RNS Number : 0026K
Scotgold Resources Ltd
15 September 2016

**SCOTGOLD RESOURCES LIMITED**

**Correction to announcement regarding Annual Report for the year ended 30 June 2016**

Scotgold Resources Limited ("Scotgold" or "the Company") (ASX:SGX) (AIM:SGZ) advises that the 2016 "Earnings used in calculation of earnings per share" as set out in Note 4 of the announcement dated 15 September 2016 should read as $(1,505,592), not $(1,596,393) as stated in the prior announcement.

Please find below the corrected version of the release.

Re: Annual Report for the year ended 30 June 2016

Scotgold Resources Limited ("Scotgold" or "the Company") (ASX:SGX) (AIM:SGZ) announces its final results for the year ended 30 June 2016. The Company's full annual report for the year to 30 June 2016 is now available on the Company's website and will be posted to shareholders shortly. The financial information set out within this announcement is not the audited results but has been extracted from them. In addition to the audited financial results for the year, the Annual Report contains an Operational Review that is based on the operational updates that have been made by Scotgold and contains no new material information.

**ABOUT SCOTGOLD**

Scotgold Resources Limited ("the Company") was established in 2007 and listed on the Australian Securities Exchange (ASX:SGZ) in January 2008. The Company's shares were admitted to trading on the AIM market of the London Stock Exchange (AIM:SGZ) in February 2010. On 18 August 2016, the Company announced its intention to voluntarily delist from the ASX, subject to ASX approval.

The Company's principal objective, since listing, has been the advancement of the Cononish Gold and Silver Project in Scotland's Grampian Highlands to a production decision and the ongoing exploration of the highly prospective tenements comprising the Grampian Gold Project (which is described in greater detail below) with the view of identifying further project opportunities.

Although the Company's initial application for planning permission to develop the project in 2010 was rejected, the Company submitted a revised application and on 25th October 2011, the Board of the Loch Lomond and the Trossachs Parks ("the Parks Board") unanimously approved the application subject to the conclusion of various legal agreements and agreement on a number of outstanding conditions. These were successfully concluded and on 15th February 2012, the Parks Board issued the Decision Letter granting planning permission for the development. The Crown Estate Commissioners unconditional grant of the Crown Lease was confirmed in May 2012.

During 2014, the Company made an application to vary this planning permission (relating to hours of operation of the processing plant and work on site) and on 24 January 2015, the Board of the Loch Lomond and the Trossachs National Park again voted unanimously to approve the Company's application. As a variation to a condition of the existing consent, this approval also has the effect of extending the date by which development should commence to January 2018.

In January 2015 the Company completed a Mineral Resource Estimate and subsequently in August 2015 completed a Bankable Feasibility Study for the Cononish Project. On 24 February

2016 the Company announced its intention to conduct a Bulk Processing Trial ("BPT") and on 27 August 2016 the first official gold pour from the BPT was announced. The results and experience gained from the BPT will allow the Company to investigate whether a "phased" mine development approach would be viable and could achieve higher returns to shareholders with a lower peak funding requirement. Whilst the Company continues to examine financing options to bring the project to a development decision, it is not expected that financing agreements will be entered into prior to the outcomes of the BPT being fully considered.

The Grampian Gold Project comprises Crown Option agreements covering some 4100 $km^2$ in the south west Grampians of Scotland and covers some of the most prospective areas of the Dalradian geological sequence in the UK. This sequence extends westward from the UK to the eastern seaboard of Canada and the Appalachian belt in the US, and eastward into Sweden and Norway, has been identified by the British Geological Survey as being highly prospective for both significant gold and base metal deposits. On a more local scale, the Dalradian sequence extends to the south west from Scotland into Northern Ireland where it hosts other gold resources at Cavancaw (c. 0.8 Moz of gold) and Curraghinalt (c. 3.5M oz of gold).

The Company is conducting a regional stream sediment sampling program over the wider Grampian gold project area whilst continuing to evaluate a number of previously identified high grade outcrops in the vicinity of the Cononish project.

In May 2016, the Company announced the acquisition of the Pomar licence area in eastern central Portugal by its wholly owned Portuguese subsidiary, Scotgold Resources Portugal Ltda.

**OPERATIONAL REVIEW**

The Company's business is directed by the Board and managed by the Chief Executive Officer, supported by an executive team comprising CFO and Technical Director, and by the non-executive Chairman. The Executive team and Chairman are UK resident and day-to-day activities are managed from the Company's representative office in Tyndrum, Scotland.

In addition to the Chairman, CEO and Technical Director, the Board has 2 further non-executive directors based in Perth, Western Australia, where the Company also has its registered address and Company Secretary located.

**CONONISH GOLD AND SILVER PROJECT**

During the year, the Company focussed on the completion the Bankable Feasibility Study ("BFS"), following a review and optimisation of the 2013 Cononish development plan. This BFS now forms the basis for discussions with possible finance providers in order to advance the project to production.

