



RNS Number : 5982H  
Scotgold Resources Ltd  
16 March 2015

## **SCOTGOLD RESOURCES LIMITED**

### **INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

#### **DIRECTORS' REPORT**

Your Directors submit the financial report of the Group for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

#### **DIRECTORS**

The following persons were Directors of Scotgold Resources Limited during the half year and up to the date of this report unless otherwise stated:

		In office from	In office to
Chris Sangster	Non Executive Director	17/10/2007	present
Phillip Jackson	Non Executive Director	14/08/2007	14./12/2014
	Non Executive Chairman	14/12/14	present
Nat le Roux	Non Executive Director	10/10/2014	present
Richard Harris	Non Executive Director	10/10/2014	present
Richard Gray	Managing Director	10/10/2014	present
John Bentley	Executive Chairman	17/02/2009	10/10/2014
Sandy Littlejohn	Non-Executive Chairman	10/10/2014	14/12/2014

#### **REVIEW OF OPERATIONS**

##### **Cononish Gold and Silver Project**

In order to facilitate financing under current market conditions, the Company, in conjunction with its consultants, have continued to examine and evaluate possible alternative configurations for the Cononish Gold and Silver Project with a view to optimising returns and attempting to reduce the initial capital expenditure and the overall funding requirement to bring the project to production.

The initial options considered to date have considered varied processing rates, strategic mining sequences and mining selectivity. Whilst these options remain under review, a number of other options relating to construction, commissioning and production build up periods, as well as plant configuration, are also being considered for further examination and evaluation before a preferred development option can be finalised.

An application to the Loch Lomond and Trossachs National Park Planning Authority to amend the permitted hours of operation of the processing plant from 16 hours per day to 24 hours per day (excluding Sundays and recognised Scottish public holidays) was recommended for approval on 24

January 2015 subject to the conclusion of the requisite legal agreements. These agreements have now been concluded.

As a variation to a condition of the existing consent, this approval also had the effect of extending the date by which development should commence to January 2018. The variation will facilitate efficient plant operations and possible capital expenditure reductions in respect of the processing plant.

The Company has also continued discussions with possible plant suppliers regarding the capital costs and financing of the possible smaller facility and is in negotiations relating to supplier financing for the mining equipment required with the aim of achieving further reductions in the initial capital expenditure.

On 22 January 2015 the Company announced a new Mineral Resource Estimate for the Cononish Gold Project, compiled by CSA Global (UK) Limited (see ASX release: Resource Estimate Update - 22/01/2015).

The Mineral Resource Estimate has been classified and is reported as Measured, Indicated and Inferred based on guidelines recommended in the JORC Code (2012).

Classification	Tonnes	Gold grade grams per tonne	Contained ounces of Gold	Silver grams per tonne	Contained ounces of Silver
Measured - In situ	60,000	15.0	29,000	71.5	139,000
Indicated - In situ	474,000	14.3	217,000	58.7	895,000
Indicated - Mined Stockpile	7,000	7.9	2,000	39.0	9,000
<b>Measured and Indicated</b>	<b>541,000</b>	<b>14.3</b>	<b>248,000</b>	<b>59.9</b>	<b>1,043,000</b>
Inferred - In situ	75,000	7.4	18,000	21.9	53,000
<b>Total Mineral Resource Estimate</b>	<b>616,000</b>	<b>13.4</b>	<b>266,000</b>	<b>55.3</b>	<b>1,096,000</b>

*Reported from 3D block model with grades estimated by Ordinary Kriging with 15m x 15m Selective Mining Unit Local Uniform Conditioning adjustment. Minimum vein width is 1.2m. Totals may not appear to add up due to appropriate rounding. Cut-off grade 3.5 g/t gold. In situ dry bulk density 2.72.*

The Cononish mineralisation is open at depth down plunge and to the west along strike. There is therefore potential to add to the resource by further extensional drilling.

Work has now commenced to use the 3D geological model to quantitatively assess the optimal mining methodology for the Cononish deposit. The outcome of this, combined with the new MRE, will form a revised mine development plan which is scheduled for completion in the second quarter of 2015.

### Grampian Gold Project

The Company has continued 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.

