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ECR Minerals plc - ECR Annual Financial Report
Released 07:00 07-Mar-2016

LONDON--(BUSINESS WIRE)--

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

AIM: ECR
US OTC: MTGDY

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 30 SEPTEMBER 2015 AND NOTICE OF ANNUAL GENERAL MEETING

LONDON: 7 MARCH 2016 - ECR Minerals plc is pleased to announce its audited financial statements for the year ended 30 September 2015. The information presented below has been extracted from the Company's Annual Report and Accounts 2015.

Copies of the Annual Report and Accounts 2015 together with a notice of annual general meeting will be posted to shareholders on 8 March 2016 and will be available from that date on the Company's website www.ecrminerals.com and from the Company's registered office at 2nd Floor, Peek House, 20 Eastcheap, London EC3M 1EB. The text of the notice of annual general meeting is provided below.

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FORWARD LOOKING STATEMENTS

This announcement 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 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 directors of ECR Minerals plc (the "Directors" or the "Board") present their report and audited financial statements for the year ended 30 September 2015 for ECR Minerals plc ("ECR", the "Company" or the "Parent Company") and on a consolidated basis (the "Group")

Chairman's Statement

I am pleased to present my first annual statement since being appointed Chairman of ECR in June 2015. At that time, the minerals sector was already in a major cyclical trough, with the world's leading mining companies and junior explorers, across the board and in all markets, reeling from historically low commodity prices and the paucity of new investment funds – not an ideal time to take on the Chairman's role, it could be argued.

However, I accepted the chairmanship of ECR because I was impressed by the professional approach and commitment of directors Stephen Clayson and Dick Watts, and the Company's small team of dedicated staff. Perhaps more importantly, I was in agreement with ECR's strategy of careful management of its limited financial resources to conduct targeted, step–by–step exploration of gold deposits which, albeit modest in size by some standards, are economically relevant at prevailing commodity prices, and are capable of providing a platform for future growth opportunities.

My decision has so far been vindicated by the completion of the inferred resource estimate of 63,500oz gold in surficial oxide material at the Danglay prospect in the world–renowned gold mining Baguio District of the Philippines, with significant further exploration potential; and the possible opportunity, subject to the outcome of further discussions, of a small gold processing operation in Argentina. Both of these prospects are covered in more detail in the Chief Executive Officer's report, together with the Mercator Gold Australia opportunity in Victoria, Australia, announced yesterday 3 March 2016.

The current bear phase in mining markets has not yet ended, although it is of some relief to a junior gold exploration and development company like ECR that the slide in the gold price appears to have been halted and modestly reversed at the time of writing this statement. Having managed mineral exploration teams for both major world mining companies and listed junior companies for almost 50 years through a significant number of mining cycles, I am certain from experience that this current bear phase will turn upwards in due course. As the trough bottoms out, there will be opportunities for ECR to grow. Stephen Clayson, Dick Watts and myself have between us nearly a century of hands–on experience and knowledge of exploration, mining and project evaluation to help us make good judgements in this regard, but as Stephen puts it in his Chief Executive Officer's report, ECR's approach will be measured and realistic.

In the meantime, I and all at ECR are grateful for the ongoing support of shareholders in a difficult market and we look forward to informing you of positive developments in the year ahead.

Bill Howell
Non–Executive Chairman
4 March 2016

Chief Executive Officer's Report

HIGHLIGHTS

Danglay (formerly Itogon) gold project, Philippines

- Inferred resource of 1,277,500t at 1.55 g/t gold for 63,500oz gold, estimated at cut–off of 0.75 g/t;
- Resource estimated in respect of the surficial oxide deposit only; in addition, a target for further exploration has been determined in respect of primary intermediate sulphidation vein–hosted mineralisation, which shows significant similarities to better known intermediate sulphidation deposits in the Baguio District;

- The resource estimate and the target for further exploration have each been determined by a qualified person and are disclosed in accordance with Canadian NI43–101;
- The Baguio District has a long history of mining centered on the exploitation of multiple intermediate sulphidation gold–silver–base metal vein deposits.

SLM gold project, Argentina

- Bulk sampling programme completed at Maestro Agüero prospect;
- MoU signed with owners of nearby processing plant, and in addition, recent indications of interest in the project from other parties;
- Positive political changes in Argentina at national level.

Mercator Gold Australia

- Agreement entered into in March 2016 for acquisition of the Avoca and Bailieston gold projects in Victoria, Australia.

DANGLAY GOLD PROJECT, PHILIPPINES

The financial year to 30 September 2015 saw ECR carry out significant exploration programmes, particularly at the Danglay gold project in the Philippines (formerly known as the Itogon gold project), but also at the SLM gold project in Argentina.

At Danglay, the work completed enabled a resource estimate and target for further exploration to be disclosed in accordance with Canadian NI43-101, leading to the publication of an NI43-101 technical report (the "Report") regarding the project in December 2015. The Report confirms that Danglay has robust exploration potential for both oxide and primary intermediate sulphidation epithermal gold mineralisation. The following information pertaining to the Danglay project should be read in conjunction with the Report.

It will be possible for exploration to resume on the ground once the application by Cordillera Tiger Gold Resources, Inc. ("CTGR") for renewal of the exploration permit which pertains to Danglay has been granted. The Directors expect this to occur in due course. The application was lodged in late September 2015 and it is normal for the processing of such applications to take a number of months. The Directors expect a wait of several more months before the renewed permit is received by CTGR. When the timing of the exploration permit renewal is known with certainty, decisions will be made as to further exploration by ECR at Danglay, and investors will be updated accordingly.

The Directors believe that Danglay is an exploration opportunity which exhibits great promise, but are mindful of the need not to overstretch the Company's financial resources by undertaking too many activities at once. This is a particular consideration given the recently announced agreement by ECR's subsidiary Mercator Gold Australia to acquire the Avoca and Bailieston gold projects.

Having established an initial resource at Danglay, the appropriate strategy to take the project forward would include further drilling with the objective of producing an updated resource estimate in respect of oxide mineralisation and a resource estimate for primary mineralisation. These estimates would then underpin the advancement of the project through the permitting process towards a mining licence.

ECR is currently the operator of the Danglay project with the right to earn a 50% interest therein by obtaining, for CTGR, a mining licence for the project. The Company has already earned a 25% interest in Danglay by disclosing a resource estimate in accordance with NI43-101. ECR has the right to terminate the current earn-in agreement at any time and retain this 25% interest. In that event, any future expenditures in connection with CTGR and the Danglay project would be expected to be contributed by ECR and Tiger pro rata, or else the interest of the non-funding party would be diluted.

Since commencing field work at Danglay in January 2014, ECR has completed systematic exploration including a prospect-wide topographic survey, 935 metres of surface channel sampling, 383 metres of underground channel sampling, 440 metres of trenching, 30 test pits, and 1812 metres of RC and diamond drilling.

The work completed by ECR has enabled the estimation of an inferred oxide gold resource of 1,277,500 tonnes at a grade of 1.55 g/t gold for 63,500 ounces using a 0.75 g/t cut-off grade (effective date 18 December 2015). The resource comprises both in situ oxide material and scree that has moved downslope, forms a generally flat-lying zone that drapes topography, and extends from surface to a maximum depth of approximately 20 metres for the purposes of the inferred resource estimate.

ECR has defined three strongly gold mineralised zones at Danglay: Danglay Ridge, Hillside and Bito, with cumulative strike length of approximately 600 metres and individual widths of up to 100 metres. The oxide mineralisation at each is underlain by multiple, steeply-dipping quartz-pyrite-base metal sulphide veins and structures, of an intermediate sulphidation epithermal type.

The styles of mineralisation and overall vein architecture show similarities with better known intermediate sulphidation epithermal deposits in the Baguio District. The intermediate sulphidation epithermal vein deposits of the Baguio District have been mined over 100s of vertical metres and giant deposits such as Antamok and Acupan have been mined over vertical intervals of approximately 600 to 800 metres. Most production has come from quartz-pyrite-base metal sulphide veins and breccias, with lesser production from carbonate-sulphide-base metal sulphide veins.

The Baguio District has a long history of open pit and underground mining and is one of the world's great gold mining camps. As such, there is a significant mining-oriented industry in Baguio City and an extensive pool of skilled labour available at globally competitive rates.