The key inputs to the BFS included

- A revised Mineral Resource Estimate for the project completed by CSA Global (UK) Limited
- A gap analysis of the 2013 Cononish Development Plan to identify areas requiring further input to meet BFS standards
- A trade off study examining alternative mining methods and means of access to optimise project returns
- A variation to the existing planning permission to facilitate 24 hour / 6 day plant operations (as opposed to 16 hour / 6 day)

Based on the results of the above studies, a Bankable Feasibility Study (BFS) was completed for the project by Bara Consulting Ltd, highlights of which are shown in Table 1 below

**Table 1: Cononish Gold and Silver Project BFS Highlights**

| **PRODUCTION** | |
|---|---|
| Average Production | 72,000 tonne per annum |
| Average LoM Grade (Au Eq) | 11.8 gram/tonne |
| Average Metal Produced | 23,370 ounces equivalent gold* per annum |
| Life of Mine | 8 years |
| **FINANCIAL (at Gold US$1,100/oz & Silver US$15/oz)** | |
| Peak Funding Requirement | £18.5M |
| Total LoM Capital Expenditure | £24M |
| Unit Operating Costs | £327/ ounce equivalent gold (US$523/ ounce equivalent gold) |
| EBITDA | £67M |
| NPV (10%) pre-tax | £23M |
| IRR pre-tax | 45% |
| Payback Period | 19 months |

* Ounces equivalent gold = ounces gold + ounces silver*15/1100 - ratio calculated at base case prices of $1100/oz Au and $15.00/oz Ag

The study demonstrates:

- Robust Project economics using a base case gold price of US$1,100/ounce (£688/ounce) with an EBITDA of £67.4M, a pre-tax free cashflow of £43.4M, pre-tax NPV(10%) of £22.5M and a pre-tax IRR of 45%.
- Low operating costs with Life of Mine ('LoM') average of £327/ounce equivalent gold (US$523/ounce equivalent gold) (including Royalties) and Project breakeven (0% IRR) at US$689/ ounce equivalent gold
- Peak Funding Requirement of £18.5M and all in LoM Capital including contingencies, replacements etc. of £24.0M
- Average annual gold production of 23,370 ounce equivalent gold with peak production in Year 2 of 28,540 ounce equivalent gold.
- Average LoM grade of 11.8 grams equivalent gold / tonne and peak grade of 15.4 grams equivalent gold / tonne in year 2.
- Rapid Implementation schedule of 16 months post contract and finance completion and short Payback Period of 19 months from full production.

Details of the material assumptions considered in the derivation of the production target and forecast financial information above and the BFS Study Executive Summary are provided on Scotgold's website at www.scotgoldresources.com.au- ASX releases - 05/08/2015 - Cononish Gold and Silver Project Bankable Feasibility Study and Bankable Feasibility Study - Executive Summary.

**Mineral Resources**

The Mineral Resource Estimate ("MRE") is classified as Measured, Indicated and Inferred Mineral Resources, (adhering to guidelines set out in the JORC Code (2012 Edition)), and is reported at a cut-off grade of 3.5 g/t gold as is presented in Table 2 below. Table 2 also serves as the Company's Annual Mineral Resource Statement**.**

**Table 2: Annual Mineral Resource Statement as at 30/06/2016**

**Cononish Main Vein Gold and Silver Mineral Resources,** prepared in accordance with the JORC code (2012 Edition) and reported at a 3.5 g/t Au cut-off as at 12/01/2015, which remain current.

*Note: Mineral Resources presented above include Ore Reserves stated below.*

There is no change in the Mineral Resources reported as at 30/06/2015. An internal review of the Mineral Resource Estimate concluded that the estimation techniques and parameters employed remained appropriate.

The Cononish mineralisation remains open at depth down plunge and to the west along strike. There is therefore potential to add to the resource by further extensional drilling.
In addition to the currently defined Mineral Resources, Scotgold believes that there is additional resource development potential close to the Cononish mine, subject to appropriate and successful further work. Extensive gold-in-soil anomalies, mineralisation associated with outcrops and trenching and geophysical anomalies close to the current resource clearly warrant further follow up. In addition, there are indications that other reefs are present in the area too. At this stage, such figures are highly conceptual and there is no guarantee that further exploration will define additional Mineral Resources.

**Ore Reserves**

As part of initial work towards developing the BFS, Bara Consulting Ltd completed a thorough review of the 2013 Cononish Development plan in order to identify opportunities to not only improve on the plan but to also improve the confidence in the plan. As a result of this review, further work was undertaken on the mining methodology, access design, geotechnical evaluation and overall mine design.

The outcome of this work was that an Ore Reserve Estimate was completed on 25 May 2015, in accordance with the JORC code (2012 Edition) based on the Mineral Resource Estimate (MRE) issued in January 2015.

There is no change to the Ore Reserves reported for the project as of 30/06/2015. An internal review of the Ore Reserve Statement concluded that the modifying factors used in determining the Ore Reserve remained appropriate and negligible depletion had occurred in the period.

