ANNUAL REPORT & ACCOUNTS 2011

FRONT COVER

Aerial view of the Copper Flat project in New Mexico, USA

CHAIRMAN'S REPORT

The year to 30 September 2011 and the period since have seen ECR continue to actively grow its asset base. The highlight has been the sale of ECR's interest in the Copper Flat copper-molybdenum-gold-silver project in New Mexico, USA.

The Company's exclusive option over 100% of the Copper Flat project was sold to THEMAC Resources Group Ltd, a company listed on the TSX Venture Exchange. As announced, the sale completed during the year and delivered to ECR an interest in THEMAC of considerable value.

Notable progress was made on ECR's Sierra de las Minas gold project in La Rioja Province, Argentina, and this project will be a major focus of our activities in 2012. The planned drilling programme is unfortunately slightly behind schedule due to delays in the importation of a brand new drilling rig for the programme to Argentina, and drilling is now expected to commence in March 2012. Drilling by the Company at the Unchimé iron ore project in Salta Province, Argentina during 2011 along with initial metallurgical testwork failed to produce results that justified the cost of the proposed Unchimé acquisition and it was decided not to proceed further.

The ACS cable support manufacturing business, whilst operating in an environment suffering from the world wide slowdown, retained its key customer accounts and managed to secure new outlets. Fortunately the ACS facilities were not directly affected by the floods in Thailand although many of the business's suppliers were flooded and the resulting lack of certain supplies delayed some production.

The outlook for 2012 construction activity within the markets served by the ACS business appears to be showing signs of recovery with some very large resource projects offering ACS opportunities to move forward even with the global economic uncertainty.

Many projects in ACS's sector are becoming bigger in terms of tonnage and value and financing of the larger projects is becoming more of a challenge. ECR has addressed this by providing capital to augment ACS's working funds, and ACS is currently seeking to adjust its bank facilities to provide a more reliable and sustainable source of funding for the future.

In February 2011 Paniai Gold Ltd, in which the Company currently has a 26% shareholding, agreed to sell its interest in the Derewo River project in Papua Province, Indonesia to West Wits Mining Ltd, a company listed on the Australian Securities Exchange. The Derewo River gold project was identified by ECR in late 2008, at which time the Company moved to put in place an appropriate holding structure with Paniai as the chosen development vehicle. Paniai went on to raise early stage funding in Australia during 2009 before agreeing the transaction with West Wits following the implementation of the new Indonesian mining code in 2010.

The sale of Paniai's interest to West Wits has now completed and Paniai and its shareholders, and therefore ECR, retain a sizable stake in the Derewo River project while having no obligation to fund ongoing development and exploration. Excitingly, alluvial gold production is expected to commence at the project during this year, funded by West Wits.

During the year the administrators of the Company's Australian subsidiary Mercator Gold Australia Pty Ltd ("MGA") accepted a bid from Reed Resources Ltd for MGA's Meekatharra gold assets, and now that the Reed Resources transaction has been completed it is hoped that in due course ECR will be able to identify a suitable new project for MGA that will use to best advantage the substantial tax losses we believe exist within MGA.

The financial statements for the year recorded a surplus for ECR and its subsidiaries (the "Group") with the exception of MGA of £6,274,307, compared with a net deficit of £3,293,850 for the year to 30 September 2010, and pleasingly the Group's net assets on the balance sheet increased in the year by £9,365,880.

Michael Silver
Chairman

MANAGING DIRECTOR'S REPORT

The year to 30 September 2011 saw the crystallisation of two key transactions for ECR, one being the sale of the Company's option over the Copper Flat project in New Mexico, USA to THEMAC Resources Group Ltd (TSX: MAC), and the other being the sale of Paniai Gold Ltd's interest in the Derewo River gold project in Papua, Indonesia to West Wits Mining Ltd (ASX: WWI).

The sale of the Copper Flat option is largely responsible for the fact that the Company has been able to record total recognised income for the year of £6,274,307. The receipt of 11,149,826 West Wits Mining shares following a distribution by Paniai Gold also contributed to this figure, and both transactions contributed to a 337% increase in the net assets of the Group to £13,318,296.

As a result of the Copper Flat transaction the Company presently holds 14.35 million shares and 14.35 million warrants of THEMAC. ECR's shareholding equates to approximately 19% of THEMAC's issued shares, and combined with the Company's warrants translates to a 21% fully diluted interest. At the time of writing THEMAC has a market capitalisation of approximately C$64 million. ECR's shares and warrants are on the Group balance sheet at a value of £10,661,287, and importantly, the Company's holding is not subject to any escrow or similar restrictions to trading.

At the year-end ECR held approximately 14% of Paniai Gold's outstanding shares. Post the year-end this has in percentage terms almost doubled to approximately 26%. Paniai sold its interest in the Derewo River project to West Wits Mining for 80 million West Wits ordinary shares, 46 million performance shares and 12.5 million options exercisable at A$0.08 for five years. The ordinary shares received were distributed pro rata to Paniai shareholders, including ECR, in July 2011, and the performance shares and options are retained by Paniai.

The Company's holdings in Paniai and West Wits together represent substantial exposure to the Derewo River gold project, where work is underway to commence alluvial gold production during 2012. The alluvial operation is then expected to anchor, logistically and financially, an active exploration programme in what is one of the most promising exploration provinces in the world.

Turning to ECR's directly held projects, the Sierra de las Minas project area in Argentina delivered some outstanding exploration results during the year. Moreover, a small scale production strategy for the project area has been identified and is being advanced by the Company with the objective of achieving initial cash flow during the second half of 2012. The Sierra de las Minas project area is particularly valuable to the Company because it does not carry onerous acquisition costs or heavy ongoing requirements for exploration expenditure.

Argentina Gold Projects

By far the most significant new business development for the Company has been the acquisition of and subsequent good progress with the Sierra de las Minas gold project area in La Rioja Province, Argentina, and particularly the El Abra prospect.

ECR holds 100% exploration rights to the Sierra de las Minas project area and 100% exploitation rights to a number of prospects within it, including the El Abra prospect.

Mineralisation at Sierra de las Minas is primarily of mesothermal lode style, frequently with copper and silver. A large number of such mineral occurrences are present across the project area, which extends over approximately 70,000 hectares, and a large part of ECR's work during calendar year 2011 was to begin to prioritise the known historic prospects. This work is still ongoing, but a number of high priority prospects have been identified, led by the El Abra prospect.

Surface geochemical sampling at El Abra during the first half of 2011 confirmed the presence of high grade gold mineralisation hosted within and in association with numerous gold-bearing quartz veins. High grades including 80.78, 44.98 and 39.74 g/t gold were obtained.

Geophysical surveying carried out at El Abra during late 2011 has been successful in delineating a number of potential drill targets coincident with high grade surface samples, and the results of initial metallurgical test-work conducted on surficial samples from three prospects at Sierra de las Minas, including El Abra, indicate that near surface gold bearing material from these prospects can be processed by conventional means to achieve high rates of gold recovery.

An initial programme of diamond core drilling is planned to commence at El Abra in the coming weeks, and it is hoped that the results of the programme will demonstrate that sufficient high grade, near surface material is present at El Abra to support the commencement of small scale production. This would likely entail sending material for processing at an existing plant elsewhere in Argentina, allowing cash flow to be achieved relatively early and with minimal start-up capital.

Although El Abra is the focus of ECR's activities at Sierra de las Minas, multiple other prospects returned very promising results from surface geochemical sampling during the second half of 2011 and the Company will continue to advance these prospects as far as possible during 2012. Additional prospects within ECR's tenements that have yet to be subjected to initial appraisal will be visited and sampled during the year as far as resources allow.

Copper Flat Project & THEMAC Resources Group

Since the acquisition of ECR's option over the Copper Flat copper-molybdenum-gold-silver porphyry project in New Mexico, USA by THEMAC Resources Group was completed in March 2011, THEMAC has proceeded to exercise the option and acquire 100% ownership of the Copper Flat project.

As detailed elsewhere in this report, this transaction has allowed the Group to record a substantial surplus for the year, for the first time ever. Since completion of the transaction THEMAC has assembled a high calibre management team with extensive copper development experience, and we are confident that this team has the wherewithal to develop the Copper Flat project to production successfully. Therefore we are hopeful of significant appreciation in the share price of THEMAC in the years to come.

Operationally, in November and December 2011 THEMAC reported highly promising results from its 2011 drilling campaign at Copper Flat, which saw 18 diamond core holes completed. A total programme of 47 holes has been permitted, and drilling of the remainder is expected to take place during 2012. The highest grade intercept from the 2011 campaign was of 2.34% copper from

EL ABRA

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COPPER FLAT

The sale of the Copper Flat option is largely responsible for the fact that ECR has been able to record total recognised income for the year of £6,274,307.

20 to 25 ft in a hole that recorded an average grade from surface to total depth of 0.35% copper over 1,177 ft. The results of 16 of the 18 holes completed during 2011 have been announced by THEMAC to date, and it is very encouraging to see not only numerous high grade intercepts but also high grade intercepts at relatively shallow depth, where high grade material can be mined and processed early in the life of the operation. This may be expected to have a positive impact on the economics of the project.

A recent and momentous development was the announcement by THEMAC in late January 2012 of an updated NI43-101 compliant resource estimate for the Copper Flat deposit. The updated estimate incorporated data from 2011 drilling and from the re-assay of 2,969 historical drill sample pulps, allowing the inclusion of gold and silver in the deposit's NI43-101 compliant resources for the first time.

The result of the update was to increase the Measured & Indicated resources of the deposit to 194Mst grading 0.26% copper, 0.008% molybdenum, 0.002 oz/t gold and 0.05 oz/t silver, equating to a 56% increase in the amount of contained copper in the Measured & Indicated categories to an estimated 1,005,891,000 lbs.

This was an impressive outcome which should substantively strengthen the economic case for the return of the Copper Flat deposit to production. Moreover, the re-assay of further historical pulps is expected to enable the inclusion of additional gold and silver, while the orebody remains open and drilling is set to recommence in spring 2012 with a particular focus on improving THEMAC's understanding of the high grade core of the deposit.

THEMAC's progress in growing the Copper Flat deposit's resource inventory, with ongoing feasibility studies, in assembling the right management team and in the permitting process for the return of the deposit to production is all highly encouraging, and we look forward to seeing the project develop into a producing mine of note.

At the time of writing ECR has a holding of 14.35 million shares and 14.35 million warrants of THEMAC. The Company's holding is equivalent to approximately 19% of THEMAC's issued shares (21% fully diluted). All the warrants held are exercisable at C$0.28 per share, with 3.85 million warrants being valid until 3 May 2013 and the remaining 10.5 million valid until 4 March 2016.

