AIM: ECR
US OTC: MTGDY

ECR MINERALS plc

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

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 30 SEPTEMBER 2016 AND NOTICE OF ANNUAL GENERAL MEETING

LONDON: 31 MARCH 2017 - ECR Minerals plc is pleased to announce its audited financial statements for the year ended 30 September 2016. The information presented below has been extracted from the Company’s Annual Report and Accounts 2016.

Copies of the Annual Report and Accounts 2016 together with a notice of annual general meeting will be posted to shareholders today and will be available shortly on the Company’s website www.ecrminerals.com and from the Company’s registered office at Unit 117, Chester House, 81-83 Fulham High Street, Fulham Green, London SW6 3JA. The text of the notice of annual general meeting is provided below.

Market Abuse Regulations (EU) No. 596/2014

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (MAR). Upon the publication of this announcement via Regulatory Information Service (RIS), this inside information is now considered to be in the public domain.

FOR FURTHER INFORMATION, PLEASE CONTACT:

ECR Minerals plc Tel: +44 (0)20 7929 1010
William (Bill) Howell, Non-Executive Chairman
Craig Brown, Director & CEO
Ivor Jones, Director & COO

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

Cairn Financial Advisers LLP Tel: +44 (0)20 7213 0880
Nominated Adviser
Emma Earl / Jo Turner

Optiva Securities Ltd Tel: +44 (0)203 137 1902
Broker
Graeme Dickson

FlowComms Tel: +44 (0)7891 677 441
Investor Relations
Sasha Sethi

Blytheweigh Tel: +44 (0)20 7138 3204

Public Relations
Tim Blythe / Camilla Horsfall / Nick Elwes

FORWARD LOOKING STATEMENTS

This announcement may include forward looking statements. Such statements may be subject to numerous 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 because of new information, future events or for any other reason.

The Directors of ECR Minerals plc (the "Directors" or the "Board") present their report and audited financial statements for the year ended 30 September 2016 for ECR Minerals plc ("ECR", the "Company" or the "Parent Company") and on a consolidated basis (the "Group")

Chairman's Statement

The period since my address to shareholders in last year's annual report has been one of substantial change for ECR. The long bear market phase in the mining industry exacted a heavy toll on the Company, as did adverse political changes during 2016 in the Philippines, which for the preceding two years was the focus of ECR's operations.

However, as things stand today, ECR has been rejuvenated. Moreover, widespread positive sentiment has returned to the mining markets, and the ECR team is doing its utmost to capitalise on these more favourable conditions to deliver lasting appreciation in the Company's share price.

Since March 2015, ECR's exploration focus was mainly on its interests in the Danglay Project in the Philippines. This culminated in December 2015, when the Company's consultants finalised a Mineral Resource and NI 43-101 Technical Report. However, there was a sense of political change for the worse for the mining industry in the Philippines, and ECR decided to change its direction.

ECR subsequently entered into an agreement to acquire the Avoca and Bailieston gold projects areas in Victoria, Australia.

Primarily, ECR was attracted to the Australian projects for the following reasons:

- the significant exploration potential of the Avoca and Bailieston project areas;
- an improved political climate for mining investment in Victoria;
- the presence of successful modern gold mining operations nearby, particularly at the Fosterville and Costerfield mines;
- the reduction in recent years of the costs of key mining inputs in Australia, such as skilled labour rates and consulting charges; and
- the comparative weakness of the Australian dollar against the US dollar, meaning that the Australian dollar gold price is currently only around 10% below a record high set in 2016, whereas the US dollar gold price remains around 35% below a record high set in 2011.

Much of 2016 was spent prioritising the multiple opportunities presented by the Avoca and Bailieston gold projects, to which the Group's wholly owned Australian subsidiary has 100% ownership rights, as well as restructuring ECR and its management team.

Touching upon the Philippine licences – the Group announced in February 2017 that the Board of ECR were considering an impairment against the carrying value of the investment in Danglay within the financial statements for the year ended 30 September 2016. Having considered the project in detail and in particular taking into account the relevant expertise and knowledge of Ivor Jones who has wealth of experience in the Philippines, the ECR Board has decided that whilst the project has a number of material risks (described below), impairment of this investment is not required at this time as we believe that the Danglay assets have significant potential. Whilst noting that the mining industry in the Philippines region continue to face an uncertain operating environment which of course presents risks to Group's operations there, the Board is also aware that there is a significant gold industry in the Philippines and there continues to be many mines in production.

Shareholders should also note that although the exploration permit renewal for Danglay has not been issued, it was forwarded by the Philippine Mines and Geosciences Bureau on 30 May 2016 to ECR's local partner Cordillera Tiger Gold Resources Inc. ("Cordillera Tiger") who signed and returned it. Accordingly although it cannot be guaranteed, the Board of ECR is confident that if pursued the exploration permit renewal would be granted.

Additionally, the Company is pleased to advise shareholders in relation to Tiger International Resources Inc.'s claims that ECR has not fulfilled its obligations under the earn-in and joint venture agreement as announced on 24 February 2017 to the market. On 31 March 2017, Cordillera Tiger confirmed to the Group that they had passed a board resolution to issue the 25% shareholding.

In addition to switching the Group's operational focus to the Australian and Argentinian assets, the year under review also saw a period of restructuring of ECR and its management team as further described below.

In August 2016, Stephen Clayson resigned as a Director and CEO of the Company, having served in that role since 2013, dealing with numerous legacy issues and tending to ECR's operations and administration. In addition, Richard (Dick) Watts also left the Board as a non-executive director in October 2016.

