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ECR MINERALS plc

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

Update on potential sale of MGA
and
Strategic Update: Maximising the Value of Antimony at Bailieston and Tax Loss Monetisation

ECR Minerals plc (AIM: ECR), the exploration and development company focused on gold in Australia, provides an update on its ongoing strategy, including developments regarding the potential sale of its subsidiary, Mercator Gold Australia Pty Ltd ("MGA"), and plans to capitalise on the increasing global demand for antimony at Bailieston.

Highlights

- Termination of the non-binding heads of terms with Octo Holdings Pty Ltd
- Expanding discussions regarding the potential sale of MGA to include additional interested parties
- Reassessing the strategic value of Bailieston amid strong antimony prices and rising global demand
- Proposed further drilling campaign at Bailieston to unlock its full potential is funded and within budget
- Also evaluating an alternative strategy of allocating tax losses to Blue Mountain production

Potential sale of MGA

For several months, ECR has engaged in discussions with Octo Holdings Pty Ltd ("Octo") in respect of the proposed sale of the entire issued share capital of MGA, which holds ECR's Australian tax losses, to Octo. The proposed target completion date of the sale of MGA, as suggested by Octo, was 28 February 2025 to enable Octo to conclude other agreements, independent of ECR, that it is engaged in. In this regard, the Board of directors ("Board" or "Directors") consider that Octo has not made satisfactory progress in relation to being able to proceed with the proposed transaction and consequently ECR has written to Octo terminating the non-binding heads of terms between the two parties.

During the discussions with Octo, ECR continued to attract interest in MGA from additional parties. As well as the appeal of the tax losses held by MGA, MGA is also the owner of three of the Company's tenements in Victoria, including the Bailieston gold and antimony exploration project. It was proposed that on or before completion of the proposed disposal of MGA to Octo, ECR would effect a reorganisation of MGA such that the only exploration assets remaining within MGA would be the Bailieston project. With rising gold prices, and more particularly, rising antimony prices as well as growing global interest in the strategic importance of these metals, the Board believes that MGA's, Bailieston tenement, represents an attractive possible strategic purchase as a potentially valuable asset in its own right.

With the non-binding heads of terms previously agreed with Octo now terminated, ECR's Board has determined to widen discussions on the potential sale of MGA to include other interested parties. Based on the preliminary enquiries received, it is apparent that the interest in MGA and its assets is both extensive and varied and ECR will therefore take this opportunity to re-examine the optimum structure of any potential sale of MGA.

Rules on transferring tax losses in Australia are complicated with the overriding consideration being that tax losses will always belong to the company in which they were incurred (MGA in this instance) and the transfer of that company needs to be by way of an operating entity (i.e. the company needs to have activities in addition to the tax losses for a third party to be able to make use of them). Octo's preference was for MGA's addition to the tax losses for a third party to be able to make use of them). Octo's preference was for MGA's operations to comprise Bailieston. However, in the intervening period and as described further below, ECR's Board has reassessed Bailieston's potential value in light of the ongoing price strength in the antimony market.

It is possible therefore that any potential sale of MGA could be restructured to comprise other tenements within the Company, thereby enabling ECR to retain Bailieston (or the more prospective areas within the Bailieston project area).

As previously announced, any disposal of MGA 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 of MGA to be conditional on the consent of the Company's 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. There can be no guarantee as to the conclusion of any agreement for the disposal of MGA, nor as to the timing or final terms, structure or value of any such transaction.

The Company will provide further updates as appropriate.

Antimony drilling campaign at Bailieston

On 3 July 2024, ECR announced the results of additional testing for antimony of diamond core samples from Bailieston drilled during 2021-2022. The best results included 0.3 metres grading 32% Sb (Antimony) and 0.1 metres grading 1.20% Sb and a total of 12 samples returned results greater than 0.1% Sb.

It is these results, coupled with other substantial antimony resources being reported in the nearby area that, in the opinion of the Board, have driven third party interest in Bailieston.

Given the growing strategic importance of antimony and the exceptional grade in the previous drilling, ECR is now examining plans for a step out drilling campaign at Bailieston. The Company's geological analysis suggests that Bailieston is analogous to other narrow, high-grade gold-antimony deposits found throughout Central Victoria. Additionally, historical reports indicate small-scale antimony mining activity occurred immediately northwest of ECR's previous drilling site along the same geological trend.

ECR's geological team are reviewing these trends to determine the optimum locations for a new drilling campaign, targeting both gold and antimony. The results of this drilling may, if successful, redefine the potential value of Bailieston as well as MGA and may also inform ECR on the most suitable structures for any future sale of MGA.

This proposed drilling campaign was one of the allocated uses of funds from the subscription announced on 25 November 2024 and is therefore within ECR's 2025 budget. A further announcement will be made in due course.

