Company Registration No. 10829496 (England and Wales)

ERRIS RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

ERRIS RESOURCES PLC

COMPANY INFORMATION

Directors	Mr J Martin	
	Mr O C Rifaat	
	Mr A du Plessis	(Appointed 12 November 2018)
	Mr G Brown	
	Mr J D Taylor-Firth	
	Mr A J Partington	(Resigned 28 February 2019)
	Mr M A Marr-Johnson	(Resigned 11 October 2018)
Secretary	Mr O C Rifaat	
Company number	10829496	
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ERRIS RESOURCES PLC

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Chairman's Statement

Erris Resources has had an active year with significant work undertaken at the Abbeytown zinc-lead-silver-copper project in Northwest Ireland, that resulted in the successful delineation of new mineralisation. Parallel to this, we continued to work with our partner, Centerra Gold ('Centerra') in Sweden, where a number of new gold targets have been tested. More recently, this partnership has been expanded into two new districts in Finland where several targets are under review. Additionally, we are actively seeking and evaluating new projects that fit the Erris Resources model.

Ireland

Erris Resources holds six licence areas covering an area of 159km^2 comprising the Abbeytown Project in County Sligo. The area hosts the Abbeytown Mine located within an active limestone quarry operated by the Harrington Group. The old zinc-silver-lead mine is a brownfields exploration project with recently assessed underground workings and new evidence of mineralisation extending southwards from the historic workings as drilled by Erris Resources over the last year.

During the year, Erris Resources has focused on expanding its knowledge of the mineralisation at Abbeytown with the objective of delineating a high grade Zinc-Silver-Lead resource that has the potential to support a new commercial operation. To this end, the 2018 work programme included both a surface and an underground diamond drilling programme.

The surface diamond drilling programme was designed to test the strike and depth extensions of the mineralisation away from the old mine and consisted of ten angled holes on an area between 140m and 375m south of the old mine. Many holes intersected strong mineralisation and helped to improve our understanding of the controls on mineralisation.

The underground drilling programme was intended to test the continuity of the mineralisation identified via the surface drill programme and the original mine workings and consisted of 12 drill holes. The programme involved re-accessing the underground workings, ensuring that the portal entrances to the underground mine were safe, scaling down the main drives, installing radio systems, reconditioning access and working areas, improving ventilation, and taking face channel samples from twelve pillars in the main Index Bed Workings. Additionally, underground mapping, surveying, and 3D modelling were concluded. Post period end, on 30 January 2019, we announced the results of this programme. We are excited by the developments from this work and how it ties in the mineralisation from underground to the extension of mineralisation identified by drilling 375m away to the south.

The surface and underground drill programmes have successfully demonstrated that mineralisation extends south from the old mine, which was previously unknown. The programmes returned several high-grade drill intersections including:

- 10.85% Zn & Pb combined and 31.1g/t Ag over 4.0m in ERAB001
- 15.63% Zn & Pb combined and 90.68 g/t Ag over 4.1m in ERAB005
- 9.14% Zn & Pb combined with 92.89 g/t Ag over 4.5m in ERAB007 and
- 14.37 % Zn & Pb combined and 67.25g/t Ag over 2.0m in ABUG009 from underground

Post period end, we also completed soil sampling work in a new target area near the Ox Mountains Fault, an important basin bounding fault with large displacement, a feature which is commonly considered favourable for mineralisation as large faults are good conduits for mineralising hydrothermal fluids. Circa 270 soil samples were taken at 10m spacing along north south lines across an area where previous wide spaced soil samples indicated anomalism in lead and zinc. A number of new targets have been generated, with one very strong anomaly showing up to 1200ppm Pb, 1500ppm Zn and 10ppm Ag in two adjacent samples coincident with a fault inferred from the reprocessed airborne EM data. These results confirm that structures within the Ox Mountains Fault zone are targets for mineralisation while the very strong anomaly is a priority drill target to extend the footprint of known mineralisation ~900m south of the mine. The identification of strong anomalies coincident with structures in this area is confirmation that the Company's exploration model and soil sampling methodology is working to expand the known system at Abbeytown.

Results were also announced post period end on 13 March 2019 from a metallurgical study by Wardell Armstrong, which defined the potential zinc, lead and silver recoveries enabling us to begin assessment of the economic potential of the project. The results were very positive as they demonstrated that a good recovery can be achieved at a very coarse grind size (212um) while the ore is relatively soft requiring a minimum grind time. The tests are preliminary in nature as the sample type is limited, however the ore characteristics are favourable for the project. Mineralisation drilled along strike from the mine does not differ significantly in style or mineralogy to that in the metallurgical sample so a similar outcome may be expected.

The work that we have undertaken at Abbeytown continues to indicate that there is potential to expand the mineralised system. The surface and underground drilling has provided us a good understanding of the geology with the scope to extend the known footprint of the mineralisation further south. The high grades near surface and the nature of the mineralisation, combined with the underground development that Erris has made safe, all have the potential to lead to the development of a low cost operation.

In line with our strategy focused on accelerating resource delineation and development, we are now focused on evaluating alternatives to advance the project. This could be through a joint venture or industry partnership or further drilling to further expand the footprint of the project.

In addition to Abbeytown, we acquired 18 contiguous prospecting licences covering 673km^2 in an area prospective for base metal mineralisation east of Galway, County Galway ('the Galway Project'). While the licences are located 40km west of the Tynagh Mine, which hosted 9.4Mt at 3.2% Zn, 3.0% Pb, 0.3% Cu and 1 oz/ton Ag and cover similar geology to Tynagh, the area is not well explored. Prior to developing drill targets, preliminary prospecting of geophysical targets is underway.

Sweden and Finland

Erris Resources has a strategic alliance with TSX listed Centerra, whereby Centerra funds an ongoing generative programme, typically US$250,000 per annum, to discover new base or precious metal assets in Sweden and Finland. Work involves data reviews and target generation, mapping, sampling, geochemical and geophysical surveys and permit applications. Erris Resources is the initial operator of these programmes and receives a management fee comprising 10% of eligible expenses.

During the year under review, the Company undertook work programmes at several targets in Sweden; this is low cost exploration whereby targets are tested in a rapid and efficient way, and if they do not deliver the required criteria we move onto the next target. Unfortunately, results from our various programmes did not return the potential for a plus million-ounce gold deposit in line with Centerra's size criteria so we decided to relinquish the exploration grounds and move on with generating new targets.

2019 has seen Centerra support us once again as it acknowledges Erris Resources' cost-effective and time efficient methods of testing targets and our ability to generate new targets, a key factor for exploration success. To this end, it committed to spend $250,000 on generative exploration work in 2019 with the option to elect individual projects to earn a 70% interest by spending US$3 million (51% by spending US$1 million and an additional 19% by spending US$2 million).

In addition to ongoing work in Sweden, the strategic alliance will now focus its efforts on two areas in Finland: the Laivakangas district in Central Finland; and the Central Lapland Greenstone belt in Northern Finland. Within these districts, several targets are under review. A number of Reservation Permit applications have been submitted with one already granted. Under the Finnish Mining Act, an area of land can be reserved for a period of up to two years while an exploration permit application is being prepared. Additionally, Erris Resources is actively reviewing new potential targets in Sweden.

Board

Anton du Plessis joined the team as Chief Executive Office in October 2018, following the resignation of Merlin Marr-Johnson, who stepped down from his position to pursue other business interests. With over 20 years' experience in the finance sector, holding senior positions at several international investment banks, Anton has worked on transactions across a range of commodities and for a number of leading global players including Anglogold Ashanti, Rio Tinto and BHP Billiton. Attracting someone of Anton's calibre, with a track record of advising leading mining companies, has been a very positive step for us; his invaluable specialist knowledge, experience and a wealth of international industry contacts, is proving to be of particular benefit as we look to develop our asset portfolio and deliver on our strategy to identify high value opportunities.

Post period end, on 28 February 2019, Andrew Partington stepped down from his position as Non-Executive Director. I would like to thank Andrew for his valuable contribution to the Company and look forward to maintaining contact with him and his links to the North American markets. At the same time, Jeremy Taylor-Firth assumed the position of Chairman of the Audit Committee and Graham Brown joined the Audit Committee.

Financial Overview

The Company maintains a disciplined approach to expenditure and as such is well funded for the remainder of 2019 with a £2 million cash position. In line with current market conditions, the Company has been reducing its costs across all areas.

Outlook

We are fully aware that the share price performance of the Company since IPO has been challenging, much of this beyond the Company's control linked to macro events and a hard sell down in the junior exploration and mining markets in Q3 and Q4 2018.

However, with its strong cash position and team with a proven track record of discovery and value creation, Erris Resources continues to advance its strategy focused on value creation through exploration and discovery. In line with this, we have already demonstrated the potential of Abbeytown, and we are now reviewing other projects that fit our investment criteria in low-risk jurisdictions internationally. With the right strategy we believe that significant value can be created for shareholders.

I would like to thank our shareholders for their continued support, including industry major, Osisko Gold Royalties, and I look forward to providing further updates on our progress.

Jeremy Martin
Non-Executive Chairman

ERRIS RESOURCES PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for year ended 31 December 2018.

1 Highlights – 12 months to 31 December 2018

Erris Resources Plc ("Erris" or "the Company") was incorporated on 21 June 2017. On 1 December 2017, Erris Resources Plc acquired the entire issued share capital of Erris Resources (Exploration) Ltd by way of a share for share exchange. This transaction was treated as a group reconstruction and accounted for using the reverse merger accounting method. Accordingly, the financial information for the comparative 15 months period to 31 December 2017 has been presented as if Erris Resources (Exploration) Ltd had been owned by Erris Resources Plc throughout the prior period. On 21 December 2017, Erris successfully completed its admission to trading on the AIM market of the London Stock Exchange, raising £4m from new shareholders, including as a cornerstone 18.9% investor one of Canada's largest mining companies, Osisko Gold Royalties Ltd ("Osisko").

During 2018, Erris continued its strategic alliance with Centerra Gold Inc ("Centerra"), which spent a total of US$1.8m on the Brännberg, Klippen and Käringberget Designated Project Areas ("DPAs") under the terms of its strategic alliance agreement with Erris. Whilst the results from drilling revealed gold mineralisation on all of these properties, especially Brännberg, none of these results reached the levels required by Centerra and accordingly it has elected not to spend any further amounts on these three areas. Erris elected to relinquish the Käringberget licenses entirely but has maintained ownership of Brännberg and Klippen and is looking for other potential partners for these projects.

During 2018, Centerra provided a further US$250,000 in generative funding to identify future DPA opportunities in Sweden. In 2019, Centerra is continuing this generative funding relationship with a commitment to spend a further US$250,000, with an extension of focus into Finland.

