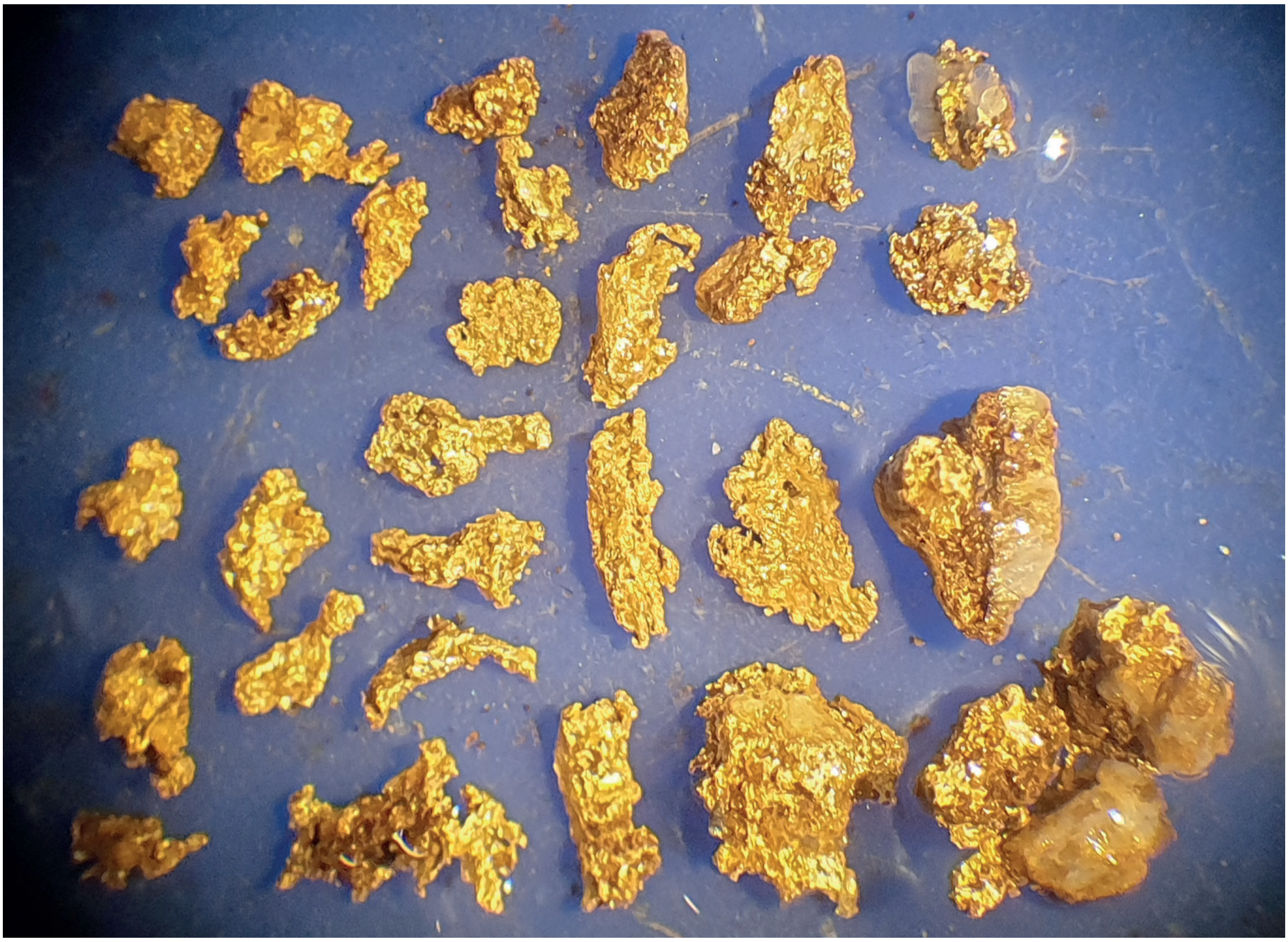
ECR MINERALS



Annual Report and Accounts
– 2019 –

The Directors of ECR Minerals plc (the "Directors" or the "Board") present their report and audited financial statements for the year ended 30 September 2019 for ECR Minerals plc ("ECR", the "Company" or the "Parent Company") and on a consolidated basis (the "Group")

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Chairman's Statement

ECR's focus is firmly on gold exploration in Australia, in both Victoria in the east of the country, and Western Australia. In Australia, ECR, through its wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd ("MGA"), benefits from being part of one of the most active and successful gold mining and exploration industries in the world. This is all the more exciting given that the gold price is currently trading at levels not seen since 2013, despite recent falls and expected ongoing increased volatility associated with the impact of the COVID-19 pandemic on financial markets.

Currently, the suspension of many international travel routes as well as domestic movement restrictions within the UK and Australia has affected the Group's operations, but due to the nature of present activities, the impact has been minimal. In the medium term, we expect to be able to resume normal operations as restrictions are lifted. In the meantime, the Board will be taking measures to conserve cash where possible. Our thoughts go out to all those more severely affected by the pandemic.

During the financial year ended 30 September 2019 and since the year-end, MGA has continued to develop its business through both exploration work and by rationalising its portfolio of projects. In the latter respect, the Company completed the sale of its Argentine subsidiary Ochre Mining SA ("Ochre") in February 2020 and retains an NSR royalty of up to 2% to a maximum of USD 2.7 million in respect of future production from the SLM gold project. Further information on this transaction is provided in the Chief Executive Officer's Report, the Strategic Report, and in Note 21 to the financial statements.

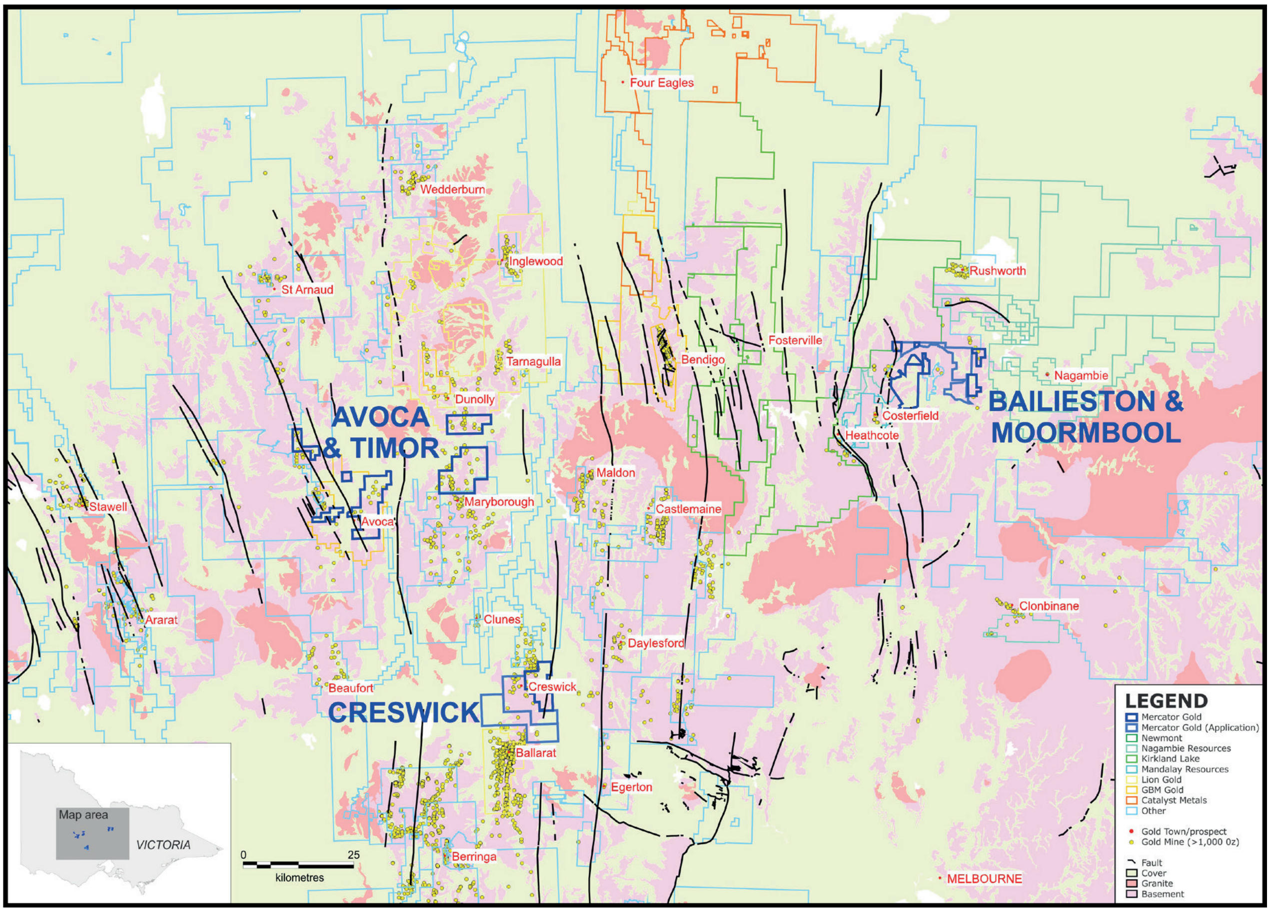
In addition, post year-end, MGA has been granted five exploration licences which comprise the Windidda project in Western Australia, with a further four exploration licence applications withdrawn. Fieldwork has yet to begin at Windidda, but MGA has completed geophysical modelling and review of historical activity reports in order to better understand the potential prospectivity of the project.

In Victoria, where the company is now concentrating on two projects, Bailieston and Creswick, a significant amount of boots-on-the-ground activity took place during the financial year under review. This included drilling at Bailieston and Creswick, and completion of whole-of-bag testing on drill samples from Creswick in an effort to better assess the degree of the nugget effect which pertains to the deposit. The results of these programmes are discussed in the Chief Executive Officer's report.

We look forward to further exciting developments in the year ahead.

Weili (David) Tang
Chairman

30 March 2020



Current tenement position of ECR's wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd in the state of Victoria, Australia.

Chief Executive Officer's Report

As in the previous financial year, the centre of the Group's operations was Victoria, Australia, with significant exploration programmes completed in the Bailieston and Creswick gold project areas.

With the gold price having traded at record levels in Australian dollar terms earlier this calendar year, there is currently a very high level of interest in gold exploration and mining in Australia, including in Victoria and Western Australia, and a number of expressions of interest in ECR's projects have been received from third parties.

Accordingly, as well as seeking to add value through our own exploration activities, the Company is actively considering potential transactions which may create value for the Company and its shareholders.

BAILIESTON GOLD PROJECT, VICTORIA

The westernmost part of the Bailieston project area is approximately 30km east of Kirkland Lake Gold's renowned Fosterville gold mine, and abuts an exploration licence applied for by Newmont Exploration Pty Ltd, a subsidiary of Newmont, one of the world's largest gold mining companies, to the north. MGA completed drilling at two prospects within the Bailieston project area in the first quarter of calendar year 2019.