Paniai Gold & West Wits Mining

In July 2011, Paniai Gold Ltd completed the sale of its interest in the Derewo River project in Papua Province, Indonesia to West Wits Mining Ltd (ASX: WWI) for a package of 80 million ordinary shares, 46 million performance shares and 12.5 million options.

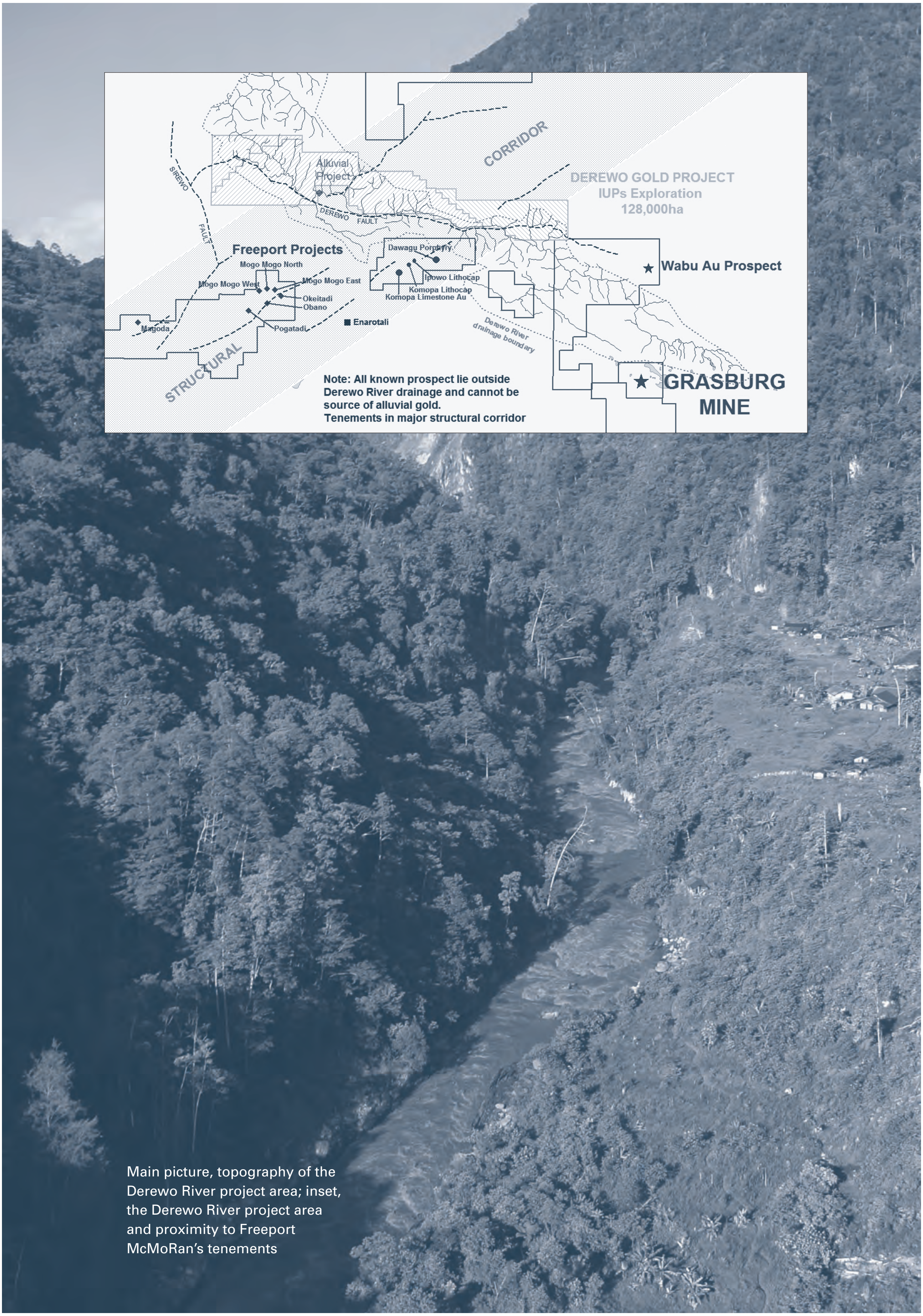
The Derewo River project covers approximately 129,000 hectares of mining and exploration tenements and is a joint venture between West Wits and a local party, the joint venture having been established by Paniai in 2008 with support from ECR. West Wits has a 50% interest in joint venture, and can increase its interest in the exploration tenements to 80%.

Following the conversion of loans to Paniai Gold totalling A$337,937 in December 2011, ECR holds 100 million Paniai shares, equivalent to approximately 26% of Paniai's issued share capital. Paniai in turn holds 46 million West Wits performance shares and 12.5 million West Wits options exercisable at A$0.08 and expiring on 28 July 2016. The performance shares convert to ordinary shares subject to the Derewo River project achieving the production of 20,000oz gold by 28 July 2013.

On conversion of the performance shares and exercise of its options, Paniai would hold approximately 18% of West Wits's ordinary shares (based on the number of ordinary shares currently outstanding).

Paniai distributed to its shareholders the ordinary shares received from West Wits, and as a result ECR has a direct holding of 11,149,826 West Wits ordinary shares, which is equivalent to approximately 4% of the ordinary shares in issue.

The immediate objective of the Derewo River project is to establish a modern alluvial gold mining operation on a granted mining licence that has been the site of very prolific artisanal mining. Exploration of a wider area for



Main picture, topography of the Derewo River project area; inset, the Derewo River project area and proximity to Freeport McMoRan's tenements alluvial and hardrock deposits is also planned, and exploration targets include large scale alluvial gold, porphyry gold-copper and bonanza grade quartz sulphide gold veins.

Indonesia's Papua Province is arguably one of the world's most prospective areas for mineral exploration, and the Derewo River project tenements are contiguous with Freeport McMoRan's mining and exploration leases containing the Grasberg copper-gold mine and the Wabu gold deposit. Wabu is an undeveloped gold resource of around eight million oz and lies approximately 15km from the boundary of the Derewo River tenements. The joint venture's proposed alluvial operation is situated approximately 60km further to the west.

The Company provided logistical support and advice to three white water kayakers from North Wales who in September 2011 attempted to be the first to descend the entire length of the Derewo River by kayak. Although the expedition fell short of this goal it was nevertheless judged a success and we are pleased to have been able to assist.

Unchimé Iron Ore Project

During the year the Company secured an option to acquire an initial 70% interest in the Unchimé iron ore project in Salta Province, Argentina, and more than six months was spent carrying out extensive due diligence on the project.

The results of the analysis of core samples from a diamond drilling programme completed at Unchimé by ECR during September 2011 were judged inconclusive as to the resource potential of the deposit, while the results of metallurgical testwork did not enable the Company to conclude with sufficient certainty that a saleable iron ore product could be economically produced.

Further work in both areas would be required in order to make a full evaluation of the potential of the project, and although we are of the view that Unchimé may have real long term potential, ultimately it was determined that the results of the Company's due diligence did not justify further work, particularly in light of the acquisition costs of the project and the uncertain economic climate.

ACS Asia

ECR holds a 70% economic interest in ACS Asia, an Asia Pacific focused metal products business with a modern manufacturing facility in Rayong, Thailand employing more than 100 people. The core product lines of ACS are electrical and mechanical support systems.

ACS recorded revenue for the year of approximately £4.95 million, compared with approximately £4.8 million for the year to 30 September 2010. Despite this increase the business has been affected by a shortage of working capital, and ECR has sought to remedy this situation by providing ACS with extra funds.

Numerous promising enquiries have been received by ACS in recent months and a large order from the Middle East is presently being serviced, and it is hoped that with additional working capital provided by ECR and by local banks a marked improvement in the financial performance of ACS can be achieved.

Warm Springs Renewable Energy Corporation

Warm Springs Renewable Energy Corporation ("WSREC"), in which ECR has a 90% interest, has since 2010 been evaluating an opportunity to develop a solar power plant in New Mexico, USA in conjunction with the proposed restart of the Copper Flat mine being developed by THEMAC Resources Group, in which ECR is a substantial shareholder.

Although the concept remains very promising, WSREC has found the environment for the development of such

PANIAI GOLD

ECR's holdings in Paniai and West Wits together represent substantial exposure to the Derewo River gold project, where work is underway to commence alluvial gold production during 2012.

a project more challenging than anticipated. In view of the promising investment opportunities available to ECR elsewhere the Company has reduced its expenditure in relation to WSREC to the bare minimum, and an alternative means of financing any further work by WSREC is currently being sought. On this basis the ECR board have considered it prudent to provide against the Company's investment in WSREC in the amount of approximately £240,000, leaving WSREC on the Group balance sheet as an asset in the reduced amount of £100,000.

Mercator Gold Australia

An element of control of ECR's Australian subsidiary Mercator Gold Australia Pty Ltd ("MGA") was returned to its directors in July 2011 following completion of the sale of the Meekatharra gold project by MGA's administrators. However, settlement of the claims of the creditors of MGA by the administrators remained ongoing to a significant extent at 30 September 2011, leaving a large amount of uncertainty as to MGA's financial position and meaning that in accounting terms full and effective control of MGA had not been regained at that date.

On this basis the financial information available for MGA as at 30 September 2011 has not been consolidated with that of the Group. Once MGA's creditors have been entirely dealt with by the administrators and the most recent Deed of Company Administration (DOCA) has been fully effectuated, the Company will be in a position to produce Group accounts that include MGA.

The full amount of the tax losses accumulated by MGA is now estimated at a total of A$77M. We believe these tax losses to be valid and useable by MGA subject to certain conditions, although detailed advice is still being sought to confirm this and to ascertain the best means of using the tax losses for the benefit of ECR, MGA's sole shareholder.

ECR has already benefited from the sale of the Meekatharra project in so far as in July 2011 MGA received 1,252,650 shares of Reed Resources Ltd (ASX: RDR), the company that purchased Meekatharra, with no restrictions as to their disposal. These shares were sold gradually during and after the year-end and the proceeds totalling in the region of A$500,000 have been used to support ECR's working capital position and to fund the operating costs of MGA, which mainly relate to the tax and accounting investigations referred to above.

Financial & Corporate

Luca Tenuta and Stephen Clayson were appointed as directors of ECR in April 2011, Luca to serve as a non-executive director and Stephen to serve as an executive director and the Company's Chief Financial Officer, having held the latter role since September 2010. At the same time, Mick Elias resigned as a non-executive director having given his dedicated service to the Company in that capacity since 2004.