**Table 3 Annual Ore Reserve Statement as at 30/06/2016**

| **As at 25 May 2015 (JORC 2012 Code)** | | | |
|---|---|---|---|
| **Classification** | **Proven** | **Probable** | **Total** |
| **Tonnes ('000)** | 65 | 490 | 555 |
| **Au Grade (g/t)** | 11.5 | 11.1 | 11.1 |
| **Au Metal (k oz)** | 24 | 174 | 198 |
| Ag Grade (g/t) | 51.5 | 47.2 | 47.7 |
| Ag Metal (k oz) | 108 | 743 | 851 |
| *(Bara Consulting Limited Ore Reserve Statement dated May 2015)* | | | |

For greater detail on the parameters derived from this work and used for the Ore Reserve estimation process, refer to ASX release (26/05/2015 - Cononish Gold Project Study Update and Reserve Estimate) on the Company's website.

Both the Mineral Resource Estimate and Ore Reserve statement were compiled by suitably qualified Independent Competent Persons (see below)

**Bulk Processing Trial**

In February 2016 the Company announced its intention to undertake a Bulk Processing Trial" (BPT) at Cononish. The principal objectives of the BPT are to demonstrate the marketability and profitability of Scottish gold production from Cononish. It will also give further confidence to metallurgical test-work already completed and to provide a basis for a review of the current development plan under the current Bankable Feasibility Study.

The planning application for the BPT was approved by the Loch Lomond & The Trossachs National Park Planning Authority in April 2016 and a small scale pilot plant was installed and commissioned by June 2016. This plant will treat around 2,400t (approximately 1,200 m3) over approximately a six-month period, sourced from a stockpile of approximately 7000t of ore grading around 7.9g/t Au and 39g/t Ag stockpiled on the mine 'platform' at Cononish. The material to be treated forms part of the Probable Reserves for the project (refer ASX and AIM announcements dated 25/05/2015 and 26/05/2015 respectively).

The process employed will be purely physical by crushing of the ore and using gravity separation via a centrifugal device to separate the high grade gold concentrate, similar to the planned full scale plant. However, the flotation circuit process has been replaced by a spiral bank to generate a sulphide, gold rich concentrate. This concentrate is then further upgraded via a shaking table and the final gold rich output from both the centrifugal device and spiral are smelted to produce a small quantity of doré (an impure bullion 'bar'). As no chemicals are being used on site as part of the BPT this gold generated can be classified as "ethical". The majority of the gold however remains in the sulphide concentrate which for the purposes of the BPT will be sold without further processing once economic shipping quantities have been produced.

Metallurgical recovery and unit processing costs in the BPT are not expected to achieve the planned results of the full scale gravity/float plant process in the Cononish Bankable Feasibility Study. They may, however, prove sufficiently attractive to justify investigating a lesser scale, lower upfront capital, earlier commercial production phase in advance of the full production phase as originally planned.

This can only be assessed once the initial results of the BPT are known. At that stage a revised mining plan, infrastructure development plan, capital/operating costs estimates and project returns can be determined. If a viable phased development route can be identified, it is likely to have a significantly lower peak financing requirement than the current BFS, as certain capital expenditures may either be able to be deferred or "self-funded" through early cashflow.

It should be noted that any such revised plan would require consultation with various stakeholders, including Loch Lomond & The Trossachs National Park Planning Authority and The Crown Estate, among others.

**GRAMPIAN GOLD PROJECT**

The Company continues to actively pursue exploration activities on its substantial land position in the Dalradian group of the south west Grampians, a terrain highly prospective for both gold and potential base metal occurrences. The majority (85%) of the area currently under option to Scotgold is located outside the Loch Lomond and the Trossachs National Park.

Whilst advancing the Cononish project to production, the Company's strategy has been to conduct early stage regional exploration over the Grampian Gold project area in conjunction with follow up work on the more advanced prospects close to the Cononish project area.

The Grampian Gold project encompasses a large area (~4100 $km^2$) of the highly prospective Dalradian sequence. Basic exploration data, including gravity and airborne magnetics, is available from government surveys but is of a quality and spacing that does not adequately reflect the prospectivity of the area. This, and the general lack of previous exploration over the area (other than early stage exploration in the vicinity of the Cononish project), has dictated the Company's approach to exploration.

In order to advance its understanding of the regional setting the Company embarked on a regional scale stream sediment sampling program. In an initial wide spaced regional program, in excess of 750 stream sediment samples were taken across the project area. Interpretation of these results continues and this program has been followed up by a more detailed infill sampling program in the anomalous result areas in order to further target areas for detailed fieldwork and prospecting. To date in excess of 1200 samples have been collected with interpretation of these results on-going, in conjunction with work undertaken by Drs. Gumiel and Arias (see below).

In parallel with this regional program, Scotgold continues to evaluate previously identified high grade outcrop samples identified by previous exploration close to the Cononish project. Initially, the Company conducted a re-sampling program to verify previously identified occurrences and this program confirmed the presence of a large number of high grade gold / silver vein outcrops in an area located between two major regional faults, the Tyndrum - Glen Fyne fault and the Ericht - Laidon fault, and associated with the fractures generated by movement along these faults.

