensive income/(loss)	–	–	56,432	1,507	7,579,313	(199,031)	**7,438,221**
Share options lapsed	–	–	–	(522,772)	522,772	–	–
Share based payments	–	–	–	495,000	–	–	495,000
Issue of shares	202,343	2,307,721	–	–	–	–	2,510,064
At 31 March 2011	**7,728,915**	**35,966,494**	**229,405**	**739,431**	**(30,250,892)**	**(17,651)**	**14,395,701**
Comprehensive income							
Profit/(loss) for the period	–	–	–	–	369,906	97,967	467,873
Available for sale financial assets fair value movements	–	–	(70,928)	–	(1,618,843)	–	(1,689,771)
Exchange differences on translating foreign operations	–	–	46,641	(1,507)	–	12,850	57,984
Total comprehensive income/(loss)	–	–	(24,287)	(1,507)	(1,248,937)	110,817	**(1,163,914)**
Conversion of loan notes	–	68,257	–	(68,257)	–	–	–
Issue of shares	9,352	77,157	–	–	–	–	86,509
At 30 September 2011	**7,738,267**	**36,111,908**	**205,118**	**669,667**	**(31,499,830)**	**93,166**	**13,318,296**
Comprehensive income							
Profit/(loss) for the period	–	–	–	–	(854,303)	(105,021)	(959,324)
Available for sale financial assets fair value movements	–	–	–	–	1,063,056	–	1,063,056
Exchange differences on translating foreign operations	–	–	(45,897)	–	–	11,855	(34,042)
Total comprehensive income/(loss)	–	–	(45,897)	–	208,753	(93,166)	69,690
Conversion of loan notes	–	46,820	–	(46,820)	–	–	–
Issue of shares	170,458	1,604,820	–	–	–	–	1,775,278
At 31 March 2012	**7,908,725**	**37,763,548**	**159,221**	**622,847**	**(31,291,077)**	–	**15,163,264**

Consolidated cash flow statement

For the six months ended 31 March 2012

Operating activities	**Six months ended 31 March 2012 £**	**Six months ended 31 March 2011 £**	**Year ended 30 September 2011 £**
Profit/(loss) for the period, before tax	**(959,324)**	**3,867,174**	**4,234,255**
Adjustments:			
Depreciation expense, property, plant and equipment	40,884	45,720	89,244
Loss on disposal of property, plant and equipment	–	–	380
Provision and impairment of investment and loans	287,764	–	20,033
Loss on sale of convertible loan notes	–	4,500	4,500
(Profit) / loss on disposal of investments	–	(6,025,645)	(6,025,645)
Interest income	(24,317)	(25,213)	(38,676)
Gain on derivative	–	–	(69,000)
Investment income	–	–	(430,239)
Gain on revaluation of investments	(963,450)	–	(964,275)
Issue costs amortised – convertible loan notes	4,287	8,133	75,585
Interest cost imputed on unwinding loan discount	63,982	26,618	29,927
Interest charges	326,430	150,384	345,969
Share based payments	–	495,000	495,000
Impairment loss on inventories	24,670	–	–
Provision for doubtful debt	98,536	–	–
Decrease in other non current assets	5,821	–	–
(Increase)/decrease in accounts receivable	532,453	(578,094)	(305,151)
Increase/(decrease) in accounts payable	(362,837)	731,556	984,189
Decrease in inventories	72,803	(250,831)	(145,857)
Shares issued in lieu of expense payments	–	107,550	145,687
Decrease in provision for software and other expenses	–	266,126	–
Overseas tax paid	(41,046)	–	–
Exploration costs written off	122,208	–	240,823
Loan reduction in lieu of expense payments	–	–	(13,906)
Net cash flow used in operations	**(771,136)**	**(1,177,022)**	**(1,327,157)**
Investing activities			
Purchase of property plant and equipment	(64,399)	(12,563)	(59,247)
Investment in other ventures	(106,473)	(262,901)	(637,011)
Investment in current asset investments	–	(82,609)	(50,000)
Other loans	(33,804)	(10,897)	–
Other loans repaid	–	–	19,618
Proceeds from sale of available for sale assets	45,736	–	–
Proceeds from sale of loan notes	–	280,000	275,500
Interest received	1,316	25,213	4,755
Repayment of loan by former subsidiary	273,960	–	–
Net cash generated / (used) in investing activities	**116,336**	**(63,757)**	**(446,385)**
Financing activities			
Proceeds from issue of share capital	1,124,593	2,402,514	1,816,237
Proceeds from sale of convertible loan notes	–	–	921,654
Repayment of convertible loan notes	(363,692)	–	(93,342)
Finance costs on fundraising	(158,219)	–	(123,992)
Repayment of finance lease creditors	(1,299)	–	–
Finance lease	43,822	–	–
Repurchase of convertible loan notes	–	(587,573)	–
Redemption of convertible loan notes	–	–	(200,000)
Interest paid on convertible loan notes	(64,696)	(162,720)	(211,793)
Interest paid – other	(52,173)	(22,830)	(97,433)
Decrease in amounts due to a director	–	(5,710)	–
Proceeds of bank loan	–	94,920	–
Net cash from financing activities	**528,335**	**1,718,601**	**2,011,331**
Net change in cash and cash equivalents	**(126,465)**	**477,822**	237,789
Cash and cash equivalents at beginning of the period	593,642	374,453	374,453
Effect of change in exchange rates	47,018	35,889	(18,600)
Cash and cash equivalents at end of the period	**514,195**	**888,164**	**593,642**

