

ERRIS RESOURCES PLC
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

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ERRIS RESOURCES PLC

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ERRIS RESOURCES PLC

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020

Chairman's Statement

The first half of 2020 has been an active and important six months for the Company, notwithstanding the onset of the COVID-19 pandemic, which forced Erris to shut down its exploration programmes for a period of time in line with Government guidelines. During this time, and as part of its ongoing corporate strategy, the Board was reviewing projects in low risk jurisdictions internationally with a specific emphasis on finding more advanced assets that are closer to production. We believe this kind of project will work better to the Company's strengths and experience and enable Erris to move further up the value curve and generate better returns for its shareholders in the longer term.

Accordingly, post period end, we were delighted to announce that the Company was in the advanced stages of undertaking the proposed acquisition of 50 per cent. of the issued share capital of Deutsche Lithium GmbH ('the Acquisition'), the principal activity of which is the development of the Zinnwald Lithium Project ('Zinnwald') in south-eastern Germany. The Board believes that Zinnwald, which already has a published Feasibility Study and a mining license, presents an excellent opportunity to create value for shareholders. Contemporaneous and conditional on the Acquisition, the Company intends to undertake an equity fundraise to raise working capital for the enlarged Erris business.

If the Acquisition proceeds, an AIM Admission Document containing full details of the transaction and a Notice of General Meeting for shareholders to approve the transaction will be published. In addition, a resolution will be put forward to shareholders at the EGM to approve a change in the Company's name to Zinnwald Lithium Plc, which the Directors believe better reflects the Company's proposed new corporate strategy. At this stage, there can be no certainty that the Acquisition will be completed.

In regard to the Company's existing assets, the work done at Abbeystown was successful in advancing the project, however, the macro climate in relation to zinc and general market appetite does not currently support any further work at this project for the time being. Additionally, the Company advanced its projects in Scandinavia, particularly Brännberg, but again, investor appetite for these specific projects has been muted. These projects will remain owned by Erris and held in care and maintenance whilst it looks for future funding partners.

The Board believes that its Loch Tay project, whilst already generating promising results and potential drill targets, is too early an exploration stage project on its own to support the costs of being a listed company. The Board believes that the Loch Tay project, on a standalone basis, would be better developed in a private company that can more efficiently utilise its financial resources to advance the project. Accordingly, if the Acquisition proceeds, Erris Gold Resources ("EGR"), which owns the Loch Tay project, will be spun out to the existing shareholders of Erris, who have funded Loch Tay to date. Further details regarding this proposed divestment will be in the AIM Admission Document to be published if the Acquisition proceeds.

Existing Assets

On 15 January, Erris announced that it had concluded due diligence and issued the Option Notice to GreenOre Gold Plc to acquire 80% of the Loch Tay Licence in Perthshire, Central Scotland. Erris has the option to earn 80% of the Project by defining a minimum inferred resource of 250,000 ounces gold, to be defined by an Independent Competent Person by 15 March 2024. The project area comprises 237 sq. km of highly prospective ground within the Grampian Gold Belt, located 43km east of the new Cononish high-grade gold mine.

Early prospecting and mapping during the due diligence period at the Lead Trial, where historic small-scale workings for lead are located, yielded good grades of gold associated with lead and zinc. In February and March, the team commenced further prospecting and a batch of 121 rock samples were submitted to the ALS laboratory in Loughrea, Ireland prior to the commencement of the COVID-19 lockdown on 25 March. The results from the samples submitted yielded some excellent grades of gold including the two highest grade samples with 17.15g/t Au and 14.8g/t Au respectively. These high-grade samples were taken up to 2.9km east of the workings and defined a new high-grade target area called Lead Trial – Dunan.

The team continued to review and compile large amounts of historic data from home during the lockdown period and identified new target areas for subsequent ground truthing and prospecting. On 30 June, the Company announced that it was resuming fieldwork in July and that GreenOre Gold and Erris had agreed to extend the option period by 98 days due to lost time caused by the COVID-19 restrictions.

ERRIS RESOURCES PLC

CHAIRMAN'S STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

Based on work done, the Lead Trial target now consists of a 3km mineralised trend of boulders and outcrop with the highest-grade boulders located at the east end. Detailed mapping, soil geochemical surveys and ground magnetic surveys to define the mineralised system and identify drill targets has been planned.