On the basis outlined in the Report, a lower bound target for further exploration was estimated at 600,000 tonnes at 5 g/t gold for 95,000 contained ounces of gold and an upper bound target was estimated at 700,000 tonnes at 7.5 g/t gold for 170,000 contained ounces of gold (the "Exploration Target"). The Exploration Target is in respect of primary mineralisation, and the Report recommends that diamond drilling be carried out to target the down-dip extension of the highest grade parts of quartz-pyrite-base metal sulphide veins and mineralised structures. Breccias are also identified as a priority target. Prior to drilling, the Report recommends rock-chip sampling, structural mapping and soil sampling to assist with drill targeting.

It should be noted that a target for further exploration is not a mineral resource estimate, is conceptual in nature, and is used where there has been insufficient exploration to define the target as a mineral resource and where it is uncertain if further exploration will result in the target being delineated as a mineral resource. The basis on which the Exploration Target has been determined is set out in full in the Report.

Exploration potential for further oxide mineralisation remains significant, and field observations, along with logging of RC chips and drill core, indicate that quartz veins, breccias and silicified zones and their associated stockwork and silica-pyrite selvages may be strongly oxidised to vertical depths of at least 40 metres. The current inferred resource estimate extends only to approximately 20 metres depth.

The Report recommends further drilling to provide a more robust data set with respect to oxide grade distribution, the location of potential high grade oxide zones and the base of oxidation, and to test potential strike extensions of the current inferred resource. Completion of this work would enable an updated resource to be estimated and hopefully an indicated category resource, equating to a higher level of resource confidence, to be determined.

As mentioned above, decisions as to the extent to which the recommendations of the Report may be implemented by ECR will be made once the timing of the exploration permit renewal is known with certainty. The outcome of the Philippine presidential elections scheduled for May 2016 may also have a bearing on these decisions, particularly as the current administration has not generally been perceived as very supportive of the mining industry. It is hoped that the next administration may adopt a different posture.

SLM GOLD PROJECT, ARGENTINA

In Argentina, work during the year to 30 September 2015 focused on the Maestro Agüero prospect and included a bulk sampling programme, which returned lower grades than had been hoped for, but did demonstrate good recoveries from cyanidation of the surficial mineralisation sampled. The results of this work were announced in July 2015. The SLM gold project, of which ECR has 100% ownership via Ochre Mining SA ("Ochre"), comprises three prospects: El Abra, JV and Maestro Agüero. No further exploration is planned for the SLM project in the immediate future.

The project was initiated in 2010 based on an exploration strategy which aimed to identify a number of small gold deposits suitable for processing at a single plant in the Sierra de las Minas region. This concept has been validated and realised by a local company, Esperanza Resources SA ("Esperanza"), which has constructed such a plant in the vicinity of Ochre's JV and Maestro Agüero prospects. The plant is configured to recover gold via gravity and flotation processes and is not located immediately adjacent to any deposit, being situated instead with good road access for the trucking of feed material from various sources.

A non-binding memorandum of understanding (the "MoU") was signed between Ochre and Esperanza in May 2015. The MoU provides for discussions aimed at forming a joint venture or other commercial arrangement for the processing of ore from Ochre's licence areas by Esperanza, and remains in place, albeit that there are no active discussions between Ochre and Esperanza at present.

Ochre is prepared to take a patient approach to see the value of its deposits realised, and, in view of the practicalities involved, the Directors' preference is for Ochre to partner with an Argentine group, such as Esperanza, in order to advance the SLM project towards production. However, we are keenly aware of the positive effect on the Group which would result from the establishment of a revenue stream from SLM, and efforts to reach agreement with a suitable partner will continue in 2016. Recent signs of interest in the SLM project from parties other than Esperanza are encouraging in this regard.

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. These welcome measures do much to improve the general viability of mining in Argentina, and are considered by the Directors to be supportive of the Company's above-stated objective for the SLM project.

MERCATOR GOLD AUSTRALIA

The Company's wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd ("MGA") recently entered into an agreement with Currawong Resources Pty Ltd ("Currawong") for the acquisition by MGA of 100% ownership of the Avoca and Bailieston gold projects (the "Projects") located in Victoria, Australia.

Currawong has identified significant exploration potential for mesothermal quartz vein hosted gold and related placer-style 'deep lead' gold mineralisation at Avoca, and epithermal 'Carlin' style disseminated or sheeted vein hosted gold mineralisation at Bailieston. In addition, an opportunity exists to generate relatively near term revenue from reprocessing of historical mine dumps at the Avoca project, subject to confirmation of the findings of the preliminary studies carried out by Currawong.

A JORC Code-compliant technical report in relation to the Projects is being prepared by Snowden Mining Industry Consultants, and is expected to be published by ECR during March 2016.

The consideration for the acquisition comprises up to A$250,000 in ECR shares, based on certain milestones, and a net profits interest royalty of 20% in respect of mine dumps and 10% in respect of other deposits, the royalty being capped at A$3.5 million in total. The acquisition remains conditional on the necessary Victorian government authorisations and registration of the transfer of the Projects to MGA. Further details regarding the acquisition and the Projects are available in ECR's announcement dated 3 March 2016.

In December 2014, MGA was released from external administration, which it had been subject to since 2008. MGA's accumulated tax losses are currently estimated to total approximately A$66 million. 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 future profits of MGA which would otherwise be taxable.

Australia has become a more attractive operating environment for mineral projects following the substantial depreciation in the Australian dollar against the US dollar and the GB pound which occurred during 2015. However, in the absence of an immediately available profitable business activity for MGA, the Directors have decided to make a further impairment provision against the carrying value of the MGA deferred tax asset. The effect of this provision on the financial statements for the year ended 30 September 2015 is discussed below.

In January 2016 the Company and MGA entered into a facilitation agreement (the "MTR Agreement") with Metal Tiger plc ("MTR"). The MTR Agreement provides that in the event MTR introduces a business opportunity to MGA and MGA proceeds to generate profits from such opportunity, MTR shall receive an introducer's fee equal to 25% of the tax which would have been payable by MGA in respect of the profits generated by such activity if not for the availability of some or all of MGA's tax losses. In the event MTR introduces a person willing to purchase some or all of ECR's shares in MGA, or a person willing to enter into a transaction of any other nature in relation to MGA, and in the event such a sale or other transaction is agreed and completed, ECR and/or MGA (as may be applicable) shall pay to MTR 25% of any consideration for the sale or other transaction as and when such consideration is actually received by ECR and/or MGA (as may be applicable). The MTR Agreement does not oblige ECR or MGA to proceed with any business opportunity or potential transaction which may be introduced by MTR or any other person.

The acquisition of the Avoca and Bailieston gold projects by MGA is unrelated to the MTR Agreement, and accordingly, MTR is not entitled to any payment in relation to the acquisition of the Projects. The MTR Agreement remains in force for the time being, and MGA will continue to evaluate opportunities in Australia, in addition to the Projects, as they arise.

FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

For the year to 30 September 2015 the Group recorded a total comprehensive expense attributable to shareholders of the Company of £4,683,279, compared with £1,858,040 for the year to 30 September 2014. Some £3,217,484 of this year's expense occurs as a result of an impairment provision against the carrying value of the MGA deferred tax asset. The bulk of the remainder is attributable to the costs of operating the Group and carrying out exploration, seen in the line items "other administrative expenses" and "exploration expenses".

The Group's net assets as at 30 September 2015 were £1,546,069, in comparison with £4,609,044 at 30 September 2014. The decrease is mainly due to the impairment provision in respect of the MGA deferred tax asset. MGA was not consolidated in the Group financial statements last year, but following its release from external administration has been consolidated in this year's figures along with its net assets of £10,907.

OUTLOOK

It is an inescapable fact that during calendar year 2015, ECR's share price declined precipitously. This has been uncomfortable for shareholders, and for the Company's Directors and staff, despite the fact that such declines have been pervasive across ECR's peer group. Accordingly, I would like to thank my fellow Directors and our employees and consultants for their efforts and commitment during the year, and our shareholders for their support.

The fall in the price of gold from its 2015 high of almost \$1300/oz in January last year to approximately \$1060/oz at the end of 2015 was clearly unhelpful to companies mining, developing or exploring gold deposits, especially against the backdrop of gold's overall decline from its 2011 high of almost \$1900/oz and widespread and severe downward pressure on prices across the commodities complex. This had a correspondingly deleterious effect on share prices in the sector.

