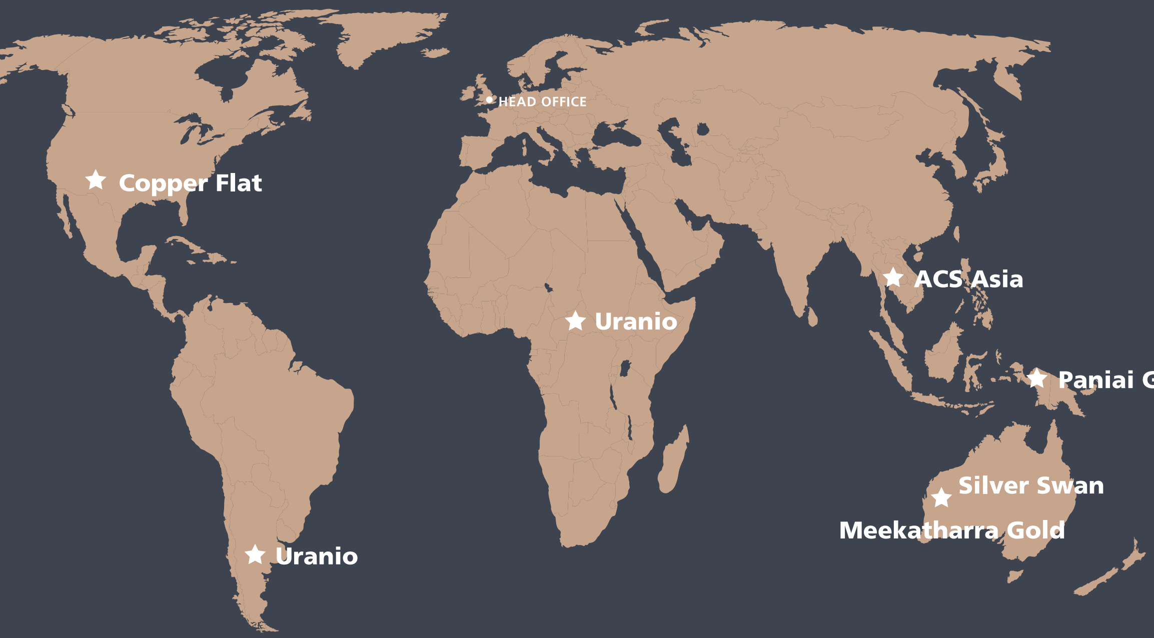
ANNUAL REPORT & ACCOUNTS 2009

A new future

MERCATOR GOLD PLC



... across four Continents

CHAIRMAN'S REPORT

I am pleased to address Mercator's shareholders with regard to our progress in rebuilding the Company following the traumatic events of 2008.

As shareholders will be aware, during 2008 Mercator was forced to close down its Meekatharra gold mining operation due to spiralling costs and the failure of the Surprise pit wall. Over the last fourteen months, the Company has worked hard assisting the administrators of its Australian subsidiary and a new investing group to recapitalise the Meekatharra project. Progress toward this objective has been made and announced to shareholders.

Joining the Company as Executive Chairman in July 2008 and working closely with the existing Board we have entered into a series of value generative transactions from which Mercator has already derived considerable benefit.

Your Board has broad experience in many aspects of the mining and exploration industries in many different commodities and it is our intention to utilise all our experience in moving Mercator forward. In addition to mining and exploration, we have used our experience in manufacturing to find compatible cash flow opportunities.

Mercator was able to purchase a 70% interest in ACS Asia, a profitable Thai manufacturing business, in October 2008, and as a result continues to earn management fees and to share in the profits of the business, thus stabilising the finances of the Company during an uncertain period for the world's economy.

We will continue to use our experience to find other situations of value and in the course of the period under review have acquired interests in two exciting mineral development projects, one in Papua Province, Indonesia and another in New Mexico, USA. The first of these was the acquisition of an interest in an extraordinary alluvial deposit in Papua that is known to have produced more than 100,000 ounces of gold at very high grades. The second was the acquisition of an exclusive option over the Copper Flat project in New Mexico, at a time when copper prices were much lower than those which currently prevail. We see Copper Flat as an attractive option on the copper price through a technically straightforward open pit mining project. The deposit contains over US$2 billion worth of metal at today's prices and we believe that Mercator will be able to add considerable value to the project with some innovative development.

Of importance to the immediate growth of Mercator is the ability to realise value and I am pleased to report that during the course of 2009 we were able to sell part of our interest in Silver Swan Group Limited at a substantial profit. We retain four million performance shares in that company and will therefore continue to have a stake in its success.

We expect to enter the second quarter of 2010 with metal prices at levels that will allow mining companies to fund projects and to make profits and we see the future of Mercator as one of adding value to promising mineral projects and of putting the Company in a position to realise that value.

Turning to the financial results of the Group, I am pleased to report that ACS Asia was responsible for contributing £41,000 of income and book profits to the Group Income Statement during its first year of operations under Mercator's control. ACS Asia recorded £4 million of turnover with a gross profit of £1.2 million, equating to a robust 30% gross profit margin. This is an impressive achievement in light of the difficult operating conditions, and we anticipate that the business will make an even more substantial contribution next year.

An upward revaluation of the Company's holding in Silver Swan by £1,452,816 combined with the contribution made by ACS Asia and other adjustments enabled the Group to record a net deficit for the 15 months to 30 September 2009 of £2,618,112.

Overall, Mercator's balance sheet has been significantly strengthened as a result of the acquisition of a cash generative business in the guise of ACS Asia and as a result of the partial divestment of the Company's interest in Silver Swan.

Mercator has now re-established itself with a range of assets beyond those that were envisaged at the time of the Company's AIM flotation in October 2004.

In moving forward to a new future it is proposed by the Board that the Company be renamed Electrum Resources plc and a special resolution to this effect will be put to shareholders at the AGM.

Michael Silver
Chairman

Copper Flat Project

A FORMER PRODUCING MINE IN A SECURE JURISDICTION

- **Mercator acquired an exclusive option over a 100% interest in the Copper Flat copper-molybdenum-gold-silver project in New Mexico, USA on 12 August 2009, after two months of due diligence.**

- **Copper Flat is a former producing mine which is considered by management to be an advanced stage asset that could be returned to production within a relatively short timeframe.**

Historic reserve & infrastructure

Key infrastructure from previous mining operations remains in place at Copper Flat. A pre-strip of the deposit has been completed, which along with the infrastructure established, represents a substantial proportion of the capital investment that would be required to bring the project into production.

Extensive feasibility studies on the restart of production at Copper Flat were carried out during the 1980s by highly reputable technical consultants. The most recent Pincock, Allen & Holt study envisaged the mining of 5.8 million short tons of ore and two million short tons of waste annually for 11.6 years. In order to restart production, a suitable processing plant would need to be constructed and commissioned.

The Copper Flat deposit has historical reserves of 45.5 million metric tons grading 0.45% Cu, 0.015% Mo, 0.15g/t Au and 2.25g/t Ag (cut-off grade 0.23% Cu), equivalent to 50.2 million short tons @ 0.45% Cu, 0.015% Mo, 0.14g/t Au and 2.04g/t Ag (cut-off grade 0.23% Cu).

The deposit appears to have excellent continuity and consistency of grade, with a low estimated stripping ratio of approximately 0.9:1, based on previous mining plans. A total of 181 reverse circulation and core drill holes have previously been completed (equating to approximately 39,000m) along with approximately 300m of underground drifting. Detailed metallurgical test work has been completed and has consistently shown a recovery of 92% copper and the production of highly marketable concentrates with an average copper grade of 28%. These results were confirmed during actual production in 1982.

Preliminary economic review of the restart of production at Copper Flat

On the basis of current historic reserves and assuming prices of US$2/lb copper, US$10/lb molybdenum, US$900/ounce gold and US$13/ounce silver, the Copper Flat project has an NPV of US$117 million and an IRR of 24%.

Assuming prices of US$3/lb copper, US$10/lb molybdenum, US$900/ounce gold and US$13/ounce silver, the Copper Flat project has an NPV of US$348 million and an IRR of 45%.

These figures are based on an owner mining scenario, initial capital costs of US$115 million and a discount rate of 8%. The current price of copper is in excess of US$3/lb.

During the course of Mercator's due diligence, it became apparent that the Copper Flat project, despite being extremely profitable at today's copper prices, would become marginal should copper prices fall to approximately 50% of those currently prevailing (assuming an 11 year mine life at historic reserve grade and cut-off).

However with a modest increase in reserves the project would be very profitable at US$2/lb copper and still robust at US$1.50/lb copper.

Steps to add value to the Copper Flat Project

On the basis of the preliminary economic review outlined above, Mercator is seeking to add value to Copper Flat through the expansion of the project's reserves/resources by means of further drilling and through the acquisition of various government permits required for a restart of production. It is expected that the permitting process will take 20-36 months to complete, and the terms of Mercator's option over the project are structured to reflect this timeframe. The documentation necessary to complete the permitting process is planned to be ready to submit to the relevant authorities in New Mexico by the end of 2010 or early in the first quarter of 2011.

The results of an initial drilling programme that commenced at Copper Flat in January 2010 and concluded in February have so far been positive, with assay results received including an intersection of 429ft (131m) at an average grade of 0.73% copper. Further assays are pending. The drilling programme was designed to provide data for a Canadian NI 43-101 compliant update of the historic Copper Flat reserves/resources and to provide geotechnical and geochemical information for the planning and permitting of future operations.

The programme was also intended to provide information regarding the possible extension of historic reserves/resources at Copper Flat below and adjacent to the historic planned open pit. The majority of Copper Flat's historic reserves/resources are hosted by an extensive breccia pipe and surrounding host rock of porphyritic quartz monzonite. Encouragingly, the programme has confirmed extensions of the breccia pipe and mineralisation adjacent to and below the historic planned pit.

During 2010, Mercator will consider all relevant options for the financing of the project.

Terms of Mercator's Option

Mercator acquired its option over the Copper Flat project for consideration of US$150,000. In order to exercise this option, Mercator may make payments to the vendors as follows:

- US$1 million by end March 2010 (US$150,000 already paid);
- US$1.85 million by 14 August 2010; and
- US$7 million by 14 February 2011.

