

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

AIM: ECR
US OTC: MTGDY

Unaudited Half-Yearly Results
for the Six Months Ended 31 March 2015 and Update

London: 29 June 2015 - The directors of ECR Minerals plc (the “Directors”) are pleased to announce the Company’s unaudited half-yearly results for the six months to 31 March 2015 along with the following update on activities.

The six months to 31 March 2015 were an active period for ECR, with substantial exploration work taking place at the Itogon gold project in the Philippines and the SLM gold project in Argentina.

ITOGON GOLD PROJECT, PHILIPPINES

The primary achievement at Itogon was the completion of an 808m diamond drilling programme, with positive results which were announced on 18 June 2015. Trenching commenced in May 2015, and has already yielded an encouraging mineralised interval (apparent width) of 42m at 2.54 g/t gold, which was also announced on 18 June 2015. Trenching is ongoing and further assay results are pending.

The Company’s intention is to use the drilling and trenching results, after the complete trenching results are available, to proceed with an initial, inferred category resource estimate for the supergene enriched oxide gold mineralisation which occurs from surface in the main prospect area at Itogon. An aerial topographical survey of the main prospect area was completed in May 2015 for this purpose. Deeper level feeder structures below the supergene zone are an additional exploration target.

The final quarter of 2014 saw two phases of channel and grab sampling completed at Itogon, one underground in artisanal workings and one at surface, as well as sampling of muck (ore) from active artisanal workings. The results of this work were announced on 23 December 2014.

In November 2014, ECR acquired a holding of 358,000 common shares of Tiger International Resources, Inc. (“Tiger”). This holding is equal to 3.67% of Tiger’s issued share capital. Tiger is the parent company of Cordillera Tiger Gold Resources, Inc. (“Cordillera Tiger”), a Philippine corporation which holds the exploration permit comprising the Itogon project. ECR has the right to earn a 50% interest in the Itogon project pursuant to an earn-in and joint venture agreement (the “Agreement”) entered into in April 2013 between the Company, Tiger and Cordillera Tiger, and ECR is currently the operator of the project, through Cordillera Tiger.

Under the terms of the Agreement, the resource estimate for Itogon will be competed to Canadian NI43-101 standards, and will form part of an NI43-101 technical report describing other technical aspects of the project in addition to the resource. This report will be published by both ECR and Tiger.

SLM GOLD PROJECT, ARGENTINA

The SLM project is 100% held by ECR’s wholly owned subsidiary Ochre Mining SA (“Ochre”), and comprises three key prospects: El Abra, JV and Maestro Agüero. Bulk sampling was carried out at Maestro Agüero in March 2015, and results are expected in the next several weeks. Given the presence of nuggety gold and coarse flecks of secondary gold, bulk sampling is necessary to ensure statistically representative results. Delays in the availability of the bulk sampling results have related to the shipping of sub-samples internationally, as the necessary analysis could not be completed locally. Instead, an independent laboratory in Europe was selected.

A non-binding memorandum of understanding (the “MoU”) has been signed between Ochre and Esperanza Resources SA (“Esperanza”), as announced on 14 May 2015. The MoU provides for discussions aimed at forming a joint venture or other commercial arrangement for the processing of ore from Ochre’s licence areas by Esperanza. Esperanza has constructed a mineral processing plant in the vicinity of Ochre’s JV and Maestro Agüero prospects. The plant is configured to recover gold via gravity and flotation processes and is not located

immediately adjacent to any deposit, being situated instead with good road access for the trucking of feed material from various sources.

Discussions between Ochre and Esperanza remain open, however it is desirable for the bulk sampling results from Maestro Agüero to have been received and interpreted before any agreement is entered into with Esperanza. Moreover, Ochre will only enter into an agreement which recognises the value of its prospects and past exploration work, and investigation into other potential processing options is continuing.