Both were enthusiastic about the potential of the Avoca and Bailieston projects, but felt it was time for fresh thinking to take the Company forward. On behalf of the Board, I would like to thank Stephen and Dick for their service to ECR through a difficult period.

In their place, I am pleased to welcome Craig Brown, Christian Dennis and Ivor Jones as, respectively, director & CEO, non-executive director, and director & COO.

Craig Brown, a Chartered Accountant with more than 20 years' experience in senior management and finance roles in the mining industry, joined ECR as Finance Director in May 2016. Craig had previously worked with Stephen Clayson in relation to Kryso Resources plc ("Kryso"), which is now known and listed on AIM as China Nonferrous Gold Ltd ("CNG"). Craig was appointed as CEO of ECR in September 2016.

Craig was a co-founder of Kryso, an executive director from its listing on AIM in 2004 until 2013, and as a consultant for several years thereafter. He was instrumental in advancing Kryso/CNG through the process of defining a five million ounce JORC Mineral Resource at the Pakrut gold project in Tajikistan, completing a bankable feasibility study for the project, obtaining debt and equity finance for mine development, and commencing construction of the mine and infrastructure. The first gold pour at the Pakrut mine took place in 2015.

Ivor Jones is a professional geologist with 30 years' global experience across all aspects of exploration and mining, including project evaluation, resource estimation and the preparation of JORC and NI43-101 reports, in relation to both precious and base metals deposits. Ivor joined ECR in November 2016. His previous roles include Group General Manager of Geosciences with Snowden Mining Industry Consultants from 2009 until 2014. More recently, he has been practicing as an independent geological consultant. Ivor is based in Australia and has a key role to play in helping ECR maximise the value of its existing projects and interests, and in evaluating new opportunities for the Company.

Christian Dennis is the CEO and founder of Optiva Securities Ltd, a well-known London stockbroking and investment management firm. Christian has more than 25 years' experience advising, financing and investing in exploration and mining companies, and is well placed to provide his expertise to ECR as it grows and develops.

At the same time as Christian joined the Board in September 2016, Optiva arranged equity financing of £500,000 for ECR, which enabled the Group to repay and retire the Yorkville Advisors convertible loan note facility. In a further element of financial restructuring, the Company completed a capital reorganisation in November 2016 to bring the number of ordinary shares in issue into line with AIM market norms.

Turning to the future, ECR announced details of planned exploration programmes for the Bailieston gold project in Australia in November 2016 and the SLM gold project in Argentina in February 2017, and we look forward to implementing these exciting programmes in the coming months. The Group will also continue to evaluate potential new projects and business areas.

We look forward to providing further updates on these endeavours, and on behalf of the Board, I would like to thank all ECR shareholders for their support and confidence.

William Howell
Chairman
31 March 2017

Chief Executive Officer's Report

As noted in the Chairman's Statement, the past year has seen many changes at ECR. The composition of the Board has changed almost completely; and in terms of activities, the Group is now primarily focused on the Avoca and Bailieston gold projects in Australia and the SLM gold project in Argentina, and is no longer the operator of the Danglay gold project in the Philippines.

I was appointed as the Chief Executive Officer of ECR in September 2016. This appointment was shortly followed by the appointment to the Board of Ivor Jones and Christian Dennis.

Prior to co-founding Kryso, I worked in senior roles for Gulf International Minerals and Nelson Gold, both of which also successfully put gold mines into production during my tenure. I very much hope to have similar success at ECR.

It is very difficult to develop a mine without supportive shareholders and financiers, and I am pleased to say that since my appointment as CEO of ECR, we have been supported by:

- Optiva Securities Ltd, the Company's broker, who arranged an equity financing of £500,000 (before costs) in September 2016.

- Shenyang Xinliaoan Machinery Co Ltd ("Shenyang"), who in February 2017 conditionally agreed to subscribe for a 29.9% shareholding in the Company at a price of 1p per share to raise proceeds for ECR (before costs) of approximately £553k ("Subscription").

Crucially, Shenyang, who are based in the People's Republic of China, have agreed to a twelve-month lock-up in respect of subscription shares to be issued to them, which is a real vote of confidence in ECR and its strategy. In addition, upon completion of the Subscription, Shenyang will receive warrants exercisable at 2p and 5p, which is indicative of the level of share price appreciation Shenyang believes is possible.

Pending completion of the Shenyang Subscription, a £100,000 non-refundable deposit has been received, to be converted into ordinary shares at a price of 2p per share in the event the Subscription is not completed by 31 March 2017. Following completion of the Subscription, Shenyang will be able to recommend up to two directors who may be appointed as members of the Board.

The proceeds of the Shenyang investment will be utilised for our planned drilling programmes in Australia and Argentina, and for working capital, including as necessary for the review of potential new projects and business areas.

AVOCA AND BAILIESTON GOLD PROJECTS, AUSTRALIA

It was announced on 3 March 2016 that ECR's wholly owned subsidiary Mercator Gold Australia Pty Ltd ("MGA") had agreed to acquire 100% ownership of two Exploration Licences in Victoria, EL5387 (Avoca project) and EL5433 (Bailieston project) from Currawong Resources Pty Ltd ("Currawong").

The process of transferring the licences from Currawong to MGA has not yet been finalised, but the transfer of EL5433 has now been completed and the transfer of EL5387 is near completion. In the meantime, the Directors consider MGA's rights in respect of the licences to be secure under the terms of the agreement with Currawong, and for practical purposes, consider MGA to be the owner of the licences.

In addition, MGA has applied for two new Exploration Licences in Victoria. EL6278 (the Timor Project) is adjacent to the Avoca project and has now been granted, and EL6280 (the Moormbool Project) is in the vicinity of the Bailieston project and is in the process of being reviewed for Native Title considerations. More details of the Group's exploration strategy for these licences will be announced in due course.