During 2018, Erris drilled 17 surface holes totalling 2,889m and completed an underground drilling programme of 12 holes over 1,005m on the Abbeytown Project, which confirmed mineralisation over 250m of strike length.

2 Erris Resources – Strategic Review

2.1 Company Overview

Erris is a mineral exploration and development company with 24 prospecting licences in Ireland, 11 exploration permits in Sweden and one reservation permit in Finland. In Ireland, the licences total 673 km^2 at the Galway Project and 159km^2 at the Abbeytown Project. The Abbeytown Project licences include the historic Abbeytown deposit, and are focussed principally on economic zinc mineralisation, with ancillary lead, silver and copper potential. In Sweden, the total area under licence is 24,292Ha across 11 permits with six of the permits making up the Brännberg Gold project. All the Swedish permits are primarily focussed on gold. In Finland, the Company was granted one reservation application in North Finland in February 2019 with another permit pending in central Finland. The reservation permits will allow the Company time to carry out research and non-invasive field work in order to apply for a full exploration permit within part of the exclusive reservation area.

Erris has been validated by major industry partners both at a project level and at the corporate level. Osisko Gold Royalties Ltd (market capitalisation of approximately C$2.0 billion) has a 1 per cent. royalty on the Abbeytown Project and Erris's Swedish licences and became a 18.91 per cent shareholder at the IPO. At the project level, Centerra. (market capitalisation of approximately C$2.1 billion) has a strategic alliance with Erris where project expenditure of US$1,000,000 by Centerra on each project over two years will earn it a 51 per cent. interest in each project, with Erris retaining a 49 per cent. interest without having to invest any additional funds. In 2018, Centerra spent US$1.49m on these DPAs plus a further US$0.2m on generative exploration. In 2019, it has already committed to spending a further US$250,000 on generative exploration in Finland during the year.

2.2 Company Strategy

Erris Resources' business model can best be defined as seeking to create shareholder value through the process of discovering or advancing new mineral deposits. Well-managed exploration success finding commercially viable deposits can create capital value even in a period of weak metal prices. The Directors believe that Erris Resources' business model maximises the chance of making commercial discoveries in an efficient manner, as follows:

Technically-led team The Directors and senior management team have significant exploration experience, with a track record of deposit discovery from first principal through to resource definition, advanced studies and mine development. In addition, the team has experience of sourcing the funding required for mining projects via its capital markets expertise and joint venture pedigree.

Low risk jurisdictions The Erris Resources portfolio comprises mineral licences in areas with proven metallogenic potential, an active mining industry, relatively low political risk, and transparent permitting processes. Erris Resources has a zinc-lead-silver-copper project in Ireland and conducts gold exploration in Sweden and Finland. New targets in Europe and potentially further afield are currently being assessed, but only if they meet most or all of the key criteria above.

Prospective Property Portfolio The current portfolio includes the Abbeytown Project, a 15 km trend of discrete lead-zinc-silver prospects, barely explored since the 1980s, newly reinterpreted after several years of fieldwork, systematic data integration and fresh geological thinking. In Sweden, Erris Resources has a portfolio of gold and polymetallic projects in northern Sweden. In Finland, Erris has recently acquired one reservation permit with another application submitted and pending grant of permit. The Company continues to actively manage its license portfolio in prospective jurisdictions and will update the market when any results from new license areas demonstrate the potential for high priority drill targets.

Dynamic Work Programme Erris Resources completed 9,787 metres of diamond drilling across Ireland and Sweden in 2018 and is currently assessing its plans for later in 2019. At the Abbeytown Project in Ireland, a 2,889 metre above ground exploration programme was completed, backed up by a 1,044 metre underground drilling programme.

2.3 Business Plan

The Board will continue to run the Group with a low-cost base in order to maximise the amount that is spent on exploration and development as this is where value is best added. To this extent, the corporate office is run on a streamlined basis by a core team, and specialists are employed in Ireland, Sweden and Finland.

The Group historically financed its activities through capital raisings as a private company, the sale of royalties and through its joint venture agreements with established industry players. Erris Resources' public listing has enabled the Group to target a wider pool of investors, especially with the approval of its EIS status received from HMRC. The Group will continue to look for new licence areas, new assets and plans to fund these through its historic mix of equity placings and strategic alliances.

2.4 Principal Risks and Uncertainties

Set out below are the principal risks and uncertainties facing the Group any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. For a full list please refer to the Admission Document published in December 2017.

- **Mining, Exploration and Development Risks.**

There is no certainty that the expenditure to be made in the exploration and development of the Group's properties in which it has an interest will result in profitable commercial operations. Most exploration projects do not result in the discovery of commercially mineable deposits. The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties and hazards, which even a combination of careful evaluation, experience and knowledge may not eliminate.

- **Risks associated with the Centerra JV Agreement**

Centerra has elected not to further fund exploration of the DPAs at Brännberg, Klippen and Käringberget, but has elected to continue its generative spending with Erris Resources. While the Group will retain 100 per cent. ownership of any DPA that Centerra elects not to fund, it may not have the necessary funds available or be able to generate the necessary funds to further develop the licence areas.

- **Risks associated with the expiration of Prospecting Licences in Ireland and other associated approvals**

The prospecting licences held were granted to Erris Resources over the course of 2013, for a period of six years. Each prospecting licence carries with it certain conditions that must be fulfilled over the term of the licence in order to allow them to continue in force and/or be renewed upon expiry. The licensor may revoke the licences at any time if there are reasonable grounds for doing so, or if the licensee fails to comply with its various obligations under the terms of the licence agreement.

- **Risks associated with the expiration of or failure to obtain Exploration Permits in Sweden and other associated approvals**

The prospecting licences held were granted to Erris Resources over the course of 2013, for a period of six years. Each prospecting licence carries certain conditions that must be fulfilled over the term of the licence in order to allow them to continue in force and/or be renewed upon expiry. The licensor may revoke the licences at any time if there are reasonable grounds for doing so, or if the licensee fails to comply with its various obligations under the terms of the licence agreement.

- **Ongoing Capital requirements**

If the Group is unable to raise capital when needed or on suitable terms, the Group could be forced to delay, reduce or eliminate its exploration and development efforts. Furthermore, any additional equity fundraising in the capital markets may be limited due to disruption or uncertainty in the markets or may be dilutive for shareholders. Any debt-based funding, should it be obtainable, may bind the Group to restrictive covenants and curb its operating activities and ability to pay potential future dividends even when profitable.

- **Personnel retention and recruitment**

The Group's ability to compete in the competitive resource sector depends upon its ability to retain and attract highly qualified management, geological, technical and industry experienced personnel. Such personnel are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

- **Environmental laws and regulations**

The Group's operations are subject to various state and foreign environmental laws concerning, among other things, water discharges, air emissions, waste management, toxic use reduction and environmental clean-up. Environmental laws and regulations continue to evolve, and it is likely the environmental laws and standards that regulate the operations will continue to be increasingly stringent in the future. Any violation of, litigation relating to or liabilities under these laws and regulations could have a material adverse effect on the Group

- **Potential Acquisitions**

As part of its business strategy, the Group may make acquisitions of, or significant investments in, complementary companies or prospects. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions including risks associated with operating in foreign jurisdictions.

- **Market perception**

Market perception of exploration and extraction companies may change in a way which could impact adversely the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Ordinary Shares or otherwise.

- **Economic risk and world commodity price volatility**

Commodity prices are subject to fluctuations. These fluctuations could adversely affect the Group's operations and financial condition once it commences production.

3 Operational review & outlook

3.1 Ireland

Erris holds six prospecting licences ("PLs") at its 100% owned brownfield Lead-Zinc Abbeytown Project in Ireland covering a total of 159km^2. The licences have been held since 2013 and are due for their first renewal at the end of the six year term in late August (5 PLs) and late September (1PL) 2019. The licences are reviewed by the Exploration and Mining Division every two years to ensure compliance with minimum expenditure commitments which the Company has satisfied on both occasions in 2015 and 2017. The minimum expenditure commitments for the current two-year period have been met and Erris will submit renewal reports by May 2019 for five of the PLs. One PL north of Ballysadare Bay will not be renewed as this is deemed to be less prospective for base metals. The Company does not anticipate any difficulty in renewing the PLs.

Erris was granted eighteen PLs in Co. Galway in August 2018 in an area covering 673km^2. These were all open incentive licences meaning that the minimum expenditure is only €2,500 per licence for the first two years until August 2020. Erris will conduct early stage exploration and determine which PLs warrant expenditure to meet the commitments by August 2020. The results of the historic data review combined with new regional aeromagnetic data is very encouraging as several targets with base metal potential been outlined.

At Abbeytown, in the year to 31st December 2018, Erris drilled 17 surface holes for a total of 2,889m and completed an underground drilling programme of 12 holes for a total of 1,004m. Ten of the surface holes (1,864m) were drilled in an area south of the old workings, which defined mineralisation over a strike length of 250m and showed some very high-grade intersections of zinc, lead, silver and copper. Reported results from some of these holes included:

- 10.85% Zn & Pb combined and 31.1g/t Ag over 4.0m in ERAB001
- 10.85% Zn+Pb combined over 4m and 41.45 g/t Ag from 95m to 98m in hole ERAB003.
- 15.63% Zn+Pb combined and 90.68 g/t Ag over 4.1m in ERAB005
- 15.57% Zn+Pb combined, 1.9% Cu and 51.50 g/t Ag over 2m from 150.0m-152.0m and 9.14% Zn+Pb combined with 92.89 g/t Ag over 4.5m from 105.0m-109.5m in ERAB007
- Copper rich intersection in ERAB010 with 5m grading 4.7% Zn+Pb combined, 1.12% Cu and 29.3 g/t Ag from 119.5m to 124.5m including 3.5m grading 6.29% Zn+Pb combined, 1.59% Cu and 39.93 g/t Ag from 121.0m to 124.5m.

As noted, in parallel to the surface drill programme, the historic mine was opened up. This enabled Erris to firstly take channel samples from twelve pillars in the main Index Bed Workings, which included a sample of 4m grading 18.40% Zn+ Pb combined with 116.85 g/t Ag from Pillar 4. In parallel with this, Erris was able to complete underground mapping, surveying, and 3D modelling. Finally, Erris was able to test the gap between the underground mine and the surface holes by focused drilling from two underground drill pads. Reported results from the underground drilling holes included:

- 12.66 % Zn+Pb combined and 21.05g/t Ag over 2.0m in ABUG004
- 14.37 % Zn+Pb combined and 67.25g/t Ag over 2.0m in ABUG009
- 10.43 % Zn+Pb combined and 34.73g/t Ag over 2.7m in ABUG009
- 5.33 % Zn+Pb combined and 21.44g/t Ag over 5.0m in ABUG010
- 9.32 % Zn+Pb combined and 60.4g/t Ag over 4.0m in channel sample pillar AB-PL-10
- 7.88 % Zn+Pb combined and 48.86g/t Ag over 3.0m in channel sample pillar AB-PL-11

A metallurgical study involving a bench flotation test and a bond mill test on material collected from the Abbeytown mine was undertaken by Wardell Armstrong. This study indicated that production of a good quality, saleable zinc concentrate can be achieved from a straightforward flotation process. The Flotation rougher test work indicated that good results could be achieved over a broad range of primary grind sizes, even as coarse as 80% passing 212µm. The results demonstrated excellent recoveries including 96.2% lead and 95.8% zinc. There were high silver credits identified with 448ppm silver in the lead concentrate and 340ppm in the zinc concentrate with no significant deleterious elements. The Bond Ball Mill Work Index was 8.76kWh/t, classifying the sample as being soft with respect to grindability indicating that any potential development could enjoy favourable processing costs as it would require relatively low primary milling power requirements. These results will help Erris look at the economic potential of the project. One of the key attractions of the Abbeytown Project is that the mineralisation is essentially outcropping with good existing underground development allowing for a low-cost start to any future mining activity.