Blue Moon Prospect, Bailieston

During the financial year and since the year-end, the principal focus of work in the Bailieston project area has been the Blue Moon prospect, where reverse circulation (RC) drilling by MGA returned an intercept of 2 metres at 17.87 g/t gold within a zone of 15 metres at 3.81 g/t gold from 51 metres in hole BBM007, and confirmed the prospect as a new gold discovery.

Twelve holes were drilled for a total of 1,718 metres, with other highlights including 3 metres at 3.88 g/t gold within a zone of 11 metres at 2.42 g/t gold from 169 metres in BBM006. The drilling results indicate that the host sandstone is thicker and the gold grades significantly higher on the westerly section, and further exploration will therefore seek to follow the system to the west, subject to agreeing access with landowners.

Black Cat Prospect, Bailieston

MGA completed a reconnaissance rotary air blast (RAB) drilling programme targeting numerous quartz reefs at the Black Cat prospect. A total of 18 shallow holes were completed for 485 metres of drilling. The Black Cat prospect is among the high priority targets identified by a geophysical interpretation and targeting study completed for MGA in late 2017. The prospect had never been drilled before.

Significant intersections from the RAB programme included 7 metres at 1.76 g/t gold from 35 metres in hole BCD11, 3 metres at 4.26 g/t gold from 16 metres in BCD18, and 1 metre at 6.3 g/t gold from 18 metres in BCD03. These are encouraging results, and the potential for supergene enriched mineralisation at the water table interface and for deeper primary mineralisation could be investigated by further drilling.

CRESWICK GOLD PROJECT, VICTORIA

In February 2019 MGA completed a total of 1,687 metres of reverse circulation (RC) drilling in 17 holes at Creswick, targeting multiple quartz vein orientations within the Dimocks Main Shale ("DMS"). The initial results of RC drilling at Creswick by MGA were announced on 8 May 2019.

Drilling identified more extensive quartz than anticipated, in a zone exceeding 60 metres in width (more than twice the 25 metres expected), with quartz identified in more than one third of the 1,687 metres drilled. Gold mineralisation was identified in the majority of holes, with grades in nine holes ranging from 0.6 g/t gold to 44.63 g/t gold (1.44 oz/t).

MGA's geologists hypothesised an extreme nuggety distribution of gold based on the results of drilling and other observations, including capturing a small 0.27 g nugget in gravity tests conducted on a single sample bag.

In order to assess the significance of this effect, MGA's consultants devised a testing program using gravity and electrostatic concentration (GEC) on full bags of RC drill cuttings, which would constitute the whole sample recovered from each metre of drilling (less sub-samples obtained at the time of drilling via a splitter mounted on the drill rig).

In nuggety gold systems, increasing sample size increases the chance of nuggets being captured in the sample, and thus being appreciated as part of the gold endowment of the system.

Typically, only a small sub-sample of the drill cuttings generated by each metre of RC drilling is analysed (assayed) for gold. In the case of MGA's 2019 RC drilling at Creswick, two sub-samples of approximately 2 kilograms were obtained from the rig-mounted splitter, out of up to approximately 30 kilograms of cuttings per metre. The first sub-sample was sent for assay by the Leachwell method at Gekko Systems, an independent laboratory in Victoria, and the results were announced on 8 May 2019.

Using the GEC method on the full bags, MGA was able to subject larger, more representative sample sizes to analysis. A total of 129 'full-bag' samples were analysed using the GEC process. In parallel, 74 duplicate sub-samples obtained at the time of drilling via the rig-mounted splitter were analysed by the Leachwell method at Gekko Systems. This was done to enable comparison with the assay results (obtained by the same method) for the first set of sub-samples, to assist in classifying the nugget effect as extreme, major or minor.

Grade variability due to the nugget effect was demonstrated by the results of the exercise, but some consistency between results was also seen, and indicates the nugget effect may be less severe than initially thought.

Overall, MGA's work at Creswick has confirmed the presence of nuggety gold mineralisation in the Dimocks Main Shale (DMS) at Creswick, some of which is very high grade.

MGA's tenement position at Creswick covers approximately 7 kilometres of the DMS trend, and the 2019 drilling only tested approximately 300 metres of this. ECR therefore believes there is significant potential upside in the project.

More recently, MGA commissioned Dr Dennis Arne to carry out an alteration study of cuttings (chips) generated by the 2019 RC drilling at the Creswick project in 2019. Dr Arne is a preeminent consulting geochemist in Victoria, whose experience includes previous and on-going reviews of geochemistry at the highly successful Fosterville gold mine in Central Victoria owned by Kirkland Lake Gold.

Dr Arne has been working with fresh (unoxidised) RC chips from Creswick to determine whether the observed quartz veining is associated with the presence of ferroan carbonate. Ferroan carbonate is intimately associated with all Central Victorian gold deposits that have not been contact metamorphosed.

The amount of ferroan carbonate generally increases as mineralised structures are approached. It can therefore be used for vectoring within alteration systems associated with gold mineralisation, particularly when integrated with geochemical data, and can be used to distinguish between mineralised and non-mineralised quartz veins.

The results of the study were announced on 27 March 2020, and showed good indications of hydrothermal fluid flow related to gold mineralisation in a number of drill holes at Creswick. Importantly, the variation in the results, with some areas 'lighting up' and others not, is potentially useful for identifying gold-bearing shoots.

WINDIDDA GOLD PROJECT, WESTERN AUSTRALIA

In late 2018, MGA applied for a total of nine exploration licences in Western Australia to comprise the Windidda project, of which five have now been granted. The remaining four licence applications have been withdrawn, in light of objections to the expedited grant procedure from native title parties and the findings of preliminary desktop work to assess the prospectivity of the licence areas. This work suggests that the southern parts of the project are potentially prospective for komatiite hosted nickel-copper-PGE (platinum group element) mineralisation, as well as orogenic gold.

DANGLAY GOLD PROJECT, PHILIPPINES

There were no significant developments with regard to the Danglay project during the financial year under review, nor have there been any since the year-end. Further information regarding the Company's interest in the project is provided in the Strategic Report and Note 10 to the financial statements.

DISPOSAL OF OCHRE MINING SA AND SLM GOLD PROJECT

Subsequent to the year-end, the Company sold its wholly owned Argentine subsidiary Ochre Mining SA, which holds the SLM gold project in La Rioja, Argentina. The sale allows ECR to focus on its core gold exploration activities in Australia.

The purchaser, Hanaq Argentina SA ("Hanaq"), is a Chinese-owned company engaged in lithium, base and precious metals exploration in Northwest Argentina including Salta, Jujuy and La Rioja, with a highly experienced management team.

ECR retains an NSR royalty of up to 2% to a maximum of USD 2.7 million in respect of future production from the SLM gold project. The Directors believe that Hanaq has the operational capabilities and access to Chinese investment capital necessary to put the SLM project into production, subject to the usual prerequisites such as further exploration and feasibility studies being successfully completed (if deemed necessary by Hanaq) and to the necessary permits for production being obtained.

The founder and CEO of Hanaq Group, of which Hanaq Argentina SA is part, is Mr Xiaohuan (Juan) Tang, who has a substantive track record in Latin America, including responsibility for the successful permitting of the Pampa de Pongo iron ore project in Peru in his former capacity as General Manager of Jinzhao Mining Peru. Pampa de Pongo is one of the largest iron ore deposits in Latin America. Mr Tang has degrees from Tsinghua University in China, and Imperial College, Cambridge University and Oxford University in the UK.

FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

For the year to 30 September 2019 the Group recorded a total comprehensive loss of £762,586, a small increase compared with £721,460 for the year to 30 September 2018.

The largest contributor to the total comprehensive loss was the line item “other administrative expenses”, which represents the costs of operating the Group and carrying out exploration at its projects, where these costs are ineligible for capitalisation under applicable accounting standards. Significant components include consultancy and professional fees, public relations and promotional activities, rent and travel expenses.

The Group’s net assets at 30 September 2019 were £3,640,604, in comparison with £3,651,545 at 30 September 2018. The decrease is due to increased exploration assets as a result of the capitalisation of exploration expenditure during the year being offset by a reduction in cash and cash equivalents.

The financial statements of the Company’s Argentine subsidiary Ochre Mining SA (which was sold subsequent to the year-end but remained a part of the group at 30 September 2019) were prepared in accordance with IAS 29 “Financial Reporting in Hyperinflationary Economies”. More information is provided in Note 2 to the Group financial statements.

During the year, MGA received a significant cash refund under the Australian government’s R&D Tax Incentive scheme. MGA received a cash refund of qualifying research and development (R&D) expenditure of A$318,972 (approximately £171,000) in relation to MGA’s financial year ended 30 June 2018, and post-period received a further refund of A$555,212 (approximately £295,515) in relation to the fifteen month period ended 30 September 2019. In the second period, MGA’s financial year-end changed to 30 September from 30 June in order to align it with the rest of the Group.

The qualifying R&D activities pertain to research into turbidite-hosted gold deposits within MGA’s exploration licences in Victoria. These two refunds have had a significant positive effect on the Group’s cash position.

Craig Brown
Chief Executive Officer

30 March 2020

Directors' Biographies

Weili (David) Tang
Non-Executive Chairman
(aged 54)
David Tang was previously the President of China Nonferrous Metals Int'l Mining Co., Ltd. (CNMIM) and the Managing Director of China Nonferrous Gold Ltd, an AIM-listed company which was formerly known as Kryso Resources plc. China Nonferrous Gold is focused on the Pakrut gold mine in Tajikistan, where first gold was poured in 2015. Mr Tang has previously served as a director to several companies involved in mining or exploration in Africa, South East Asia and Australia. Mr Tang graduated with a Bachelor of Science degree (1988) majoring in computer science from Central-South University, China and also holds a Master of Science degree (1991). In the 1990s, he pioneered the trading system for the first nonferrous metals futures exchange in China. He worked for several years in Canada in investment management and consulting, before returning to China to take up office at CNMIM in 2003.

Craig William Brown
Director and Chief Executive Officer
(aged 49)
Craig Brown was appointed as ECR's Finance Director in May 2016 before becoming Chief Executive Officer in September 2016. Previously, he was a founding shareholder of Kryso Resources plc, now known as China Nonferrous Gold Ltd. Mr Brown acted as Finance Director and Company Secretary of Kryso before becoming Managing Director in 2010 and stepping down from the board in September 2013. During this period, Kryso/CNG delineated a 5 million-ounce JORC Mineral Resource at the Pakrut gold project in Tajikistan, completed a bankable feasibility study for the project, obtained debt and equity finance for mine development, and commenced construction of the mine and infrastructure. Prior to his roles with Kryso/CNG, Mr Brown held positions with Gulf International Minerals Ltd and Nelson Gold Ltd, both of which also successfully put gold mines into production during his tenure.