Several other targets are present within the large licence area such as in Glen Almond where alluvial gold and narrow high-grade veins have been located, the Corrie Buidhe mine where high-grade silver was mined historically and gold has been sampled and Invergeldie where gold-bearing arsenopyrite mineralisation was drilled historically but where there are also stream geochemical anomalies associated with felsites. The next step is to systematically review these targets areas and other gold occurrences within the licence area to prioritise and upgrade prospective targets.

The sterling gold price reached a new high of £1,579.13 /oz on 6 August 2020 and investor interest in the gold mining sector remains high.

The Company announced on 2 December 2019 that Centerra Gold had terminated its strategic alliance with Erris and Centerra would not maintain any further interest in the permits in Sweden and Finland. In early 2020, Erris took the decision to surrender the Finland permits, close its Finnish subsidiary and retain only key permits in Sweden.

In Sweden, the Company maintains the Brännberg gold project, which consists of three core exploration permits in the Skellefte Mining District. Gold mineralisation has been confirmed by drilling with excellent potential for a major gold system. Mineralisation extends from surface with best results including 17.2m @ 1.93g/t Au and 0.26% Cu from 160.90m-178.10m in drill hole BB004. The mineralisation is open at depth and the project is available for acquisition or joint venture. In Norway the Company also retains two gold and base metal projects in the north of the country with a total of 50sq.km in five permits.


In Ireland, Erris maintains five prospecting licences ("PLs"), renewed in August 2020 for a further six years, over the 100%-owned Abbeytown Project, including the historic Abbeytown mine, in County Sligo. Given the current challenging market conditions for the zinc sector and in order to preserve its financial resources, no work was carried out on the project in the first half of 2020. For these reasons, with regard to its early stage Galway Project the team has chosen to surrender the Galway PLs. The focus in the near term remains to seek a partner for the development of the Abbeytown Project.

Financials

The Company continues to maintain its extremely disciplined approach to expenditure and cash management and as such is well funded for the remainder of 2020 with a €1.0m cash position as at the date of this report. On 5 May, Erris took advantage of strong investor interest in the Company to raise an additional £0.33 million of equity funding to bolster its cash position.

Outlook

Having evaluated several new project opportunities in our quest to find a new core project and as outlined above, we are hopeful that the proposed acquisition of Zinnwald will progress to completion; this will see the Company transformed with the potential to be a major supplier of high value lithium products to Europe's rapidly growing electric vehicle and energy storage market. We look forward to updating shareholders further on this exciting opportunity.



Anton du Plessis
Non-Executive Chairman

ERRIS RESOURCES PLC

STRATEGIC REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2020

The directors present the strategic report for the six months ended 30 June 2020.

1 Highlights – 6 months to 30 June 2020

- Issued the Option Notice to GreenOre Gold Plc to acquire 80% of the Loch Tay Licence in Perthshire, Central Scotland
- Commenced systematic fieldwork in Scotland and identified priority target area at Lead Trial
- Sampled high-grade gold at Lead Trial and new expanded target identified prior to Covid-19 lockdown restrictions
- Retained Brannberg project in Sweden and two gold projects in Norway for 2020 as gold price increases
- Maintained Abbeytown Project zinc-lead-silver project in good standing and surrendered Galway early stage project
- Maintained tight control on expenditure with cash of approximately €1.3 million at the end of June
- Evaluated several new project opportunities to identify and secure a new core asset to build shareholder value

2 Operational review and outlook

Scotland

On the 15 January 2020, Erris announced that it had concluded due diligence and issued the Option Notice to GreenOre Gold Plc to acquire 80% of the Loch Tay Licence in Perthshire, Central Scotland. Erris has the option to earn 80% of the project by defining a minimum inferred resource of 250,000 ounces gold, to be defined by an Independent Competent Person, within four years of the date of the Option Notice, since extended to 15 March 2024. The Project area comprises 237 sq. km of highly prospective ground within the Grampian Gold Belt, located 43km east of the new Cononish high-grade gold mine.