Considerable follow up work has been undertaken to examine the extent of these occurrences through further fieldwork, detailed rock chip sampling, initial short surface drilling and (in some cases) deeper diamond drilling and the Company believe that further significant exploration expenditure is justified on many of these prospects when financing is available. The most advanced of these prospects include:

1) the River Vein area - diamond drilling below exceptionally high grade surface rock chip samples has proved structural continuity of a vein structure to a depth of approximately 100m and a similar strike extent as defined by current drilling and remains open along strike and at depth: this warrants further diamond drilling (see Press Release - Exploration Progress at River Vein - 30/01/2012).
2) the Sron Garbh mafic / ultramafic complex - short surface drilling intersected highly anomalous grades of Gold, Platinum, Palladium, Copper Nickel and Cobalt**,** in and close to the 'Gabbroic / Appinitic' zone of the complex. Mineralisation is seen to be contained in 'sulphide blebs' in a 'leopard rock' textured zone. These characteristics are diagnostic of the worldwide 'magmatic Cu - Ni - PGE - Au' group of deposits associated with mafic / ultramafic intrusives such as Aguablanca in Spain, certain parts of the Sudbury mines in Ontario, Canada; Voisey's Bay in Labrador Canada and Lac des Isles in Quebec, Canada. Such deposits occur as sulphide concentrations (massive through to disseminated sulphides) associated with a variety of mafic and ultramafic magmatic rocks (see Press Release - Highly Anomalous Platinum Group Metals Gold and Base metals - 07/03/2012).
3) the Auch / Beinn Odhar veins - shallow surface drilling below one of the identified high grade outcrops confirmed its prospectivity and a considerable number of the other currently identified outcrops require initial short surface drilling as a precursor to further more intensive drilling.

In June 2015, Scotgold Resources Ltd engaged the services of Dr. Pablo Gumiel and Dr. Monica Arias, of Consulting de Geología y Minería, S.L., to conduct a structural study and initial analysis of Scotgold's extensive GeographicInformation System (GIS) database covering the Grampian Gold project. The study aimed to develop a structural model, focused on the Cononish deposit, to improve the understanding of the evolution of gold and silver mineralisation in the Tyndrum area. The study then combined the extensive existing geochemical database with structural data from Drs Gumiel and Arias' recent fieldwork, using new analytical techniques to assess various aspects of prospectivity and develop an initial prospectivity map. The map uses techniques that take account of a number of geological parameters identified in the study as critical to locating potential economic mineralisation, including:

- High grade rock outcrop data
- Fracture density
- Typology (characteristics) of the vein structures / systems
- Other GIS based historic data

Through 3 Dimensional (3D) geological and GIS modelling, a preliminary prospectivity map was developed for the study area to identify areas of high priority and potential, using a weighted gridding method.

Based on the resulting prospectivity map, the study has identified a series of high priority targets, with 6 being located within a 2.5 km radius of Cononish, including 2 outside the Loch Lomond and Trossachs

National Park (LLTNP). A further 5 have been identified within the studied area, all of which are outside the LLTNP. Close to the Cononish deposit, Coire Nan Sionnach and Kilbridge are highlighted as highly prospective, along with two further parallel anomalies between the Cononish deposit and Coire Nan Sionnach. Outside this area, the map has re-highlighted the Beinn Udlaidh and Arrivain areas in particular as important targets for ongoing exploration. Based on the ranking in the study, the map shows the area to have a prospectivity at least comparable, if not higher, than the Cononish deposit. In addition, Glen Orchy (River Vein and Tom a Chro), Sron Garbh and Coire Chailein are indicated to have a high ranking warranting further exploration.

The study has distinguished a number of high priority vein systems / structures from those less likely to carry economic mineralisation and indicates the high potential for Cononish style mineralisation in the Glen Orchy option area. Further work is being planned for these targets during 2017 and will include applying the techniques used in this study to veins / structures in the highly prospective areas, in addition to traditional exploration techniques.

**POMAR PROJECT**

In May 2016, the Company announced the acquisition of the Pomar licence area in eastern central Portugal by its wholly owned Portuguese subsidiary, Scotgold Resources Portugal Ltda. Subsequent to this announcement a party of Scotgold staff and independent consultants visited the licence area to conduct an initial site visit. The Scotgold party was accompanied by independent consultant, Mr. Peter Flindell, an exploration geologist with a background in a wide range of commodities and of bringing exploration projects to commercial production.

The Pomar licence area includes the historic antimony mines of das Gatas, Pomar and Casalinho, in addition to numerous small scale trials and occurrences. Re-evaluation of the mineralisation during the site visit indicated there may be two separate mineralising events, an early antimony and later gold event. This opens up the potential for undiscovered gold prospects in zones with quartz-only mineralisation, given previous exploration efforts have focused on antimony mineralisation in the region.

The initial program proposed for the Pomar licence area is modest (cica £30,000) and consists of historical data collection & analysis, a mapping program and a soil sampling assay program. There is significant historical data available from previous exploration companies, including Billiton and Indumetal, comprising assay results and geophysical data. The Company intends to access and evaluate the historical data available in the licence area to aid further exploration efforts.

