ANNUAL REPORT & ACCOUNTS 2012

ECR MINERALS PLC

The directors of ECR Minerals plc (the "Directors" or the "Board") present their report and audited financial statements for the year ended 30 September 2012 for ECR Minerals plc ("ECR", the "Company or the "Parent Company") and on a consolidated basis (the "Group")

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CHAIRMAN'S REPORT

It would be understandable if, within this Chairman's Report, I concentrated on the seemingly continuous slide in the price of junior mineral shares around the global exchanges. The ASX, TSX Venture and AIM have seen selling down to capitulation levels and that selling, as is the case with capitulation, has affected nearly all companies indiscriminately.

But whilst this is the backdrop for all junior companies, readers of this report are understandably more concerned with the specific activities of ECR and the steps we have taken to manage our affairs in the face of adverse market conditions. That is what I as Non-Executive Chairman, and Stephen Clayson as Chief Executive Officer, will try to accomplish within our individual reports to shareholders.

When I joined the Board in May 2012, ECR faced a number of challenges, and had witnessed the removal by shareholders of Michael Silver (formerly Executive Chairman) and Luca Tenuta (formerly Non-Executive Director) at the Company's annual general meeting in March 2012. The Board was bolstered with my appointment followed by that of Keith Irons (then as Non-Executive Chairman) and Dick Watts (then as Non-Executive Director).

At that point it was clear that a rationalisation of ECR's affairs was in order, and significant work was undertaken with this in mind before the end of the financial year under review, which led to various decisions being taken and actions completed post year end. In particular, we have disposed of the Company's shareholdings in Gold Crest Holdings and West Wits Mining, and decided to seek a joint venture partner or purchaser for the Sierra de las Minas gold project in Argentina.

The management costs of ECR have historically been too high. In particular, board costs (fees and expenses) have not always been commensurate with the size and nature of the business or its financial strength. I am pleased to report that this is no longer the case.

In addition, until recently the operational structure the Company was disjointed, and from late 2008 to May 2012 a strategy had been followed that saw significant monies expended on numerous poorly conceived transactions and operations, the Unchimé iron ore project being a recent case in point, and Gold Crest Holdings (a holding company for the ACS Asia manufacturing business in Thailand) being another example.

The Board now stands at three members, myself as Non-Executive Chairman, Stephen Clayson as Executive Director & Chief Exceutive Officer and Dick Watts as Non-Executive Technical Director. Each of us is committed to the work required to secure the best possible future for ECR and its shareholders.

The Company's largest asset by far is its stake in THEMAC Resources Group. Naturally we keep in close contact with the THEMAC management team and with Tulla Resources as THEMAC's majority shareholder. They are committed to the development of the Copper Flat project, as evidenced by the additional C$5 million of loan funding recently made available to THEMAC by Tulla.

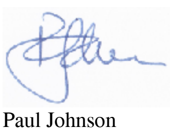
Whilst a case could be made for the retention of ECR's THEMAC holding through to full fruition of the Copper Flat project, we recognise that along the journey opportunities may arise for crystallisation of value from our interest. Where prudent to crystallise value your Board is prepared to do so. In the meantime discussions are ongoing with various parties to ensure there is proper awareness of our holding and the potential opportunity it represents.

We are exploring various avenues in relation to our Sierra de las Minas gold project in Argentina, and later in the year we hope to progress matters in relation to Mercator Gold Australia and its tax losses.

As a Board we are fortunate to have access to a pipeline of mineral projects and the technical specialists (not least our Non-Executive Technical Director Dick Watts) to properly assess them. We have specific criteria which must be satisfied before we engage with any new opportunity, namely:

- realistic financial commitments;
- security of tenure;
- strong potential for ECR to add value technically;
- no impediment to effective management of the project by a local team and the team in the UK; and
- overall potential that is easy to articulate to investors.

Over the last year I have experienced significant capital depreciation in respect of my holding of more than 10 million shares in ECR. However, the Board's intention is not to hide away during this junior resource sector crisis, but to restructure ECR, to secure value from legacy assets as best we can, and to present shareholders with exciting new opportunities that we intend will be thoroughly assessed, well managed and placed on a pathway that will help rebuild shareholder value as rapidly as possible.



Paul Johnson
Non-Executive Chairman

6 March 2013

CHIEF EXECUTIVE OFFICER'S REPORT

The past year has been a momentous period for ECR. Of the four directors in office at this time last year I am the only one who remains, and I am pleased to be reporting to shareholders as ECR's Chief Executive Officer, having been designated the Company's Chief Financial Officer from September 2010 to November 2012 and its Chief Operating Officer for a brief period from November 2012 to January 2013.

I am also pleased to be working with Paul Johnson, ECR's Non-Executive Chairman, and Dick Watts, the Company's Non-Executive Technical Director, who together with me comprise the Board. Paul Johnson is a Chartered Accountant, co-founder of the Mining Maven organisation and an experienced private investor, while Dick Watts is a highly experienced mining engineer. I believe both have much to contribute to ECR.

It is apparent that the strategy adopted by the Company from late 2008 to May 2012 has not created value for shareholders on a per share basis. This partly reflects the fact that various endeavours pursued by the Company failed to generate a timely return commensurate with the funds invested therein, and partly reflects high management costs associated with former directors.

Therefore, over the past year ECR has focused largely on rationalising its operations and investments and on reducing its overheads. Accordingly:

- the Company's shareholding in Gold Crest Holdings, a holding company for the ACS Asia manufacturing business, has been sold;
- the Company has sold its shareholding in West Wits Mining;
- a purchaser or joint venture partner for the Sierra de las Minas gold project in Argentina is being sought; and
- a significant reduction in management costs has been achieved.

It is also the case that the year 2012 saw the continuation of a broad based withdrawal of capital from the junior mineral sector, and companies such as ECR and the companies in which ECR holds and has held investment positions have been among the hardest hit. Hopefully better times lie ahead.

The Company's most significant asset is presently its 19% undiluted stake (21% fully diluted) in THEMAC Resources Group, a company focused on the development of the Copper Flat copper-molybdenum-gold-silver project in New Mexico, USA. THEMAC is listed on the TSX Venture Exchange with the ticker MAC, and it is indicative of the depressed global climate for the sector that THEMAC's market capitalisation has more than halved since this time last year. This has had a marked effect on the Company's financial statements for the year ended 30 September 2012, as discussed below.

THEMAC steadily advanced the Copper Flat project during 2012, and published the results of an NI43-101 compliant prefeasibility study for the project in July. THEMAC is due to announce the results of a definitive feasibility study (DFS) for Copper Flat later this year, and the commencement of gold exploration at the Andrews gold prospect close to the Copper Flat deposit in late 2012 is a positive development.

However, risks to the Copper Flat project remain, as would be the case to some degree for any comparable project, and the Board does not consider it appropriate for ECR's interest in THEMAC to be the Company's only reason for being. Therefore, ECR is reviewing a number of potential new mineral projects to be operated and developed by the Company. These opportunities are being reviewed by a very different team from that which has gone before, and the emphasis is on identifying and acquiring an appropriately structured involvement in a project or projects from which the Company can generate enduring value for shareholders without making unrealistic financial commitments or taking extraordinary risks.

At the same time, ECR is seeking a purchaser or joint venture partner for its 100% owned Sierra de las Minas gold project in Argentina. The Company carried out significant exploration at Sierra de las Minas during 2012, centred on the El Abra prospect. This included diamond drilling and underground sampling, the latter carried out from within historical underground workings. Based on the results of all work completed by the Company at Sierra de las Minas to date, the Board is of the view that better opportunities to create value for shareholders lie elsewhere. However, further exploration and perhaps trial scale production opportunities exist within the project area and it is hoped that these will attract a new operator and allow a transaction to be structured that would enable the Company to recover its investment. In this vein discussions with an interested party are ongoing and a site visit took place in late February.

ECR disposed of its interest in West Wits Mining in December 2012 in order to raise capital to sustain the Company and its operations and to reduce the Company's exposure to the Derewo River project in Papua Province, Indonesia, which the Board considers to be very high risk. The commencement of alluvial gold mining activities at Derewo River has been delayed by the presence and activities of artisanal miners, and it is not clear when production can be achieved.

