



Annual Report
and Accounts 2016

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”)

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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 Fosterfield 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 a 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 continues to face an uncertain operating environment which of course presents risks to the Group's operations there, the Board is also aware that there is a significant gold industry in the Philippines and there continue 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 Group is pleased to advise shareholders that 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 to ECR.

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.

Chairman's Statement continued

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

Directors' Biographies

William John Selwood Howell

*Non-Executive Chairman
(aged 72)*

Bill Howell is a geologist with 50 years of experience in mineral exploration, project evaluation and feasibility studies. He is a Fellow of the Australasian Institute of Mining & Metallurgy and Fellow of the Society of Economic Geologists. Bill was formerly Exploration Director of AIM-listed Triple Plate Junction plc 2004-2011, having co-founded that company. He was also a former Chairman of TSXV-listed Asian Mineral Resources Ltd during the 2012 reorganisation of the company, which led to production at the Ban Phuc nickel sulphide mine in Vietnam. In a long career, Bill held senior roles with BHP, Normandy Mining Ltd and Newmont Mining Corporation, including heading up BHP's overseas exploration 1975-1981, and Managing Director of South East Asia exploration for Normandy and Newmont 1995-2003. In these roles, he led teams through the stages of exploration to feasibility of major copper/gold deposits in Papua New Guinea (OK Tedi), Indonesia (Martabe) and Laos (Phu Kham).

Craig William Brown

*Director and Chief Executive Officer
(aged 46)*

Craig Brown was appointed as ECR's Finance Director in May 2016 before becoming Chief Executive Officer in September 2016. Previously, he was a founding shareholder of Kryso Resources plc, now known as China Nonferrous Gold Ltd. Craig acted as Finance Director and Company Secretary of Kryso before becoming Managing Director in 2010 and stepping down from the board in September 2013. During this period, Kryso/CNG delineated a 5 million ounce JORC Mineral Resource at the Pakrut gold project in Tajikistan, completed a bankable feasibility study for the project, obtained debt and equity finance for mine development, and commenced construction of the mine and infrastructure. Prior to his roles with Kryso/CNG, Craig held positions with Gulf International Minerals Ltd and Nelson Gold Ltd, both of which also successfully put gold mines into production during his tenure.

Ivor William Osborne Jones

*Director and Chief Operating Officer
(aged 57)*

Ivor Jones is a geologist with 30 years' experience in the industry and is currently practising as an independent consultant based in Australia. Ivor holds a BSc (Hons) in Geology from Macquarie University and an MSc in Resource Evaluation from the University of Queensland. He is a Fellow and Chartered Professional (Geology) of the Australasian Institute of Mining & Metallurgy (AusIMM) and a Member of the Joint Ore Reserves Committee (JORC).

Ivor has extensive expertise in all aspects of geology, including project evaluation, resource estimation and the preparation of JORC and NI43-101 technical reports, across both precious and base metals. His previous roles have included numerous positions with leading consultancy Snowden Mining Industry Consultants ("Snowden"), including as Group General Manager of Geosciences from 2009 until 2014. Mr Jones has also held positions at operating mines, including as Manager of Mine Geology at the Leinster Nickel Operations of WMC Resources Ltd in Western Australia, and as Group Resource Geologist for Anvil Mining Ltd with operations in the Democratic Republic of Congo. He has experience of working in Australia, Africa, North and South America, Europe and the Philippines.

Christian Gabriel St. John-Dennis

*Non-Executive Director
(aged 52)*

Christian Dennis is a highly experienced stockbroker and is currently the CEO and a major shareholder of Optiva Securities Ltd ("Optiva"), a member of the London Stock Exchange. Mr Dennis holds a BSc. (Hons) from the University of Birmingham, is an associate member of the Chartered Institute for Securities & Investment (CISI), and is an FCA approved person. During his career Christian has worked for a number of major investment firms both in London and New York. He has been involved with advising and arranging funding for a large number of mining companies across a wide range of commodities, working with companies at varying stages of development from seed funding through to IPO, and has assisted in bringing a number of those companies along the value curve from project development through to production.

Strategic Report

The Directors of the Company present their Strategic Report for the year ended 30 September 2016.

Principal Activities

The principal activity of the Group is the identification, acquisition, exploration and development of mineral projects. The principal activity of the Company is that of a holding company for its subsidiaries and other investments, although project development activities may also be undertaken directly. Whilst the Group's historical focus has been on gold, it is also open to considering opportunities in other mineral commodities.

Current areas of project activity are in Argentina, Australia and the Philippines, and the Group continues to review potential new investments on a highly selective basis, with a concentration on precious, base and strategic metals projects in Asia, Australia and South America.

Organisation Review

The Company is incorporated in England but it operates in other countries through foreign subsidiaries and contractual arrangements. Craig Brown, Director & Chief Executive Officer, and Christian Dennis, Non-Executive Director, are based in the United Kingdom while Bill Howell, Non-Executive Chairman, and Ivor Jones, Director & Chief Operating Officer, are based overseas. The corporate structure of the Group reflects its present and historical activities and the requirement, where appropriate, to have incorporated entities in particular countries.

The Group's exploration activity in Argentina is undertaken through an Argentinian wholly-owned subsidiary, Ochre Mining SA. There are two dormant subsidiaries, both registered in the USA, which relate to past projects. The Company has a wholly-owned Australian subsidiary named Mercator Gold Australia Pty Ltd ("MGA"), which was released from external administration in December 2014. MGA has accumulated tax losses estimated to total approximately AUD 66 million from its past trading, and MGA is therefore a suitable vehicle for any future profit-generative activities of the Group in Australia.

The Group's activities in the Philippines are undertaken under the auspices of an earn-in and joint venture agreement (the "Agreement") between the Company, Cordillera Tiger Gold Resources, Inc. ("Cordillera Tiger") and Tiger International Resources, Inc. ("Tiger International"). Tiger International is incorporated in British Columbia, Canada and its shares are traded on the TSX Venture Exchange. Tiger International is the parent company of Cordillera Tiger. Further details of the Group's operations in Argentina and the Philippines can be found under "Operating Review" below and in the Chairman's Statement and Chief Executive Officer's Report.

The Directors aim to ensure that the Group operates with as low a cost-base as is practical in order to maximise the amount spent on mineral exploration and development, in which activities the expertise and experience of the Directors and the other personnel of the Group are employed to add value to the Group's projects. The Company has four male Directors and one female administrative staff.

The Group's activities are financed through periodic capital raisings, principally through the placement of the Company's ordinary shares. As the Group's projects become more advanced, other forms of project finance appropriate to the stage of development and potential of each project may be considered.

Financial & Performance Review

The Group's on-going activities are solely in mineral exploration and development. It is not in production at any of its current projects and hence the Group has no income.

For the year to 30 September 2016 the Group recorded a total comprehensive expense attributable to shareholders of the Company of £1,016,592, compared with £4,683,279 for the year to 30 September 2015. The bulk of the year's expense in 2015 arose as a result of the impairment provision in respect of the deferred tax asset in MGA.

The Group's net assets as at 30 September 2016 were £2,680,627, in comparison with £1,546,069 at 30 September 2015.

Significant exploration activity took place during the year to 30 September 2016, as discussed later under "Operating Review". Capitalised exploration assets are valued in the Consolidated Statement of Financial Position at cost; this value should not be confused with the realisable value of the relevant projects or be considered to determine the value accorded to the projects by the stock market, which in both cases may be considerably different.

Strategy and Business Model

The Group's strategy is to locate and acquire mineral projects which show good prospects. The Directors select these projects after a thorough and critical appraisal. This is needed as in general, across the industry as a whole, the percentage of mineral exploration and development projects which go on to become fully operational and producing mines is relatively low.