The soil sampling program is based around existing samples taken by the previous licence holder. These samples were not analysed, providing a great opportunity for Scotgold to gain a large volume of data quickly and cost-effectively and gather an overview of gold occurrences in the licence area. This field work will be supervised by our Country Manager Joao Barros, a geologist with extensive local knowledge and previous work experience of the Pomar licence area, under the guidance of Scotgold Projects Geologist Dr Nyree Hill.

A mapping program will focus on stratigraphic and structural mapping to identify the possibility for more wide scale gold occurrences and aid understanding the controls on mineralisation types across the Pomar licence area. This work is anticipated to be completed by Dr. Pablo Gumiel and Dr. Monica Arias, who have an existing working relationship with the Company having carried out the highly successful structural study within the Grampian Project last year.

*Competent Persons Statement:*
*The information in this report that relates to Exploration Results is based on information compiled by Mr David Catterall, Pr Sci Nat, who is a member of the South African Council for Natural Scientific Professions. Mr Catterall is employed as a consultant to Scotgold Resources Ltd. Mr Catterall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Catterall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Note:  No new exploration results are presented in this report. All results have been previously notified under JORC 2004 and are contained in Scotgold Annual reports 2008 - 2015 and various corresponding market releases.*

*The information in this report that relates to the 2015 Mineral Resources for Cononish Gold Project (refer ASX release - Resource Estimate Update - 22/01/2015) is based on information compiled by Malcolm Titley, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Titley is employed by CSA Global (UK) Limited, an independent consulting company. Mr Titley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Titley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to the 2015 Ore Reserves for Cononish Gold Project (refer ASX announcement dated 26/05/2015) is based on information compiled by Pat Willis, a Competent Person who is registered as a Professional Engineer (Pr.Eng.) with the Engineering Council for South Africa (ECSA) and a Fellow in good standing and Past President of the Southern Africa Institute of Mining and Metallurgy (FSAIMM). Mr Willis is employed by Bara Consulting Limited, an independent consulting company. Mr Willis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Willis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Further, the Company confirms it is not aware of any new information or data that materially affects the information contained in the original announcements and that all material assumptions and technical parameters underpinning the estimate of Resources and Reserves continue to apply and have not materially changed.*

**Tenement details**

The Company holds a lease (100%) from the Crown Estate Commissioners over Cononish Farm, county of Perth, Scotland UK.

The Company holds a lease (100%) from the landowner over Cononish Farm, county of Perth, Scotland UK.

The Company holds five Mines Royal Option Agreements (100%) with the Crown Estate Commissioners as detailed below:

Glen Orchy: Location - counties of Perth and Argyll, Scotland UK

Glen Lyon: Location - counties of Perth and Argyll, Scotland UK

Inverliever: Location - counties of Dunbarton, Argyll and Perth, Scotland UK

Knapdale: Location - county of Argyll, Scotland UK

Ochils: Location - county of Clackmannan, Perth, Kinross and Stirling, Scotland UK

The Company announced on 12 May 2016 that wholly owned Portuguese subsidiary, Scotgold Resources Portugal Ltda, had been granted the Pomar Licence. The Company now owns a 100% interest in the Pomar Licence which is valid for 3 years (with an option to extend) and covers 264km$^2$ in eastern central Portugal, near Castelo Branco.

No other beneficial interests are held in any farm-in or farm-out agreements.

No other beneficial interests in farm-in or farm out agreements were acquired or disposed of during the period.

**STRATEGIC REVIEW**

The Company's goal is to become a profitable long term gold producer, operating in low risk environments. To this end our immediate focus is the development of the advanced Cononish Gold and Silver Project in Scotland. To provide longevity beyond Cononish, and potentially growth in overall production, the Company is developing a pipeline of projects that we anticipate will meet our criteria. First and foremost of these is our Grampian Project which consists of 5 Option Agreements ("Exploration Licences") in Scotland and includes the highly prospective ground in the vicinity of Cononish. In addition we have this year acquired the Pomar Licence in Portugal and we are pursuing opportunities in France.

Since the recapitalisation of the Company in 2014, we have made excellent progress at Cononish, including new Mineral Resource Estimate, Ore Reserve Estimate, Bankable Feasibility Study (BFS) and most recently the Bulk Processing Trial (BPT). The BFS demonstrated the viability of Cononish and the next logical step would have been its finance and construction. The environment in 2015 however proved difficult, with limited appetite for a project of our relatively small size in the natural resource sector and in gold in particular. As a result we had not secured a funding package on terms acceptable to our shareholders by the end of the calendar year. At the beginning of 2016 a decision was taken to advance the project on a more modest scale and the BPT was announced and then successfully implemented.

Over the last 6 months in particular, we believe the finance market for gold projects has significantly improved. The BFS was conducted as a base case gold price of $1,100/oz or £687/oz, whereas the current price (6/9/2016) is approx. $1,340 which now equates to approx. £1,000/oz. In addition to the improved finance market, early indications from the BPT are that there will be opportunities to improve the project's development plan, through a phased development approach that will reduce the peak funding requirement. Furthermore the experienced gained from operating the pilot plant is reducing future technical risk and the anticipated premium that will be achieved on "Scottish" gold will further enhance the projects upside.