ECR retains a minority shareholding in Paniai Gold, but as time passes the likelihood of the Company being able to realise any substantial benefit from this interest diminishes, due to the expiry of Paniai's West Wits performance shares (July 2013) and its option to purchase a 30% direct interest in the initial alluvial mining operation planned by West Wits (February 2014) drawing nearer. Accordingly, the carrying value of ECR's shareholding in Paniai has been impaired in the financial statements to a nominal £1.

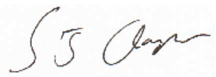
ECR's 70% shareholding in Gold Crest Holdings, a holding company for the ACS Asia manufacturing business, contributed £5,447,533 of turnover to the Group for the year to 30 September 2012, as well as generating a gross profit of £1,349,395. This compares with turnover of £4,953,728 for the year ended 30 September 2011 and gross profit of £1,038,620.

On 11 February 2013, the Company announced the completion of the sale of its entire shareholding in Gold Crest. The transaction has brought in US$75,000 cash and reduced the amount of the Company's outstanding convertible loan notes by £325,000. ECR also expects the repayment in quarterly instalments over the next twelve months of US$150,000 owed to it by ACS Asia. The terms of and reasons for the sale are described in detail in a circular to shareholders dated 27 December 2012, however ECR's interest in Gold Crest/ACS Asia was always incongruous, and prior to the sale this interest represented a significant drain on the Company's management and financial resources.

Warm Springs Renewable Energy Corporation, in which ECR has a 90% interest, was formed in 2010 to evaluate the concept of developing a solar power plant in New Mexico, USA in conjunction with the proposed restart of the Copper Flat mine being developed by THEMAC. While this concept may have some merit, the operating environment for solar development in the USA is challenging, and given that ECR is a minerals company, it does not make sense for the Company to allocate resources to WSREC. On this basis a further provision in the amount of £102,931 has been made charged by way of exploration expenses in the income statement, leaving WSREC on the Group Statement of Financial Position as an exploration asset in the nominal amount of £1 only.

It is hoped that the external administration of MGA will draw to a close during 2013 and that this will enable a transaction to make use of MGA's tax losses to be identified. These tax losses are estimated to total around A$77 million as at 30 September 2012. On the basis that MGA remains subject to external administration it has not been included in the Group consolidation for the purposes of these financial statements.

For the year to 30 September 2012 the Group recorded a total comprehensive expense attributable to shareholders of £6,165,162, compared with total comprehensive income attributable to shareholders of £6,274,307 for the year to 30 September 2011. The bulk of this year's expense occurs as a result of changes in the estimated value of the Company's interest in THEMAC, while the income in the previous year arose almost entirely as a result of the completion during the year of the sale of the Company's option over the Copper Flat project in New Mexico to THEMAC. This generated a large profit on the sale of the option, and further revaluation gains were recorded following completion. The Group's net assets as at 30 September 2012 were £10,224,127, in comparison with £13,318,296 at 30 September 2011. Again, this decrease in net assets is mainly due to a fall in the estimated value of the Company's interest in THEMAC.



Stephen Clayson
Director & Chief Executive Officer

6 March 2013

DIRECTORS' BIOGRAPHIES

Paul Johnson
Non-Executive Chairman (aged 43)

Paul Johnson has more than 20 years' investing experience and is a co-founder of MiningMaven, an investor communications service focused on the natural resources sector. He is a Chartered Accountant, an Associate of the Chartered Institute of Loss Adjusters and of the Chartered Insurance Institute, and a Member of the Business Continuity Institute. He holds a BSc (Hons) in Management Science from UMIST School of Management.

Stephen James Clayson
Director and Chief Executive Officer (aged 27)

Stephen Clayson has a diverse background in the mineral sector, including corporate development roles for listed mining and exploration companies operating in South East and Central Asia, and has significant experience of successful mineral exploration and development projects. He became Chief Financial Officer of ECR in September 2010 and was appointed to the Board in April 2011 before becoming the Company's Chief Executive Officer in January 2013.

Richard Andrew Watts
Non-Executive Technical Director (aged 68)

Dick Watts is currently a Principal Mining Consultant for Royal HaskoningDHV, and has held numerous senior operational roles on gold, copper and coal mines in Africa, Russia and Central Asia. He is a Fellow of the South African Institute of Mining & Metallurgy and holds a B.Eng (Mining) from the University of Sheffield along with a Mine Manager's Certificate (South Africa) and a First Class Certificate of Competency (UK mine manager's qualification).

REPORT OF THE DIRECTORS

For the year ended 30 September 2012

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 the Company's direct subsidiary Gold Crest Holdings Ltd (incorporated in Hong Kong) is that of a holding company and the activity of Gold Crest's subsidiary ACS Asia (1996) Company Ltd (incorporated in Thailand) is that of a metal products manufacturer.

Post year end, the Company disposed of its 70% shareholding in Gold Crest Holdings Ltd. Pursuant to the requirements of the AIM Rules for Companies, the disposal of the Company's shareholding in Gold Crest Holdings Ltd was approved by shareholders of the Company in general meeting. The terms of and reasons for the disposal were fully explained in a circular to shareholders of the Company dated 27 December 2012.

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 a gross £1.896 million was raised during the year.

Business review

Main projects & interests

- 14.35 million common shares and 14.35 million common share purchase warrants of THEMAC Resources Group Ltd, which has 100% ownership of the Copper Flat copper-molybdneum-gold-silver project in New Mexico, USA. All the warrants held by the Company are exercisable at C$0.28 per share; 3.85 million warrants are valid until 3 May 2013 and the remaining 10.5 million warrants are valid until 4 March 2016.
- 100% ownership of the Sierra de las Minas Gold project in La Rioja Province, Argentina.
- Minority shareholdings in Paniai Gold Ltd, a company with exposure to the Derewo River gold project in Papua Province, Indonesia, and in West Wits Mining Ltd, the operator of the Derewo River gold project. Post year end the Company disposed of its entire shareholding in West Wits Mining Ltd.
- 70% shareholding in Gold Crest Holdings Ltd, a holding company for the ACS Asia metal products manufacturing business in Thailand. Post year end the Company disposed of its entire shareholding in Gold Crest Holdings Ltd, as discussed above.

A full review of the above and other significant matters is contained in the reports of the Chairman and the Chief Executive Officer.

Group financial results

The financial statements for the year recorded a loss for the Group of £4,259,114, compared with a profit of £4,302,114 for the year to 30 September 2011. The Group's net assets per the Statement of Financial Position decreased in the year by £3,094,169.

As per the explanation in the Chief Executive Officer's Report, the results and net assets have been affected by fair value movements in the Group's interest in THEMAC Resources Group Ltd, as well as impairment and similar provisions relating to Paniai Gold Ltd, Warm Springs Renewable Energy Corporation, and the disposal of the Company's shareholding in Gold Crest Holdings Ltd. However, Group administrative expenses have reduced substantially year on year.

Future developments

The Directors continue to look for development opportunities in the mineral sector 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.

Key performance indicators

Given the pre-production nature of the Group's principal activities in the mineral sector and the relatively small size of the Group, the Directors are of the opinion that analysis using typical key performance indicators would not provide a significantly improved understanding of the development, performance or position of the Group. However certain indicators are monitored closely by the Directors including the performance of the Company's share price versus the Company's peer group, and the Company's ability, as perceived by the Directors, to raise funding as required to sustain and develop the operations of the Group.

REPORT OF THE DIRECTORS – CONTINUED

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, 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 developing existing operations and new 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 currently only in Argentina and its corporate base is in the United Kingdom, 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 23 to the financial statements.

Present position of the Company and going concern

As at 30 September 2012 and currently the Company's financial position is stable. As explained herein, the financial statements continue to be prepared on a going concern basis.

Based on a review of the Company's budgets and cash flow forecasts, the Directors are satisfied that the Company has sufficient resources to continue its operations and to meet its commitments for the immediate future. The Directors have considered the present economic climate and the financial climate as specifically pertains to the Company and its peer group, and are confident in the ability of the Company to raise funding as required to sustain and develop the operations of the Group. Means of raising finance potentially available to the Company include issuance of equity and the sale of assets. The sale by the Company of its interest in Gold Crest Holdings Ltd is considered by the Directors to have strengthened the ability of the Company to attract equity financing if necessary. The acquisition by the Group of an additional mineral project or projects of merit is considered likely to have a similar affect.

Reviews of operations and business developments are provided in the reports of the Chairman and the Chief Executive Officer, 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 89 days (2011: 88 days) including amounts relating to discontinued operations.