Early prospecting and mapping during the due diligence period at the Lead Trial, where historic small-scale workings for lead are located, yielded good grades of gold associated with lead and zinc. In February and March, the team commenced further prospecting and a batch of 121 rock samples were submitted to the ALS laboratory in Loughrea, Ireland. On 25 March, the Company announced that prospecting and mapping on the project had ceased in line with the restrictions introduced by the UK government to combat the outbreak of COVID-19. The results from the batch of samples submitted prior to the lockdown restrictions yielded some excellent grades of gold including the two highest grade samples with 17.15g/t Au and 14.8g/t Au respectively. These high-grade samples were taken up to 2.9km east of the workings and defined a new high-grade target area called Lead Trial – Dunan. The samples were 210m apart on the lower slopes of the hill and they are considered proximal to a bedrock source. In total, nine samples returned >5g/t Au between 1.6km and 2.9km southeast of Lead Trial historic workings and post-period end, additional mineralised boulders have been located and soil sampling commenced across this high-grade target area.

The team continued to review and compile large amounts of historic data from home during the lockdown period and identified new target areas for subsequent ground truthing and prospecting. On 30 June, the Company announced that it was resuming fieldwork in July and that GreenOre Gold and Erris had agreed to extend the option period by 98 days due to lost time caused by the COVID-19 restrictions.

The mineralisation at Lead Trial is hosted in quartz vein stockworks, veins and breccias within a felsite sill complex. The mineralisation postdates both the metamorphism and the intrusion of the felsites/rhyolite intrusives. Recent mapping has expanded the area of felsites which are a favourable host for structurally controlled mineralisation while new mineralised outcrops and float occurrences have been sampled up to 3km east of the workings. The Lead Trial target now consists of a 3km mineralised trend of boulders and outcrop with the highest-grade boulders located at the east end. Detailed mapping, soil geochemical surveys and ground magnetic surveys is planned to define the mineralised system and identify drill targets.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

2 Operational review and outlook (continued)

Several other targets are present within the large licence area such as in Glen Almond where alluvial gold and narrow high-grade veins have been located, the Corrie Buidhe mine where high-grade silver was mined historically and gold has been sampled and Invergeldie where gold-bearing arsenopyrite mineralisation was drilled historically but where there are also stream geochemical anomalies associated with felsites. The systematic review of these target areas and other gold occurrences within the licence area is planned to prioritise and upgrade prospective targets.

The Board believes that its Loch Tay project, whilst already generating promising results and potential drill targets, is too early an exploration stage project to on its own support the costs of being a listed company. The Board believes that the Loch Tay project, on a standalone basis, would be better developed in a private company that can more efficiently utilise its financial resources to advance the project. Consequently, if the proposed acquisition of 50 per cent. of the issued share capital of Deutsche Lithium proceeds, it is intended that Erris Gold Resources, which owns the Loch Tay project, will be spun out to the existing shareholders of Erris, who have funded Loch Tay to date. In addition, Erris Gold Resources will be provided funding of €400,000.

Sweden and Finland

The Company announced on 2 December 2019 that Centerra Gold had terminated its strategic alliance with Erris Resources and Centerra would not maintain any further interest in the permits in Sweden and Finland. In early 2020, Erris Resources took the decision to surrender the Finland permits, close its Finnish subsidiary and retain only key permits in Sweden.

The Company maintains the Brännberg gold project in the Skellefte Mining District of North Sweden. The project now consists of three core exploration permits, Brännberg nr.1, Brännberg nr.5 and Grundträsk nr.7 where drilling was focussed as part of the fully funded strategic alliance with Centerra Gold. Erris carried out significant exploration works with an investment by Centerra Gold of US\$670,000 in 2017-2018. Gold mineralisation has been confirmed by drilling with excellent potential for a major gold system. Mineralisation extends from surface with best results including 17.2m @ 1.93g/t Au and 0.26% Cu from 160.90m-178.10m in drill hole BB004. The mineralisation is open at depth and the project is available for acquisition or joint venture. Given the current market interest in gold, the Company believes that it may be able to attract a JV partner as gold projects such as this in good jurisdictions are not readily available.

Norway

The Company retains two gold +/- base metal projects in Northern Norway for a total of 50sq.km in five permits. Gautelis (20sq.km) is a carbonate hosted gold project with historic drilling including 3m at 6.6g/t Au and 26m at 0.58g/t Au. A second project, Varden, consisting of three permits for 30sq.km was applied for and granted in Q1 2020. The project has shear zone hosted Cu-Au-As mineralisation, quartz vein hosted Cu-Au mineralisation and stratiform Fe and Zn-Pb mineralisation. The mineralisation style is compared with the Cobar Ore field of WA in a detailed report by Dave Collier, a renowned and highly experienced geologist. Due to Covid-19 restrictions, no fieldwork was carried out in Norway in H1 2020. The Company believes the assets may be of interest to third parties and will seek JV partners.