The Avoca and Bailieston projects are located in the Australian state of Victoria, one of the world's major historical gold producing regions. Following a re-evaluation of the Group's strategy for the Victorian projects, the Directors decided to prioritise the drilling of selected targets, initially at the Bailieston project. Bailieston is located near two significant operating gold mines, including the Fosterville mine, which is 30km from Bailieston and which produced its one millionth ounce of gold in 2016.

The Fosterville mine is now owned by TSX-listed Kirkland Lake Gold following its merger with Newmarket Gold, which was also listed on the TSX. We consider this transaction to be indicative of a healthy level of international interest in the Victorian gold sector, which benefits from the state's prospective geology, security of tenure, improvements in the state's political climate for mining, ready availability of skills and services, and ease of access.

The Bailieston Project has a history of producing high-grade material from underground workings, including from the historic workings in the Byron area, which ECR has selected as its initial drilling target. The Group is in possession of a basic dataset encompassing the original nineteenth and early twentieth century production records for the Byron Shaft as well as the results of relatively recent exploration work, including drilling and trenching, carried out since 1980.

A reverse circulation ("RC") drilling programme of approximately 550 metres is planned for the Byron area, which is one of three high priority hard-rock drilling targets identified at Bailieston. Drilling is intended to commence as soon as practicable after finalising certain government requirements.

At the Avoca Project, the Group has identified nine initial hard-rock targets for drilling, with the highest ranked target being the mineralisation near the old Pyrenees mine. The Pyrenees Mine has never been drilled, but historic production reported relatively high grades over the strike length. Deep lead (buried alluvial) gold deposits have been confirmed as an additional target type warranting further evaluation at Avoca.

The Timor Project is ECR's most recent acquisition, and presents a series of old mines which the Board considers has very good prospectivity. The primary target at this early stage of review is the Leviathin group of mines. The old hard rock mines recovered good grades on the mined mineralisation, and importantly the mineralisation was not a single vein, but multiple veins. In addition, the trend is directly upstream from one of the state's most significant deep lead alluvial gold mines, inferring that the source of the gold was from the Leviathin area. ECR is very excited about the potential of this exploration opportunity.

Further information regarding the drilling targets at the Bailieston Project is available in the Group's announcement dated 9 November 2016.

MGA is estimated to have tax losses of approximately AUD 66 million as at 30 June 2016. These tax losses may be available, subject to certain conditions, including compliance at all relevant times with the "continuity of ownership test", as that term is used in the context of Australian taxation, to offset against MGA's future taxable profits which would otherwise be taxable; for example such profits as might arise from future mining activities at the Group's Australian projects.

SLM GOLD PROJECT, ARGENTINA

Following a visit to Argentina by three of the Directors in December 2016, it was decided to recommence ECR's on-the-ground activities to advance SLM, which had been paused since mid-2015. The SLM project is 100% owned by ECR's wholly owned Argentine subsidiary Ochre Mining SA and comprises three key gold prospects in La Rioja Province: the El Abra prospect, the JV prospect (particularly the JV14 zone) and the Maestro Agüero prospect.

Exploration Targets have been determined for the El Abra prospect and JV14 zone in accordance with the JORC Code, and drilling at El Abra and JV14 is planned for 2017. The objective of the drilling will be to enable the estimation of Mineral Resources for both El Abra and JV14.

Further information and explanation regarding the Exploration Targets and planned drilling, details of which were announced on 27 January 2017, is provided in a technical report entitled 'Exploration Target - Sierra de las Minas' which is available on ECR's website.

The change in the national government which occurred in late 2015 has made Argentina a more attractive destination for investment, and it is evident from the recent site visit by the Directors, and review of the results of previous exploration by ECR and other parties, that the El Abra prospect and JV zone remain highly prospective.

DANGLAY GOLD PROJECT, PHILIPPINES

The Danglay (formerly Itogon) gold project was the main focus of ECR's activities during 2014 and 2015. The project is an intermediate sulphidation epithermal gold deposit situated within the prolifically gold-copper mineralised Baguio District in the northern Philippines.

The Exploration Permit (the "EP") comprising the Danglay project expired on 30 September 2015, and an application for renewal of the EP is pending. A new government took office in the Philippines on 30 June 2016, and unfortunately, the new administration has adopted a far from supportive stance towards the mining industry. Despite this, the Group is not currently aware of any reason that the pending application for renewal of the Danglay EP would not be granted, although there can be no guarantee that it will be granted, and no certainty as to the likely timeframe.

In 2013, ECR entered into an Earn-in and Joint Venture Agreement (the "Agreement") in respect of the Danglay project with TSXV-listed Tiger International Resources, Inc. ("Tiger International") and Cordillera Tiger Gold Resources, Inc. ("Cordillera Tiger"), which is a subsidiary of Tiger International. The original terms of the Agreement were announced by ECR on 29 April 2013, with a further announcement on 20 October 2015 in respect of certain subsequent amendments to the Agreement.

In August 2016, ECR gave notice to terminate the Company's Earn-in Option, as that term is defined in the Agreement, in respect of the Danglay project. Following the termination of the Earn-in Option, ECR is no longer the operator of the project. However, the Company has earned a 25% interest in Cordillera Tiger and in turn the project, regardless of the termination of the Earn-in Option. As provided in the Agreement, ECR has contributed more than US$500,000 of expenditures in relation to Danglay and completed a Mineral Resource estimate which has been disclosed by Tiger International in accordance with Canadian NI 43-101. In fulfilling these two conditions, ECR has earned a 25% interest in Cordillera Tiger.