Dividends and profit retention

The results for the year are set out in the Income Statement on page 12. No dividend is proposed in respect of the year (2011: nil). The Group loss for the year of £4,259,114 (2011: profit £4,302,114) has been taken to reserves together with the other comprehensive income and expenses set out on page 13.

Directors

The Directors who served during the year were:

Stephen James Clayson
Patrick Aloysius Harford (resigned 15 November 2012)
Keith Donald Irons (appointed 15 May 2012 and resigned 30 January 2013)
Paul Johnson (appointed 8 May 2012)
Michael Bernard Silver (not re-elected at annual general meeting 31 March 2012)
Luca Tenuta (not re-elected at annual general meeting 31 March 2012)
Richard Andrew Watts (appointed 22 May 2012)

REPORT OF THE DIRECTORS – CONTINUED

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

- who has been appointed by the Board since the 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, Paul Johnson and Richard Watts are required to retire at the forthcoming annual general meeting.

Directors' interests

Share interests

Directors who held office at 30 September 2012 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 2012 no. of shares	30 September 2011 no. of shares
S J Clayson	182,000	-
P A Harford	2,002,967	3,516,467
P Johnson	10,087,500	n/a
R A Watts	-	n/a
K Irons	-	n/a
Total	12,272,467	3,516,467

Share options

Directors of the Company who held office at 30 September 2012 held the following share options granted under the Company's unapproved share option scheme.

No share options were exercised by Directors during the year.

	Options issued	Date issued	Expiry date	Exercise price	30 September 2012 balance
S J Clayson	3,900,000	6 January 2011	6 January 2021	£0.025	3,900,000
P A Harford	5,800,000	6 January 2011	6 January 2021	£0.025	5,800,000
Total Directors' options as at 30 September 2012					9,700,000

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 Ltd 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 14 of the financial statements.

On 1 March 2013, the Company was aware of the following holdings of 3% or more in the Company's issued ordinary share capital (1,095,979,200 ordinary shares of 0.1p):

Registered holder	Shares	%
Barclayshare Nominees Ltd	152,360,211	13.90
TD Director Investing Nominees (Europe) Ltd	129,064,219	11.78
Pershing Nominees Ltd	112,951,655	10.31
HSDL Nominees Ltd	102,636,376	9.36
HSBC Client Holdings Nominees (UK) Ltd	77,073,691	7.03
LR Nominees Ltd	74,038,238	6.76
Investor Nominees Ltd	53,079,289	4.84
Share Nominees Ltd	34,818,369	3.18
Hargreaves Lansdown (Nominees) Ltd	34,318,924	3.13

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.

UK Corporate Governance Code

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 UK Corporate Governance Code applicable to listed companies. The Board is assisted in this regard by its Remuneration and Audit Committees.

REPORT OF THE DIRECTORS – CONTINUED

Directors' and officers' liability insurance

The Company had in force during the year and has in force at the date of this report qualifying third party indemnity in favour of its Directors against the financial exposure that they may incur in the course of their professional duties as Directors and officers of the Company and/or its subsidiaries. The indemnity has been put in place in accordance with Section 234 of the Companies Act 2006

The Remuneration Committee

The Remuneration Committee comprises Paul Johnson and Richard Watts. 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 Paul Johnson and Stephen Clayson. 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.

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

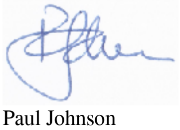
Nexia Smith & Williamson have expressed their willingness to continue in office as auditors of the Company and a resolution to confirm their appointment will be proposed at the forthcoming annual general meeting.

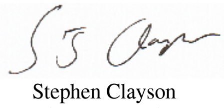
Annual general meeting

The annual general meeting of the Company will be held at 10:00am on Saturday 30 March 2013 at the East India Club, 16 St James's Square, London SW1Y 4LH. Notice of the annual general meeting is on pages 43 to 45.

This report was approved by the Board on 6 March 2013.

By order of the Board





Paul Johnson
Non-Executive Chairman

Stephen Clayson
Director & Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 September 2012

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 2012 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements and the related notes 1 to 26. 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 8, 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 2012 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – amount owed by a former subsidiary

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 11 to the financial statements concerning the Company's and Group's ability to recover an amount due from a former subsidiary, Mercator Gold Australia Pty Ltd ("MGA"), of £3,228,390, 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 intending to identify and enter into projects which will generate surplus funds in MGA and enable it to repay the amount due to the Company and the Group.

There is a material uncertainty over the quantification of the balance and the effect on the financial statements of the resolution of the uncertainty cannot presently be quantified.

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	25 Moorgate
Senior Statutory Auditor, for and on behalf of	London
Nexia Smith & Williamson	EC2R 6AY
Statutory Auditor	
Chartered Accountants	Date 6 March 2013

The maintenance and integrity of the ECR Minerals plc web site 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 2012

ECR Minerals plc company no. 5079979

	Note	**Year ended 30 September 2012 £**	Year ended 30 September 2011 £ **Restated (Note 13)**
Continuing operations			
Revenue		**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Project realisation		**–**	430,239
Exploration expenses		**(591,276)**	(290,672)
Other administrative expenses		**(942,625)**	(2,282,537)
Other income		**–**	(4,500)
Impairment of and loss on disposal of available for sale financial assets		**(6,339)**	–
Currency exchange differences		**(28,270)**	18,711
Impairment of other current assets		**(17,587)**	–
Impairment of and loss on disposal of other investments	*9*	**(387,453)**	(20,034)
Total administrative expenses		**(1,973,550)**	(2,288,360)
Operating loss	*3*	**(1,973,550)**	(2,148,793)
(Loss)/gain on revaluation of other investments	*9*	**(1,614,327)**	964,275
(Loss)/gain on derivative		**(4,258)**	69,000
Profit on disposal of available for sale financial asset		–	6,025,645
		(3,592,135)	4,910,127
Financial income		**3,017**	38,676
Financial costs		**(484,530)**	(289,342)
Finance income and costs	*7*	**(481,513)**	(250,666)
(Loss)/profit for the year before taxation		**(4,073,648)**	4,659,461
Income tax	*5*	**(3,396)**	(2,725)
(Loss)/profit for the year from continuing operations		**(4,077,044)**	4,656,736
Discontinued operations			
(Loss) for the year from discontinued operations	*13*	**(182,070)**	(354,622)
(Loss)/profit for the year		**(4,259,114)**	4,302,114
Attributable to owners of the parent		**(4,202,621)**	4,404,105
Attributable to non-controlling interests		**(56,493)**	(101,991)
		(4,259,114)	4,302,114
Earnings/(loss) per share – basic and diluted	*4*		
On continuing operations		**(0.57)p**	0.91p
On discontinued operations		**(0.02)p**	(0.05)p
On continuing and discontinued operations		**(0.59)p**	0.86p

The loss for the Parent Company for the year was £4,363,561 (2011: £4,668,341 profit).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2012

ECR Minerals plc company no. 5079979

	Note	**Year ended 30 September 2012** £	Year ended 30 September 2011 £
(Loss)/profit for the year		**(4,259,114)**	4,302,114
Fair value movements on available for sale assets	*9*	**(1,852,640)**	1,926,271
(Loss)/gain on exchange translation		**(53,408)**	45,922
Total comprehensive (expense)/income for the year		**(6,165,162)**	6,274,307
Attributable to:			
Owners of the parent		**(6,110,457)**	6,362,521
Non-controlling interest		**(54,705)**	(88,214)
Total comprehensive (expense)/income for the year		**(6,165,162)**	6,274,307