ERRIS RESOURCES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

2 Operational review and outlook (continued)

Ireland

The Company maintains five prospecting licences ("PLs") over the 100%-owned Abbeytown Project, including the historic Abbeytown mine, in County Sligo following the renewal of those PLs in August 2020 for a further six years to August 2025. Surface and underground drilling in 2017-2018 intersected significant mineralisation around the Abbeytown mine and high-grade mineralisation is open along strike to the south of the mine. In addition, soil sampling has identified high-tenor anomalies in a structurally favourable setting up to 1.2km south of the mine. These targets remain to be tested and are a priority for future work. No work was carried out on the project in H1 of 2020 and minimum expenditures for the next two-year review period are due to be met by August 2021. Due to the current challenging market conditions, the Company will be looking for joint venture partners to advance this project.

The Company did not carry out any fieldwork on the Galway Project during H1 2020. The current challenging market conditions for zinc, especially early-stage zinc-lead projects, combined with the Covid-19 restrictions and the current focus on gold led the Company to surrender the PLs at the end of the first review period. The team submitted surrender reports in July 2020.

3 Financial review

Notwithstanding that the Company is a UK plc, admitted to trading on AIM, the Company presents its accounts in its functional currency of Euros, since the majority of exploration expenditure is denominated in this currency.

The Group is still at an exploration stage and not yet producing minerals, which would generate commercial income. Under the terms of the Centerra Strategic Alliance Agreement, which came to an end after four years in December 2019, the Company earned a 10% Management Fee on all committed expenditures, which amounted to €Nil in the period compared with €0.02m in 2019. The Group is not expected to report overall profits until it disposes of or is able to profitably commercialise its exploration and development projects.

During the period, the Group made an operating loss of €0.4m compared with a loss of €0.27m for the period ended 30 June 2019. This increased loss is mainly due to an increase in administrative costs to €0.37m from €0.24m in 2019, which primarily relates to the costs related to being a public listed company, including the costs of non-executive directors, brokers, nominated adviser and other advisers.

The Total Net Assets of the Group decreased to €3.45m at 30 June 2020 from €3.76m at 30 June 2019, primarily due to ongoing administrative and project related expenditure within the Group, offset by a €0.4m capital raise in May 2020. Intangible assets increased to €2.14m from €1.87m due to ongoing exploration at the Group's Scotland, Ireland and Sweden projects. Current liabilities decreased from €0.04m to €0.01m due to the release of a historic tax provision that was no longer required.

The closing cash balance for the Group at the period end was €1.3m which is lower than the €1.9m at the end of the same period in the prior year, due to ongoing operations within the Group. As at the date of this report, the Group's cash balance is €1.0m.

On behalf of the board



Cherif Rifaat
Director
30 September 2020

ERRIS RESOURCES PLC

DIRECTORS' REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2020

The directors present their report and financial statements for the six months ended 30 June 2020.

Results and dividends

The results for the period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of an interim dividend.

Directors and Directors' Interests

There were no other changes to the directors who held office in the period or to their interests as disclosed in the last Annual Report.

Substantial shareholdings

The directors have been notified of the following new shareholders with interests in 3% or more of the Company's ordinary issued share capital in addition to those disclosed in the last Annual Report.

- Graham and Christine Donaldson – 2,000,000 Shares (5.15%)
- Richard Thomas – 1,601,870 Shares (4.12%)

Directors' insurance

The Company has made qualifying third-party indemnity provisions for the benefit of its directors, which were made during the period and remain in force at the reporting date.

Supplier payment policy

The Company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code.

Working Capital and Liquidity Risk, Foreign Currency Risk, Credit and Interest Rate Risk

There have been no changes to the risks or mitigating steps as noted in the last Annual Report.