OUTLOOK

Unfortunately, all of the above has occurred against a backdrop of inclement financial market conditions for most junior mineral companies. This has been reflected in ECR's share price. In order to ensure that key exploration programmes could be completed without further fundraising, a complete deferral of all cash remuneration to Directors was instituted in March 2015, and remains in effect. This followed on from a partial deferral of Directors' remuneration which took effect in December 2014. Various staff members also agreed to the partial deferral of fees and salaries with effect from February 2015. Despite these sacrifices, we look to the future with optimism and we look forward to reporting further results from recent activities at the Company's projects.

Key exploration results expected from current projects in the coming weeks and months comprise the following: further results of trenching at the Itogon project; initial inferred resource estimate and NI43-101 technical report for Itogon; and results of bulk sampling at the Maestro Agüero prospect in Argentina. All of these are potentially significant.

FINANCIAL RESULTS

For the six months ended 31 March 2015 the financial statements of the Company as consolidated with its subsidiaries (the "Group") record a total comprehensive expense of £896,320, the largest component of which is other administrative expenses of £629,183, which relate primarily to the operation of the Company's projects. The Group reported a total comprehensive expense of £986,553 for the six months ended 31 March 2014.

During the period, ECR disposed of its entire holding of common shares in THEMAC Resources Group Ltd ("THEMAC") for proceeds of £54,286. This disposal was motivated by the Directors' view of the prospects of THEMAC and its Copper Flat project given the prevailing copper price and the generally adverse financial environment for companies in the mineral sector.

The Group's net assets were £4,515,381 at 31 March 2015 compared with £5,282,905 at 31 March 2014, reflecting the reduction in available-for-sale financial assets and other financial assets following the disposal of the Company's interest in THEMAC, as well as a lower figure for cash and cash equivalents of £302,754, versus £599,431 at 31 March 2014. Exploration assets at 31 March 2015 were £1,766,779, versus £1,032,276 at 31 March 2014, reflecting the investments made in the Company's projects.

With the release of Mercator Gold Australia Pty Ltd ("MGA") from external administration in December 2014, MGA has become, in accounting terms, a subsidiary of the Company once again, having been excluded from the Group since MGA became subject to external administration in October 2008. A discussion of the accounting implications of this development is provided in note 2 below.

Stephen Clayson
Chief Executive Officer

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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.

Consolidated Income Statement

For the six months ended 31 March 2015

	Six months ended 31 March 2015	Six months ended 31 March 2014	Year ended 30 September 2014
	£	£	£
Continuing operations			
Exploration expenses	–	(20,677)	–
Other administrative expenses	(629,183)	(314,258)	(824,639)
Impairment of available for sale assets	–	(525,310)	(600,645)
Currency exchange differences	18,542	–	9,609
Total administrative expenses	<u>(610,641)</u>	<u>(860,245)</u>	<u>(1,415,675)</u>
Operating loss	(610,641)	(860,245)	(1,415,675)
Loss on revaluation of financial assets at fair value through profit and loss	–	(138,752)	(202,618)
Loss on disposal of available for sale financial assets	(138,590)	(3,347)	(121,922)
Reclassification of fair value movements on disposal of available for sale assets	(88,381)	–	14,750
	<u>(837,612)</u>	<u>(1,002,344)</u>	<u>(1,725,465)</u>
Finance income	19	423	654
Finance costs	(166,150)	109,691	(21,586)
Finance income and costs	(166,131)	110,114	(20,932)
Loss for the period before taxation	(1,003,743)	(892,230)	(1,746,397)
Income tax	–	–	–
Loss for the period	(1,003,743)	(892,230)	(1,746,397)
Loss attributable to: Owners of the parent	<u>(1,003,743)</u>	<u>(892,230)</u>	<u>(1,746,397)</u>
Loss per share – basic and diluted	(0.03)p	(0.03)p	(0.05)p

Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2015

	Six months ended 31 March 2015	Six months ended 31 March 2014	Year ended 30 September 2014
	£	£	£
Loss for the period	(1,003,743)	(892,230)	(1,746,397)
Items that may be reclassified subsequently to profit or loss			
Reclassification of fair value movements to Income Statement on disposal of available for sale assets	88,381	–	(14,750)
Gain/(losses) on exchange translation	19,042	(94,323)	(96,893)
Other comprehensive income/(expense) for the period	107,423	(94,323)	(111,643)
Total comprehensive expense for the period	(896,320)	(986,553)	(1,858,040)
Attributable to: Owners of the parent	(896,320)	(986,553)	(1,858,040)

Consolidated Statement of Financial Position

At 31 March 2015

	As at 31 March 2015	As at 31 March 2014	As at 30 September 2014
	£	£	£
Assets			
Non-current assets			
Property, plant and equipment	9,360	492	10,820
Exploration assets	1,766,779	1,032,276	1,422,493
Deferred tax asset	3,218,173	–	–
Other receivables	–	3,228,390	3,228,390
Total non-current assets	4,994,312	4,261,158	4,661,703
Current assets			
Trade and other receivables	135,491	5,088	174,051
Available for sale financial assets	48,296	432,869	178,866
Other financial assets	–	90,062	26,196
Taxation	2,691	39,192	2,380
Other current assets	2,672	2,672	2,672
Cash and cash equivalents	302,754	599,431	642,056
	491,904	1,169,314	1,026,221
Total assets	5,486,216	5,430,472	5,687,924
Current liabilities			
Trade and other payables	247,932	147,567	284,819
Interest bearing borrowings	722,903	–	794,061
Total liabilities	970,835	147,567	1,078,880
Net assets	4,515,381	5,282,905	4,609,044
Equity attributable to owners of the parent			
Share capital	10,782,878	10,453,946	10,483,166
Share premium	40,297,903	40,096,112	40,131,118
Exchange reserve	(72,800)	(89,272)	(91,842)
Other reserves	821,320	351,760	485,160
Retained losses	(47,313,920)	(45,529,641)	(46,398,558)
Total equity	4,515,381	5,282,905	4,609,044

Consolidated statement of changes in equity

For the six months ended 31 March 2014

	Share capital	Share premium	Exchange reserves	Other reserves	Retained reserves	Total equity
	£	£	£	£	£	£
At 1 October 2013	10,453,946	40,096,112	5,051	351,760	(44,637,411)	6,269,458
Loss for the period	–	–	–	–	(892,230)	(892,230)
Loss on exchange translation	–	–	(94,323)	–	–	(94,323)
Total comprehensive expense	–	–	(94,323)	–	(892,230)	(986,553)
Issue of shares	–	–	–	–	–	–
At 31 March 2014	10,453,946	40,096,112	(89,272)	351,760	(45,529,641)	5,282,905
Loss for the period	–	–	–	–	(854,167)	(854,167)
Reclassification of fair value movements to Income Statement						
on disposal of available for sale assets	–	–	–	–	(14,750)	(14,750)
Loss on exchange translation	–	–	(2,570)	–	–	(2,570)
Total comprehensive expense	–	–	(2,570)	–	(868,917)	(871,487)
Conversion of loan	28,066	33,625	–	–	–	61,691
Warrants issued in lieu of finance cost	–	–	–	133,400	–	133,400
Shares issued in payment of creditors	1,154	1,381	–	–	–	2,535
At 30 September 2014	10,483,166	40,131,118	(91,842)	485,160	(46,398,558)	4,609,044
Loss for the period	–	–	–	–	(1,003,743)	(1,003,743)
Reclassification of fair value movements to Income Statement						
on disposal of available for sale assets	–	–	–	–	88,381	88,381
Gain on exchange translation	–	–	19,042	–	–	19,042
Total comprehensive income/(expense)	–	–	19,042	–	(915,362)	(896,320)
Conversion of loan	274,741	153,130	–	–	–	427,871
Share based payments	–	–	–	288,831	–	288,831
Warrants issued in lieu of finance cost	–	–	–	47,329	–	47,329
Shares issued in payment of creditors	24,971	13,655	–	–	–	38,626
At 31 March 2015	10,782,878	40,297,903	(72,800)	821,320	(47,313,920)	4,515,381