Soil sampling work in a new target area near the Ox Mountains Fault has been completed, which will help determine the potential extension of the mineralised structures towards the Ox Mountain fault located approximately 1,200m south of the mine.

During the year and post period end, Erris has continued to extend its work on its other Irish licenses. Erris drilled 7 holes at Skreen in a wide-spaced programmed designed to gain information on stratigraphy, structure and to test soil anomalies. This information has allowed the Company to develop a new and better interpretation of the regional aeromagnetic data. Regional work, including orientation mapping and sampling on the Galway licences, will continue. Preliminary prospecting of geophysical targets on the Company's Galway project is underway. These licences are 15-40km from the previously producing Tynagh Mine, adjoin a large land package owned by Boliden and have excellent potential for the discovery of base metal mineralisation.

3.2 Sweden

In Sweden, the Company currently has 11 permits of which two are due for renewal in October 2019. These are Brännberg number 1 and number 2 covering a combined 2,610 Ha. The renewal for these requires the Company to show progress which can be done through mapping, rock sampling and soil sampling. The Company does not anticipate any difficulty renewing these permits either in full or in part for another three years if it chooses.

The Centerra Gold Strategic Alliance

Erris holds and operates a portfolio of Exploration Permits in northern Sweden that is funded through the Strategic Alliance with Centerra Gold. Within this Strategic Alliance, Centerra completed its US$1.49m work plan for 2018 to explore the portfolio. Three general exploration and drilling programmes were undertaken at Brännberg, Klippen and Käringberget, and generative exploration work has been undertaken at Storklinten, Orrträsket, Skarvsjö, and Gunnarbäcken.

Brännberg

During the year, a total of 14 holes totalling 2,681.7m were drilled to test the down dip and along-strike continuations of mineralisation intersected in historic drilling by Beowulf Mining. Drilling also tested new ground magnetic anomalies and IP chargeability anomalies. All holes encountered mineralisation with the highlights being as follows:

- BB001: 7.55m @ 1.15g/t Au, 1.93% As, 0.1% Cu from 108.25m-115.80m
- BB002: 1.95m @ 2.07g/t Au, 2.20% As, 0.13% Cu from 124.45m-126.40m
- BB003: 1.65m @ 8.14g/t Au, 0.67% As, 0.01% Cu from 52.90m-54.55m
- BB004: 17.2m @ 1.93g/t Au, 3.06% As, 0.26% Cu from 160.90m-178.10m

Centerra has elected not to continue with this Project due to the mineralised system not demonstrating the size to host a >1-million-ounce gold deposit. The project has now reverted back 100% to Erris and the Company will undertake follow-up work to determine the resource potential of the project and consider whether it can be advanced on its own or potentially in partnership with a junior gold developer. Drilling to date has only tested approximately 900m along a single corridor within the 5,285Ha permit block. Drill results confirm that there is a gold system at Brännberg that warrants further work. The project is only 10.8km from the active Maurliden Mine (Boliden) and 6.2km from a closed mine (Mensträsk).

Klippen

In 2017, Erris drilled 9 holes within the Klippen project area, totalling 1,797.4m. In 2018, a further 13 NQ2 diamond holes for 2,854.3m were drilled, taking the total drilled at Klippen by Erris to 4,651.7m. Two high-grade veins were encountered and returned over 30g/t Au but were only 15-40cm wide. A ground magnetic survey was also carried out in the year.

The work undertaken historically and by Erris has focussed on the zones containing the best surface geochemical responses and anomalies. The nature of the veining (thin and infrequent veins, and mostly low grade) encountered in the drill programmes is not indicative of a potentially economic mineralising system. Accordingly, both Centerra and Erris concluded that the area did not warrant further investment and the license areas due for renewal were relinquished.

Käringberget

A ground EM survey carried out in February 2018 failed to identify any conductors that warranted drill testing and the planned drill programme at Käringberget was reduced to two exploration holes. The two holes were drilled to test magnetic anomalies identified during a ground magnetometer survey. The holes failed to intersect significant mineralisation with the anomaly caused by disseminated pyrrhotite barren of gold and base metals. Centerra made the decision not to advance this project based on the results to date with Erris in agreement on the limited potential of the project once the magnetic anomalies had been tested. No further work will be carried out and the ground relinquished.

Wholly owned projects in Sweden

In line with the corporate objective of identifying low-cost opportunities with the potential to create shareholder value, Erris was granted a number of exploration licences in Sweden that lie outside of the defined Area of Interest under the Strategic Alliance with Centerra. The licences include areas surrounding the historic Enåsen mine, that produced 1.7 Mt at 3 g/t gold from 1984 to 1991. In 2018, Erris undertook magnetic surveys, surface sampling, mapping, and ground-truthing at Gunnarbäcken, and Storklinten; together with prospecting and mapping took place at Orrträsket and Skarvsjö. In 2019, Erris will continue to evaluate and prioritise projects of potential value to shareholders.

3.3 Generative and Finland

Centerra has elected to continue its generative agreement with the Company covering Sweden and has also expanded the programme into Finland. Under the terms of the agreement, Centerra is committed to spend $250,000 on generative exploration work in 2019 with the option to elect individual projects to earn a 70% interest by spending US$3 million, as to 51% by spending US$1 million and an additional 19% by spending US$2 million. The initial focus will be on two areas, where there are several targets under review: the Central Lapland Greenstone belt in Northern Finland and the Laivakangas district in Central Finland.

Erris has already been granted the Sakiatieva reservation permit in North Finland, which is valid for two years and covers an area of 95.86km^2. Erris has submitted a second application for a second large reservation permit at Pirunkoukka in Central Finland, which will be valid for two years and covers 641.9km^2. Under the Finnish Mining Act, these permits will allow Erris to carry out exploration and convert part of the permits to full exploration permits should significant drill targets be identified.

4 Financial Review

Erris Resources Plc was incorporated on 21 June 2017. On 1 December 2017, Erris Resources Plc acquired the entire issued share capital of Erris Resources (Exploration) Ltd by way of a share for share exchange. This transaction was treated as a group reconstruction and accounted for using the reverse merger accounting method. Accordingly, the financial information for the prior period has been presented as if Erris Resources (Exploration) Ltd had been owned by Erris Resources Plc throughout the prior period.

Notwithstanding that the Company is a UK Plc admitted to trading on AIM, the Company presents its accounts in its functional currency of Euros, since the majority of exploration expenditure is denominated in this currency.

The Group is still at an exploration stage and not yet producing minerals, which would generate commercial income. Under the terms of the Centerra Strategic Alliance Agreement, the Group earns a 10% Management Fee on all committed expenditures, which amounted to €0.17m in the year compared with €0.11m in the 15 months to 31 December 2017. However, the Group is not expected to report overall profits until it disposes of or is able to profitably commercialise its exploration and development projects.

During the year, the Group made an operating loss of €1.1m compared with a loss of €0.55m for the 15 months to 31 December 2017. This is primarily due to the costs of being a fully operational listed company with an active drilling programme in Ireland and Sweden compared with the prior period where Erris was a small private company. A project impairment charge of €0.32m has been recognised in the year following non-renewal or relinquishment of certain Swedish licenses. It also includes a non-cash accounting charge of €0.12m related to the expensing of share options valued under the Black-Scholes method, compared with a charge of €0.07m in the 15 months to 31 December 2017.

Total Net assets of the Group decreased to €4.02m at 31 December 2018 from €5.00m at 31 December 2017 due primarily to the Company actively executing the exploration plan it detailed at the time of its IPO. Intangible assets increased to €1.75m from €1.05m due to ongoing exploration at the Group's Ireland and Sweden projects. Included within Current Liabilities are the net expenditures under the Strategic Alliance Agreement with Centerra, which show total reimbursed costs for the year of €1.33m (2017: €0.79m). Other current liabilities decreased from €0.24m to €0.11m and relate primarily to IPO fees that were settled immediately after the last period end.

The closing cash balance for the Group at the end of the period was €2.4m, a decrease from €4.1m at last year end, which included the proceeds raised from the AIM IPO.

On behalf of the board

....
Mr J Martin
Director
4 April 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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 (IFRS) 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 company, and of the profit or loss of the group and company 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 IFRS, as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group’s and company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company 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 Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company is compliant with AIM rule 26 regarding the Company's website.

ERRIS RESOURCES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and audited financial statements for the year ended 31 December 2018. The comparative period comprises the 15 months ended 31 December 2017.

Principal activities

The principal activity of the Company and Group continued to be that of the exploration of viable sites for the purpose of extracting natural resources. Details of future developments are included in the Strategic Report.

Results and dividends

The results for the year are set out on page 25.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Martin	
Mr O C Rifaat	
Mr A du Plessis	(Appointed 12 November 2018)
Mr G Brown	
Mr J D Taylor-Firth	
Mr M A Marr-Johnson	(Resigned 11 October 2018)
Mr A J Partington	(Resigned 28 February 2019)

Directors' interests

The directors' interests in the shares of the company were as stated below:

As at 31 December 2018	**No of shares**	**% of issued share capital**	**Share Options**
Jeremy Martin	27,000	0.09%	250,000
Cherif Rifaat	120,000	0.39%	800,000
Anton du Plessis	-	-	-
Jeremy Taylor-Firth	40,000	0.13%	100,000
Graham Brown	-	-	100,000
Andrew Partington	-	-	100,000

As at 31 December 2017	**No of shares**	**% of issued share capital**	**Share Options**
Jeremy Martin	27,000	0.09%	250,000
Cherif Rifaat	120,000	0.39%	800,000
Jeremy Taylor-Firth	40,000	0.13%	100,000
Graham Brown	-	-	100,000
Merlin Marr-Johnson	-	-	800,000
Andrew Partington	-	-	100,000

Substantial shareholdings

The directors are aware of the following substantial interests or holdings in 3% or more of the company's ordinary called up share capital as at 31 March 2019:

Major shareholder	No of shares	% of issued share capital
David Hall	6,827,000	21.97%
Osisko Gold Royalties	5,876,000	18.91%
Archean Capital Corporation	960,000	3.09%

Directors' insurance

The Group has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the period and remain in force at the reporting date.