Strategic Report

The Directors of the Company present their Strategic Report for the year ended 30 September 2019.

Principal Activities

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

The main current area of activity is Central Victoria, Australia.

Future Developments

The Group will continue seeking to advance and add value to its projects through exploration activities, and, in addition, is actively considering potential transactions in relation to certain of its projects, which may create value for the Company and its shareholders.

The Group also continues to review potential new projects on a highly selective basis, with a concentration on precious, base and strategic metals.

Organisation Review

The Company is incorporated in England but operates in other countries through foreign subsidiaries and contractual arrangements. Craig Brown, Director & Chief Executive Officer is based in the United Kingdom while Weili Tang, Non-Executive Chairman, is based in the People's Republic of China (PRC). The corporate structure of the Group reflects its present and historical activities and the requirement, where appropriate, to have incorporated entities in particular countries.

The Group's exploration activity in Argentina has been undertaken through an Argentinian wholly owned subsidiary, Ochre Mining SA. Subsequent to the year-end, Ochre Mining SA was sold. There are two dormant subsidiaries, both registered in the USA, which relate to past projects.

The Company has a wholly owned Australian subsidiary named Mercator Gold Australia Pty Ltd ("MGA"), which was released from external administration in December 2014. MGA has accumulated substantial tax losses from its past trading, and is therefore a suitable vehicle for any future profit generative activities of the Group in Australia.

The Group's activities in the Philippines, which ceased in 2016, were undertaken under the auspices of an earn-in and joint venture agreement. Further details of the Group's interests in Argentina and the Philippines can be found under "Operating Review" below.

The Directors aim to ensure that the Group operates with as low a cost base as is practical in order to maximise the amount spent on mineral exploration and development, in which activities the expertise and experience of the Directors and consultants of the Group are employed to add value to the Group's projects. The Company has two male Directors, one of whom is an employee, and two other employees. The services of various consultants are utilised to meet the needs of the Group in respect of technical and other activities.

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

Financial & Performance Review

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

For the year to 30 September 2019 the Group recorded a total comprehensive loss attributable to shareholders of the Company of £762,586, a small increase compared with £721,460 for the year to 30 September 2018. In both 2018 and 2019, the largest contributor to the total comprehensive loss was the line item "other administrative expenses", which represents the costs of operating the Group and carrying out exploration at its projects, where these costs are ineligible for capitalisation under applicable accounting standards. Significant components include consultancy and professional fees, public relations and promotional activities, rent and travel expenses.

The Group's net assets as at 30 September 2019 were £3,640,604, in comparison with £3,651,545 at 30 September 2018.

Exploration activity took place in Central Victoria, Australia during the year to 30 September 2019, as discussed in the Chief Executive Officer's Report and later under "Operating Review". Capitalised exploration assets are valued in the Consolidated Statement of Financial Position at cost; this value should not be confused with the realisable value of the relevant projects or be considered to determine the value accorded to the projects by the stock market, which in both cases may be considerably different.

Strategy and Business Model

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

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

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

The Group's business model is to be an efficient and successful explorer and developer of mineral deposits.

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

The business model is put into practice by the Directors combined with the use of consultants on an as required basis, both in the UK and overseas. In this way, overheads can be kept as low as possible and the flexibility of the Group can be maintained.

Key Performance Indicators ("KPIs")

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

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

Project development:

The Group reports the achievement of exploration and development targets, including results of exploration, definition of exploration targets, and reporting of mineral resources and mineral reserves, using internationally recognised protocols. During the year drilling results were obtained from the Blue Moon prospect in the Bailieston gold project area (EL5433) and the Creswick gold project (EL006184), in Central Victoria, Australia. These drilling programmes are considered to have fulfilled their intended purpose.

End of year cash balance and attributable cash resources:

This KPI is of critical importance and it is a good indicator of whether the Group has sufficient financial resources. The Directors take all necessary steps to minimise the rate of cash burn on overheads (commensurate with ensuring that the Group's quality standards, including its human resources, are not compromised and that it has adequate resources, both human and otherwise, to carry out its activities). The Group held £268,517 of cash and cash equivalents at 30 September 2019, versus £781,142 at the beginning of the year. The Directors consider the performance of the Group in this regard to be in line with the activities required to fulfil the Group's work programmes.

Operating Review

As mentioned above, the Group's current physical operations are located in Central Victoria, Australia. At the year-end, the Group held interests in Argentina and the Philippines but did not carry out significant operations in either jurisdiction during the year and has not done so since the year-end. Subsequent to the year-end, the Company sold its Argentine subsidiary Ochre Mining SA. Potential new projects are reviewed from time to time in line with the strategy discussed earlier in this Strategic Report.

Avoca, Bailieston, Creswick, Moormbool and Timor Gold Projects, Victoria, Australia

These projects are located in Central Victoria and are 100% held by ECR's wholly owned Australian subsidiary MGA. The exploration licences comprising the Moormbool (EL006280) and Timor (EL006278) projects were granted to MGA during the year ended 30 September 2017, while the Avoca (EL5387) and Bailieston (EL5433) exploration licences were acquired from Currawong Resources Pty Ltd ("Currawong") pursuant to a deed of assignment (the "Deed") entered into between MGA and Currawong during the year ended 30 September 2016.

The Company announced the acquisition of the Creswick licence, EL006184, in April 2018. EL006913, which abuts EL006280, was granted to MGA in March 2019.

In respect of future production from the Avoca and/or Bailieston projects (if any), the original holder of the licences, Currawong, is entitled to be paid a net profits interest royalty of 20% in respect of mine dumps and 10% in respect of other deposits. Royalties on the same basis would also be payable, subject to the terms of the Deed, in respect of a 10km Area of Interest (as that term is defined in the Deed) surrounding the Avoca and Bailieston projects. This is considered likely to bring the Moormbool and Timor projects within the ambit of the royalties. Total royalties payable to Currawong under the Deed are capped at AUD 3.5 million. In addition, AUD150,000 worth of ECR shares will become issuable to Currawong if any Tenement (as that term is defined under the Deed) reaches commercial production.

Exploration activities on MGA's projects in Victoria during the year ended 30 September 2019 and since the year-end are discussed in the Chief Executive Officer's Report.

Windidda Gold Project, Western Australia

In late 2018, MGA applied for a total of nine exploration licences in Western Australia to comprise the Windidda project, of which five have now been granted. The remaining four licence applications have been withdrawn, in light of objections to the expedited grant procedure from native title parties and the findings of preliminary desktop work to assess the prospectivity of the licence areas. This work suggests that the southern parts of the project are potentially prospective for komatiite hosted nickel-copper-PGE (platinum group element) mineralisation, as well as orogenic gold.

SLM Gold Project, Argentina

Subsequent to the year-end, the Company sold its wholly owned Argentine subsidiary Ochre Mining SA, which holds the SLM gold project in La Rioja, Argentina. The sale allows ECR to focus on its core gold exploration activities in Australia.

The purchaser, Hanaq Argentina SA ("Hanaq"), is a Chinese-owned company engaged in lithium, base and precious metals exploration in Northwest Argentina including Salta, Jujuy and La Rioja, with a highly experienced management team.

Ochre's sole asset is the SLM gold project, which comprises seven mining licences in La Rioja, Argentina. Hanaq has purchased 100% ownership of Ochre from ECR. The consideration for the acquisition is the grant to ECR of a 2% net smelter return (NSR) royalty in respect of four of the licences, and a 1% NSR royalty in respect of the other three licences. The NSR is capped at USD 2.7 million in aggregate (across all licences).

Danglay gold project, Philippines

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

Activities under the Agreement commenced in December 2013 and ceased when the Earn-In Option (as that term is defined in the Agreement) was terminated in August 2016. The Philippine mining industry is enduring a period of significant political and regulatory upheaval, which has been particularly intense and unpredictable since June 2016. In light of this, termination of the Earn-In Option was considered a prudent step for the Company to take.

The Agreement gave ECR the exclusive right and option to earn a 25% or 50% interest in Cordillera Tiger and thereby in the Danglay project. Under the terms of the Agreement, ECR was the operator of the Danglay project, through Cordillera Tiger. The completion of various exploration programmes generated valuable data which is relevant to the assessment of the project's economic potential.

In December 2015, the Company published an NI43-101 technical report (the "Report") in relation to the Danglay project. The Report also disclosed a target for further exploration, as permitted by NI43-101. The Report supports the disclosure on 5 November 2015 of an inferred mineral resource estimate for oxide gold mineralisation at Danglay.

Under the Agreement, the estimation of this mineral resource and the making of expenditures exceeding US$500,000 in connection with the Danglay project, entitle ECR to a 25% interest in Cordillera Tiger. Both conditions have been satisfied, but the relevant shareholding has yet to be issued, despite a resolution of Cordillera Tiger's board of directors authorising the issuance.

One of the delaying factors is a lawsuit which has been filed in the Philippines against three members of the Cordillera Tiger board. The lawsuit challenges, among other things, the resolution approving the issuance of shares in Cordillera Tiger to ECR. The plaintiff in the suit is Patric Barry, a director of Cordillera Tiger at the time the suit was initiated. The Company considers the lawsuit to be a transparent and unscrupulous attempt to obstruct Cordillera Tiger's performance of its contractual obligations and deprive ECR of its rightful shareholding.

Renewal of the EP for a further two-year term was applied for in September 2015, and in June 2016 the renewed EP was issued to Cordillera Tiger for signature and return to the Philippine authorities. The final renewed EP has yet to be provided to Cordillera Tiger, and the status of the renewal is unclear. Given the political and regulatory uncertainty affecting the mining sector in the Philippines, the delay is not unexpected.

The Danglay project remains attractive from a technical standpoint, but due to the high level of political and regulatory risk affecting the Philippine mining sector, only limited efforts by ECR to enforce its rights in respect of Cordillera Tiger have to date been considered commercially justifiable.

However, the political climate for the minerals industry in the Philippines appears on course to improve in future, and the Directors are aware of the circumstances surrounding the aforementioned litigation and consider that a favourable outcome for the Company (which is not a party to the litigation) is more likely than not.

Principal Risks and Uncertainties

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

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

Exploration Risk

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

Development Risk

All mineral exploration and development projects may be subject to delays and/or unforeseen difficulties arising from bad weather, natural disasters, non-availability or delayed availability of licences or permits, changes in the terms on which key licences or permits are available, commissioning of operations, and the raising of finance, among other factors. The risk of delays and unforeseen difficulties is mitigated when practical and legal to do so. However, the risk remains that such factors may render a project unfeasible, or not economically feasible.