After acquiring an interest in a project, the strategy is then to leverage the Group's commercial experience and technical expertise to explore and further develop the project, and in doing so to create value for the benefit of the Company's shareholders. Decisions can then be made at appropriate times as to whether to continue the project into production, enter into a joint venture with another company, or sell the project outright.

Where a project has been disposed of, the proceeds of that disposal will usually be reinvested in new projects. In the case of very significant proceeds from a disposal, the Directors would also consider distributions to shareholders.

The Group's business model is to be an efficient and successful explorer and developer of mineral deposits. The rights to carry out these activities may be acquired by the receipt by the Group of licences from the relevant authorities, or by negotiating to acquire rights from existing owners. The Group will generally seek to acquire such rights for low initial payments, with any further amounts paid later depending on the success of the project. This enables the risk inherent to the Group's activities to be somewhat mitigated.

The business model requires the retention of a small core team, combined with the use of consultants on an as required basis, both in the UK and overseas. In this way, overheads can be kept as low as possible, the core administrative and technical skills retained, and the flexibility of the Group can be maintained.

Key Performance Indicators ("KPIs")

KPIs which apply in most businesses are not usually particularly relevant to mineral exploration and development companies which, for example, typically have little or no product sales.

The Board has previously identified some key KPIs which were considered of relevance. These are detailed below.

Project development: The Group reports the achievement of exploration and development targets, including results of exploration, definition of exploration targets, and reporting of mineral resources and mineral reserves using internationally recognised protocols. During the year significant geological results were obtained, including the estimation of a mineral resource for the Danglay project, and the production of an NI43-101 technical report which was published in December 2015.

End of year cash balance and attributable cash resources: This KPI is of critical importance and it is a good indicator of whether the Group has sufficient financial resources. The Directors take all necessary steps to minimise the rate of cash burn on overheads (commensurate with ensuring that the Group's quality standards including its human resources are not compromised and that it has adequate resources, both human and otherwise, to carry out its activities). The Group held £471,809 of cash and cash equivalents at 30 September 2016, versus £90,398 at the beginning of the year. The Directors consider the performance of the Group to be in line with the activities required to fulfil the Group's work programmes.

Operating Review

As mentioned above, the Group's current operations are located in Australia, Argentina and the Philippines. Potential new projects are reviewed from time to time in line with the strategy discussed earlier in this report.

Victorian gold projects, Australia

The Victorian gold projects are located in the Victorian goldfields and were acquired in mid-2016 and are 100% held by ECR's wholly owned subsidiary Mercator Gold Australia Pty Ltd ("MGA"). During the year, Mercator completed a small amount of work to identify geochemical anomalies and further understand the mineralisation mined historically. Unfortunately, the EL5387 (the Avoca Project) and EL5433 (the Bailieston Project) licences were not transferred during the year and work was therefore minimised to reduce the risk of financial loss should an issue be encountered in the transfer process. Applications were also made for two additional exploration licences. EL006278 (the Timor Project) and EL006280 (the Moormbool Project) were not granted during the year. As announced on 22 March 2017, the transfer of the Bailieston project has now been approved and registered. ECR is working to satisfy all regulatory requirements for the commencement of drilling in the Byron area at Bailieston. The application for EL5387 is nearly complete. The application for tenement EL6278 (Timor) was also successful and the tenement was granted on 17 March 2017. The application for tenement EL6278 (Moormbool) has not at the time of this report been granted as it is being reviewed for native title consideration.

SLM gold project, Argentina

The SLM project is located in La Rioja Province, Argentina and is 100% held by ECR's wholly owned subsidiary Ochre Mining SA.

In November 2015, Argentina elected a new president who is seen to be relatively pro-business, and the new administration has moved to liberalise currency controls and remove export taxes on mined products. Activities at SLM by Ochre remained paused. However, in December 2016, a site visit and review by three of the Company's Directors resulted in the reporting of an exploration target for the JV14 prospect and recommended drill program. The Directors' preference is now for Ochre to drill and sample the JV14 prospect and put two holes into the El Abra prospect expected in 2017. Further discussion of the status of the SLM project is provided in the Chief Executive Officer's Report.

Danglay gold project, Philippines

In late April 2013 ECR entered into an earn-in and joint venture agreement with Cordillera Tiger and Tiger International in relation to the Danglay gold project in the Philippines, and subsequently terminated in August 2016. Cordillera Tiger is a Philippine corporation and the holder of the exploration permit (the "EP") which represents the Danglay project.

The Agreement gave ECR the exclusive right and option to earn a 25% or 50% interest in Cordillera Tiger and thereby in the Danglay project.

Under the terms of the earn-in, ECR funded all expenditure required for Cordillera Tiger and was the operator of the Danglay project.

The earn-in commenced in December 2013 and exploration through Cordillera Tiger, as the operator of the project was stopped at the termination of the earn-in agreement. It is believed that completion of exploration programmes to date has added significant value to ECR's rights in respect of the Danglay project by generating data which is relevant to the assessment of the project's economic potential to be generated.

In December 2015, the Company published an NI43-101 technical report (the "Report") in relation to the Danglay project. The Report also disclosed a target for further exploration (the "Exploration Target"), as permitted by NI43-101. The Report supports the disclosure by ECR on 5 November 2015 of an inferred mineral resource estimate for oxide gold mineralisation at Danglay. No further work has been completed by ECR at Danglay. Importantly, the Philippines government is currently not providing a favourable investment market, and the Group is now considering its options moving forward.

Risks and Uncertainties

The Directors regularly review the risks and uncertainties to which the Group is exposed and seek to ensure that these risks and uncertainties are, as far as possible, minimised.

The Directors have identified the principal risks and uncertainties facing the Group and these are set out below.

Exploration Risk

Mineral exploration is, by its nature, speculative, and as mentioned earlier the number of such projects which develop into mining operations is relatively low. There is no certainty that the Group's exploration projects can be economically exploited and no certainty that this will enhance shareholder value. If the Directors ultimately decide that a prospect has no economic future and they are unable to sell it on, the costs incurred to date would be written off in the Consolidated Income Statement in the year in which the decision to discontinue exploration operations is made.

Development Risk

All mineral exploration and development projects may be subject to delays and/or unforeseen difficulties arising from bad weather, natural disasters, non-availability or delayed availability of licences or permits, changes in the terms on which key licences or permits are available, commissioning of operations, and the raising of finance, among other

factors. The risk of delays and unforeseen difficulties is mitigated when practical and legal to do so. However the risk remains that such factors may render a project unfeasible, or not economically feasible.

Commodity Prices

Changes in the spot and forward prices of the relevant mineral commodity can affect the economic viability of a project at any stage in its life cycle.

Resource Risk

Mineral deposits are evaluated by their size, grade and by other parameters, and mineral resources and reserves are typically calculated in accordance with accepted industry standards and codes. Nevertheless, there is always some level of uncertainty in the underlying assumptions. The Board keeps these assumptions under constant review and adjusts the Group's development strategy accordingly.

Mining & Processing Technical Risk

Variations can occur unexpectedly in the technical parameters of a project and can considerably alter its economic viability, despite the Directors taking as many precautions (e.g. confirmatory drilling, metallurgical test work and feasibility studies) as is sensible.

Environmental Risks

Changes in legislation and the risk of environmental damage can give rise to unplanned environmental liabilities or threaten the continuity of a project at any stage in its life cycle. The environmental parameters of all projects are considered carefully so as to minimise these risks.

Financing Risk

This arises when despite its best efforts the Group finds itself unable to raise the requisite finance in its optimal timescale, or at all. As a result, project development may be either delayed or suspended pending the raising of finance, and the lack thereof may threaten the rights of the Group in the event the Group is unable to meet its commitments.

The Directors aim to plan far enough ahead to ensure an orderly timing of finance raising activities in order to ensure, as far as practical, that the Group has sufficient liquidity to enable projects to proceed as planned.