With regards to the future pipeline of projects, we have also made good progress. The structural study completed over Cononish and areas of the Grampian project has enabled us to prioritise the prospects and it is expected that this will enable us to more cost effectively progress these going forward. Similarly the Pomar project has a significant dataset available which will enable us to cost effectively asses its prospectivity and inform our future strategy accordingly.

The Board of directors has also made strides to adapt the Company to best serve our geographical, operational focus and goals. The Company Secretarial function performed in Perth, Western Australia has been outsourced and we are in the process of moving our financial accounting function to the UK. This will become more critical as the level of activity associated with the Cononish project continues to build. Also as previously mentioned, the Company has applied to the ASX to voluntarily delist. The decision to de-list from the ASX is due to a number of factors including the limited trading volume of securities in Scotgold on the ASX over a sustained period of time. Over the past 6 months approximately 98% of the securities trading occurred on AIM. Further, approximately 87% of the securities in Scotgold are held by UK residents or already registered as DIs on AIM. The voluntary delisting from the ASX will significantly reduce associated costs and management time, as well as consolidate trading onto one market that our UK based management team is best placed to serve.

Statement of Comprehensive Income

| | Notes | CONSOLIDATED 2016 $ | 2015 $ |
|---|---|---|---|
| Revenue | 2 | 1,459 | 10,607 |
| Administration costs | | (438,021) | (380,663) |
| Interest expense | | (983) | (91,909) |
| Unwinding of convertible note discount | 11 | (215,526) | (110,338) |
| Depreciation and profit on disposal of property, plant and equipment | 3 | (15,376) | (19,097) |
| Exploration expensed as incurred | | (131,303) | (393,196) |
| Employee and consultant costs | | (278,702) | (290,597) |
| Listing and share registry costs | | (229,571) | (174,758) |
| Legal fees | | (84,417) | (185,448) |
| Borrowing costs | | - | (174,419) |
| Share-based payments | 14 | - | (13,615) |
| Office and communication costs | | (71,549) | (106,503) |
| Other expenses | | (41,603) | (183,029) |
| LOSS BEFORE INCOME TAX BENEFIT | | (1,505,592) | (2,112,965) |
| Income tax benefit | 4 | - | - |
| LOSS FOR THE YEAR | | (1,505,592) | (2,112,965) |
| Other Comprehensive Income | | | |
| ***Items that may be reclassified to Profit or Loss*** | | | |
| Exchange difference on translation of foreign subsidiaries | | (94,490) | 25,466 |
| Total comprehensive result for the year | | (1,600,082) | (2,087,499) |
| Basic (loss) per share (cents per share) | 24 | (0.12) | (0.25) |

Statement of Financial Position

| | CONSOLIDATED 2016 $ | 2015 $ |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 738,866 | 802,649 |
| Trade and other receivables | 63,004 | 38,440 |
| Inventory | 26,993 | - |
| Other current assets | 21,109 | 23,712 |
| Total Current Assets | 849,972 | 864,801 |
| NON-CURRENT ASSETS | | |

| | | |
|---|---|---|
| Trade and other receivables | 89,977 | 102,649 |
| Plant and equipment | 348,626 | 104,605 |
| Mineral exploration and evaluation | 15,730,586 | 14,794,913 |
| Total Non Current assets | 16,169,189 | 15,002,167 |
| TOTAL ASSETS | 17,019,161 | 15,866,968 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 157,835 | 343,853 |
| Other current liabilities | 121,439 | 71,920 |
| Interest bearing liabilities | 1,124,409 | - |
| | 1,403,683 | 415,773 |
| NON-CURRENT LIABILITIES | | |
| Interest bearing liabilities | - | 1,353,783 |
| | - | 1,353,783 |
| TOTAL LIABILITIES | 1,403,683 | 1,769,556 |
| NET ASSETS | 15,615,478 | 14,097,412 |
| EQUITY | | |
| Issued capital | 25,829,677 | 22,711,529 |
| Reserves | 344,515 | 1,463,805 |
| Accumulated losses | (10,558,714) | (10,077,922) |
| TOTAL EQUITY | 15,615,478 | 14,097,412 |