All these payments are discretionary, and Mercator can elect not to proceed with the exercise of the option at any stage. The final payment may be deferred until 16 May 2011 for an additional payment of US$150,000. The vendors would retain a net smelter return ("NSR") of 3.25%.

ACS Asia

A PROFITABLE THAI MANUFACTURING BUSINESS

In October 2008 Mercator acquired a 70% interest in ACS Asia (1996) Company Ltd ("ACS Asia"), a profitable Thai manufacturing business, from the US diversified industrial group Tyco International. Mercator acquired its interest through Gold Crest Holdings Ltd, a company registered in Hong Kong and which owns an effective 100% interest in ACS Asia, which is incorporated in Thailand.

ACS Asia's core product lines are Unistrut metal products, which are ubiquitous in the global construction sector. The business employs approximately 130 people and owns a modern manufacturing facility in Rayong, Thailand. ACS Asia has exclusive rights to sell Unistrut products in a number of Asian countries.

As at 30 September 2009, ACS Asia's production facility was operating at approximately 80% capacity with an order book sufficient for three months. The outlook for 2010 is considered promising.

Mercator paid an initial US$750,000 for ACS Asia, of a total consideration of US$2 million. At the end of the period, approximately US$1.25 million had been paid and post-period a further US$650,000 has been paid.

Mercator's investment in ACS Asia is already delivering a healthy return and we expect the business to grow considerably in the medium term, particularly as the Asia-Pacific region has weathered the global recession well.

Paniai Gold

CONSIDERABLE UPSIDE POTENTIAL

Between September and December 2008 Mercator invested £175,000 in the Area 81 gold project in Papua Province, Indonesia, by way of a loan to GOC Holdings Ltd ("GOC"), a Hong Kong registered company. This loan enabled GOC to earn a 50% interest in the Area 81 project.

During the course of the period, Mercator's loan was converted into a holding of fifty million shares in an Australian company named Paniai Gold Ltd ("Paniai"), which was formed to hold the interest of GOC in the Area 81 project. Paniai has since invested a further A$700,000 in the project, having raised pre-IPO funding ahead of an IPO planned for 2010.

The joint venture has already established solid support from the authorities within the Regency of Paniai, the administrative district in central Papua Province in which the Area 81 project is located, as well as from the local population.

Whilst the Area 81 project presents some logistical challenges, the large amount of gold (more than 100,000 ounces) that has been extracted by Paniai's Indonesian partner over the past four years using extremely unsophisticated mining methods indicates exceptional potential for both the application of more sophisticated mining techniques and for the systematic exploration of the wider area with a view to the discovery of new deposits.

Mining & exploration potential

Paniai is the holder of a 50% interest in a joint venture over the Area 81 project with a local company. The joint venture has one granted 40 hectare mining permit and applications pending for another 490 hectares of mining permits and 170,000 hectares of exploration permits.

The joint venture initially intends to mine sizable bodies of gold bearing gravels located within its granted mining permit, and will additionally undertake exploration for new gold and copper-gold deposits within the wider project area, which is less than 100 kilometres from the immense Grasberg copper-gold mine operated by Freeport McMoRan Copper & Gold Inc. Paniai plans to implement hydraulic mining methods and recover gold by means of sluice boxes.

Mercator's role in the development of Paniai

In order to ensure that the Area 81 project has the best possible chance of success, Mercator introduced Paniai to Trevor Neale, a noted specialist in gold mining operations in Papua New Guinea, who has now been appointed Operations Manager of the Area 81 project. Mercator also introduced Paniai to BGF Capital Ltd, a new broking house focused on the exploration and mining industry in Australia. BGF has raised approximately A$500,000 in pre-IPO funding for Paniai and has agreed to underwrite Paniai's listing on the National Stock Exchange ("NSX") in Newcastle, Australia, for approximately A$1.8 million. On listing, Mercator expects to hold 16% of Paniai's issued share capital (equating to an 8% indirect project interest).

Silver Swan Group

A RAPIDLY MATURING ASSET

On the last day of the period, Mercator announced the sale of nine million of its ten million ordinary shares in Silver Swan Group Limited ("Silver Swan"), an exploration company listed on the Australian Stock Exchange and focused on gold and base metal projects in Australia, the most significant of which were sold to it by Mercator in April 2008. Post period, further disposals of ordinary shares in Silver Swan have taken place and the Company now holds an insubstantial number. First proceeds from the disposals were not received until after the end of the period, and thus will be reflected in future financial statements.

The Company has retained four million performance shares in Silver Swan, which convert to ordinary shares subject to certain conditions, the most notable of which is the definition by Silver Swan of Indicated Resources of a minimum of 350,000 ounces of gold or gold equivalent on the tenements sold to it by Mercator.

The disposal by the Company of the majority of its ordinary shares in Silver Swan has realised cash proceeds of in excess of A$3 million whilst still leaving the Company with its performance shares, which constitute a substantial interest in the future of Silver Swan.

Silver Swan as an example of Mercator's ability to add value

Silver Swan represents a prime example of the process by which Mercator is able to add value to a project and then realise this value at an appropriate time.

The Company staked the original claim over the Austin prospect near Meekatharra in Western Australia, where Silver Swan has made a significant Cu-Zn-Au-Ag discovery of the volcanogenic massive sulphide (VMS) type. Mercator was also instrumental in the appointment of key management to Silver Swan when the Company sold the package of claims that included the Austin prospect to Silver Swan in April 2008.

Uranio

DUE DILIGENCE ON PROMISING URANIUM TENEMENTS IN ARGENTINA

In November 2009, after the end of the period, Mercator acquired three million shares in Uranio AG, a Swiss uranium exploration and development company listed on the Frankfurt, Berlin and Stuttgart Stock Exchanges, for consideration of 20 million new ordinary shares in the Company.

Uranio has extensive and highly prospective uranium tenement holdings in the Central African Republic (CAR) and in Argentina, including tenements in the CAR that are contiguous with ground held by AREVA, the French nuclear power company.

In March 2010, Mercator commenced due diligence over Uranio's promising tenement package in Argentina, and under a binding heads of agreement has the right to earn up to a 70% interest in the tenement package by spending US$5.5 million on exploration, development and associated activities over four years.

The tenement package in Argentina totals more than 80,000 hectares of granted tenements plus 50,000 hectares of applications, and includes a tenement known as Color 15 that is located approximately 20km from the historic Los Mogotes Colorados mine, an unconformity-related roll-front uranium deposit. The Color 15 tenement is believed to be highly prospective for the discovery of similar deposits, which worldwide include those found in Canada's Athabasca Basin.

Meekatharra Gold

RECOVERY OF SIGNIFICANT VALUE EXPECTED IN 2010

In October 2008, instability in the wall of the Surprise pit at the Meekatharra gold project, then operated by Mercator, forced the cessation of mining activities at Meekatharra. This precipitated substantive losses associated with the Company's forward sales of gold during a period of extreme volatility in the gold price.

As a result, administrators of the Company's Australian operating subsidiary Mercator Gold Australia Pty Ltd ("MGA") were appointed on 9 October 2008 and were appointed Deed Administrators under a Deed of Company Arrangement ("DOCA") on 4 December 2008. MGA remains under a DOCA pending the completion of a refinancing of the Meekatharra project.

During the course of the period, Mercator's directors, staff and consultants cooperated closely with the administrators of MGA to arrive at a development plan for the Meekatharra project that would enable its refinancing. This plan was used in an extensive marketing campaign by the administrators and has largely been accepted by the successful bidder for the project, Meekatharra Gold Corporation.

Meekatharra Gold Corporation

The offer from Meekatharra Gold Corporation, which has been accepted by the administrators on behalf of all creditors, of which Mercator is the largest, is subject to confidentiality at this time. However it can be stated that the creditors of MGA will have a 25% interest in Meekatharra Gold Corporation prior to the anticipated listing of Meekatharra Gold Corporation on the Toronto Stock Exchange. To assist with this transaction, Mercator has invested, by way of a loan convertible into shares, C$200,000 in Meekatharra Gold Corporation.

Furthermore, Mercator has agreed to contribute A$1.5 million in the form of a two year convertible instrument in the Company to a trust established to hold the creditors' interest in Meekatharra Gold Corporation. In return, Mercator will be entitled to 50% of this interest, from which the Company, in due course, expects to realise material value. Mercator has waived any further distribution from the trust.

Mercator expects the acquisition of the Meekatharra gold project to be completed by Meekatharra Gold Corporation during the course of 2010. Once this has occurred, Mercator will assume full control of MGA and with it large operating and capital tax losses, which are of significant value and which may be utilised for the benefit of MGA's only shareholder, Mercator Gold plc.

Outlook

Mercator is now a mineral development company with a range of carefully selected projects and interests, all of which have the capacity to deliver substantial returns, and some of which have already begun to do so. Drawing on the expertise and experience of its directors, staff and advisers, the Company will continue to develop its portfolio of assets, as well as acting to take advantage of new opportunities where appropriate.

Patrick Harford
Managing Director

DIRECTORS' BIOGRAPHIES

Michael Bernard Silver BSc Eng (Hons)
Executive Chairman (aged 73)

Michael Silver was appointed as Chairman on 28 July 2008. He has broad and detailed experience in civil engineering including thirty years' experience in the mining industry. He is a Member of the Institution of Engineers of Australia. Mr Silver founded Highlands Mining Ltd in 1968, bought in 1970 by Quest Mining and Exploration. He was involved in starting the Telfer gold mine for Newmont Australia and numerous other operations. Subsequently he was involved in developing mines as a Principal and in conjunction with other Public Companies, and was involved in numerous capital raisings.

His operational experience in the mining sector in Australia and Overseas encompasses most of the minerals mined in Australia. As a direct result of developing these projects Michael Silver gained broad ranging management experience and involvement in many businesses associated with the resource industries including corporate experience in the development and funding of six public companies: Quest Mining and Exploration Ltd; Southern Goldfields NL; Regent Mining Limited; Marino Ltd; Dome Resources Ltd; and Harrington Group Ltd. His oil industry experience was acquired during his tenure as the Chairman of Drillsearch Oil Limited.

Public Company Board positions have been held in over ten publicly listed companies over the last thirty years. These have ranged from non-executive to executive roles and included chief executive and chair positions in both Australian and Canadian companies.

