



MERCATOR GOLD PLC

Georgian House, 63 Coleman Street, London, EC2R 5BB
Tel +44-7786 486645 Fax +44-20-76380756

Unaudited results for the nine months ended 30 November 2004

LONDON – 28 February 2005 – The Directors of Mercator Gold plc (AIM: MCR), the UK based gold exploration company, are pleased to announce its results for the nine months ended 30 November 2004.

Highlights

- Admission to AIM on 8 October 2004
- Annean Joint Venture – drilling commenced at Yaloginda
- Geophysical program commenced at Meekatharra on target

Post 30 November 2004

- Initial drilling of Bluebird, one of the three resource extension targets being drilled in the Yaloginda region near Meekatharra, intersects high-grade gold.
- High-grade gold mineralization intersected at Surprise, the second of three targets being drilled in the Yaloginda region near Meekatharra.
- Additional £1.25 million funding raised
- Ocean Equities Ltd appointed as joint broker

Commenting on the results, Patrick Harford, Managing Director of Mercator said:

“The last nine months have been highly significant for Mercator Gold. Our decision to list on AIM in October followed by the rapid delineation of high-grade gold at Bluebird and Surprise has earned us continued support from the market and allowed us to raise an additional £1.25 million in funding. We are now well placed to explore the potential of our significant Meekatharra gold properties and look forward to generating shareholder value in the period ahead.”

For more information

www.mercatorgold.com

Mercator Gold plc

Patrick Harford, Managing Director
Terry Strapp, Chairman

Tel: +44 (0) 7786 486645
Tel : +61 (0) 8 9322 7422

Beaumont Cornish Limited
Rod Venables / Roland Cornish

Tel: +44 (0) 7628 3396

Phillip Securities UK Limited
Nick Bealer

Tel: +44 (0) 20 7553 8281

Parkgreen Communications
Justine Howarth / Ana Ribeiro

Tel: +44 (0) 20 7493 3713

Management Commentary and Analysis of Financial Position and Results of Operations

The Company announces its interim statement for the period from incorporation to 30 November 2004 during which time much has been achieved. Prior to admission to AIM on 8 October 2004 the Company acquired the whole of the issued share capital of Aurogenic Resources Pty Ltd, now renamed Mercator Gold Australia Pty Ltd, which holds the Annean Joint Venture with St Barbara Mines Limited at Meekatharra in Western Australia. The Company then proceeded to raise £1.89 million in funding to allow work to commence on the Annean Joint Venture. Under the terms of the Annean Joint Venture the Company has the right to earn a 70% interest in the Meekatharra properties by spending AUD\$8 million on exploration.

Since its admission to AIM the Company has announced results from the exploration work at Meekatharra which are detailed in the Company's press release of 9 December 2004 and 18 January 2005. The initial drilling at Meekatharra has returned encouraging results the full details of which can be found at the Company web site www.mercatorgold.com

On 14th February 2005 the Company announced it had successfully raised a further £1.25 million which will be used to fund drilling at Meekatharra and for general working capital. It was also announced that Mercator had appointed Ocean Equities Ltd as Joint Broker to the Company.

Outlook

Mercator's management has an initial exploration target of 2 million ounces of gold contained within four resources, each of at least 500,000 ounces within the Annean Joint Venture area. The Company has reported high-grade drilling results from the first two target areas, Bluebird and Surprise.

Mercator Gold Plc

Consolidated Profit and Loss Account for the Period 22 March 2004 to 30 November 2004 - Unaudited

	£
TURNOVER	-
Administrative expenses	<u>469,203</u>
	(469,203)
Other operating income	<u>15,360</u>
OPERATING LOSS	(453,843)
Interest receivable and similar income	<u>9,406</u>
	<u>(444,437)</u>
Interest payable and similar charges	<u>208</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(444,645)
Tax on loss on ordinary activities	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION	<u>(444,645)</u>
DEFICIT FOR THE PERIOD FOR THE GROUP	<u>(444,645)</u>
LOSS PER SHARE (pence) – basic and diluted	<u>(0.0086p)</u>

CONTINUING OPERATIONS

None of the group's activities were discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the loss for the current period.