Commodity Prices

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

Resource Risk

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

Mining & Processing Technical Risk

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

Environmental Risks

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

Financing Risk

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

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

Partner Risks

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

Political & Regulatory Risk

This takes many forms and can exist in developed countries (enhanced environmental requirements, changes in taxation, etc.) as well as less developed countries (civil unrest, government expropriation of mineral assets, corruption etc.). Risks of this nature have affected the Company's interest in the Danglay gold project in the Philippines, where uncertainty regarding government policy towards the mining sector continues to act as a brake on the development of the industry.

Internal Control & Risk Management

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

The on-going financial performance of the Group is monitored regularly, risks are identified and where necessary adjustments are made as early as is possible.

The Board, subject to the necessary shareholder authority, regularly reviews capital investment, project acquisitions and disposals, borrowing facilities (if any), insurance and any guarantee arrangements.

Forward Looking Statements

This Annual Report & Accounts 2019 may include forward looking statements. Such statements may be subject to a number of known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from current expectations. There can be no assurance that such statements will prove to be accurate and therefore actual results and future events could differ materially from those anticipated in such statements.

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

Corporate Governance

Since September 2018, all AIM-quoted companies have been required to apply a recognised corporate governance code. The Company has chosen the Quoted Companies Alliance (QCA) Corporate Governance Code published in April 2018 for this purpose. High standards of corporate governance are a priority for the Board, and details of how ECR addresses the key governance principles defined in the QCA code are set out below, and on the Company's website in accordance with AIM Rule 26.

<u>Deliver growth</u>

1. Strategy and business model

ECR's business model and strategy to deliver shareholder value are set out in this Strategic Report, together with the Company's values and risk management approach.

2. Understanding and meeting shareholder needs and expectations

The Company maintains a contact form on its website which investors can use to contact the Company. This form is prominently displayed on the Company's website together with its address and phone number.

Annual general meetings are held, which all members have the right to attend, and during each annual general meeting, time is set aside specifically to allow questions from attending members to be addressed to the Board. As the Company is too small to have a dedicated investor relations department, the CEO is responsible for reviewing all communications received from members and determining the most appropriate response. In addition to these passive measures, the CEO typically engages with members through investor shows once or twice each year, which seems to be effective.

3. Stakeholder and social responsibilities

In addition to its members, the Company recognises that its main stakeholder groups are its employees, consultants and contractors, and the communities and governmental authorities where the Company and its subsidiaries operate. Where necessary, the Company dedicates significant time to understanding and acting on the needs and requirements of each of these groups. Board members assess the needs and requirements of the Company's stakeholders as and when they interact with each stakeholder group, usually through meetings and dialogue, and matters are then be raised at Board level for appropriate action.

With regard to corporate social responsibility, the Board is aware of the impact the activities of the Company and its subsidiaries may have on the communities in which they operate, and aims to ensure this impact is positive.

4. Risk management

The Company operates in the mineral exploration and development sector, which is generally high risk but can provide exceptionally high returns for shareholders. The Company maintains a register of risks across a number of categories including personnel, competition, finance, environmental, political, technical and legal.

The risks are identified on an annual basis and discussed with the auditors, and kept up to date with the aid of regular discussions at Board level. For each risk the Board estimates the potential impact and likelihood of adverse events, and identifies mitigating strategies. This register is reviewed periodically as the Company's situation changes and at a minimum annually to determine whether the systems in place are effective or need updating.

<u>Maintain a dynamic management framework</u>

5. Board structure

The Board currently comprises one executive director and one independent non-executive chairman. The Board meets at least quarterly, and all current directors have attended all Board meetings held in the current financial year (subject to his being a director at that time). Under the Company's articles of association, each director must periodically offer himself for re-election by vote of the members at the Company's annual general meeting.

The contracts of engagement for the Company's non-executive directors routinely require that they devote such of their time as is reasonably necessary to perform their duties. In addition, they may provide paid consulting services in respect of work going beyond the role of a non-executive director.

The Company notes that best practice under the QCA code is to have at least half the Board made up of independent non-executive directors.

In addition, the Company notes that its Non-Executive Chairman David Tang has been in post for more than one year and the Board is satisfied as to his independence, especially in light of the periodic requirement for all directors to offer themselves for re-election, which offers shareholders an opportunity to vote on their suitability.

During the past twelve months there have been 8 formal board meetings and all directors in office at the relevant time attended.

6. Board diversity and experience

The individuals who have been appointed to the Board have been chosen because of the skills and experience they offer. The members of the Board at the present time are listed earlier in this annual report, together with an outline of their experience, skills and personal qualities relevant to the Company's business.

The diverse experience and expertise of the directors is intended to ensure that the Board has the skills and capabilities to manage the Company for the benefit of shareholders over the medium to long term.

The Company has no specific advisers to the board other than its lawyers and AIM nominated adviser. Craig Brown acts in the role of Company Secretary.

7. Board performance & evaluation

Evaluation of the performance of the Board has historically been implemented in an informal manner. In the future however, the Board will formally review and consider the performance of each director at or around the time of the Company's annual general meeting using a process which is currently under development.

On an ongoing basis, Board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current Board members, however the Board considers that the Company is too small to have an internal succession plan and that it would not be cost effective to maintain an external candidate list prior to the need arising.

8. Corporate culture

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value in the medium to long term. Adherence to these standards is a key factor in the evaluation of performance within the Company, including during annual performance reviews. In addition, staff matters are a standing topic at every Board meeting and the CEO reports on any notable examples of behaviours that either align with or are at odds with the Company's stated values. The Board believes that the Company's culture encourages collaborative, ethical behaviour which benefits employees and shareholders. The Board further believes that all employees and consultants worked in line with the Company's values during the financial year ended 30 September 2019 and since. This has been assessed by the Board in the course of the day to day management of the Company, which is feasible given the relatively small size of the organisation.

9. Governance structures

Due to the size of the Company all strategic and major commercial matters are reserved for the Board.

The key Board roles are as follows:

Chair: The primary responsibility of the Chair is to lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model. The Chair has sufficient separation from the day-to-day business to be able to make independent decisions.

The Chair is also responsible for making sure that the Board agenda concentrates on the key issues, both operational and financial, with regular reviews of the Company's strategy and its overall implementation.

Chief Executive Officer (CEO): Charged with the implementation of the strategy set by the Board. Works with the Chair and non-executives in an open and transparent way. Keeps the Chair and the Board as a whole up-to-date with operational performance, risks and other issues to ensure that the business remains aligned with the strategy.

The Board has two committees. They are as follows:

Audit committee: The audit committee meets to consider matters relating to the Company's financial position and financial reporting. The audit committee reviews the independence and objectivity of the external auditors. The committee reviews the independence and objectivity of the external auditors, PKF Littlejohn LLP, as well as the amount of non-audit work undertaken by them, to satisfy itself that this will not compromise their independence. Details of the fees paid to PKF Littlejohn LLP during each financial year are given in the annual accounts. The audit committee currently comprises David Tang (Non-Executive Chairman) and Craig Brown (Chief Executive Officer).

Remuneration committee: The remuneration committee has been established primarily to determine the remuneration, terms and conditions of employment of the executive directors of the Company. Any remuneration issues concerning non-executive directors are also resolved by this committee, although no director participates in decisions that concern his own remuneration. The remuneration committee comprises David Tang (Non-Executive Chairman) and Craig Brown (Chief Executive Officer).

Due to the nature of the size of the Company all major operational decisions are reserved for the Board. For the same reason, matters delegated to committees of the Board have been dealt with during the course of ordinary

Board meetings, with no separate meetings having been held during the year for the individual committees. The appropriateness of the Company's governance structures will be reviewed as the Company evolves, and changes made as necessary.

<u>Build trust</u>

10. Stakeholder communication

On the Company's website shareholders can find all historical regulatory announcements, notices of general meetings, governance-related materials, interim reports and annual reports. Annual reports and notices of general meetings are posted directly to all registered shareholders, and the outcome of general meetings is disclosed in a clear and transparent manner via regulatory announcements.

As described earlier, the Company also maintains web-based and phone contacts which shareholders can use to make enquiries or requests.

Corporate Responsibility

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

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

Shareholders

The Board seeks to protect shareholders' interests at all times by operating in accordance with the corporate governance arrangements set out above, and by ensuring that each Board decision is taken with due regard to the interests of shareholders as a whole. In addition to making appropriate news releases and publishing financial reports, the Directors encourage communication with shareholders at annual general meetings and by participating in investor presentations, Q&A sessions and via social media.

Environment

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

Human Rights

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

Employees

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

Suppliers & Contractors

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

Health & Safety

The activities of the Group are carried out in accordance with all applicable laws on health & safety.

This Strategic Report was approved by the Directors on 30 March 2020.

Craig Brown

Director and Chief Executive Officer

Principal Activities

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

Details of significant events after the reporting date are also disclosed in Note 21 to the financial statements.

Impact of COVID-19 Pandemic

At the date of this report, many countries are experiencing severe disruption as a result of the COVID-19 pandemic. The suspension of many international travel routes as well as domestic movement restrictions within the UK and Australia is affecting the Group's operations, but due to the nature of present activities, the impact has been minimal. In the medium term, the Board expects the Group to be able to resume normal operations as restrictions are lifted. In the meantime, measures will be taken to conserve cash where possible.

Financial Risk Management Objectives and Policies

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

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

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

Further details of the Group's financial risk management objectives and policies are set out in Note 19 to the financial statements.

Position of the Company and Going Concern

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

Based on a review of the Group's budgets and cash flow forecasts and the expected sources of financing available, including the potential sale of certain assets for cash, and/or, if required, the potential to raise equity financing, the Directors are satisfied that the Group and Company will have sufficient resources to continue their operations and to meet their commitments for the next at least the next 12 months. The Directors have considered the present economic and financial climate (including the COVID-19 pandemic) as specifically pertaining to the Company and its peer group and are confident in the ability of the Company to raise funding as required to sustain and develop the operations of the Group.

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

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

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

The Impact of Brexit on the Group

The Board has considered the extent of solvency, liquidity and other risks and uncertainties arising from the withdrawal of the United Kingdom from the European Union ("Brexit") that may threaten the long term viability of the Group. The Board does not envisage Brexit having a significant impact on the Group, based on the geographical location of the Group's current exploration projects and investor base.

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

Dividends

The results for the year are set out in the Consolidated Income Statement. No dividend is proposed in respect of the year (2018: nil). The Group loss for the year of £757,210 (2018 loss of £550,018) has been taken to reserves together with the comprehensive income and loss.

