



MERCATOR GOLD PLC

For immediate release

30 March 2007

Mercator Gold Plc Plc
(“Mercator” or the “Company”)
Ticker- AIM:MCR

INTERIM REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2006

CHAIRMAN’S REPORT

I am pleased to present your Company’s Interim Report for the six months to 31 December 2006. Mercator continues to advance towards its target of producing gold by mid-2007 and having at least four years of mineable reserves in place. The Company has already defined a mining reserve of 75,000 ounces of gold at Surprise and an indicated resource of 380,000 ounces of gold at Prohibition-Vivian-Consols. Further drilling is being conducted at Prohibition to extend the existing resources and studies are currently underway to defining a probable reserve to allow for a decision with regard to the second stage production planned for early 2008. The recent fund-raising of £4.49 million provides the capital required to achieve the above objectives.

Refurbishment of the Yaloginda Plant is nearing completion with re-commissioning expected to commence during May. All of the plant components starting with the crushing circuit, milling circuit, leaching and finishing with the gold elution circuit will have been fully tested before full scale production is achieved. Low grade ore from existing stockpiles and from the pre strip material for the Surprise open pit will provide the initial re-commissioning ore source. Full scale production would follow the build up of gold inventory in the Carbon in Leach circuit.

Updated Resource estimates for Prohibition-Vivian-Consols are under review together with various mining scenarios that will lead to Probable Reserve announcements in the coming weeks.

Plans are being developed to optimise the use of Mercator’s extensive tenement holdings at Meekatharra, which presently cover 1,932km² with contained gold resources of 2,160,000 ounces. The Board believes there is considerable potential to utilise these ground holdings in the current positive gold-mining environment. The Board is presently considering a number of alternatives in this regard.

Your Company’s professional team continues to deliver positive results on all fronts and I am confident they will continue to deliver at similarly high standards in the future. To compliment the existing team, three new production orientated appointments have been made: a highly skilled and experienced Mining Engineer to the position of Operations Manager, the appointment of an equally experienced Metallurgist as Process Manager, and appointment of a Mine Planning engineer. At a time when skilled professionals are highly sought after in Western Australia, Mercator has been most fortunate to attract the calibre of these professionals who are also locating to site rather than electing a fly in fly out roster.



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I look forward to reporting to you on your company's progress on a regular basis throughout this exciting phase in our development.

Terrence Strapp
CHAIRMAN

Consolidated Profit and Loss Account

For the six months ended 31 December 2006

	6 months to 31 December 2006 (unaudited) £	6 months to 31 December 2005 (unaudited) £	12 months to 30 June 2006 (audited) £
Administrative expenses	(1,341,210)	(725,476)	(2,127,615)
Other income	102,865	-	233,469
Operating loss	(1,238,345)	(725,476)	(1,894,146)
Interest payable and similar items	(92,022)	(47,881)	(94,682)
Interest receivable & similar items	315,098	9,932	152,203
Loss on ordinary activities before taxation	(1,015,269)	(763,425)	(1,836,625)
Taxation	-	-	-
Loss on ordinary activities after taxation	(1,015,269)	(763,425)	(1,836,625)
Loss per share	(1.9)p	(7.9)p	(7.5)p

All amounts relate to continuing activities

The loss per share for the 6 months ended 31 December 2005 has been re-stated to take account of the subsequent 10:1 share consolidation

Consolidated Statement of Total Recognised Gains and Losses

For the six months ended 31 December 2006

	6 months to 31 December 2006 (unaudited) £	6 months to 31 December 2005 (unaudited) £	12 months to 30 June 2006 (audited) £
Loss for the financial year	(1,015,269)	(763,425)	(1,836,625)
Exchange adjustments on foreign currency net investments	30,095	4,135	(929,394)
Total recognised gains and losses for the financial year	(985,174)	(759,290)	(2,766,019)

Consolidated Balance Sheet

At 31 December 2006

	31 December 2006 (unaudited)	31 December 2005 (unaudited)	30 June 2006 (audited)
Fixed assets			
Intangible	14,168,042	2,118,990	10,529,014
Tangible	3,738,268	59,541	2,859,412
Total fixed assets	17,906,310	2,178,531	13,388,426
Current assets			
Stocks	91,810	-	91,687
Debtors	390,017	299,287	403,524
Cash at bank and in hand	7,406,500	1,059,011	13,297,216
Total current assets	7,888,327	1,358,298	13,792,427
Creditors - amounts falling due within one year	(672,155)	(309,472)	(1,140,995)
Net current assets	7,216,172	1,048,826	12,651,432
Total assets less current liabilities	25,122,482	3,227,357	26,039,858
Creditors - amounts falling due after more than one year	(900,681)	(811,226)	(854,784)
Provisions for liabilities	(1,207,200)	-	(1,205,594)
Net assets	23,014,601	2,416,131	23,979,480
Capital and reserves			
Called -up share capital	5,358,598	996,198	5,355,215
Share premium account	22,545,572	3,317,599	22,528,660
Merger reserve	(399,831)	(399,831)	(399,831)
Other reserves	128,774	128,774	128,774
Profit and loss account	(4,618,512)	(1,626,609)	(3,633,338)
Equity shareholders' funds	23,014,601	2,416,131	23,979,480