Promotional activities during the year included presentations organised by MiningMaven, Minesite and Proactive Investors and an appearance at the Master Investor show, and the success of these and other activities is reflected in the high liquidity that is evident in ECR shares in comparison to many AIM listed companies of similar market capitalisation.

Since the date of ECR's last annual report convertible loan notes of £825,000 in face value have been converted to shares and notes of £200,000 in face value have been repaid, lightening the burden of interest on the Company.

In August 2011 ECR secured a US$1.5M loan from YA Global Master SPV Ltd ("YA Global"), which is advised by Yorkville Advisors LLC. The loan bears interest at 10% per annum and will be fully repaid by August 2012. The loan is secured over listed securities held by the Company and under the Standby Equity Distribution Agreement ("SEDA") entered into by the Company with YA Global in April 2010. The proceeds of the YA Global loan were used to provide for the ongoing costs of ECR's activities and to specifically fund exploration at the Unchimé and Sierra de las Minas projects in Argentina.

A total of approximately £1.225 million has been raised since the publication of the Company's last annual report through equity placings and under the SEDA with YA Global, and these capital raisings have been of key importance in enabling the progress described in this report to be made. Nonetheless, during 2012 we will evaluate very closely whether it may be in the interests of shareholders to dispose of certain existing assets of ECR and to deploy the proceeds of doing so to advance the Company's directly held projects.

I am pleased to be able to report on the strides forward detailed above, and I expect further significant progress during calendar year 2012.

Patrick Harford
Managing Director

DIRECTORS' BIOGRAPHIES

Michael Bernard Silver
Executive Chairman (aged 75)

Michael Silver was appointed Executive Chairman on 28 July 2008. A civil engineer, Mr Silver is a Member of the Institution of Engineers of Australia with more than 40 years of experience. Mr Silver founded a substantial contract mining company in Australia, operating in mineral sands, coal, copper, iron ore, sapphires and tin, and as the original contract miner at the Telfer gold-copper mine in Western Australia. He also has industrial experience as owner of numerous metal fabrication businesses.

Previous mine development roles include:

- Developing the Nevoria gold mine in Western Australia for Southern Goldfields;
- Assembling the development team for the Coliseum gold mine in California;
- Developing the Tolukuma gold mine in Papua New Guinea for Dome Resources.

Patrick Aloysius Harford
Managing Director (aged 60)

Patrick Harford was appointed Managing Director on 22 March 2004. He graduated with Honours in Geomorphology from Melbourne University in 1973.

Past senior management roles include:

- Grants Patch Mining (Managing Director), which operated a 10Mt gold tailings retreatment operation in Western Australia producing 750,000oz gold;
- Zapopan (Managing Director), which participated in the discovery and development of the Mt Todd and Tanami gold mines in Australia's Northern Territory;
- Auridiam Consolidated, which developed the 2Mtpa River Ranch diamond mine in Zimbabwe. The River Ranch mine produced in excess of 500,000 carats per annum.

Stephen James Clayson
Director & Chief Financial Officer (aged 26)

Stephen Clayson was appointed as an executive director of the Company on 1 April 2011 having been Chief Financial Officer of ECR since September 2010, and having been involved in the Company's affairs for some two years prior to his appointment as Chief Financial Officer. He has acquired substantial experience in the mineral exploration and development sector and in the operations of listed companies since 2006.

Luca Tenuta
Non-executive Director (aged 35)

Luca Tenuta was appointed as a non-executive director of the Company on 1 April 2011 and has over 10 years of experience in financial and corporate matters. He started his career as a credit and risk analyst for Banca Intesa London (today San Paolo IMI) and Credit Suisse First Boston. During his time in banking he was responsible for European aerospace and defence, engineering and energy companies and structured debt/equity transactions for non-investment grade counterparties. He subsequently gained experience in the natural resources sector as CEO of Uranio AG and of Worldwide Natural Resources plc. He is currently Chairman of Ecovista plc, a company listed on PLUS, and is working with Old Park Lane Capital plc, the Company's joint broker in a corporate broking capacity.

Luca holds an MA in Economics and Finance from Universita' La Sapienza in Rome. He is also an FSA approved person with the designation CF30.

Michael Elias (resigned 1 April 2011)
Non-executive Director (aged 60)

Michael Elias was appointed a Non-Executive Director on 7 July 2004. Mr Elias is a geologist with over 30 years of experience in the mining industry. He was formerly Chief Geologist for Resource Development in WMC's nickel division and is currently a Principal Consultant for CSA Australia, one of Australia's largest mining consultancies.

REPORT OF THE DIRECTORS

For the year ended 30 September 2011

The Directors of ECR Minerals plc (the "Directors" or the "Board") present their report and audited financial statements for the year ended 30 September 2011.

Principal activities

The Company is registered under no. 5079979 in England. The principal activities of the Company are those of a mineral exploration and development company, most frequently as a parent company to various operating subsidiaries. The activity of its direct subsidiary Gold Crest Holdings Ltd which is based in Hong Kong is that of a holding company and the activity of Gold Crest's ultimate subsidiary based in Thailand is that of a metal products manufacturer.

In common with many similar companies, the Company raises finance for its activities, and those of its subsidiaries, in discrete tranches which finance activities for limited periods. Further fundraising is undertaken as and when required. Equity financing totalling £1.4 million was raised during the year.

Business review

Main projects & interests

- Copper Flat Project and Themac Resources Group Ltd – Copper mine development in New Mexico, USA
- Sierra de las Minas Gold Project Area – Gold exploration in La Rioja Province, Argentina
- Paniai Gold Ltd and West Wits Mining Ltd – Derewo River gold project in Papua Province, Indonesia
- ACS Asia – Manufacture of metal products in Thailand

General

- Financial & Corporate

A full review of the above matters is contained in the reports of the Chairman and Managing Director.

Group financial results

The financial statements for the year recorded a surplus for ECR and its consolidated subsidiaries (the "Group") of £6,274,307, compared with a net deficit of £3,293,850 for the year to 30 September 2010. The Group's net assets on the balance sheet increased in the year by £9,265,880.

The Group reported £4,953,728 of turnover and a cost of sales of £3,915,108 with a gross profit of £1,038,620, all of which is attributable to ACS Asia (1996) Company Ltd ("ACS Asia").

The Group's operating and investment activity continued along the same lines as in the previous year with management focusing on enhancing the value of the Group's projects in the mineral sector. Consequently ECR's administrative expenses for the year were similar to those of the previous year after allowing for the inclusion of a full year of ACS Asia's administrative expenses in the Group's results.

Future developments

The Directors continue to look for development opportunities in the mineral and other sectors that would be suitable as acquisitions or for investment and will evaluate them with consideration for their financing potential.

Projects will be developed in accordance with their progress and potential. Funding for this will be in line with project merits and available cash resources.

Financial and other risk management objectives and policies

The business of mining, exploration and the operation of business in other countries has an inherent risk of the Company's failing to discover sufficient viable deposits of minerals within the limits of the Company's present resources, being exposed to excessive inflation of input costs, the frustration of supply of necessary raw materials, or government permits and operating permits not being granted. There is also the more recent development of credit risk and the unpredictable behaviour of project finance institutions and volatile world-wide economics.

The Board is aware of these risks and continuously reviews them. When it is able, it takes the necessary steps to avoid them or to limit the Company's exposure to such risks. The Company takes out suitable insurance against operational and corporate risks that are anticipated as being material and insurable.

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

The Board recognises the Company's exposure to liquidity risk and that the Company's ability to continue operating is dependent on there being sufficient cash to sustain day-to-day operations while seeking a route to redeveloping the existing operations and new investment opportunities. The Board continually monitors this situation and seeks potential routes to realise part of the Company's investments to maintain adequate levels of solvency to meet the Company's obligations as they fall due.

The locations of the Company's principal activities are the USA, Thailand, Argentina and Australia and its corporate base is in the United Kingdom, all of which locations are considered stable with advanced economic and legal infrastructures.

Further details of the Group's financial risk management objectives and policies are set out in Note 22 to the financial statements.

Present position of the Company

As at 30 September 2011 and currently the Company's financial position is stable. As explained herein, the financial statements continue to be prepared on a going concern basis.

Reviews of operations and business developments are provided in the reports of the Chairman and Managing Director, the report of the Directors, and within the details of the financial statements. Therein are set out certain forward looking statements that have been made by the Directors in good faith. By the nature of these statements there can be no certainty that any or all predictions will be met.

Policy on payment of suppliers

The Group's policy is to settle terms of payment with its suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment, and abiding by the agreed terms. The number of days of trade creditors outstanding at the year-end was 88 days (2010: 43 days).

Dividends and profit retention

The results for the year are set out in the Income Statement on page 14. No dividend is proposed in respect of the year (2010: nil). The Group surplus for the year of £6,274,307 (2010: loss £3,293,850) has been taken to reserves.

Directors

The Directors who served during the year were:

Michael Bernard Silver
Patrick Aloysius Harford
Luca Tenuta *(appointed 1 April 2011)*
Stephen James Clayson *(appointed 1 April 2011)*
Michael Elias *(resigned 1 April 2011)*

Under the Company's articles of association, at every annual general meeting (AGM) of the Company, any Director:

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

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

In accordance with the above, all the Directors are required to retire at the forthcoming annual general meeting.

Directors' interests

Share interests

Directors who held office at 30 September 2011 held the following beneficial interests, either directly or indirectly, (including interests held by spouses, minor children or associated parties) in the ordinary shares of the Company:

	30 September 2011 no. of shares	30 September 2010 no. of shares
M B Silver	18,034,181	3,080,043
P A Harford	3,516,467	3,516,467
S J Clayson	0	n/a
L Tenuta	0	n/a
Total	21,550,648	6,596,510

Share options

Directors of the Company who served during the year held the following share options granted under the Company's unapproved share option scheme.

No share options were exercised by Directors during the year.

Directors' interests *continued*

	Options issued	Date issued	Expiry date	30 September 2011 Exercise price	Balance
M B Silver	6,000,000	6 January 2011	6 January 2021	£0.025	6,000,000
M B Silver – total	6,000,000				6,000,000
P A Harford	5,800,000	6 January 2011	6 January 2021	£0.025	5,800,000
P A Harford – total	5,800,000				5,800,000
S J Clayson	3,900,000	6 January 2011	6 January 2021	£0.025	3,900,000
S J Clayson – total	3,900,000				3,900,000
M Elias	2,500,000	6 January 2011	6 January 2021	£0.025	2,500,000
M Elias – total	2,500,000				2,500,000
Total Directors' options as at 30 September 2011					**18,200,000**

Interest in convertible loan notes

On 17 October 2011, the Company issued and allotted a total of 13,636,363 ordinary shares at £0.011 per share in respect of the conversion of convertible loan notes of face value £150,000 held by Fair Choice Ltd, a company controlled by Michael Silver. On 28 November 2011, Fair Choice acquired further convertible loan notes of the Company of face value £125,000, repayable on 17 October 2013.