Directors

The Directors who served during the year and to the date of this report were:

Weili (David) Tang
Craig William Brown
Samuel James Melville Garrett (appointed 22 February 2019, resigned effective 6 September 2019)

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

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

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

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

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

Directors' Interests

Directors who held office at 30 September 2019 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 2019 no. of shares	30 September 2018 no. of shares
C W Brown	2,977,842	1,549,271
Weili (David) Tang	1,428,572	–
	4,406,414	1,549,271

Additionally, Directors of the Company who held office at 30 September 2019 held the following share options granted under the Company's unapproved share option scheme:

	Options Issued	Date Issued	Expiry Date	Exercise Price
C W Brown	4,076,984	27/02/2017	27/02/2022	£0.01725

Share Capital and Substantial Share Interests

On 20 March 2020, the Company was aware of the following holdings of 3% or more in Company's issued ordinary share capital of 450,930,783 ordinary shares of £0.00001 each.

Registered Shareholder	Number of shares	% Holding
The Bank of New York (Nominees) Limited	56,784,963	12.59
Jim Nominees Limited	44,693,027	9.91
Interactive Investor Services Nominees Limited	43,435,551	9.63
Share Nominees LTD	32,388,232	7.18
Barclays Direct Investing Nominees Ltd	30,423,047	6.75
Interactive Investor Services Nominees Limited	28,491,309	6.32
Hargreaves Lansdown (Nominees) Limited	26,593,594	5.90
HSDL Nominees Limited	26,014,763	5.77
Hargreaves Lansdown (Nominees) Limited	19,256,094	4.27
Hargreaves Lansdown (Nominees) Limited	19,029,737	4.22
HSDL Nominees Limited	19,021,262	4.22

Statement of Directors' Responsibilities

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group'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.

Directors' and Officers' Liability Insurance

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

Statement on Disclosure of Information to Auditors

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

- so far as they are individually aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware; and

- each of the Directors has taken all the steps that they should have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Auditor

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

Annual General Meeting

The annual general meeting of the Company will be held at 9.00 am on 27 April 2020 at Chester House, 81-83 Fulham High Street, Fulham Green, London SW6 3JA, United Kingdom. Notice of the annual general meeting is enclosed.

This report was approved by the Board on 30 March 2020.
By order of the Board

Craig Brown
Director and Chief Executive Officer

Independent Auditor's Report to the Members of ECR Minerals Plc

Opinion

We have audited the financial statements of ECR Minerals Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. 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.

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 2019 and of the group's and parent company'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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group's ability to meet contracted and committed expenditure for the 12 months from the date of approval of the financial statements is reliant on further fundraising and additional cash inflows from the planned sale of assets. The total comprehensive loss for the Group during 2019 was £757,210, with cash outflows of £507,250, and a year-end cash balance in the Group of £268,517. The Group will require further funding within a period of 12 months from the date of approval of the 2019 financial statements in order to avoid a cash deficit, which is not yet committed. In addition, the potential impact of COVID-19, whilst not yet fully understood, will likely have an impact on the operations of the business and the ability to raise additional equity funds.

As stated in note 2, these events or conditions, along with the other matters as set forth in the Chairman's statement in relation to COVID-19, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our application of materiality

Group materiality 2019	Group materiality 2018	Basis for materiality
£60,000	£50,000	2% gross assets (2018: gross assets and loss before tax)

Our calculated level of materiality has increased in comparison to the previous year. The reason for this is the increase in gross assets. We believe assets to be the main driver of the business as the Group is still in the exploration stage and therefore no revenues are currently being generated. From a group perspective the key benchmark is gross assets, given that current and potential investors will be most interested in the recoverability of the exploration and evaluation assets.

Whilst materiality for the financial statements as a whole was set at £60,000, each significant component of the Group was audited to an overall materiality ranging between £20,000 – £42,000 with performance materiality set at 70%. We applied the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

We agreed with the audit committee that we would report to the committee all audit differences identified during the course of our audit in excess of £3,000 (2018: £2,500). There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the directors to make subjective judgements, for example in respect of significant accounting estimates including the carrying value of assets and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

An audit was performed on the financial information of the group's operating entities which for the year ended 31 December 2019 were located in the United Kingdom, Australia and Argentina. The group also has operations in the Philippines, for which a separate entity does not exist. The audit work on each significant component was performed by us as Group auditor to component materiality.

The key balance in the overseas entities, Mercator Gold Australia Pty Ltd and Ochre Mining SA, are the exploration and evaluation intangible assets. The significant risk and key audit matter is in relation to the valuation of these assets, to confirm that no impairment is required in line with IFRS 6.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. In relation to Going Concern, the group and parent company are not revenue generating and are reliant on fundraises for cash inflows. Other sources of funds comprise R&D claims, the exercise of share warrants and options, and potential sale of assets.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Recoverability of intangible assets – exploration and evaluation assets (refer note 10) The group as at 30 September 2019 had ongoing early stage exploration projects in Philippines, Argentina and Australia. There is a risk that the expenditure is not correctly capitalised in accordance with IFRS 6. There is also a risk that the capitalised exploration costs are not recoverable and should be impaired. The carrying value of intangible exploration and evaluation assets as at 30 September 2019, which is tested annually for impairment, is £3,295,996. Specifically, there is a dispute over the Danglay Project (Philippines) where ECR believe they have fulfilled the criteria of the Earn-in and JV Agreement such that ECR has earned a 25% interest. Relevant disclosures in the financial statements are made in Note 2 surrounding critical accounting judgements, and in Note 10 for Intangible assets.	Our work in this area included: • Sample testing of exploration and evaluation expenditure to assess their eligibility for capitalisation under IFRS 6 by corroborating to the original source documentation. • Inspection of the current exploration licences and ensure that they remain valid and that the Group has good title. • Review of correspondence (where applicable) with licensing authorities to ensure compliance and assess the risk of non-renewal. Assess the results and progress of the projects and whether they indicate the existence of commercially viable projects. • Review and challenge of management's documented consideration of impairment by individual project. Evaluate the key underlying assumptions. • Establishing the intention of the Board to undertake future exploration work. • Review of any internal / external resource estimates produced during the year. • Discussion of status of all projects with management. As disclosed in Note 10 to the financial statements, the Group has not yet formally acquired title to its 25% interest in Cordillera Tiger Gold Resources, Inc. ("Cordillera") which is the holder of the exploration permit for the Danglay gold project in the Philippines. The conditions for the earn-in have been satisfied but the relevant shareholding has yet to be issued, despite the Board of Cordillera authorising the issue. In addition, the exploration permit for the Danglay gold project held by Cordillera expired on 30 September 2015. Cordillera is currently waiting for the Philippine authority to formally grant its renewal application. This indicates the existence of a material uncertainty over the recoverability of the carrying value of the Danglay gold project, which amounted to £1,180,666 as at 30 September 2019.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditors responsibilities. This description forms part of our auditor's report.

Use of our report

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.

David Thompson

David Thompson (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor
15 Westferry Circus
Canary Wharf
London E14 4HD
30 March 2020

Consolidated Income Statement

For the year ended 30 September 2019 ECR Minerals plc company no. 5079979

	Note	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Continuing operations			
Other administrative expenses		**(833,203)**	(544,521)
Currency exchange differences		**(6,051)**	(6,912)
Gain from hyperinflation adjustment		**113,310**	-
Total administrative expenses		**(725,945)**	(551,433)
Operating loss	*3*	**(725,945)**	(551,433)
Other financial assets – fair value movement	*9*	**(8,112)**	(971)
Aborted transaction option fee		**(25,000)**	-
		(759,056)	(552,404)
Financial income	*7*	**1,846**	1,386
Financial expense			1,000
Finance income and costs		**1,846**	2,386
Loss for the year before taxation			
Income tax	*5*	**(757,210)**	(550,018)
Loss for the year from continuing operations		**(757,210)**	(550,018)
Loss for the year - all attributable to owners of the parent		**(757,210)**	(550,018)
Earnings per share - basic and diluted			
On continuing operations	*4*	**(0.18)p**	(0.21)p

The notes on pages 26 to 42 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2019 ECR Minerals plc company no. 5079979

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Loss for the year	**(757,210)**	(550,018)
Items that may be reclassified subsequently to profit or loss		
Loss on exchange translation	**(5,375)**	(171,442)
Other comprehensive loss for the year	**(5,375)**	(171,442)
Total comprehensive loss for the year	**(762,586)**	(721,460)
Attributable to: -		
Owners of the parent	**(762,586)**	(721,460)

The notes on pages 26 to 42 are an integral part of these financial statements.

Consolidated & Company Statement of Financial Position

At 30 September 2019 ECR Minerals plc company no. 5079979

		Group		Company	
	Note	**30 September 2019 £**	30 September 2018 £	**30 September 2019 £**	30 September 2018 £
Assets					
Non-current assets					
Property, plant and equipment	*8*	**1,041**	3,033	**548**	1,764
Investments in subsidiaries	*9*	**–**	–	**852,728**	852,728
Intangible assets	*10*	**3,295,996**	2,859,474	**2,272,553**	2,256,309
Other receivables	*11*	**–**	–	**983,864**	538,494
		3,297,038	2,862,507	**4,109,694**	3,649,295
Current assets					
Trade and other receivables	*11*	**108,653**	79,413	**616,190**	471,670
Financial assets at fair value through profit or loss	*9*	**13,187**	21,299	**13,187**	21,299
Cash and cash equivalents	*12*	**268,517**	781,142	**227,508**	749,025
		390,357	881,854	**856,885**	1,241,994
Total assets		**3,687,395**	3,744,361	**4,966,578**	4,891,289
Current liabilities					
Trade and other payables	*14*	**46,791**	92,816	**22,990**	75,662
		46,791	92,816	**22,990**	75,662
Total liabilities		**46,791**	92,816	**22,990**	75,662
Net assets		**3,640,604**	3,651,545	**4,943,589**	4,815,627
Equity attributable to owners of the parent					
Share capital	*13*	**11,284,845**	11,283,756	**11,284,845**	11,283,756
Share premium	*13*	**45,391,202**	44,460,171	**45,391,202**	44,460,171
Exchange reserve		**(394,876)**	(389,501)	**–**	–
Other reserves		**742,698**	1,381,998	**742,698**	1,381,998
Retained losses		**(53,383,265)**	(53,084,879)	**(52,475,157)**	(52,310,298)
Total equity		**3,640,604**	3,651,545	**4,943,589**	4,815,627

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The loss for the parent company for the year was £623,683 (2018: £373,149 loss).

