

6 July 2011

Company Announcements Office
ASX Limited
Via Electronic Lodgement

Dear Sirs

Shares issued to Deed Administrators on Meekatharra Settlement

We refer to the 2,505,300 shares that were issued on 1 July 2011 to the Deed Administrators of Mercator Gold Australia Pty Ltd (subject to Deed of Company Arrangement) (**Mercator**) as part of the settlement of the acquisition of the Meekatharra Gold Project.

The Company has been advised that a long term shareholder of the Company has today acquired half of those shares from the Deed Administrators, the Deed Administrators having chosen to realise cash value for those shares for the benefit of the creditors' pool.

The Company understands that the remaining half of the shares will be retained for the benefit of Mercator's parent company, which has a long term view for its interest in the Company. The Deed Administrators have advised that they will liaise with the Company in the event that these shares are proposed to be sold, so that the Company may assist in facilitating an orderly market for those shares.

Yours faithfully

Darren Wates
COMPANY SECRETARY