Partner Risks

Any joint venture arrangement contains an element of counterparty risk, particularly as to the financial status of the joint venture partner or to its level of participation in the joint venture, and these issues can ultimately lead to the failure of the joint venture. There is a need to maintain good working relations with the Group's joint venture partners and to monitor their involvement and financial condition on a regular basis.

Political Risk

This takes many forms and can exist in politically stable countries (enhanced environmental requirements, changes in taxation, etc.) as well as less developed countries (civil unrest, government expropriation of mineral assets, corruption etc.). The fact that the Group has operations in multiple jurisdictions goes some way towards mitigating these risks.

Internal Control & Risk Management

The Directors are responsible for the Company's internal control systems. Whilst no system can give absolute assurance against material loss or misstatement, the Group's processes are designed, within the confines of the limited number of personnel employed, to provide reasonable assurance that issues are identified and dealt with in a timely manner.

The on-going financial performance of the Group is monitored regularly, risks are identified and where necessary adjustments are made as early as is possible. The Board, subject to the necessary shareholder authority, regularly reviews capital investment, project acquisitions and disposals, borrowing facilities (if any), insurance and any guarantee arrangements.

Forward Looking Statements

This Annual Report & Accounts 2016 may include forward looking statements. Such statements may be subject to a number of known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from current expectations. There can be no assurance that such statements will prove to be accurate and therefore actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward looking statements. Any forward looking statements contained herein speak only as of the date hereof (unless stated otherwise) and, except as may be required by applicable laws or regulations (including the AIM Rules for Companies), the Company and the Group disclaim any obligation to update or modify such forward looking statements as a result of new information, future events or for any other reason.

Corporate Governance

Companies whose shares are traded on AIM are not required to make an annual statement to shareholders concerning compliance with the UK Corporate Governance Code. ECR is committed to high standards of corporate governance and the Board complies with such provisions of the Corporate Governance Code for Small and Mid-size Quoted Companies 2013 issued by the Quoted Companies Alliance as are commensurate with the size of the Group, the nature of its activities and its stage of development.

The Board currently comprises a Non-Executive Chairman, a Chief Executive Officer and Director, a Chief Operating Officer and Director and a Non-Executive Director. The Board considers this to be a suitable size and structure in view of the Group's present activities and in view of the Company's listing on AIM.

Role of the Board

The Board's role is to set the Group' and Company's long-term strategy and direction, and to monitor its business objectives. It meets a minimum of four times a year and holds additional meetings when necessary. It receives reports for consideration on all strategic and operational matters of significance.

Directors also take external independent advice at the Company's expense in carrying out their duties.

The Board delegates certain of its responsibilities to the Audit and Remuneration Committees of the Board. These operate within clearly defined terms of reference.

Audit Committee

The Audit Committee comprises William Howell and Craig Brown. It meets when appropriate to assist the Board in meeting its responsibilities for external financial reporting and internal controls. It reviews the scope and results of the audit as well as the cost effectiveness, independence and objectivity of the auditors.

Remuneration Committee

The Remuneration Committee comprises William Howell and Craig Brown and meets when appropriate to review and make recommendations on the remuneration arrangements including bonuses and options for the Company's executive directors and senior staff, ensuring that it reflects their performance and that of the Group. The remuneration and terms of appointment of non-executive directors are set by the Board as a whole.

Conflicts of Interest

The Board as a whole reviews actual and potential conflicts of interest of any of its members and the steps taken to mitigate the effects thereof.

Corporate Responsibility

The Board regularly reviews the significance of social, environmental and ethical matters affecting the Group's operations. It considers that the Group is not yet at a stage where a specific Corporate Social Responsibility policy is required, in view of the limited number of stakeholders, other than shareholders. Instead the Board protects the Group's interests and those of its stakeholders through individual policies and through ethical and transparent business dealings.

The Board has adopted an Anti-Bribery and Corruption Policy.

Shareholders

The Board seeks to protect shareholders' interests at all times, by abiding, where applicable, by the Corporate Governance Code for Small and Mid-size Quoted Companies 2013 issued by the Quoted Companies Alliance, including by ensuring that each Board decision is taken with due regard to the interests of shareholders as a whole. In addition to making appropriate news releases and publishing financial reports, the Directors encourage communication with shareholders at annual general meetings and by participating in investor presentations, Q&A sessions and via social media.

Environment

Mineral exploration and development has the potential to adversely impact the environment in which it takes place. The Group takes its environmental responsibilities seriously, including having in place an environmental policy and the environmental parameters of the activities of the Group are considered carefully so as to minimise the risk of adverse environmental effects.

Human Rights

The activities of the Group are carried out in accordance with all applicable laws on human rights and with genuine moral concern for all stakeholders.

Employees

The Group seeks to remunerate its employees fairly, offers flexible working arrangements where practical and encourages employees to gain exposure to all aspects of the Group's business. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. It considers employees' interests when making decisions and welcomes suggestions from employees which have the potential to improve the Group's performance.

Suppliers and Contractors

The Board recognises the importance of maintaining the goodwill of its contractors, consultants and suppliers, and encourages this through fair dealings. The Group has a prompt payment policy and seeks to ensure all liabilities are settled within the terms agreed with that supplier.

Health & Safety

The activities of the Group are carried out in accordance with all applicable laws on health & safety via its Health & Safety Policy.

This Strategic Report was approved by the Directors on 31 March 2017.

Craig Brown

Director and Chief Executive Officer

Report of the Directors

For the year ended 30 September 2016

Principal Activities

A full review of significant matters, including likely future developments, is contained in the Chairman's Statement, Chief Executive Officer's Report and the Strategic Report.

Details of events after the reporting date are disclosed in Note 24 to the financial statements.

Financial Risk Management Objectives and Policies

The Group does not presently hold any forward or hedge positions in either currency or minerals. Currently these are not deemed necessary but this is reviewed from time to time. There is inherent risk in operating between different currencies, namely GBP, AUD, USD, Philippine and Argentine pesos, and the Board monitors and reviews this exposure on a regular basis.

The Board recognises the Group's exposure to liquidity risk and that the Group's ability to continue its operations is dependent on its having or acquiring sufficient cash resources. The Board continually monitors the Group's cash position and may realise all or part of the Group's investments in order to maintain the ability of the Group to meet its obligations as they fall due.

The locations of the Group's principal activities are currently in Argentina, Australia and the Philippines and its corporate base is in the United Kingdom. These locations are considered stable with advanced economic and legal infrastructures.

Further details of the Group's financial risk management objectives and policies are set out in Note 21 to the financial statements.

Position of the Company and Going Concern

At the date of this report the Group's financial position is stable. As explained herein, the financial statements continue to be prepared on a going concern basis.

Based on a review of the Group's budgets and cash flow forecasts and the expected sources of financing available to it, the Directors are satisfied that the Group and Company have sufficient resources to continue its operations and to meet their commitments for the next 12 months. The Directors have considered the present economic and financial climate as specifically pertaining to the Company and its peer group, and are confident in the ability of the Company to raise funding as required to sustain and develop the operations of the Group. Means of raising finance potentially available to the Company include the issue of equity and the sale of assets.

Reviews of operations and business developments are provided in the reports of the Chairman and the Chief Executive Officer, the Strategic Report, this Report of the Directors and within the detail of the financial statements.

Therein are set out certain forward looking statements that have been made by the Directors in good faith. By the nature of these statements there can be no certainty that any or all predictions will be met. Such statements may be subject to a number of known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from current expectations. There can be no assurance that such statements will prove to be accurate and therefore actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward looking statements. Any forward looking statements contained herein speak only as of the date hereof (unless stated otherwise) and, except as may be required by applicable laws or regulations (including the AIM Rules for Companies), the Company disclaims any obligation to update or modify such forward looking statements as a result of new information, future events or for any other reason.