Post reporting date events

As noted in the Chairman's Statement to these accounts, the Company is close to finalising the terms of a Share and Purchase Agreement to acquire Bacanora Lithium plc's 50% shareholding in Deutsche Lithium GmbH plus €1.35m in cash. It is proposed that the consideration payable by Erris under the Share and Purchase Agreement will be the issue of new shares in the Company such that, prior to Erris issuing further new shares in relation to the proposed placing, Bacanora would own 70% of Erris. The acquisition would be deemed a reverse takeover under the AIM Rules for Companies. As a result, if the acquisition proceeds, an AIM Admission Document containing full details of the transaction and a Notice of General Meeting for shareholders to approve the transaction will be published.

In August 2020, the Company formed a new 100% owned subsidiary, Erris Gold Resources Ltd, to hold the Loch Tay Gold project and its related contracts. On 28 September 2020, the Company concluded an agreement, effective 1 October to transfer these Loch Tay assets, the Norwegian exploration Licenses, the contracts of the employees based in Ireland, including Aiden Lavelle, the consultancy contract of David Hall, and €400,000 to Erris Gold Resources.

On 24 September 2020, Erris announced that the Capital Reduction, details of which were set out in the Company's Notice of AGM dated 27 May 2020, and approved by shareholders at the AGM on 19 June 2020, had become effective following approval by the High Court and the subsequent registration of the Court order by the Registrar of Companies. This creates sufficient distributable reserves to enable the distribution of the shares in Erris Gold Resources to Erris's existing shareholders, once the General Meeting to approve the Zinnwald Transaction has been successfully concluded.

On behalf of the Board

Mr A du Plessis

Director

30 September 2020

ERRIS RESOURCES PLC

CORPORATE GOVERNANCE STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020

All members of the Board believe strongly in the value and importance of good corporate governance and in its accountability to all of the stakeholders in Erris Resources plc's ("Erris" or the "Company") including our shareholders, advisers, regulators and other suppliers. Robust corporate governance improves performance and mitigates risk and therefore is an important factor in achieving the medium to long term success of the Company. In the statement which follows, we explain our approach to governance, and how the board and its committees operate.

Changes to the AIM Rules for Companies which were announced on 30 March 2018 required AIM companies to apply a recognised corporate governance code from 28 September 2018. Erris has chosen to adhere to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in April 2018) to meet the new requirements of AIM Rule 26.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the board judges these to be appropriate in the circumstances

Like all aspects of the QCA Code, addressing the disclosure requirements should not be approached as a compliance exercise; rather it should be approached with the mindset of explaining and demonstrating the Company's good governance to external stakeholders.

The role of the Chair is to lead the board and to oversee its function and direction. The Chair has the overall responsibility for implementing an appropriate corporate governance regime at the Company.

There have been no significant changes in governance arrangements during the period other than the change to the Audit Committee with the appointment of Graham Brown and Jeremy Taylor-Firth becoming Chair of that committee.

The Company's most recent annual report for the financial period ended 31 December 2019 was published on 6 April 2020 and the Company included for the first time the disclosures recommended by the QCA Code. Furthermore, the Company updated its annual QCA Statement on its website in June 2020, which includes therein further additional detail on the Company's ongoing compliance.

ERRIS RESOURCES PLC

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		30 June 2020 Unaudited €	30 June 2019 Unaudited €
	Notes		
Revenue		-	15,835
Cost of sales		(40,695)	(45,167)
Gross (loss)/profit		(40,695)	(29,332)
Administrative expenses		(368,074)	(235,971)
Operating loss	4	(408,769)	(265,303)
Finance income		-	-
Loss before taxation		(408,769)	(265,303)
Tax on (loss)/profit		-	-
Loss for the financial period		(408,769)	(265,303)
Other comprehensive income		-	-
Total comprehensive income for the period		(408,769)	(265,303)
Earnings per share from continuing operations attributable to the owners of the parent company			
Basic and diluted (cents per share)		(1.31)	(0.85)

The income statement has been prepared on the basis that all operations are continuing operations.