CONSOLIDATED & COMPANY STATEMENT OF FINANCIAL POSITION

At 30 September 2012

ECR Minerals plc company no. 5079979

		Group		Company	
		30 September 2012	30 September 2011	30 September 2012	30 September 2011
	Note	£	£	£	£
Assets					
Non–current assets					
Property, plant and equipment	*8*	2,518	503,043	1,663	4,298
Investments in subsidiaries	*9*	–	–	581,328	919,684
Other investments	*9*	–	175,000	–	175,000
Exploration assets	*10*	800,411	772,691	–	–
Other non-current assets		31,671	5,314	–	–
Other receivables	*11*	3,228,390	–	3,228,390	–
		4,062,990	1,456,048	3,811,381	1,098,982
Current assets					
Inventories	*17*	–	712,324	–	–
Trade and other receivables	*11*	66,364	4,805,429	879,817	4,427,451
Available for sale financial assets	*9*	4,646,136	6,621,049	4,646,136	6,621,049
Other financial assets	*9*	2,663,378	4,318,364	2,663,378	4,318,364
Taxation		36,650	21,630	36,112	20,752
Other current assets		2,672	2,672	2,672	2,672
Cash and cash equivalents	*12*	188,033	593,642	179,534	240,755
Restricted cash	*12*	250,000	–	250,000	–
		7,853,233	17,075,110	8,657,649	15,631,043
Assets in disposal groups classified as held for sale	*13*	2,224,617	–	–	–
Total assets		14,140,840	18,531,158	12,469,030	16,730,025
Non-current liabilities					
Interest bearing borrowings	*16*	982,330	1,824,266	982,330	1,824,266
Current liabilities					
Trade and other payables	*15*	463,357	2,091,158	471,670	514,257
Interest bearing borrowings	*16*	651,001	1,294,385	651,001	882,265
Provisions for costs		–	3,053	–	–
		1,114,358	3,388,596	1,122,671	1,396,522
Liabilities directly associated with assets in disposal groups classified as held for sale	*13*	1,820,025	–	–	–
		2,934,383	3,388,596	1,122,671	1,396,522
Total liabilities		3,916,713	5,212,862	2,105,001	3,220,788
Net assets		10,224,127	13,318,296	10,364,029	13,509,237
Equity attributable to owners of the parent					
Share Capital	*14*	8,104,909	7,738,267	8,104,909	7,738,267
Share premium	*14*	38,894,900	36,111,908	38,894,900	36,111,908
Exchange reserve		148,415	205,118	–	–
Other reserves		473,733	669,667	473,733	671,174
Retained losses		(37,436,291)	(31,499,830)	(37,109,513)	(31,012,112)
		10,185,666	13,225,130	10,364,029	13,509,237
Non-controlling interests		38,461	93,166	–	–
Total equity		10,224,127	13,318,296	10,364,029	13,509,237

The notes on pages 17 to 42 are an integral part of these consolidated financial statements. The financial statements on pages 12 to 42 were approved and authorised for issue by the Directors on 6 March 2013 and were signed on its behalf by:

Paul Johnson, Non-Executive Chairman

Stephen Clayson, Director & Chief Executive Officer

CONSOLIDATED & COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2012

ECR Minerals plc company no. 5079979

Group	Share capital (Note 14) £	Share premium (Note 14) £	Exchange reserves £	Other reserves £	Retained reserves £	Non-controlling interest £	**Total £**
Balance at 1 October 2010	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/(expense)	–	–	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	7,738,267	36,111,908	205,118	669,667	(31,499,830)	93,166	**13,318,296**
Profit /(loss) for the year	–	–	–	–	(4,202,621)	(56,493)	**(4,259,114)**
Available for sale financial assets fair value movements	–	–	–	–	(1,852,640)	–	**(1,852,640)**
Gain on exchange translation	–	–	(56,703)	1,507	–	1,788	**(53,408)**
Total comprehensive income/(expense)	–	–	(56,703)	1,507	(6,055,261)	(54,705)	**(6,165,162)**
Conversion of loan notes	94,047	1,010,987	–	(78,641)	–	–	**1,026,393**
Share options lapsed	–	–	–	(118,800)	118,800	–	–
Issue of shares	272,595	1,772,005	–	–	–	–	**2,044,600**
Balance at 30 September 2012	**8,104,909**	**38,894,900**	**148,415**	**473,733**	**(37,436,291)**	**38,461**	**10,224,127**

Company	Share capital (Note 14) £	Share premium (Note 14) £	Retained reserves £	Other reserves £	**Total** £
Balance at 1 October 2010	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	7,738,267	36,111,908	(31,012,112)	671,174	**13,509,237**
Profit/(loss) for the year	–	–	(4,363,561)	–	**(4,363,561)**
Available for sale financial assets fair value movements	–	–	(1,852,640)	–	**(1,852,640)**
Total comprehensive income/(expense)	–	–	(6,216,201)	–	**(6,216,201)**
Conversion of loan notes	94,047	1,010,987	–	(78,641)	**1,026,393**
Share options lapsed	–	–	118,800	(118,800)	–
Issue of shares	272,595	1,772,005	–	–	**2,044,600**
Balance at 30 September 2012	**8,104,909**	**38,894,900**	**(37,109,513)**	**473,733**	**10,364,029**

CONSOLIDATED & COMPANY CASH FLOW STATEMENT

For the year ended 30 September 2012

ECR Minerals plc company no. 5079979

		Group		Company	
		Year ended 30 September 2012	Year ended 30 September 2011	**Year ended 30 September 2012**	Year ended 30 September 2011
	Note	**£**	£	**£**	£
Net cash used in operations	*25*	**(866,434)**	(1,327,157)	**(954,557)**	(1,493,874)
Investing activities					
Purchase of property plant and equipment	*8*	**(108,621)**	(59,247)	**–**	(1,626)
Increase in exploration assets	*10*	**(464,984)**	(637,011)	–	–
Loans issued to subsidiary		**–**	–	**(376,629)**	(546,250)
Repayments from subsidiaries		–		**101,000**	–
Loans to former subsidiary		**(107,124)**	–	**(107,124)**	–
Repayment from former subsidiary		**273,960**	–	**273,960**	–
Proceeds from sale of investments		–	–		–
Investment in subsidiaries		–	–	**(317,963)**	(403,933)
Investment in available for sale financial assets		–	(50,000)		(50,000)
Proceeds from sale of available for sale financial assets		**45,736**	–	**45,736**	–
Other loans repaid		–	19,618	**–**	19,618
Proceeds from sale of convertible loan notes		**–**	275,500	**–**	275,500
Investment in current asset investments		–	–	**–**	–
Interest received		**2,406**	4,755	**53**	4,048
Net cash used in investing activities		**(358,627)**	(446,385)	**(380,967)**	(702,643)
Financing activities					
Proceeds from issue of share capital		**2,044,600**	1,816,237	**2,044,600**	1,816,237
Transfer into restricted cash		**(250,000)**	–	**(250,000)**	–
Proceeds from issue of convertible loan notes		**480,426**	921,654	**480,426**	921,654
Repayment of convertible loan notes		**(763,763)**	(93,342)	**(763,763)**	(93,342)
Finance costs on fundraising		**(153,674)**	(123,992)	**(153,674)**	(123,992)
Redemption of convertible loan notes		**–**	(200,000)	**–**	(200,000)
Finance lease raised		**76,356**	–	**–**	–
Repayment of finance lease creditors		**(5,069)**	–	**–**	–
Interest paid on convertible loan notes		**(157,783)**	(211,793)	**(157,783)**	(211,793)
Interest paid – other		**(97,666)**	(97,433)	**–**	–
Increase in amounts due to a Director		**24,166**	–	–	–
Net cash from financing activities		**1,197,593**	2,011,331	**1,199,806**	2,108,764
Net change in cash and cash equivalents		**(27,468)**	237,789	**(135,718)**	(87,753)
Cash and cash equivalents at beginning of the year		**593,642**	374,453	**240,755**	325,667
Effect of change in exchange rates		**(86,777)**	(18,600)	**74,497**	2,841
Cash and cash equivalents at end of the year	*12*	**479,397**	593,642	**179,534**	240,755

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2012

1 General information

The Company and the Group operated mineral exploration and development projects, as well as operating a subsidiary that manufactures metal products. The Group's interests were located in Argentina, Canada, the USA, Thailand and Australia. As further explained in Note 13, the Group has disposed of its shareholding in Gold Crest Holdings Ltd, and as a result no longer has any manufacturing operations.

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

2 Accounting policies

Overall considerations

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

Basis of preparation

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

The Group and Parent Company financial statements have been prepared on a going concern basis as explained on page 6 of the Directors' Report.

New Accounting Standards and Interpretations

Effective during the year

During the year the Group has adopted the following standards:

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

Not yet effective

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

- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
- Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2013)
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements *
- IFRS 11 Joint Arrangements *
- IFRS 12 Disclosure of Interests in Other Entities *
- IFRS 13 Fair Value Measurement (effective from 1 January 2013)
- IAS 27 Separate Financial Statements *
- IAS 28 Investments in Associates and Joint Ventures *

  * Effective from 1 January 2013 but EU entities may apply these standards and amendments at the latest from the commencement date of their first financial year starting on or after 1 January 2014.