Statement of Changes in Equity
**CONSOLIDATED**

| | Issued Capital | Accumulated Losses | Options Reserve | Convertible Note Reserve | Foreign Currency Translation Reserve | Total Equity |
|---|---|---|---|---|---|---|
| Year Ended 30 June 2015 | $ | $ | $ | | $ | $ |
| Balance 1 July 2014 | 18,463,121 | (7,964,957) | 1,038,154 | - | (59,985) | 11,476,333 |
| Placements | 1,586,215 | - | - | - | - | 1,586,215 |
| Entitlements Issue | 2,861,177 | - | - | - | - | 2,861,177 |
| Options issued | - | - | 103,615 | - | - | 103,615 |
| Share issue expenses | (198,984) | - | - | - | - | (198,984) |
| Equity portion of notes issued | - | - | - | 356,555 | - | 356,555 |
| Total comprehensive result for the year | - | (2,112,965) | - | - | 25,466 | (2,087,499) |
| As at 30 June 2015 | 22,711,529 | (10,077,922) | 1,141,769 | 356,555 | (34,519) | 14,097,412 |
| | | | | | | |
| Year Ended 30 June 2016 | $ | $ | $ | | $ | $ |
| Balance 1 July 2015 | 22,711,529 | (10,077,922) | 1,141,769 | 356,555 | (34,519) | 14,097,412 |
| Placements | 1,053,904 | - | - | - | - | 1,053,904 |
| Entitlements Issue | 1,476,010 | - | - | - | - | 1,476,010 |
| Options exercised | 254,388 | - | - | - | - | 254,388 |
| Share issue expenses | (109,554) | - | - | - | - | (109,554) |
| Equity portion of notes converted | 443,400 | 107,800 | - | (107,800) | - | 443,400 |
| Options expiry | - | 917,000 | (917,000) | - | | - |
| Total comprehensive result for the year | - | (1,505,592) | - | - | (94,490) | (1,600,082) |
| As at 30 June 2016 | 25,829,677 | (10,558,714) | 224,769 | 248,755 | (129,009) | 15,615,478 |

Statement of Cash Flows

| | CONSOLIDATED | |
|---|---|---|
| | **2016** | **2015** |
| | **$** | **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Payment to suppliers | (1,343,403) | (1,106,066) |
| Interest income received | 326 | 5,709 |
| **Net Cash Outflow From Operating Activities** | (1,343,077) | (1,100,357) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments for exploration expenditure | (1,050,176) | (1,274,409) |
| Purchase of property, plant and equipment | (259,398) | (2,400) |
| **Net Cash Outflow From Investing Activities** | (1,309,574) | (1,276,809) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares and options | 2,784,301 | 4,136,178 |
| Share and option issue transaction costs | (109,553) | (198,984) |
| Borrowings net of costs | - | 1,600,000 |
| Loan repayments | - | (3,031,286) |
| **Net Cash Inflow From Financing Activities** | 2,674,748 | 2,505,908 |
| Net increase in cash held | 22,097 | 128,742 |
| Effect of exchange rate fluctuations on cash and cash equivalents | (85,880) | 33,050 |
| Cash and cash equivalents at the beginning of this financial year | 802,649 | 640,857 |
| Cash and cash equivalents at the end of this financial year | 738,866 | 802,649 |

<u>Notes</u>

## NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law. Cost is based on the fair value of the consideration given in exchange for assets.

The financial statements have also been prepared on a historical cost basis. The financial statements are presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in Australia, Scotland France and Portugal. The entity's principal activity is mineral exploration.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Scotgold Resources Limited and its subsidiaries.

**Reporting Basis and Conventions**

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the consolidated entity's assets and the discharge of their liabilities in the normal course of business. At balance date, the consolidated entity had current assets of $849,972 and current liabilities of $1,403,683. Subsequent to balance date, additional cash funds of $880,000 have been raised through the placement of shares. In addition, the conversion into share capital of $220,000 of Convertible Notes has reduced current liabilities by this amount.

The consolidated entity is also anticipating revenues over the ensuing twelve month period from gold sales derived from its Bulk Processing Trial. The conversion of some or all of the remaining Convertible Notes (refer Note 12) would further enhance the financial position of the Consolidated entity.

While the Board considers that the consolidated entity is a going concern it is also recognised that additional funding may be required to ensure that the consolidated entity can continue to fund its operations and further their mineral exploration and evaluation activities during the twelve-month period from the date of this financial report. Such additional funding can potentially be derived from either one or a combination of the following:

- Loan funds
- Exercise of outstanding Share Options
- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Accordingly, the Directors believe the consolidated entity will obtain sufficient funding to enable it and the consolidated entity to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

However, the existence of the above conditions constitutes a material uncertainty that may cast significant doubt in relation to the consolidated entity's ability to continue as a going concern and whether it will therefore realise its assets and extinguish its liabilities in the normal course of business.

**Statement of Compliance**

The financial report was authorised for issue on 14 September 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**Adoption of new and revised standards**

**Changes in accounting policies on initial application of Accounting Standards**

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to consolidated entity accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the consolidated entity's business and, therefore, no change necessary to the consolidated entity's accounting policies.

**Accounting Policies**

(a) Basis of Consolidation

A controlled entity is any entity controlled by Scotgold Resources Limited. Control exists where Scotgold Resources Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Scotgold Resources Limited to achieve the objectives of Scotgold Resources Limited. All controlled entities have a 30 June financial year-end.

All intercompany balances and transactions between entities in the consolidated entity, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.
Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset: | Depreciation Rate: |
|---|---|
| Plant and Equipment | 15 - 50% |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings / accumulated losses.

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Exploration and evaluation expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral reserve is demonstrable.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(e) Impairment of Assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(i) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the relevant authority. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item in expenses. Receivables and payables in the statement of financial position are shown inclusive of GST or VAT.

(j) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(l) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of Scotgold Resources Limited.

(m) Share based payments - shares and options

The fair value of shares and share options granted is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options.