With its existing projects, ECR has a firm footing in gold exploration, but the Directors are cognisant of the fact that the ongoing turmoil in the minerals industry may create opportunities to grow the Company's interests from this platform. This does not mean that the time is nigh for a headlong rush into a great multitude of projects simply because they are available, but does mean that new avenues may be open for the Company to apply its measured, realistic approach to exploration and mining. We are especially interested in doing so in ways which are complementary to our existing interests and strengths, and hence our attention tends to be focused on the Philippines and South East Asia, Australia and Argentina. The recent agreement by ECR's wholly owned subsidiary MGA to acquire the Avoca and Bailieston gold projects in Victoria, Australia is an example of an opportunity which fits this mold, and we hope to see Avoca and Bailieston play an important role in the future development of the Group.

Stephen Clayson
Director & Chief Executive Officer

4 March 2016

Strategic Report

The Directors of the Company present their Strategic Report for the year ended 30 September 2015.

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. Dick Watts, Technical Director is based in the United Kingdom while Stephen Clayson, Director & Chief Executive Officer and Bill Howell, Non–Executive Chairman 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 A$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"). Tiger is incorporated in British Columbia, Canada and its shares are traded on the TSX Venture Exchange. Tiger 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.

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 three male Directors and two female administrative staff.

The Group's activities are financed through periodic capital raisings, principally through the placement of the Company's ordinary shares or via convertible loans. 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 Company has no income.

For the year to 30 September 2015 the Group recorded a total comprehensive expense attributable to shareholders of the Company of £4,683,279, compared with £1,858,040 for the year to 30 September 2014. The bulk of this year's expense arises as the result of the impairment provision in respect of the deferred tax asset in MGA.

The Group's net assets as at 30 September 2015 were £1,546,069, in comparison with £4,609,044 at 30 September 2014. The bulk of this fall in net assets is also due to the impairment provision in respect of the deferred tax asset in MGA. Further discussion of this impairment provision is contained in Note 11 to these accounts.

Significant exploration activity took place during the year to 30 September 2015, 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 Company'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 Company'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 Company'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 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 identified some key KPIs which are of relevance. These are detailed below.

Project development: The Company reports the achievement of exploration and development targets, including geological results. The delineation of mineral resources and ultimately mineral reserves under internationally recognised protocols may also be important KPIs. During the year significant geological results were obtained, including by means of diamond drilling at the Danglay project. This contributed to 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. The Directors consider that exploration work by the Group at the Danglay and SLM projects was executed to a high standard.

Share price: The Board monitors the Company's share price and regularly compares its performance with that of its peer group. This KPI may be considered to measure, amongst other things, the effectiveness of the Company's interface with investors, both private and institutional. It is also key to optimising both the amount and the timing of its equity financings. The Company's share price on AIM declined approximately 74% between 30 September 2014 and 30 September 2015 (based on the mid–market closing prices for those dates), and exhibited considerable volatility. The Directors consider this performance be generally in line with that of the Company's peer group.

Rate of cash burn: This KPI is of critical importance, especially during periods when the raising of new finance is problematic. 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 £90,398 of cash and cash equivalents at 30 September 2015, versus £642,056 at the beginning of the year, despite net cash from financing activities of £719,108. This reflects the continued investment by the Group in exploration activities. Exploration assets increased by £709,731 during the year, as a result of the capitalisation of exploration expenditure. The Directors consider the performance of the Group in these regards to be within industry norms.

Operating Review

As mentioned above, the Group's current operations are located in Argentina, the Philippines and Australia. Potential new projects are reviewed from time to time in line with the strategy discussed earlier in this report. On 3 March 2016, the Company announced that its wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd has agreed to acquire 100% ownership of the Avoca and Bailieston gold projects in Victoria, Australia. As this is a very recent development, this review focuses on the Company's operations in Argentina and the Philippines.

Danglay gold project, Philippines

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

The Agreement gives ECR the exclusive right and option to earn a 50% interest in Cordillera Tiger and thereby in the Danglay project by obtaining, for Cordillera Tiger, a mining licence in respect of the project within ten years of commencement of the earn–in and by making certain staged payments to Tiger.

Under the terms of the earn–in, ECR will fund all expenditure required for Cordillera Tiger to obtain a mining licence, and through Cordillera Tiger, ECR will be the operator of the Danglay project during the earn–in. In the event a mining licence is obtained ECR and Tiger would fund development of the project pro rata, or the non–funding partner would be diluted.

The earn–in commenced in December 2013 and exploration is underway with ECR, through Cordillera Tiger, as the operator of the project. 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 the project's economic potential to be generated. Each phase of exploration is subject to the results of prior phases, and after each phase ECR will determine on the basis of the results obtained whether to continue with the earn–in.

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. The Report includes, in summary form, all material scientific and technical information in respect of the Danglay project as of the effective date of the document, and the Directors hope that the Report will help ECR shareholders, potential investors and any other interested parties come to a more detailed understanding of the merits of the Danglay project. The Report makes detailed recommendations for further exploration at the Danglay project, with a budget of US$775,000. The Directors are considering the extent to which these recommendations may be implemented by ECR.

SLM gold project, Philippines

The SLM project is located in La Rioja Province, Argentina and is 100% held by ECR's wholly owned subsidiary Ochre Mining SA. Following completion of a detailed geological mapping exercise carried out in the latter part of 2014, bulk sampling commenced at the Maestro Agüero prospect in March 2015. The bulk sampling programme consisted of nineteen channel samples taken across quartz vein and stockwork zones. The results of the programme indicated that gold mineralisation at Maestro Agüero is present across potentially mineable surface widths, albeit at lower grades than had been hoped. However, the cyanide recoveries are generally high, and the deposit strikes along the centre of a low ridge, presenting a favourable topographic situation for open pit mining of near surface material.

A privately owned Argentine company named Esperanza Resources SA ("Esperanza") has constructed a mineral processing plant (the "Plant") in the Sierra de las Minas region of La Rioja. The Plant is configured to recover gold via gravity and flotation processes and is located approximately 4km, 9km and 44km (straight line distances) from Ochre's JV, Maestro Agüero and El Abra gold prospects, respectively. Estimated distances by road are 8km, 12km and 79km, respectively. The Plant is not located immediately adjacent to any deposit and has good road access for the trucking of feed material from various sources. A non–binding memorandum of understanding (the "MoU") was signed between Esperanza and Ochre in May 2015. The MoU provides for the parties to hold discussions aimed at forming a joint venture or other commercial arrangement for the processing of ore from Ochre's licence areas by Esperanza.

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 remain paused, and the Directors' preference is for Ochre to partner with an Argentine group in order to advance the project towards production. Efforts to reach agreement with a suitable partner will continue in 2016. Further discussion of the status of the SLM project is provided in the Chief Executive Officer's Report.

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 2015 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 Company, the nature of its activities and its stage of development.

The Board currently comprises a non–executive Chairman, a Chief Executive Officer and Director, and an executive Technical 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 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 and have access to the services of the Company Secretary.

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 Bill Howell and Stephen Clayson. 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 Bill Howell and Dick Watts 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 Company 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 Company 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 4 March 2016.

Stephen Clayson
Director and Chief Executive Officer

Independent Auditor's Report

For the year ended 30 September 2015

Independent auditor's report to the members of ECR Minerals plc

We have audited the financial statements of ECR Minerals plc for the year ended 30 September 2015 which comprise the Consolidated Income Statement, 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 1 to 24**Error! Reference source not found.**. 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 auditor's 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 Statement of Directors' Responsibilities set out on page 11, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Emphasis of matter – carrying value of the Group's interest in Danglay gold project

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Notes 2 and 10 to the financial statements concerning the Group's capitalised exploration costs in relation to the Danglay gold project, which have a carrying value of £968,176.

As described in Note 10, Cordillera Tiger Gold Resources, Inc., the Philippine corporation which is the holder of the exploration permit pertaining to the Danglay gold project, has applied to the Philippine Mines and Geosciences Bureau ("MGB") for a renewal of the exploration permit which pertains to the Danglay gold project in September 2015.

As the exploration permit renewal is at the discretion of MGB these conditions indicate a material uncertainty over the likelihood of the permit renewal and thus the carrying value of the Group's capitalised exploration costs in relation to the Danglay gold project. The financial statements do not include the adjustments that would result if the permit is not renewed.

Emphasis of matter – going concern

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 the Company's ability to continue as going concerns. Financial projections prepared by the directors show that future funding is required within the forthcoming year in order for the Group and the Company to continue as going concerns. The directors anticipate generating additional funding by way of an equity fundraising or by arranging further drawdowns of the YA Global Facility. If such funding cannot be generated, the Group and Company would need to seek alternative sources of funding to enable them to meet their liabilities as they fall due for the foreseeable future.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's abilities to continue as going concerns. The financial statements do not include the adjustments that would result if the Group and / or Company were unable to continue as going concerns.

