

**This announcement contains inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310.**

**ECR MINERALS PLC**

**("ECR Minerals", "ECR" or the "Company")**

**Heads of Terms for Proposed Disposal of MGA**

ECR Minerals plc (LON: ECR), the exploration and development company focused on gold in Australia, is pleased to announce that, further to previous announcements, it has entered into a non-binding heads of terms (the "Heads of Terms") with Octo Holdings Pty Ltd ("Octo") regarding the proposed sale (the "Proposed Disposal") of the entire issued share capital of ECR's wholly-owned subsidiary, Mercator Gold Australia Pty Ltd ("MGA"). MGA holds certain of the Company's exploration assets in Victoria, Australia but will be restructured prior to the Proposed Disposal as described below.

*Highlights of the Proposed Disposal pursuant to the non-binding Heads of Terms:*

- Total cash consideration to be payable of A 4.5 million
- Payable in two equal cash tranches: the first tranche on completion of the Proposed Disposal and the second tranche on or before 31 March 2025
- MGA is to be restructured such that the Creswick and Tambo projects will be transferred to another of the Company's subsidiaries, so that these projects are excluded from the Proposed Disposal
- The Bailieston gold and antimony exploration project will remain in MGA and therefore would be included in the Proposed Disposal
- MGA holds ECR's A 75 million of tax losses which represent the main asset that is to be disposed

**Overview of the Proposed Disposal**

Pursuant to the Heads of Terms, Octo has agreed to acquire MGA on a cash-free and debt-free basis. It is proposed that, on or before completion of the Proposed Disposal, ECR will effect a reorganisation of MGA such that the only exploration assets remaining within MGA will be the four exploration tenements collectively known as the Bailieston project (EL5433, EL006911, EL006912, and EL007296), which targets gold and antimony mineralisation over 142 km<sup>2</sup> of exploration ground within the Melbourne zone. Although potentially encouraging antimony results have been reported from the Bailieston project (as announced on 3 July 2024), the Bailieston project is considered by the Board to be a non-core asset given ECR's key focus on gold exploration.

It is proposed that the tenements comprising ECR's core Creswick and Tambo gold exploration projects, along with the lease of ECR's premises near Bendigo, Victoria, will be transferred to another of the Company's wholly owned subsidiaries and so would be excluded from the Proposed Disposal. Furthermore, MGA's contracts with ECR's employees, consultants and other suppliers will be similarly transferred such that the Proposed Disposal will have no impact on ECR's ongoing Victoria operations at the Creswick and Tambo projects. For the avoidance of doubt, ECR's core Lolworth and Blue Mountain projects and the Kondaparinga project (all of which are based in Queensland) are held via a different ECR subsidiary and will therefore be unaffected by the Proposed Disposal.

Under the Heads of Terms, the consideration to be payable by Octo is to be A 4.5 million and is to be settled in two equal tranches in cash, with the first tranche on completion of the Proposed Disposal and the second tranche on or before 31 March 2025.

The Heads of Terms restate the exclusivity period between ECR and Octo until 31 January 2025 and it is the parties' expectation that the Proposed Disposal will be concluded before that date. In the event that further time is required to finalise the pre-completion steps summarised in this announcement, then Octo has the right to extend the exclusivity period for a further 28 days in return for the payment of a commitment fee of A\$50,000 (which is refundable in certain circumstances), which would be deductible from the first tranche of the consideration.

It is noted that the Heads of Terms are not binding in relation to the terms of the Proposed Disposal, as described above, and that the Proposed Disposal will be subject, among other things, to due diligence by Octo and the execution of a legally binding agreement governing the transaction. There can therefore be no certainty that final binding terms will be agreed, nor as to the timing or final terms, value or conditions of the Proposed Disposal or the final position in respect of the proposed pre-completion restructuring of MGA.