The impact of Brexit on the Group

The Board have considered the extent of solvency, liquidity and other risks and uncertainties arising from Brexit that may threaten the long-term viability of the Group. The Board does not envisage Brexit having a significant impact on the Group, based on the geographical location of the Group's current exploration projects.

The Board will continue to follow the development of UK's negotiation with the EU and evaluate the impact on the Group accordingly.

Dividends

The results for the year are set out in the Consolidated Income Statement on page 17. No dividend is proposed in respect of the year (2015: nil). The Group loss for the year of £919,706 (2015 loss of £4.72 million) has been taken to reserves together with the comprehensive income and expenses set out on page 20.

Directors

The Directors who served during the year or thereafter were:

Stephen James Clayson (resigned 31 August 2016)
Richard Andrew Watts (resigned 11 October 2016)
William John Selwood Howell
Craig William Brown (appointed 3 May 2016)
Ivor William Osborne Jones (appointed 8 November 2016)
Christian Gabriel St. John-Dennis (appointed 11 October 2016)

Under the Company's Articles of Association, at every annual general meeting of the Company, any Director:

- who has been appointed by the Board since the date of the last annual general meeting; or
- who held office at the time of the two preceding annual general meetings and did not retire at either of them; or
- who has held office with the Company as a non-executive Director (that is, he has not been employed by the Company or held executive office) for a continuous period of nine years or more at the date of the meeting:

shall retire from office and may offer himself for election/re-election by the members.

Total Directors' emoluments are disclosed in Note 6 to the financial statements and details of the share options granted to Directors are disclosed below.

The Directors will comply with Rule 21 of the AIM rules and the Market Abuse Regulation relating to Directors dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees.

Directors' Interests

Directors who held office at 30 September 2016 held the following beneficial interests, either directly or indirectly (including interests held by spouses, minor children or associated parties) in the ordinary shares of the Company.

	30 March 2017	30 September 2016	30 September 2015
	no. of shares	no. of shares	no. of shares
R A Watts ¹	–	14,250,000	14,250,000
C W Brown	1,549,271	–	–
I W O Jones ²	1,000,000	–	–
W J S Howell	1,500,000	–	–
	4,049,271	14,250,000	14,250,000

¹ R A Watts resigned on 11 October 2016

² I W O Jones was appointed on 8 November 2016

Additionally, Directors of the Company who held office at 30 September 2016 held the following share options granted under the Company's unapproved share option scheme:

	Options Issued	Date Issued	Expiry Date	Exercise Price
R A Watts	19,816,514	12/8/2013	12/8/2018	£0.002
R A Watts	25,579,832	31/12/2014	31/12/2019	£0.00275

Share Capital and Substantial Share Interests

On 20 March 2017, the Company was aware of the following holdings of 3% or more in Company's issued share capital of 135,899,461 ordinary shares of £0.0001 each.

Registered Shareholder	Number of shares	% Holding
JIM Nominees Limited (Jarvis)	27,001,817	19.87
TD Direct Investing Nominees (Europe) Limited	10,693,983	7.87
Barclayshare Nominees Limited	10,259,923	7.55
Hargreaves Lansdown (Nominees) Limited	7,683,029	5.65
HSDL Nominees Limited	6,314,029	4.65
Hargreaves Lansdown (Nominees) Limited	5,273,137	3.88
Hargreaves Lansdown (Nominees) Limited	5,259,703	3.87
HSBC Client Holdings Nominee (UK) Limited	5,079,396	3.74
HSDL Nominees Limited	4,118,066	3.03

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with 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. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial reports;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors continued

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' and Officers' Liability Insurance

The Company had in force during the year and has in force at the date of this report a qualifying indemnity in favour of its Directors against the financial exposure that they may incur in the course of their professional duties as Directors and officers of the Company and/or its subsidiaries.

Statement on Disclosure of Information to Auditors

Having made the requisite enquiries and in the case of each of the Directors who are Directors of the Company at the date when this report is approved:

- so far as they are individually aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they should have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Auditor

On 13 January 2017 PKF Littlejohn LLP was appointed as the Company's auditor.

PKF Littlejohn LLP has expressed its willingness to continue in office as auditor of the Company and a resolution to confirm their appointment will be proposed at the forthcoming annual general meeting.

Annual General Meeting

The annual general meeting of the Company will be held at 10.00 am on 24 April 2017 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD, United Kingdom. Notice of the annual general meeting is on pages 41 to 44.

This report was approved by the Board on 31 March 2017.

By order of the Board

Craig Brown

Director and Chief Executive Officer

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 contained in Note 10 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 requirements¹⁰.

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 misstatements¹⁰ 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

	Note	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	3	(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	9	(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	7	(267,027)	(321,152)
Loss for the year before taxation		(919,706)	(1,502,738)
Income tax	5	–	(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	4	(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).

The notes on pages 23 to 40 are an integral part of these financial statements.

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)

The notes on pages 23 to 40 are an integral part of these financial statements.

Consolidated & Company Statement of Financial Position

At 30 September 2016

ECR Minerals plc company no. 5079979

	Note	Group		Company	
		30 September 2016 £	30 September 2015 £	30 September 2016 £	30 September 2015 £
Assets					
Non-current assets					
Property, plant and equipment	8	6,237	7,705	6,237	7,705
Investments in subsidiaries	9	–	–	740,100	703,740
Intangible assets	10	2,437,608	2,132,224	2,076,104	1,797,460
Other receivables	11	–	–	107,341	10,907
		2,443,845	2,139,929	2,929,782	2,519,812
Current assets					
Trade and other receivables	11	5,470	74,233	4,147	35,674
Available for sale financial assets	9	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	12	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	14	302,242	351,850	268,323	349,990
Interest bearing borrowings	15	–	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	13	11,281,628	11,071,602	11,281,628	11,071,602
Share premium	13	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 notes on pages 23 to 40 are an integral part of these financial statements. The financial statements on pages 17 to 40 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 (Note 13) £	Share premium (Note 13) £	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 Statement	-	-	-	-	-	
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

The notes on pages 23 to 40 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 September 2016

ECR Minerals plc company no. 5079979

	Share capital (Note 13) £	Share premium (Note 13) £	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

The notes on pages 23 to 40 are an integral part of these financial statements.

Consolidated & Company Cash Flow Statement

For the year ended 30 September 2016

ECR Minerals plc company no. 5079979

	Note	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	23	(494,118)	(654,704)	(483,553)	(595,822)
Investing activities					
Purchase of property, plant & equipment		-	-	-	-
Increase in exploration assets	10	(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	12	471,809	90,398	443,165	81,040

Non-cash transactions:

1. During the year £758,554 (2015: £955,913) of convertible loans and interest thereon were converted into shares.
2. Settlement of creditors of £140,863 (2015:£8,874) with ordinary shares.
3. Purchase of assets of £53,259 (2015:£nil) settled with ordinary shares.

The notes on pages 23 to 40 are an integral part of these financial statements.

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.

The Group and Parent Company financial statements have been prepared on a going concern basis as explained in the Report of the Directors on page 12.

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

Notes to the Financial Statements continued

For the year ended 30 September 2016

committed expenditure. Further details are included in Note 24 to the financial statements. 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 foreseeable future 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

Notes to the Financial Statements continued

For the year ended 30 September 2016

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 (Note 10);
- share-based payments (Note 6 and Note 13);

3 Operating loss

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
The operating loss is stated after charging:		
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.

Details of share options and warrants that could potentially dilute earnings per share in future periods is set out in Note 13.