Since the termination of the Earn-in Option, attempts to establish a meaningful dialogue with Tiger International regarding the future of the project, including the possibility of seeking a third party to provide funding for further exploration activities at Danglay, have met with a very disappointing response.

Tiger International presently refuses to acknowledge ECR's 25% interest in Cordillera Tiger and the Danglay project, and have made a number of inaccurate public statements regarding the project and ECR. In particular, Tiger International has criticised the adequacy of the exploration data produced by the Group in its past work programmes at Danglay. The Directors consider these criticisms to be without basis.

In January 2017, ECR appointed legal counsel to begin the process of enforcing the Company's rights in relation to Danglay either in court or through arbitration. In parallel, the Company has submitted a proposal to Tiger International to encourage an amicable resolution of the dispute. On 31 March 2017, Cordillera Tiger confirmed to the Group that they had passed a board resolution to issue the 25% shareholding to ECR.

Danglay, with its NI 43-101 Mineral Resource and target for further exploration, remains a project of intrinsic interest, and the Directors are hopeful that the political situation for the mining industry in the Philippines may improve in future. We are also confident that the dispute with Tiger International is capable of being resolved in ECR's favour. However, depending on the outcome of the current uncertainties, the Directors may need to fully impair the carrying value of ECR's investment in the Danglay project in the Group's next set of financial statements. The carrying value of the investment in the Group's audited financial statements for the year ended 30 September 2016 is £1,164,982.

FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

For the year to 30 September 2016 the Group recorded a total comprehensive expense of £1,016,592, compared with £4,683,279 for the year to 30 September 2015. Some £3,217,484 of the prior year's expense occurred due to an impairment provision against the carrying value of the deferred tax asset in the Company's wholly owned subsidiary Mercator Gold Australia Pty Ltd. In the audited financial statements for the year ended 30 September 2016, the largest contributor to the total comprehensive expense was the line item "other administrative expenses", which represents the costs of operating the Group and carrying out exploration at its projects, whose cost is ineligible for capitalisation under applicable accounting standards.

The Group's net assets as at 30 September 2016 were £2,680,627, in comparison with £1,546,069 at 30 September 2015. The increase is due to the capitalisation of exploration expenditure during the year, leading to increased exploration assets, and the larger cash balance of £471,809 held by the Group at 30 September 2016, in comparison with £90,398 at the previous year-end.

OUTLOOK

Looking forward, we expect to generate significant news flow and market interest as we progress to drilling in Australia and Argentina. We are striving to advance ECR's current projects, but will not hesitate to think 'outside the box' in considering other projects and opportunities that the Board considers to be in line with the Group's strategy and which will add value for shareholders.

I would like to thank my fellow Directors along with our key consultants and staff and, most importantly, our shareholders, for their commitment to the reinvigorated ECR.

Craig Brown
Chief Executive Officer
31 March 2017

Independent Auditor's Report

For the year ended 30 September 2016

Independent Auditors' Report to the Members of ECR Minerals Plc

We have audited the financial statements of ECR Minerals Plc for the year ended 30 September 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2016 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern and recoverability of the Danglay gold project, Philippines

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Group's and Company's ability to continue as going concerns. Financial projections and cash flow forecasts prepared by the Directors show that fulfilment of the conditional terms set out in the subscription agreement with Shenyang Xinliaoan Machinery Co. Limited ("Shenyang") is required in order for the Group and Company to meet their contracted and committed expenditure during a period of at least twelve months from the date of approval of these financial statements. If the terms of the subscription agreement are not fulfilled, the Group and Company would need to seek alternative sources of funding to enable them to meet their liabilities as they fall due.

We also draw your attention to the disclosures to the financial statements, and as commented on in the Chairman's Statement and Chief Executive Officer's Report, regarding uncertainty over the recoverability of the exploration costs relating to the Danglay gold project, Philippines. The Group has not yet formally acquired title to its 25% interest in Cordillera Tiger Gold Resources, Inc and renewal of the exploration permit is currently outstanding and at the discretion of the Mines and Geosciences Bureau in the Philippines. The carrying value of the Danglay gold project as at 31 December 2016 was £1,164,982.

These two matters indicate the existence of material uncertainties which may cast significant doubt about the Group's and Company's ability to continue as going concerns and on the recoverability of the Danglay gold project, Philippines. The financial statements do not include the adjustments that would result if the Group and / or Company were unable to continue as going concerns and if the carrying value of the Danglay gold project was required to be impaired.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 September 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Thompson (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor
31 March 2017

1 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Income Statement

For the year ended 30 September 2016

ECR Minerals plc company no. 5079979

	Year ended 30 September 2016	Year ended 30 September 2015
	£	£
Continuing operations		
Exploration expenses	–	(65,990)
Other administrative expenses	**(677,873)**	(941,359)
Currency exchange differences	**9,399**	(22,356)
Total administrative expenses	**(668,474)**	(1,029,705)
Operating loss	**(668,474)**	(1,029,705)
Other income	34,688	–
Loss on disposal of available for sale financial asset	–	(124,579)
Fair value movements - available for sale financial asset	**(18,893)**	(12,552)

Reclassification of fair value movements on disposal of available for sale assets	–	(14,750)
	(652,679)	(1,181,586)
Financial income	**484**	28
Financial expense	**(267,511)**	(321,180)
Finance income and costs	**(267,027)**	(321,152)
Loss for the year before taxation	**(919,706)**	(1,502,738)
Income tax	–	(3,217,484)
Loss for the year from continuing operations	**(919,706)**	(4,720,222)
Loss for the year - all attributable to owners of the parent	**(919,706)**	(4,720,222)
Earnings per share - basic and diluted		
On continuing operations	**(0.01)p**	(0.13)p

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The loss for the parent company for the year was £887,844 (2015: £4,674,506 loss).