The notes on pages 26 to 42 are an integral part of these financial statements. The financial statements were approved and authorised for issue by the Directors on 30 March 2020 and were signed on its behalf by:

Weili (David) Tang
Non–Executive Chairman

Craig Brown
Director & Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 30 September 2019

ECR Minerals plc company no. 5079979

	Share capital (Note 13) £	Share premium (Note 13) £	Exchange reserve £	Other reserves £	Retained reserves £	Total £
Balance at 30 September 2017	11,281,628	43,823,335	(218,059)	1,381,998	(52,534,860)	**3,735,226**
Loss for the year	–	–	–	–	(550,018)	**(550,018)**
Loss on exchange translation	–	–	(171,442)	–	–	**(171,442)**
Total comprehensive loss	–	–	(171,442)	–	(550,018)	**(721,460)**
Shares issued	929	649,071	–	–	–	**650,000**
Share issue costs	–	(27,220)	–	–	–	**(27,220)**
Shares issued in payment of creditors	15	14,985	–	–	–	**15,000**
Total transactions with owners, recognised directly in equity	944	636,836	–	–	–	**637,780**
Balance at 30 September 2018	11,283,756	44,460,171	(389,501)	1,381,998	(53,084,878)	**3,651,546**
Loss for the year	–	–	–	–	(757,120)	**(757,120)**
Gain/loss on exchange translation	–	–	(5,375)	–	–	**(5,375)**
Total comprehensive loss	–	–	(5,375)	–	(757,120)	**(762,586)**
Shares issued	1,039	737,745	–	–	–	**738,784**
Share issue costs	–	(38,040)	–	–	–	**(38,040)**
Lapsed or expired share based payments	–	180,476	–	(639,300)	458,824	**–**
Shares issued in payment of creditors	50	50,850	–	–	–	**50,900**
Total transactions with owners, recognised directly in equity	1,089	931,031	–	(639,300)	458,824	**751,644**
Balance at 30 September 2019	11,284,845	45,391,202	(394,876)	742,698	(53,383,264)	**3,640,604**

The notes on pages 26 to 42 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 September 2019 ECR Minerals plc company no. 5079979

	Share capital (Note 13) £	Share premium (Note 13) £	Other reserves £	Retained reserves £	Total £
Balance at 30 September 2017	11,282,812	43,823,335	1,381,998	(51,937,148)	**4,550,997**
Loss for the year	–	–	–	(373,149)	**(373,149)**
Total comprehensive expense	–	–	–	(373,149)	**(373,149)**
Shares issued	929	649,071	–	–	**650,000**
Share issue costs	–	(27,220)	–	–	**(27,220)**
Shares issued in payment of creditors	15	14,985	–	–	**15,000**
Total transactions with owners, recognised directly in equity	944	636,836	–	–	**637,780**
Balance at 30 September 2018	11,283,756	44,460,171	1,381,998	(52,310,297)	**4,815,628**
Loss for the year				(623,683)	**(623,683)**
Total comprehensive expense	–	–	–	(623,683)	**(623,683)**
Shares issued	1,039	737,745			**738,784**
Share issue costs		(38,040)			**(38,040)**
Lapsed or expired share based payments		180,476	(639,300)	458,824	**–**
Shares issued in payment of creditors	50	50,850			**50,900**
Total transactions with owners, recognised directly in equity	1,089	931,031	(639,300)	458,824	**751,644**
Balance at 30 September 2019	11,284,845	45,391,202	742,698	(52,475,156)	**4,943,589**

The notes on pages 26 to 42 are an integral part of these financial statements.

Consolidated & Company Cash Flow Statement

For the year ended 30 September 2019 ECR Minerals plc company no. 5079979

	Note	Group Year ended 30 September 2019 £	Group Year ended 30 September 2018 £	Company Year ended 30 September 2019 £	Company Year ended 30 September 2018 £
Net cash used in operations	*20*	**(773,318)**	(563,850)	**(761,915)**	(547,730)
Investing activities					
Increase in exploration assets	*10*	**(436,522)**	(302,794))	**(16,244)**	(75,998)
Investment in subsidiaries		**–**	–	**–**	(558)
Loan to subsidiary		**–**	–	**(455,370)**	(297,524)
Interest income		**1,84**6	1,386	**1,268**	1,268
Net cash used in investing activities		**(434,676)**	(301,408)	**(460,346)**	(372,812)
Financing activities					
Proceeds from issue of share capital (net of issue costs)		**700,744**	622,780	**700,744**	622,780
Net cash from financing activities		**700,744**	622,780	**700,744**	622,780
Net change in cash and cash equivalents		**(507,250)**	(242,478)	**(521,517)**	(297,762)
Cash and cash equivalents at beginning of the year		**781,142**	1,082,994	**749,025**	1,046,787
Effect of changes in foreign exchange rates		**(5,375)**	(59,374)	**–**	–
Cash and cash equivalents at end of the year	*12*	**268,517**	781,142	**227,508**	749,025

Non-cash transactions:

1. Settlement of creditors of £89,684 (2018: £15,000) with ordinary shares.

The notes on pages 26 to 42 are an integral part of these financial statements.

1 General information

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

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

2 Accounting policies

Overall considerations

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

Basis of preparation

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

The Group and Parent Company financial statements have been prepared on a going concern basis as explained in the Directors' Report on page 14.

New accounting standards and interpretations

At the date of approval of these financial statements, certain new standards, amendments and interpretations have been published by the International Accounting Standards Board but are not as yet effective and have not been adopted early by the Group or Company. All relevant standards, amendments and interpretations will be adopted in the Group's and Company's accounting policies in the first period beginning on or after the effective date of the relevant pronouncement.

Standards that came into effect during the year

During the year the Group and Company have adopted the following standards and amendments:

- IFRS 9 Financial Instruments

The adoption of this standard and amendments did not have any impact on the financial position or performance of the Group or Company. The accounting policies surrounding financial instruments have been updated as appropriate in order to comply with the new standard. The key change for the group is in relation to 'available for sale' financial assets – this classification no longer exists under IFRS 9 and these assets are now recognised as financial assets at fair value through profit or loss. This has not resulted in any adjustments being recorded in the current year or in respect of previous years.

Standards issued but 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:

- IFRS 16 Leases (effective 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective 1 January 2019)

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

- Amendments to IFRS 3 Business Combinations (effective 1 January 2020)
- Amendments to IAS 1 and IAS 8 Definition of Material (effective 1 January 2020)

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

Hyperinflation

Application of IAS 29 in financial reporting of Argentine subsidiary

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of entities whose functional currency is that of a hyperinflationary economy to be adjusted for the effects pf changes in a suitable general price index and to be expressed in terms of the current unit of measurement at the closing date of the reporting period. Accordingly, the inflation produced from the date of acquisition or from the revaluation date, as applicable, must be computed in the non-monetary items.

In order to conclude on whether an economy is categorized as hyperinflationary under the terms of IAS 29, the Standard details a series of factors to be considered, including the existence of a cumulative inflation rate in three years that approximated or exceeds 100%. Considering that the downward trend in inflation in Argentina observed in the previous year has reversed and observing a significant increase in inflation during 2018, which exceeded the 100% three-year cumulative inflation rate, and that the rest of the indicators do not contradict the conclusion that Argentina should be considered a hyperinflation economy for accounting purposes, the Group considered that there was sufficient evidence under the terms of IAS 29 as from July 1, 2018, and, accordingly, applied IAS 29 as from that date in the financial reporting of its subsidiaries with the Argentine peso as functional currency.

According to this principle, the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current on the date of the financial statements. All statement of financial position amounts that are not stated in terms of the measuring unit current on the date of financial statements must be restated by applying a general price index. All income statement components must be stated in terms of the measuring unit current on the date of the financial statements, applying the change in the general price index that occurred since the date when revenues and expenses were originally recognised in the financial statements.

The inflation adjustment on the initial balances was calculated by means of conversion factor derived from the Argentine price indexes published by the National Institute of Statistics.

The main procedure for the above-mentioned adjustment are as follows:

- Monetary assets and liabilities which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date, and components of shareholders' equity are adjusted by applying the relevant conversion factors.
- All items in the income statement are restated by applying the relevant conversion factors.
- The effect of inflation on the Company's net monetary position is included in the Consolidated income statement, in Finance costs, under the caption "Inflation adjustment results".
- The ongoing application of the re-translation of comparative amounts to closing exchanges rates under IAS 21 and the hyperinflation adjustments required by IAS 29 will lead to a difference in addition to the difference arising on the adoption of hyperinflation accounting.

The comparative figures in these consolidated financial statements presented in a stable currency are not adjusted for subsequent changes in the price level or exchange rates. This resulted in an initial difference, arising on the adoption of hyperinflation accounting, between the closing equity of the previous year and the opening equity of the current year. The Company recognised this initial difference directly in the Translation reserve, in the Statement of changes in equity.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and two of its subsidiaries made up to 30 September 2019. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting and their results consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date such control ceases.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Going concern

It is the prime responsibility of the Board to ensure the Group and Company remains a going concern. At 30 September 2019, the Group had cash and cash equivalents of £268,517 and no borrowings. Subsequent to the year-end, the Company's wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd received a significant cash refund under the Australian government's R&D Tax Incentive scheme of AUD 555,212 (approximately £295,515). Once received, these funds were available for use anywhere within the Group.

The Group's financial projections and cash flow forecasts covering a period of at least twelve months from the date of approval of these financial statements show that the Group will have sufficient available funds in order

to meet its contracted and committed expenditure, based on the potential sale of certain assets for cash, and/or, if required, the potential to raise equity financing. Further details are included in Note 21 to the financial statements. The Directors are confident in the ability of the Group to raise additional funding, if required, from the issue of equity and/or the sale of assets.

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

Cash and cash equivalents

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

Property, plant and equipment

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

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

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

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

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

Exploration and development costs

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

The recoverability of all exploration and development costs is dependent upon continued good title to relevant assets being held (or, in the case of the Company's interest in the Danglay gold project, to good title being secured), the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

Impairment testing

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

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

Provisions

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

Leased assets

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

Taxation

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

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

In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

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

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

Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares, both ordinary and deferred.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issues.
- "Other reserves" represent the fair values of share options and warrants issued.
- "Retained reserves" include all current and prior year results, including fair value adjustments on available for sale financial assets (prior to adoption of IFRS 9 from 1 October 2018), as disclosed in the consolidated statement of comprehensive income.

- "Exchange reserve" includes the amounts described in more detail in the following note on foreign currency below.

Foreign currency translation

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

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

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

The assets and liabilities of the Group's foreign operations are translated at exchange rates ruling at the Statement of Financial Position date. Income and expense items are translated at the average rates for the period. Exchange differences are classified as equity and transferred to the

Group's exchange reserve. Such differences are recognised in the income statement in the periods in which the operation is disposed of.

Share–based payments

The Company awards share options to certain Company Directors and employees to acquire shares of the Company. Additionally, the Company has in previous years issued warrants to providers of loan finance.

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

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

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

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

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

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

Financial instruments

Financial assets

The Group's financial assets comprise equity investments held as financial assets at fair value through profit or loss as required by IFRS 9, and financial assets at amortised cost, being cash and cash equivalents and receivables balances. Financial assets are assigned to the respective categories on initial recognition, based on the Group's business model for managing financial assets, which determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially measured at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment under the expected credit loss model.

The Group's receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial.