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 2015 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 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.

Matters on which we are required to report by exception

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.

Guy Swarbreck	25 Moorgate
Senior Statutory Auditor, for and on behalf of	London
Nexia Smith & Williamson	EC2R 6AY
Statutory Auditor	
Chartered Accountants	4 March 2016

Consolidated Income Statement

For the year ended 30 September 2015

	Note	**Year ended 30 September 2015 £**	Year ended 30 September 2014 £
Continuing operations			
Exploration expenses		**(65,990)**	-
Other administrative expenses		**(941,359)**	(824,639)

Impairment of available for sale assets	9	**-**	(600,645)
Currency exchange differences		**(22,356)**	9,609
Total administrative expenses		**(1,029,705)**	(1,415,675)
Operating loss	3	**(1,029,705)**	(1,415,675)
Loss on revaluation of financial assets at fair value through profit or loss	9	**-**	(202,618)
Loss on disposal of available for sale financial asset	9	**(137,131)**	(121,922)
Reclassification of fair value movements on disposal of available for sale assets	9	**(14,750)**	14,750
		(1,181,586)	(1,725,465)
Financial income	7	**28**	654
Financial expense	7	**(321,180)**	(21,586)
Finance income and costs	7	**(321,152)**	(20,932)
Loss for the year before taxation		**(1,502,738)**	(1,746,397)
Income tax	5	**(3,217,484)**	-
Loss for the year from continuing operations		**(4,720,222)**	(1,746,397)
Loss for the year - all attributable to owners of the parent		**(4,720,222)**	(1,746,397)
Loss per share - basic and diluted	4		
On continuing operations		**(0.13)p**	(0.05)p

The loss for the Parent Company for the year was £4,674,506 (2014: £1,669,949)

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2015

	Note	**Year ended 30 September 2015 £**	Year ended 30 September 2014 £
Loss for the year		**(4,720,222)**	(1,746,397)
Items that may be reclassified subsequently to profit or loss			
Reclassification to profit and loss on disposal of available for sale assets	9	**14,750**	(14,750)
Gain/(loss) on exchange translation		**22,193**	(96,893)
Other comprehensive income/(expense) for the year		**36,943**	(111,643)
Total comprehensive expense for the year		**(4,683,279)**	(1,858,040)
Attributable to:–			
Owners of the parent		**(4,683,279)**	(1,858,040)

Consolidated & Company Statement of Financial Position

At 30 September 2015

	Note	**Group 30 September 2015 £**	Group 30 September 2014 £	**Company 30 September 2015 £**	Company 30 September 2014 £
Assets					

Non–current assets					
Property, plant and equipment	8	7,705	10,820	7,705	10,642
Investments in subsidiaries	9	–	–	703,740	624,008
Exploration assets	10	2,132,224	1,422,493	1,797,460	1,165,062
Other receivables	11	–	3,228,390	10,907	3,228,390
		2,139,929	4,661,703	2,519,812	5,028,102
Current assets					
Trade and other receivables	11	74,233	174,051	35,674	147,154
Available for sale financial assets	9	39,277	178,866	39,277	178,866
Other financial assets	9	–	26,196	–	26,196
Taxation		2,514	2,380	1,837	2,380
Other current assets		2,672	2,672	2,672	2,672
Cash and cash equivalents	12	90,398	642,056	81,040	609,400
		209,094	1,026,221	160,500	966,668
Total assets		2,349,023	5,687,924	2,680,312	5,994,770
Current liabilities					
Trade and other payables	14	351,850	284,819	349,990	282,039
Interest bearing liabilities	15	451,104	794,061	451,104	794,061
		802,954	1,078,880	801,094	1,076,100
Total liabilities		802,954	1,078,880	801,094	1,076,100
Net assets		1,546,069	4,609,044	1,879,218	4,918,670
Equity attributable to owners of the parent					
Share capital	13	11,071,602	10,483,166	11,071,602	10,483,166
Share premium	13	40,802,469	40,131,118	40,802,469	40,131,118
Exchange reserve		(69,649)	(91,842)	–	–
Other reserves		845,677	485,160	845,677	485,160
Retained losses		(51,104,030)	(46,398,558)	(50,840,530)	(46,180,774)
Total equity		1,546,069	4,609,044	1,879,218	4,918,670

The notes on are an integral part of these consolidated financial statements. The financial statements were approved and authorised for issue by the Directors on 4 March 2016 and were signed on their behalf by:

Bill Howell
Non–Executive Chairman

Stephen Clayson
Director & Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 30 September 2015

Group	Share capital (Note 13) £	Share premium (Note 13) £	Exchange reserve £	Other reserves £	Retained reserves £	Total £
Balance at 1 October 2013	10,453,946	40,096,112	5,051	351,760	(44,637,411)	**6,269,458**
Loss for the year	–	–	–	–	(1,746,397)	**(1,746,397)**
Reclassification of fair value movements to Income						
Statement on disposal of available for sale assets	–	–	–	–	(14,750)	**(14,750)**
Loss on exchange translation	–	–	(96,893)	–	–	**(96,893)**
Total comprehensive expense	–	–	(96,893)	–	(1,761,147)	**(1,858,040)**
Conversion of loan notes	28,066	33,625	–	–	–	**61,691**
Warrants issued in lieu of finance cost	–	–	–	133,400	–	**133,400**

Shares issued in payment of creditors	1,154	1,381	–	–	–	**2,535**
Balance at 30 September 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**
Share issued in payment of creditors	33,336	25,852	–	–	–	**59,188**
Balance at 30 September 2015	11,071,602	40,802,469	(69,649)	845,677	(51,104,030)	**1,546,069**

Company Statement of Changes in Equity

For the year ended 30 September 2015

Company	Share capital **(Note 13)** **£**	Share premium **(Note 13)** **£**	Retained reserves **£**	Other reserves **£**	**Total** **£**
Balance at 1 October 2013	10,453,946	40,096,112	(44,496,075)	351,760	**6,405,743**
Loss for the year	–	–	(1,669,949)	–	**(1,669,949)**
Reclassification of fair value movements to Income Statement on disposal of available for sale assets	–	–	(14,750)	–	**(14,750)**
Total comprehensive expense	–	–	(1,684,699)	–	**(1,684,699)**
Conversion of loan notes	28,066	33,625	–	–	**61,691**
Warrants issued in lieu of finance cost	–	–	–	133,400	**133,400**
Shares issued in payment of creditors	1,154	1,381	–	–	**2,535**
Balance at 30 September 2014	10,483,166	40,131,118	(46,180,774)	485,160	**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**
Balance at 30 September 2015	11,071,602	40,802,469	(50,840,530)	845,677	**1,879,218**

Consolidated & Company Cash Flow Statement

For the year ended 30 September 2015

		Group		**Company**	
		Year ended 30 September 2015	Year ended 30 September 2014	**Year ended 30 September 2015**	Year ended 30 September 2014
	Note	**£**	£	**£**	£

Net cash flow used in operations	23	(654,704)	(846,274)	(595,822)	(782,833)
Investing activities					
Purchase of property, plant & equipment	8	–	(10,642)	–	(10,642)
Increase in exploration assets	10	(719,108)	(624,142)	(632,398)	(561,989)
Cash introduced with re–admission of subsidiary		10,125	–	–	–
Investment in subsidiaries	9	–	–	(79,732)	(172,115)
Proceeds from sale of available for sale investments		68,022	66,988	68,022	66,988
Investment in available for sale investments		(39,276)	–	(39,276)	–
Interest income		28	654	28	654
Net cash used in investing activities		680,209)	(567,142)	683,356)	(677,104)
Financing activities					
Proceeds from issue of share capital		295,000	–	295,000	–
Proceeds from issue of convertible loan notes		494,774	830,909	494,774	830,909
Finance costs on fundraising		(38,956)	–	(38,956)	–
Interest paid and other financing costs	7	(1,384)	–	–	–
Net cash from financing activities		749,434	830,909	750,818	830,909
Net change in cash and cash equivalents		(585,479)	(582,507)	(528,359)	(629,028)
Cash and cash equivalents at beginning of the year		642,056	1,238,562	609,400	1,238,428
Effect of changes in foreign exchange rates		33,821	(13,999)	–	–
Cash and cash equivalents at end of the year	12	90,398	642,056	81,040	609,400

Notes to the Financial Statements

For the year ended 30 September 2015

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 2nd Floor, Peek House, 20 Eastcheap, London EC3M 1EB. 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 subsidiary Mercator Gold Australia Pty Ltd ("MGA") has a 30 June year end as this is in line with the Australian fiscal year end.