Patrick Aloysius Harford BSc (Hons)
Managing Director (aged 58)

Patrick Harford was appointed as Managing Director on 22 March 2004. He graduated with Honours in Geomorphology from Melbourne University in 1973. He has had experience in gold and diamond exploration and production in Australia and southern Africa. His past roles have seen Patrick involved with Grant's Patch Mining Limited, as Managing Director, when that company operated an alluvial gold mine in the Northern Territory; Zapopan NL during the period that it located and developed the Mt Todd and Tanami mines in the Northern Territory; and Auridiam Consolidated NL during that company's successful construction of a two million tonnes per annum diamond mine in Zimbabwe.

Michael John de Villiers BComm, Professional Accountant (SA), MIOD
Finance Director (aged 47)

Michael de Villiers was appointed Finance Director on 22 March 2004. He qualified as a Professional Accountant, (SA) with Ernst & Young in Cape Town. Michael gained his experience as financial manager at mining and chemical operations in Namibia, Botswana, Ghana and Bulgaria. He was previously Finance Director of Oxus Gold plc and Navan Mining plc. He is currently a director of Ariana Resources plc and Norseman Gold plc.

Richard Nicholas Allen
Non-executive Director (aged 73)

Nick Allen was appointed as a non-executive Director on 7 April 2004. He has worked in the mining industry for over 40 years, primarily in diamond mining and marketing, including lengthy periods with Consolidated African Selection Trust and D Drukker & Zn, a De Beers Industrial distributor in the UK and India. Nick is currently a director of DiamondCorp plc.

Michael Elias BSc (Hons), FAusIMM, CPGeo
Non-executive Director (aged 58)

Michael Elias was appointed as a non-executive Director on 7 July 2004. He is a geologist with over 30 years of experience in the mining industry. He has worked with WMC Resources (mainly in nickel projects, including as Chief Geologist Resource Development, Nickel Division) and Geological Survey of Western Australia. He is currently a director of Braemore Resources (AIM), Australian Mines Limited (ASX), Silver Swan Group Ltd (ASX), and a private consultancy, CSA Global Pty Ltd.

The Directors present their report and audited financial statements for the period ended 30 September 2009.

Principal Activities

The principal activities of the Company are those of an exploration and mine development company. The activity of its direct subsidiary based in Hong Kong is as of a holding company and the activity of its ultimate subsidiary based in Thailand is a metal products manufacturer.

In common with many similar companies, the Company raises finance for its investment and appraisal activities, and those of its subsidiaries, in discrete tranches which finance activities for limited periods. Further fundraising is undertaken as and when required. The most recent fund raising in March 2010 was through a Placing of 18.9 million ordinary shares at £0.025 raising £472,500. Other fund raisings, in June and October 2009, were through the Placing of 42.5 million ordinary shares at £0.02, and 3.125 million ordinary shares at £0.04 per share raising a total of £975,000.

In August 2009 the Company achieved a cash saving of approximately £107,800 resulting from various creditors taking a total of 6,059,218 shares in lieu of fees and the conversion of interest to shares on a Convertible Loan Note.

In November 2009, the Company announced that it had acquired 3,000,000 shares of Uranio AG (Frankfurt, Berlin, Stuttgart Stock Exchanges WKN: A0MKD4, UAI) ("Uranio"), a Swiss uranium exploration and development company, from Suphansa Holdings Ltd (Suphansa). The shares acquired from Suphansa represent 1.33% of Uranio's issued share capital.

Consideration for the acquisition of Mercator's stake in Uranio was the placement of 20,000,000 new ordinary shares of Mercator to Suphansa. Suphansa has agreed to a voluntary escrow of the Mercator shares issued to it for a period of 12 months.

Reviews of operations and business developments are reported on in the Chairman's Letter to Shareholders, in the Managing Director's Statement, in the Business Review and within the details of the Financial Statements. The Financial Statements set out the financial position of the Company.

Business Review

OTHER PROJECTS

In addition to its remaining interest in Meekatharra Gold Corporation/Mercator Gold Australia Pty Ltd ("MGA"), the Company has the following interests:

a) Paniai Gold Limited - Alluvial Gold Exploration in West Papua, Indonesia

As announced on 30 July 2009, the Company's interest in West Papua was converted into 50 million shares to Paniai Gold Limited which raised A$0.5 million in a pre-IPO funding ahead of a targeted A$2 million IPO for a listing on the National Stock Exchange ("NSX") in Newcastle, Australia. That shareholding represents approximately 16% of Paniai Gold Ltd which is expected to have a market capitalisation of approximately A$10 million following the proposed listing.

b) ACS Asia (1996) Company Ltd

In October 2008, the Company acquired a 70% economic interest in ACS Asia (1996) Company Ltd ("ACS Asia"), a profitable Asia Pacific-focused metal products' business formerly owned by the US industrial conglomerate Tyco International ("Tyco"). ACS Asia's product range includes the well-known Unistrut brand of construction products, which are manufactured in a modern facility belonging to ACS Asia in Thailand.

c) Silver Swan Group – Sale of Shares

As a result of the sale in early 2008 of some non-core exploration tenements located near Meekatharra to Silver Swan Group Ltd, an exploration company listed on the Australian Stock Exchange, the Company owned ten million Silver Swan ordinary shares as well as a further four million performance related shares, which convert to ordinary shares subject to certain conditions. During the period, Silver Swan announced the release of the ten million shares from escrow and the Company disposed of approximately 9 million of those shares in the following financial period raising a total of approximately £1.5 million.

d) Copper Flat Project – Exclusive Option

In August 2009 the Company acquired an exclusive option over the Copper Flat porphyry copper-molybdenum-gold-silver project in the Las Animas mining district in south central New Mexico, Unites States, by way of a payment of US$150,000 as consideration for the grant of the option.

In order to exercise its option over the Copper Flat project, Mercator needs to make payments to the vendors as follows:US$850,000 by 30 March 2010; US$1.85 million by 14 August 2010; and US$7 million by 14 February 2011. All the payments are discretionary, and Mercator can elect not to proceed with the exercise of the option at any stage. The final payment may be deferred until 16 May 2011 for an additional payment of US$150,000. The vendors would retain a net smelter return ("NSR") of 3.25%.

e) ADR Programme

As part of the development of the Company's North American interests Deutsche Bank, one of the leading depositary banks, has been appointed to assist the Company to establish a market for its shares. Deutsche Bank has sponsored an American Depositary Receipt ("ADR") programme which was established in October 2009. ADRs in the Company's ordinary shares will be traded on the Pink OTC Markets Inc. Each ADR represents 200 ordinary shares in Mercator and under current registration Mercator can issue up to 250,000 ADRs representing up to 50,000,000 ordinary shares.

Through this process Mercator will be introduced to US investors and thus expects to improve its profile and liquidity.

f) Mercator Gold Australia Pty Ltd

Following the appointment of Administrators to Mercator Gold Australia Pty Ltd ("MGA") during October 2008, the Company's management have worked closely with the Administrators and potential bidders to secure a viable refinancing of the Meekatharra operations.

An operation under the sponsorship of a venture capital bank is now in the process of finalising a bid with the Administrators and is expected to be complete during 2010.

g) Uranio AG – Due Diligence on Promising Uranium Tenements in Argentina

In November 2009, after the end of the period, Mercator acquired through a share swap of 20 million Mercator shares, three million shares in Uranio AG ("Uranio"), a Swiss uranium exploration and development company listed on the Frankfurt, Berlin and Stuttgart Stock Exchanges.

Uranio has extensive and highly prospective uranium tenement holdings in the Central African Republic ("CAR") and in Argentina, including tenements in the CAR that are contiguous with ground held by AREVA, the French nuclear power company.

In March 2010, Mercator commenced due diligence over Uranio's promising tenement package in Argentina, and under a binding heads of agreement has the right to earn up to a 70% interest in the tenement package by spending US$5.5 million on exploration, development and associated activities over four years.

The tenement package in Argentina totals more than 80,000 hectares of granted tenements plus 50,000 hectares of applications, and includes a tenement known as Color 15 that is located approximately 20km from the historic Los Mogotes Colorados mine, an unconformity-related roll-front uranium deposit. The Color 15 tenement is believed to be highly prospective for the discovery of similar deposits, which worldwide include those found in Canada's Athabasca Basin.

h) Name Change

Mercator Gold plc has traded under this name since its original floatation on AIM in October 2004. Due to the change in its activities away from exclusively gold, and its new broader focus on a wider range of minerals, the Board has proposed to rename the Company to "Electrum Resources plc" and the shareholders will be asked to vote on this as a Special Resolution at the Annual General Meeting.

Group financial results

a) Financial Performance for the 15 months to 30 September 2009

The inclusion of ACS Asia (1996) Company Ltd ("ACS Asia") in the Group's reporting £4 million of turnover and a cost of sales of £2.8 million with a gross profit of £1.2 million showing a very pleasing 30% gross profit margin, all of which is attributable to ACS Asia. The performance of ACS Asia is very encouraging as the industry conditions were very testing, as with all other trading conditions. ACS Asia contributed a total of £41,000 to consolidated profit and management fees through the Group Income Statement. The foundations for ACS Asia to provide a greater contribution to the Group have been laid during this first year under the control of Mercator with a major revamp of operational and management systems and the review of carrying values of inventory and other assets. Consequently the Group was able to demonstrate the value for money of this purchase by way of the contribution of an amount of £22,452 of Negative Goodwill in the Group's Income Statement, after Inventory and other adjustments.

The Group's Operating and Investment activity continued along the same lines as in previous years with management focusing on enhancing or making new investments in the mineral sector. Consequently Mercator's administrative expenses for the 15 months were around the same level as the 12 months to 30 June 2008 and ACS Asia had a further £1 million of administrative expenses which were included in the Group's results.

Net Finance Costs of £525,738 are mostly attributable to the Convertible Loan Note interest and the expensing of amortisation of the original issue costs and imputed interest.

Share of Loss of Associate of £371,630 relates to the share of Silver Swan loss for the period up to 29 June 2009 when it ceased to be an associate company. Related to this event is the Company's holding in Silver Swan being revalued by £1,452,816 as a result of its no longer being carried at cost but at market value. This gain on revaluation has been taken as a reserve and when set off against the loss for the period of £4,452,525 results in a total recognised expense for the 15 months to 30 September 2009 of £2,618,112.

b) Change in Financial Year End

Mercator has changed its financial year end from 30 June to 30 September in order to bring the Group in line with the financial year of its newly-acquired subsidiary, ACS Asia. The Group will in future report for 12 months to 30 September as well as releasing an interim report to 31 March.