MERCATOR GOLD PLC

Consolidated cash flow statement

For the six months ended 31 December 2006

	6 months to 31 December 2006 (unaudited) £	6 months to 31 December 2005 (unaudited) £	12 months to 30 June 2006 (audited) £
Net cash outflow from operating activities	(1,605,355)	(1,062,707)	(376,588)
Returns on investments and servicing of finance	289,269	5,503	138,752
Capital expenditure and financial investment	(4,586,958)	(684,800)	(11,988,877)
Net cash outflow before management of liquid resources and financing:	(5,903,044)	(1,742,004)	(12,226,713)
Management of liquid resources	5,460,796	(153,000)	(12,939,994)
Financing	-	1,890,000	25,426,774
Increase / (decrease) in cash in the period	(442,248)	(5,004)	260,067

Reconciliation of net cash flow to movement in net funds

Increase / (decrease) in cash in the period	(442,248)	(5,004)	260,067
Movement in short term deposits	(5,460,796)	153,000	12,939,994
Exchange differences	12,328	(43,452)	(857,312)
Increase in cash and short term deposits	(5,890,716)	104,544	12,342,749
Increase in debt due after more than one year	(45,897)	(811,226)	(854,784)
Movement in net funds in the period	(5,936,613)	(706,682)	11,487,965
Net funds at beginning of period	12,442,432	954,467	954,467
Net funds at end of period	6,505,819	247,785	12,442,432

Reconciliation of operating loss to operating cash flows

Operating loss	(1,238,345)	(725,476)	(1,894,146)
Depreciation and amortisation charges	86,840	21,048	48,187
(Increase) / decrease in debtors	13,506	(104,315)	(208,552)
(Increase) / decrease in inventories	(122)	-	(91,687)
Increase / (decrease) in creditors	(467,234)	(253,964)	1,769,610
Net cash flow from operating activities	(1,605,355)	(1,062,707)	(376,588)

Shareholders' Funds

For the six months ended 31 December 2006

	6 months to 31 December 2006 (unaudited) £	6 months to 31 December 2005 (unaudited) £	12 months to 30 June 2006 (audited) £
Loss for the period	(1,015,269)	(763,425)	(1,836,625)
Exchange adjustments on foreign currency net investments	30,095	4,135	(929,394)
Equity reserve arising on issue of convertible loan notes	-	128,774	128,774
New share capital issued	20,295	950,000	24,520,078
Net addition to shareholders' funds	(964,879)	319,484	21,882,833
Opening shareholders' funds	23,979,480	2,096,647	2,096,647
Closing shareholders' funds	23,014,601	2,416,131	23,979,480

Notes:

- 1 No dividend is proposed in respect of the period
- 2 The results for the period are derived from continuing activities.
- 3 The calculations of loss per share have been based on the retained loss after taxation for the period and on a weighted average of 53,568,566 ordinary shares in issue during the period.
- 4 The unaudited results have been prepared on a going concern basis and on the basis of the accounting policies adopted in the audited accounts for the year ended 30 June 2006.
- 5 **Creditors falling due after more than one year**

	31 December 2006	30 June 2006
Convertible unsecured loan stock:	£	£
Redemption value at 31 December 2006	1,000,000	1,000,000
Un-amortised issue costs and equity reserve	(99,319)	(145,216)
Convertible loan stock balance at end of period	900,681	854,784

On 14 December 2005, the Company issued two-year convertible loan notes carrying a coupon rate of 9.25% interest, payable quarterly in cash or, at the holder's option, by the issue of shares at £0.60 each. At any time after one year, the holders have the option to convert the face value of their holdings to shares at a price of £0.60 per share. After one year, the Company has the option to redeem the notes at face value plus double the accrued interest outstanding at the time of giving notice. The holder could elect to receive the redemption payment in cash or shares at the rate of £0.60 per share. Any notes remaining on the second anniversary of their issue will be repaid in cash, plus accrued interest. The allocation of redemption face value between liability and equity components has been accounted for in accordance with Financial Reporting Standard FRS 25.

- 6 The interim report is unaudited and does not constitute Statutory Accounts as defined in section 240 of the Companies Act 1985. A copy of the Group's 2006 Statutory Accounts has been filed with the Registrar of Companies. The auditors' opinion on those Statutory Accounts was unqualified and did not contain a statement under section 237 of the Companies Act 1985.
- 7 The Interim Report for the six months to 31 December 2006 was approved by the Directors on 29 March 2007.



MERCATOR GOLD PLC

Company Information

Company Number 05079979

Directors

T J Strapp	Non-Executive Chairman
P A Harford	Managing Director
D Geldard	Chief Operating Officer
M J de Villiers	Finance Director
J R Vearncombe	Exploration Director
M Elias	Non-executive Director
R N Allen	Non-executive Director

Secretary and Registered Office

M J de Villiers
Peek House
3rd Floor
20 Eastcheap
London EC3M 1EB
Tel: +44 (0)20 7929 1010
Fax: +44 (0)20 7929 1015

Email: info@mercatorgold.com

Website: www.mercatorgold.com

Australia office

Mercator Gold Australia Pty Ltd
41 Kishorn Road
Applecross 6153
Western Australia
Tel: +61 (0) 8 9316 9400
Fax: +61 (0) 8 9316 9455

Email: admin@mercatorgold.com.au

Advisers:

Nominated Adviser & Stockbroker

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Stockbroker

Ocean Equities Limited
3 Cophall Avenue
London EC2R 7BH

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Bankers

Barclays Bank plc
Town Gate House
Church Street East
Woking
Surrey BX3 2BB

Solicitors (UK)

Cobbetts LLP
Ship Canal House
King Street
Manchester M2 4WB

Financial Public Relations Consultants

Bankside Consultants Ltd
1 Frederick's Place
Old Jewry
London EC2R 8AE

Solicitors (Australia)

Blakiston & Crabb
1202 Hay Street
West Perth, WA 6005
Australia