Equity investments are held as financial assets at fair value through profit or loss. These assets are initially recognised at fair value and subsequently carried in the financial statements at fair value, with net changes recognised in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

The amount of the expected credit loss is measured as the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that are expected to be received (i.e. all cash shortfalls), discounted at the original effective interest rate (EIR).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and are held at amortised cost. After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Critical accounting estimates and judgements

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

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

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

Capitalisation and recoverability of exploration costs (Note 10):

Capitalised exploration and evaluation costs consist of direct costs, licence payments and fixed salary/consultant costs, capitalised in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". The group and company recognises expenditure in exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral assets. Exploration and evaluation assets are initially measured at cost. Exploration and evaluation Costs are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Any impairment is recognised directly in profit or loss.

Recoverability of investment in subsidiaries including intra group receivables (Note 9 and 11)

The recoverability of investments in subsidiaries, including intra group receivables, is directly linked to the recoverability of the exploration assets in those entities, which is subject to the same estimates and judgements as explained above.

3 Operating loss

The operating loss is stated after charging:	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Depreciation of property, plant and equipment	**1,701**	5,662
Operating lease expenses	**23,746**	22,875
Auditors' remuneration – fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	**21,500**	21,500

4 Earnings per share

Basic and Diluted	Year ended 30 September 2019	Year ended 30 September 2018
Weighted number of shares in issue during the year	**423,047,928**	263,542,617

	£	£
Loss from continuing operations attributable to owners of the parent	**(757,210)**	(550,018)

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

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

5 Income tax

The relationship between the expected tax expense based on the corporation tax rate of 19% for the year ended 30 September 2019 (2018: 19%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Group loss for the year	**(757,210)**	(550,018)
Loss on activities at effective rate of corporation tax of 19% (2018: 19%)	**(143,870)**	(104,503)
Expenses not deductible for tax purposes	**13,024**	10,297
Income not taxable	**1,703**	(241)
Depreciation in excess of capital allowances	**247**	247
Loss carried forward on which no deferred tax asset is recognised	**128,896**	94,200
Current tax expense	**–**	–
Deferred tax (see below)	**–**	–
Total income tax expense	**–**	–

The Company has unused tax losses of approximately £4,750,000 (2018: £4,080,000) to carry forward and set against future profits; and the Company has capital losses of £197,000 to carry forward and set against future capital gains of the Company. The related deferred tax asset has not been recognised in respect of these losses as there is no certainty in regard to the level and timing of future profits.

6 Staff numbers and costs

Group and Company	Year ended 30 September 2019 Number	Year ended 30 September 2018 Number
Directors	**3**	3
Administration	**2**	2
Total	**5**	5

The aggregate payroll costs of these persons were as follows:

	£	£
Staff wages and salaries	**36,163**	12,270
Directors' cash based emoluments	**250,103**	216,176
Social security costs	**20,294**	15,342
Share-based payments	–	–
	306,560	243,788

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	**250,103**	216,176
Employer's national insurance contributions	**14,394**	15,342
Share-based payments	**–**	–
	264,497	231,518

Directors' remuneration

As required by AIM Rule 19, details of remuneration earned in respect of the financial year ended 30 September 2019 by each Director are set out below:

Year ended 30 September 2019

	Salary				
Director	Paid £	Accrued £	Consulting fees £	Pension £	Total £
C Brown	**130,000**	**–**	**–**	**1,052**	**131,052**
W Tang	**54,000**	**4,000**	**42,646**	**–**	**100,646**
S Garrett	**19,457**	**–**			**19,457**
	203,457	**4,000**	**42,646**	**1,052**	**251,155**

Year ended 30 September 2018

	Salary				
Director	Paid £	Accrued £	Consulting fees £	Share–based payments £	Total £
C Brown	101,500	–	–	–	101,500
C St John Dennis	20,400	–	2,000	–	22,400
I Jones	12,000	–	7,000	–	19,000
W Tang	34,539	4,000	29,184	–	67,723
	168,539	4,000	38,184	–	210,623

The highest paid Director received remuneration of £130,000 (2018: £101,500), excluding share–based payments.

7 Finance income

Finance income	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Interest on cash and cash equivalents	**1,846**	1,386
	1,846	1,386

8 Property, plant and equipment

Group

Cost	Furniture & fittings £	Office equipment £	Machinery & equipment £	Total £
At 1 October 2018	2,982	12,917	3,865	**19,764**
Additions	-	-	-	**-**
At 30 September 2019	2,982	12,917	3,865	**19,764**
Depreciation				
At 1 October 2018	1,374	12,653	2,705	**16,732**
Depreciation for the year	954	264	773	**1,991**
At 30 September 2019	2,328	12,917	3,478	**18,723**
Net book value				
At 1 October 2018	1,608	264	1,160	**3,032**
At 30 September 2019	654	-	387	**1,041**

Company

Cost	Furniture & fittings £	Office equipment £	Machinery & equipment £	Total £
At 1 October 2018	890	12,917	3,865	**17,672**
At 30 September 2019	890	12,917	3,865	**17,672**
Depreciation				
At 1 October 2018	551	12,653	2,705	**15,909**
Depreciation for the year	178	264	773	**1,215**
At 30 September 2019	729	12,917	3,478	**17,124**
Net book value				
At 1 October 2018	339	264	1,160	**1,763**
At 30 September 2019	161	-	387	**548**

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

8 Property, plant and equipment *continued*

The comparable table for 2018 is detailed below.

Group

Cost	Furniture & fittings £	Office equipment £	Machinery & equipment £	Total £
At 1 October 2017	2,982	12,917	3,865	**19,764**
At 30 September 2018	2,982	12,917	3,865	**19,764**
Depreciation				
At 1 October 2017	791	8,347	1,932	**11,070**
Depreciation for the year	583	4,306	773	**5,662**
At 30 September 2018	1,374	12,653	2,705	**16,732**
Net book value				
At 1 October 2017	2,191	4,570	1,933	**8,694**
At 30 September 2018	1,608	264	1,160	**3,032**

Company

Cost	Furniture & fittings £	Office equipment £	Machinery & equipment £	Total £
At 1 October 2017	890	12,917	3,865	**17,672**
At 30 September 2018	890	12,917	3,865	**17,672**
Depreciation				
At 1 October 2017	373	8,347	1,932	**10,652**
Depreciation for the year	178	3,299	773	**5,257**
At 30 September 2018	551	12,653	2,705	**15,909**
Net book value				
At 1 October 2017	517	4,570	1,933	**7,020**
At 30 September 2018	339	264	1,160	**1,763**

9 Investments

	Investment in subsidiaries £
Cost as at 1 October 2018	**852,728**
Addition	**-**
Balance at 30 September 2019	**852,728**

The comparable table for 2018 is detailed below:

	Investment in subsidiaries £
Cost as at 1 October 2017	**852,170**
Addition	**558**
Balance at 30 September 2018	**852,728**

9 Investments *continued*

Investment in subsidiaries

At 30 September 2019, the Company had interests in the following subsidiary undertakings:

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

Registered office address of the subsidiaries:

Ochre Mining SA	Reconquista 657, Piso 1, City of Buenos Aires, Argentina
Mercator Gold Australia Pty Ltd	58 Gipps Street, Collingwood Victoria, 3066, Australia
Warm Springs Renewable Energy Corporation	315 Paseo de Peralta, Santa Fe, NM 87501, USA
Copper Flat Corporation (formerly New Mexico Copper Corporation)	315 Paseo de Peralta, Santa Fe, NM 87501, USA

Financial assets at fair value through profit or loss

	2019 £	2018 £
Quoted investments		
At 1 October	**21,299**	22,269
Fair value movements	**(8,112)**	(971)
At 30 September	**13,187**	21,299

The financial asset at 30 September 2018 and 2019 comprises shares in Tiger International Resources, Inc., and is held at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. As at 30 September 2018 this was classified as 'available for sale'.

10 Intangible assets – exploration and development costs

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
At 1 October	**2,859,474**	2,668,747	**2,256,309**	2,180,312
Additions	**500,868**	302,794	**16,244**	75,997
Translation difference	**(64,346)**	(64,346)	**–**	–
At 30 September	**3,295,996**	2,859,474	**2,272,553**	2,256,309

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

	2019 £	2018 £
Danglay Gold Project, Philippines	**1,180,666**	1,176,729
SLM Gold Project, Argentina	**1,155,554**	1,038,418
Central Victorian Gold Projects, Australia	**959,776**	619,327
Iceberg Gold Project	**–**	25,000
At 30 September	**3,295,996**	2,859,474

10 Intangible assets – exploration and development costs *continued*

Danglay Gold Project, Philippines

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

Activities under the Agreement commenced in December 2013 and ceased when the Earn-In Option (as that term is defined in the Agreement) was terminated in August 2016. The Philippine mining industry is enduring a period of significant political and regulatory upheaval, which has been particularly intense and unpredictable since June 2016. In light of this, termination of the Earn-In Option was considered a prudent step for the Company to take.

The Agreement gave ECR the exclusive right and option to earn a 25% or 50% interest in Cordillera Tiger and thereby in the Danglay project. Under the terms of the Agreement, ECR was the operator of the Danglay project, through Cordillera Tiger. The completion of various exploration programmes generated valuable data which is relevant to the assessment of the project's economic potential.

In December 2015, the Company published an NI43-101 technical report (the "Report") in relation to the Danglay project. The Report also disclosed a target for further exploration, as permitted by NI43-101. The Report supports the disclosure on 5 November 2015 of an inferred mineral resource estimate for oxide gold mineralisation at Danglay.

Under the Agreement, the estimation of this mineral resource and the making of expenditures exceeding US$500,000 in connection with the Danglay project entitle ECR to a 25% interest in Cordillera Tiger. Both conditions have been satisfied, but the relevant shareholding has yet to be issued, despite a resolution of Cordillera Tiger's board of directors authorising the issuance.

One of the delaying factors is a lawsuit which has been filed in the Philippines against three members of the Cordillera Tiger board. The lawsuit challenges, among other things, the resolution approving the issuance of shares in Cordillera Tiger to ECR. The plaintiff in the suit is Patric Barry, a director of Cordillera Tiger at the time the suit was initiated. The Company considers the lawsuit to be a transparent and unscrupulous attempt to obstruct Cordillera Tiger's performance of its contractual obligations and deprive ECR of its rightful shareholding.

Renewal of the EP for a further two-year term was applied for in September 2015, and in June 2016 the renewed EP was issued to Cordillera Tiger for signature and return to the Philippine authorities. The final renewed EP has yet to be provided to Cordillera Tiger, and the status of the renewal is unclear. Given the political and regulatory uncertainty affecting the mining sector in the Philippines, the delay is not unexpected.

The Danglay project remains attractive from a technical standpoint, but due to the high level of political and regulatory risk affecting the Philippine mining sector, only limited efforts by ECR to enforce its rights in respect of Cordillera Tiger have to date been considered commercially justifiable.