Going concern

The Group and Parent Company financial statements have been prepared on a going concern basis as explained herein.

Based on a review of the Company's budgets and cash flow forecasts and the expected sources of financing available to it, the Directors are satisfied that the Company will be able to obtain sufficient resources to continue its operations and to meet its commitments for the foreseeable future. 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. In addition, in 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 ("YA Global"). The Facility, which will be 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. A further loan under the facility, in three tranches totaling US$750,000 in principal amount, was agreed in February 2015, and the three tranches were drawn down as envisaged. The Directors believe further loans are likely to be available under the facility in future, should they be required, although neither the Company nor YA Global is under any obligation to agree to any further loan. Further information regarding the Facility is disclosed in Note 15**Error! Reference source not found.**.

New Accounting Standards and Interpretations

Effective during the year

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

- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance
- Amendments to IAS 36: Recoverable Amount Disclosures for Non–Financial Assets
- IFRIC Interpretation 21 Levies

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:

- Annual Improvements to IFRSs 2010–2012 Cycle
- Annual Improvements to IFRSs 2011–2013 Cycle

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- 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

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

- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 10 and Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for unrealised losses
- Amendments to IAS 7: Statement of Cash Flows Disclosure Initiative

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 2015. 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, or the date control re-acquired from administrators, and continue to be consolidated until the date such control ceases. Two subsidiaries have not been consolidated on the grounds of immateriality.

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 or valuation 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.

Provisions

A provision is recognised in the Statement of Financial Position when the Group 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 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

Current tax is the tax currently payable based on taxable profit for the period.

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 GB pounds 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 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 which vested after the Company's transition to IFRSs 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.

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.

Financial instruments

The Group's loans, investments and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at fair value on initial recognition. After initial recognition they are measured at amortised cost using the effective interest rate method, less any provision for impairment. Any change in their value is recognised in the Income Statement. 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 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.

Other financial assets comprise warrants. After initial recognition, other financial assets are measured at fair value. Any gains or losses from changes in fair value of the other financial asset are recognised in 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) & (Note 13);

• conversion of YA Global loan into ordinary shares (Note 15).

3 Operating loss

The operating loss is stated after charging:	**Year ended 30 September 2015 £**	Year ended 30 September 2014 £

Depreciation of property, plant and equipment	2,937	358
Operating lease expenses	13,583	13,815
Share–based payments	288,831	–
Auditor's remuneration:		
Fees payable to current auditor and its associates for audit of the Group's annual financial statements (including £15,000 (2014: £15,000) in respect of the Company and £9,750 (2014: £9,000) in respect of subsidiary undertakings)	24,750	24,000

4 Loss per share

	Year ended 30 September 2015	Year ended 30 September 2014
Weighted number of shares in issue during the year	**3,744,400,803**	3,260,089,969
	£	£
(Loss) from continuing operations	**(4,720,222)**	(1,746,397)
Profit from discontinued operations attributable to owners of the parent	**–**	–
(Loss) from continuing and discontinued operations attributable to owners of the parent	**(4,720,222)**	(1,746,397)

The diluted loss per share is the same as the basic loss per share as the conversion of share options decreases the basic loss per share thus being anti–dilutive.

5 Corporation tax expense

The relationship between the expected tax expense based on the corporation tax rate of 20.5% for the year ended 30 September 2015 (2014: 22%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	Year ended 30 September 2015	Year ended 30 September 2014
	£	£
Group loss for the year	**(1.502,738)**	(1,746,397)
Loss on activities at effective rate of corporation tax of 20.5% (2014: 22%)	**(308,061)**	(384,207)
Expenses not deductible for tax purposes	**96,977**	205,045
Income not taxable	**(6)**	(144)
Depreciation in excess of capital allowances	**638**	79
Loss carried forward	**210,452**	179,227
Current tax expense	-	
Deferred tax	**(3,217,484)**	-
Total Income tax expense	**(3,217,484)**	–

Deferred tax (timing differences)

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

	2015	2014
	£	£
At 1 October	**-**	-
On re-acquisition of subsidiary	**3,217,484**	-
Impairment of asset	**(3,217,484)**	-
At 30 September	**-**	-

The Company has unused tax losses of £3,200,000 (2014: £2,600,000) and other temporary differences amounting to losses of £Nil (2014: £ Nil). 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. No deferred tax adjustment arises on the fair value movements on the available for sale investments as any gain/loss on disposal will be exempt from tax.

6 Staff numbers and costs

	Year ended 30 September 2015 Number	Year ended 30 September 2014 Number
Directors	3	3
Administration	2	2
Total	5	5

The aggregate payroll costs of these persons were as follows:

	£	£
Staff wages and salaries	**68,249**	48,468
Directors' cash based emoluments	**226,200**	333,315
Share–based payments	**288,831**	–
	583,280	381,783

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	**226,200**	**333,315**
Employer's national insurance contributions	**25,678**	**34,561**
Short–term employment	**251,878**	**367,876**
Share–based payments	**182,697**	–
	434,575	**367,876**

Directors' remuneration

As required by AIM Rule 19, details of remuneration earned in respect of the financial year ended 30 September 2015 by each Director are set out below:

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**

Year ended 30 September 2014

Director		Salary	Bonus	Share–based payments	Total
	Paid	Accrued			
	£	£	£	£	£
S Clayson	141,667	–	35,799	–	177,466
P Johnson	70,833	–	17,900	–	88,733

R Watts	54,229	– 12,887	– 67,116
	266,729	– 66,586	– 333,315

The highest paid Director is due to receive remuneration of £150,000 (2014: £177,466), excluding share–based payments. R Watts received remuneration totalling £5,700 (2014 £67,116) via a service company. W Howell received remuneration totalling £5,928 prior to being appointed as a director for consulting services.

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 vested immediately on the grant date, and are exercisable at £0.00275 (0.275p), which is approximately 11 times the closing mid–market price of the Company's ordinary shares on AIM on the day prior to the approval of these financial statements. Details of each Director's share options and interests in the Company's shares are shown in the Directors' Report. Refer to Note 13 for further information.

7 Finance income and costs

	Year ended 30 September 2015	Year ended 30 September 2014
Finance costs	**£**	£
Issue costs of convertible loans amortised	**93,698**	–
Interest on convertible loans	**63,466**	11,353
Fair value of warrants issued under the loan finance agreement (Note 13)	**162,632**	10,233
Other interest payable	**1,384**	–
	321,180	21,586

	2,015	2,014
Finance income	**£**	£
Interest on cash and cash equivalents	**28**	654
Net finance costs	**321,152**	20,932

8 Property, plant and equipment

Group	Furniture & fittings	Office equipment	Machinery and equipment	Total
Cost	£	£	£	£
At 1 October 2014	3,445	17,869	4,307	**25,621**
Additions	–	–	–	–
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

	Furniture and fittings	Office equipment	Machinery and equipment	**Total**

Cost	£	£	£	**£**
At 1 October 2014	3,445	17,414	3,865	**24,724**
Additions	–	–	–	**–**
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**

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

The comparable table for 2014 is detailed below.