Share capital and substantial share interests

Details of the Company's share capital are disclosed in Note 13 of the financial statements.

On 1 March 2012, the Company was aware of the following holdings of 3% or more in the Company's issued share capital (713,909,432 shares):

Registered Shareholder Name	Shares	%
Barclayshare Nominees Limited	85,065,443	11.91
TD Direct Investing Nominees (Europe) Ltd	80,744,240	11.31
LR Nominees Limited	49,245,520	6.90
HSDL Nominees Limited	43,986,182	6.16
Lawshare Nominees Limited	42,456,987	5.95
James Capel (Nominees) Limited	36,639,702	5.13
Pershing Nominees Limited	32,054,138	4.49
Share Nominees Ltd	25,078,361	3.51
Investor Nominees Limited	24,578,910	3.44
JIM Nominees Limited	23,758,321	3.33

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements the Directors are required to:

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

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

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

Corporate Governance

The Directors seek, as far as is considered appropriate having regard to the size and nature of activities of the Company, to comply with the Combined Code on Corporate Governance applicable to listed companies. The Board is assisted in this regard by the Remuneration and Audit Committees.

The Remuneration Committee

The Remuneration Committee comprises Michael Silver and Luca Tenuta. The Remuneration Committee will meet at any time when it is considered appropriate to review and make recommendations on the remuneration arrangements for Directors and senior management, including any bonus arrangements and the award of share options, having regard to the performance of the Company and the interests of shareholders. The remuneration and terms of appointment of non-executive Directors will be set by the Board.

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

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

The Audit Committee

The Audit Committee comprises Michael Silver and Luca Tenuta. The Audit Committee will meet at any time when it is considered appropriate to consider and discuss audit and accounting related issues. The Audit Committee may make recommendations on the appointment of the auditors and the audit fees, be responsible for ensuring the financial performance of the Company is properly monitored and reported on and will receive and review reports from management and auditors relating to the interim reports, the annual report and accounts and internal control systems of the Company.

Going concern

Based on a review of the Company's budgets and cashflow forecasts, the Directors are satisfied that the Company has sufficient resources to continue its operations and to meet its commitments for the immediate future.

Statement on disclosure of information to auditors

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

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

Auditors

Nexia Smith & Williamson have expressed their willingness to continue in office as auditors of the Company and a resolution to confirm their appointment will be proposed at the forthcoming annual general meeting.

AGM

The annual general meeting (the "AGM") of the Company will be held at 10am on Saturday 31 March 2012 at the East India Club, 16 St James's Square, London SW1Y 4LH. Notice of the AGM is on pages 35 to 37.

This report was approved by the Board on Monday 5 March 2012.

By order of the Board

Patrick Harford
Managing Director

Michael Silver
Chairman

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 September 2011

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 2011 which comprise the Group Income Statement and Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 25. 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 Directors' Responsibilities Statement 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 Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of the group's profit 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.

Emphasis of matter – amount owed by a former subsidiary

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 11 to the financial statements concerning the Company's and the Group's ability to recover an amount due from a former subsidiary, Mercator Gold Australia Pty Ltd ("MGA"), of £3,396,858, after an impairment provision made in previous years of £31,849,884. MGA is currently subject to a Deed of Company Administration ("DOCA") and has no tangible assets. Control of MGA will not pass back to the Group until the DOCA has been fully effectuated and creditors dealt with. It is estimated the full amount of tax losses accumulated by MGA currently totals A$77,000,000. The Group is currently in the process of receiving detailed advice to confirm the amount of tax losses that are useable by MGA and to ascertain the conditions and means of using the tax losses to the benefit of the Company and the Group. The existence of these tax losses has meant that the Group has been able to enter into preliminary negotiations with third parties on projects that are intended to generate surplus funds in MGA to enable it to repay the amount due to the Company and the Group.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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.

Philip Quigley
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate, London EC2R 6AY

5 March 2012

The maintenance and integrity the web site of ECR Minerals plc is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2011

ECR Minerals plc company no. 5079979

	Note	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Revenue		**4,953,728**	4,768,492
Cost of sales		**(3,915,108)**	(3,480,574)
Gross profit		**1,038,620**	1,287,918
Project realisation		**430,239**	–
Exploration expenses		**(251,610)**	–
Other administrative expenses		**(3,342,467)**	(3,035,255)
Other income		**34,851**	93,634
Impairment loss on trade receivables		**(206,835)**	–
Currency exchange differences		**18,711**	21,669
Impairment of and loss on disposal of other investments		**(20,034)**	(1,364,635)
Total administrative expenses		**(3,515,774)**	(4,284,587)
Operating loss	*3*	**(2,298,525)**	(2,996,669)
Gain or loss on revaluation of other investments		**964,275**	–
Gain on derivative		**69,000**	–
Profit on disposal of available for sale financial asset		**6,025,645**	–
		4,760,395	(2,996,669)
Financial income		**38,676**	1,945
Financial expense		**(451,481)**	(496,838)
Finance income and costs	*7*	**(412,805)**	(494,893)
Profit /(loss) for the year before taxation		**4,347,590**	(3,491,562)
Income tax	*5*	**(45,476)**	–
Profit /(loss) for the year		**4,302,114**	(3,491,562)
Attributable to owners of the parent		**4,404,105**	(3,385,248)
Attributable to non-controlling interests		**(101,991)**	(106,314)
		4,302,114	(3,491,562)
Profit/(loss) per share (basic and diluted)	*4*	**0.86p**	(1.52)p

The profit for the Parent Company for the year was £ 4,668,341 (2010: £3,137,181 loss)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2011

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Profit/(loss) for the year	**4,302,114**	(3,491,562)
Fair value movements on available for sale assets	**1,926,271**	–
Gain on exchange translation	**45,922**	197,712
Total comprehensive income /(expense) for the year	**6,274,307**	(3,293,850)
Attributable to:		
Owners of the parent	**6,362,521**	(3,246,207)
Non-controlling interest	**(88,214)**	(47,643)
Total recognised income/(expense) for the year	**6,274,307**	(3,293,850)

CONSOLIDATED & COMPANY STATEMENT OF FINANCIAL POSITION

At 30 September 2011

ECR Minerals plc company no. 5079979

		Group		Company	
	Note	30 September 2011 £	30 September 2010 £	30 September 2011 £	30 September 2010 £
Assets					
Non-current assets					
Property, plant and equipment	*8*	**503,043**	542,508	**4,298**	5,821
Investments in subsidiaries	*9*	**–**	–	**919,684**	515,753
Other investments	*9*	**175,000**	966,611	**175,000**	966,611
Exploration assets		**772,691**	–	**–**	–
Other non current assets	*10*	**5,314**	1,714	**–**	–
		1,456,048	1,510,833	**1,098,982**	1,488,185
Current assets					
Inventories	*16*	**712,324**	566,467	**–**	–
Trade and other receivables	*11*	**4,805,429**	4,414,863	**4,427,451**	4,100,645
Available for sale financial assets	*9*	**6,621,049**	3,547,206	**6,621,049**	3,547,206
Other financial assets	*9*	**4,318,364**	–	**4,318,364**	–
Taxation		**21,630**	20,424	**20,752**	20,423
Other current assets		**2,672**	111,301	**2,672**	16,000
Cash and cash equivalents	*12*	**593,642**	374,453	**240,755**	325,667
Total current assets		**17,075,110**	9,034,714	**15,631,043**	8,009,941
Total assets		**18,531,158**	10,545,547	**16,730,025**	9,498,126
Non-current liabilities					
Interest bearing borrowings	*15*	**1,824,266**	2,526,693	**1,824,266**	2,526,693
Current liabilities					
Trade and other payables	*14*	**2,091,158**	3,573,579	**514,257**	2,954,944
Interest bearing borrowings	*15*	**1,294,385**	489,850	**882,265**	193,437
Provisions for costs		**3,053**	3,009	**–**	–
Total current liabilities		**3,388,596**	4,066,438	**1,396,522**	3,148,381
Total liabilities		**5,212,862**	6,593,131	**3,220,788**	5,675,074
Net assets		**13,318,296**	3,952,416	**13,509,237**	3,823,052
Equity attributable to owners of the parent					
Share capital	*13*	**7,738,267**	7,526,572	**7,738,267**	7,526,572
Share premium	*13*	**36,111,908**	33,658,773	**36,111,908**	33,658,773
Exchange reserve		**205,118**	172,973	**–**	–
Other reserves		**669,667**	765,696	**671,174**	767,203
Retained losses		**(31,499,830)**	(38,352,978)	**(31,012,112)**	(38,129,496)
		13,225,130	3,771,036	**13,509,237**	3,823,052
Non-controlling interests		**93,166**	181,380	**–**	–
Total equity		**13,318,296**	3,952,416	**13,509,237**	3,823,052

The notes on pages 18 to 34 are an integral part of these consolidated financial statements

The financial statements on pages 14 to 34 were approved and authorised for issue by the Directors on 5 March 2012 and were signed on its behalf by:

Patrick Harford
Managing Director

Michael Silver
Chairman

Group	*Note*	Share capital £	Share premium £	Exchange reserves £	Other reserves £	Retained reserves £	Non-controlling interest £	Total £
Balance at 1 October 2009		7,316,059	30,865,318	37,831	787,364	(34,982,251)	229,023	**4,253,344**
Loss for the year		–	–	–	–	(3,385,248)	(106,314)	**(3,491,562)**
Gain on exchange translation		–	–	132,898	–	6,143	58,671	**197,712**
Total comprehensive loss		–	–	132,898	–	(3,379,105)	(47,643)	**(3,293,850)**
Transfer between reserves		–	–	–	(8,378)	8,378	–	**–**
Currency translation differences		–	–	2,244	(13,290)	–	–	**(11,046)**
Issue of shares		210,513	2,793,455	–	–	–	–	**3,003,968**
Balance at 30 September 2010	*13*	7,526,572	33,658,773	172,973	765,696	(38,352,978)	181,380	**3,952,416**
Profit/(loss) for the year		–	–	–	–	4,404,105	(101,991)	**4,302,114**
Available for sale financial assets fair value movements		–	–	–	–	1,926,271	–	**1,926,271**
Gain on exchange translation		–	–	32,145	–	–	13,777	**45,922**
Total comprehensive income/(loss)		–	–	32,145	–	6,330,376	(88,214)	**6,274,307**
Conversion of loan notes		–	68,257	–	(68,257)	–	–	**–**
Share options lapsed		–	–	–	(522,772)	522,772	–	**–**
Share-based payments		–	–	–	495,000	–	–	**495,000**
Issue of shares		211,695	2,384,878	–	–	–	-	**2,596,573**
Balance at 30 September 2011	*13*	7,738,267	36,111,908	205,118	669,667	(31,499,830)	93,166	**13,318,296**