EIS Status

On 18 September 2018, Erris announced that it had received notice from HMRC that its Enterprise Investment Scheme (“EIS”) status had been confirmed and that any individual investors who had participated in the IPO and who wished to take advantage of the EIS tax relief benefits should contact the Company. Since that date, the Company has issued certificates to 65 shareholders who acquired a total of 3,743,000 shares in the IPO.

Supplier payment policy

The Group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

Working capital and liquidity risk

Cashflow and working capital forecasting is performed in the operating entities of the Group and consolidated at a Group level basis for monthly reporting to the Board. The Directors monitor these reports and rolling forecasts to ensure the Group has sufficient cash to meet its operational needs. The Board has a policy of maintaining at least a GBP1m cash reserve headroom at all times. The Group has no other material fixed cost overheads other than Director and employee costs, all of whom are on three-month notice period contracts to ensure the Group has maximum flexibility in its operational expenditure.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, namely GBP for its Head Office costs and the value of its shares for fund-raising, Euros for the majority of its expenditure and the US$ in relation to its agreement with Centerra Gold for the recovery of costs and management fees. The Group’s Treasury risk management policy is to hold part of its cash reserves in Euros and to match as promptly as possible its Euro expenditures on Centerra work programmes to the fund recovery from Centerra that is denominated in US dollars. The balance of funds are held in GBP to match to its Head Office costs.

Credit and Interest Rate Risk

The Company has no borrowings and a low level of trade creditors and has minimal credit or interest rate risk exposure.

Auditor

PKF Littlejohn LLP has expressed its willingness to continue in office and a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the Company is aware of that information.

On behalf of the board

....

Mr J Martin

Director

4 April 2019

Changes to the AIM rules on 30 March 2018 require AIM companies to apply a recognised corporate governance code from 28 September 2018. Erris has chosen to adhere to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in April 2018) to meet the new requirements of AIM Rule 26. The Company includes below for the first time the disclosures required under these QCA guidelines.

Board Composition

As at 31 December 2018, the Board comprised two Executive Directors, a Non-Executive Chairman and three other Non- executive Directors. Details of the current Directors are set out within the List of Directors below. The Board will continue to review its structure in order to provide what it considers to be an appropriate balance of executive and non-executive experience and skills.

The Board considers the following Non-Executive Directors to be independent – Graham Brown and Jeremy Taylor-Firth. None of these directors have been employees, have a significant business relationship or close family ties with related parties or represent significant shareholders. Whilst each of these directors has received Options under the company's Share Option Scheme, these are non-material in nature and do not compromise their independence.

Board Terms of Reference and Powers

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

Whilst the Board has delegated the normal operational management of the Company to the Executive Directors and other senior management, there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, joint ventures and investments and projects of a capital nature.

The Non-Executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team. The Executive Directors enjoy open access to the Non-Executive Directors with or without the Chairman being present.

Director Commitments

The two Executive Directors, Cherif Rifaat and Anton du Plessis, are employed on part-time contracts.

All Non-Executive Directors acknowledge in their letter of appointment that the nature of the role makes it impossible to be specific on maximum time commitment and that at certain times of increased activity, then preparation and attendance at meetings will increase. All Directors are expected to attend all Board meetings (either in person or by phone), the AGM, one annual Board strategy meeting a year and committee meetings.

Board Meetings

The Board looks to meet in a formal manner on a quarterly basis, with additional meetings held as required to review the corporate and operational performance of the Group. Each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to Directors well in advance of all meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

A summary of Board meetings attended in the 12 months to 31 December 2018 is set out below:

	1st Feb'18	28th Mar'18	17th May'18	26th Jun'18	1st Oct'18	10th Dec'18
Jeremy Martin	✓	✓	✓	✓	✓	✓
Cherif Rifaat	✓	✓	✓	✓	✓	✓
Anton Du Plessis	n/a	n/a	n/a	n/a	✓	✓
Graham Brown	✓	✓	✓	✓	✓	✓
Jeremy Taylor-Firth	✓	✓	✓	✓	✓	✓
Andrew Partington	✓	✓	✓	✓	✓	✓
Merlin Marr-Johnson	✓	✓	✓	✓	n/a	n/a

Board Committees

The Board has delegated specific responsibilities to the Audit and Remuneration Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best- practice.

There is currently no internal audit function, given the size of the Group, although the Audit Committee keeps this under annual review.

The Board considers that, at this stage in the Company's development, it is not necessary to establish either a formal nominations or corporate governance committee and that these processes shall be carried out by the Board. This decision will be kept under review by the Directors on an on-going basis.

Audit Committee

The Audit Committee will meet at least three times a year and is responsible for ensuring that the financial performance of the Group is properly reported and monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. The external auditors will attend all meetings and the Audit Committee will have discussions with the external auditors at least once a year without any executive Directors being present. The Audit Committee comprises Jeremy Taylor-Firth as Chairman (in replacement of Andrew Partington who stepped down in February 2019) and Graham Brown.

The Audit Committee has met three times since 31 December 2017 and all members at the relevant time attended all meetings. The Committee has unrestricted access to the Group's Auditor. The CFO attends the Committee meeting by invitation.

Remuneration Committee

The Remuneration Committee reviews the performance of the executive Directors and sets and reviews the scale and structure of their remuneration, the terms of their service agreements and the granting of share options with due regard to the interests of the Shareholders. In determining the remuneration of executive Directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of high calibre. No director is permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee will meet as and when necessary. The Remuneration Committee comprises Graham Brown as Chairman and Jeremy Martin.

Board as a whole

The skills and experience of the Board are set out in their biographical details below. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. The Board believes it has a mix of technical skills (e.g. geologists), sector experience (exploration through to production with resources companies), public company experience and financial expertise to enable it to deliver on its strategy. Whilst there is not currently a balance of genders on the Board, the Company's directors look to appoint individuals with complementary skills and experience to fulfil the Company's strategy, regardless of gender.

The Board do not believe that any of the Directors have too many directorship roles at other listed companies and are hence at risk of “over-boarding” as defined by ISS voting guidelines but will continue to monitor this on an ongoing basis. The Board is satisfied that the Chairman and each of the non-executive Directors is able to devote sufficient time to the Group’s business.

Anton du Plessis joined the Board and Merlin Marr-Johnson resigned from the Board during the period to 31 December 2018. Andrew Partington resigned from the Board after the year end.

The directors keep their skillsets up to date by attending industry and qualification relevant seminars and training sessions.

List of Directors

Jeremy Martin*. Non-Executive Chairman*

Jeremy is a founding director of Erris Resources. Mr. Martin holds a degree in mining geology from the Camborne School of Mines, and a MSc. in mineral exploration from the University of Leicester. He has worked in South America, Central America and Europe, where he was responsible for grassroots regional metalliferous exploration programmes through to resources definition and mine development. Jeremy has been involved in the formation of a number of publicly listed mineral resource companies. He is currently Chief Executive of Horizonte Minerals and holds BSc (Hons), MSc, ACSM, MSEG.

Anton du Plessis*. Chief Executive Officer*

Anton has over 20 years' experience in the finance sector. During this time, he has held senior positions at several international investment banks including CIBC (The Canadian Imperial Bank of Commerce), Bank of America Merrill Lynch and Morgan Stanley with a focus on advising natural resources companies on the execution of strategic and financing transactions. He has worked on transactions across a range of commodities and for a number of leading global players including Anglogold Ashanti, Rio Tinto and BHP Billiton. Prior to embarking on his investment banking career, Mr du Plessis worked for the Anglo American group in a corporate finance and business development capacity.

Cherif Rifaat*. Chief Financial Officer*

Cherif is a UK chartered accountant who has more than 20 years of venture capital, corporate finance, operational turnaround and investor relations experience since his qualification with KPMG. He has primarily worked with technology, mining and real estate companies, with an emphasis on those in a start-up, pre-IPO or restructuring phase. He has been a corporate and financial adviser to the lithium mining company, Bacanora Minerals, since it listed on AIM in 2014. Cherif is a graduate from the University of St Andrews, Scotland. He holds MA (Hons) in modern history and has been a member of the ICAEW since 1998.

Graham Brown*. Non-Executive Director*

Graham holds a BSc. from the University of Strathclyde, Glasgow. He has been a Fellow of the Society of Economic Geologists (“SEG”) since 1999, participated in the Colombia Senior Executives programme in 2004 and the Duke Business Leaders programme in 2007. He is a past councillor of the SEG and current British Geological Survey industry adviser and Natural History Museum honorary research fellow. In 2011, he was the co-recipient of the PDAC Thayer Lindsley Award and from 2013 attained both Chartered Geologist and European Geologist professional status. Mr. Brown joined Amax as an exploration geologist in 1980 and worked on a variety of exploration and mining operations in the Circum-Pacific region. For almost a decade Mr. Brown worked as a consultant involved with the exploration and evaluation of a number of major discoveries in both Asia and Europe. In 1994, he joined Minorco as Chief Geologist. Subsequently he became the Europe-Asia region’s Vice President Exploration and following the Minorco-Anglo American plc merger in 1999, he served as Vice President Geology. In 2003 he was appointed Senior Vice President Exploration and managed geosciences, technical services, and R&D programs. In 2005 he was promoted to Head of Base Metals Exploration and in 2010 he took up the position of Group Head of Geosciences for the Anglo American Group.

***Jeremy Taylor-Firth**. Non-Executive Director*

Jeremy has worked in investment management since 1996. He initially worked at Matheson Securities, which was acquired by Prudential-Bache Ltd and subsequently renamed Dryden Wealth Management. In June 2006, he joined Singer & Friedlander Investment Management as an Investment Director. This business was then acquired by Williams de Broe where he worked until October 2010. Jeremy is currently an Investment Manager with Hanson Asset Management, where he has worked for the last six years. He is also the non-executive chairman of Primorus Investments plc. Jeremy holds CISI Level 6 PCIAM.

***Merlin Marr-Johnson**. Chief Executive Officer (resigned 11 October 2018)*

Merlin joined Erris Resources as CEO in April 2017. He is a graduate in geology from Manchester University and holds a Masters Degree in Mineral Deposit Evaluation from the Royal School of Mines, Imperial College. He holds BSc (Hons) in geology, MSc, DIC and FGS.

***Andrew Partington**. Non-Executive Director (resigned 28 February 2019)*

Andrew is a partner with Toronto based investment bank Paradigm Capital Inc. specialising in corporate advisory, M&A, and equity raising for mining and metals companies. Andrew holds a B.Sc. (Hons) Engineering Geology from the University of Portsmouth and an MBA from York University's Schulich School of Business as well as MIMMM and FGS.