Some of these Standards and Amendments have only recently been endorsed by the EU; the Directors have not yet fully assessed the impact the Group's investments. The Group intends to adopt these standards when they become effective.

IFRS 10 is a new standard which establishes principles for the presentation and preparation of consolidated financial statements. As a result of its publication, the Directors will be required to consider the application of the revised definition of control to determine whether additional entities will need to be consolidated and whether consolidation is still appropriate for those that currently are.

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 2012. 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 Chief Executive Officer's Report, Mercator Gold Australia Pty Ltd is not treated as a subsidiary undertaking as at 30 September 2012 on the basis that it is subject to external administration.

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

Leased assets

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

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In the income statement, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of profit or loss from discontinued operations.

Taxation

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

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

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

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

Investments in subsidiaries

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 Statement of Financial Position date.

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

Share based 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 Statement of Financial Position 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 income statement.

Other financial assets comprise warrants. After initial recognition, other financial assets are measured at fair value. Any gains or losses from changes in fair value of the other financial asset are recognised in the income statement.

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

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

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

Compound financial instruments

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

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

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

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

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

Upon conversion of loan note debt the corresponding carrying value of loan note liability and equity reserve 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:

- fair values of investments in THEMAC Resources Group Ltd (Note 9);
- impairment reviews covering other investments (Note 9);
- capitalisation of exploration costs (Note 10);
- recovery of amount due from former subsidiary (Note 11);
- share-based employee remuneration (Note 14).

3 Operating loss

The operating loss is stated after charging:	**Year ended 30 September 2012 £**	Year ended 30 September 2011 £
Depreciation of property, plant and equipment		
– continuing operations	**3,236**	3,174
– discontinued operations	**58,880**	86,070
Loss on sale of fixed assets	**–**	380
Operating lease expenses	**13,815**	15,300
Share-based payments	**–**	495,000
Auditors' remuneration:		
Fees payable to current auditor and its associates for audit of the Group's annual financial Statements (including £15,000 (2011: £15,000) in respect of the Company and £8,678) in respect of subsidiary undertaking)	**45,880**	31,450

4 (Loss)/earnings per share

	Year ended 30 September 2012	Year ended 30 September 2011
Weighted number of shares in issue during the year	**717,266,225**	513,268,320
	£	£
(Loss)/profit from continuing operations attributable to owners of the parent	**(4,077,044)**	4,656,736
(Loss) from discontinued operations attributable to owners of the parent	**(125,577)**	(252,631)
(Loss)/profit from continuing and discontinued operations attributable to owners of the parent	**(4,202,621)**	4,404,105

5 Corporation tax expense

The relationship between the expected tax expense based on the corporation tax rate of 25% for the year ended 30 September 2012 (2011: 27%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Group (loss)/profit for the year before tax	**(4,006,673)**	4,347,590
(Loss)/profit on activities at effective rate of corporation tax of 25% (2011: 27%)	**(1,001,668)**	1,173,850
Expenses not deductible for tax purposes	**576,094**	205,749
Differential between UK and overseas tax rates	**(17,445)**	(43,109)
Income not taxable	**(927)**	(192,773)
Depreciation in excess of capital allowances	**15,529**	(165)
Utilisation of tax losses brought forward	**–**	(1,189,901)
Loss carried/(brought) forward	**535,554**	89,100
Overseas local taxes	**3,396**	2,725
Tax income / expense, net	**110,533**	45,476
Relating to:		
Continuing operations	**3,396**	2,725
Discontinued operations	**107,137**	42,751

The Company has unused tax losses of £2,630,000 (2011: £330,000) and other temporary differences amounting to losses of £495,000 (2011: £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 adjustment arises on the fair value movements on the available for sale investments as any gain/loss on disposal will be exempt from tax.

6 Staff numbers and costs

	Year ended 30 September 2012	Year ended 30 September 2011
	Number	Number
Directors	**5**	4
Production	**99**	104
Logistics	**5**	6
Administration	**14**	13
Total	**123**	127

The aggregate payroll costs of these persons were as follows:

	£	£
Staff wages and salaries	**74,248**	111,150
Directors cash based emoluments	**289,167**	322,500
Share-based payments	**–**	495,000
	363,415	928,650

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	**289,167**	322,500
Employer's national insurance contributions	**10,380**	4,454
Short term employment	**299,547**	326,954
Share based payments	**–**	360,360
	299,547	687,314

Directors' remuneration

As required by AIM Rule 19, details of remuneration earned in respect of the financial year ended 30 September 2012 by each Director are set out below:

Year ended 30 September 2012

Director	**Salary**	**Bonus**	**Total**
	£	**£**	**£**
M B Silver	**60,000**	**–**	**60,000**
P A Harford	**116,667**	**–**	**116,667**
S Clayson	**70,000**	**–**	**70,000**
L Tenuta	**12,500**	**–**	**12,500**
K Irons	**12,000**	**–**	**12,000**
P Johnson	**10,000**	**–**	**10,000**
R Watts	**8,000**	**–**	**8,000**
	289,167	**–**	**289,167**

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

The highest paid Director received remuneration of £116,667 (2011: £140,000).

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 5.

7 Finance income and costs

Finance costs	Year ended 30 September 2012	Year ended 30 September 2011
	£	£
Interest cost imputed on unwinding convertible loan discount	–	29,927
Issue costs of convertible loans amortised	**8,809**	75,585
Interest paid on convertible loans	**475,721**	183,830
	484,530	289,342

Finance income	2012	2011
	£	£
Interest on cash and cash equivalents	**3,017**	38,676
Net finance costs	**481,513**	250,666

8 Property, plant and equipment

Group	Furniture and fittings	Office equipment	Land improvements & Buildings	Machinery & equipment	Motor vehicles	Total
Cost	£	£	£	£	£	£
At 1 October 2011	2,740	151,684	638,090	649,850	87,471	**1,529,835**
Additions	–	2,180	–	49,622	56,819	**108,621**
Exchange differences arising on translation	–	604	(12,315)	(15,773)	(1,337)	**(28,821)**
Assets scrapped	–	(895)	–	–	–	**(895)**
Transferred to disposal group held for sale	–	(142,166)	(625,775)	(682,157)	(142,953)	**(1,593,051)**
At 30 September 2012	2,740	11,407	–	1,542	–	**15,689**
Depreciation	£	£	£	£	£	£
At 1 October 2011	1,629	146,970	276,741	520,338	81,114	**1,026,792**
Depreciation for the year	360	6,234	23,790	24,535	7,197	**62,116**
Exchange differences arising on translation	–	(2,736)	(5,746)	(10,452)	(1,689)	**(20,623)**
Depreciation on assets scrapped	–	(247)	–	–	–	**(247)**
Transferred to disposal group held for sale	–	(139,454)	(294,785)	(534,006)	(86,622)	**(1,054,867)**
At 30 September 2012	1,989	10,767	–	415	–	**13,171**
Net book value						
At 1 October 2011	1,111	4,714	361,349	129,512	6,357	**503,043**
At 30 September 2012	751	640	–	1,127	–	**2,518**

Company

Cost	Furniture and fittings	Office equipment	Total
	£	£	£
At 1 October 2011	2,740	11,342	**14,082**
Additions	–	–	**–**
Disposals	–	–	**–**
At 30 September 2012	2,740	11,342	**14,082**
Depreciation			
At 1 October 2011	1,629	8,154	**9,783**
Depreciation for the year	360	2,276	**2,636**
At 30 September 2012	1,989	10,429	**12,418**
Net book value			
At 1 October 2011	1,111	3,187	**4,298**
At 30 September 2012	751	912	**1,663**

Except as disclosed in Note 16, the Group's property, plant and equipment are free from any mortgage or charge.

The comparable table for 2011 is detailed below.