As previously announced, the Proposed Disposal may be considered to be a fundamental change of business pursuant to Rule 15 of the AIM Rules for Companies. If applicable, this would require, amongst other items, the Proposed Disposal to be conditional on the consent of shareholders being given in a general meeting, the publication of a shareholder circular detailing the terms of the transaction and certain other disclosures as set out in the AIM Rules.

#### **Proposed use of proceeds**

Subject to its completion, ECR currently intends to use the net proceeds from the Proposed Disposal to advance the exploration and development of its Queensland and Victoria projects, as previously announced. In particular, the Board considers that the stronger balance sheet that the Company would have on completion of the Proposed Disposal will accelerate its ability to commercialise its core projects.

The board will also assess potential additional value-accretive opportunities for the Company.

The Board considers that the combination of the subscription that was announced in November 2024 and the Proposed Disposal proceeds would ensure that ECR would be fully funded for all of its currently planned activities for the medium-term future.

#### **Next Steps**

It is proposed that the parties' legal advisers will now prepare the necessary definitive and binding agreement to effect the Proposed Disposal and, as described above, ECR will organise the pre-completion restructuring of MGA. Octo will conclude any remaining due diligence on MGA and its assets simultaneously with these workstreams.

**Nick Tulloch, ECR's Chairman, said:** "These Heads of Terms represent a significant milestone in our strategy to unlock value from our Australian assets. As investors will know, this has been a complex process and it is a credit to the entire ECR team that we are now at this stage. Once completed, the Proposed Disposal will provide significant cash proceeds to strengthen our balance sheet and the simultaneous restructuring has been designed to preserve the core value within ECR without interruption to our ongoing key operations at Creswick and Tambo. Once the Proposed Disposal has been completed, ECR will be fully funded for all of its currently planned activities for the medium-term future."

#### **Financial information relating to the Proposed Disposal**

Set out in the Appendix to this announcement is a summary of the audited Statement of the Financial Position and the Statement of Profit or Loss and Other Comprehensive Income for MGA for the year ended 30 September 2023, being the date to which ECR's last audit was prepared.

It is noted that this historic financial information does not reflect the proposed pre-completion restructuring of MGA described above. In particular, shareholders should note the following key adjustments to MGA which are anticipated to occur in relation to its proposed pre-completion restructuring:

- All cash balances within MGA at the point immediately prior to completion will be retained by ECR (MGA's cash balances as at 30 December 2024 are approximately A\$10,000)

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- MGA's assets, and particularly the fixed assets and Capitalised Development Expenditure, will be apportioned between the Bailieston, Creswick and Tambo projects, with the Creswick and Tambo projects (comprising the majority of MGA's assets) being retained by ECR
- Investments by MGA in ECR's other subsidiaries, Mercator Gold Holding and Lux Exploration, will be written off
- The inter-group loan from ECR to MGA of A 99 million will similarly be written off
- All other liabilities of MGA, save for those in respect of the remaining Bailieston project tenements, will be settled in full
- The majority of the expenses in the Statement of Profit or Loss and Other Comprehensive Income relate to the Creswick and Tambo projects, as well as the ongoing running of ECR's administrative functions in Australia and so will continue to be borne by ECR following completion of the Proposed Disposal

