



RNS Number : 6714K
Scotgold Resources Ltd
23 September 2016

Scotgold Resources Limited ("Scotgold" or the "Company")

Conversion of Convertible Note and New Loan

Conversion of Convertible Note

Scotgold Resources Limited (**ASX:SGZ, AIM: SGZ**) announces the issue of 56,100,000 fully paid ordinary Scotgold shares following the conversion of convertible notes held by Nat le Roux. The conversion of these convertible notes was previously approved by shareholders at the meeting on 30 July 2014.

Please see the attached Appendix 3B in respect of the above issue.

New Loan

Further, the Company is pleased to announce that the 2015 convertible note held by Nat le Roux, totalling £300,000 (approximately A\$520,000) and convertible at £0.006 (the 2015 Convertible Note), will be repaid with funds made available to the Company by Nat le Roux (the 2016 Loan).

The terms of the 2016 Loan are set out below:

Lender: Nat le Roux

Principal: £300,000

Draw-down date: on or before 30 September 2016.

Use of Funds: The loan funds will only be used to repay the 2015 Convertible Note, dated 31 March 2015, and which expire on 30 September 2016

Interest: Annual interest of 6.0%, payable annually.

Repayment Terms: The loan can be repaid with accrued interest, at any time at the sole election of the Company. The Lender has the right to call the loan for repayment at any time after two years from date of draw-down.

Security: The loan is unsecured.

Mr Richard Gray (CEO) commented:

"This transaction is another important step as we simplify the Company's balance sheet. We now have no external debt to external parties and only a simple £300,000 loan on flexible and attractive terms to our Chairman and major shareholder, Nat le Roux. Furthermore the effective replacement of the second convertible note with a simple debt instrument provides greater certainty on the Company's issued capital position going forward. "

For further information, please contact

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

SCOTGOLD RESOURCES LIMITED

ABN

42 127 042 773

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

Ordinary fully paid shares

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

56,100,000

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Fully Paid Ordinary Shares issued through exercise of Convertible Note.

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Yes

5 Issue price or consideration

A\$0.006 (approximately £0.003 per share subject to exchange rates)

6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)

Conversion to shares under convertible notes dated on or about 25 February 2014.

6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?

If Yes, complete sections 6b - 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i

Yes

6b The date the security holder resolution under rule 7.1A was passed 30 Nov 2015

6c Number of +securities issued without security holder approval under rule 7.1 Nil

6d Number of +securities issued with security holder approval under rule 7.1A Nil

6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) Nil

6f Number of +securities issued under an exception in rule 7.2 56,100,000

6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. N/A

6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements N/A

Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A - complete Annexure 1 7.1 Capacity: 93,122,800
7.1A Capacity: 159,304,088

6i and release to ASX Market Announcements

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7 +Issue dates

23 September 2016

 Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.
 Cross reference: item 33 of Appendix 3B.

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	1,593,040,881	Fully Paid Ordinary Shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	3,000,000	Options Exercise at A\$0.08 Expiry 31 March 2022
	30,000,000	Options Exercise at £0.0069 Expiry 22 September 2017
	123,637,118	Options Exercise at £0.01 Expiry 30 September 2017

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

No plans to pay dividends at this stage

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) X +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 23 September 2016

(Company secretary)

Print name: Gabriel Chiappini

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Appendix 3B - Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 - Issues exceeding 15% of capital	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,135,392,472
Add the following: <ul style="list-style-type: none">Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval	95,295,889 - 7 Oct 2015 28,800,000 - 28 Oct 2015 12,000 - 20 Jan 2016 73,900,000 - 22 Mar 2016 83,333,332 - 29 March 2016

<ul style="list-style-type: none"> Number of partly paid +ordinary securities that became fully paid in that 12 month period <p>Note:</p> <ul style="list-style-type: none"> Include only ordinary securities here - other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	20,593,750 - 14 April 2016 359,471 - 15 June 2016 87,300 - 4 July 2016 62,500,000 - 16 Aug 2016 36,666,667 - 2 Sept 2016 56,100,000 - 23 September 2016
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
"A"	1,593,040,881

Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	238,956,132
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> This applies to equity securities, unless specifically excluded - not just ordinary securities Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed 	145,833,332

<ul style="list-style-type: none"> It may be useful to set out issues of securities on different dates as separate line items 	
"C"	145,833,332
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 Note: number must be same as shown in Step 2	238,956,132
Subtract "C" Note: number must be same as shown in Step 3	145,833,332
Total ["A" x 0.15] - "C" [Note: this is the remaining placement capacity under rule 7.1]	93,122,800

Part 2

Rule 7.1A - Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" Note: number must be same as shown in Step 1 of Part 1	1,593,040,881
Step 2: Calculate 10% of "A"	
"D" Note: this value cannot be changed	0.10
Multiply "A" by 0.10	159,304,088
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> This applies to equity securities - not just ordinary securities 	Nil

<ul style="list-style-type: none"> • <i>Include here - if applicable - the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
"E"	Nil

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	159,304,088
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	Nil
Total ["A" x 0.10] - "E"	159,304,088 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

NOTICE UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT

Scotgold Resources Limited ("Company") has today issued 36,666,667 fully paid ordinary shares ("Shares") pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth) ("Act"). The Company advises that the Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A. By the Company giving this notice, a sale of the Shares will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

- 1) the Company issued the securities without disclosure to investors under Part 6D.2 of the Act;
- 2) as at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act; and
- 3) as at the date of this notice, there is no information that is excluded information under section 708A(7) and (8) of the Act that has not already been disclosed to investors generally.