The fair value of share grants at grant date is determined by reference to the share price at that time.

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to share capital.

(n) Foreign currency translation

The presentation currency of the consolidated financial statements is Australian dollars. In addition, functional currency is determined for each entity in the Group and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.
Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operation, Scotgold Resources is Pounds Sterling (£). The functional currency of SGZ France SAS and Scotgold Resources Portugal is the Euro (€).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of the consolidated financial statements at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(o) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key Estimates - Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment of mineral exploration and evaluation

AASB 6 Exploration for and Evaluation of Mineral Resources requires an assessment of recoverable amount to be completed whenever facts and circumstance suggest that the carrying amount of an exploration asset may exceed its recoverable amount. Recoverable amount is defined within AASB 136 Impairment of Assets as the higher of fair value less costs to sell and value-in-use. Value-in-use is determined on a pre-tax basis and is the present value of the future cash flows expected to be derived from the asset or cash-generating unit.

At 30 June 2016, the Group had capitalised mineral exploration and evaluation expenditure of $15,639,785 (2015: $14,794,913). The Directors do not believe and indications of impairment are present. The Company announced on ASX on 5 August 2015, a Bankable Feasibility Study on the Cononish Gold and Silver Project which reported a base case (US$1,100 per ounce) net present value of the project of £23 million.

Classification of exploration and evaluation

The Bulk Processing Trial is designed to demonstrate technical feasibility and commercial viability, so the criteria to reclassify any exploration to development have not been met.

## NOTE 2 - MINERAL EXPLORATION AND EVALUATION

| | | |
|---|---|---|
| Opening balance | 14,794,913 | 13,894,769 |
| Bulk processing trial expenditure | 90,801 | - |
| Other expenditure during the year | 976,175 | 1,293,340 |
| Expenditure expensed as incurred | (131,303) | (393,196) |
| Closing balance | 15,730,586 | 14,794,913 |

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or sale of the respective areas.

## NOTE 3 - INTEREST BEARING LIABILITIES

### Convertible Notes

The Company 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). Options to acquire ordinary shares in the Company and attaching to certain of the Convertible Notes have all expired and are no longer available.

During the year on 22 March 2016, $443,400 Convertible Notes were converted into 73,900,000 ordinary shares of the Company at the conversion price of $0.006 per share. This partial conversion reduced the principal amount due under the Convertible Notes by the same amount.

Subsequent to year end on 2 September 2016 a further $220,000 Convertible Notes were converted into 36,666,667 ordinary shares of the Company at the conversion price of $0.006 per share.

The remaining outstanding balances of the Convertible Notes comprise $336,600 with a conversion price of $0.006 per ordinary share and £300,000 ($600,000) with a conversion price of £0.006. The repayment dates are 23 September, and 30 September 2016, respectively.

The balance outstanding at 30 June 2016 is made up as follows:

| | First draw 23 September, 2014 | Second draw 30 March, 2015 | Total |
|---|---|---|---|
| | $ | $ | $ |
| Principal sum drawn | 1,000,000 | 600,000 | 1,600,000 |
| Equity component taken to reserves | (243,121) | (113,434) | (356,555) |
| Unwinding of discount | 225,785 | 100,079 | 325,864 |
| Partial Conversion | (443,400) | - | (443,400) |
| Interest paid | (1,500) | - | (1,500) |
| | 537,764 | 586,645 | 1,124,409 |

## NOTE 4 - LOSS PER SHARE

| | Consolidated 2016 | Consolidated 2015 |
|---|---|---|
| | $ | $ |
| Earnings used in calculation of earnings per share | (1,505,592) | (2,112,965) |
| | Number | Number |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share | 1,273,583,261 | 840,098,450 |

There are no potential ordinary shares on issue at the date of this report.

## NOTE 5 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Other than as set out below there are no other matters or circumstances that have arisen after the balance date that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

On 4 August 2016 the Company announced the placement of 62,500,000 shares to raise funds of £500,000 (A$880,000).

On 18 August the Company announced its intention to voluntarily de-list from ASX.

On 2 September 2016 the Company announced a full conversion of Convertible Notes into Ordinary Shares at a rate of $0.006 per share as approved by shareholders at a meeting held on 30 July 2014.

Details of the conversion are:

| Noteholder | Loan Value<br>$ | Shares Issued |
|---|---|---|
| Richard Harris | 75,000 | 12,500,000 |
| Golden Matrix Holdings Pty Ltd | 75,000 | 12,500,000 |
| Alexander Littlejohn | 70,000 | 11,666,667 |

Nat le Roux has remaining Notes to the value of $336,600 and £300,000 (A$600,000) with repayment / conversion dates of 23 September and 30 September 2016 respectively.

For further information please contact:


**Scotgold Resources Limited Limited**

Richard Gray

Tel: +44 (0)1838 400 306

**Stockdale Securities**

Robert Finlay / Ed Thomas

Tel: +44 (0)20 7601 6100

**Capital Markets Consultants**

Simon Rothschild

Tel +44 (0)7703 167 065

**Vicarage Capital Limited**

Rupert Williams

Tel: +44 (0)20 3651 2911