Company	*Note*	Share capital £	Share premium £	Retained reserves £	Other reserves £	Total £
Balance at 1 October 2009		7,316,059	30,865,318	(35,010,969)	785,857	**3,956,265**
Loss for the year and Total comprehensive loss		–	–	(3,137,181)	–	**(3,137,181)**
Transfer between reserves		–	–	18,654	(18,654)	**–**
Issue of shares		210,513	2,793,455	–	–	**3,003,968**
Balance at 30 September 2010	*13*	7,526,572	33,658,773	(38,129,496)	767,203	**3,823,052**
Profit for the year		–	–	4,668,341	–	**4,668,341**
Available for sale financial assets fair value movements		–	–	1,926,271	–	**1,926,271**
Total comprehensive income		–	–	6,594,612	–	**6,594,612**
Conversion of loan notes		–	68,257	–	(68,257)	**–**
Share options lapsed		–	–	522,772	(522,772)	**–**
Share-based payment		–	–	–	495,000	**495,000**
Issue of shares		211,695	2,384,878	–	–	**2,596,573**
Balance at 30 September 2011	*13*	7,738,267	36,111,908	(31,012,112)	671,174	**13,509,237**

CONSOLIDATED & COMPANY CASH FLOW STATEMENT

For the year ended 30 September 2011

ECR Minerals plc company no. 5079979

	Note	Group Year ended 30 September 2011 £	Year ended 30 September 2010 £	Company Year ended 30 September 2011 £	Year ended 30 September 2010 £
Operating activities					
Profit / (loss) for the year/period before tax		**4,234,255**	(3,491,562)	**4,668,341**	(3,137,181)
Adjustments:					
Depreciation expense, property, plant and equipment	*8*	**89,244**	81,102	**2,769**	3,207
Loss on disposal of property, plant and equipment		**380**	–	**380**	–
Loss on disposal of investments		**–**	1,364,635	**–**	1,364,635
Provisions and impairment of investment and loans		**20,033**	–	**294,131**	–
Profit/(loss) on sale of convertible loan notes		**4,500**	(30,000)	**4,500**	(30,000)
Profit on available for sale financial assets		**(6,025,645)**	–	**(6,025,645)**	–
Interest income		**(38,676)**	(7,496)	**(69,487)**	(6,274)
Gain on derivative		**(69,000)**	–	**(69,000)**	–
Investment income		**(430,239)**	–	**(430,239)**	–
Gain on revaluation of investments		**(964,275)**	–	**(964,275)**	–
Issue costs amortised – Convertible loan	*7*	**75,585**	59,984	**75,585**	59,984
Interest cost imputed on unwinding loan discount	*7*	**29,927**	94,151	**29,927**	94,151
Interest paid on convertible loans		**345,969**	233,989	**245,021**	233,989
Interest expense – other		**–**	147,331	**–**	–
Share-based payments		**495,000**	–	**495,000**	–
Impairment of loan to subsidiary		**–**	–	**140,000**	–
(Increase)/decrease in accounts receivable		**(305,151)**	695,094	**(26,513)**	11,981
Increase/(decrease) in accounts payable		**984,189**	(1,280,502)	**(10,056)**	(16,472)
(Increase)/decrease in inventories		**(145,857)**	328,888	**–**	–
Shares issued in lieu of expense payments		**145,687**	83,333	**145,687**	83,333
Exploration costs written off	*10*	**240,823**	–	**–**	–
Loan(increase)/ reduction in lieu of expense payments		**(13,906)**	18,976	**–**	18,976
Decrease in provision for software expenses		**–**	(116,537)	**–**	–
(Increase)/decrease in other non current assets		**–**	(163)	**–**	–
Net cash flow used in operations		**(1,327,157)**	(1,818,777)	**(1,493,874)**	(1,319,669)
Investing activities					
Purchase of property plant and equipment	*8*	**(59,247)**	(59,869)	**(1,626)**	(7,665)
Increase in Exploration assets		**(637,011)**	–	**–**	–
Loans issued to subsidiary		**–**	–	**(546,250)**	–
Proceeds from sale of investments		**–**	1,811,486	**–**	1,811,486
Investment in subsidiaries		**–**	–	**(403,933)**	–
Investment in available for sale financial assets		**(50,000)**	–	**(50,000)**	–
Investment in other ventures		**–**	(910,054)	**–**	(910,054)
Other loans		**–**	(224,852)	**–**	(224,852)
Other loans repaid		**19,618**	–	**19,618**	–
Proceeds from sale of convertible loan notes		**275,500**	–	**275,500**	–
Investment in current asset investments		**–**	(952,295)	**–**	(952,295)
Interest received		**4,755**	1,945	**4,048**	724
Net cash used in investing activities		**(446,385)**	(333,639)	**(702,643)**	(282,656)
Financing activities					
Proceeds from issue of share capital		**1,816,237**	2,296,635	**1,816,237**	2,296,635
Proceeds from issue of convertible loan notes		**921,654**	–	**921,654**	–
Repayment of convertible loan notes		**(93,342)**	–	**(93,342)**	–
Finance costs on fundraising		**(123,992)**	-	**(123,992)**	–
Redemption of convertible loan notes		**(200,000)**	-	**(200,000)**	–
Repurchase of convertible loan notes		**–**	(250,000)	**–**	(250,000)
Repayment of finance lease creditors		**–**	(3,313)	**–**	–
Loan from bank		**–**	296,413	**–**	–
Interest paid on convertible loan notes		**(211,793)**	(175,786)	**(211,793)**	(175,786)
Interest paid – other		**(97,433)**	(119,912)	**–**	–
Net cash from financing activities		**2,011,331**	2,044,037	**2,108,764**	1,870,849
Net change in cash and cash equivalents		**237,789**	(108,378)	**(87,753)**	268,524
Cash and cash equivalents at beginning of the year		**374,453**	344,105	**325,667**	57,143
Effect of change in exchange rates		**(18,600)**	138,726	**2,841**	–
Cash and cash equivalents at end of the year	*12*	**593,642**	374,453	**240,755**	325,667

1 General information

ECR Minerals plc (the "Company" or the "Parent Company") and its subsidiaries (together "the Group") operate and structure transactions in relation to mineral exploration and development projects, as well as operating a subsidiary that manufactures metal products. The Group's interests are located in the USA, Thailand, Indonesia, Argentina and Australia.

The Company is a public limited company incorporated in England and Wales and domiciled in England. The registered office is Webber House, 26-28 Market Street, Altrincham, Cheshire WA14 1PF and its principal place of business is located at 20 Eastcheap, London EC3M 1EB. The Company is listed on the Alternative Investment Market (AIM).

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 International Financial Reporting 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 presented a Statement of Comprehensive Income for the Company alone.

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

New accounting standards and interpretations

Effective during the year

During the year the Group has adopted the following standards:

- Improvements to IFRSs 2009 *(effective 1 January 2010)*
- Amendment to IAS 32 Classification of Rights Issues *(effective 1 February 2010)*
- Amendment to IFRS 2 Group Cash-settled Share-based Payment Transactions *(effective 1 January 2010)*
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments *(effective 1 July 2010)*

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

Not yet effective

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

- Revised IAS 24 Related Party Disclosures *(effective 1 January 2011)*
- Improvements to IFRSs 2010 *(effective 1 January 2011)*
- IFRS 7 (Amendment) 'Disclosures – Transfer of Financial Assets' *(effective from 1 July 2011)*

The Directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the Group financial statements.

Revenue recognition

1. Sale of goods

Revenues represent amounts receivable for sale of metal products and are recognised when goods for domestic sales are despatched to customers in their land of origin. Sales are stated at the invoiced price, excluding value added tax, of goods supplied after deducting discounts and goods returned. In the case of export sales, revenues are recognised when goods are shipped and title is passed to the buyer. Title is passed to the buyer when the goods are delivered to the common carrier in the country of origin, the carrier acting as agent for the buyer.

2. Provision of services

Revenues are recognised once the service has been provided and is recognised at the point of billing.

3. Interest income

Interest earned is recognised on a time proportionate basis where this is materially different from the point of receipt; otherwise it is recognised at the point of receipt.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and four of its subsidiaries made up to 30 September 2011. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting and their results consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date such control ceases. Two other subsidiaries have not been consolidated on the grounds of immateriality. As explained in the Managing Director's Report, MGA is not treated as a subsidiary undertaking as at 30 September 2011 on the basis that control of MGA had not passed to the directors of MGA as at that date.

Inventories

Inventories are stated at the lower of cost or net realisable value. Costs of raw materials are determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventories.

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
Land improvements	20 years
Buildings	20 years
Machinery and equipment	5 years
Motor vehicles	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 balance sheet 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 balance sheet 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 balance sheet 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

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies so as to claim benefit from their activities.

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 equity component of share options issued;
- "retained losses" include all current and prior year results as disclosed in the income statement;
- "exchange reserve" includes the amounts described in more detail in the following note on foreign currency below.

Foreign currency translation

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

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

Monetary assets and liabilities denominated in a foreign currency are translated at the rates ruling at the balance sheet date.

The assets and liabilities of the Group's foreign operations are translated at exchange rates ruling at the balance sheet 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 employee remuneration

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.

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.

Financial instruments

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

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

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 profit or loss.

Financial liabilities 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 balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. 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-Merton model and are also included within liabilities, but are measured at fair value in the balance sheet, 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 are 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 ongoing 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:

- impairment reviews covering investments;
- fair values of acquired investments;
- inventory valuation;
- capitalisation of exploration costs;
- recovery of amount due from former subsidiary;
- share-based employee remuneration.