Update on plans for commercial production at Blue Mountain

Further to the announcement on 3 February 2025, ECR has continued to progress its plans to bring its Blue Mountain Project in Queensland into commercial production. This follows the 91.7% gold into 0.40% of the mass recovery rate estimated by Gekko Systems Pty Limited and the expectation that the alluvial-based ore located at the project is suitable for gravity concentration using a batch centrifugal concentrator.

The preliminary steps in relation to assessing the commercial suitability of the Blue Mountain Project are as follows:

1. Aerial survey using drones to determine the most suitable locations for trenching
2. Ground penetrating radar to determine the depth of the bedrock
3. Commissioning of a wash plant, either made to order or purchased off the shelf and modified
4. Planning for recovery and reuse of water
5. Processing of bulk samples to test the recovery rate

Plans for steps 1-3 above are now well advanced in parallel with ongoing work on costing the full production plant and engaging specialist contractors. Further announcements will be made as the project develops.

Possible Strategic Use of Tax Losses

It is self-evident that MGA's A 75 million tax losses represent a significant asset for ECR. While monetisation of the tax losses through a potential sale of MGA remains an option, ECR is also examining an alternative strategy of retaining and potentially utilising these losses within its own operations-particularly at Blue Mountain. Based on its preliminary projections, the Board understands that this could provide greater long-term value to shareholders.

The announcement on 3 February 2025 also noted that the ECR team believes that the Blue Mountain Project is capable of having an indicative revenue potential of approximately A 470,000 based on, amongst other assumptions, a wash plant with a 25 tonne per hour capacity. The results of the preliminary steps above are designed not only to validate these assumptions but also to determine the viability of increasing the scale of the operation by utilising dual wash plants. This in turn will inform the Board of the potential applicability of MGA's tax losses for the Company's own operations. Given the scale of Blue Mountain and the multiple gullies, the Board believes that there is considerable scope to upscale the operations, subject to the results of the steps described above.

Based on the current tax rates in Australia and the Board's preliminary economic modelling for Blue Mountain, the Board currently estimates that MGA's tax losses could provide a total potential saving of approximately up to A 18.75 million to ECR if utilised within its own operations. The proposed transaction with Octo valued MGA at A 4.5 million reflecting the benefit to the Company of an immediate cash receipt. However, in light of the production opportunity at Blue Mountain, it has since become apparent that ECR may be able to use the tax losses itself on an earlier timeframe than previously envisaged. To put that in context, based on the potential revenue illustration above, the Board currently estimates that the Company would save A 4.5 million (being the value of the cash consideration that was proposed under the Octo transaction) in taxes in around six years through its operations at Blue Mountain. This period could be considerably less if the project was capable of being scaled up.

To make the tax losses available at Blue Mountain, ECR would need to conduct a straightforward restructuring of its Australian subsidiaries, a process that has already undergone considerable preparation work in the context of the potential sale of MGA. However, the effect of this reorganisation could potentially make Blue Mountain essentially tax free for the expected life of the project.

While ECR is assessing the commercial suitability of the Blue Mountain Project, there is no certainty that the Blue Mountain Project will enter into commercial production, nor be capable of achieving the illustrative monthly revenues outlined above and consequently being in a position to utilise any indicative tax savings in the manner described above.

ECR Chairman, Nick Tulloch, commented:*"As shareholders are aware, we have dedicated substantial effort to unlocking value from our A 75 million of tax losses. Whilst we appreciate that some investors may be eager for a quick sale, it is essential that we prioritise the best long-term outcome for ECR's shareholders. These losses were accumulated over two decades, and ensuring that we extract maximum value is our priority. The delays in the proposed Octo transaction, while disappointing, have provided us with an opportunity to reassess our strategic position. Given the level of demand for antimony and the strength of the grades that we have identified at Bailieston, it is clear that this asset may be more valuable than previously considered.*

"Additionally, with our Blue Mountain Project advancing, we see a significant alternative opportunity to use MGA's tax losses internally, potentially saving the Company millions in taxes if we bring this high-potential gold project into production.

"Our Company has several potentially high value projects and, through our sale efforts, a number of potentially interested parties wish to investigate the purchase of MGA. We are consequently in a far stronger place now than when we began the investigations into a sale of MGA and we will put our learning on the sale of tax losses and the developments within our own projects to good effect. Our plans to sell MGA and monetise the tax losses are still very much on our agenda, but offers will now be assessed against a competing use within our own operations."

Review of Announcement by Qualified Person

This announcement has been reviewed by Adam Jones, Chief Geologist at ECR Minerals Plc. Adam Jones is a professional geologist and is a Member of the Australian Institute of Geoscientists (MAIG). He is a qualified person as that term is defined by the AIM Note for Mining, Oil and Gas Companies.

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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 km2 over a relatively unexplored area in Lolworth Range, Queensland, Australia. The Company has also submitted a license application at Kondaparinga which is approximately 120km2 in area and located within the Hodgkinson Gold Province, 80km NW of Mareeba, North Queensland.

Following the sale of the Avoca, Moormbool 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.

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