Future developments

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

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

Financial and other risk management objectives and policies

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

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

The Company does not presently hold any forward or hedge positions in either currency or other minerals. These are presently not deemed necessary but this is reviewed from time-to-time. There is an inherent risk of operating between different currencies, namely £GBP, $AUD, IDR (Indonesian Rupia), $US, and Thai Baht and the Board monitors and reviews this exposure on a regular basis.

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

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

Further details of the Company's financial risk management objectives and policies are set out in Note 21 to the Financial Statements.

Present position of the company

As at 30 September 2009 the Company's financial position was stable, notwithstanding the developments over the last year, and it was anticipated that it would be supported by revenue arising from the operating subsidiary. As disclosed above this no longer remains the case and alternative ways of creating a viable financial entity are being sought, as also disclosed above.

The Company's financial accounts contained within this annual report are prepared on a going concern basis. The Directors felt it prudent to make a 90% provision of the loan account due from MGA to the Company and have also written down the 100% shareholding in MGA to £1.00.

Following the announcement of MGA being placed in administration in October 2008, the Company's shares were suspended from trading on AIM pending certainty of the Company's financial situation. The suspension of trading in the Company's ordinary shares was lifted on 7 April 2009 following the publishing of the Company's annual audited June 2008 accounts.

As approved at the General Meeting held on 29 May 2009, the share capital of the Company was sub-divided and re-designated. The authorised share capital was increased by 800 million New Ordinary Shares, and the existing ordinary shares were split into New Ordinary Shares of 0.1p, and Deferred Shares of 9.9p.

As of 22 March 2010, following a Placing of 18.9 million shares raising £472,500 before expenses, the number of total shares in issue is 163,271,584.

The General Meeting also approved the Offer of Bonus Warrants of up to 10,382,130 Warrants to shareholders on a 1 for 7 basis at a subscription price of 5p, valid for 12 months following the date of the General Meeting. A total of 10,312,290 Warrants were issued to existing shareholders and as of 12 March 2010 a total of 12,455 Warrants had been exercised and 10,299,835 Warrants remain to expire on 28 May 2010.

This Business Review contains certain forward looking statements that have been made by the Directors in good faith. By the nature of these statements there can be no certainty that such predictions will be met.

Policy on payment of suppliers

The Company's policy is to settle terms of payment with its suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment, and abiding by the agreed terms. The number of days of trade creditors outstanding at the period end was 88 days (2008: 4.9 days).

Dividends and profit retention

The results for the period are set out in the Income Statement on page 17. No dividend is proposed in respect of the period (2008: nil). The retained loss for the period of £(4,452,525) (2008: loss £(31,883,479) has been taken to reserves.

Directors

The Directors who served during the period were:

Terrence John Strapp *(resigned 25 July 2008)*
Michael Bernard Silver *(appointed 28 July 2008)*
Patrick Aloysius Harford
Denis Geldard *(resigned 12 September 2008)*
Michael John de Villiers
Richard Nicholas Allen
Michael Elias

In accordance with the Company's Articles of Association at least one third of the Directors must retire by rotation at each Annual General Meeting, and may stand for re-appointment at the Meeting. Accordingly, the Directors retiring by rotation are Mr M J de Villiers and Mr M Elias.

Directors' interests

SHARE INTERESTS

The Directors of the Company who held office at 30 September 2009 held the following beneficial interests, either directly or indirectly, (including interests held by spouses, minor children or associated parties) in the ordinary shares of the Company:

	30 September 2009 No. of Shares	30 June 2008 No. of Shares
M B Silver*	2,080,043	-
P A Harford	3,516,467	1,650,010
M J de Villiers	300,000	277,000
R N Allen	-	-
M Elias	45,000	20,000
Total	5,941,510	1,047,010

*Mr Silver held 566,543 shares as at the date of his appointment.

Share Options

The Directors of the Company held share options granted under the Company's Share Option Scheme, as indicated below.

No Directors' share options were exercised during the period.

	Options issued	Date issued	Expiry date	Exercise price	30 September 2009 Balance
M B Silver	825,000	29 Sept 2004	28 Sept 2009	£0.80	825,000
M B Silver – total	825,000				825,000
P A Harford	10,000	29 Sept 2004	28 Sept 2009	£0.80	10,000
	615,000	29 Sept 2004	28 Sept 2009	£0.80	615,000
	75,000	19 Nov 2004	18 Nov 2014	£1.00	75,000
	200,000	31 Jan 2006	30 Jan 2016	£0.60	200,000
	100,000	10 May 2006	9 May 2011	£0.85	100,000
	325,000	3 Jan 2008	2 Jan 2015	£1.00	325,000
P A Harford – total	1,325,000				1,325,000
M J de Villiers	75,000	19 Nov 2004	18 Nov 2014	£1.00	75,000
	125,000	25 Feb 2005	25 Feb 2015	£1.00	125,000
	125,000	14 April 2005	13 April 2015	£1.20	125,000
	125,000	31 Jan 2006	30 Jan 2016	£0.60	125,000
	100,000	10 May 2006	9 May 2011	£0.85	100,000
	100,000	3 Jan 2008	2 Jan 2015	£1.00	100,000
M J de Villiers – total	650,000				650,000
R N Allen	50,000	19 Nov 2004	18 Nov 2014	£1.00	50,000
	75,000	31 Jan 2006	30 Jan 2016	£0.60	75,000
	20,000	23 May 2006	22 May 2011	£0.85	20,000
	55,000	3 Jan 2008	2 Jan 2015	£1.00	55,000
R N Allen – total	200,000				200,000
M Elias	50,000	19 Nov 2004	18 Nov 2014	£1.00	50,000
	75,000	31 Jan 2006	30 Jan 2016	£0.60	75,000
	20,000	23 May 2006	22 May 2011	£0.85	20,000
	55,000	3 Jan 2008	2 Jan 2015	£1.00	55,000
M Elias – total	200,000				200,000
Total Directors' options as at 30 September 2009	**3,200,000**				**3,200,000**

Interest in Convertible Loan Note

On 1 November 2009, Michael Silver acquired Convertible Loan Notes to the value of £150,000, expiring on 16 October 2010. Interest accruing to 31 January 2010 of £3,213.70 was paid to Mr Silver indirectly through Fair Choice Ltd. There are three further interest periods on 30 April, 31 July and 16 October 2010.

Share capital and substantial share interests

Details of the Company's share capital are disclosed in Note12 of the financial statements.

On 18 March 2010, the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

Registered Shareholder Name	Shares	%
Lynchwood Nominees Limited	24,814,303	17.188
Jim Nominees Limited	10,676,155	7.395
Barclayshare Nominees Limited	8,570,052	5.936
Td Waterhouse Nominees (Europe) Limited	7,407,227	5.131
L R Nominees Limited	6,241,279	4.323
Pershing Nominees Limited	4,736,000	3.280
Hsdl Nominees Limited	4,688,094	3.247
Hsdl Nominees Limited	4,435,064	3.072

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required to give a true and fair view of the state of affairs of the Company and of the loss of the Company for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Corporate Governance

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

The Remuneration Committee

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

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

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

The Audit Committee

The Audit Committee comprises Michael Silver as Chairman, and Nick Allen, with Michael de Villiers as Advisor. The Committee meets twice a year and at any other time when it is considered appropriate to consider and discuss audit and accounting related issues. The Committee will make recommendations on the appointment of the auditors and the audit fees, be responsible for ensuring the financial performance of the Company is properly monitored and reported on and will receive and review reports from management and auditors relating to the interim reports, the annual report and accounts and internal control systems of the Company. The Committee will have the opportunity to meet the auditors without other executive Board members being present.

Going concern

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

Provision of information to auditors

In the case of each of the Directors who are Directors of the Company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each of the Directors has taken all the steps that they ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Auditors

A resolution for the reappointment of Wilkins Kennedy will be proposed at the forthcoming annual general meeting. Wilkins Kennedy have expressed their willingness to continue as auditors of the Company.

Patrick Harford	Michael de Villiers
Managing Director	*Finance Director*

INDEPENDENT AUDITORS REPORT

For the period ended 30 September 2009

Report of the independent auditors to the shareholders of Mercator Gold plc

We have audited the financial statements of Mercator Gold Plc for the period ended 30 September 2009 on pages 17 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Qualified opinion on financial statements arising from limitation in audit scope

The financial statements of Gold Crest Holdings Limited, a subsidiary acquired during the period, have been qualified by its auditors as they were unable to satisfy themselves that the opening inventories of Gold Crest Holdings Limited's principal subsidiary were fairly stated. Both the auditors of Gold Crest Holdings Limited and of its subsidiary were appointed after the inventories had been counted and were not able to adopt any other procedures to obtain sufficient audit evidence regarding the valuation of the inventories. We are therefore unable to satisfy ourselves that cost of sales and the negative goodwill on acquisition are free from material misstatement

As explained in note 1 to the financial statements the Directors have not been able to include the results of Mercator Gold Australia Pty Limited, a trading subsidiary that entered into administration during the period, in the consolidated financial statements. Under International Financial Reporting Standards as adopted by the European Union, the company is required to include the results of a subsidiary from the date it gains control up to the date that it loses control over the subsidiary. As accounting information is not available from any other source we are unable to ascertain the state of affairs of Mercator Gold Australia Pty Limited on the day it went into administration, and therefore ceased to be a subsidiary of Mercator Gold Plc.

Because of the possible effect of the above limitations in evidence available to us, we are not in a position to, and do not, express an opinion on the results of the group's operations and its cash flows for the period.