3 Operating loss

The operating loss is stated after charging:	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Depreciation of property, plant and equipment	**89,244**	81,102
Loss on sale of fixed assets	**380**	–
Operating lease expenses	**15,300**	13,843
Share-based payments	**495,000**	–
Auditors' remuneration:		
Fees payable to current auditor for audit of the Group's annual financial statements (including £15,000 in respect of the Company)	**31,450**	27,000
Fees payable to previous auditor for:		
Audit services	**–**	28,000
Fees payable for other services	**–**	1,600

4 Profit/(loss) per share

Profit/(loss) per share is calculated by reference to the profit/(loss) for the year of £4,404,105 (2010: loss £3,385,248) and the weighted number of shares in issue during the year of 513,268,320 (2010: 223,037,596).

There is no dilutive effect of share options on the profit for the current year.

5 Corporation tax expense

The relationship between the expected tax expense based on the corporation tax rate of 27% for the year ended 30 September 2011 (2010: 28%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Group profit/(loss) for the year before tax	**4,347,590**	(3,491,562)
Profit/(loss) on activities at effective rate of corporation tax of 27% (2010: 28%)	**1,173,850**	(977,637)
Expenses not deductible for tax purposes	**205,749**	183,524
Effect of marginal rates	**(43,109)**	–
Impairment of subsidiary undertaking	**–**	37,769
Income not taxable	**(192,773)**	(5,305)
Depreciation in excess of capital allowances	**(165)**	898
Utilisation of tax losses brought forward	**(1,189,901)**	381,854
Loss carried/(brought) forward	**89,100**	378,897
Overseas local taxes	**2,725**	–
Current tax income / expense, net	**45,476**	–

5 Corporation tax expense *continued*

The Company has unused tax losses of £330,000 (2010: £4,409,965) and other temporary differences amounting to losses of £495,000. The related deferred tax asset has not been recognised in respect of these losses as there is no certainty in regards to the level and timing of future profits. No deferred tax liability 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 2011 Number	Year ended 30 September 2010 Number
Directors	**4**	5
Production	**104**	80
Logistics	**6**	25
Administration	**13**	18
Total	**127**	128

The aggregate payroll costs of these persons were as follows:

	£	£
Staff wages and salaries	**1,032,989**	1,023,452
Directors cash based emoluments	**322,500**	499,899
Share-based payments	**495,000**	–
	1,850,489	1,523,351

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	**322,500**	499,899
Employer's national insurance	**4,454**	–
Short term employment	**326,954**	499,899
Share based payments	**360,360**	–
	687,314	499,899

Directors' remuneration

As required by AIM Rule 19, details of remuneration earned in respect of the financial year ended 30 September 2011 by each Director are set out below:

Year ended 30 September 2011

Director	Salary £	Bonus £	Total £
M B Silver	**120,000**	–	**120,000**
P A Harford	**140,000**	–	**140,000**
M Elias	**15,000**	–	**15,000**
S Clayson	**35,000**	–	**35,000**
L Tenuta	**12,500**	–	**12,500**
	322,500	–	**322,500**

Year ended 30 September 2010

Director	Salary £	Bonus £	Total £
M B Silver	120,000	–	120,000
P A Harford	140,112	50,000	190,112
M J de Villiers	144,787	–	144,787
R N Allen	15,000	–	15,000
M Elias	30,000	–	30,000
	449,899	50,000	499,899

The highest paid Director received remuneration of £140,000 (2010: £190,112).

Details of each Director's share options and interests in the Company's shares are shown in the Report of the Directors starting on page 9.

7 Finance income and expenses

	Year ended 30 September 2011	Year ended 30 September 2010
Finance expenses	£	£
Interest cost imputed on unwinding convertible loan discount	**29,927**	94,151
Issue costs of convertible loans amortised	**75,585**	59,984
Interest paid on convertible loans	**345,969**	342,703
	451,481	496,838

	2011	2010
Finance income	£	£
Interest on cash and cash equivalents	**38,676**	1,945
Total	**38,676**	1,945

8 Property, plant and equipment

Group	Furniture and fittings	Office equipment	Land improvements & Buildings	Machinery & equipment	Motor vehicles	Total
Cost	£	£	£	£	£	£
At 1 October 2010	3,135	153,809	646,395	606,354	88,610	**1,498,303**
Additions	–	7,175	–	52,072	–	**59,247**
Disposals	(395)	(7,474)	–	–	–	**(7,869)**
Exchange differences arising on translation	–	(1,826)	(8,305)	(8,576)	(1,139)	**(19,846)**
At 30 September 2011	2,740	151,684	638,090	649,850	87,471	**1,529,835**
Depreciation	£	£	£	£	£	£
At 1 October 2010	1,664	113,737	256,185	505,835	78,374	**955,795**
Disposals	(395)	(7,094)	–	–	–	**(7,489)**
Depreciation for the year	360	41,029	23,483	20,683	3,689	**89,244**
Exchange differences arising on translation	–	(702)	(2,927)	(6,180)	(949)	**(10,758)**
At 30 September 2011	1,629	146,970	276,741	520,338	81,114	**1,026,792**
Net book value						
At 1 October 2010	1,471	40,072	390,210	100,519	10,236	**542,508**
At 30 September 2011	1,111	4,714	361,349	129,512	6,357	**503,043**

Company

Cost	Furniture and fittings	Office equipment	Total
	£	£	£
At 1 October 2010	3,135	17,190	**20,325**
Additions	–	1,626	**1,626**
Disposals	(395)	(7,474)	**(7,869)**
At 30 September 2011	2,740	11,342	**14,082**
Depreciation			
At 1 October 2010	1,664	12,840	**14,504**
Disposals	(395)	(7,095)	**(7,490)**
Depreciation for the year	360	2,409	**2,769**
At 30 September 2011	1,629	8,154	**9,783**
Net book value			
At 1 October 2010	1,471	4,350	**5,821**
At 30 September 2011	1,111	3,187	**4,298**

Except as disclosed in Note 15, the Group's property, plant and equipment are free from any mortgage or charge.

8 Property, plant and equipment *continued*

The comparable table for 2010 is detailed below:

Group	Furniture and fittings	Office equipment	Land improvements & Buildings	Machinery & equipment	Motor vehicles	Total
Cost	£	£	£	£	£	£
At 1 October 2009	1,335	111,515	574,254	524,912	79,637	1,291,653
Additions	1,800	29,785	7,072	21,212	–	59,869
Disposals	–	–	–	–	–	–
Exchange differences arising on translation	–	12,509	65,069	60,230	8,973	146,781
At 30 September 2010	3,135	153,809	646,395	606,354	88,610	1,498,303
Depreciation	£	£	£	£	£	£
At 1 October 2009	1,197	87,600	208,649	432,355	54,898	784,699
Disposals	–	–	–	–	–	–
Depreciation for the year	467	16,887	23,178	23,888	16,682	81,102
Exchange differences arising on translation	–	9,250	24,358	49,592	6,794	89,994
At 30 September 2010	1,664	113,737	256,185	505,835	78,374	955,795
Net book value						
At 1 October 2009	138	23,915	365,605	92,557	24,739	506,954
At 30 September 2010	1,471	40,072	390,210	100,519	10,236	542,508

Company

Cost	Furniture and fittings	Office equipment	Total
	£	£	£
At 1 October 2009	1,335	11,325	**12,660**
Additions	1,800	5,865	**7,665**
Disposals	–	–	**–**
At 30 September 2010	3,135	17,190	**20,325**
Depreciation			
At 1 October 2009	1,197	10,100	**11,297**
Disposals	–	–	**–**
Depreciation for the year	467	2,740	**3,207**
At 30 September 2010	1,664	12,840	**14,504**
Net book value			
At 1 October 2009	138	1,225	**1,363**
At 30 September 2010	1,471	4,350	**5,821**

9 Investments

	Investment in subsidiaries	Other ventures	Total
	£	£	£
Cost as at 1 October 2010	515,753	966,611	**1,482,364**
Investment in overseas ventures	403,931	–	**403,931**
Impairment	–	(20,033)	**(20,033)**
Reclassified as exploration assets	–	(376,503)	**(376,503)**
Reclassified as an investment available for sale	–	(395,075)	**(395,075)**
Balance at 30 September 2011	919,684	175,000	**1,094,684**

9 Investments *continued*

The comparable table for 2010 is detailed below:

	Investment in subsidiaries £	Other ventures £	Total £
Cost as at 1 October 2009	515,753	266,574	782,327
Investment in overseas ventures	–	4,200,861	4,200,861
Impairment	–	–	–
Reclassified as an investment available for sale	–	(3,500,824)	(3,500,824)
Balance at 30 September 2010	515,753	966,611	1,482,364

At 30 September 2011, the Company has interests in the following investments and subsidiary undertakings:

Subsidiaries:	Country of incorporation	Principal activity	Principal country of operation	Description and effective proportion of shares held
Gold Crest Holdings Ltd	Hong Kong	Holding company	Hong Kong	70% ordinary
Mercator Gold plc (formerly Island Gold plc)	UK	Dormant	UK	100% ordinary
Warm Springs Renewable Energy Corporation	USA	Solar power	USA	90%
Ochre Mining SA	Argentina	Mining	Argentina	100%
Electrum Resources SA	Argentina	Mining	Argentina	100%
Copper Flat Corporation (formerly New Mexico Copper Corporation)	USA	Mining	USA	100%

Gold Crest Holdings Ltd has an interest in 99.6% of the equity share capital of ACS Asia (1996) Company Ltd.

Available for sale financial assets	**2011** £	2010 £
Quoted investments	**6,621,049**	–
Unlisted equity securities	**–**	3,547,206
	6,621,049	3,547,206

As at 30 September 2011, listed shares with a market value of £1,749,772 were pledged as security against loans of £672,765.

Included in the above amount of £6,621,049 is the value of the Company's holding of shares of THEMAC Resources Group Ltd ("THEMAC"). At 30 September 2011, the Company beneficially held 19.3% of THEMAC's issued share capital. The Company also held warrants, as noted below, which if exercised would potentially increase the Company's shareholding to 21.1%. The Company does not have any representation on THEMAC's board of directors, does not nor does it have a right to participate in policy-making decisions and has not had any material transactions or interchanged managerial personnel (save that Patrick Harford, Managing Director of the Company, serves as a director of THEMAC's subsidiary New Mexcio Copper Corporation) or provided significant technical information to THEMAC since the sale of the Copper Flat project. The investment in THEMAC is therefore not accounted for as an investment in an associate.

Other financial assets	**2011** £	2010 £
Warrants in a listed entity	**4,318,364**	–

During the year the Company acquired warrants as part consideration for the disposal of the Copper Flat project to THEMAC. Changes in fair values of the warrants are recorded in other gains / (losses) on revaluation of investments in the income statement.