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2016

ECR Minerals plc company no. 5079979

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
Loss for the year	**(919,706)**	(4,720,222)
Items that may be reclassified subsequently to profit or loss		
Reclassification to Profit and loss on disposal of available for sale assets	–	14,750
(Loss)/Gain on exchange translation	(96,886)	22,193
Other comprehensive expense for the year	**(96,886)**	36,943
Total comprehensive expense for the year	**(1,016,592)**	(4,683,279)
Attributable to:-		
Owners of the parent	**(1,016,592)**	(4,683,279)

Consolidated & Company Statement of Financial Position

At 30 September 2016

ECR Minerals plc company no. 5079979

	Group		**Company**	
	30 September 2016 £	30 September 2015 £	**30 September 2016 £**	30 September 2015 £
Assets				
Non-current assets				
Property, plant and equipment	**6,237**	7,705	**6,237**	7,705
Investments in subsidiaries	–	–	**740,100**	703,740

Intangible assets	**2,437,608**	2,132,224	**2,076,104**	1,797,460
Other receivables	**–**	–	**107,341**	10,907
	2,443,845	2,139,929	**2,929,782**	2,519,812
Current assets				
Trade and other receivables	**5,470**	74,233	**4,147**	35,674
Available for sale financial assets	**21,014**	39,277	**21,014**	39,277
Taxation	**38,059**	2,514	**10,067**	1,837
Other current assets	**2,672**	2,672	**2,672**	2,672
Cash and cash equivalents	**471,809**	90,398	**443,165**	81,040
	539,024	209,094	**481,065**	160,500
Total assets	**2,982,869**	2,349,023	**3,410,847**	2,680,312

Current liabilities				
Trade and other payables	**302,242**	351,850	**268,323**	349,990
Interest bearing borrowings	**–**	451,104	**–**	451,104
	302,242	802,954	**268,323**	801,094
Total liabilities	**302,242**	802,954	**268,323**	801,094
Net assets	**2,680,627**	1,546,069	**3,142,524**	1,879,218
Equity attributable to owners of the parent				
Share capital	**11,281,628**	11,071,602	**11,281,628**	11,071,602
Share premium	**42,441,553**	40,802,469	**42,441,553**	40,802,469
Exchange reserve	**(166,535)**	(69,649)	**–**	–
Other reserves	**1,147,717**	845,677	**1,147,717**	845,677
Retained losses	**(52,023,736)**	(51,104,030)	**(51,728,374)**	(50,840,530)
Total equity	**2,680,627**	1,546,069	**3,142,524**	1,879,218

The loss for the parent company for the year was £887,844 (2015: £4,674,506 loss).

The financial statements were approved and authorised for issue by the Directors on 31 March 2017 and were signed on its behalf by:

William Howell
Non–Executive Chairman

Craig Brown
Director & Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 30 September 2016

ECR Minerals plc company no. 5079979

	Share capital	Share premium	Exchange reserve	Other reserves	Retained reserves	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 October 2014	10,483,166	40,131,118	(91,842)	485,160	(46,398,558)	**4,609,044**
Loss for the year	–	–	–	–	(4,720,222)	**(4,720,222)**
Reclassification of fair value movements to Income Statement on disposal of available for sale assets	–	–	–	–	14,750	**14,750**
Gain on exchange translation	–	–	22,193	–	–	**22,193**
Total comprehensive expense	**–**	**–**	**22,193**	**–**	**(4,705,472)**	**(4,683,279)**
Conversion of loan notes	548,544	357,055	–	–	–	**905,599**
Shares issued	6,556	288,444	–	–	–	**295,000**
Share based payments	–	–	–	288,831	–	**288,831**
Warrants issued in lieu of finance cost	–	–	–	71,686	–	**71,686**

Shares issued in payment of creditors	33,336	25,852	–	–	–	**59,188**
Total transactions with owners, recognised directly in equity	**588,436**	**671,351**	**–**	**360,517**	**-**	**1,620,304**
Balance at 30 September 2015	**11,071,602**	**40,802,469**	**(69,649)**	**845,677**	**(51,104,030)**	**1,546,069**
Loss for the year	–	–	–	–	(919,706)	**(919,706)**
Reclassification of fair value movements to Income						
Loss on exchange translation	–	–	(96,886)	–	–	**(96,886)**
Total comprehensive expense	**–**	**–**	**(96,886)**	**–**	**(919,706)**	**(1,016,592)**
Conversion of loan notes	34,673	501,582	–	–	–	**536,255**
Shares issued	147,500	952,500	–	–	–	**1,100,000**
Share issue costs	–	(55,750)	–	–	–	**(55,750)**
Share based payments	–	–	–	123,737	–	**123,737**
Warrants issued in lieu of finance cost	–	–	–	178,303	–	**178,303**
Shares issued in payment of creditors	27,853	240,752	–	–	–	**268,605**
Total transactions with owners, recognised directly in equity	**210,026**	**1,639,084**	**–**	**302,040**	**–**	**2,151,150**
Balance at 30 September 2016	**11,281,628**	**42,441,553**	**(166,535)**	**1,147,717**	**(52,023,736)**	**2,680,627**