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 30 September 2009 and of the parent company's loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified in respect of the matter in this paragraph, we have considered the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern and the Directors' ability to raise funds to finance the ongoing activities. This, along with the liquidity risk explained in note 21 to the financial statements, indicates the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to inventory and non-consolidated subsidiary, as described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Stephen Golder
(Senior Statutory Auditor)
For and on behalf of Wilkins Kennedy
Statutory Auditors
Chartered Accountants
Bridge House, London Bridge
London SE1 9QR

26 March 2010

CONSOLIDATED INCOME STATEMENT

For the 15 months ended 30 September 2009

Mercator Gold plc Company No. 5079979

	Note	Period ended 30 September 2009 £	Year ended 30 June 2008 £
Income			
Sales	2	4,064,306	-
Cost of sales		(2,838,017)	-
		1,226,289	-
Negative goodwill earned on acquisition		22,452	-
Profit on disposal of investment		65,194	-
Other income		67,349	-
Gain on exchange rates		15,065	-
Total income		1,396,349	-
Expense			
Impairment of investment in and loans to subsidiary	9	(2,205,882)	(30,044,000)
Share based payments relating to an Associate		(25,729)	-
Administrative expenses		(2,707,340)	(1,656,015)
Total operating expense		(4,938,951)	(31,700,015)
Operating loss	3	(3,542,602)	(31,700,015)
Financial expense	7	(541,878)	(220,224)
Financial income	7	16,140	22,504
Finance income and costs		(525,738)	(197,720)
Loss for the period before accounting for associate		(4,068,340)	(31,897,735)
Loss of associate company attributable to the Company for the period	9	(371,630)	(45,860)
Loss for the period, before taxation		(4,439,970)	(31,943,595)
Corporation tax	5	-	60,116
Net loss for the period		(4,439,970)	(31,883,479)
Attributable to non-controlling interests		(12,555)	-
		(4,452,525)	(31,883,479)
Loss per share (basic and diluted)		(5.51)p	(50.9)p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the 15 months ended 30 September 2009

	Period ended 30 September 2009	Year ended 30 June 2008
Gain in value of investment in associate on dilution of holding	331,211	-
Revaluation of investment	1,452,816	-
Gain on exchange translation	37,831	-
	1,821,858	-
Loss for the 15 months	(4,439,970)	(31,883,479)
Total recognised expense for the 15 months	(2,618,112)	(31,883,479)

No company only income statement is presented which accords with the provisions of Section 408 of the Companies Act 2006. The loss for the Company was £4,481,244 which included a further amount of £2,205,883 relating to impairment of a loan to a subsidiary.

CONSOLIDATED & COMPANY BALANCE SHEET

At 30 September 2009 Mercator Gold plc Company No. 5079979

		Group		Company	
		Period ended 30 September 2009	Year ended 30 June 2008	Period ended 30 September 2009	Year ended 30 June 2008
	Note	£	£	£	£
Assets					
Non-current assets					
Property, plant and equipment	*8*	506,954	3,686	1,363	3,686
Investments in subsidiaries	*9*	-	3,201,760	515,753	3,201,760
Investment in former associate	*9*	-	1,093,339	-	1,093,339
Other investment	*9*	266,574	-	266,574	-
Other non current assets		1,541	-	-	-
		775,069	4,298,785	783,690	4,298,785
Current assets					
Trade and other receivables	*10*	4,717,482	79,996	3,639,809	79,996
Cash and cash equivalents	*11*	344,105	24,902	57,144	24,902
Investment to be sold	*9*	2,417,233	-	2,417,233	-
Inventories	*15*	889,001	-	-	-
Taxation		9,816	-	9,816	-
Other current assets		192,198	-	8,000	-
Current assets		8,569,835	104,898	6,132,002	104,898
Total assets		9,344,904	4,403,683	6,915,692	4,403,683
Non-current liabilities					
Interest bearing borrowings	*14*	2,565,995	2,206,214	2,565,995	2,206,214
Current liabilities					
Trade and other payables		2,406,867	339,074	393,432	339,074
Provisions for costs		118,698	-	-	-
Total current liabilities	*13*	2,525,565	339,074	393,432	339,074
Total liabilities		5,091,560	2,545,288	2,959,427	2,545,288
Net assets		4,253,344	1,858,395	3,956,265	1,858,395
Equity attributable to shareholders					
Share Capital	*12*	7,316,059	6,267,491	7,316,059	6,267,491
Share premium	*12*	30,865,318	27,182,233	30,865,318	27,182,233
Exchange reserve		37,831	-	-	-
Other reserves		787,364	722,423	785,857	722,423
Minority interest		229,023	-	-	-
Retained losses		(34,982,251)	(32,313,752)	(35,010,969)	(32,313,752)
Total equity		4,253,344	1,858,395	3,956,265	1,858,395

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2010.

P A Harford
Director

M J de Villiers
Director

26 March 2010

CONSOLIDATED & COMPANY STATEMENT OF CHANGES IN EQUITY

For the 15 months ended 30 September 2009

Mercator Gold plc Company No. 5079979

Group	*Note*	Share capital £	Share premium £	Retained losses £	Minority interest £	Exchange reserve £	Other reserves £	Total £
Balance at 1 July 2007		6,224,491	26,963,483	(430,274)	-	-	-	**32,757,701**
Total recognised income and expense for the year		-	-	(31,883,479)	-	-	-	**(31,883,479)**
Share options expense		-	-	-	-	-	476,620	**476,620**
Attributable share of changes in equity of associated company for the year		-	-	-	-	-	20,423	**20,423**
Issue of 8.5% convertible loan notes		-	-	-	-	-	225,380	**225,380**
Issue of shares		43,000	218,750	-	-	-	-	**261,750**
Balance at 1 July 2008	*12*	6,267,491	27,182,233	(32,313,753)	-	-	722,423	**1,858,395**
Loss for the period ended 30 September 2009		-	-	(4,452,525)	-	-	-	**(4,452,525)**
Attributable share of changes in equity of associated company for the period		-	-	-	-	-	44,383	**44,383**
Gain in value of associate following dilution of holding		-	-	331,211	-	-	-	**331,211**
Revaluation of investment		-	-	1,452,816	-	-	-	**1,452,816**
Equity portion of Loan note issued in period		-	-	-	-	-	19,051	**19,051**
Exchange loss on translation		-	-	-	-	37,831	1,507	**39,338**
Issue of shares		1,048,568	3,683,085	-	-	-	-	**4,731,653**
Minority interest		-	-		229,023	-	-	**229,023**
Balance at 30 September 2009	*12*	7,316,059	30,865,318	(34,982,251)	229,023	37,831	787,364	**4,253,344**

Company	*Note*	Share capital £	Share premium £	Retained losses £	Other reserves £	Total £
Balance at 1 July 2007		6,224,491	26,963,483	(430,274)	-	**32,757,701**
Total recognised income and expense for the year		-	-	(31,883,478)		**(31,883,479)**
Share options expense		-	-	-	476,620	**476,620**
Attributable share of changes in equity of associated company for the year		-	-	-	20,423	**20,423**
Issue of 8.5% convertible loan notes		-	-	-	225,380	**225,380**
Issue of shares		43,000	218,750	-	-	**261,750**
Balance at 1 July 2008	*12*	6,267,491	27,182,233	(32,313,752)	722,423	**1,858,395**
Loss for the period ended 30 September 2009		-	-	(4,481,244)	-	**(4,481,244)**
Attributable share of changes in equity of associated company for the period		-	-	-	44,383	**44,383**
Gain in value of associate following dilution of holding		-	-	331,211	-	**331,211**
Revaluation of investment		-	-	1,452,816	-	**1,452,816**
Equity portion of Loan note issued in period		-	-	-	19,051	**19,051**
Issue of shares		1,048,568	3,683,085	-	-	**4,731,653**
Balance at 30 September 2009	*12*	7,316,059	30,865,318	(35,010,969)	785,857	**3,956,265**

CONSOLIDATED & COMPANY CASH FLOW STATEMENT

For the 15 months ended 30 September 2009

Mercator Gold plc Company No. 5079979

	Note	Group Period ended 30 September 2009 £	Year ended 30 June 2008 £	Company Period ended 30 September 2009 £	Year ended 30 June 2008 £
Operating activities					
(Loss) for the 15 months before tax		**(4,439,970)**	(31,943,595)	**(4,481,244)**	(31,943,595)
Adjustments:					
Impairment of investment in and loans to subsidiary	9	**2,205,882**	30,044,000	**2,205,882**	30,044,000
Depreciation expense, property, plant and equipment	8	**58,516**	4,145	**2,669**	4,145
Loss on disposal of property, plant and equipment	8	**457**	-	**457**	-
Loss of associate company for the 15 months	9	**371,630**	45,860	**371,630**	45,860
Profit on disposal of investment		**(65,194)**	-	**(65,194)**	-
Interest income		**(16,140)**	(22,504)	**(13,958)**	(22,504)
Issue costs amortised – Convertible loan	7	**74,981**	29,992	**74,981**	29,992
Interest cost imputed on unwinding loan discount	7	**103,851**	35,502	**103,851**	35,502
Interest paid		**360,915**	154,730	**328,105**	154,730
Share based payments		**25,729**	476,620	**25,729**	476,620
Corporation tax	5	**-**	60,116	**-**	60,116
(Increase)/decrease in accounts receivable		**(667,911)**	18,423	**(180,771)**	18,423
Increase/(decrease) in accounts payable		**509,439**	169,021	**54,359**	169,021
Increase in inventories		**3,882**	-	**-**	-
Shares issued in lieu of expense payments		**237,590**	-	**237,590**	-
Decrease in provision for software expenses		**(121,084)**	-	**-**	-
(Increase)/decrease in other non current assets		**3,753**	-	**-**	-
Foreign exchange		**(8,284)**	-	**-**	-
Excess of acquirer's interest in the net value of acquiree's identifiable net assets		**(22,452)**	-	**-**	-
Net cash flow used in operations		**(1,384,410)**	(927,690)	**(1,335,914)**	(927,690)
Investing activities					
Purchase of property plant and equipment	8	**(61,540)**	-	**(804)**	-
Proceeds from sale of equipment		**-**	1,285	**-**	1,285
Loans issued to subsidiary	9	**(2,450,981)**	(3,030,586)	**(2,450,981)**	(3,030,586)
Proceeds from sale of investment		**172,352**	-	**172,352**	-
Loans repaid		**-**	225,000	**-**	225,000
Investment in New Mexico venture		**(91,575)**	-	**(91,575)**	-
Investment in Indonesian venture		**(174,999)**	-	**(174,999)**	-
Net cash cost of acquisition of subsidiary		**(326,337)**	-	**(465,752)**	-
Interest received		**16,140**	22,504	**13,959**	22,504
Net cash used in investing activities		**(2,916,940)**	(2,781,797)	**(2,997,800)**	(2,781,797)
Financing activities					
Proceeds from issue of share capital		**4,480,574**	261,750	**4,480,574**	261,750
Increase in amounts due to a Director		**264,106**	-	**-**	-
Proceeds from issue of convertible loan notes		**200,000**	2,366,100	**200,000**	2,366,100
Repayment of finance lease creditors		**(12,457)**	-	**-**	-
Interest paid on convertible loan notes		**(314,409)**	(154,730)	**(314,410)**	(154,730)
Interest paid – other		**(33,018)**	-	**(209)**	-
Net cash from financing activities		**4,584,796**	2,473,120	**4,365,955**	2,473,120
Net change in cash and cash equivalents		**283,446**	(1,236,367)	**32,241**	(1,236,367)
Cash and cash equivalents at beginning of the year		**24,902**	1,261,269	**24,902**	1,261,269
Effect of change in exchange rates		**35,757**	-	**-**	-
Cash and cash equivalents at end of the 15 months	11	**344,105**	24,902	**57,143**	24,902

1 General information and 'going concern'

The Company is registered under company number 5079979 (England and Wales). The nature of the Company's business is that of a holding and management company.