Consolidated Cash Flow Statement

For the six months ended 31 March 2015

	Six months ended 31 March 2015 £	Six months ended 31 March 2014 £	Year ended 30 September 2014 £
Net cash flow used in operations	(400,151)	(366,017)	(846,274)
Investing activities			
Purchase of property plant and equipment	–	–	(10,642)
Increase in exploration assets	(331,393)	(284,561)	(624,142)
Investment in available for sale asset	(39,276)	(45,538)	–
Proceeds from sale of available for sale financial assets	119,974	62,697	66,988
Cash introduced on regaining control of subsidiary	10,218	–	–
Interest received	19	423	654
Net cash generated in investing activities	(240,458)	(266,979)	(567,142)
Financing activities			
Proceeds from convertible loan	300,623	–	830,909
Interest paid – other	–	(243)	–
Net cash from financing activities	300,623	(243)	830,909
Net change in cash and cash equivalents	(339,986)	(633,239)	(582,507)
Cash and cash equivalents at beginning of the period	642,056	1,238,562	1,238,562
Effect of change in exchange rates	684	(5,892)	(13,999)
Cash and cash equivalents at end of the period	302,754	599,431	642,056

Notes to the Condensed Half-Yearly Financial Statements

For the six months ended 31 March 2015

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 2015. 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 2014. They have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 September 2014. 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.

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 2015 and 31 March 2014 is unaudited. The comparative figures for the period ended 30 September 2014 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. Regaining control of a former subsidiary

In December 2014, Mercator Gold Australia Pty Ltd (“MGA”), an Australian company in which ECR has a 100% shareholding, was released from external administration (to which it had been subject since 2008) and control of MGA passed back to its directors.

At the date of discharge, MGA had no tangible assets other than bank balances of £10,218 and owed ECR £3,228,391 (net of impairment provision made by ECR to date). It is estimated that the full amount of tax losses accumulated by MGA currently totals approximately A\$66,000,000. Advice to date indicates that these tax losses are available for use against future profits of MGA subject to certain conditions. The Directors believe that in due course a business project with the capacity to generate surplus funds to utilise some or all of the tax losses will be identified and therefore it is appropriate to recognise a deferred tax asset in respect of these losses. The accounting for the deferred tax asset will be finalised by 30 September 2015; for these half-yearly statements, a deferred tax asset sufficient to offset the inter-company balance not represented by tangible assets has been included on the Consolidated Statement of Financial Position.

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 half-yearly financial statements.

Notes to the Condensed Half-Yearly Financial Statements

For the six months ended 31 March 2015

4. 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.

5. Loss per share

	Six months ended 31 March 2015	Six months ended 31 March 2014	Year ended 30 September 2014
Weighted number of shares in issue during the year	3,414,964,925	3,259,129,317	3,260,089,969
	£	£	£
Loss for the period attributable to owners of the parent	(1,003,743)	(892,230)	(1,746,397)

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.

6. Income tax

No charge to tax arises on the results and no deferred tax provision arises other than the deferred tax asset referred to in note 2.

7. Other investments

Common share purchase warrants of THEMAC Resources Group Ltd

The Company's entire holding of such warrants was sold during the period at a loss of £12,461, for consideration of £13,735.

8. Related party transactions

The Directors are the only key management.

Directors' remuneration during the period was as follows:

	Six months ended 31 March 2015 £	Six months ended 31 March 2014 £	Year ended 30 September 2014 £
Directors' emoluments	114,139	92,164	333,315
Share-based payments	182,697	–	–
Total emoluments	296,836	92,164	333,315

The figure for share-based payments in this note 8 pertains to the grant of share options announced on 31 December 2014.

There were no other related party transactions during the period.