9 Investments *continued*

The fair value of these warrants is calculated using the Black-Scholes-Merton model with reference to the share price of THEMAC which is listed on the TSX Venture Exchange at the balance sheet date. The inputs into the model and resulting fair values were as follows:

Share price (CAN$)	0.70
Exercise price (CAN$)	0.28
Expected volatility	74%
Average option life in years	3.65
Expected dividends	–
Weighted average risk-free interest rate (based on national government bonds)	1.45%

The expected volatility is based on the average historic volatility over the previous 15 months of THEMAC shares and those of two other similar entities.

10 Exploration assets

	2011 £	2010 £
At 1 October 2010	**–**	–
Reclassification from investments	**376,503**	–
Additions	**637,011**	–
Exploration costs written off	**(240,823)**	–
At 30 September 2011	**772,691**	–

Exploration assets comprise of all costs associated with mineral exploration and are capitalised pending determination of the feasibility of the project and include appropriate technical and administrative expenses but not general overheads.

11 Trade and other receivables

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Amount owed by a former subsidiary	**3,396,858**	3,396,858	**3,396,858**	3,396,858
Balances due from subsidiaries	**–**	–	**764,136**	–
Trade receivables before provisions	**1,087,298**	605,326	**–**	–
Less: provisions	**(168,656)**	(72,562)	**–**	–
Net trade receivables	**918,642**	532,764	**–**	–
Prepayments and accrued income	**263,135**	25,416	**18,066**	25,416
Other receivables	**226,794**	459,825	**248,391**	678,371
	4,805,429	4,414,863	**4,427,451**	4,100,645

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

Amount owed by a former subsidiary

The amount of £3,396,858 due from a former subsidiary, Mercator Gold Australia Pty Ltd ("MGA"), is the Directors' best estimate of the amount recoverable and is stated after an impairment provision made in previous years of £31,849,884 and in the context of the following.

MGA is currently subject to a Deed of Company Administration ("DOCA") and has no tangible assets. Control of MGA will not pass back to the Group until the DOCA has been fully effectuated and the creditors of MGA have been dealt with completely by the deed administrators. Although the Company remains MGA's sole shareholder, MGA will be referred to as a former subsidiary until control has been regained.

It is estimated that the full amount of tax losses accumulated by MGA currently totals approximately A$77,000,000. Advice to date indicates that these tax losses are available for use against future profits of MGA subject to certain conditions, and the Group is in the process of receiving more detailed advice to confirm this and to ascertain the means by which the losses may be used for the benefit of the Company and the Group. The success of work completed to date to confirm the tax losses has allowed the Group to enter into preliminary negotiations with third parties with regard to projects that are intended to generate surplus funds in MGA that would enable it to repay the amount due to the Company and the Group.

11 Trade and other receivables *continued*

To recover the amount due from MGA, the Company and the Group are dependent on MGA being able to generate sufficient surplus funds from future projects. The amount that may ultimately be receivable by the Company and the Group may be more or less than that shown above and this balance represents management's best estimate of the amount that will be recoverable.

The financial statements do not include the adjustments that would result if MGA were to be unable to generate sufficient surplus funds to settle the amount due to the Company and the Group.

12 Cash and cash equivalents

	Group		Company	
Cash and cash equivalents at 30 September 2011 consisted of the following:	**2011** £	2010 £	**2011** £	2010 £
Deposits at banks	**591,382**	373,853	**240,332**	325,094
Cash on hand	**2,260**	600	**423**	573
	593,642	374,453	**240,755**	325,667

13 Share capital and share premium accounts

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

a) Authorised share capital

At 30 September 2011	Number of shares	Nominal value
Ordinary shares of 0.1 pence each	1,000,000,000	£1,000,000
Deferred shares of 9.9 pence each	200,000,000	£19,800,000
		£20,800,000

b) Changes in issued share capital and share premium:

	Number of shares	Ordinary shares £	Share premium £	Deferred shares £	Total £
At 1 October 2010	331,755,437	331,756	33,658,773	7,194,816	**41,185,345**
Shares issued during the year					
Shares issued in private placing	127,576,178	127,576	1,572,424	–	**1,700,000**
Shares issued in payment of creditors	14,760,805	14,761	147,049	–	**161,810**
Loan converted into shares	50,909,087	50,909	567,617	–	**618,526**
Share warrants exercised	18,449,446	18,449	166,045	–	**184,494**
Balance at 30 September 2011	543,450,953	543,451	36,111,908	7,194,816	**43,850,175**

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

13 Share capital and share premium account *continued*

c) 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 2011 £	Number of options 2011	Weighted average exercise price 2010 £	Number of options 2010
Exercisable at the beginning of the year	**0.87**	**1,755,000**	0.87	5,780,000
Granted during the year	**0.025**	**25,000,000**	–	–
Exercised during year	**–**	**–**	–	–
Lapsed during year	**0.87**	**(1,755,000)**	0.95	(4,025,000)
Exercisable at the end of the year	**0.025**	**25,000,000**	0.87	1,755,000

The options outstanding at 30 September 2011 have an exercise price of £ 0.025 and a weighted average remaining contractual life of 10 years (2010: 2.60 years).

Share warrants	Weighted average exercise price 2011	Number of warrants 2011	Weighted average exercise price 2010	Number of warrants 2010
Exercisable at the beginning of the year	**0.03**	**27,221,652**	0.75	10,576,387
Granted during the year	**–**	**–**	0.02	26,948,202
Exercised during the year	**0.03**	**(18,449,446)**	0.02	(7,977)
Expired in year	**0.03**	**(3,900,000)**	–	(10,294,960)
Exercisable at the end of the year	**0.03**	**4,872,206**	0.03	27,221,652

Share-based payments

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

Fair value of share options and assumptions	2011 £	2010 £
Fair value at measurement date	**495,000**	–
Weighted average share price	**0.0198**	–
Weighted average exercise price	**0.0250**	–
Expected volatility	**285%**	–
Average option life in years	**5**	–
Expected dividends	**–**	–
Weighted average risk–free interest rate (based on national government bonds)	**2.43%**	–

The expected volatility is based on the historic volatility for the past 3.5 years.

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

	2011 £	2010 £
Share options granted	**25,000,000**	–
Total expense recognised as employee costs	**£495,000**	–

14 Trade and other payables – short term

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade payables	**949,242**	407,149	**51,610**	65,007
Amount owed to a Director	**225,566**	232,403	**–**	–
Amount owed to a subsidiary	**–**	–	**49,395**	49,395
Social security and employee taxes	**6,397**	3,630	**6,397**	3,630
Other creditors and accruals	**909,953**	2,930,397	**406,855**	2,836,912
	2,091,158	3,573,579	**514,257**	2,954,944

15 Interest bearing liabilities

	2011	2010
Group and Company	£	£
Convertible loan notes – 8.5% - current liability	**–**	193,437
Convertible loan notes – 10% - current liability	**200,500**	–
Convertible loan notes – 10% - non-current liability	**1,824,266**	2,526,693
YA Global Master SPV Ltd loan	**672,765**	–
Embedded derivative represented by conversion rights attaching to loan stock	**9,000**	–
Total for company	**2,706,531**	2,720,130
Secured loans	**412,120**	296,413
	3,118,651	3,016,543

Secured loans

The figure for secured loans above relates to a mortgage advanced to one of the subsidiary undertakings and is secured by legal charge over the freehold property included in note 8 with a net book value of £200,465.

As further explained under note 9, the YA Global Master SPV Ltd loan is secured by way of a pledge of listed securities.

Convertible loan notes repayable 17 October 2013

On 17 October 2007 the Company issued £2,565,000 in face value of three-year convertible loan notes carrying interest at 8.5% per annum, payable quarterly in arrears. As of the first anniversary of issue, the loan notes are convertible at the election of note holders into shares at a specified price.

Note holders have the option of accepting the payment of interest in cash or in ordinary shares at the lower of a specified price and the average mid-market closing price per ordinary share for the seven business days prior to the date that interest is payable.

The Company has the right (as of the date falling 18 months after the date of issue of the loan notes) to repay the notes early, subject to the payment of double the accrued interest outstanding as at the date of early repayment. The holder of the notes has the option of accepting early repayment in cash or in ordinary shares at a specified price.

On 29 September 2010 the loan notes were extended for a further three years and the rate of interest was increased to 10% per annum by extraordinary resolution of the holders. The loan notes are now repayable on 17 October 2013.

Until the second anniversary of issue the specified price in respect of the above was 95 pence per share; between the second anniversary and 29 September 2010 the specified price was 120 pence per share; as of 29 September 2010 the specified price was 1.1 pence per share.

Convertible loan notes repayable 15 July 2011

On 15 July 2008 the Company issued £200,000 in face value of three-year convertible notes carrying interest of 8.5% per annum, payable quarterly in arrears. As of the first anniversary of issue, the loan notes were convertible at the election of note holders into shares at a specified price.

Note holders had the option of accepting the payment of interest in cash or in ordinary shares at the lower of a specified price and the average mid-market closing price per ordinary share for the seven business days prior to the date that interest was payable.

The Company had the right (as of the date falling 18 months after the date of issue of the loan notes) to repay the notes early, subject to the payment of double the accrued interest outstanding as at the date of early repayment. The holder of the notes had the option of accepting early repayment in cash or in ordinary shares at a specified price.

Until the second anniversary of issue the specified price in respect of the above was 50 pence per share; from the second anniversary the specified price was 95 pence per share.

These notes were repaid in full during the year having reached the end of their term, and accordingly are no longer in existence.

16 Inventories – Group

	2011 £	2010 £
Raw materials	**275,302**	253,535
Work in progress	**200,516**	123,368
Finished goods	**249,018**	189,565
Provision for slow moving inventories	**(12,512)**	–
	712,324	566,467
Inventories expensed during the year	**3,642,394**	3,480,574

17 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.

18 Related party transactions

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Amounts payable to a Director at 30 September 2011	**225,566**	232,403	**–**	–
Amounts owed by a Director at 30 September 2011	**34,706**	2,103	**34,706**	2,103

Details of Directors' emoluments are disclosed in Note 6.

The Directors are the only key management. Transactions with the subsidiary undertakings are disclosed in Note 19 and this note.

Details of transactions with Directors and other related parties during the year are as follows:

Michael Silver, Executive Chairman of the Company, holds a beneficial interest in Meridien Capital Limited ("Meridien"). Meridien holds a beneficial interest in 10% of the issued equity share capital of Gold Crest Holdings Limited ("Gold Crest").