Company Statement of Changes in Equity

For the year ended 30 September 2016

ECR Minerals plc company no. 5079979

	Share capital	Share premium	Other reserves	Retained reserves	**Total**
	£	**£**	**£**	**£**	**£**
Balance at 1 October 2014	10,483,166	40,131,118	485,160	(46,180,774)	**4,918,670**
Loss for the year	–	–	–	(4,674,506)	**(4,674,506)**
Reclassification of fair value movements to Income Statement on disposal of available for sale assets	–	–	–	14,750	**14,750**
Total comprehensive expense	**–**	**–**	–	**(4,659,756)**	**(4,659,756)**
Conversion of loan notes	548,544	357,055	–	–	**905,599**
Shares issued	6,556	288,444	–	–	**295,000**
Share based payments	–	–	288,831	–	**288,831**
Warrants issued in lieu of finance cost	–	–	71,686	–	**71,686**
Shares issued in payment of creditors	33,336	25,852	–	–	**59,188**
Total transactions with owners, recognised directly in equity	**588,436**	**671,351**	**369,517**	–	**1,620,304**
Balance at 30 September 2015	**11,071,602**	**40,802,469**	**845,677**	**(50,840,530)**	**1,879,218**
Loss for the year	–	–	–	(887,844)	**(887,844)**
Total comprehensive expense	**–**	**–**	–	**(887,844)**	**(887,844)**
Conversion of loan notes	34,673	501,582	–	–	**536,255**
Shares issued	147,500	952,500	–	–	**1,100,000**
Share issue costs	–	(55,750)	–	–	**(55,750)**
Share based payments	–	–	123,737	–	**123,737**
Warrants issued in lieu of finance cost	–	–	178,303	–	**178,303**
Shares issued in payment of creditors	27,853	240,752	–	–	**268,605**
Total transactions with owners, recognised directly in equity	210,026	1,639,084	302,040	–	**2,151,150**
Balance at 30 September 2016	**11,281,628**	**42,441,553**	**1,147,717**	**(51,728,374)**	**3,142,524**

Consolidated & Company Cash Flow Statement

For the year ended 30 September 2016

ECR Minerals plc company no. 5079979

	Group		Company	
	Year ended 30 September 2016	Year ended 30 September 2015	**Year ended 30 September 2016**	Year ended 30 September 2015
	£	£	**£**	£
Net cash flow used in operations	**(494,118)**	(654,704)	**(483,553)**	(595,822)
Investing activities				
Purchase of property, plant & equipment	–	–	–	–
Increase in exploration assets	**(319,580)**	(719,108)	**(257,818)**	(632,398)
Cash introduced with re-admission of subsidiary	–	10,125	–	–
Investment in subsidiaries	–	–	**(79,535)**	(79,732)
Proceeds from sale of available for sale investments	–	68,022	–	68,022
Investment in available for sale investments	–	(39,276)	–	(39,276)
Interest income	**484**	28	**35**	28
Net cash used in investing activities	**(319,096)**	(680,209)	**(337,318)**	(683,356)
Financing activities				
Proceeds from issue of share capital	**1,100,000**	295,000	**1,100,000**	295,000
Proceeds from issue of convertible loan notes	**418,463**	494,774	**418,463**	494,774
Repayment of convertible loan notes	**(248,332)**	–	**(248,332)**	–
Finance costs on fundraising	**(55,750)**	(38,956)	**(55,750)**	(38,956)
Interest paid and other financing costs	**(31,385)**	(1,384)	**(31,385)**	–
Net cash from financing activities	**1,182,996**	749,434	**1,182,996**	750,818
Net change in cash and cash equivalents	**369,782**	(585,479)	**362,125**	(528,360)
Cash and cash equivalents at beginning of the year	**90,398**	642,056	**81,040**	609,400
Effect of changes in foreign exchange rates	**11,629**	33,821	**–**	–
Cash and cash equivalents at end of the year	**471,809**	90,398	**443,165**	81,040

Notes to the Financial Statements

For the year ended 30 September 2016

1 General information

The Company and the Group operated mineral exploration and development projects. The Group's principal interests are located in Argentina, the Philippines and Australia.

The Company is a public limited company incorporated and domiciled in England. The registered office of the Company and its principal place of business is Unit 117, Chester House, 81-83 Fulham High Street, Fulham Green, London SW6 3JA. The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

2 Accounting policies

Overall considerations

The principal accounting policies that have been used in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied unless otherwise stated.

Basis of preparation

The financial statements of both the Group and the Parent Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) and Interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standard Board (IASB) that have been endorsed by the European Union at the year end. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments. The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not prepared an Income Statement or a Statement of Comprehensive Income for the Company alone.

New Accounting Standards and Interpretations

Effective during the year

During the year the Group has adopted the following standards and amendments:

- Annual Improvements to IFRSs 2010–2012 Cycle
- Annual Improvements to IFRSs 2011–2013 Cycle
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions

The adoption of these standards and amendments did not have any impact on the financial position or performance of the Group.

Not yet effective

At the date of authorisation of these Group Financial Statements and the Parent Company Financial Statements, the following Standards, amendments and interpretations were endorsed by the EU but not yet effective:

- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15
- IFRS 9 Financial Instruments

In addition to the above there are also the following standards and amendments that have not yet been endorsed by the EU:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely by IASB)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7: Disclosure Initiative
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Group intends to adopt these standards when they become effective. The introduction of these new standards and amendments is not expected to have a material impact on the Group or Company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and two of its subsidiaries made up to 30 September 2016. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting and their results 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.

The Group controls an entity 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.