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)	(7,094)	**(7,489)**
Depreciation for the year	360	2,409	**2,769**
At 30 September 2011	1,629	8,155	**9,784**
Net book value			
At 1 October 2010	1,471	4,350	**5,821**
At 30 September 2011	1,111	3,187	**4,298**

9 Investments

	Investment in subsidiaries	Other investments	Total
	£	£	£
Cost as at 1 October 2011	919,684	175,000	**1,094,684**
Additions	317,964	212,453	**530,417**
Impairment	(656,320)	(387,453)	**(1,043,773)**
Balance at 30 September 2012	581,328	**–**	**581,328**

The comparable table for 2011 is detailed below:

	Investment in subsidiaries	Other investments	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

Impairment

Other investments

Although ECR retains a minority shareholding in Paniai Gold Ltd ("Paniai") the likelihood of the Company being able to realise any substantial benefit from this interest diminishes, due to the expiry of Paniai's West Wits Mining Ltd ("West Wits") performance shares (July 2013) and its option to purchase a 30% direct interest in the initial alluvial mining operation planned by West Wits (February 2014) drawing nearer. Accordingly, the carrying value of ECR's shareholding in Paniai has been impaired in the financial statements to a nominal £1. The impairment charge is included in administrative expenses and shown in the income statement as impairment of and loss on disposal of other investments.

Investment in subsidiaries

As stated in Note 13, the Company's management decided in September 2012 to sell the Company's shareholding in Gold Crest Holdings Ltd. The disposal was completed on 8 February 2013. The Company's investment in Gold Crest Holdings Ltd has therefore been impaired to reflect the value realised on disposal.

Based on the results of all work completed by the Company's subsidiary Electrum Resources SA, it was decided that all exploration costs to date should now be expensed. Accordingly the Company's investment in the subsidiary has been impaired to recognise the write off of the exploration asset.

At 30 September 2012, the Company had interests in the following 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	Dormant	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

	2012	2011
	£	£
Quoted investments		
At 1 October	**6,621,049**	3,547,206
Additions	**–**	1,147,572
Disposals	**(52,075)**	–
Transfers	**(70,198)**	–
Fair value movements	**(1,852,640)**	1,926,271
At 30 September	**4,646,136**	6,621,049

As at 30 September 2012, shares with a market value of £1,247,794 were pledged as security against loans of £492,243 (Note 16).

Included in the above amount of £4,646,136 is the value of the Company's holding of shares of THEMAC Resources Group Ltd ("THEMAC"). At 30 September 2012, 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% on a fully diluted basis. 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, who served as Managing Director of the Company at 30 September 2012 but has since resigned, serves as a director of THEMAC's subsidiary New Mexcio Copper Corporation) or provided significant technical information to THEMAC since the sale of the Company's option to acquire Copper Flat project to THEMAC. The investment in THEMAC is therefore not accounted for as an investment in an associate.

Other financial assets

	2012	2011
	£	£
Warrants in a listed entity		
At 1 October	**4,318,364**	–
Additions	**–**	3,354,089
Transfers	**(40,659)**	–
Fair value movements	**(1,614,327)**	964,275
At 30 September	**2,663,378**	4,318,364

During 2011 the Company acquired warrants as part consideration for the disposal of its option to acquire 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.

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

Share price (C$)	0.50
Exercise price (C$)	0.28
Expected volatility	81 %
Average option life in years	2.65
Expected dividends	–
Weighted average risk–free interest rate (based on national government bonds)	1.13%

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

	2012	2011
	£	£
At 1 October	**772,691**	–
Reclassification from investments	**–**	376,503
Additions	**464,984**	637,011
Exploration costs written off	**(393,920)**	(240,823)
Translation difference	**(43,344)**	–
At 30 September	**800,411**	772,691

Exploration assets comprise all costs associated with mineral exploration and 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	
	2012	2011	**2012**	2011
	£	£	**£**	£
Non-current assets				
Amount owed by a former subsidiary	**3,228,390**	–	**3,228,390**	–
	3,228,390	–	**3,228,390**	–
Current assets				
Amount owed by a former subsidiary	**–**	3,396,858	**–**	3,396,858
Balances due from subsidiaries	**–**	–	**835,532**	764,136
Trade receivables before provisions	**–**	1,087,298	**–**	–
Less provisions	**–**	(168,656)	**–**	–
Net trade receivables	**–**	918,642	**–**	–
Prepayments and accrued income	**38,712**	263,135	**16,633**	18,066
Other receivables	**27,652**	226,794	**27,652**	248,391
	66,364	4,805,429	**879,817**	4,427,451

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 £3,228,390 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 is not expected to 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. The success of work completed to date to confirm the tax losses leads the Directors to believe that in due course a business project with the capacity to generate surplus funds in MGA that would enable it to repay the amount due to the Company and the Group will be identified.

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	
	2012	2011	**2012**	2011
	£	£	**£**	£
Cash and cash equivalents consisted of the following:				
Deposits at banks	**187,940**	591,382	**179,468**	240,332
Cash on hand	**93**	2,260	**66**	423
	188,033	593,642	**179,534**	240,755

For the purpose of the group statement of cash flows, cash and cash equivalents comprise the following at 30 September 2012:

Deposit at banks and cash in hand – as above	**188,033**
Deposit at banks and cash in hand – discontinued operations (note 13)	**291,364**
	479,397

Restricted cash

Escrow account	**250,000**	–	**250,000**	–

In order to satisfy any payments under the Equity Swap (Note 16), the Company has deposited £250,000 in an escrow account. A portion of the escrowed funds will be released to the Company on each monthly settlement date after first deducting any payments that may be owed to YA Global Master SPV Ltd.

13 Assets and liabilities in disposal groups classified as held for sale and discontinued operations

The assets and liabilities related to Gold Crest Holdings Ltd (the metal products segment) have been presented as held for sale following a decision of the Company's management in September 2012 to sell the Company's interest in Gold Crest Holdings Ltd. The disposal was completed on 8 February 2013. The results of the metal products segment have been presented as discontinued operations and the results of 2011 have been restated.

Gold Crest Holdings Ltd contributed the following to the Group's net operating cash flows:

	2012	2011
	£	£
Operating cash flows	**(23,612)**	365,516
Investing cash flows	**(105,313)**	(55,100)
Financing cash flows	**(2,213)**	(97,434)
Total cash flows	**(131,138)**	212,982

	2012
	£
(a) Assets of disposal group classified as held for sale	
Property, plant and equipment	**538,182**
Other non-current assets	**232**
Inventories – Note 17	**462,018**
Trade and other receivables	**958,134**
Cash and cash equivalents	**291,364**
Loss recognised on the re-measurement	**(25,313)**
	2,224,617

(b) Liabilities directly associated with disposal group classified as held for sale	
Trade and other payables	**1,477,435**
Interest bearing borrowings	**339,642**
Provisions for costs	**2,948**
	1,820,025

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets of disposal group is as follows:

	2012	2011
	£	£
Revenue	**5,447,533**	4,953,728
Cost of sales	**(4,098,138)**	(3,915,108)
Administrative expenses	**(1,283,489)**	(1,188,352)
Profit/(loss) on ordinary activities before finance costs and tax	**65,906**	(149,732)
Financial expense	**(115,526)**	(162,139)
Income tax	**(107,137)**	(42,751)
Profit after tax of discontinued operations	**(156,757)**	(354,622)
Loss recognised on the re-measurement of assets of disposal group	**(25,313)**	–
Loss for the year from discontinued operations	**(182,070)**	(354,622)
Profit/(loss) from a discontinued operation attributable to:		
Owners of the Parent Company	**(125,577)**	(252,631)
Non-controlling interest	**(56,493)**	(101,991)

14 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 2012	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
	1,200,000,000	£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 2011	543,450,953	543,451	36,111,908	7,194,816	**43,850,175**
Shares issued during the year					
Shares issued in private placing	272,195,000	272,195	1,768,005	–	**2,040,200**
Shares issued in payment of creditors	400,000	400	4,000	–	**4,400**
Loan converted into shares	94,046,979	94,047	1,010,987	–	**1,105,034**
Balance at 30 September 2012	910,092,932	910,093	38,894,900	7,194,816	**46,999,809**

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

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 2012	**Number of options 2012**	Weighted average exercise price 2011	Number of options 2011
	£		£	
Exercisable at the beginning of the year	**0.025**	**25,000,000**	0.87	1,755,000
Granted during the year	–	–	0.025	25,000,000
Exercised during year	–	–	–	–
Lapsed during year	**0.025**	**(6,000,000)**	0.87	(1,755,000)
Exercisable at the end of the year	**0.025**	**19,000,000**	0.025	25,000,000

The options outstanding at 30 September 2012 have an exercise price of £0.025 and a weighted average remaining contractual life of 9 years (2011: 10 years).