Key Management and Technical Adviser

***Aiden Lavelle** Chief Operating Officer*

Aiden is an experienced exploration manager who played a key role in the discovery of the Pandora prospect in Djibouti. His international work also includes target generation, project management and resource definition. He holds BSc (Hons), MSc, MIGI, P.Geo and is based in Ireland.

***David Hall** Technical Adviser*

David was a founding director of Erris Resources. He is a graduate in geology from Trinity College Dublin and holds a Masters Degree in Mineral Exploration from Queens University, Kingston, Ontario. He has 29 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in over 50 countries. From 1992, David was Chief Geologist for Minorco SA, responsible for Central and Eastern Europe, Central Asia and the Middle East. He moved to South America in 1997 as a consultant geologist for Minorco South America and subsequently became exploration manager for AngloGold South America in 1999, where he was responsible for exploration around the Cerro Vanguardia gold mine in Argentina, around the Morro Velho and Crixas mines in Brazil and establishing the exploration programme that resulted in the discovery of the La Rescantada gold deposit in Peru as well as certain joint ventures in Ecuador and Colombia. David is also founder and former Executive Director of Stratex International Plc, an AIM traded company with exploration assets in Turkey and in which Teck Resources Limited is an equity shareholder. He is a fellow of the Society of Economic Geologists and EuroGeol. He is currently CEO of Thani-Stratex Resources and non-executive chairman of Horizonte Minerals. He holds BA (Hons), MSc, FSEG, MIGI, P. Geo.

Board Advice during the year

During the year, the Board did not commission any external advice for its own matters.

Internal Advisory roles

Senior Independent Director

Due to the size of the company, the Board does not feel it necessary to appoint a Senior Independent Director.

Company Secretary

The CFO undertakes the joint role of company secretary, as the Board does not feel the size of the company warrants an independent person.

Annual Board appraisal

In accordance with current best practice and the Code, the Board has decided to initiate an annual formal evaluation of its performance and effectiveness and that of each Director and its Committees. This evaluation will be conducted during the year by way of a questionnaire and interviews with the Chairman. In addition, the Non-Executive Directors will meet, informally, without the Chairman present and evaluate his performance. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

Ongoing Board Development

Executive Directors are subject to the Company's annual review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered.

Non-executive Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process.

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate.

Succession Planning

The Board has a minuted emergency succession plan for the Senior Management Team. 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.

Audit Committee Report

During 2018, the Audit Committee's agenda has continued to be built around the usual review of the half year and full year financial results. As well as the reporting requirements, the Audit Committee has also paid close attention to the cash flow requirements of the Group to ensure that the Company maintains a tight control on expenditure and remains well financed.

The Audit Committee is responsible for assuring accountability and effective corporate governance over the Company's financial reporting, including the adequacy of related disclosures, the internal financial control environment and the processes in place to monitor this.

In respect of financial reporting activities, the Audit Committee reviews and recommends to the Board for its approval all half-year and full-year financial results announcements. In considering the financial results contained in the 2018 Annual Report and Financial Statements, the Audit Committee reviewed the significant issues and judgements made by management in determining those results. A key element of the work going forward will be the continued development of the control of risk within the business.

Jeremy Taylor-Firth
Audit Committee Chairman 4 April 2019

Remuneration Committee report

In determining the remuneration of Executive Directors and senior management, the Remuneration Committee seeks to enable the Company to attract, retain and motivate high calibre talent in order for the Company to pursue its strategy and achieve its annual business plan and budgets as approved by the Board.

For details of Directors' emoluments, please refer to note 31 of the Consolidated Financial Statements. The Remuneration Committee met after the year end to review performance for 2018. The Remuneration Committee acknowledged the progress made in advancing the Abbeytown project, continuing the relationship with Centerra and generally keeping strong financial controls over the Company's cash. But in the light of the poor share price performance in the period, which was itself in large part due to external market related factors, it was decided that no bonuses or options would be awarded in relation to 2018 performance, and salary and director fee levels would not be increased. The Remuneration Committee will continue to review performance on an ongoing basis and will recommend Option awards, if individual circumstances warrant it.

Jeremy Martin
Remuneration Committee Chairman 4 April 2019

Engagement with all shareholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. General communication with shareholders is co-ordinated by the Chairman, CEO and CFO.

The Company publishes on its website the following information, which the Board believes plays an important part in presenting all shareholders with an assessment of the Group's position and prospects:

- The Company's latest Investor presentation
- The Company's most up to date technical reports on each of its projects;
- Annual and Half-Yearly Financial Statements;
- All company press releases issued under the RNS service;
- Details on the results of all resolutions put to a vote at the most recent AGM;
- Contact details including a dedicated email address info@errisresources.com through which investors can contact the company.

The Company's Annual General Meeting (AGM) will generally be held in London in May following the publication of its annual results and all shareholders are invited to attend. There will be an open question and answer session during which shareholders may ask questions both on the proposed resolutions and the business in general.

Institutional Investors

In general, the Board maintains a regular dialogue with its institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, MAR and requirements of the relevant legislation. The Company typically holds meetings with institutional investors and other large shareholders following the release of interim and financial results.

Private Investors

The Company is committed to engaging with all shareholders and not just institutional shareholders. As the company is too small to have a dedicated investor relations department, the CEO is responsible for reviewing all communications received from shareholders and determining the most appropriate response. The CEO works in conjunction with the Company's PR Advisers, St Brides Partners, to facilitate engagement with its shareholders.

Board review

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the CEO, Chairman and the Company's Broker.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ERRIS RESOURCES PLC

Opinion

We have audited the financial statements of Erris Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement 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 (IFRS) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's and parent company's loss for the year then ended;
- have been properly prepared in accordance with IFRS 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; and
- 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Group and parent company materiality was €70,000 and €58,500 respectively, based on 1% of gross assets. For both components in the scope of our group audit, we allocated a materiality that is less than our overall group materiality.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the Financial Statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. As in all of our audits, 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.

A full scope audit was performed on the complete financial information of the Group's operating components located in United Kingdom, Ireland and Sweden, with the Group's key accounting function for all being based in the United Kingdom.

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.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Recoverability of intangible assets (refer note 12) The group holds significant intangible assets, comprising exploration and evaluation costs, with a carrying value at 31 December 2018 of €1,745,118. The exploration projects are at an early stage of development and independent resource and reserve estimates are not currently available to enable value in use calculations. The carrying value of these intangible assets are tested annually for impairment. In addition, there is a risk that the amounts capitalised do not meet the recognition criteria in accordance with IFRS 6.	We performed the following procedures: • Confirmed good title to the licenses, in conjunction with adherence to any specific terms and criteria within those licenses. • Reviewed progress on exploration activities at each of the license areas during the year and subsequent to the year end. • Undertook substantive testing on capitalised expenditure. • Inquired of management whether there are any indicators of impairment in addition to those of which we are previously aware. • Discussed with management the scope of their future budgeted and planned expenditure on each licence area. • As disclosed in note 12 to the financial statements, the Group recognised project impairment charges of €317,000 during the year.

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 our 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

ERRIS RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ERRIS RESOURCES PLC

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/auditorsresponsibilities. 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
1 Westferry Circus
Canary Wharf
London
E14 4HD

Date : 4 April 2019

ERRIS RESOURCES PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

Continuing operations	Notes	12 months ended 31 December 2018 €	15 months ended 31 December 2017 €
Revenue	**4**	165,216	111,676
Cost of sales		(129,569)	(53,005)
Gross profit		35,647	58,671
Exploration projects impairment		(317,396)	-
Administrative expenses		(696,083)	(204,725)
IPO costs		-	(340,044)
Share based payments charge	**24**	(124,901)	(70,955)
Operating loss	**6**	(1,102,733)	(557,053)
Finance income	**9**	1,289	54
Loss before taxation		(1,101,444)	(556,999)
Tax on loss	**10**	-	27,720
Loss for the financial year	**27**	(1,101,444)	(529,279)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,101,444)	(529,279)
Earnings per share from continuing operations attributable to the owners of the parent company	**11**		
Basic (cents per share)		(3.54)	(2.65)
Diluted (cents per share)		(3.54)	(2.65)

Total (loss)/profit and comprehensive (loss)/income for the year is attributable to the owners of the parent company.

ERRIS RESOURCES PLC

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	31 December 2018 €	31 December 2017 €
Non-current assets			
Intangible assets	12	1,745,118	1,047,708
Property, plant and equipment	13	-	77
		1,745,118	1,047,785
Current assets			
Trade and other receivables	17	59,334	200,956
Cash and cash equivalents		2,366,893	4,090,143
		2,426,227	4,291,099
Total assets		4,171,345	5,338,884
Current liabilities			
Borrowings	20	-	1,139
Current tax liabilities		30,648	30,648
Trade and other payables	19	112,873	241,556
Amounts owed to Strategic Alliance partner	21	3,794	64,968
		147,315	338,311
Net current assets		2,278,912	3,952,788
Total liabilities		147,315	338,311
Net assets		4,024,030	5,000,573
Equity			
Share capital	25	351,133	351,133
Share premium		4,151,045	4,151,045
Other reserves	26	827,376	759,687
Retained earnings	27	(1,305,524)	(261,292)
Total equity		4,024,030	5,000,573

The financial statements were approved by the board of directors and authorised for issue on 4 April 2019 and are signed on its behalf by:

Mr J Martin
Director

Mr O C Rifaat
Director

ERRIS RESOURCES PLC

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	31 December 2018 €	31 December 2017 €
Non-current assets			
Intangible assets	12	92,985	-
Investments	14	169,090	169,089
		262,075	169,089
Current assets			
Trade and other receivables	17	1,294,319	177,569
Cash and cash equivalents		2,109,313	4,011,695
		3,403,632	4,189,264
Total assets		3,665,707	4,358,353
Current liabilities			
Trade and other payables	19	51,449	221,809
		51,449	221,809
Net current assets		3,352,183	3,967,455
Total liabilities		51,449	221,809
Net assets		3,614,258	4,136,544
Equity			
Share capital	25	351,133	351,133
Share premium		4,151,045	4,151,045
Other reserves		138,644	70,955
Retained earnings	27	(1,026,564)	(436,589)
Total equity		3,614,258	4,136,544

As permitted by s408 Companies Act 2006, the company has not presented its own income statement. The company's loss for the period was €647,187 (2017 : €436,589).