Going concern

It is the prime responsibility of the Board to ensure the Group and Company remains going concern. At 30 September 2016, the Group had cash and cash equivalents of £471,809 and no borrowings. The Group's financial projections and cash flow forecasts covering a period of at least twelve months from the date of approval of these financial statements show that, provided the terms of the subscription by Shenyang are fulfilled in accordance with the terms set out in the Subscription Agreement dated 26 February 2017, the Group will have sufficient available funds in order to meet its contracted and committed expenditure. Whilst the Directors are confident the conditional terms of the Subscription Agreement will be met satisfactorily, these had not been entirely fulfilled at the date of approval of the financial statements. The Group has to date received the non-refundable deposit of £100,000 from Shenyang in connection with the conditional subscription. In addition, the Directors are confident in the ability of the Group to raise additional funding, if required, from the issue of equity and/or the sale of assets.

On the basis of their assessment of the financial position, the Directors have a reasonable expectation that the Group will be able to continue in operational existence for the next 12 months and continue to adopt the going concern basis of accounting in preparing these Financial Statements.

Cash and cash equivalents

Cash includes petty cash and cash held in current bank accounts. Cash equivalents include short–term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any provision for impairment losses.

Depreciation is charged on each part of an item of property, plant and equipment so as to write off the cost of assets less the residual value over their estimated useful lives, using the straight–line method. Depreciation is charged to the income statement. The estimated useful lives are as follows:

Office equipment	3 years
Furniture and fittings	5 years
Machinery and equipment	5 years

Expenses incurred in respect of the maintenance and repair of property, plant and equipment are charged against income when incurred. Refurbishments and improvements expenditure, where the benefit is expected to be long lasting, is capitalised as part of the appropriate asset.

An item of property, plant and equipment ceases to be recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on cessation of recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset ceases to be recognised.

Exploration and development costs

All costs associated with mineral exploration and investments are capitalised on a project–by–project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished or a project abandoned, the related costs are written off in the period in which the event occurs. Where the Group maintains an interest in a project, but the value of the project is considered to be impaired, a provision against the relevant capitalised costs will be raised.

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

Impairment testing

Individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may exceed its recoverable amount, being the higher of net realisable value and value in use. Any such excess of carrying value over recoverable amount or value in use is taken as a debit to the income statement.

Intangible exploration assets are not subject to amortisation and are tested annually for impairment.

Provisions

A provision is recognised in the Statement of Financial Position when the Group or Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre–tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Leased assets

In accordance with IAS 17, leases in terms of which the Group or Company assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term.

Taxation

There is no current tax payable in view of the losses to date.

Deferred income taxes are calculated using the Statement of Financial Position liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related current or deferred tax is also charged or credited directly to equity.

Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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.

The investments in subsidiaries held by the Company are valued at cost less any provision for impairment that is considered to have occurred, the resultant loss being recognised in the income statement.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares, both ordinary and deferred.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issues.
- "Other reserves" represent the equity component of convertible debentures issued, plus the fair values of share options and warrants issued.
- "Retained reserves" include all current and prior year results, including fair value adjustments on available for sale financial assets, as disclosed in the consolidated statement of comprehensive income.
- "Exchange reserve" includes the amounts described in more detail in the following note on foreign currency below.

Foreign currency translation

The consolidated financial statements are presented in pounds sterling which is the functional and presentational currency representing the primary economic environment of the Group.

Foreign currency transactions are translated into the respective functional currencies of the Company and its subsidiaries using the exchange rates prevailing at the date of the transaction or at an average rate where it is not practicable to translate individual transactions. Foreign exchange gains and losses are recognised in the income statement.

Monetary assets and liabilities denominated in a foreign currency are translated at the rates ruling at the Statement of Financial Position date.

The assets and liabilities of the Group's foreign operations are translated at exchange rates ruling at the Statement of Financial Position date. Income and expense items are translated at the average rates for the period. Exchange differences are classified as equity and transferred to the Group's exchange reserve. Such differences are recognised in the income statement in the periods in which the operation is disposed of.

Share–based payments

The Company operates equity–settled share–based remuneration plans for the remuneration of some of its employees. The Company awards share options to certain Company Directors and employees to acquire shares of the Company. Additionally, the Company has issued warrants to providers of loan finance.

All goods and services received in exchange for the grant of any share–based payment are measured at their fair values. Where employees are rewarded using share–based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee.

The fair value is appraised at the grant date and excludes the impact of non–market vesting conditions. Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non–transferability, exercise restrictions, and behavioural considerations.

All equity–settled share–based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "other reserves".

If vesting periods or other non–market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior years if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

A gain or loss is recognised in profit or loss when a financial liability is settled through the issuance of the Company's own equity instruments. The amount of the gain or loss is calculated as the difference between the carrying value of the financial liability extinguished and the fair value of the equity instrument issued.

Financial instruments

The Group's financial assets comprise cash and cash equivalents, investments and loans and receivables. Financial assets are assigned to the respective categories on initial recognition, depending on the purpose for which they were acquired. This designation is re–evaluated at every reporting date at which a choice of classification or accounting treatment is available.

The Group's loans, investments and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at fair value on initial recognition. After initial recognition they are measured at amortised cost using the effective interest rate method, less any provision for impairment. Any change in their value is recognised in profit or loss. The Group's receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial. All receivables are considered for impairment on a case–by–case basis when they are past due at the Statement of Financial Position date or when objective evidence is received that a specific counterparty will default.

Investments that are held as available for sale financial assets are financial assets that are not classified in any other categories. After initial recognition, available for sale financial assets are measured at fair value. Any gains or losses from changes in the fair value of the financial asset are recognised in equity, except that impairment losses, foreign exchange gains and losses on monetary items and interest calculated using the effective interest method are recognised in the income statement.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the consolidated income statement. The Directors consider a significant decline to be one in which the fair value is below the weighted average cost by more than 25%. A prolonged decline is considered to be one in which the fair value is below the weighted average cost for a period of more than twelve months.