During the year to 30 September 2011, ACS Asia produced and shipped goods to a company named Australian Cable Tray Systems Pty Limited ("ACTS"). ACTS is owned as at 30 September 2011 as to 51% by Meridien and as to 49% by another party. Goods shipped by ACS Asia to ACTS during the year totalled US$629,192, of which US$242,900 has been paid to ACS Asia by Michael Silver on behalf of ACTS and of which US$50,000 has been paid by a director of ACS Asia on the same basis. A 100% provision as to the recovery of the balance, being US$332,301, has been made in the financial statements of Gold Crest, and is reflected in the Group financial statements. The amount due from ACTS is unsecured and interest free. Additional shipments to ACTS were made subsequent to 30 September 2011 and were funded in part by advances made to ACS Asia on behalf of the ultimate customers of ACTS.

Michael Silver has provided a loan to Gold Crest in respect of which interest is charged at 2% per month on the balance outstanding. The loan amount outstanding on 30 September 2011 was A$359,733 (2010: A$381,166). The loan is repayable on demand and is secured by a floating charge over the trade receivables of Gold Crest plus a guarantee from ACS Asia.

Stephen Clayson's compensation for his services to the Company as Chief Financial Officer prior to becoming a director was paid to a company under his control and for the year to 30 September 2011 amounted, along with compensation for other services provided to the Company, to £61,667 (2010: £84,000).

19 Advances made to directors

	2011	2010
	£	£
P A Harford		
Amount owed at beginning of year	**3,678**	
Advances – to cover for business expenses	**26,233**	13,992
Repayments achieved through expense claims	**(13,872)**	(10,314)
Amount owed at the year end	**16,039**	3,678
M B Silver		
Amount owed at beginning of year	**–**	–
Advances – to cover business expenses	**18,667**	–
Repayments achieved through expense claims	**–**	–
Amount owed at the year end	**18,667**	–

20 Commitments and contingencies

Capital expenditure commitment

As at 30 September 2011, the Group had commitments for future expenditure on its SAP software system of approximately £37,232 (2010: £36,583).

Operating lease commitments

Details of operating lease commitments are set out in Note 21 below.

21 Operating leases

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

	2011	2010
Payable:	£	£
In less than one year	**–**	–
Between 2 - 5 years	**10,688**	–

22 Financial instruments

Categories of financial instrument

	2011	2010
	£	£
Financial assets		
Cash and cash equivalents	**593,642**	374,353
Trade and other receivables	**918,642**	532,764
Available for sale financial assets	**6,621,049**	3,547,206
Other financial assets	**4,318,364**	–
Financial liabilities		
Trade and other payables	**949,242**	407,149
Borrowings	**3,118,651**	3,016,543

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 former 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.

All the Group's financial liabilities are measured at amortised cost. All the Group's financial assets are classified as loans, investments and receivables.

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.

22 Financial instruments *continued*

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 2011 and 30 September 2010 did not differ materially from their carrying value.

The Company has material exposure to receivables risk in respect of the loan to its former subsidiary, Mercator Gold Australia Pty Ltd, presently under administration. While the subsidiary is not under the Company's control, this risk cannot be mitigated.

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.

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

Interest rate risk

The Company has no material exposure to interest rate risk.

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 and Australian dollars. The foreign currency exposure to the impaired former 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 2011 and 30 September 2010 did not differ materially from their carrying values.

The Company's long term convertible loan note borrowing, a compound financial instrument, did not differ from its carrying value.

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 2011	Level 1 £	Level 2 £	Level 3 £	Total £
Available for sale financial assets	6,342,923	–	–	6,342,923
Other financial assets	–	4,596,490	–	4,596,490
	6,342,923	4,596,490	–	10,939,413

Group and Company

30 September 2010	Level 1 £	Level 2 £	Level 3 £	Total £
Available for sale financial assets	–	–	3,547,206	3,547,206

The following table shows a reconciliation for fair value measurements in level 3 of the fair value hierarchy

	2011 £	2010 £
Opening balance	**3,500,824**	2,417,233
Sales during the year	**–**	(2,417,233)
Transferred into Level 3	**–**	3,500,824
Transfers out of Level 3	**(3,500,824)**	–
Closing balance	**–**	3,500,824

22 Financial instruments *continued*

During the year investments that were previously unquoted became quoted and therefore inputs that were previously unobservable became observable.

There were no sales of available for sale financial assets during the year. In 2010 there was a loss of £693,783 on the sale of available for sale financial assets.

Liquidity risk

The Company at its present stage of development is partially funded by revenue from operations. It therefore finances its operations 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 current established and developing projects, and of the other ventures undertaken by the Company 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 2011.

	2011 £	2010 £
Due in less than one month	**879**	676
Due between one and three months	**905**	256
Due between three months and one year	**1,323**	2,861
Due after one year	**278**	283
	3,385	4,076

In addition, as disclosed in Note 15, the Company had in issue at 30 September 2011 £1,824,266 of convertible loan notes currently classed as non-current liabilities that are redeemed at the option of the Company.

23 Segmental report

The Company is engaged in mineral exploration and development. One of the Group undertakings is involved in the manufacture of metal products. An analysis of the Group revenue, results, assets and liabilities, capital expenditure and depreciation is provided below:

	Year ended 30 September 2011			Year ended 30 September 2010		
	Metal products	Mining and exploration	Total Group	Metal products	Mining and exploration	Total Group
External revenue	**4,953,728**	**–**	**4,953,728**	4,768,492	–	4,768,492
Interest income	**–**	**38,676**	**38,676**	1,221	724	1,945
Interest expense	**100,947**	**274,949**	**375,896**	108,714	328,140	436,854
Other finance costs	**–**	**75,585**	**75,585**	–	59,984	59,984
Net profit/(loss)	**(340,457)**	**4,642,571**	**4,302,114**	(108,831)	(3,382,731)	(3,491,562)
Total assets	**2,631,335**	**15,899,823**	**15,531,158**	1,781,692	8,763,854	10,545,546
Total liabilities	**2,342,139**	**2,870,723**	**5,212,862**	967,453	5,625,677	6,593,130
Capital expenditure	**57,621**	**1,626**	**59,247**	52,204	7,665	59,869
Depreciation & amortisation	**86,475**	**2,769**	**89,244**	77,894	3,208	81,102
Impairment of and loss on disposal of other investments	**–**	**(20,033)**	**(20,033)**	–	(1,364,635)	(1,364,635)

No geographical analysis is provided as this would replicate the analysis above with the metal products activity being in Asia and the mining and exploration being in Europe, Argentina and USA. The management do not segment the mining and exploration by geographical region when evaluating performance.

During the year to 30 September 2011, sales made to two customers accounted for approximately 47.73% of total revenues (2010: 29.8%). Sales to Customer A amounted to £1,650,182 (2010: £768,197). Sales to Customer B amounted to £736,994 (2010: £652,718). All these sales related to the metal products segment.

24 Consolidated cash flow statement

Non-cash transactions

During the year there were the following significant non-cash transactions:

- receipt of THEMAC shares and warrants as consideration for the sale of the Copper Flat Project;
- receipt of shares in West Wits Mining Ltd.

25 Post balance sheet events

- On 13 October 2011 the Company announced the issue of 45,258,765 ordinary shares in respect of:

  8,495,130 ordinary shares for gross proceeds of £102,000 pursuant to a Standby Equity Distribution Agreement ("SEDA") signed with YA Global Master SPV Ltd in April 2010;

  399,999 ordinary shares in settlement of convertible loan note interest totalling £4,400 based on a price of £0.011 per share;

  36,363,636 ordinary shares following the conversion of convertible loan notes of total principal amount £400,000 based on a price of £0.011 per share.

- On 17 October 2011 the Company announced the issue of 13,363,636 ordinary shares following the conversion of convertible loan notes of total principal amount £150,000 based on a price of £0.011 per share.

- On 20 December 2011 the Company announced the issue of 37,460,000 ordinary shares in respect of:

  the placement of 32,460,000 ordinary shares for gross proceeds of £324,600 based on a price of £0.01 per share; and

  5,000,000 ordinary shares for gross proceeds of £50,000 pursuant to a Standby Equity Distribution Agreement ("SEDA") signed with YA Global Master SPV Ltd in April 2010.

- On 20 December 2011 the Company announced that it had increased its shareholding in Paniai Gold Ltd ("Paniai") through the conversion of a total of A$337,937 in loans to Paniai including accrued interest into 50 million new Paniai shares. ECR became the holder of 100 million Paniai shares, equating to 26% of Paniai's issued share capital and making the Company Paniai's largest shareholder.

- On 4 January 2012 the Company announced that it had elected not to exercise its right to acquire an initial 70% interest in the Unchimé iron ore project in Salta Province, Argentina. As such costs of approximately £216,000 included within exploration assets at 30 September 2011 have now been written off.

- On 20 January 2012 the Company announced the placement of 55,000,000 ordinary shares at £0.01 per share for gross proceeds of £550,000.

- On 1 March 2012 the Company issued and allotted 19,103,351 ordinary shares at £0.010469 per share for gross proceeds of £200,000 pursuant to a Standby Equity Distribution Agreement ("SEDA") signed with YA Global Master SPV Ltd in April 2010.

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 Saturday 31 March 2012 at 10:00 am, 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

Company Number: 5079979

Notice of Annual General Meeting

ECR MINERALS plc (the "Company")

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 **Saturday 31 March 2012 at 10:00 am** in order to consider and, if thought fit, pass resolutions 1 to 7 as Ordinary Resolutions and resolution 8 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 2011.

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 Michael Silver 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 Patrick Harford 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 To re-elect as a director Stephen Clayson 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.

6 To re-elect as a director Luca Tenuta 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.

7 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 £800,000, 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) 12 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

8 That, subject to the passing of Resolution 7, 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 7 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:

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

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

8.1.2 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 Board 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

8.2 the allotment (otherwise than pursuant to paragraph 8.1 above) of equity securities up to an aggregate nominal amount of £800,000.

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) 12 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

Patrick Harford
Managing Director

Registered Office:
Webber House
26-28 Market Street
Altrincham
Cheshire
WA14 1PF

Dated 6 March 2012

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 balance sheet 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, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting is on Thursday 29 March 2012 at 10:00am, (being not more than 48 hours prior to the time fixed for the Meeting) or, if the Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or 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.

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.

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.

COMPANY INFORMATION

DIRECTORS
M B Silver *Executive Chairman*
P A Harford *Managing Director*
S J Clayson *Director & Chief Financial Officer*
L Tenuta *Non-Executive Director*

COMPANY SECRETARY
Oakwood Corporate Secretary Ltd
Webber House
26-28 Market Street
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Cheshire
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