5 Corporation tax

The relationship between the expected tax expense based on the corporation tax rate of 20% for the year ended 30 September 2016 (2015: 20.5%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
Group loss for the year	(919,706)	(1,502,738)
Loss on activities at effective rate of corporation tax of 20% (2015: 20.5%)	(183,941)	(308,061)
Expenses not deductible for tax purposes	75,091	96,977
Income not taxable	(7)	(6)
Depreciation in excess of capital allowances	294	638
Loss carried forward on which no deferred tax asset is recognised	108,563	210,452
Deferred tax (see below)	–	(3,217,484)
Total income tax expense	–	(3,217,484)

The Company has unused tax losses of approximately £3,246,000 (2015: £3,200,000). The related deferred tax asset has not been recognised in respect of these losses as there is no certainty in regards to the level and timing of future profits.

Notes to the Financial Statements continued

For the year ended 30 September 2016

5 Corporation tax *continued*

Deferred tax (timing differences)

The movement in the deferred tax asset in the year is as follows:

	2016 £	2015 £
At 1 October	–	–
On re-acquisition of subsidiary	–	3,217,484
Impairment of asset	–	(3,217,484)
At 30 September	–	–

6 Staff numbers and costs

Group and Company

	Year ended 30 September 2016 Number	Year ended 30 September 2015 Number
Directors	3	3
Administration	1	2
Total	4	5

The aggregate payroll costs of these persons were as follows:

	£	£
Staff wages and salaries	39,557	68,249
Directors' cash based emoluments	213,167	226,200
Share-based payments	–	288,831
	252,724	583,280

The remuneration of the directors, who are the key management personnel of the Group, in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures' was as follows:

	£	£
Directors' cash based emoluments	213,167	226,200
Employer's national insurance contributions	6,626	25,678
Short-term employment	219,793	251,878
Share-based payments	–	182,697
	219,793	434,575

Directors' remuneration

As required by AIM Rule 19, details of remuneration earned in respect of the financial year ended 30 September 2016 by each Director are set out below:

Year ended 30 September 2016

Director	Paid £	Salary Accrued £	Bonus £	Share-based payments £	Total £
C Brown	40,834	–	–	–	40,834
S Clayson	110,833	–	–	–	110,833
R Watts	18,000	–	–	–	18,000
W Howell	43,500	–	–	–	43,500
	213,167	–	–	–	213,167

6 Staff numbers and costs *continued*

Year ended 30 September 2015

Director	Salary		Bonus £	Share-based payments £	Total £
	Paid £	Accrued £			
S Clayson	50,000	100,000	–	98,224	248,224
P Johnson	37,500	–	–	49,112	86,612
R Watts	13,200	10,500	–	35,361	59,061
W Howell	–	15,000	–	–	15,000
	100,700	125,500	–	182,697	408,897

The highest paid Director received remuneration of £110,833 (2015: £150,000), excluding share-based payments.

R Watts received remuneration totalling £Nil (2015: £5,700) via a service company.

W Howell received remuneration totalling £43,500 (2015: £Nil) via a service company.

The amounts in the year ended 30 September 2015 described as share-based payments represent the deemed cost of share options granted under the Company's unapproved share option plan. The share options concerned are exercisable at £0.00275 (0.275p) per share. The closing mid-market price of the Company's ordinary shares on AIM on the day prior to the publication of this report is 1.85p per share. Details of each Director's share options and interests in the Company's shares are shown in the Directors' Report.

7 Finance income and costs

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
Finance costs		
Issue costs of convertible loans amortised (Note 13,15)	123,894	93,698
Interest on convertible loans	77,030	63,466
Fair value of warrants issued under the loan finance agreement	–	162,632
Loss on the settlement of loan for equity	65,174	–
Other interest payable	1,413	1,384
	267,511	321,180
	2016 £	2015 £
Finance income		
Interest on cash and cash equivalents	(484)	(28)
Net finance costs	267,027	321,152

8 Property, plant and equipment

Group	Furniture & fittings £	Office equipment £	Machinery & equipment £	Total £
Cost				
At 1 October 2015	3,445	17,852	4,291	25,588
Exchange differences arising on translation	–	(123)	(119)	(242)
At 30 September 2016	3,445	17,729	4,172	25,346
Depreciation				
At 1 October 2015	2,880	13,804	1,199	17,883
Depreciation for the year	70	1,012	386	1,468
Exchange differences arising on translation	–	(123)	(119)	(242)
At 30 September 2016	2,950	14,693	1,466	19,109
Net book value				
At 1 October 2015	565	4,048	3,092	7,705
At 30 September 2016	495	3,036	2,706	6,237

Notes to the Financial Statements continued

For the year ended 30 September 2016

8 Property, plant and equipment continued

Company	Furniture & fittings £	Office equipment £	Machinery & equipment £	Total £
Cost				
At 1 October 2015	3,445	17,414	3,865	24,724
At 30 September 2016	3,445	17,414	3,865	24,724
Depreciation				
At 1 October 2015	2,880	13,366	773	17,019
Depreciation for the year	70	1,012	386	1,468
At 30 September 2016	2,950	14,378	1,159	18,487
Net book value				
At 1 October 2015	565	4,048	3,092	7,705
At 30 September 2016	495	3,036	2,706	6,237

The Group and the Company's property, plant and equipment are free from any mortgage or charge.

The comparable table for 2015 is detailed below.

Group	Furniture & fittings £	Office equipment £	Machinery & equipment £	Total £
Cost				
At 1 October 2014	3,445	17,869	4,307	25,621
Exchange differences arising on translation	–	(17)	(16)	(33)
At 30 September 2015	3,445	17,852	4,291	25,588
Depreciation				
At 1 October 2014	2,740	11,766	295	14,801
Depreciation for the year	140	2,054	918	3,111
Exchange differences arising on translation	–	(16)	(14)	(29)
At 30 September 2015	2,880	13,804	1,199	17,883
Net book value				
At 1 October 2014	705	6,103	4,012	10,820
At 30 September 2015	565	4,048	3,092	7,705
Company				
Cost				
At 1 October 2014	3,445	17,414	3,865	24,724
At 30 September 2015	3,445	17,414	3,865	24,724
Depreciation				
At 1 October 2014	2,740	11,342	–	14,082
Depreciation for the year	140	2,024	773	2,937
At 30 September 2015	2,880	13,366	773	17,019
Net book value				
At 1 October 2014	705	6,072	3,865	10,642
At 30 September 2015	565	4,048	3,092	7,705

9 Investments

	Investment in subsidiaries £
Cost as at 1 October 2015	703,740
Addition	36,360
Balance at 30 September 2016	740,100

The comparable table for 2015 is detailed below:

	Investment in subsidiaries £
Cost as at 1 October 2014	624,008
Addition	79,732
Balance at 30 September 2015	703,740

Investment in subsidiaries

At 30 September 2016, the Company had interests in the following subsidiary undertakings:

Subsidiaries:	Principal country of incorporation	Principal activity	Description and effective country of operation	Proportion of shares held
Ochre Mining SA	Argentina	Mineral Exploration	Argentina	100%
Mercator Gold Australia Pty Ltd	Australia	Mineral Exploration	Australia	100%
Warm Springs Renewable Energy Corporation	USA	Dormant	USA	90%
Copper Flat Corporation (formerly New Mexico Copper Corporation)	USA	Dormant	USA	100%

Address of the subsidiaries:

Ochre Mining SA	Lamadrid 33, M5521JCV, Mendoza, Argentina
Mercator Gold Australia Pty Ltd	128A Camberwell Circuit, Robina, Queensland 4226 Australia
Warm Springs Renewable Energy Corporation	315 Paseo De Peralty, Santa Fe, NM 87501, USA
Copper Flat Corporation (formerly New Mexico Copper Corporation)	315 Paseo De Peralty, Santa Fe, NM 87501, USA

Available for sale financial assets

	2016 £	2015 £
Quoted investments		
At 1 October	39,277	178,866
Additions	–	39,276
Disposals	–	(54,286)
Impairment	–	(124,579)
Fair value movements	(18,263)	–
At 30 September	21,014	39,277

The £178,866 in 2015 represented the value of the Company's holding of shares of THEMAC Resources Group Ltd ("THEMAC"). The fair value was based on quoted market prices at the year end. THEMAC's common shares are listed on TSX Venture Exchange (TSX-V: MAC).