ERRIS RESOURCES PLC

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	30 June 2020 Unaudited €	30 June 2019 Unaudited €	31 December 2019 Audited €
Non-current assets				
Intangible assets	6	2,140,610	1,870,651	2,002,334
Property, plant and equipment		-	-	-
		<u>2,140,610</u>	<u>1,870,651</u>	<u>2,002,334</u>
Current assets				
Trade and other receivables		51,330	62,847	36,030
Cash and cash equivalents		1,271,251	1,868,979	1,497,277
		<u>1,322,581</u>	<u>1,931,826</u>	<u>1,533,307</u>
Total assets		<u>3,463,191</u>	<u>3,802,477</u>	<u>3,535,641</u>
Current liabilities				
Current tax liabilities		-	30,648	-
Trade and other payables		12,476	6,029	43,130
Amounts owed to Strategic Alliance partner		-	7,073	-
		<u>12,476</u>	<u>43,750</u>	<u>43,130</u>
Net current assets		<u>1,310,105</u>	<u>1,888,076</u>	<u>1,490,177</u>
Total liabilities		<u>12,476</u>	<u>43,750</u>	<u>43,130</u>
Net assets		<u>3,450,715</u>	<u>3,758,727</u>	<u>3,492,511</u>
Equity				
Share capital		437,480	351,133	351,133
Share premium		4,431,671	4,151,045	4,151,045
Other reserves		811,077	827,376	811,077
Retained earnings		(2,229,513)	(1,570,827)	(1,820,744)
Total equity		<u>3,450,715</u>	<u>3,758,727</u>	<u>3,492,511</u>

ERRIS RESOURCES PLC

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Share capital €	Share premium €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2020	351,133	4,151,045	811,077	(1,820,744)	3,492,511
Six months ended 30 June					
Loss and total other comprehensive income for the period	-	-	-	(408,769)	(408,769)
Total comprehensive income for the period	-	-	-	(408,769)	(408,769)
Issue of shares	86,347	280,626	-	-	366,973
Balance at 30 June 2020	437,480	4,431,671	811,077	(2,229,513)	3,450,715

	Share capital €	Share premium €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2019	351,133	4,151,045	827,376	(1,305,524)	4,024,030
Six months ended 30 June					
Loss and total other comprehensive income for the period	-	-	-	(265,303)	(265,303)
Total comprehensive income for the period	-	-	-	(265,303)	(265,303)
Balance at 30 June 2019	351,133	4,151,045	827,376	(1,570,827)	3,758,727

ERRIS RESOURCES PLC

INTERIM CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		30 June 2020		30 June 2019	
		Unaudited		Unaudited	
	Notes	€	€	€	€
Cash flows from operating activities					
Cash (used in)/generated from operations	8		(363,352)		(404,884)
Net cash (used in)/generated from operating activities			(363,352)		(404,884)
Cash flows from investing activities					
Exploration expenditure		(138,276)		(125,232)	
Exploration expenditure utilising funds from Strategic Alliance Agreement		-		(159,953)	
Net cash used in investing activities			(138,276)		(285,485)
Cash flows from financing activities					
Proceeds from issue of shares		366,973		-	
Funds received from Strategic Alliance Agreements		-		163,232	
Net cash generated from financing activities			366,973		163,232
Net decrease in cash and cash equivalents			(134,655)		(527,137)
Cash and cash equivalents at beginning of period			1,497,276		2,366,893
Effect of foreign exchange rates			(91,370)		29,222
Cash and cash equivalents at end of period			1,271,251		1,868,978

ERRIS RESOURCES PLC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1 Accounting policies

Company information

Erris Resources Plc ("the Company") is a public limited company which is listed on the AIM Market of the London Stock Exchange domiciled and incorporated in England and Wales. The registered office address is 29-31 Castle Street, High Wycombe, Buckinghamshire, United Kingdom, HP13 6RU.

The group consists of Erris Resources Plc and its wholly owned subsidiaries Erris Zinc Limited in Ireland, Erris Resources (Exploration) Ltd in the UK and Sweden and Tulivori Exploration OY in Finland.

1.1 Basis of preparation

These unaudited interim condensed financial statements have been prepared under the historical cost convention and in accordance with the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The unaudited interim condensed financial statements should be read in conjunction with the annual report and financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The unaudited interim condensed financial statements do not constitute statutory financial statements within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of IFRSs as adopted by the European Union. Statutory financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 4 April 2020 and delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified.

The same accounting policies, presentation and methods of computation are followed in these unaudited interim condensed financial statements as were applied in the preparation of the audited financial statements for the year ended 31 December 2019.

The financial statements are prepared in euros, which is the functional currency of the company and the group's presentation currency, since the majority of exploration expenditure is denominated in this currency. Monetary amounts in these financial statements are rounded to the nearest €.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Erris Resources Plc and all of its subsidiaries (ie entities that the group controls when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided over time in the normal course of business and is shown net of VAT and other sales related taxes.