9. Share issues during the period

On 5 December 2014 the Company announced the issue of 102,905,100 ordinary shares of 0.1p each in the Company following the partial conversion of a convertible loan amounting to US\$250,000 at a price of £0.001549 (0.1549 pence) per share.

On 16 December 2014 the Company announced the issue of 97,037,767 ordinary shares of 0.1p each in the Company following the partial conversion of a convertible loan amounting to US\$264,288 at a price of £0.001733 (0.1733 pence) per share, with an additional 13,112,262 ordinary shares issued at the same price in settlement of accrued interest on the convertible loan.

On 25 March 2015 the Company announced the issue of 74,798,658 ordinary shares of 0.1p each in the Company following the partial conversion of a convertible loan amounting to US\$150,000 at a price of £0.001341 (0.1341 pence) per share, with an additional 11,858,576 ordinary shares issued at the same price in settlement of accrued interest on the convertible loan.

Notes to the Condensed Half-Yearly Financial Statements

For the six months ended 31 March 2015

10. Consolidated Cash Flow Statement

	Six months ended 31 March 2015 £	Six months ended 31 March 2014 £	Year ended 30 September 2014 £
Operating activities			
Loss for the period, before tax	(1,003,743)	(892,230)	(1,746,397)
Adjustments:			
Depreciation expense, property, plant and equipment	1,469	–	358
Provision and impairment of investment and loans	88,381	525,310	585,895
(Gain)/loss on available for sale financial assets	138,590	(11,871)	121,922
Interest income	(19)	(423)	(654)
Loss on revaluation of investments	–	138,752	202,618
Interest paid on convertible loans	166,094	–	21,586
Interest expense - other	56	243	–
Share based payments	288,831	–	–
(Increase) /decrease in accounts receivable	(42,469)	76,743	(20,785)
Decrease in accounts payable	(37,030)	(202,541)	(28,136)
(Increase)/decrease in taxation	(311)	–	17,319
Net cash flow used in operations	(400,151)	(366,017)	(846,274)

The figure in this note 10 for interest paid on convertible loans includes the deemed cost of warrants issued with each convertible loan tranche, as well as implementation fees paid in respect of each tranche.

11. Post period end events

On 28 April 2015 the Company announced the issue of 60,962,963 ordinary shares of 0.1p each in the Company following the partial conversion of a convertible loan amounting to US\$100,000 at a price of £0.001080 (0.1080 pence) per share, with an additional 4,300,324 ordinary shares issued at the same price in settlement of accrued interest on the convertible loan.

On 7 May 2015 the Company announced the issue of 58,917,710 ordinary shares of 0.1p each in the Company following the partial conversion of a convertible loan amounting to US\$100,000 at a price of £0.001118 (0.1118 pence) per share, with an additional 923,828 ordinary shares issued at the same price in settlement of accrued interest on the convertible loan.

On 28 May 2015 the Company announced the issue of 89,464,286 ordinary shares of 0.1p each in the Company following the partial conversion of a convertible loan amounting to US\$150,000 at a price of £0.001092 (0.1092 pence) per share, with an additional 1,925,870 ordinary shares issued at the same price in settlement of accrued interest on the convertible loan.

On 1 June 2015 the Company announced a directorate change. Paul Johnson resigned as a director, and William John Selwood Howell was appointed as a director of ECR and as Non-Executive Chairman of the board of directors with effect from 31 May 2015.

On 16 June 2015 the Company announced the issue of 61,498,092 ordinary shares of 0.1p each in the Company following the partial conversion of a convertible loan amounting to US\$100,000 at a price of £0.001048 (0.1048 pence) per share, with an additional 974,742 ordinary shares issued at the same price in settlement of accrued interest on the convertible loan.

On 22 June 2015 the Company posted a notice of general meeting to shareholders. The purpose of the general meeting will be to consider certain ordinary and special resolutions which are intended to effect a reorganisation of ECR's share capital.