Notes to the Financial Statements continued

For the year ended 30 September 2016

9 Investments continued

At 30 September 2014, the Company beneficially held approximately 12% of THEMAC's issued common shares. The Company also held common share purchase warrants, which if exercised would have potentially increased the Company's holding of common shares to approximately 14% on a fully diluted basis. During the year ended 30 September 2015, the Company disposed of its entire holding in THEMAC, both common shares and common share purchase warrants, realising a loss on disposal of £124,579.

The available for sale financial asset at 30 September 2015 and 2016 comprises shares in Tiger International Resources Inc.

Other financial assets

	2016 £	2015 £
Warrants in a listed entity		
At 1 October	–	26,196
Disposals	–	(13,736)
Fair value movements	–	(12,460)
At 30 September	–	–

10 Intangible assets – exploration and development costs

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
At 1 October	2,132,224	1,422,493	1,797,460	1,165,062
Additions	399,319	719,108	278,643	632,398
Translation difference	(93,935)	(9,377)	–	–
At 30 September	2,437,608	2,132,224	2,076,103	1,797,460

An operating segment level summary of exploration and development costs of the Group is presented below:

	2016 £	2015 £
Danglay Gold Project, Philippines	1,164,982	968,176
SLM Gold Project, Argentina	1,117,335	1,164,048
Avoca and Bailieston Gold Project, Australia	155,291	–
At 30 September	2,437,608	2,132,224

Danglay Gold Project, Philippines

In April 2013 ECR entered into an earn-in and joint venture agreement (the "Agreement") with Cordillera Tiger and Tiger International in relation to the Danglay Gold Project, Philippines. Cordillera Tiger is a Philippine corporation and the holder of the Danglay Gold Exploration Permit ("EP"). The Agreement gave ECR the exclusive right and option to earn a 25% or 50% interest in Cordillera Tiger and thereby in the Danglay Gold Project. ECR has contributed more than \$500,000 of expenditures in relation to Danglay and completed a Mineral Resource estimate in accordance with Canadian NI 43-101. In fulfilling these two conditions, ECR has earned a 25% interest in the project.

The Agreement was terminated in August 2016. The board of Cordillera Tiger Gold Resources, Inc (CTGR) passed a resolution on the morning of 31 March 2017 to issue the 25% shareholding due to ECR. The issue is subject to the approval of the local Securities Commission in the Philippines.

The EP of 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 the new administration has to date adopted a far from supportive stance towards the mining industry. Despite this, the Group is not currently aware of any reason why the pending application for renewal of the Danglay EP will not be granted, although there can be no guarantee and no certainty to the likely timeframe. The Directors are hopeful that the political situation for the mining industry in the Philippines will improve in future.

The Group has stopped exploration activities at Danglay since August 2016. However, with its NI 43 101 Mineral Resource and target for further exploration published in December 2015, Danglay Gold Project remains a project of intrinsic interest to the Group. Should the issues disclosed above be satisfactorily resolved and the Group wishes to resume exploration activities at Danglay, the Board will need to find additional funding.

11 Trade and other receivables

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Non-current assets				
Amount owed by a subsidiary	–	–	107,341	10,907
<hr/>				
Current assets				
Prepayments and accrued income	5,470	74,233	4,147	35,674

The short-term carrying values are considered to be a reasonable approximation of the fair value.

The amount owed by a subsidiary is stated net of impairment provision made in prior years.

12 Cash and cash equivalents

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash and cash equivalents consisted of the following:				
Deposits at banks	471,643	89,873	443,009	80,857
Cash on hand	166	525	156	183
	471,809	90,398	443,165	81,040

13 Share capital and share premium accounts

The share capital of the Company consists of three classes of shares: ordinary shares of 0.001p each which have equal rights to receive dividends or capital repayments and each of which represents one vote at shareholder meetings; and two classes of deferred shares, one of 9.9p each and the other of 0.099p each, which have limited rights as laid out in the Company's articles: in particular deferred shares carry no right to dividends or to attend or vote at shareholder meetings and deferred share capital is only repayable after the nominal value of the ordinary share capital has been repaid.

a) Changes in issued share capital and share premium:

	Number of Shares	Ordinary shares £	Deferred shares £	Deferred 'B' shares £	Total shares £	Share premium £	Total £
At 1 October 2015	4,842,714,636	48,427	7,194,816	3,828,359	11,071,602	40,802,469	51,874,071
Issue of shares less costs	14,750,000,000	147,500	–	–	147,500	896,750	1,044,250
Shares issued in payment of creditors	2,785,250,850	27,853	–	–	27,853	175,577	268,605
Loan converted into shares	3,467,322,467	34,673	–	–	34,673	566,757	536,255
Balance at 30 September 2016	25,845,287,953	258,453	7,194,816	3,828,359	11,281,628	42,441,553	53,723,181

All the shares issued are fully paid up and none of the Company's shares are held by any of its subsidiaries.

Notes to the Financial Statements continued

For the year ended 30 September 2016

13 Share capital and share premium accounts continued

b) Potential issue of ordinary shares

Share options

The number and weighted average exercise prices of share options valid at the year-end are as follows:

	Weighted average exercise price 2016 £	Number of options 2016	Weighted average exercise price 2015 £	Number of options 2015
Exercisable at the beginning of the year	0.003	350,140,427	0.004	141,200,000
Granted during the year	–	–	0.003	208,940,427
Exercisable at the end of the year	0.003	350,140,427	0.003	350,140,427

The options outstanding at 30 September 2016 have a weighted average remaining contractual life of three years (2015: four years).

The options outstanding at the end of the year have the following expiry date and exercise prices:

Date granted	Expiry Date	Exercise Price in	No. of Options
6 January 2011	5 January 2021	£0.025	11,200,000
12 August 2013	11 August 2018	£0.002	130,000,000
31 December 2014	30 December 2019	£0.00275	208,940,427

Share-based payments

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services is measured based on the Black Scholes valuation model.

Fair value of share options and assumptions

	2015 £
Fair value at measurement date	288,831
Weighted average share price	0.00190
Weighted average exercise price	0.00275
Expected volatility	109%
Average option life in years	5
Expected dividends	–
Weighted average risk-free interest rate (based on national government bonds)	1.178%

The expected volatility is based on the historical volatility of the Company over the previous five years, and reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

There are service related conditions associated with share option exercises but no market related conditions.

Critical estimate

The Directors have assumed a life of 5 years; however a material difference would arise if the life were lowered to 2.9 years or below.

