



RNS Number : 4596S
Scotgold Resources Ltd
24 September 2014

COMPANY UPDATE

1. CONVERTIBLE NOTES

Scotgold Resources Limited (ASX:SGZ, AIM: SGZ) (**Company**) announces that it has entered into convertible note agreements (**Convertible Notes**) on the terms and conditions set out in the Company's Notice of Meeting dated 23 June 2014 (and approved by Shareholders at the General Meeting on 30 July 2014).

AUD\$1 million has been advanced to the Company under the Convertible Note Agreements. The funds raised by the Convertible Notes will be used as part-repayment of the RMB Facility as described below and for working capital.

The Convertible Notes have a repayment date of 24 months from their date of issue, with an interest rate of 1% per annum. The holders of the Convertible Notes may elect to convert the Convertible Notes (in part or in full) into ordinary shares in the Company at a conversion price of AUD\$0.0075 per share. If the company raises new capital during the term of the Convertible Notes at a price below \$0.0075 then the conversion price of the convertible shares will be adjusted to the issue price of the new capital raising. For every share issued on conversion of the Convertible Notes, one free attaching option will be issued, exercisable at AUD\$0.012 on or before 31 March 2016. Full details of the Convertible Notes and attaching options were set out in the Company's Notice of Meeting dated 6 June 2014.

2. PARTIAL REPAYMENT OF RMB FACILITY

The Company announces that the RMB Facility has been partially repaid using funds advanced under the Convertible Notes such that the £1,500,000 amount outstanding has been reduced by £320,000 to £1,180,000. Furthermore capitalised interest outstanding on the facility has been settled.

3. EXTENSION OF RMB FACILITY

The Company also announces that the remaining amount under the RMB Facility Agreement has been extended to 31 December 2015 in consideration for:

- (a) the partial repayment of the RMB Facility set out in paragraph 2 above (such that the facility amount is £1,180,000; and
- (b) the issue to RMB Australia Holdings Ltd of 9,000,000 fully paid ordinary Scotgold Shares and 30,000,000 unlisted Options exercisable at 0.69 pence on or before 22 September 2017.

The Shares and Options will be issued under the Company's Listing Rule 7.1 capacity. An Appendix 3B in respect of the Shares and Options, together with the terms and conditions of the Options will be released following this announcement.

For further information please contact:

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