Share warrants	**Weighted average exercise price 2012**	**Number of warrants 2012**	Weighted average exercise price 2011	Number of warrants 2011
Exercisable at the beginning of the year	**0.03**	**4,872,206**	0.03	27,221,652
Granted during the year	–	–	–	–
Exercised during the year	–	–	0.03	(18,449,446)
Expired in year	**0.03**	**(2,179,700)**	0.03	(3,900,000)
Exercisable at the end of the year	**0.03**	**2,692,506**	0.03	4,872,206

Share-based payments

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

Fair value of share options and assumptions	**2012 £**	2011 £
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 service related conditions associated with share option exercises but no market related conditions.

	2012	2011
Share options granted	–	25,000,000
Total expense recognised as employee costs	–	£495,000

15 Trade and other payables - short term

	Group		Company	
	2012 £	2011 £	**2012 £**	2011 £
Trade payables	**169,480**	949,242	**133,146**	51,610
Amount owed to a Director	**–**	225,566	**–**	–
Amount owed to a subsidiary	**–**	–	**49,395**	49,395
Social security and employee taxes	**5,757**	6,397	**3,432**	6,397
Other creditors and accruals	**288,120**	909,953	**285,697**	406,855
	463,357	2,091,158	**471,670**	514,257

16 Interest bearing liabilities

Group and Company	2012	2011
	£	£
Convertible loan notes – 10% - current liability	**145,500**	200,500
Convertible loan notes – 10% - non-current liability	**982,330**	1,824,266
YA Global Master SPV Ltd loan - secured	**492,243**	672,765
Embedded derivative attaching to loan stock	**–**	9,000
Equity Swap	**13,258**	–
Total	**1,633,331**	2,706,531
Other secured loans	**–**	412,120
	1,633,331	3,118,651

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.

Equity swap

On 16 August 2012 the Company entered into new funding arrangements with YA Global Master SPV Ltd (“YAGM”) whereby 75,757,575 Ordinary shares in the Company were subscribed for at a price of £0.0066 per share for a total cash consideration of £500,000. Separately, YAGM and the Company have entered into an equity swap agreement (the “Equity Swap”) over a notional 75,757,575 shares in the Company. Under the terms of the Equity Swap upon each of 12 monthly settlement dates the prevailing market price of the Company’s shares, discounted by 10%, will be compared to a benchmark price of £0.0066 per share (the “Benchmark Price”). If the discounted market price exceeds the Benchmark Price then a sum is payable to the Company by YAGM, if the discounted market price is less than the Benchmark Price then a sum is payable to YAGM by the Company, depending on the amount by which the discounted market price exceeds or falls short of the Benchmark Price. It is not possible to calculate the liability or receivable that may arise as it is dependent on any movement in the share price. However, on the last business day prior to the year end the closing mid-price on AIM of the Company’s ordinary shares was £0.00475 which, if it did not fluctuate, would result in repayments to YAGM totalling £159,096. The closing mid-price on AIM of the Company’s ordinary shares on 4 March 2013 was £0.00225.

Commitment fees payable by the Company under the Equity Swap comprise in aggregate, £50,000 of which £25,000 was paid on execution of the agreement and the remaining £25,000 is payable on the earlier of 6 months from the date of the agreement and the date of termination of the agreement.

The Company has given YAGM customary warranties and indemnities in respect of the Equity Swap. YAGM has agreed that it and its affiliates will refrain from holding any net short position with respect to the ordinary shares of the Company. YAGM may elect to terminate the Equity Swap and accelerate the payments due under it in certain circumstances.

Secured loans

The figure for other secured loans (2011: £412,120) 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. The secured loan and the freehold property are included in assets in disposal group and liabilities directly associated with assets in disposal groups (Note 13).

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

17 Inventories – Group

	2012 £ Note 13	2011 £
Raw materials	**115,854**	275,302
Work in progress	**66,929**	200,516
Finished goods	**284,730**	249,018
Provision for slow moving inventories	**(5,495)**	(12,512)
	462,018	712,324
Inventories expensed during the year	**3,363,291**	3,642,394

18 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.

19 Related party transactions

	Group		Company	
	2012 £	2011 £	**2012 £**	2011 £
Amounts payable to a former Director at 30 September 2012	**241,986**	225,566	–	–
Amounts owed by a Director at 30 September 2012	**21,589**	16,039	**21,589**	16,039
Amounts owed by former Directors at 30 September 2012	**5,494**	18,667	**5,494**	18,667

Details of Directors' emoluments are disclosed in Note 6.

The Directors are the only key management. Transactions with the Directors are disclosed in Note 20 and this note.

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

Former Directors

Michael Silver, formerly Executive Chairman of the Company, held while a Director an interest in Meridien Capital Ltd ("Meridien"). Meridien held at 30 September 2012 10% of the issued share capital of Gold Crest Holdings Ltd ("Gold Crest"). During the year to 30 September 2012, Gold Crest's subsidiary ACS Asia (1996) Company Ltd ("ACS Asia") produced and shipped goods to a company named Australian Cable Tray Systems Pty Ltd ("ACTS"). ACTS was owned as at 30 September 2012 as to 51% by Meridien and as to 49% by another party. ACTS appointed a liquidator on 31 May 2012. Consequently, in its financial statements for the year ended 30 September 2012 Gold Crest wrote off US$268,624 receivable from ACTS, having written off a larger amount receivable from ACTS in the previous year.

In May 2009, Michael Silver provided a loan to Gold Crest in respect of which interest was chargeable at 2% per month on the balance outstanding. The loan amount outstanding on 30 September 2012 was A$390,372 (2010: A$359,733). The loan was repayable on demand and secured by a floating charge over the trade receivables of Gold Crest plus a guarantee from ACS Asia.

20 Advances made to directors

	2012	2011
	£	£
P A Harford		
Amount owed at beginning of year	**16,039**	3,678
Advances – to cover business expenses	**24,475**	26,233
Repayments achieved through expense claims	**(18,925)**	(13,872)
Amount owed at the year end	**21,589**	16,039

	2012	2011
Former Directors		
Amount owed at beginning of year	**18,667**	–
Advances – to cover business expenses	**6,157**	18,667
Repayments achieved through expense claims	**(19,330)**	–
Amount owed at the year end	**5,494**	18,667

21 Commitments and contingencies

Capital expenditure commitment

As at 30 September 2012, the Group had commitments for future expenditure on its SAP software system of approximately £35,953 (2011: £37,232).

Operating lease commitments

Details of operating lease commitments are set out in Note 22 below.

22 Operating leases

The total amounts payable under:

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

	2012	2011
Payable:	**£**	£
Between 2 – 5 years	**21,376**	32,064

23 Financial instruments

Categories of financial instrument

	2012	2011
	£	£
Financial assets		
Cash and cash equivalents		
– continuing operations	**188,033**	324,715
– discontinued operations	**291,364**	268,927
	479,397	593,642
Trade receivables – all discontinued	**836,992**	918,642
Available for sale financial assets	**4,646,136**	6,621,049
Other financial assets	**2,663,378**	4,318,364
Financial liabilities		
Trade and other payables		
– continuing operations	**169,480**	57,312
– discontinued operations	**834,707**	891,930
	1,004,187	949,242
Borrowings		
– continuing operations	**1,633,331**	2,706,531
– discontinued operations	**339,642**	412,120

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.

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 2012 and 30 September 2011 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 subject to external administration. Since Mercator Gold Australia Pty Ltd is subject to external administration and not under the Company's control, this risk cannot presently 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 2012 and 30 September 2011 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 2012

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Available for sale financial assets	**4,619,919**	**26,217**	**–**	**4,646,136**
Other financial assets	**–**	**2,663,378**	**–**	**2,663,378**
	4,619,919	**2,689,595**	**–**	**7,309,514**

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

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

	2012	2011
	£	£
Opening balance	**–**	3,500,824
Transfers out of level 3	**–**	(3,500,824)
Closing balance	**–**	–

During 2011 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.

Liquidity risk

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

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

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

The table below sets out the maturity profile of financial liabilities as at 30 September 2012.

	2012	2011
	£'000	£'000
Due in less than one month	2,254	879
Due between one and three months	1,196	905
Due between three months and one year	970	1,323
Due after one year	1,453	278
	5,873	3,385

In addition, as disclosed in Note 16, the Company has in issue £982,330 of convertible loan notes currently classed as non-current liabilities which may be redeemed earlier at the option of the Company.