Notes to the condensed interim financial statements

For the six months ended 31 March 2012

1. Basis of preparation

The consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries (the “Group”) made up to 31 March 2012. 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 interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the European Union and implemented in the UK. They 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 2011. They have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 September 2011. The comparative statements for the period to 31 March 2011 have been restated where necessary to be consistent with the classifications adopted in the last annual financial statements.

The accounting policies have been applied consistently throughout the Group for the purpose of preparation of these consolidated interim financial statements.

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 2012 and 31 March 2011 is unaudited. The comparative figures for the period ended 30 September 2011 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. The auditor’s report for the year ended 30 September 2011 included an emphasis of matter paragraph relating to uncertainty as to the Company’s and the Group’s ability to recover an amount due from a former subsidiary, Mercator Gold Australia Pty Ltd (“MGA”) (see note 2).

2. Amount owed by a former subsidiary

The amount of £3,396,858 due from MGA is the best estimate of the directors of the Company as to the amount recoverable and is stated after an impairment provision made in previous years of £31,849,884 and in the context of the following.

MGA is currently subject to a Deed of Company Administration (DOCA) and has no tangible assets. Control of MGA will not pass back to the Group until the DOCA has been fully effectuated and the creditors of MGA have been dealt with completely by the deed administrators. Although the Company remains MGA’s sole shareholder, MGA will be referred to as a former subsidiary until control has been regained.

It is estimated that the full amount of tax losses accumulated by MGA currently totals approximately A$77,000,000. Advice to date indicates that these tax losses are available for use against future profits of MGA subject to certain conditions, and the Group is in the process of receiving more detailed advice to confirm this and to ascertain the means by which the losses may be used for the benefit of the Company and the Group. The success of work completed to date to confirm the tax losses has allowed the Group to enter into preliminary negotiations with third parties with regard to projects that are intended to generate surplus funds in MGA that would enable it to repay the amount due to the Company and the Group.

To recover the amount due from MGA, the Company and the Group are dependent on MGA being able to generate sufficient surplus funds from future projects. The amount that may ultimately be receivable by the Company and the Group may be more or less than that shown above and this balance represents management’s best estimate of the amount that will be recoverable. The interim financial statements do not include the adjustments that would result if MGA were to be unable to generate sufficient surplus funds to settle the amount due to the Company and the Group.

3. Going concern

The Directors are satisfied that the Company 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 interim financial statements

4. ***Cash and cash equivalents***

Cash includes petty cash and cash held in current bank 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.

5. ***Profit/(loss) per share***

Profit per share is calculated by reference to the loss for the six months ended 31 March 2012 of £854,303 (six months ended 31 March 2011 profit of £4,034,199; and year ended 30 September 2011 profit of £4,404,105) and the weighted number of shares in issue during the periods of 673,099,117 (six months to 31 March 2011, 484,896,720; and year to 30 September 2011, 513,268,320).

There is no dilutive effect of share options on the profit for the current period.

6. ***Interest bearing liabilities***

	31 March 2012	**31 March 2011**	**30 September 2011**
	£	**£**	**£**
Convertible loan notes	1,817,210	2,171,808	2,706,531
Short term bank loan	309,801	391,334	412,120
	2,127,011	**2,563,142**	**3,118,651**

Convertible loan notes repayable 17 October 2013
On 17 October 2007 the Company issued £2,565,000 in face value of three-year convertible loan notes carrying interest at 8.5% per annum, payable quarterly in arrears. As of the first anniversary of issue, the loan notes are convertible at the election of note holders into shares at a specified price.

Note holders have the option of accepting the payment of interest in cash or in ordinary shares at the lower of a specified price and the average mid-market closing price per ordinary share for the seven business days prior to the date that interest is payable.

The Company has the right (as of the date falling 18 months after the date of issue of the loan notes) to repay the notes early, subject to the payment of double the accrued interest outstanding as at the date of early repayment. The holder of the notes has the option of accepting early repayment in cash or in ordinary shares at a specified price.

On 29 September 2010 the loan notes were extended for a further three years and the rate of interest was increased to 10% per annum by extraordinary resolution of the holders. The loan notes are now repayable on 17 October 2013.

Until the second anniversary of issue the specified price in respect of the above was 95 pence per share; between the second anniversary and 29 September 2010 the specified price was 120 pence per share; as of 29 September 2010 the specified price is 1.1 pence per share.