ERRIS RESOURCES PLC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1 Accounting policies (continued)

Recognised in revenue are charges that are invoices to the group's joint venture partner. These are based upon costs incurred together with management fees in connection with exploration programmes carried out under joint venture arrangements and in which the group acts as principal. Revenue from providing services is recognised in the accounting period in which the services are rendered. The execution of exploration programmes under joint venture funding arrangements is a key component of the strategy of the group.

1.5 Intangible fixed assets other than goodwill

Capitalised Exploration and Evaluation costs

Capitalised Exploration and Evaluation Costs consist of direct costs, licence payments and fixed salary/consultant costs, capitalised in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". The group recognises expenditure in Exploration and Evaluation assets when it determines that those assets will be successful in finding specific mineral assets. Exploration and Evaluation assets are initially measured at cost. Exploration and Evaluation Costs are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Any impairment is recognised directly in profit or loss.

1.6 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet ready to use and not yet subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

2 Judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Impairment of Capitalised Exploration Costs

Capitalised exploration costs had a carrying value as at 30 June 2020 of €2,140,610 (31 December 2019: €2,002,334). Management tests annually whether capitalised exploration costs have a carrying value in accordance with the accounting policy stated in note 1.5. Each exploration project is subject to an annual review either by a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure as well as the likelihood of on-going funding from joint venture partners. In the event that a project does not represent an economic exploration target and results indicate that there is no additional upside, or that future funding from joint venture partners is unlikely, a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and do not consider any impairment necessary.

ERRIS RESOURCES PLC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

3 Segmental reporting

The group operates principally in the UK, Ireland and Sweden, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities in Ireland & Sweden relate to exploration and evaluation work. The reports used by the Board and Management are based on these geographical segments.

	Ireland 2020 €	Sweden 2020 €	Others 2020 €	UK 2020 €	Total 2020 €
Revenues	-	-	-	-	-
Cost of sales and administrative expenses	(30,981)	-	(9,714)	(276,704)	(310,399)
Gain/loss on foreign exchange	(3,240)	(41)	-	(88,089)	(91,370)
Profit/(loss) from operations per reportable segment	(34,221)	(41)	(9,714)	(364,793)	(408,769)
Reportable segment assets	2,007,946	126,675	34,037	1,294,533	3,463,191
Reportable segment liabilities	4,671	-	-	7,805	12,476
	Ireland 2019 €	Sweden 2019 €	Others 2019 €	UK 2019 €	Total 2019 €
Revenues	-	15,835	-	-	15,835
Cost of sales and administrative expenses	(31,814)	-	-	(278,546)	(310,360)
Gain/loss on foreign exchange	11,527	1,412	-	16,283	29,222
Profit/(loss) from operations per reportable segment	(20,287)	17,247	-	(262,263)	(265,303)
Reportable segment assets	1,830,807	104,569	8,605	1,858,496	3,802,477
Reportable segment liabilities	27	19	7,073	36,631	43,750

ERRIS RESOURCES PLC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4 Operating (loss)/profit

	2020 €	2019 €
Operating (loss)/profit for the period is stated after charging:		
Exchange gains/losses	(91,370)	(29,222)
Operating lease charges	19,121	21,872
Exploration costs expensed	40,695	31,814

5 Earnings per share

	2020 Number	2019 Number
Weighted average number of ordinary shares for basic earnings per share	31,098,212	31,069,430
Effect of dilutive potential ordinary shares:		
- Weighted average number outstanding share options	3,150,000	4,500,000
Weighted average number of ordinary shares for diluted earnings per share	34,248,212	35,569,430
Earnings	€	€
Continuing operations		
Loss/profit for the period from continuing operations	(408,769)	(265,303)
Earnings for basic and diluted earnings per share attributable to equity shareholders of the company	(408,769)	(265,303)
Earnings per share for continuing operations		
Basic and diluted earnings per share		
Basic earnings per share	(1.31)	(0.85)
Diluted earnings per share	(1.31)	(0.85)

There is no difference between the basic and diluted earnings per share for the period ended 30 June 2020 and 2019 as the effect of the exercise of options would be to decrease the loss per share.