24 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 2012		Year ended 30 September 2011	
	Metal products discontinued	Mining and exploration continuing	Metal products discontinued	Mining and exploration continuing
External revenue	5,447,533	–	4,953,728	–
Interest income	–	3,017	–	38,676
Interest expense	115,526	484,530	100,947	274,949
Other finance costs	–	–	–	75,585
Net profit / (loss)	(182,070)	(4,077,044)	(340,457)	4,642,571
Total assets	2,224,617	11,916,223	2,631,335	15,899,823
Total liabilities	1,820,025	2,096,688	2,342,139	2,870,723
Capital expenditure	107,666	955	57,621	1,626
Depreciation & amortisation	58,880	3,236	86,475	2,769
Impairment of and loss on disposal of other investments and other current assets	–	(405,040)	–	(20,033)

No geographical analysis is provided as this would replicate the analysis above with the metal products activity being in Asia and the mineral exploration being in Argentina. Management does not segment the mineral exploration by geographical region when evaluating performance.

During the year to 30 September 2012, sales made to two customers accounted for approximately 22.16% of total revenues (2011: 47.738%). Sales to Customer A amounted to £629,540 (2011: £1,650,182). Sales to Customer B amounted to £577,528 (2011: £736,994). All these sales related to the metal products segment.

25 Consolidated cash flow statement

	Note	Group		Company	
		Year ended 30 September 2012	Year ended 30 September 2011	**Year ended 30 September 2012**	Year ended 30 September 2011
		£	£	£	£
Operating activities					
(Loss)/profit for the year before tax		**(4,123,268)**	4,234,255	**(4,363,561)**	4,668,341
Adjustments:					
Depreciation expense, property, plant and equipment	8	**62,116**	89,244	**2,635**	2,769
Loss on disposal of property, plant and equipment		**648**	380	–	380
Provisions and impairment of investment and loans		**393,792**	20,033	**780,108**	294,131
Provision for bad debts		**283,463**	–	–	–
Profit on sale of convertible loan notes		–	4,500	–	4,500
Profit on available for sale financial assets		–	(6,025,645)	**–**	(6,025,645)
Interest income		**(5,370)**	(38,676)	**(38,999)**	(69,487)
Loss/(gain) on derivative		**4,258**	(69,000)	**4,258**	(69,000)
Investment income		**–**	(430,239)	**–**	(430,239)
Loss/(gain) on revaluation of investments		**1,614,327**	(964,275)	**1,614,327**	(964,275)
Issue costs amortised – Convertible loan	7	**8,809**	75,585	**8,809**	75,585
Interest cost imputed on unwinding loan discount	7	–	29,927	**–**	29,927
Interest paid on convertible loans	7	**475,721**	345,969	**475,721**	245,021
Interest expense – other		**115,526**	–	**–**	–
Share–based payments		**–**	495,000	**–**	495,000
Impairment of loan to subsidiary		**–**	–	**270,004**	140,000
(Increase)/decrease in accounts receivable		**(325,927)**	(305,151)	**(4,306)**	(26,513)
Increase/(decrease) in accounts payable		**9,707**	984,189	**54,861**	(10,056)
(Increase)/decrease in inventories		**225,844**	(145,857)	–	–
Shares issued in lieu of expense payments		–	145,687	**–**	145,687
Exploration costs written off		**393,920**	240,823	**241,586**	–
Loan(increase)/ reduction in lieu of expense payments		–	(13,906)	**–**	–
Net cash flow used in operations		**(866,434)**	(1,327,157)	**(954,557)**	(1,493,874)

Non-cash transactions

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

- Conversion of £895,000 of 10% convertible loan notes repayable in October 2013 to 81,363,636 ordinary shares of the Company.

26 Post Balance sheet events

- On 30 October 2012 the Company announced the issue and allotment of 28,910,507 ordinary shares of 0.1p at 0.346p per share in connection with an advance of £100,000 under the Company's Standby Equity Distribution Agreement with YA Global Master SPV Ltd.
- On 23 November 2012 the Company announced the issue and allotment of 47,702,099 ordinary shares of 0.1p at 0.33542p per share in connection with an advance of £160,000 under the Company's Standby Equity Distribution Agreement with YA Global Master SPV Ltd.
- On 19 December 2012 the Company announced that it had disposed of its entire shareholding in West Wits Mining (ASX: WWI) for proceeds totaling approximately A$170,000.
- On 28 December 2012 the Company announced the issue and allotment of 27,017,899 ordinary shares of 0.1p at 0.2961p per share in connection with an advance of £80,000 under the Company's Standby Equity Distribution Agreement with YA Global Master SPV Ltd.
- On 11 February 2013 the Company announced that it had completed the sale of Gold Crest Holdings Ltd for the sum of US$75,000 in cash, a reduction of the Company's convertible loan notes by £325,000, and repayment of an amount of US$150,000 owed to it by ACS Asia in quarterly instalments over the next 12 months.
- On 18 February 2013 the Company announced that it had executed a financing package with YA Global Master SPV Ltd ("YA"). The elements of the package were:

    - a reprofiling of the Company's repayment obligations in respect of the outstanding balance of the US$1 million loan received from YA in August 2012 (the "Loan");
    - an equity swap (the "Equity Swap") with a benchmark price of 0.245p (the "Benchmark Price") in relation to 61,224,486 ordinary shares of the Company of 0.1p ("Ordinary Shares");
    - a modified advance (the "Modified Advance") under ECR's Standby Equity Distribution Agreement ("SEDA") with YA raising £150,000 before costs by the issue of 61,224,489 Ordinary Shares at a price of 0.245p per share;
    - a separate advance (the "Advance") under the SEDA raising £25,000 before costs by the issue of 10,827,197 Ordinary Shares at a price of 0.2309p per share;
    - issue of 10,204,081 Ordinary Shares at 0.245p per share in settlement of £25,000 in fees due to YA in connection with a separate equity swap entered into with YA by the Company in August 2012.

  The Company has entered into the Equity Swap with YA in relation to 61,224,486 Ordinary Shares. The period of the Equity Swap is approximately 6 months.

  The Equity Swap provides for monthly payments to either the Company or YA depending on the performance of the Company's share price in relation to the Benchmark Price of 0.245p. It also entails £75,000 of the proceeds of the Modified Advance being withheld by YA and released to ECR in 6 equal monthly instalments (each a "Monthly Instalment").

  A commitment fee of £50,000 was payable to YA by the Company in connection with a separate equity swap entered into with YA in August 2012. Of this amount, £25,000 was paid in August 2012 and the remaining £25,000 has now been settled by the issue of 10,204,081 Ordinary Shares.

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 30 March 2013 at 10:00am, you should send this document, together with the accompanying form of proxy, to the (intended) purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is to be effected for transmission to the (intended) purchaser or transferee.

ECR Minerals plc

(the "Company")

Company no. 5079979

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting of the Company will be held at the East India Club, 16 St James's Square, London SW1Y 4LH on Saturday 30 March 2013 at 10:00am in order to consider and, if thought fit, pass Resolutions 1 to 5 as ordinary resolutions and Resolution 6 as a special resolution:

Ordinary Resolutions

1 To receive, consider and adopt the directors' report and accounts of the Company for the year ended 30 September 2012.

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 Paul Johnson who is retiring in accordance with Article 29 of the Company's articles of association and who being eligible is offering himself for re-election.

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

5 That the directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £3,000,000, 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

6 That, subject to the passing of Resolution 5, the directors be given the general power to allot equity securities (as defined by Section 560 of the Act) for cash, either pursuant to the authority conferred by

Resolution 5 or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

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

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

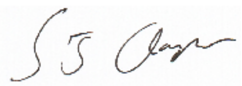
6.1.2 to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record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

6.2 the allotment (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate nominal amount of £3,000,000.

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 of directors of ECR Minerals plc



Stephen Clayson
Director & Chief Executive Officer

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

Dated 6 March 2013

NOTES

1 A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of him. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.

2 Completion and return of the form of proxy will not preclude ordinary shareholders from attending or voting at the meeting, if they so wish.

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

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

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

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

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

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

9 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, 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 28 March 2013 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.

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

12 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(A) of the Uncertificated Securities Regulations 2001.

COMPANY INFORMATION

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Paul Johnson *Non-Executive Chairman*
Richard Andrew Watts *Non-Executive Technical Director*
Stephen James Clayson *Director & Chief Executive Officer*

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