Mercator Gold Plc

Consolidated Balance Sheet
30 November 2004 - Unaudited

	£	£
FIXED ASSETS		
Intangible assets		735,995
Tangible assets		19,956
Investments		<u>-</u>
		755,951
CURRENT ASSETS		
Debtors	132,569	
Cash at bank	<u>942,336</u>	
	1,074,905	
CREDITORS		
Amounts falling due within one year	<u>214,623</u>	
NET CURRENT ASSETS		<u>860,282</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,616,233</u>
CAPITAL AND RESERVES		
Called up share capital		514,948
Share premium		1,545,930
Profit and loss account		<u>(444,645)</u>
SHAREHOLDERS' FUNDS		<u>1,616,233</u>
ON BEHALF OF THE BOARD:		

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M J De Villiers – Director
Approved by the Board on: 28 February 2005

Mercator Gold Plc

Cash Flow Statement

for the Period 22 March 2004 to 30 November 2004 - Unaudited

	Notes	£
Net cash outflow		
from operating activities	1	(358,693)
Returns on investments and		
Servicing of finance	2	9,198
Capital expenditure	2	<u>(769,047)</u>
		(1,118,542)
Financing	2	<u>2,060,878</u>
Increase in cash in period		<u>942,336</u>
<hr/>		
Reconciliation of net cash flow		
to movement in net debt	3	
Increase in cash in the period		<u>942,336</u>
Change in net debt resulting		
From cash flows		<u>942,336</u>
Movement in net debt in the		942,336
period		
Net debt at 22 March 2004		—
Net funds at 30 November 2004		<u>942,336</u>

Mercator Gold Plc

*Notes to the Cash Flow Statement
for the Period 22 March 2004 to 30 November 2004 - Unaudited*

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	£
Operating loss	(453,843)
Depreciation charges	13,096
Increase in debtors	(132,569)
Increase in creditors	<u>214,623</u>
Net cash outflow from operating activities	<u>(358,693)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Returns on investments and servicing of finance	
Interest received	9,406
Interest paid	<u>(208)</u>
Net cash inflow for returns on investments and servicing of finance	<u>9,198</u>
Capital expenditure	
Purchase of intangible fixed assets	(745,138)
Purchase of tangible fixed assets	(23,909)
Net cash outflow for capital expenditure	<u>(769,047)</u>
Financing	
Share issue	514,948
Share premium	1,545,930
Net cash inflow from financing	<u>2,060,878</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 22.3.04 £	Cash flow £	At 30.11.04 £
Net cash:			
Cash at bank	-	<u>942,336</u>	<u>942,336</u>
	-	<u>942,336</u>	<u>942,336</u>
Total	-	942,336	942,336

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Notes to the Financial Statements for the Period 22 March 2004 to 30 November 2004 - Unaudited

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards generally accepted in the United Kingdom. These interim financial statements are unaudited and do not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking made up to 30 November 2004.

The profits and losses of the subsidiary undertaking are consolidated from the date of acquisition to the date of disposal. On acquisition, the assets and liabilities of a subsidiary are measured at their fair value at the date of acquisition.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2004, is being amortised evenly over its estimated useful life of twenty years.

Exploration and development costs

Costs relating to the acquisition, exploration and development of mineral properties are capitalised until such time as an economic reserve is defined and mining commences or the mining property is abandoned.

Once mining commences the asset is amortised on a depletion percentage basis. Provision is made for impairments to the extent that the asset's carrying value exceeds its net recoverable amount.

Computer software

Computer software is amortised over its estimated useful life at 40% on cost.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% to 50% on cost
Fixtures and fittings	- 20% to 50% on cost

Deferred tax

In accordance with FRS19 full provision is made at current rates for taxation deferred in respect of all timing differences. Deferred tax balances are not discounted.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability is regarded as more likely than not. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

For the purpose of consolidation the balance sheets of the foreign subsidiaries are translated at the closing rate and the profit and loss accounts at the average rate during the year.

Mercator Gold Plc

Notes to the Financial Statements - continued for the Period 22 March 2004 to 30 November 2004 - Unaudited

1. ACCOUNTING POLICIES - continued

Going concern

The Group is in the early stages of development and has limited cash resources, its success will depend largely upon the outcome of future mining exploration and development programmes of Mercator Gold Australia Pty Limited in Australia.

The directors believe they have considered all relevant information and have concluded that it is appropriate to prepare these financial statements on the going concern basis. The financial statements do not include any adjustments that may be required if the funds are not available or if the trading plans were not materially achieved.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. LOSS PER SHARE

Basic earnings/(loss) per share is computed by dividing the profit or loss after taxation for the period available to the ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted earnings/(loss) per share is computed by dividing the profit or loss after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the period.

The following sets forth the computation for the Company's basic and diluted loss per share (LPS)

Numerator	£
Numerator for basic LPS retained loss	<u>(444,645)</u>
Denominator	Number
Denominator for basic LPS	51,494,800
Effects of diluted securities - options	<u>78,791,900</u>
	<u>130,286,700</u>
Basic LPS	(0.0086p)
Diluted LPS	(0.0086p)

The basic and diluted loss per share are the same as the effect of the outstanding shares options is anti dilutive and therefore excluded.