On 9 October 2008 the subsidiary Mercator Gold Australia Pty Limited ("MGA") was placed into Administration pending ongoing efforts to refinance its operations. This remains the case as at 30 September 2009. Consolidated accounts for the Group have been prepared but exclude MGA due to the Company's inability to obtain the necessary accounting information from the subsidiary's administrators. The administrators of the subsidiary are Ferrier Hodgson, Perth, Australia.

These financial statements reflect the Directors' valuation of the subsidiary, after creating a 90% provision against the book value of the investments in the subsidiary. Should the outcome of the administration prove less favourable, further significant write-downs could prove necessary and may adversely affect the going concern assumption. Since reporting on the accounts for year ended 30 June 2008 the Company has diversified considerably and the Directors no longer believe the survival of the Company is dependent on the realisation of the 10% residual interest in its former subsidiary in Australia. While dependent on the Directors' ability to raise funds to finance the ongoing activities of the Group, the Directors believe it remains right and proper to prepare the accounts on a going concern basis.

2 Accounting policies

Overall considerations

The principal accounting policies that have been used in the preparation of these financial statements are summarised below:

Basis of accounting

The financial statements have been prepared under the historical cost basis, modified with regard to revaluation of investments. The Company has not decided to adopt any optional IFRS accounting standards early.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union.

Accounting Standards and Interpretations not yet applied

The Directors together with their advisers are in the process of evaluating the impact of standards and/or interpretations that have not yet become effective. Listed below are those standards and/or interpretations most likely to impact the Group:

- IAS 1 Presentation of Financial Statements (revised 2007) *(effective 1 January 2009)*
- IAS 7 Cash flow statements *(effective from 01 January 2009)*
- IAS 23 Borrowing Costs (revised 2007) *(effective 1 January 2009)*
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) *(effective 1 July 2009)*
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations *(effective 1 January 2009)*
- IFRS 2 Share based payment *(effective from 01 January 2009)*
- IFRS 3 Business Combinations (Revised 2008) *(effective 1 July 2009)*
- IFRS 8 Operating Segments *(effective 1 January 2009)*

Based on the Group's current business model and accounting policies it is felt that these standards and/or interpretations are unlikely to have a material impact on the Group's earnings or shareholders' funds.

The amendment to IAS 1 Financial statement presentation released in September 2007 redefines the primary statements and expands on certain disclosures within these. Once adopted the Group's primary statements will be amended to reflect the presentation required.

Revenue recognition

1. Sale of goods

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

2. Provision of services

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

3. Interest income

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 September 2009. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date such control ceases.

Inventories

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

Cash and cash equivalents

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

Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less any subsequent accumulated depreciation and impairment losses.

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

Office equipment	3 years
Furniture and fittings	5 years
Land improvements	20 years
Buildings	20 years
Machinery and equipment	5 years
Motor vehicles	5 years

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

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

Business combination

During the 15 month period under review the Company acquired a 70% interest in Gold Crest, a company based in Hong Kong. This company has no activity other than as the 100% holding company of the ultimate subsidiary, a metal products manufacturer based in Thailand. The ultimate subsidiary is ACS Asia (1996) Company Limited which is registered in Thailand.

This interest was acquired on 10 November 2008 at a cost of £465,752 for cash.

Impairment testing

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

Provisions

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

Leased assets

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

Taxation

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

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

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

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

Investments in subsidiaries

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

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

Investment in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investments are initially recognised at cost and adjusted for the Group's share of the changes in the net assets of the investee after the date of acquisition, and for any impairment in value. If the Group's share of losses of an associate exceeds its interest in the associate, the Group continues recognising its share of further losses. As at 30 September 2009 the Company had no associate Company as its influence over Silver Swan, a former associate, had been diminished.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares, both ordinary and deferred.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issues.
- "Other reserves" represent the equity component of convertible debentures issued, plus the equity component of share options issued.
- "Retained losses" include all current and prior year results as disclosed in the income statement.
- "Exchange reserve" includes the amounts described in more detail in the following note on foreign currency below.

Foreign currency

The financial statements are measured in Pounds Sterling which is the currency of the primary economic environment of the Group and the accounts are presented in that currency.

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

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

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

Share-based employee remuneration

The Company operates equity-settled share-based remuneration plans for remuneration of some of its employees. The Company awards share options to certain Company Directors and employees to acquire shares of the Company.

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

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

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

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

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

Financial instruments

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

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

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

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

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

Compound financial instruments

Compound financial instruments comprise both liability and equity components. At issue date, the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option. The liability component is accounted for as a financial liability.

The difference between the net issue proceeds and the liability component, at the time of issue, is the residual or equity component, which is accounted for as an equity instrument.

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

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

Critical accounting estimates and judgements

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

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

In the preparation of these accounts, management have made a critical judgement that they are expecting to recover at least 10% of the total funds originally invested in MGA as referred to in Note 1 – General information and 'going concern'.

Going concern basis

The Group accounts have been prepared on a going concern basis. Since reporting on the accounts for year ended 30 June 2008 the Company has diversified considerably and the Directors no longer believe the survival of the Company is dependent on the realisation of the 10% residual interest in its former subsidiary in Australia. While dependent on the Directors' ability to raise funds to finance the ongoing activities of the Group, the Directors believe it remains right and proper to prepare the accounts on a going concern basis.

Deferred taxation

No deferred tax assets are recognised, in view of the uncertainty of the timing or ultimate recoverability of such amounts. Note 5 gives further detail. This is a key judgement in that the amounts potentially involved are not capable of reasonably accurate computation and are uncertain of recovery. The point at which this policy is expected to be capable of review will be after the completion of the subsidiary Company's period under administration which is continuing as at 30 September 2009.

Share based payments

The Group has applied the requirements of IFRS2, in accordance with the transitional provisions, to all equity instruments granted after 19 November 2004 which had not vested at 1 July 2006. Directors, senior executives, employees and consultants of the Group have been granted options to subscribe for ordinary shares. All options are share settled.

3 Operating loss

The operating loss is stated after charging:	Period ended 30 September 2009 £	Year ended 30 June 2008 £
Depreciation of property, plant and equipment	**58,516**	4,145
Loss on sale of fixed assets	**457**	-
Operating lease expenses	**13,843**	13,980
Share based payments	-	476,620
Share based payments relating to an Associate	**25,729**	-
Auditors' remuneration for:		
Audit services	**54,019**	45,400
Fees payable for other services:	**13,506**	-
Other services related to tax	**6,250**	11,600
Other services related to corporate finance	-	3,940

4 Loss per share

(Loss) /profit per share is calculated by reference to the loss for the period of £4,452,525 (2008: loss £31,883,479) and the weighted number of shares in issue during the period of 80,844,092 (2008: 62,517,432).

There is no dilutive effect of share options on the loss for the current period.

5 Corporation tax expense

The relationship between the expected tax expense based on the corporation tax rate of 28% for the 15 months to 30 September 2009 (2008: 30%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	Period ended 30 September 2009 £	Year ended 30 June 2008 £
Group (loss) / profit for the period before tax	(4,439,970)	(31,897,735)
(Loss) / profit on activities at standard rate of corporation tax of 28%	(1,243,192)	(9,569,321)
Expenses not deductible for tax purposes	136,310	154,684
Impairment of subsidiary undertaking	617,646	9,013,200
Income not taxable	(15,245)	-
Depreciation in excess of capital allowances	162	430
Utilisation of tax losses brought forward	(46,029)	-
Loss carried / (brought) forward	550,348	340,891
Current tax income / expense, net	-	(60,116)

The Company has a potential deferred tax asset of £550,348 in relation to tax losses carried forward. A deferred tax asset has not been recognised in respect of these losses as there is no certainty in regards to the level and timing of future profits

6 Staff numbers and costs

	Period ended 30 September 2009 Number	Year ended 30 June 2008 Number
Directors	5	6
Production	87	-
Logistics	17	-
Administration	25	3
Total	134	9

The aggregate payroll costs of these persons were as follows:	Period ended 30 September 2009 £	Year ended 30 June 2008 £
Staff wages and salaries	961,819	103,892
Staff share options expense	-	240,199
Staff social security and pension costs	32,936	13,558
Directors cash based emoluments	544,776	306,012
Directors share based payment expense	-	236,421
	1,539,531	900,082

The highest paid Director received remuneration of £175,499 (2008: £132,834)
Details of each Director's share options and interests in the Company's shares are shown in the Directors' Report starting on page 11.