Group	Furniture & fittings	Office equipment	Machinery and equipment	Total
Cost	£	£	£	£
At 1 October 2013	2,740	12,020	660	**15,420**
Additions	705	6,072	3,865	**10,642**
Exchange differences arising on translation	–	(223)	(218)	**(441)**
At 30 September 2014	3,445	17,869	4,307	**25,621**
Depreciation				
At 1 October 2013	2,740	11,599	370	**14,709**
Depreciation for the year	–	181	177	**358**
Exchange differences arising on translation	–	(14)	(252)	**(266)**
At 30 September 2014	2,740	11,766	295	**14,801**
Net book value				
At 1 October 2013	–	421	290	**711**
At 30 September 2014	705	6,103	4,012	**10,820**

Company

	Furniture and fittings	Office equipment	Machinery and equipment	**Total**
Cost	£	£	£	**£**
At 1 October 2013	2,740	11,342	–	**14,082**
Additions	705	6,072	3,865	**10,642**
At 30 September 2014	3,445	17,414	3,865	**24,724**
Depreciation				
At 1 October 2013	2,740	11,342	–	**14,082**
Depreciation for the year	–	–	–	**–**
At 30 September 2014	2,740	11,342	–	**14,082**
Net book value				
At 1 October 2013	–	–	–	**–**
At 30 September 2014	705	6,072	3,865	**10,642**

9 Investments

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

The comparable table for 2014 is detailed below:

	Investment in subsidiaries £
Cost as at 1 October 2013	451,893
Additions	172,115
Balance at 30 September 2014	624,008

Investment in subsidiaries

At 30 September 2015, 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%

Available for sale financial assets	**2015**	2014
	£	£
Quoted investments		
At 1 October	**178,866**	978,453
Additions	**39,277**	–
Disposals	**(54,287)**	(198,942)
Impairment	**(124,579)**	(600,645)
Fair value movements	**–**	–
At 30 September	**39,277**	178,866

The £178,866 represented the value of the Company's holding of shares of THEMAC Resources Group Ltd ("THEMAC") at 30 September 2014. The fair value was based on quoted market prices at prior the year end. THEMAC's common shares are listed on TSX Venture Exchange (TSX–V: MAC).

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. The Company did not have any representation on THEMAC's board of directors, did not have a right to participate in policy making decisions of THEMAC and had not entered into any material transactions or interchanged managerial personnel with THEMAC. Nor had the Company provided significant technical information to THEMAC since the sale of the Company's option to acquire Copper Flat project to THEMAC. The investment in THEMAC had therefore never been accounted for as an investment in an associate.

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. £14,750 was held in retained reserves at 30 September 2014. This was debited to the Income Statement on disposal.

On 24 November 2014, the Company purchased 358,000 common shares of Tiger International Resources, Inc. ("Tiger") for consideration of £39,277. Tiger shares are listed on Canada's TSX Venture Exchange with the symbol TGR. ECR now holds approximately 3.67% of Tiger's issued share capital.

Other financial assets

	2015	2014
	£	£
Warrants in a listed entity		
At 1 October	**26,196**	228,814
Disposals	**(13,736)**	-
Fair value movements	**(12,460)**	(202,618)
At 30 September	**–**	26,196

The Company had acquired warrants as part consideration for the disposal of its option to acquire the Copper Flat project to THEMAC in 2011. Changes in fair values of the warrants were recorded in other gains / (losses) on revaluation of investments in the Income Statement.

The fair value of these warrants was calculated using the Black Scholes model with reference to the listed share price of THEMAC at the Statement of Financial Position date. The inputs into the model and resulting fair values for 2014 were as follows:

Share price (C$)	0.04
Exercise price (C$)	0.28
Expected volatility	123 %
Average option life in years	1.43
Expected dividends	–
Weighted average risk–free interest rate (based on national government bonds)	1.07%

The expected volatility was based on the average historical volatility over the previous 17 months of THEMAC common shares and those of two other similar entities.

10 Exploration assets

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
At 1 October	**1,422,493**	894,145	**1,165,062**	603,073
Additions	**719,108**	624,142	**632,398**	561,989
Translation difference	**(9,377)**	(95,794)	**–**	–
At 30 September	**2,132,224**	1,422,493	**1,797,460**	1,165,062

At Danglay, the work completed enabled a resource estimate and target for further exploration to be disclosed in accordance with Canadian NI43-101, leading to the publication of an NI43-101 technical report (the "Report") regarding the project in December 2015. The Report confirms that Danglay has robust exploration potential for both oxide and primary intermediate sulphidation epithermal gold mineralisation. The following information pertaining to the Danglay project should be read in conjunction with the Report. It will be possible for exploration to resume on the ground once the application by Cordillera Tiger Gold Resources, Inc. ("CTGR") for renewal of the exploration permit which pertains to Danglay has been granted by MGB. The renewal is at the discretion of MGB however, the Directors expect this to occur in due course. The application was lodged in late September 2015 and it is normal for the processing of such applications to take a number of months. The Directors expect a wait of several more months before the renewed permit is received by CTGR. When the timing of the exploration permit renewal is known with certainty, decisions will be made as to further exploration by ECR at Danglay, and investors will be updated accordingly.

11 Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Non–current assets				
Amount owed by a subsidiary/(former subsidiary)	–	3,228,390	**10,907**	3,228,390
Current assets				
Prepayments and accrued income	**74,233**	174,051	**35,674**	147,154
	74,233	174,051	**35,674**	147,154

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

Amount owed by a subsidiary/former subsidiary

The amount of £3,228,390 due as at 30 September 2014 from a former subsidiary, Mercator Gold Australia Pty Ltd ("MGA"), was the Directors' best estimate of the amount recoverable and was stated after an impairment provision made in previous years of £31,849,884 and in the context of the following.

It was estimated that the full amount of tax losses accumulated by MGA totalled approximately A$80 million. Advice indicated that these tax losses were likely to be available for use against future profits of MGA subject to certain conditions. The success of work completed up to the date of the last report to confirm the tax losses led the Directors to believe that in due course a business project would be identified with the capacity to generate surplus funds in MGA that would enable it to repay, in whole or in part (but not less than the amount due net of the impairment), the amount due to the Company and the Group. To recover the amount due from MGA, the Company and the Group were dependent on MGA being able to generate sufficient surplus funds from future projects.

Control of MGA passed back to the Group in December 2014 and upon reconsolidation the asset was reclassified as a deferred tax asset of the Group. MGA is currently estimated to have tax losses of approximately A$66 million, and advice continues to indicate that the tax losses are likely to be available for use against future profits of MGA subject to certain conditions. The Directors now consider that Australia has become a more attractive operating environment for mineral projects following the substantial depreciation in the Australian dollar against the US dollar and the GB pound which has occurred during 2015.

Accordingly, on 3 March 2016, the Company announced that its wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd has agreed to acquire 100% ownership of the Avoca and Bailieston gold projects in Victoria, Australia.

However, in the absence of an immediately available profitable business activity for MGA, the Directors have decided to make a further impairment provision against the carrying value of the deferred tax asset. In the Company's Statement of Financial Position, the amount due from its subsidiary is now recorded, after the impairment provision, as equal to MGA's net asset value of £10,907.

12 Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Cash and cash equivalents consisted of the following:				

Deposits at banks	**89,873**	639,803	**80,857**	607,311
Cash on hand	**525**	2,253	**183**	2,089
	90,398	642,056	**81,040**	609,400

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. Deferred share capital of the 9.9p shares is only repayable after ordinary shareholders have received 0.1p for each share. Deferred 'B' share capital of the 0.099p shares is only repayable after ordinary shareholders have received £1m for each share.

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 2014	3,288,349,158	3,288,350	7,194,816	–	10,483,166	40,131,118	**50,614,284**
Shares issued in payment of creditors	33,095,602	33,096	–	–	33,096	14,332	**47,428**
Loan converted into shares	545,584,576	545,585	–	–	545,585	176,142	**721,727**
	3,867,029,336	3,867,031	7,194,816	–	11,061,847	40,321,592	**51,383,439**
Share conversion	–	(3,828,359)	–	3,828,359	–	–	**–**
Issue of shares	655,555,553	6,556	–	–	6,556	288,444	**295,000**
Shares issued in payment of creditors	24,152,970	240	–	–	240	11,520	**11,760**
Loan converted into shares	295,976,777	2,959	–	–	2,959	180,913	**183,872**
Balance at 30 September 2015	4,842,714,636	48,427	7,194,816	3,828,359	11,071,602	40,802,469	**51,874,071**

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

Reorganisation of share capital

On 22 June 2015 each ordinary shares of 0.1p was subdivided into one ordinary share of 0.001p and one deferred share of 0.099p to create a greater margin between the price at which the Company's ordinary shares were trading on AIM and the nominal value of the ordinary shares.

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 2015	**Number of options 2015**	Weighted average exercise price 2014	Number of options 2014
	£		£	
Exercisable at the beginning of the year	**0.004**	**141,200,000**	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**	0.004	141,200,000

The options outstanding at 30 September 2015 have exercise prices of £0.025, £0.002 and £0.00275 and a weighted average remaining contractual life of four years (2014: four years).