	2015
Share options granted	208,940,427
Total expense recognised as employee costs	£288,831

13 Share capital and share premium accounts *continued*

Share warrants

	Weighted average exercise price 2016 £	Number of warrants 2016	Weighted average exercise price 2015 £	Number of warrants 2015
Exercisable at the beginning of the year	0.0008	182,745,730	0.0012	97,192,506
Granted during the year	0.0002	2,947,521,858	0.0004	85,553,224
Exercisable at the end of the year	0.0003	3,130,267,588	0.0008	182,745,730

The assessed fair value of the warrants granted was determined using the Black Scholes model. The following inputs to the model were used:

	Nov 2015	Mar 2016	Apr 2016	May 2016
Fair value at measurement date	£178,303	£27,236	£19,539	£11,809
No. of warrants granted	1,250,000,000	171,755,725	116,666,666	80,985,915
Share price at grant date	£0.0028	£0.0026	£0.0026	£0.0023
Exercise price	£0.0040	£0.0033	£0.0028	£0.0027
Expected volatility	104 %	109 %	110 %	110 %
Life in years	3	3	3	3
Expected dividends	–	–	–	–
Weighted average risk-free interest rate (based on national government bonds)	0.53%	0.53%	0.50%	0.55%

	June 2016	Sep 2016	Sep 2016
Fair value at measurement date	£10,447	£36,326	£2,173
No. of warrants granted	94,780,219	900,000,000	333,333,333
Share price at grant date	£0.0018	£0.0001	£0.0006
Exercise price	£0.0023	£0.0001	£0.0015
Expected volatility	109 %	106 %	110 %
Life in years	3	3	3
Expected dividends	–	–	–
Weighted average risk-free interest rate (based on national government bonds)	0.50%	0.15%	0.085%

The expected volatility is based on the historical volatility of the Company over the previous three years, and reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The warrants outstanding at the end of the year have the following expiry date and exercise prices:

Date granted	Expiry Date	Exercise Price	No. of Warrants
23 November 2015	22 November 2018	0.0004	900,000,000
8 December 2015	7 December 2018	0.0004	350,000,000
9 March 2016	8 March 2019	0.000328	171,755,725
4 April 2016	3 April 2019	0.000281	116,666,666
6 May 2016	5 May 2019	0.000266	80,985,915
2 June 2016	1 June 2019	0.000228	94,780,219
6 September 2016	5 September 2016	0.000050	400,000,000
6 September 2016	5 September 2016	0.000150	500,000,000
6 September 2016	5 September 2016	0.00010	200,000,000
20 September 2016	19 September 2016	0.000150	133,333,333

The fair value of warrants issued amounting to £178,303 and £123,737 have been recognised respectively in other reserves and profit or loss.

Notes to the Financial Statements continued

For the year ended 30 September 2016

14 Trade and other payables

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade payables	47,629	6,585	33,757	6,585
Social security and employee taxes	7,455	9,057	7,455	7,197
Other creditors and accruals	247,158	336,208	227,111	336,208
	302,242	351,850	268,323	349,990

15 Interest bearing liabilities

	2016 £	2015 £
Group and Company		
YA Global Master SPV Ltd loan - unsecured	–	451,104
Total	–	451,104

YA Global Master SPV Ltd loan

On 3 September 2014 the Company entered into an agreement in relation to a convertible loan facility (the "Facility") of up to US\$10 million to be made available by YA Global Master SPV Ltd (the "Investor"), an investment fund managed by Yorkville Advisors Global, LP. The Facility, which was available to the Company for three years, provided for an initial loan tranche of principal amount US\$1.5 million (the "Initial Tranche"), which was drawn down by ECR in September 2014, and for future loans up to an aggregate principal amount of US\$10 million.

The outstanding principal amount of a tranche (a "Loan") drawn down by ECR under the Facility was convertible at YA Global's option into ordinary shares of the Company of 0.001p ("Ordinary Shares") on the following terms: (a) at 92.5% of the average daily volume weighted average price (VWAP) of the Ordinary Shares during the ten trading days preceding the conversion date, conversion on this basis being restricted to a maximum amount of US\$250,000 per calendar month; or (b) at 150% of the average daily VWAP of the Ordinary Shares during the five trading days preceding drawdown of any subsequent Loan, conversion on this basis being subject to no maximum amount.

On maturity of a Loan (two years from the date of drawdown, extendable by up to one year at the option of YA Global) any outstanding principal amount was to be mandatorily converted to Ordinary Shares at the closing price of the Ordinary Shares on or immediately prior to the maturity date. Interest on the outstanding principal amount of a Loan accrued at 10% per annum, payable in Ordinary Shares at 92.5% of the average daily VWAP of the Ordinary Shares during the ten trading days prior to the interest payment date. An implementation fee of 7.5% of the principal amount of each Loan is payable to YA Global upon drawdown of the relevant Loan. The Company was entitled to prepay a Loan in cash, in whole or in part, by making a payment to YA Global equal to the principal amount to be prepaid plus any interest due and an additional amount of 10% of the principal amount to be prepaid.

In connection with any Loan, YA Global received a quantity of warrants equal to 25% of the principal amount of such Loan (converted to £) divided by the closing price of the Ordinary Shares on the trading day prior to the date of drawdown, each warrant to be valid for three years and exercisable to acquire one Ordinary Share for a price equal to 125% of the VWAP of the Ordinary Shares on the trading day prior to the date of drawdown. Details of the warrants issued in this connection are provided in Note 13.

The loan was fully extinguished during the year by the issue of ordinary shares.

16 Capital management

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its mineral exploration and development and other activities to provide returns for shareholders and benefits for other stakeholders.

The Group's capital structure comprises all the components of equity (all share capital, share premium, retained earnings when earned and other reserves). When considering the future capital requirements of the Group and the potential to fund specific project development via debt, the Directors consider the risk characteristics of the underlying assets in assessing the optimal capital structure.

17 Related party transactions

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts owed to Directors	31,097	125,500	31,097	125,500

Details of Directors' emoluments are disclosed in Note 6. The amounts owed to Directors relate to accrued emoluments.

The Directors are the only key management. Transactions with the Directors are disclosed in Note 18 and this note.

During the year the Company provided funding to the value of £43,175 to Mercator Gold Australia Pty Ltd, and issued shares in order for MGA to fund part of the acquisition of the Avoca and Bailieston gold project. The balance owed to the Company is showed in Note 11.

During the year the Company subscribed for new shares of Ochre Mining SA ("Ochre") to the value of £31,069 in order to provide funding for Ochre's exploration activities. Ochre is a wholly owned subsidiary of the Company and operates the SLM project in Argentina.

The Company and the Group have no ultimate controlling party.

18 Advances made to directors

	2016 £	2015 £
<i>S Clayson</i>		
Amount owed at start of the year	–	10,299
Advances – to cover business expenses	15,860	–
Repayments achieved through expense claims	(15,860)	(10,299)
Amount owed at the year end	–	–

19 Commitments and contingencies

Capital expenditure commitment

As at 30 September 2016, the Group had no commitments (2015: £Nil).

The Group is committed to issue a further AUD 150,000 worth of Ordinary Shares in ECR contingent on commercial production being established from either the Avoca or the Bailieston projects.

Operating lease commitments

Details of operating lease commitments are set out in Note 20 below.

20 Operating leases

The total amounts payable under:

Non-cancellable operating lease liabilities of the Group and Company are as follows:

	2016 £	2015 £
Payable:		
Within 1 year	–	4,453

Notes to the Financial Statements continued

For the year ended 30 September 2016

21 Financial instruments

Categories of financial instrument

Group	2016 £	2015 £
Financial assets		
Cash and cash equivalents	471,809	90,398
	471,809	90,398
Available for sale financial assets	21,014	39,277
	21,014	39,277
Financial liabilities		
Trade and other payables	302,242	132,085
	302,242	132,085
Borrowings	–	451,104
	–	451,104
Company		
	2016 £	2015 £
Financial assets		
Cash and cash equivalents	443,165	81,040
	443,165	81,040
Available for sale financial assets	21,014	39,277
	21,014	39,277
Financial liabilities		
Trade and other payables	268,323	349,990
	268,323	349,990
Borrowings	–	451,104
	–	451,104

Risk management objectives and policies

The Group's principal financial assets comprise cash and cash equivalents, trade and other receivables, investments and prepayments. The Group's liabilities comprise trade payables, other payables including taxes and social security, and accrued expenses.

The Board determines as required the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts to mitigate financial risks.

