



# MERCATOR GOLD PLC

## MERCATOR GOLD plc ("Mercator Gold", "Mercator" or "the Company")

**AIM: MCR**  
**OTC (USA): MTGDY**

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Mercator Gold plc is pleased to announce that it has entered into a binding heads of agreement ("the Heads of Agreement") with Uranio AG ("Uranio") with respect to all exploration and mining licences and applications held by Uranio in Argentina ("the Licences").

### HIGHLIGHTS

- Terms agreed on which Mercator may, at its option, earn in to an interest of up to 70% in the Licences ('the Earn In').
- The Licences, which total in excess of 80,000 hectares of granted tenements, will be evaluated for uranium as well as precious and base metal potential.
- A four-month due diligence period, extendable by three months, has commenced.
- Argentina is recognised as a highly prospective territory for uranium exploration, and the French nuclear energy group AREVA is known to be considering the construction of a uranium mill in the country.
- The Licences include one 4,000 hectare tenement located in close proximity to the historic Los Mogotes Colorados uranium mine.

Patrick Harford, Managing Director of Mercator Gold plc, comments: "Part of the rationale for the acquisition of Mercator's shareholding in Uranio was to enable the Company to begin to unlock the value of Uranio's highly promising tenement portfolio, which I believe we can now do.

Argentina is well known as an emerging uranium hotspot, being geologically exciting yet under-unexplored in comparison with other, more established uranium mining nations."

## **About the Licences**

The Licences consist of in excess of 80,000 hectares of granted tenements of various categories in Argentina's La Rioja, San Luis and Salta Provinces, in addition to in excess of 50,000 hectares of tenement applications in Jujuy Province.

The majority (in excess of 50,000 hectares) of the granted tenements lie within La Rioja Province, including a tenement known as Color 15 that is located approximately twenty kilometres 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.

Unconformity-related deposits worldwide include those found in Canada's Athabasca Basin, such as the MacArthur River mine operated by Cameco Corporation; and in the Alligator Rivers region in Australia's Northern Territory, such as the Rio Tinto-owned Ranger mine.

As part of its due diligence, the Company will carry out a comprehensive review of the Licences and on the basis of its findings may recommend to Uranio that tenements and applications be reduced or relinquished as deemed appropriate. This process will take account of local geological, social, political and environmental conditions so as to ensure that future investigations are focused on tenements judged most likely to yield potentially exploitable deposits. If warranted, applications may be lodged in respect of new tenements.

## **Due Diligence**

Under the terms of the Heads of Agreement, Mercator has committed to expend US\$200,000 on such technical, legal, financial and other due diligence on the Licences as it deems necessary over a period of up to four months ("the Due Diligence Period").

Technical due diligence is to include ground scintillometer surveys and surface sampling with a view to delineating areas of economic uranium mineralisation. Mercator will also assess the potential of the Licences to host economic precious and base metal mineralisation.

Mercator's due diligence is expected to culminate in the completion of a desktop study on the Licences, which would be shared with Uranio for its use.

The Due Diligence Period may be extended at Mercator's option by a further three months, in which case Mercator shall make a US\$30,000 extension payment to Uranio.

## **Terms of the Earn In**

At any time prior to the end of the Due Diligence Period Mercator may elect to enter into the Earn In by making a payment to Uranio of US\$150,000.

Mercator shall then have the right to earn:

- i) a 20% interest in the Licences by expending US\$500,000 on exploration, evaluation, development and associated activities on the Licences (the

Activities') within twelve months of the end of the Due Diligence Period ('the Commencement Date');

- ii) an additional 20% interest by expending a further US\$1 million on the Activities within twenty-four months of the Commencement Date;
- iii) an additional 20% interest by expending a further US\$2 million on the Activities within thirty-six months of the Commencement Date;
- iv) an additional 10% interest by expending a further US\$2 million on the Activities within forty-eight months of the Commencement Date.

In respect of each of the latter three twelve-month phases of expenditure, Mercator shall pay to Uranio US\$150,000, such payments to be made at the end of each phase of expenditure and to count as part of the expenditure required in that phase. The payment of US\$150,000 shall count as part of the first twelve-month phase of expenditure.

At any point Mercator shall be entitled to terminate the Earn In and by doing so to free itself of any further financial obligation under the Earn In save for the payment of a pro-rated portion of the US\$150,000 payment due to Uranio in respect of that twelve-month phase of expenditure.

### **Transferability**

Mercator shall be free to assign or otherwise transfer its right to undertake the Earn In and any other of its rights under the Heads of Agreement to any such other party as it may elect, provided that said other party accepts and agrees to be bound by all terms and provisions of the Heads of Agreement.

### **About Uranio**

Uranio is a Swiss uranium exploration and development company listed on the Frankfurt, Berlin and Stuttgart Stock Exchanges. Mercator holds three million shares in Uranio pursuant to a placing of shares in the Company with Suphansa Holdings Limited announced on 17 November 2009.

Uranio is primarily focused on the development of its Bakouma uranium project, which is located in the Central African Republic adjacent to tenements held by AREVA of France following AREVA's multi-billion dollar acquisition of UraMin in 2007.

For further information please visit the Company's website ([www.mercatorgold.com](http://www.mercatorgold.com)) or contact:

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