However, the political climate for the minerals industry in the Philippines appears on course to improve in future, and the Directors are aware of the circumstances surrounding the aforementioned litigation and consider that a favourable outcome for the Company (which is not a party to the litigation) is more likely than not.

11 Trade and other receivables

	Group		Company	
	2019 £	2018 £	**2019** £	2018 £
Non-current assets				
Amount owed by a subsidiary	**–**	–	**960,491**	538,494
Current assets				
Amount owed by a subsidiary	**–**	–	**549,544**	410,556
Other receivables	**67,315**	36,095	**34,573**	17,470
Prepayments and accrued income	**41,339**	43,318	**40,968**	43,644
	108,635	79,413	**625,085**	471,670

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

12 Cash and cash equivalents

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Cash and cash equivalents consisted of the following:				
Deposits at banks	**268,502**	781,139	**227,508**	749,025
Cash on hand	**15**	3	**–**	–
	268,517	1,082,994	**227,508**	749,025

13 Share capital and share premium accounts

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

a) Changes in issued share capital and share premium

	Number of Shares	Ordinary shares £	Deferred 9.9p shares £	Deferred 'B' 0.099p shares £	Deferred 0.199p shares £	Total shares £	Share premium £	Total £
At 1 October 2018	341,962,383	3,420	7,194,816	3,828,359	257,161	11,283,756	44,460,171	55,743,927
Issue of shares less costs	100,000,000	1,039	-	-	-	1,039	699,705	700,744
Shares issued in payment of creditors	8,968,400	50	-	-	-	50	50,850	50,900
Lapsed or expired share based payments	-	-	-	-	-	-	180,476	180,476
Balance at 30 September 2019	**450,930,783**	**4,509**	**7,194,816**	**3,828,359**	**257,161**	**11,284,845**	**45,391,202**	**56,676,047**

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

b) Potential issue of ordinary shares

Share options

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

	Weighted average exercise price 2019 £	Number of options 2019	Weighted average exercise price 2018 £	Number of options 2018
Exercisable at the beginning of the year	**0.108**	**9,254,670**	0.127	9,904,670
Granted during the year	**–**	**–**	–	–
Expired during the year	**–**	**–**	0.40	(650,000)
Exercisable at the end of the year	**0.108**	**9,254,670**	0.108	9,254,670

The options outstanding at 30 September 2019 have a weighted average remaining contractual life of two years and two months (2018: three years).

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

Date granted	Expiry Date	Exercise Price in	No. of Options
6 January 2011	5 January 2021	£5.00	56,000
31 December 2014	30 December 2019	£0.55	1,044,702
27 February 2017	26 February 2022	£0.01725	8,153,968

13 Share capital and share premium accounts *continued*

Share-based payments

There were no options issued during the year.

Share warrants

	Weighted average exercise price 2019 £	Number of warrants 2019	Weighted average exercise price 2018 £	Number of warrants 2018
Exercisable at the beginning of the year	0.010682	198,674,936	0.03245	103,745,559
Expired during the year	0.048669	(14,737,609)	0.0721	(427,766)
Granted during the year	0.01250	100,000,000	0.01257	95,357,143
Exercisable at the end of the year	0.01767	283,937,327	0.010682	198,674,936

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

Date granted	Expiry Date	Exercise Price £	No. of Warrants
2 June 2017	1 June 2020	0.018	2,777,778
6 June 2017	5 June 2020	0.01	2,767,820
6 June 2017	5 June 2022	0.02	55,356,391
6 June 2017	5 June 2022	0.05	27,678,195
30 July 2018	29 July 2020	0.0125	92,857,143
30 July 2018	29 July 2020	0.015	2,500,000
21 December 2018	20 December 2020	0.0125	100,000,000

14 Trade and other payables

	Group		Company	
	2019 £	2018 £	**2019 £**	2018 £
Trade payables	**23,107**	47,864	**6,585**	41,797
Social security and employee taxes	**5,956**	9,240	**5,956**	9,240
Other creditors and accruals	**17,728**	35,712	**10,449**	24,625
	46,791	92,816	**22,990**	75,662

15 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.

16 Related party transactions

	Group		Company	
	2019 £	2018 £	**2019 £**	2018 £
Amounts owed to Directors	**7,626**	11,960	**7,626**	11,960

Details of Directors' emoluments are disclosed in Note 6. The amounts owed to Directors relate to accrued emoluments, consulting fees and expenses due.

During the year the Company provided additional advances of £336,926 under a loan to Mercator Gold Australia Pty Ltd and charged expenses and management fees of £138,988. The balance owed to the Company is shown in Note 11.

The Company and the Group have no ultimate controlling party.

17 Commitments and contingencies

Capital expenditure commitment

As at 30 September 2019, the Group had no commitments (2018: £Nil).

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

18 Financial instruments

Categories of financial instrument

Group	2019 £	2018 £
Financial assets (amortised cost)		
Trade and other receivables (excluding prepayments)	**71,012**	36,095
Cash and cash equivalents	**268,517**	781,142
	339,529	817,237
Financial assets (fair value through profit or loss)		
Equity investments	**13,187**	21,299
	13,187	21,299
Financial liabilities (amortised cost)		
Trade and other payables	**46,791**	92,816
	46,791	92,816

Company	2019 £	2018 £
Financial assets (amortised cost)		
Trade and other receivables (excluding prepayments)	**578,549**	966,520
Cash and cash equivalents	**227,508**	749,025
	806,057	1,715,545
Financial assets (fair value through profit or loss)		
Equity investments	**13,187**	21,299
	13,817	21,299
Financial liabilities (amortised cost)		
Trade and other payables	**22,990**	75,662
	22,990	75,662

Risk management objectives and policies

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

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

Credit risk

The Group's cash at bank is held with reputable international banks. Cash is held either on current account or on short–term deposit at floating rates of interest determined by the relevant prevailing base rate. The fair value of cash and cash equivalents at 30 September 2019 and 30 September 2018 did not differ materially from their carrying value.

Market risk

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

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

18 Financial instruments *continued*

Interest rate risk

The Group has no material exposure to interest rate risk.

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

Foreign currency risk

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

Fair value of financial instruments

The fair values of the Company's financial instruments at 30 September 2019 and 30 September 2018 did not differ materially from their carrying values.

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

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

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

Group and Company

30 September 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss	**13,187**	**–**	**–**	**13,187**
	13,187	**–**	**–**	**13,187**

Group and Company

30 September 2018	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss	21,299	–	–	21,299
	21,299	–	–	21,299

Liquidity risk

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

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

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

The table below sets out the maturity profile of financial liabilities as at 30 September 2019.

	2019 £	2018 £
Due in less than 1 month	**46,791**	92,816
Due between 1 and 3 months	**–**	–
Due between 3 months and 1 year	**–**	–
Due after 1 year	**–**	–
	46,791	92,816

19 Segmental report

The Group is engaged in mineral exploration and development. The Chief Operating Decision Maker is considered to be the Board of Directors, who segment exploration activities by geographical region in order to evaluate performance individually. The segmental breakdown of exploration assets is shown in Note 10.

Management information in respect of profit or loss expenditures is not segmented but is considered at Group level.

20 Cash used in operations

		Group		Company	
	Note	**Year ended 30 September 2019 £**	Year ended 30 September 2018 £	**Year ended 30 September 2019 £**	Year ended 30 September 2018 £
Operating activities					
Loss for the year before tax		**(757,210)**	(550,019)	**(623,683)**	(373,149)
Adjustments:					
Depreciation expense property, plant and equipment	8	**1,992**	5,661	**1,216**	5,257
(Gain)/Loss on financial assets at fair value		**8,112**	970	**8,112**	970
Interest income		**(1,846)**	(1,386)	**(1,268)**	(1,286)
Increase in accounts receivable		**(29,240)**	(24,525)	**(144,520)**	(189,769)
Increase in taxation		**–**	–	**–**	–
Decrease in accounts payable		**(46,024)**	(9,551)	**(52,672)**	(4,753)
Shares issued in lieu of expense payments		**50,900**	15,000	**50,900**	15,000
Net cash used in operations		**(773,318)**	(563,850)	**(761,915)**	(547,730)

21 Events after the reporting date

- On 16 January 2020 the Company announced that its wholly owned Australian subsidiary Mercator Gold Australia Pty Ltd had received a significant cash refund under the Australian government's R&D Tax Incentive scheme of AUD 555,212 (approximately £295,515). This related to qualifying expenditure made by MGA in the fifteen months ended 30 September 2019.

- On 27 January 2020 the Company announced that its wholly owned subsidiary Mercator Gold Australia Pty Ltd had been granted four exploration licences in the north-eastern Yilgarn region of Western Australia, which form part of the Windidda project.

- On 5 February 2020 the Company announced the sale of its wholly owned Argentine subsidiary Ochre Mining SA to Hanaq Argentina SA. Ochre's sole asset was the SLM gold project, which comprises seven mining licences in La Rioja, Argentina. Hanaq has purchased 100% ownership of Ochre from ECR. The consideration for the acquisition was the grant to ECR of a 2% net smelter return (NSR) royalty in respect of four of the licences, and a 1% NSR royalty in respect of the other three licences. The NSR is capped at USD 2.7 million in aggregate (across all licences).

- Corona/COVID-19 is a developing situation and as of 30 March 2020, the assessment of this situation will need continued attention and will evolve over time. In our view, consistent with many others in our industry, COVID-19 is considered to be a non-adjusting post statement of financial position event and no adjustment is made in the financial statements as a result.

  The rapid development and fluidity of the COVID-19 virus make it difficult to predict the ultimate impact at this stage. In line with most experts, we believe that the impact of the virus outbreak will be material on the general economy and some central banks have already started to act by reducing interest rates and taking other measures. Undoubtedly, this will have some implications for the operations of the Group in the future, for example through restricting travel movements internationally and domestically and therefore delaying exploration activities. Due to the nature of present activities, the impact has been minimal. Management is in the process of assessing the impact of COVID-19 on the Group and Company, however, given the fluidity and significant volatility of the situation, it is not possible to quantify the impact at this stage.

22 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 on the Group's and Company's Financial Statements. IFRS 9 was adopted without restating comparative information. The reclassifications arising are therefore not reflected in the Statement of Financial Position as at 30 September 2018 but are recognised in the opening Statement of Financial Position on 1 October 2018.

The following tables show the adjustments recognised for each individual line item. Line items in the Statement of Financial Position that were not affected have not been included.

Group	30 September 2018 £	IFRS 9 adoption £	1 October 2018 (restated) £
Current assets			
Financial assets at fair value through profit and loss	-	21,299	21,299
Available-for-sale financial assets	21,299	(21,299)	-

Company			
Current assets			
Financial assets at fair value through profit and loss	-	21,299	21,299
Available-for-sale financial assets	21,299	(21,299)	-

Company Information

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Weili (David) Tang
Non–Executive Chairman

Craig William Brown
Director & CEO

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