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**	2014
	£	£
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	5.0	–
Expected dividends	–	–
Weighted average risk–free interest rate (based on national government bonds)	1.178%	–

The expected volatility is based upon 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	2014
Share options granted	**208,940,427**	–
Total expense recognised as employee costs	**£288,831**	–

Share warrants

	Weighted average exercise price 2015	**Number of warrants 2015**	Weighted average exercise price 2014	Number of warrants 2014
	£		£	
Exercisable at the beginning of the year	**0.004**	**97,192,506**	0.03	2,692,506
Granted during the year	**0.014**	**85,553,224**	0.003	94,500,000
Exercisable at the end of the year	**0.009**	**182,745,730**	0.004	97,192,506

All the warrants granted during the year were issued to YA Global Master SPV Ltd. These warrants, which represent a direct cost of entering into a loan financing agreement with YA Global Master SPV Ltd, have been valued and recognised in other reserves, with the corresponding amount included in finance costs (Note 7).

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

	Feb 2015	Mar 2015	Apr 2015
Fair value at measurement date	£23,621	£23,708	£24,357
Share price at grant date	£0.0019	£0.0015	£0.0012
Exercise price	£0.0023	£0.0019	£0.0014

Expected volatility	101 %	101 %	102 %
Life in years	3	3	3
Expected dividends	–	–	–
Weighted average risk–free interest rate (based on national government bonds)	0.777%	0.955%	0.694%

The expected volatility is based upon 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.

14 Trade and other payables – short–term

	Group		Company	
	2015	2014	**2015**	2014
	£	£	£	**£**
Trade payables	**6,585**	23,647	**6,585**	22,661
Social security and employee taxes	**9,057**	52,311	**7,197**	50,862
Other creditors and accruals	**336,208**	208,861	**336,208**	208,516
	351,850	284,819	**349,990**	282,039

15 Interest bearing liabilities

Group and Company	**2015**	2014
	£	£
YA Global Master SPV Ltd loan – unsecured	**451,104**	794,061
Total	**451,104**	794,061

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 will be 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. A further loan under the facility, in three tranches totalling US$750,000 in principal amount, was agreed in February 2015, and the three tranches were drawn down as envisaged during the year ended 30 September 2015. The Directors believe further loans are likely to be available under the facility in future, should they be required, although neither the Company nor YA Global is under any obligation to agree to any further loan.

The outstanding principal amount of a tranche (a "Loan") drawn down by ECR under the Facility is 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 £0.003735 (0.3735p) in the case of the Initial Tranche or 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, which shall be two years from the date of drawdown (extendable by up to one year at the option of YA Global) any outstanding principal amount will 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 will accrue 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 is 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. The Facility provides for customary events of default, and following an event of default the outstanding principal amount of a Loan plus interest may in certain circumstances become immediately due and payable in cash. If an event of default has been continuing for at least 30 calendar days, the outstanding principal amount of a Loan may at YA Global's option be converted in whole or in part to Ordinary Shares at 80% of the VWAP of the Ordinary Shares for the five trading days preceding the date of such a conversion.

In the event that the 30 day moving average closing price of the Ordinary Shares falls below the nominal value of an Ordinary Share for a period of five consecutive trading days, the outstanding principal amount of a Loan shall become repayable in cash on a monthly basis over the remaining term of the Loan, with interest also payable in cash. If the closing price of the Ordinary Shares were to subsequently cease to be less than the nominal value of an Ordinary Share for a period of ten consecutive trading days, the monthly cash repayments would no longer be required and the Loan would revert to being convertible into Ordinary Shares on the prior terms.

With respect to the Initial Tranche, YA Global received 94,500,000 warrants, each exercisable to acquire one Ordinary Share for a price of £0.003 (0.3p) and valid for three years. In connection with any subsequent Loan, YA Global will receive 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. In connection with the three tranches drawn down in the year ended 30 September 2015, YA Global received: 21,740,000 warrants exercisable at 0.2344p; 27,345,833 warrants exercisable at 0.1875p; and 36,467,391 warrants exercisable at 0.1438p.

Loan extinguishment of debt by equity

IFRIC 19 extinguishing financial liabilities with equity instruments provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between carrying amount of the financial liability extinguished and the consideration paid will be recognised in the Income Statement. The settlement of the convertible loan notes and the YA Global Master SPV Ltd loan as well as a small number of other debts by the issue of shares resulted in an additional amount of £Nil (2014: £Nil), being the difference between the fair value of shares and transaction value being recognised as a loss in the Income Statement.

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	
	2015	2014	**2015**	2014
	£	£	**£**	£
Amounts owed to Directors	**125,500**	–	**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.

Amounts owed to former directors relate to overpayment in respect of subscription for warrants and balance owing on consultancy fees.

During the year the Company subscribed for new shares of Ochre Mining SA ("Ochre") to the value of £79,732 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.

Details of the impairment provision by the Company in relation to MGA are disclosed in Note 11.

During the year the Company capitalised £552,882 of exploration expenditure as disclosed in Note 10 in relation to the joint venture agreement with Tiger International Resources, Inc. and Cordillera Tiger Gold Resources, Inc.

18 Advances made to directors

	2015	2014
	£	£
S Clayson		
Amount owed at start of the year	10,299	–
Advances – to cover business expenses	–	32,917
Repayments achieved through expense claims	(10,299)	(22,618)
Amount owed at the year end	–	10,299

19 Commitments and contingencies

Capital expenditure commitment

As at 30 September 2015, the Group had no commitments (2014: £Nil).

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 minimum payments of the Group and Company are as follows:

	2015	2014
Payable:	**£**	£
Within 1 year	**4,453**	23,177
Within 2 years	**-**	4,453

21 Financial instruments

Categories of financial instrument

	2015	2014
	£	£
Financial assets		
Cash and cash equivalents	**90,398**	642,056
	90,398	642,056
Available for sale financial assets	**39,277**	178,866
Other financial assets	**–**	26,196
	39,277	205,062
Financial liabilities		
Trade and other payables	**132,085**	23,647
	132,085	23,647
Borrowings	**451,104**	794,061
	451,104	794,061

Risk management objectives and policies

The Group's principal financial assets comprise cash and cash equivalents, trade and other receivables, investments and prepayments. In addition the Company's financial assets include amounts due from its operating subsidiary, Mercator Gold Australia Pty Ltd, which is held at cost less a provision for impairment. 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 2015 and 30 September 2014 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 Company has no material exposure to interest rate risk.

Since the interest accruing on bank deposits was relatively immaterial and the amount due from the subsidiary was interest free, there is no material sensitivity to changes in interest rates.

Foreign currency risk

The Company is exposed to foreign currency risk in so far as some dealings with overseas subsidiary undertakings are in foreign currencies and in that certain of the Company's holdings of listed securities are denominated in foreign currencies, in particular Canadian dollars. The foreign currency exposure to the impaired Australian subsidiary is not considered to be material in the context of the provision made against it.

Fair value of financial instruments

The fair values of the Company's financial instruments at 30 September 2015 and 30 September 2014 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

30 September 2015

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Available for sale financial assets	**39,277**	–	–	**39,277**

Other financial assets	–	–	–	–
	39,277	–	–	**39,277**

Group and Company
30 September 2014

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Available for sale financial assets	**178,866**	–	–	**178,866**
Other financial assets	–	26,196	–	**26,196**
	178,866	26,196	–	**205,062**

Liquidity risk

The Company 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 Company'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 2015.

	2015	2014
	£	£
Due in less than 1 month	**351,850**	174,885
Due between 1 and 3 months	–	–
Due between 3 months and 1 year	**451,104**	794,061
Due after 1 year	–	–
	802,954	968,946

22 Segmental report

The Company is engaged in mineral exploration and development.

Management does not segment the mineral exploration activity by geographical region when evaluating performance.

23 Consolidated cash flow statement

		Group		Company	
	Note	**Year ended 30 September 2015**	Year ended 30 September 2014	**Year ended 30 September 2015**	Year ended 30 September 2014
		£	£	£	£
Operating activities					
Loss for the year before tax		**(1,502,738)**	(1,746,397)	**(4,674,506)**	(1,669,949)
Adjustments:					
Depreciation expense property, plant and equipment	8	**3,111**	358	**2,937**	–
Provisions and impairments of investments and loans		**14,750**	585,895	**14,750**	585,895

Impairment of other current assets		**-**	–	**3,217,484**	–
Loss on available for sale assets		**137,131**	121,922	**137,040**	109,621
Interest income	7	**(28)**	(654)	**(28)**	(654)
Loss on revaluation of investments		**–**	202,618	**–**	202,618
Interest accrued on convertible loan notes	7	**319,796**	21,586	**319,796**	20,814
Other interest payable	7	**1,384**	-	**-**	-
Share based payments		**288,831**	–	**288,831**	–
(Decrease)/increase in accounts receivable		**6,539**	(20,785)	**20,533**	(23,987)
Decrease in taxation		**543**	17,319	**543**	17,319
Increase/(decrease) in accounts payable		**67,103**	(28,136)	**67,924**	(24,510)
Shares issued in lieu of expense payments		**8,874**	–	**8,874**	–
Net cash flow used in operations		**(654,704)**	(846,274)	**(595,822)**	(782,833)

Non–cash transactions

During the year £955,914 (2014: £64,226) of convertible loans and interest thereon were converted into shares.