7 Finance income and expenses

Finance expenses	Period ended 30 September 2009 £	Year ended 30 June 2008 £
Interest cost imputed on unwinding convertible loan discount	103,851	35,502
Issue costs of convertible loan amortised	74,981	29,992
Interest paid on convertible loan	363,046	154,730
	541,878	220,224

7 Finance income and expenses *continued*

Finance income	2009 £	2008 £
Interest on cash and cash equivalents	**16,140**	22,504
Total	**16,140**	22,504

8 Property, plant and equipment

Group	Furniture and fittings	Office equipment	Land improvements & Buildings	Machinery & equipment	Motor vehicles	Total
Cost	£	£	£	£	£	£
At 1 July 2008	1,335	11,618	-	-	-	**12,953**
Additions arising on acquisition		92,086	547,884	483,245	78,564	**1,201,779**
Additions		7,643	18,867	35,030		**61540**
Disposals		(1,097)				**(1,097)**
Exchange differences arising on translation		1,265	7,503	6,637	1,073	**16,478**
At 30 September 2009	1,335	111,515	574,254	524,912	79,637	**1,291,653**
Depreciation	£	£	£	£	£	£
At 1 July 2008	863	8,404	-	-	-	**9,267**
Depreciation arising on acquisition		67,725	185,555	409,204	45,344	**707,828**
Disposals		(640)	-	-	-	**(640)**
Depreciation for the 15 months	334	11,176	20,538	17,544	8,924	**58,516**
Exchange differences arising on translation		935	2,556	5,607	630	**9,728**
At 30 September 2009	1,197	87,600	208,649	432,355	54,898	**784,699**
Net Book value						
At 1 July 2008	472	3,214	-	-	-	**3,686**
At 30 September 2009	138	23,915	365,605	92,557	24,739	**506,954**

Company

Cost	Furniture and fittings £	Office equipment £	Total £
At 1 July 2008	1,335	11,618	12,953
Additions	-	804	804
Disposals	-	(1,097)	(1,097)
At 30 September 2009	1,335	11,325	12,660
Depreciation			
At 1 July 2008	863	8,404	9,268
Disposals	-	(640)	(604)
Depreciation for the 15 months	334	2,335	2,669
At 30 September 2009	1,197	10,100	11,297
Net Book value			
At 1 July 2008	472	3,214	3,686
At 30 September 2009	138	1,225	1,363

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

9 Investments

	Investment in associated company	Investment in subsidiaries	Loans to subsidiary	Other ventures	Total
	£	£	£	£	£
Cost as at 1 July 2008	1,093,339	50,001	3,151,759	-	**4,295,099**
Advance to subsidiary in 15 month period	-	-	2,450,981	-	**2,450,981**
Investment in subsidiary	-	465,752	-	-	**465,752**
Investment in overseas ventures	-	-	-	266,574	**266,574**
Share of loss in associate	(371,630)	-	-	-	**(371,630)**
Share of changes in equity of associate	44,383	-	-	-	**44,383**
Share based payment adjustment	(25,729)	-	-	-	**(25,729)**
Disposals	(107,157)	-	-	-	**(107,157)**
Gain resulting from dilution of holding	331,211	-	-	-	**331,211**
Revaluation on ceasing to be an associate	1,452,816	-	-	-	**1,452,816**
Impairment			(2,205,882)	-	**(2,205,882)**
Reclassified as an investment available for sale	(2,417,233)	-		-	**(2,417,233)**
Reclassified as a trade debtor	-	-	(3,396,858)	-	**(3,396,858)**
Balance at 30 September 2009	-	515,753	-	266,574	**782,327**

At 30 September 2009, the Company has interests in the following investments and subsidiary undertakings.

Subsidiaries:	Country of incorporation	Principal activity	Principal country of operation	Description and effective proportion of shares held
Gold Crest	Hong Kong	Holding company	Hong Kong	70% ordinary
Island Gold plc *On 4 March 2010 This company changed its name from Island Gold plc to Electrum Resources plc.*	UK	Dormant	UK	100% ordinary

10 Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
	£	£	£	£
Amount owed by a former subsidiary	**3,396,858**	-	**3,396,858**	-
Trade receivables	**1,128,494**	-	**10,821**	-
Prepayments and accrued income	**19,310**	43,605	**19,310**	43,605
Debtor for share subscription	**172,820**	28,391	**172,820**	28,391
Other receivables	-	8,000	**40,000**	8,000
	4,717,482	79,996	**3,639,809**	79,996

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

11 Cash and cash equivalents

	Group		Company	
Cash and cash equivalents at 30 September 2009 consisted of the following:	**2009** £	2008 £	**2009** £	2008 £
Deposits at banks	**343,594**	24,620	**56,660**	24,620
Cash on hand	**511**	282	**484**	282
	344,105	24,902	**57,144**	24,902

12 Share Capital and Share Premium Accounts

The share capital of Mercator Gold plc consists of two classes of shares. Ordinary Shares which have equal rights to receive dividends or capital repayments and all shares represent one vote at shareholder meetings of Mercator Gold plc. The Deferred Shares have limited rights laid out in the Company's Articles: in particular they have no right to dividends or to attend or vote at shareholder meetings; and deferred share capital is only repayable after nominal share capital has been repaid.

a) Authorised share capital

At 30 June 2008	Number of Shares	Nominal Value
Ordinary shares of 10 pence each	200,000,000	£20,000,000
At 30 September 2009 after restructuring on 29 May 2009		
Ordinary shares of 0.1 pence each	1,000,000,000	£1,000,000
Deferred shares of 9.9 pence each	200,000,000	£19,800,000
		£20,800,000

b) Changes in issued share capital and share premium:	Number of shares	Ordinary shares £	Share premium £	Deferred Shares £	Total £
At 30 June 2008 – Ordinary shares of 10p each	62,674,911	6,267,491	27,182,233	-	33,449,724
Shares issued during July 2008	10,000,000	1,000,000	2,760,000	-	3,760,000
	72,674,911	7,267,491	29,942,233	-	37,209,724
Following restructuring this became:					
Deferred shares of 9.9p each	72,674,911	-	-	7,194,816	7,194,816
New ordinary shares of 0.1p each	72,674,911	72,675	29,942,233	-	30,014,908
	72,674,911	72,675	29,942,233	7,194,816	37,209,724
Shares issued following the restructuring – less issue costs	42,500,000	42,500	807,500	-	850,000
Shares issued in payment of creditors	5,384,808	5,385	102,311	-	107,696
Shares issued in lieu of loan note interest	674,410	674	12,815	-	13,489
Share warrants exercised	9,353	9	459	-	468
Balance at 30 September 2009	121,243,482	121,243	30,865,318	7,194,816	38,181,377

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

c) Potential issue of ordinary shares

Share options

During the period the Company granted share options to key personnel to purchase shares in the entity. The options are exercisable at the market price of the shares at the date of grant and most vest immediately.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2009 £	**Number of options 2009**	Weighted average exercise price 2008 £	Number of options 2008
Exercisable at the beginning of the year	0.87	7,615,000	0.80	5,165,000
Granted during the period	-	-	0.99	2,810,000
Exercised during period	0.75	(25,000)	0.63	(150,000)
Forfeited during period	0.95	(1,810,000)	0.82	(210,000)
Exercisable at the end of the period	0.87	5,780,000	0.87	7,615,000

The options outstanding at 30 September 2009 have an exercise price in the range of £0.60 to £1.20 and a weighted average remaining contractual life of 3.36 years (2008: 5.02 years).

12 Share Capital and Share Premium Accounts *continued*

Share warrants	Weighted average exercise price 2009	Number of warrants 2009	Weighted average exercise price 2008	Number of warrants 2008
Exercisable at the beginning of the year	0.75	273,450	0.82	1,603,450
Granted during the period	0.02	10,312,290	-	-
Exercised during the period	0.02	(9,353)	0.60	(280,000)
Expired in period	-	-	0.85	(1,050,000)
Exercisable at the end of the period	0.04	10,576,387	0.75	273,450

Share-based payments

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes valuation model. An expected average life of 3.5 years for the options is used as an input into the model, after incorporating expectations of early option exercises or forfeitures. There were no options granted in the current financial period.

Fair value of share options and assumptions	2009 £	2008 £
Fair value at measurement date	-	476,620
Weighted average share price	-	£0.87
Weighted average exercise price	-	£0.99
Expected volatility (expressed as weighted average volatility used in the model using the Black-Scholes model)	-	35.0%
Average option life in years	-	3.5
Expected dividends	-	-
Weighted average risk-free interest rate (based on national government bonds)	-	4.58%

The expected volatility is based on the historic volatility based on the expected life of the share options, adjusted for any expected changes to future volatility due to publicly available information.

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

	2009 £	2008 £
Share options granted	-	2,810,000
Total expense recognised as employee costs	-	476,620

13 Trade and other payables - short term

Trade payables at 30 September 2009 consisted of the following:

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade payables	**1,744,784**	205,166	**56,120**	155,666
Amount owed to a Director	**254,817**	2,677	**-**	2,677
Amount owed to a subsidiary	**-**	-	**49,395**	49,500
Other creditors and accruals	**403,805**	127,587	**284,456**	127,587
Social security and employee taxes	**3,461**	3,644	**3,461**	3,644
Provisions for costs and contingencies	**118,698**	-	**-**	-
	2,525,565	339,074	**393,432**	339,074

The payables listed above were all unsecured.

14 Interest bearing liabilities

Group and Company	2009 £	2008 £
Convertible loan notes – 8.5%	**2,565,995**	2,206,214

On 17 October 2007 the Company issued three-year convertible loan notes carrying a coupon rate of 8.5% interest, payable quarterly in cash or, at the holder's option, by the issue of shares at £0.95 per share for the first year and at £1.20 per share thereafter. After 18 months the Company had the option to redeem the notes at face value plus double the accrued interest outstanding at the time of the Company giving notice of redemption. The holder of the notes has the option of accepting the payment in cash or (in the case of the interest payment, subject to the availability of sufficient authorised, unissued share capital) ordinary shares at the rate of £0.95 per share in years one or two and £1.20 per share in year three.

On 15 July 2008 the Company issued a three year convertible note carrying a coupon rate of 8.5%, payable quarterly in cash or, at the holder's option , by the issue of shares at £0.50 per share for the second year and at £0.62.5 for the third year. No conversion right existed in the first year. After 18 months the Company had the option to redeem the notes at face value plus double the accrued interest outstanding at the time of the Company gives notice of redemption. The holder of the notes has the option of accepting the payment in cash or (in the case of the interest payment, subject to the availability of sufficient authorised, unissued share capital) ordinary shares at the rate of £0.50 per share in years one or two and £0.62.5 per share in year three.

15 Inventories – Group

	2009 £
Raw materials	**454,142**
Work in progress	**196,532**
Finished goods	**238,327**
	889,001

There were no inventories as at 30 June 2008 as all inventories exist in a subsidiary acquired during this accounting period.

16 Capital management

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its mining and other activities to provide returns for shareholders and benefits for other stakeholders.

The Group's capital structure comprises all the components of equity (all share capital, share premium, retained earnings when earned and other reserves). When considering the future capital requirements of the Group and the potential to fund specific project development via debt, the Directors consider the risk characteristics of the underlying assets in assessing the optimal capital structure.