The financial statements were approved by the board of directors and authorised for issue on 4 April 2019 and are signed on its behalf by:

Mr J Martin
Director

Mr O C Rifaat
Director

Company Registration No. 10829496

ERRIS RESOURCES PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital €	Share premium account €	Other reserves €	Retained earnings €	Total €
Balance at 1 October 2016		183,932	673,889	-	267,987	1,125,808
Period ended 31 December 2017:						
Loss and total comprehensive income for the period		-	-	-	(529,279)	(529,279)
Total comprehensive income for the period		-	-	-	(529,279)	(529,279)
Issue of share capital	**25**	182,044	4,369,081	-	-	4,551,125
Issue costs		-	(218,036)	-	-	(218,036)
Credit to equity for equity settled share-based payments	**24**	-	-	70,955	-	70,955
Merger reserve		(14,843)	(673,889)	688,732	-	-
Total transactions with owners recognised directly in equity		167,201	3,477,156	759,687	-	4,404,044
Balance at 31 December 2017		351,133	4,151,045	759,687	(261,292)	5,000,573
Year ended 31 December 2018:						
Loss and total comprehensive income for the year		-	-	-	(1,101,444)	(1,101,444)
Total comprehensive income for the year		-	-	-	(1,101,444)	(1,101,444)
Credit to equity for equity settled share-based payments	**24**	-	-	124,901	-	124,901
Transfer of lapsed share options		-	-	(57,212)	57,212	-
Total transactions with owners recognised directly in equity		-	-	67,689	57,212	124,901
Balance at 31 December 2018		351,133	4,151,045	827,376	(1,305,524)	4,024,030

ERRIS RESOURCES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital €	Share premium €	Other reserves €	Retained earnings €	Total €
Balance at 21 June 2017		-	-	-	-	-
Period ended 31 December 2017:						
Loss and total other comprehensive income for the period		-	-	-	(436,589)	(436,589)
Total comprehensive income for the period		-	-	-	(436,589)	(436,589)
Issued on incorporation	**25**	1	-	-	-	1
Issued on acquisition of subsidiary		169,088	-	-	-	169,088
Issue of share capital	**25**	182,044	4,369,081	-	-	4,551,125
Issue costs		-	(218,036)	-	-	(218,036)
Credit to equity for equity settled share-based payments	**24**	-	-	70,955	-	70,955
Total transactions with owners recognised directly in equity		351,133	4,151,045	70,955	-	4,573,133
Balance at 31 December 2017		351,133	4,151,045	70,955	(436,589)	4,136,544
Year ended 31 December 2018:						
Loss and total other comprehensive income for the year		-	-	-	(647,187)	(647,187)
Total comprehensive income for the year		-	-	-	(647,187)	(647,187)
Credit to equity for equity settled share-based payments	**24**	-	-	124,901	-	124,901
Transfer of lapsed share options		-	-	(57,212)	57,212	-
Total transactions with owners recognised directly in equity		-	-	67,689	57,212	124,901
Balance at 31 December 2018		351,133	4,151,045	138,644	(1,026,564)	3,614,258

ERRIS RESOURCES PLC

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	€	Year ended 31 December 2018 €	€	15 months ended 31 December 2017 €
Cash flows from operating activities					
Cash used in operations	**32**		(704,956)		(407,068)
Net cash outflow from operating activities			(704,956)		(407,068)
Cash flows from investing activities					
Exploration expenditure		(1,014,729)		(320,812)	
Exploration expenditure utilising funds from Strategic Alliance Agreement		(1,493,877)		(907,265)	
Interest received		1,289		54	
Net cash used in investing activities			(2,507,317)		(1,228,023)
Cash flows from financing activities					
Proceeds from issue of shares		56,319		4,494,806	
Share issue costs		-		(218,036)	
Repayment of borrowings		-		(1,429)	
Funds received from Strategic Alliance Agreements		1,432,704		886,715	
Net cash generated from financing activities			1,489,023		5,162,056
Net (decrease)/increase in cash and cash equivalents			(1,723,250)		3,526,965
Cash and cash equivalents at beginning of year			4,090,143		546,194
Effect of foreign exchange rates			-		16,984
Cash and cash equivalents at end of year			2,366,893		4,090,143

ERRIS RESOURCES PLC

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	€	Year ended 31 December 2018 €	€	21 June 2017 to 31 December 2017 €
Cash flows from operating activities					
Cash used in operations	**33**		(1,821,189)		(269,390)
Net cash used in operating activities			(1,821,189)		(269,390)
Cash flows from investing activities					
Exploration expenditure		(138,801)		-	
Interest received		1,289		-	
Net cash used in investing activities			(137,512)		-
Cash flows from financing activities					
Proceeds from issue of shares		56,319		4,494,806	
Share issue costs		-		(218,036)	
Net cash generated from financing activities			56,319		4,276,770
Net (decrease)/increase in cash and cash equivalents			(1,902,382)		4,007,380
Cash and cash equivalents at beginning of year			4,011,695		-
Effect of foreign exchange rates			-		4,315
Cash and cash equivalents at end of year			2,109,313		4,011,695

1 Accounting policies

Company information

Erris Resources Plc ("the Company") is a public limited company which is listed on the AIM Market of the London Stock Exchange domiciled and incorporated in England and Wales. The registered office address is 29-31 Castle Street, High Wycombe, Buckinghamshire, United Kingdom, HP13 6RU.

The group consists of Erris Resources Plc and its subsidiaries.

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The financial statements are prepared in euros, which is the functional currency of the Company and the Group's presentation currency, since the majority of exploration expenditure is denominated in this currency. Monetary amounts in these financial statements are rounded to the nearest €.

The consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Erris Resources Plc and all of its subsidiaries (ie entities that the group controls 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).

Erris Resources Plc was incorporated on 21 June 2017. On 1 December 2017, Erris Resources Plc acquired the entire issued share capital of Erris Resources (Exploration) Ltd by way of a share for share exchange. This transaction was treated as a group reconstruction and accounted for using the reverse merger accounting method. Accordingly, the financial information for the comparative period s been presented as if Erris Resources (Exploration) Ltd had been owned by Erris Resources Plc throughout the prior period.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided over time in the normal course of business and is shown net of VAT and other sales related taxes.

1 Accounting policies

Recognised in revenue are charges that are invoiced to the group's joint venture partner. These are based upon costs together with management fees incurred in connection with exploration programmes carried out under joint venture arrangements and in which the group acts as principal. Revenue from providing services is recognised in the accounting period in which the services are rendered. The execution of exploration programmes under joint venture funding arrangements is a key component of the strategy of the group.

1.5 Intangible fixed assets other than goodwill

Capitalised Exploration and Evaluation costs

Capitalised Exploration and Evaluation Costs consist of direct costs 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.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% on cost
Fixtures and fittings	25% on cost
Computers	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

1.7 Non-current investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet ready to use and not yet subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

1 Accounting policies

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.10 Financial assets

Financial assets are recognised in the group's and company's statement of financial position when the group and company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition that are debt instruments depends on the financial assets cash flow characteristics and the business model for managing them.

Financial assets are initially measured at fair value plus transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are "solely payments of principal and interest SPPI" on the principal amount outstanding.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. The group's and company's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1 Accounting policies

Financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

1.12 Taxation

Income tax represents the sum of current and deferred tax.

Current tax

The tax currently payable is based on taxable profit or loss for the period. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group’s and company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the group and company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Equity

Share capital

Ordinary shares are classified as equity.

Share premium

Share premium represents the excess of the issue price over the par value on shares issued. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Merger reserve

A merger reserve was created on purchase of the entire share capital of Erris Resources (Exploration) Ltd which was completed by way of a share for share exchange and which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of equity-settled share-based payment transactions.

1.16 Share-based payments

Equity-settled share-based payments with employees and others providing services are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of an appropriate pricing model. Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services, except where the fair value cannot be estimated reliably, in which case they are valued at the fair value of the equity instrument granted.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1 Accounting policies

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in administrative expenses in the income statement for the period.

The financial statements are presented in the functional currency of Euros, since the majority of exploration expenditure is denominated in this currency.

1.19 Exceptional items

Items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are items that are material, either because of their size or nature, or that are non-recurring.

The legal, professional and other costs directly incurred on admission to AIM during the period ended 31 December 2017 have been categorised as an exceptional item.

1.20 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, the group's chief operating decision-maker ('CODM').

1.21 New standards, amendments and interpretations not yet adopted

The following standards and amendments were adopted by the group and company during the year, none of which had a material impact:

- IFRS 9 - Financial Instruments
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
- Annual improvements to IFRS Standards 2014-2016 Cycle.

At the date of approval of these financial statements, the following standards and amendments were in issue but not yet effective, and have not been early adopted:

- IFRS 16 - Leases
- Annual improvements to IFRS Standards 2015-2017 cycle
- Amendments to References to the Conceptual Framework in IFRS Standards.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group or company.

2 Judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Share-based payment

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity settled transactions with employees at the grant date, the group and company uses the Black Scholes model.

Stability of Joint Venture Partners

The stability of the joint venture partners is periodically reviewed in determining the likelihood of future funding for related projects.

Impairment of Capitalised Exploration Costs

Group capitalised exploration costs had a carrying value as at 31 December 2018 of €1,745,118 (2017 : €1,047,708). Management tests annually whether capitalised exploration costs have a carrying value in accordance with the accounting policy stated in note 1.5. Each exploration project is subject to an annual review either by a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure as well as the likelihood of on-going funding from joint venture partners. In the event that a project does not represent an economic exploration target and results indicate that there is no additional upside, or that future funding from joint venture partners is unlikely, a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and have decided to impair the value of the Swedish assets to €100,000 in light of Centerra's decision not to continue with the three projects under current DPAs. The Directors do believe there remains value in these Swedish assets and are looking for an appropriate partner to take them forward. The Directors do not believe there is any impairment to the value of the Abbeytown assets in Ireland.

3 Financial Risk and Capital Risk Management

The Group's and Company's activities expose it to a variety of financial risks: market risk (primarily currency risks), credit risk and liquidity risk. The overall risk management programme focusses on currency and working capital management.

Foreign Exchange Risk

The Group and Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, namely GBP for its Head Office costs and the value of its shares for fund-raising, Euros for the majority of its expenditure and the US$ in relation to its agreement with Centerra Gold for the recovery of costs and management fees. The Group's Treasury risk management policy is to hold part of its cash reserves in Euros and to match as promptly as possible its Euro expenditures on Centerra work programmes to the fund recovery from Centerra that is denominated in US dollars. The balance of funds are held in GBP to match to its Head Office costs.

Credit and Interest Rate Risk

The Group and Company have no borrowings and a low level of trade creditors and have minimal credit or interest rate risk exposure.

Working Capital and Liquidity Risk

Cashflow and working capital forecasting is performed in the operating entities of the Group and consolidated at a Group level basis for monthly reporting to the Board. The Directors monitor these reports and rolling forecasts to ensure the Group has sufficient cash to meet its operational needs. The Board has a policy of maintaining at least a GBP1m cash reserve headroom at all times. The Group has no other material fixed cost overheads other than Director and employee costs, all of whom are on three month notice period contracts to ensure the Group has maximum flexibility to amend its operational expenditure.