Credit risk

The Group's cash at bank is held with reputable international banks. Cash is held either on current account or on short-term deposit at floating rates of interest determined by the relevant prevailing base rate. The fair value of cash and cash equivalents at 30 September 2016 and 30 September 2015 did not differ materially from their carrying value.

Market risk

The Group's financial instruments potentially affected by market risk include bank deposits, and trade payables. An analysis is required by IFRS 7, intended to illustrate the sensitivity of the Group's financial instruments (as at period end) to changes in market variables, being exchange rates and interest rates.

The Group's exposure to market risk is not considered to be material.

Interest rate risk

The Group has no material exposure to interest rate risk.

Since the interest accruing on bank deposits was relatively immaterial there is no material sensitivity to changes in interest rates.

21 Financial instruments *continued*

Foreign currency risk

The Group is exposed to foreign currency risk in so far as some dealings with overseas subsidiary undertakings are in foreign currencies.

Fair value of financial instruments

The fair values of the Company's financial instruments at 30 September 2016 and 30 September 2015 did not differ materially from their carrying values.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, by the level in the fair value hierarchy into which the measurement is categorised.

Group and Company

	Level 1 £	Level 2 £	Level 3 £	Total £
30 September 2016				
Available for sale financial assets	21,014	–	–	21,014
	21,014	–	–	21,014

Group and Company

	Level 1 £	Level 2 £	Level 3 £	Total £
30 September 2015				
Available for sale financial assets	39,277	–	–	39,277
	39,277	–	–	39,277

Liquidity risk

The Group finances its operations primarily through the issue of equity share capital and debt in order to ensure sufficient cash resources are maintained to meet short-term liabilities and future project development requirements. Management monitors availability of funds in relation to forecast expenditures in order to ensure timely fundraising. Funds are raised in discrete tranches to finance activities for limited periods.

Funds surplus to immediate requirements may be placed in liquid, low risk investments.

The Group's ability to raise finance is subject to market perceptions of the success of its projects undertaken during the year and subsequently. Due to the uncertain state of financial markets there can be no certainty that future funding will continue to be available.

The table below sets out the maturity profile of financial liabilities as at 30 September 2016.

	2016 £	2015 £
Due in less than 1 month	302,242	351,850
Due between 1 and 3 months	–	–
Due between 3 months and 1 year	–	451,104
Due after 1 year	–	–
	302,242	802,954

Notes to the Financial Statements continued

For the year ended 30 September 2016

22 Segmental report

The Group is engaged in mineral exploration and development. Management does not segment the mineral exploration activity by geographical region when evaluating performance.

23 Cash used in operations

	Note	Group		Company	
		Year ended 30 September 2016 £	Year ended 30 September 2015 £	Year ended 30 September 2016 £	Year ended 30 September 2015 £
Operating activities					
Loss for the year before tax		(919,706)	(1,502,738)	(887,844)	(4,674,506)
Adjustments:					
Depreciation expense property, plant and equipment	8	1,468	3,111	1,468	2,937
Provisions and impairments of investments and loans		–	14,750	–	14,750
Impairment of other current assets		–	–	–	3,217,484
Loss on available for sale assets		18,263	137,131	18,263	137,040
Loss on extinguishment of debt by equity		30,486	–	30,486	–
Interest income		(484)	(28)	(35)	(28)
Interest accrued on convertible loan notes	7	200,924	319,796	200,924	319,796
Share based payments		123,737	288,831	123,737	288,831
Other interest payable		–	1,384	–	–
(Increase)/decrease in accounts receivable		(12,941)	6,539	(692)	20,533
(Increase)/decrease in taxation		(8,230)	543	(8,230)	543
Increase in accounts payable		58,565	67,103	24,570	67,924
Shares issued in lieu of expense payments		13,800	8,874	13,800	8,874
Net cash flow used in operations		(494,118)	(654,704)	(483,553)	(595,822)

24 Events after the reporting date

- On 12 October 2016, the directors of ECR Minerals plc (the “Board”) announced the appointment of Christian Gabriel St. John-Dennis together with the resignation of Richard Watts non-executive director of the Company with immediate effect.
- On 8 November 2016, the directors of ECR Minerals plc announced the appointment of Ivor William Osborne Jones as an executive director of the Company with immediate effect.
- On 21 November 2016, the Company passed a resolution for capital reorganisation, with the following effects:
 - every 200 existing ordinary shares of 0.001 pence each (“Existing Ordinary Shares”) were consolidated into one consolidated share of 0.2 pence (“Consolidated Share”) (“Consolidation”); and
 - immediately following the Consolidation, each Consolidated Share were sub-divided into one new ordinary share of 0.001 pence (“New Ordinary Share”) and one new deferred share of 0.199 pence (“New Deferred Share”) (“Sub-Division”).
- On 27 February 2017 the Group conditionally raised gross proceeds of £553,564 pursuant to a subscription by Shenyang for 55,356,391 new ordinary shares and, conditional on completion of the subscription, Shenyang will also be issued warrants over 83,034,586 new ordinary shares. Of the warrants, 55,356,391 are exercisable at a price of 2 pence per share and 27,678,195 are exercisable at a price of 5 pence per share.
- On 31 March 2017 the board of Cordillera Tiger Gold Resources, Inc. (CTGR) passed a resolution to issue the 25% shareholding due to ECR Minerals Plc.

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 of 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.

SHAREHOLDER NOTES

The following notes provide more detailed information about your voting rights, and how you may exercise them.

- 1 A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
- 2 Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
- 3 An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, a completed appointment of proxy must be returned to the Company by one of the following methods:
 - 3.1 in hard copy form by post, by courier or by hand to the Company's registrars, Computershare Investor Services plc, at the address shown on the form of proxy; or
 - 3.2 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in each case must be received by the Company by 10.00 a.m. on 20 April 2017 or in the case of any adjourned meeting 48 hours (excluding non-business days) before the adjourned meeting.

Please note that any electronic communication sent to us/our registrars in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.
- 4 To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Computershare Investor Services plc. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as revoking the other or others.

- 5 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 6 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent, Computershare Investor Services plc (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- 7 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 8 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 9 Only those shareholders registered in the Register of Members of the Company as at 6.00 p.m. on 20 April 2017 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.

- 10 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- 11 You may not use any electronic address provided either in this notice of general meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
- 12 As at 30 March 2017 (being the last business day before the publication of this Notice), the Company's issued share capital consisted of 135,899,461 Ordinary Shares carrying one vote each. The Company does not hold any shares in treasury.
- 13 Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - 13.1 to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - 13.2 the answer has already been given on a website in the form of an answer to a question; or
 - 13.3 it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

Company Information

DIRECTORS

William John Selwood Howell Non-Executive
Chairman

Craig William Brown
Director & CEO

Ivor William Osborne Jones
Executive Director & COO

Christian Gabriel St. John-Dennis
Non-Executive Director

COMPANY SECRETARY

Craig William Brown
Unit 117, Chester House 81-83 Fulham High Street
Fulham Green London SW6 3JA

REGISTERED AND HEAD OFFICE

ECR Minerals plc
Unit 117, Chester House

81-83 Fulham High Street
Fulham Green
London SW6 3JA

Tel: +44 (0)20 7929 1010
Fax: +44 (0)20 7929 1015

info@ecrminerals.com
www.ecrminerals.com
Aim ticker: ECR
Twitter.com/ecrminerals

AUDITOR

PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD

REGISTRARS

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS13 8AE

LEGAL ADVISERS

Charles Russell Speechlys LLP
5 Fleet Place
London EC4M 7RD

AIM NOMINATED ADVISER

Cairn Financial Advisers LLP
Cheyne House, Crown Court
62-63 Cheapside
London EC2V 6AX

AIM BROKER OF RECORD

Optiva Securities Ltd
2 Mill Street
London W1S 2AT

BANKERS

Barclays Bank plc
1 Churchill Place
London
E14 5HP