17 Related party transactions

	Group		Company	
	2009 £	2008 £	**2009 £**	2008 £
Amounts payable to a Director at 30 September 2009	**254,817**	2,677	-	2,677

Details of Directors' emoluments are disclosed in Note 6

The Directors are the only key management. Transactions with the subsidiary undertakings are disclosed in Note 18 and this Note.

18 Advances made to a director

During the 15 month period advances were made to Mr P A Harford as follows:

Advances	34,659
Repayments achieved through expense claims	38,979
Amount owed at the period end	Nil

19 Commitments and contingencies

Capital expenditure commitment

The Company had no commitments (2008: nil) in respect of capital expenditure contracted for but not provided for in these financial statements.

Operating lease commitments

Details of operating lease commitments are set out in Note 20 below.

20 Operating leases

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

	2009	2008
Payable:	£	£
In less than one year	**13,843**	13,980
Between one and two years	-	9,550
Between two and five years	-	-
	13,843	23,530

21 Risk management objectives and policies

The Group's principal financial assets comprise cash and cash equivalents, other receivables, investments and prepayments. In addition the Company's financial assets include amounts due from its principal operating subsidiary, Mercator Gold Australia Pty Ltd, which is held at cost less a provision for impairment. The Group's liabilities comprise trade payables, other payables including taxes and social security, and accrued expenses.

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

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

Credit risk

The Group's cash at bank is held at an 'A' rated bank. Cash is held either on current account or on short-term deposit at floating rates of interest determined by the relevant prevailing base rate. The fair value of cash and cash equivalents at 30 September 2009 and 30 June 2008 did not differ materially from their carrying value.

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

Market risk

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

Since the bank deposits were relatively immaterial and the loan to the subsidiary was interest free, there is no material sensitivity to changes in interest rates. There is no sensitivity to exchange rates because all the Company's assets and liabilities are denominated in £ Sterling.

Interest rate risk

The Company has no material exposure to interest rate risk.

Foreign currency risk

The Company has limited exposure to foreign currency risk because all dealings with overseas based assets are in Sterling and the exposure to the impaired Australian subsidiary is not considered to be material in the context of the provision made against it.

Fair value of financial instruments

The fair values of the Company's financial instruments at 30 September 2009 and 30 June 2008 did not differ materially from their carrying values.

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

21 Risk management objectives and policies *continued*

Liquidity risk

The Company, at its present stage of development is partially funded by revenue from operations. It therefore finances its operations through the issue of equity share capital and debt in order to ensure sufficient cash resources are maintained to meet short-term liabilities and future project development requirements. Management monitors availability of funds in relation to forecast expenditures in order to ensure timely fundraising. Funds are raised in discrete tranches to finance activities for limited periods. Funds surplus to immediate requirements are placed in liquid, low risk investments.

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

The table below sets out the maturity profile of financial liabilities as at 30 September 2009.

	£'000
Due in less than one month	406
Due between one and three months	1,587
Due between three months and one year	335
Due after one year	198
	2,526

In addition, as disclosed in Note 14, the Company also has in issue £2,565,995 of convertible loan notes currently classed as non-current liabilities that are redeemed at the option of the Company.

22 Analysis by activity

	Period ended 30 September 2009		Year ended 30 June 2008	
	Metal products	Finance and other	Metal products	Finance and other
External revenue	4,064,306	16,140	-	22,504
Interest income	21,181	13,959	-	-
Net profit / (loss)	36,828	(4,489,353)	-	(31,897,735)
Total assets	2,984,937	6,359,967	-	4,403,683
Total liabilities	2,226,552	2,026,792	-	2,545,288
Capital expenditure	60,736	804	-	-
Depreciation & amortisation	55,847	2,669	-	4,145

No geographical analysis is provided as this would replicate the analysis above with the metal products activity being in Asia and the finance and other activity being in Europe.

23 Consolidated cash flow statement

Acquisition of subsidiaries:

	2009 £
Net assets acquired :	
Property, plant and equipment	480,268
Other non-current assets	5,104
Bank and cash balances	139,415
Trade and other receivables	707,044
Inventories	883,333
Other current assets	151,548
Trade and other payables	(535,623)
Provisions for future expense	(232,875)
Net assets of the subsidiaries acquired	1,598,214
Negative goodwill on acquisition	(22,452)
	1,575,762

Purchase consideration satisfied by:	
Non-cash contributions	
Purchase consideration to be paid by installments	821,770
Amount due to Meridien Capital Limited	29,109
Professional fee payable	20,719
Amount due to Mercator Gold Plc	38,810
Share capital of the Company issued and to issued	199,602
	1,110,010
Cash payment	465,752
	1,575,762

Net cash outflow on acquisition :	
Purchase consideration paid by cash	465,752
Bank and cash balances acquired	(139,415)
Net cash outflow on acquisition	326,337

24 Post balance sheet events

- On 7 October 2009 the Company placed 3,125,000 New Ordinary Shares at 4 pence, raising £125,000 of new capital.
- On 17 November 2009 the Company announced the placing of 20,000,000 New Ordinary Shares for a consideration of 3,000,000 shares in Uranio AG in a share swap arrangement. Uranio is a Swiss company quoted on the Frankfurt, Berlin and Stuttgart stock exchanges and has extensive Uranium-rich assets in the Central African Republic and in Argentina.
- On 2 March 2010 the Company announced it had commenced Due Diligence having entered into a binding Heads of Agreement (“HOA”) with Uranio AG in relation to all the exploration and mining licences held by Uranio in Argentina.
- On 4 March 2010 the company’s wholly owned subsidiary changed its name from Island Gold plc to Electrum Resources plc.
- On 15 March 2010 the Company placed 16,900,000 New Ordinary Shares at 2.5p raising £422,500.
- On 16 March 2010 the Company announced the binding Heads of Agreement (“HOA”) with THEMAC Resources Group Ltd (“THEMAC”) in relation to the sale of its 100% holding of New Mexico Copper Corporation (“NMCC”). The consideration for this is 10.5 million fully paid shares and 10.5 million warrants valid for five years, and exercisable on a one for one basis at CAN$0.28, in THEMAC.
- On 17 March 2010 the Company placed 2,000,000 New Ordinary Shares raising £50,000.

Please note that this document is important and requires your immediate attention. If you are in any doubt as to the action to be taken, please consult an independent adviser immediately.

If you have sold or transferred or otherwise intend to sell or transfer all of your holding of ordinary shares in the Company prior to the Annual General Meeting of the Company on 28 April 2010 at 10:30am, you should send this document, together with the accompanying Form of Proxy, to the (intended) purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is to be effected for transmission to the (intended) purchaser or transferee.

MERCATOR GOLD PLC

Company Number: 5079979

Notice of Annual General Meeting

MERCATOR GOLD PLC (the "Company")

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at East India Club, 16 St James's Square, London SW1Y 4LH on 28 April 2010 at 10:30am in order to consider and, if thought fit, pass resolutions 1 to 6 as Ordinary Resolutions and resolutions 7 to 9 as Special Resolutions:-

Ordinary Resolutions

1 To re-elect as a director Michael de Villiers who is retiring in accordance with Article 114 of the Company's Articles of Association and who being eligible is offering himself for re-election.

2 To re-elect as a director Michael Elias who is retiring in accordance with Article 114 of the Company's Articles of Association and who being eligible is offering himself for re-election.

3 To receive, consider and adopt the Directors' report and accounts of the Company for the 15 months ended 30 September 2009.

4 To re-appoint Wilkins Kennedy of Bridge House, 4 Borough High Street,London Bridge, London SE1 9QR, as auditors of the Company and to authorise the Directors to determine their remuneration.

5 That the Directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £800,000 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company following the date of the passing of this resolution or (if earlier) 12 months from the date of passing this resolution, but so that the directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority hereby conferred had not expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with Section 80 of the Companies Act 1985, or Section 551 of the Act.

6 That the Directors be authorised to negotiate with holders of options issued under the Mercator Gold plc Unapproved Share Option Plan for the cancellation of such options and the issue to such holders of up to 25,000,000 replacement options under the terms of the Mercator Gold plc Unapproved Share Option Plan.

Special Resolutions

7 That:

7.1 the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association; and

7.2 with immediate effect the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the 2006 Act, are to be treated as provisions of the Company's Articles of Association.

8 That, subject to the passing of Resolution 5, the Directors be given the general power to allot equity securities (as defined by Section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 5 or by way of a sale of treasury shares, as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

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

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

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

8.2 the allotment (otherwise than pursuant to paragraph 7.1 above) of equity securities up to an aggregate nominal amount of £800,000.

The power granted by this resolution will unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting the Company following the date of the passing of this resolution or (if earlier) 12 months from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the 2006 Act did not apply, but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

9 That the name of the Company be changed to Electrum Resources plc

By order of the Board

MJ de Villiers
Company Secretary

Registered Office: Peek House, 20 Eastcheap, London EC3M 1EB

Dated 26 March 2010

NOTES

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

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

3 To be effective, this proxy form must be lodged with the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom not later than 48 hours before the time of the meeting or any adjournment thereof, together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or, where the proxy form has been signed by an officer on behalf of a corporation, a notarially certified copy of the authority under which it is signed.

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

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

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

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

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

9 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting is 10:30am on 26 April 2010, (being not more than 48 hours prior to the time fixed for the Meeting) or, if the Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Meeting.

10 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

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

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

COMPANY INFORMATION

DIRECTORS
M B Silver *Executive Chairman*
P A Harford *Managing Director*
M J de Villiers *Finance Director*
M Elias *Non-executive Director*
R N Allen *Non-executive Director*

COMPANY SECRETARY
M J de Villiers

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Mercator Gold plc
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PUBLIC RELATIONS
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Georgian House
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London EC2R 5BB

Barry Kaplan Associates
623 River Road, Suite 200
Fair Haven NJ 07704
USA

Company No. 5079979

Share Analysis as at 25 March 2010

Holdings	No of Accounts	No of shares held	% of share capital
1 - 10,000	364	1,217,546	0.75
10,001 - 50,000	155	4,453,922	2.73
50,001 - 100,000	57	4,443,944	2.72
100,001 - 500,000	61	14,436,760	8.84
500,001 - 1,000,000	14	10,351,529	6.34
1,000,001 - 5,000,000	23	56,038,160	34.32
5,000,001 -	6	72,329,723	44.30
Total	**680**	**163,271,584**	**100**

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