24 Post balance sheet events

- On 12 October 2015 the Company announced the issue of 124,095,238 new ordinary shares of 0.001p each in the Company at a price of 0.0525p per share pursuant to the conversion of US$100,000 of outstanding principal amount under the Company's convertible loan facility with YA Global Master SPV Ltd. A further 20,908,800 new ordinary shares of 0.001p each were issued at a price of 0.0525p per share in settlement of accrued interest.
- On 20 October 2015, the Company announced details of an amendment to the earn–in and joint venture agreement (the "Agreement") between the Company, Tiger International Resources, Inc. ("Tiger") and Cordillera Tiger Gold Resources, Inc. ("Cordillera Tiger"). The terms of the Agreement, which pertains to the Danglay gold project (formerly known as the Itogon gold project) in the Philippines, were summarised in ECR's announcement dated 29 April 2013. The effect of the amendment is that ECR may exercise the Earn–in Option, as that term is defined in the Agreement, in the following manner: by ensuring the completion of such work and the making of such expenditures as may be necessary to obtain for Cordillera Tiger a mining licence in respect of the Itogon project on or before the tenth anniversary (previously the fifth anniversary) of the Commencement Date, subject to force majeure provisions. The Commencement Date is 6 December 2013.
- On 26 October 2015 the Company announced the issue of 186,309,751 new ordinary shares of 0.001p each in the Company at a price of 0.0523p per share pursuant to the conversion of US$150,000 of outstanding principal amount under the Company's convertible loan facility with YA Global Master SPV Ltd. A further 715,430 new ordinary shares of 0.001p each were issued at a price of 0.0523p per share in settlement of accrued interest.
- On 4 November 2015 the Company announced the issue of 244,293,785 new ordinary shares of 0.001p each in the Company at a price of 0.0531p per share pursuant to the conversion of US$200,000 of outstanding principal amount under the Company's convertible loan facility with YA Global Master SPV Ltd. A further 20,330,132 new ordinary shares of 0.001p each were issued at a price of 0.0531p per share in settlement of accrued interest.
- On 5 November 2015 the Company announced a mineral resource estimate for the Danglay gold project in the Philippines, along with a target for further exploration.
- On 18 November 2015 the Company announced it had received firm commitments in respect of a placing and subscription of 1,250,000,000 new ordinary shares of the Company of 0.001p at a price of 0.02p each to raise gross proceeds of £250,000. Subscribers in the placing were issued one warrant per placing share (the "Warrants"). Each Warrant will entitle the holder to subscribe for one ordinary share of 0.001p in the Company at a price of 0.04p per ordinary share (the "Exercise Price"). Each Warrant shall be valid for three years from the date the corresponding placing shares were admitted to trading on AIM. In the event the Company announces that total mineral resources estimated at the Danglay gold project in the Philippines have exceeded 500,000oz contained gold equivalent in accordance with a Standard, the Exercise Price of the

Warrants shall be increased to 0.06p per ordinary share. The term "Standard" is defined by the AIM Note for Mining and Oil & Gas Companies.

- On 21 December 2015 the Company announced the publication of an NI43–101 technical report in respect of the Danglay gold project in the Philippines
- On 12 January 2016 the Company announced the issue of 455,907,336 new ordinary shares of 0.001p each in the Company at a price of 0.0227p per share pursuant to the conversion of US$150,000 of outstanding principal amount under the Company's convertible loan facility with YA Global Master SPV Ltd. A further 58,039,184 new ordinary shares of 0.001p each were issued at a price of 0.0227p per share in settlement of accrued interest.
- On 22 January 2016 the Company announced a collaboration with Metal Tiger plc ("MTR") in relation to ECR's wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd ("MGA"). MGA, ECR and MTR have entered into a facilitation agreement a framework for the introduction by MTR of potentially appropriate opportunities for MGA.
- On 10 February 2016 the Company announced the issue of 537,618,001 new ordinary shares of 0.001p each in the Company at a price of 0.0193p per share pursuant to the conversion of US$150,000 of outstanding principal amount under the Company's convertible loan facility with YA Global Master SPV Ltd. A further 2,945,868 new ordinary shares of 0.001p each were issued at a price of 0.0193p per share in settlement of accrued interest.
- On 3 March 2016, the Company announced that its wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd has agreed to acquire 100% ownership of the Avoca and Bailieston gold projects in Victoria, Australia.

Please note that this document is important and requires your immediate attention. If you are in any doubt as to the action to be taken, please consult an independent adviser immediately. If you have sold or transferred or otherwise intend to sell or transfer all of your holding of ordinary shares in the Company prior to the annual general meeting of the Company to be held at the East India Club, 16 St James's Square, London SW1Y 4LH on 31 March 2016 at 9.30am, you should send this document, together with the accompanying form of proxy, to the (intended) purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is to be effected for transmission to the (intended) purchaser or transferee.

ECR Minerals plc
(the "Company")

Company no. 05079979

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting of the Company will be held at the East India Club, 16 St James's Square, London SW1Y 4LH on 31 March 2016 at 9.30am in order to consider and, if thought fit, pass Resolutions 1 to 5 as ordinary resolutions and Resolution 6 as a special resolution:

Ordinary Resolutions

1. To receive, consider and adopt the directors' report and accounts of the Company for the year ended 30 September 2015.

2. To re–appoint Nexia Smith & Williamson Audit Ltd of 25 Moorgate, London EC2R 6AY, as auditors of the Company and to authorise the directors to determine their remuneration.

3. To re–elect as a director William Howell who is retiring in accordance with Article 29 of the Company's Articles of Association and who being eligible is offering himself for re–election.

4. To re–elect as a director Richard Watts who is retiring in accordance with Article 29 of the Company's Articles of Association and who being eligible is offering himself for re–election.

5. That the directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £300,000, provided that this authority

shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company following the date of the passing of this resolution or (if earlier) 15 months from the date of passing this resolution, but so that the directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority hereby conferred had not expired.

Special Resolution

6. That, subject to the passing of Resolution 5, the directors be given the general power to allot equity securities (as defined by Section 560 of the Act) for cash, either pursuant to the authority conferred by Resolution 5 or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

6.1 the allotment of equity securities in connection with an offer by way of a rights issue:

6.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

6.1.2 to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

6.2 the allotment (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate nominal amount of £300,000.

The power granted by this resolution will unless otherwise renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company following the date of the passing of this resolution or (if earlier) 15 months from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry, and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if Section 561(1) of the Act did not apply, but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

By order of the board of directors of ECR Minerals plc

Stephen Clayson
Director & Chief Executive Officer

Registered office:
ECR Minerals plc
Peek House
20 Eastcheap
London
EC3M 1EB

4 March 2016

NOTES

1 A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of him. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
2 Completion and return of the form of proxy will not preclude ordinary shareholders from attending or voting at the meeting, if they so wish.

3 To be effective, this proxy form must be lodged with the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom not later than 48 hours before the time of the meeting or any adjournment thereof, together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or, where the proxy form has been signed by an officer on behalf of a corporation, a notarially certified copy of the authority under which it is signed.

4 In the case of a joint holding, a proxy need only be signed by one joint holder. If more than one such joint holder lodges a proxy only that of the holder first on the register of members will be counted. Any alterations made to this proxy should be initialled.

5 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

6 In the case of a corporation this proxy must be given under its common seal or be signed on its behalf by an attorney or officer duly authorised.

7 Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

8 A copy of the Statement of Financial Position and every document required by law to be annexed to it, which are to be laid before the above mentioned meeting, are enclosed. The register of interests of the directors in the share capital of the Company and copies of contracts of service of directors with the Company will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the annual general meeting.

9 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

10 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.

11 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Computershare Investor Services plc (whose CREST ID is 3RA50) by the specified latest time(s) for receipt of proxy appointments. 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

12 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.

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