4 Revenue

An analysis of the Group's revenue is as follows:

	Group	
	2018	**2017**
	€	**€**
Revenue analysed by class of business		
Management fees	165,216	111,676

All the management fees are received from Centerra Gold under the terms of the Strategic Alliance Agreement. There were no unsatisfied performance obligations at 31 December 2018 (31 December 2017 : none).

5 Segmental reporting

The Group operates principally in the UK, Ireland and Sweden, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities in Ireland and Sweden relate to exploration and evaluation work. The reports used by the Board and management are based on these geographical segments.

	Ireland 2018 €	Sweden 2018 €	Others 2018 €	UK 2018 €	Total 2018 €
Revenues	-	165,216	-	1,289	166,505
Cost of sales and administrative expenses	(124,680)	-	-	(660,882)	(785,562)
Share based payments charge	-	-	-	(124,901)	(124,901)
Project Impairment	-	(317,396)	-	-	(317,396)
Gain/loss on foreign exchange	(11,425)	(1,912)	-	(26,753)	(40,090)
Profit/(loss) from operations per reportable segment	(136,105)	(154,092)	-	(811,247)	(1,101,444)
Reportable segment assets	1,914,392	111,951	-	2,145,002	4,171,345
Reportable segment liabilities	27	3,813	-	143,475	147,315

	Ireland 2017 €	Sweden 2017 €	Others 2017 €	UK 2017 €	Total 2017 €
Revenues	-	111,676	-	54	111,730
Cost of sales and administrative expenses	(53,577)	(9,679)	(7,405)	(510,129)	(580,790)
Share based payments charge	-	-	-	(70,955)	(70,955)
Gain/loss on foreign exchange	(1,142)	(181)	-	(15,661)	(16,984)
Profit/(loss) from operations per reportable segment	(54,719)	101,816	(7,405)	(596,691)	(556,999)
Reportable segment assets	768,000	308,387	-	4,262,497	5,338,884
Reportable segment liabilities	4,829	74,669	-	258,813	338,311

6 Operating loss

	Group	
	2018	2017
	€	€
Operating loss for the year is stated after charging:		
Exchange losses	40,090	16,984
Share-based payments	124,901	70,955
Operating lease charges	22,477	2,403
Exploration costs expensed	124,680	71,986
Exploration projects impairment	317,396	-

7 Auditor's remuneration

	Group	
	2018	2017
Fees payable to the company's auditor and associates:	€	€
For audit services		
Audit of the financial statements of the group and company	22,500	22,500
Total audit services	22,500	22,500
For other services		
Tax	16,843	-
Corporate tax compliance (parent and subsidiaries)	4,000	-
Services relating to corporate finance transactions	-	37,500
Total non-audit services	20,843	37,500
Total audit and non-audit costs	43,343	60,000

8 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2018	2017	2018	2017
	Number	Number	Number	Number
Directors	6	6	6	6
Employees	8	3	-	-
	14	9	6	6

8 Employees

Their aggregate remuneration comprised:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	€	**€**	**€**	**€**
Wages and salaries	858,784	284,592	467,649	14,651
Social security costs	66,508	21,821	34,470	1,130
Pension costs	7,556	-	4,067	-
	932,848	306,413	506,186	15,781

Aggregate remuneration expenses of the group include €348,678 (2017 : €101,222) of costs capitalised and included within non-current assets. In 2018, €178,495 (2017 : €118,455) aggregate remuneration expenses of the group have been reimbursed by joint venture partners.

Aggregate remuneration expenses of the company include €100,553 (2017 : €NIL) of costs capitalised and included within non-current assets.

Directors remuneration is disclosed in note 31.

9 Finance income

	Group	
	2018	**2017**
	€	**€**
Interest income		
Interest on bank deposits	1,289	54

10 Taxation

	Group	
	2018	**2017**
	€	**€**
Current tax		
Current tax on result for the current period	-	(27,720)

10 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 €	2017 €
Loss before taxation	(1,101,444)	(556,999)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.17%)	(209,274)	(106,777)
Tax effect of expenses that are not deductible in determining taxable profit	23,731	-
Unutilised tax losses carried forward	185,543	83,694
Foreign exchange differences	-	(4,637)
Taxation charge/(credit) for the year	-	(27,720)

11 Earnings per share

	2018 Number	2017 Number
Weighted average number of ordinary shares for basic earnings per share	31,069,430	19,983,454
Effect of dilutive potential ordinary shares:		
- Weighted average number of outstanding share options	4,462,500	2,300,000
Weighted average number of ordinary shares for diluted earnings per share	35,531,930	22,283,454

	€	€
Earnings		
Continuing operations		
Loss for the period from continuing operations	(1,101,444)	(529,279)
Earnings for basic and diluted earnings per share attributable to equity shareholders of the company	(1,101,444)	(529,279)
Earnings per share for continuing operations		
Basic and diluted earnings per share	-	-
Basic earnings per share	(3.54)	(2.65)
Diluted earnings per share	(3.54)	(2.65)

There is no difference between the basic and diluted earnings per share for the period ended 31 December 2018 or 2017 as the effect of the exercise of options would be anti-dilutive.

12 Intangible fixed assets

Group	Ireland Exploration and Evaluation costs	Sweden Exploration and Evaluation costs	Total
	€	€	€
Cost			
At 1 October 2016	543,261	181,215	724,476
Additions - group funded	207,491	115,741	323,232
At 31 December 2017	750,752	296,956	1,047,708
Additions - group funded	894,366	120,440	1,014,806
At 31 December 2018	1,645,118	417,396	2,062,514
Amortisation and impairment			
At 1 January 2018	-	-	-
Project impairment	-	(317,396)	(317,396)
At 31 December 2018	-	(317,396)	(317,396)
Carrying amount			
At 31 December 2018	1,645,118	100,000	1,745,118
At 31 December 2017	750,752	296,956	1,047,708

Intangible assets comprise capitalised exploration and evaluation costs (direct costs and fixed salary / consultant costs) of the Ireland Zinc Projects and the Sweden Gold Projects (excluding the amounts recovered from Centerra Gold as per note 21).

Company	Ireland Exploration and Evaluation costs	Sweden Exploration and Evaluation costs	Total
	€	€	€
Cost			
At 21 June 2017 and 1 January 2018	-	-	-
Additions - group funded	92,985	45,816	138,801
At 31 December 2018	92,985	45,816	138,801
Amortisation and impairment			
At 21 June 2017 and 1 January 2018	-	-	-
Project impairment	-	(45,816)	(45,816)
At 31 December 2018	-	(45,816)	(45,816)

12 Intangible fixed assets

Carrying amount			
At 31 December 2018	92,985	-	92,985
At 31 December 2017	-	-	-

13 Property, plant and equipment

Group	Plant and equipment	Fixtures and fittings	Computers	Total
	€	€	€	€
Cost				
At 1 January 2018 and 31 December 2018	2,605	3,307	4,951	10,863
Depreciation and impairment				
At 1 January 2018	2,605	3,230	4,951	10,786
Depreciation	-	77	-	77
At 31 December 2018	2,605	3,307	4,951	10,863
Carrying amount				
At 31 December 2018	-	-	-	-
At 31 December 2017	-	77	-	77

The company had no property, plant and equipment at 31 December 2018 or 31 December 2017.

Depreciation charges of €77 (2017 : €2,419) have been capitalised and included within intangible exploration and evaluation costs asset additions for the year.

14 Fixed asset investments

		Group		Company	
		2018	2017	2018	2017
	Notes	€	€	€	€
Investments in subsidiaries	15	-	-	169,090	169,089

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

14 Fixed asset investments

Movements in non-current investments

Company	**Shares in group undertakings**
	€
Cost or valuation	
At 1 January 2018	169,089
Additions	1
At 31 December 2018	169,090
Carrying amount	
At 31 December 2018	169,090
At 31 December 2017	169,089

15 Subsidiaries

Details of the company's subsidiary at 31 December 2018 are as follows:

Name of undertaking	**Registered office**	**Nature of business**	**Class of shares held**	**% Held Direct**	**Indirect**
Erris Resources (Exploration) Ltd	United Kingdom	Exploration	Ordinary	100.00	-
Erris Zinc Limited	Ireland	Exploration	Ordinary	100.00	-
Tulivuori Exploration OY	Finland	Exploration	Ordinary	100.00	-

On 1 December 2017, Erris Resources Plc acquired the entire issued share capital of Erris Resources (Exploration) Ltd by way of a share for share exchange. This transaction has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

The registered office address of Erris Resources (Exploration) Ltd is 29-31 Castle Street, High Wycombe, Bucks, HP13 6RU.

On 26 February 2018, Erris Resources Plc acquired the entire issued share capital of Erris Zinc Limited on incorporation. Erris Zinc Limited is a company registered in Ireland.

The registered office address of Erris Zinc Limited is The Bungalow, Newport Road, Castlebar, Co. Mayo. F23YF24.

On 12 December 2018, Erris Resources (Exploration) Ltd acquired the entire issued share capital of Tulivuori Exploration OY shortly after incorporation. Tulivuori Exploration OY is a company registered in Finland and will be renamed Erris Finland.

The registered office address of Tulivuori Exploration OY is c/o Bokforingsbyra Mattans AB, Storalanggatan 57 A 11, 65100 Vasa, Finland,

16 Financial instruments

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Financial assets at amortised cost				
Trade and other receivables	59,334	200,956	1,294,319	177,569
Cash and bank balances	2,366,893	4,090,143	2,109,313	4,011,695
	2,426,227	4,291,099	3,403,632	4,189,264
Financial liabilities at amortised cost				
Borrowings	-	1,139	-	-
Trade and other payables	116,667	306,524	51,449	221,809
	116,667	307,663	51,449	221,809

17 Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
Amounts falling due within one year:	€	€	€	€
Unpaid share capital	-	56,319	-	56,319
Amounts owed by group undertakings	-	-	1,261,369	-
Other receivables	39,884	91,429	13,500	68,042
Prepayments and accrued income	19,450	53,208	19,450	53,208
	59,334	200,956	1,294,319	177,569

In the previous period, there was an amount of €56,319 (£50,000) included in the balance sheet within share capital called up but unpaid, which relates to a delayed receipt from a subscriber which was received on 3 January 2018. The share capital is stated as called up and fully paid, as this was purely a timing issue.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2018	2017	2018	2017
Euros	23,645	4,370	-	-
Other currencies	35,689	196,586	1,294,319	177,569
	59,334	200,956	1,294,319	177,569

18 Trade and other receivables - credit risk

Fair value of trade and other receivables
The directors consider that the carrying amount of trade and other receivables is equal to their fair value.

No significant balances are impaired at the reporting end date.