## Appendix - extracted audited historic financial information on MGA

Mercator Gold Australia Pty Ltd

Statement of Financial Position

For the Year ended 30 September 2023

	30 September 2023 A
<b>Current Assets</b>	
Cash and cash equivalents	132,874
Other receivables	18,903
Inventory	-
<b>Total Current Assets</b>	<b>151,777</b>
<b>Fixed Assets</b>	
Fixed Assets	753,585
Accumulated depreciation	(215,609)
<b>Total Fixed Assets</b>	<b>537,976</b>
<b>Other Non-Current Assets</b>	
Acquisition of Mining Properties	50,000
Capitalised Development Expenditure	7,319,104
Investment in Mercator Gold Holding	849,800
Investment in Lux Exploration	636,200
	<b>8,855,104</b>
<b>Total Assets</b>	<b>9,544,857</b>
<b>Current Liabilities</b>	
Trade and other payables	61,368
Loan from ECR Minerals Plc	99,036,939
<b>Total current liabilities</b>	<b>99,098,307</b>
<b>Non-current Liabilities</b>	
Trade and other payables	2,434,859
	<b>2,434,859</b>
<b>Total Liabilities</b>	<b>101,533,166</b>
<b>Net Liabilities</b>	<b>(91,988,309)</b>
<b>Equity</b>	
Issued capital	391
Accumulated losses	(91,988,700)
<b>Total Equity</b>	<b>(91,988,309)</b>

Mercator Gold Australia Pty Ltd

Statement of Profit or Loss and Other Comprehensive Income

	30 September 2023 A
Revenue	-
	-
<b>Income</b>	
Interest Income	3,591
Other income	4,818
<b>Gross profit</b>	<b>8,408</b>
<b>Expenses</b>	
Accounting and audit fees	790
Consultants	99,916
Bank charges	913
Depreciation expense	225,817
Insurance	13,716
Legal fees	7,652
Development expenses	1,121,517
Director's fee	20,000
General expenses	24,623
Office expenses	6,174
Management Fees	270,620
Rent	42,317
Travel	17,240
Employment expenses	37,153
Loss on investment	-
Loss on disposal of asset	81,734
<b>Total Expenses</b>	<b>1,970,182</b>
<b>Less: Development expenses Capitalised</b>	<b>(1,121,517)</b>
<b>Profit/(Loss) before income tax</b>	<b>(840,256)</b>
Income tax expense	-
<b>Profit/(Loss) for the year</b>	<b>(840,256)</b>

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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## **ABOUT ECR MINERALS PLC**

ECR Minerals is a mineral exploration and development company. ECR's wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd ("MGA") has 100% ownership of the Bailieston and Creswick gold projects in central Victoria, Australia, has six licence applications outstanding which includes one licence application lodged in eastern Victoria (Tambo gold project).

ECR also owns 100% of an Australian subsidiary LUX Exploration Pty Ltd ("LUX") which has three approved exploration permits covering 946 km<sup>2</sup> over a relatively unexplored area in Lolworth Range, Queensland, Australia. The Company has also submitted a license application at Kondaparinga which is approximately 120km<sup>2</sup> in area and located within the Hodgkinson Gold Province, 80km NW of Mareeba, North Queensland.

Following the sale of the Avoca, Moornbool and Timor gold projects in Victoria, Australia to Fosterville South Exploration Ltd (TSX-V: FSX) and the subsequent spin-out of the Avoca and Timor projects to Leviathan Gold Ltd (TSX-V: LVX), MGA has the right to receive up to A 2 million in payments subject to future resource estimation or production from projects sold to Fosterville South Exploration Limited.

MGA also has approximately A 75 million of unutilised tax losses incurred during previous operations.

### **Bailieston Project - Background**

The Bailieston project targets epizonal gold and antimony mineralisation and lies within the Melbourne zone, located approximately 150km north of the Victorian state capital, Melbourne. The project is located geologically within the orogenic Lachlan Fold Belt (LFB), and is subdivided into geological zones based on distinct geological and metallurgical characteristics.

The project is characterised by gold and antimony mineralisation, and across the zone ECR Minerals holds a total of 142 km<sup>2</sup> of exploration ground across four tenements (EL5433, EL006911, EL006912 and EL007296). These tenements enjoy good road access, and contain the historical prospects known as HR3 (Byron-Maori), HR4 (Cherry Tree), Blue Moon, Black Cat and Pontings, all of which have a history of exploration and some modest production. Updates relating to the Bailieston project were recently announced on 10 September 2024 and 3 July 2024 and further information on the Bailieston project can be found on the Company's website: <https://ecrminerals.com/>

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