If an available for sale equity security is impaired, any further declines in the fair value at subsequent reporting dates are recognised as impairments. Reversals of impairments of available for sale equity securities are not recorded through the income statement. Upon sale, accumulated gains or losses are recycled through the income statement.

Financial liabilities, which are measured at amortised cost, and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Any instrument that includes a repayment obligation is classified as a liability.

Where the contractual liabilities of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities, and are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any features meeting the definition of a financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Compound financial instruments

Compound financial instruments comprise both liability and either equity components or embedded derivatives.

For compound instruments including equity components, at issue date the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option. The liability component is accounted for as a financial liability. The difference between the net issue proceeds and the liability component, at the time of issue, is the residual or equity component, which is accounted for as an equity reserve.

Embedded derivatives included within compound instruments are calculated using the Black Scholes model and are also included within liabilities, but are measured at fair value in the Statement of Financial Position, with changes in the fair value of the derivative component recognised in the consolidated income statement. The amounts attributable to the liability components equal the discounted cash flows.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of the proceeds.

The interest expense on the liability component is calculated by applying the effective interest rate for the liability component of the instrument. The difference between any repayments and the interest expense is deducted from the carrying amount of the liability.

Upon conversion of loan note debt the corresponding carrying value of loan note liability and equity reserve is released, and the difference between these and the nominal value of the shares issued on conversion is recognised as a share premium.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on–going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting policies and estimates in determining the financial condition and results of the Group are those requiring the greater degree of subjective or complete judgement. These relate to:

- Capitalisation of exploration costs
- Share-based payments

3 Operating loss

The operating loss is stated after charging:	**Year ended 30 September 2016**	Year ended 30 September 2015
	£	£
Depreciation of property, plant and equipment	1,468	3,111
Operating lease expenses	14,126	13,583
Share–based payments	123,737	288,831
Auditors' remuneration – fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	22,000	24,750

4 Earnings per share

Basic and Diluted	Year ended 30 September 2016	Year ended 30 September 2015
Weighted number of shares in issue during the year	**9,181,895,384**	3,744,400,803
	£	£
Loss from continuing operations attributable to owners of the parent	**(919,706)**	(4,720,222)

Basic earnings per share has been calculated by dividing the loss attributable to equity holders of the company after taxation by the weighted average number of shares in issue during the year. There is no difference between the basic and diluted earnings per share as the effect on the exercise of options and warrants would be to decrease the earnings per share.

PLEASE NOTE THAT THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, please consult your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000 immediately. If you have recently sold or transferred all of your ordinary shares in ECR Minerals PLC, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

ECR MINERALS PLC
(the "Company")

(Registered in England and Wales No 05079979)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Company will be held at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London EC4M 7RD on 24 April 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing Resolutions 1 to 5 as ordinary resolutions, and Resolution 6 as a special resolution:

Ordinary Resolutions

1 To receive, consider and adopt the annual accounts of the Company for the year ended 30 September 2016, together with the reports of the directors and auditors thereon.

2 That Craig William Brown, a director retiring in accordance with article 29 of the Company's articles of association, be and is hereby re-elected as a director of the Company.

3 That Ivor William Osborne Jones, a director retiring in accordance with article 29 of the Company's articles of association, be and is hereby re-elected as a director of the Company.

4 That Christian Gabriel St. John-Dennis, a director retiring in accordance with article 29 of the Company's articles of association, be and is hereby re-elected as a director of the Company.

5 To appoint PKF Littlejohn LLP as auditors of the Company and to authorise the directors to determine their remuneration.

Special Resolution

6 That the articles of association in the form presented to the meeting be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

By Order of the Board

Craig Brown
Director and Company Secretary

Registered Office:
Unit 117, Chester House
81-83 Fulham High Street
Fulham Green
London, SW6 3JA

31 March 2017

NOTES ON RESOLUTIONS

The following paragraphs explain, in summary, the Resolutions to be proposed at the Annual General Meeting (the "**Meeting**").

Resolution 1: Receipt of the annual accounts

Resolution 1 proposes that the Company's annual accounts for the period ended 30 September 2016, together with the reports of the directors and auditors on these accounts, be received, considered and adopted.

Resolutions 2 to 4: Re-election of directors

Mr Craig Brown, Mr Ivor Jones and Mr Christian St. John-Dennis who were all appointed since the last Annual General Meeting of the Company are retiring in accordance with article 29 of the Company's articles of association. Each Mr Craig Brown, Mr Ivor Jones and Mr Christian St. John-Dennis is offering himself for re-election by the members.

Resolution 5: Appointment and remuneration of auditor

Resolution 5 proposes to appoint PKF Littlejohn LLP as the Company's auditors and to authorise the directors to set the auditors' remuneration.

Resolutions 6: Adoption of new articles of association

It is proposed that the Company adopts new articles of association ("**New Articles**").

The Company's articles of association were adopted in 2009 and have not been substantially revised since then. The principal change introduced by the New Articles is the removal of the provisions relating to the regulations applicable to the Company which would be relevant only if the Company had a secondary listing on the ASX and the directors do not consider that there are any advantages to seeking a secondary listing on the ASX. Otherwise, the provisions in the New Articles are broadly similar to those in the current articles of association of the Company.

A copy of the proposed New Articles will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the Company's registered office up until the close of the Meeting. Copies will also be available on the day of the Meeting at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London EC4M 7RD from 9.45 a.m. until the conclusion of the Meeting.

A copy of the New Articles will also be found in the Investor Relations section of the Company's website at www.ecrminerals.com from the passing of the resolution onwards.