19 Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Trade payables	14,635	165,834	13,909	160,588
Other payables	687	1,821	-	-
Accruals and deferred income	97,551	73,901	37,540	61,221
	112,873	241,556	51,449	221,809

In the current period, the majority of the accruals relate to work done on the underground drilling at Abbeytown, but only invoiced in January 2019.

The carrying amounts of the Group and Company's current liabilities are denominated in the following currencies:

	Group		Company	
	2018	2017	2018	2017
Euros	56,244	6,351	-	-
Other currencies	56,629	235,205	51,449	221,809
	112,873	241,556	51,449	221,809

20 Borrowings

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Unsecured borrowings at amortised cost				
Director's loans - D Hall	-	1,139	-	-

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

Payable within one year	-	1,139	-	-

The directors' loans are interest free and repayable on demand.

21 Amounts owed to Strategic Alliance partner

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Amounts owing to Centerra Gold Inc	3,794	64,968	-	-

On 1 January 2016, the company entered into a strategic alliance with Centerra Gold over an Area of Interest ("AOI") in Northern Sweden within which Erris holds exploration permits over seven areas totalling 253km^2. Under the terms of this agreement, Centerra have the right to make an election ("Election") in respect of any or all of the designated project areas ("DPA" or "DPAs") in the AOI and on any rights subsequently acquired by Erris during the first two years after initial grant of the permit. Centerra must spend US$400,000 on drilling on each of those two DPAs within the subsequent twelve months and US$600,000 on each of those two DPAs within the following 12 months. If Centerra spends the aggregate US$1,000,000 on each DPA, they will earn a 51% stake in that DPA. In the period to 31 December 2017, Centerra elected two DPAs at Klippen and Käringberget. In the year to 31 December 2018, Centerra elected to continue with these two DPAs and elect a third at Brännberg. During 2018, Centerra made the decision to not proceed further with these three DPAs, but has extended the Generative programme for 2019 to find new DPAs in Sweden and Finland.

During the period, Centerra has spent a total of €1,496,375 (2017 : €907,265), comprising reimbursed costs of €1,331,159 (2017 : €795,591) and paid management fees of €165,216 (2017 : €111,674). In accordance with the terms of the agreement, amounts received but not yet expensed are repayable to Centerra.

A summary of the funding received from and costs incurred on behalf of Centerra is analysed as follows:

Year ended 31 December 2018	**Funding from Centerra**	**Exploration expenditure**	**Management and consultancy fees**	**Net**
	€	€	€	€
Generative	177,943	202,566	51,129	(75,752)
Klippen	516,384	464,585	46,403	5,396
Käringberget	161,341	139,490	15,522	6,329
Brännberg	577,036	522,020	52,162	2,854
	1,432,704	1,326,163	165,216	(61,173)

22 Retirement benefit schemes

Defined contribution schemes	2018 €	2017 €
Charge to profit or loss in respect of defined contribution schemes	4,113	-

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share Options

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Year ended 31 December 2018		Period ended 31 December 2017	
	Average Exercise Price in £ per Share	Options Number	Average Exercise Price in £ per Share	Options Number
At beginning of the period	£0.094	4,500,000	£0.084	1,700,000
Granted	£0.100	-	£0.10	2,800,000
Lapsed	£0.092	(950,000)	-	-
At end of period		3,550,000	£0.094	4,500,000
Exerciseable at the period end		3,550,000		2,933,332
Weighted average remaining exercise period, years		3.48		4.48

No new options were issued during the year and 800,000 Options due to Merlin Marr-Johnson lapsed after the year end. Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Grant	Vest	Expiry Date	Exercise Price, £	Share options (number) 2018	Share options (number) 2017
2014	2014	2022	0.08	1,250,000	1,400,000
2015	2015	2022	0.10	300,000	300,000
2017	2017	2022	0.10	2,000,000	2,800,000
				3,550,000	4,500,000

During the previous period the Company revised the exercise period of the options granted before the date of admission down to 5 years from 10 years.

The weighted average fair value of options granted during the period, determined using the Black-Scholes valuation model, was £0.436 per option. The significant inputs into the model were:

share price at the date of grant	24.25p
exercise price	as shown above
volatility	10.60%
dividend yield	-
expected option life	1.5-2 years
annual risk-free interest rate	2.83%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices.

24 Share-based payment transactions

The Directors believe that the success of the Group will depend to a significant degree on the performance of the Group's senior management team. The Directors also recognise the importance of ensuring that the management team are well motivated and identify closely with the success of the Group.

Accordingly, the Company has adopted the Share Option Plan which includes Options granted on admission and which replace the options in the capital of the subsidiary held by certain Existing Shareholders and others. The Options will expire after a maximum period of 5 years.

The Share Option Plan also includes Options which have been granted to the Directors as part of the terms of their appointment.

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
	€	**€**	**€**	**€**
Expenses recognised in the year (2017 : period)				
Arising from equity settled share-based payment transactions	124,901	70,955	124,901	70,955

25 Share capital

	Group and company	
	2018	**2017**
Ordinary share capital	**€**	**€**
Issued and fully paid		
31,069,430 ordinary shares of 1p each	351,133	351,133
	351,133	351,133

The Group's share capital is issued in £ but is converted into the functional currency of the Group (Euros) at the date of issue of the shares.

26 Other reserves

Group	Merger reserve €	Share based payment reserve €	Total €
At 30 September 2016	-	-	-
Additions	688,732	70,955	759,687
At 31 December 2017	688,732	70,955	759,687
Additions	-	124,901	124,901
Transfer of lapsed share options	-	(57,212)	(57,212)
At 31 December 2018	688,732	138,644	827,376

A merger reserve was created on purchase of the entire share capital of Erris Resources (Exploration) Ltd which was completed by way of a share for share exchange and which has been treated as a group reconstruction and accounted for using the reverse merger accounting method.

27 Retained earnings

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
At the beginning of the year/period	(261,292)	267,987	(436,589)	-
Loss for the year/period	(1,101,444)	(529,279)	(647,187)	(436,589)
Share based payment transactions (net)	57,212	-	57,212	-
At the end of the year	(1,305,524)	(261,292)	(1,026,564)	(436,589)

28 Financial commitments, guarantees and contingent liabilities

On 13 October 2016, the Company entered into an asset purchase agreement with Beowulf Mining Sweden AB ("Beowulf") pursuant to which the Company purchased exploration rights for the areas known as Grundsträsk nr 6 and Grundträsk nr 7 (together with all information relating thereto) from Beowulf. The consideration of US$200,000 will become payable subject to the Company announcing JORC indicated resource of 100,000 troy ounces of gold, together with a further amount of $2 per troy ounce on the announcement of indicated resource subject to a JORC indicated resource of at least 1 million troy ounces. Pursuant to this agreement, the Company is obliged to grant to Beowulf a royalty under which it is paid 1 per cent. of the net smelting revenue generated by the Company on any gold produced from the property. This royalty shall continue indefinitely unless the Company "buys out" the royalty by payment of US$2,000,000 to Beowulf. In addition, the Company is obliged to abide by the terms of the "2003 Data Access Agreement" which was entered into between Beowulf, the Scanex Group ("Scanex") and Mirab Mineral Resources AB ("Mirab") on 14 November 2003 for a period of 15 years. Pursuant to the terms of this agreement, Scanex and Mirab provided Beowulf with data relating to past mining exploration in return for the granting by Beowulf of a royalty to Scanex and Mirab for 1 per cent. of the net smelting revenue generated by Beowulf in relation to the area known as Grundträsk. The Company is required to honour this royalty.

Whilst the Directors acknowledge this contingent liability, at this stage, it is not considered that the outcome can be considered probable or reasonably estimable and hence no provision has been made in the financial statements.

29 Operating lease commitments

Lessee

At the reporting end date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	€	**€**	**€**	**€**
Within one year	11,070	3,960	-	-
Between two and five years	32,288	-	-	-
	43,358	3,960	-	-

30 Events after the reporting date

There are no events after the balance sheet date to report.

31 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2018		2017	
	Remuneration	Share Option Charge	Remuneration	Share Option Charge
	€	€	€	€
Mr J Martin	42,775	10,853	1,998	5,458
Mr O C Rifaat	62,959	48,836	3,330	24,561
Mr M A Marr-Johnson	125,918	32,653	6,659	24,562
Mr G Brown	30,184	10,853	1,332	5,458
Mr A J Partington	25,249	10,853	-	5,458
Mr J D Taylor-Firth	25,184	10,853	1,332	5,458
M A Du Plessis	4,166	-	-	-
	316,435	124,901	14,651	70,955

In the prior period, the Directors were appointed on 13 December 2017.

Transactions with related parties
During the year the group entered into the following transactions with related parties:

	Consultancy and expenses		Management fees	
	2018	2017	2018	2017
	€	€	€	€
Group				
Strategic Alliance partner	-	-	165,216	111,674
Key management personnel	77,404	114,439	-	-
Company				
Key management personnel	70,140	66,048	-	-

Aggregate consultancy and expenses include €42,421 (2017 : €11,673) of costs capitalised and included within non-current assets and €24,424 (2017 : €22,037) of costs reimbursed by joint venture partners. There were no amounts outstanding at the year end.

Amounts owed to the directors are disclosed in note 20.

Strategic Alliance arrangements with Centerra Gold are disclosed in note 11. During the period, Centerra reimbursed costs of €1,331,159 (2017 : €795,591) and paid management fees of € 165,216 (2017 : €111,674). As at 31 December 2018, there is an outstanding liability of €1,296 (2017 : €64,968) owing to Centerra Gold included within other payables.

31 Related party transactions

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2018	2017
	€	€
Group		
Strategic Alliance partner	3,794	64,968
Key management personnel	-	1,139
	3,794	66,107
Company		
Strategic Alliance partner	-	-
Key management personnel	-	-

32 Cash (used in)/generated from group operations

	2018	2017
	€	€
Loss for the year after tax	(1,101,444)	(529,279)
Adjustments for:		
Taxation charged/(credited)	-	(27,720)
Investment income	(1,289)	(54)
Amortisation and impairment of intangible assets	317,396	-
Foreign exchange	-	(16,984)
Equity-settled share-based payment expense	124,901	70,955
Movements in working capital:		
Decrease/(increase) in trade and other receivables	84,440	(140,290)
(Decrease)/increase in trade and other payables	(128,960)	236,304
Cash used in operations	(704,956)	(407,068)

33 Cash (used in) / generated from operations - company

	2018 €	2017 €
Loss for the year after tax	(647,187)	(436,589)
Adjustments for:		
Investment income	(1,289)	-
Foreign exchange	-	(4,315)
Equity-settled share-based payment expense	124,901	70,955
Movements in working capital:		
(Increase) in trade and other receivables	(1,127,254)	(121,249)
(Decrease)/increase in trade and other payables	(170,360)	221,808
Cash used in operations	(1,821,189)	(269,390)