YA Global financing
The Company has raised finance under a loan agreement with YA Global Master SPV Ltd (“YA Global”). The loan is expected to be fully repaid in September 2012. The loan balance of £334,538 at 31 March 2012 (£672,765 at 30 September 2011) was secured on listed shares owned by the Company with a market value at 31 March 2012 of £1,749,772. The loan balance was also secured by the Company’s Standby Equity Distribution Agreement (“SEDA”) with YA Global.

7. ***Deferred tax***

No deferred tax liability arises on the fair value movements on the available for sale investments as any gain/loss on disposal will be exempt from tax.

8. ***Other investments***

Paniai shares
During the period, the Company’s holding in the issued shares of Paniai Gold Ltd (“Paniai”) was increased from 16% to 26% as a result of the conversion of loans made to Paniai by the Company into 50 million new

Paniai shares. The Company's holding was subsequently reduced to 23% due to the issue of further shares in Paniai to a third party. The Company does not have any representation on the board of directors of Paniai, does not have a right to participate in policy-making decisions and has not had any material transactions or interchanged management with or provided significant technical information to Paniai. The investment is therefore not accounted for as an investment in an associate.

THEMAC warrants

During the financial year ended 30 September 2011 the Company acquired warrants as part consideration for the disposal of the Copper Flat project to THEMAC. Gains in the fair values of the warrants have been recorded as a gain on revaluation of investments in the income statement. The fair value of the warrants is calculated using the Black-Scholes-Merton model with reference to the share price of THEMAC, which is listed on the TSX Venture Exchange, at the balance sheet date.

9. Related party transactions

Details of remuneration earned by each director are set out below:

Director	**31 March 2012**	**31 March 2011**	**30 September 2011**
	£	**£**	**£**
Michael Silver	60,000	60,000	120,000
Patrick Harford	70,000	70,000	140,000
Michael Elias	-	15,000	15,000
Stephen Clayson	35,000	-	35,000
Luca Tenuta	12,500	-	12,500
	177,500	**145,000**	**322,500**

The directors are the only key management.

Details of transactions with directors and other related parties during the period are as follows.

Michael Silver, Executive Chairman of the Company until March 31 2012, held at that date a beneficial interest in Meridien Capital Ltd ("Meridien"). Meridien holds 10% of the issued shares of Gold Crest Holdings Ltd ("Gold Crest"). ECR holds 70% of Gold Crest's issued shares.

During the six months to 31 March 2012, Gold Crest's subsidiary ACS Asia (1996) Company Ltd ("ACS Asia") produced and shipped goods to a company named Australian Cable Tray Systems Pty Ltd ("ACTS"). ACTS is owned as at 31 March 2012 as to 51% by Meridien and as to 49% by another party. Goods shipped by ACS Asia to ACTS during the period totalled US$585,194 of which US$305,713 has been paid to ACS Asia. A 100% provision as to the recovery of the balance, being US$279,481, has been made in the interim financial statements of Gold Crest, and is reflected in the Group interim financial statements. The amount due from ACTS is unsecured and interest free.

Michael Silver has provided a loan to Gold Crest in respect of which interest is charged at 2% per month on the balance outstanding. The loan amount outstanding at 31 March 2012 was A$359,733.

10. Share issues during the period

On 13 October 2011 the Company announced the issue and allotment of 45,258,765 ordinary shares of 0.1p ("Ordinary Shares"), of which 8,495,130 Ordinary Shares were issued at 1.2006879p per share in connection with an advance of £102,000 under the Company's SEDA, 399,999 ordinary shares were issued at 1.1p per share in settlement of convertible loan note interest totalling £4,400, and 36,363,636 Ordinary Shares were issued at 1.1p per share in respect of the conversion of convertible loan notes of total principal amount £400,000.

On 20 December 2011 the Company announced the issue and allotment of 37,460,000 Ordinary Shares, of which 32,460,000 Ordinary Shares were issued at 1p per share to raise £324,600 before costs by way of a placing, and 5,000,000 Ordinary Shares were issued at 1p per share in connection with an advance of £50,000 under the Company's SEDA.

On 20 January 2012 the Company announced the issue and allotment of 55,000,000 Ordinary Shares at 1p per share to raise £550,000 before costs by way of a placing.

On 27 February 2012 the Company announced the issue and allotment of 19,103,351 Ordinary Shares at 1.0469p per share in connection with an advance of £50,000 under the Company's SEDA.

11. Post period end events

On 15 May 2012 the Company announced the issue and allotment of 13,500,168 Ordinary Shares in respect of an advance of £90,000 under the Company's SEDA.

On 14 June 2012 the Company announced the issue and allotment of a total of 43,057,180 Ordinary Shares, of which 31,363,636 Ordinary Shares were issued at 1.1p per share in respect of the redemption of convertible loan notes of total principal amount of £345,000, and 11,693,544 Ordinary Shares were issued in connection with an advance of £55,000 under the Company's SEDA.

Additional disclosures are made in the Managing Director's report.