ERRIS RESOURCES PLC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

6 Intangible fixed assets

	Scotland Exploration and Evaluation and costs €	Ireland Exploration Evaluation and costs €	Sweden Exploration Evaluation and costs €	Total €
Cost				
At 1 January 2020	-	1,895,332	107,002	2,002,334
Additions - group funded	34,037	99,030	5,209	138,276
At 30 June 2020	34,037	1,994,362	112,211	2,140,610
Amortisation and impairment				
At 1 January 2020 and 30 June	-	-	-	-
Carrying amount				
At 30 June 2020	34,037	1,994,362	112,211	2,140,610

Intangible assets comprise capitalised exploration and evaluation costs (direct costs, licence fees and fixed salary / consultant costs) for the Ireland Zinc Projects, the Sweden Gold Projects (excluding the amounts recovered from Centerra Gold.) and the Loch Tay Project in Scotland.

7 Subsidiaries

Details of the company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Erris Resources (Exploration) Ltd	United Kingdom	Exploration	Ordinary	100.00	-
Erris Zinc Ltd	Ireland	Exploration	Ordinary	100.00	-
Tulivuori Exploration OY	Finland	Exploration	Ordinary	100.00	-

The registered office address of Erris Resources (Exploration) Ltd is 29-31 Castle Street, High Wycombe, Bucks, HP13 6RU.

On 26 February 2018, Erris Zinc Ltd was created to separate out the Group's Irish exploration assets into a separate company. All licences held in Ireland were transferred to this subsidiary on 26 June 2018. The registered office address of Erris Zinc Ltd is The Bungalow, Newport Road, Castlebar, Co Mayo, F23 YF24.

On 12 December 2018, Erris Resources (Exploration) Ltd acquired the entire issued share capital of Tulivuori Exploration OY shortly after incorporation. Tulivuori Exploration OY is a company registered in Finland and will be renamed Erris Finland. The registered office address of Tulivuori Exploration OY is c/o Bokforingsbyra Mattans AB, Storalangatan 57 A 11, 65100 Vasa, Finland. In 2020, Erris Resources (Exploration) Ltd commenced the liquidation process to wind up this company. As at the date of this document, the final notices and documents have been filed with the Finnish Register and the liquidation is expected to be completed imminently.

ERRIS RESOURCES PLC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

8 Cash (used in)/generated from group operations

	2019 €	2019 €
(Loss)/profit for the period after tax	(408,769)	(265,303)
Adjustments for:		
Foreign exchange	91,370	(29,222)
Movements in working capital:		
Increase in trade and other receivables	(16,032)	(3,513)
Decrease in trade and other payables	(29,921)	(106,846)
	<hr/>	<hr/>
Cash (used in)/generated from operations	(363,352)	(404,884)
	<hr/>	<hr/>

9 Events after the reporting date

As noted in the Chairman's Statement to these accounts, the Company is close to finalising the terms of a Share and Purchase Agreement to acquire Bacanora Lithium plc's 50% shareholding in Deutsche Lithium GmbH plus €1.35m in cash. It is proposed that the consideration payable by Erris under the Share and Purchase Agreement will be the issue of new shares in the Company such that, prior to Erris issuing further new shares in relation to the proposed placing, Bacanora would own 70% of Erris. The acquisition would be deemed a reverse takeover under the AIM Rules for Companies. As a result, if the acquisition proceeds, an AIM Admission Document containing full details of the transaction and a Notice of General Meeting for shareholders to approve the transaction will be published.

In August 2020, the Company formed a new 100% owned subsidiary, Erris Gold Resources Ltd, to hold the Loch Tay Gold project and its related contracts. On 28 September, the company concluded an agreement, effective 1st October to transfer these Loch Tay assets, the Norwegian exploration Licenses, the contracts of the employees based in Ireland, including Aiden Lavelle, the consultancy contract of David Hall, and €400,000 to Erris Gold Resources.

On 24 September 2020, Erris announced that the Capital Reduction, details of which were set out in the Company's Notice of AGM dated 27 May 2020, and approved by shareholders at the AGM on 19 June 2020, had become effective following approval by the High Court and the subsequent registration of the Court order by the Registrar of Companies. This creates sufficient distributable reserves to enable the distribution of the shares in Erris Gold Resources to Erris's existing shareholders, once the General Meeting to approve the Zinnwald Transaction has been successfully concluded.

10 Approval of interim condensed financial statements

These interim condensed financial statements were approved by the Board of Directors on 29 September 2020.