The Company's strategy has been to advance the Cononish Project to production whilst conducting early stage regional exploration over the wider 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 of the highly prospective Dalradian sequence. Basic exploration data, including gravity and airborne magnetics, is available from government surveys carried out between 1950s and 1970s 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.

The Company holds five option agreements with the Crown over the highly prospective Dalradian sequence in the south western Grampians of Scotland. Previously, these option agreements had been renewed annually. During 2014, the Crown indicated it was undertaking a review of its option arrangements. Subsequent to its review, the Crown has recently indicated that option agreements will be granted for period of up to six years (subject to satisfactory performance) with review and appropriate area reduction after one and three years. The Crown has indicated, subject to the conclusion of the appropriate legal agreements, that it has re-granted all the Company's existing option areas subject to a reduction in area in the Inverliever option area. The Company will update shareholders of the exact terms when the form of the agreements is finalised.

In order to advance its understanding of the regional setting, over the past three years, the Company has embarked on a regional scale stream sediment sampling program.

In the initial wide spaced regional program, in excess of 750 stream sediment samples were taken over the area. Initial interpretation of these results continues and this program is now being 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 a further 300 samples have been taken in the infill program with a further 187 to be taken.

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.

The Company believes that the next phase of exploration in the central 'Tyndrum' option area should comprise an airborne geophysical survey in order to assess the nature and continuity of the structural regime in this area with a view to determining its potential to host similar 'Cononish style' deposits. Results from the infill stream sediment sampling program will guide further exploration effort in areas outside the immediate Cononish area.

## **FINANCING**

### **Capital Raisings and Loan Repayment**

During the period the company raised \$3,359,739 from placements and an entitlements issue, \$1,000,000 from a Convertible Note issue and repaid in full the RMB loan at a cost of \$3,031,286.

#### **Competent Persons' Statement:**

*The information in this report that relates to the 2015 Mineral Resources for Cononish Gold Project (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.*

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

## **AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our Auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

.....  
Richard Gray

Managing Director

Dated Scotland 16 March 2015

Enquiries to:

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HLB Mann Judd  
Accountants  
Business Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead Auditor for the review of the consolidated financial report of Scotgold Resources Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the Auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

**Perth, Western Australia  
16 March 2015**

**M R W Ohm  
Partner**

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HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

CONDENSED STATEMENT OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER  
2014

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
Revenue	9,141	12,429
Administration costs	(157,597)	(147,992)
Interest expense	(94,810)	(75,517)
Unwinding of convertible note discount	(31,239)	-
Depreciation and loss on disposal of fixed assets	(9,033)	(8,646)
Exploration expensed as incurred	(207,110)	-
Employee and consultant costs	(155,972)	(158,772)
Listing and share registry costs	(98,143)	(110,431)
Legal fees	(141,599)	(42,189)
Borrowing costs	(174,419)	-
Share based payments	-	(104,735)
Office and communication costs	(57,042)	(50,202)
Currency revaluation of interest bearing loan	(73,427)	(312,541)
Other expenses	(49,375)	(20,978)
<b>Loss before income tax</b>	<u>(1,240,625)</u>	<u>(1,019,574)</u>
Income tax benefit - research and development tax incentive	-	44,880
<b>Net loss for the period</b>	<u>(1,240,625)</u>	<u>(974,694)</u>
Other comprehensive income		
Exchange gain/(loss) on translation of foreign subsidiaries	4,567	(12,593)
<b>Total comprehensive loss for the period</b>	<u>(1,236,058)</u>	<u>(987,287)</u>
Basic loss per share (cents per share)	0.20	0.45

CONDENSED STATEMENT OF FINANCIAL  
POSITION AS AT 31 DECEMBER 2014

	Note	Consolidated	
		31 December 2014	30 June 2014
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		639,406	640,857

Trade and other receivables		86,613	169,989
Other current assets		16,035	13,026
<b>Total Current Assets</b>		<b>742,054</b>	<b>823,872</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		95,220	90,335
Property, plant and equipment		113,464	121,301
Deferred exploration and evaluation expenditure	2	14,272,957	13,894,769
<b>Total Non-Current assets</b>		<b>14,481,641</b>	<b>14,106,405</b>
<b>TOTAL ASSETS</b>		<b>15,223,695</b>	<b>14,930,277</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		314,314	353,598
Other current liabilities		123,660	69,060
Interest bearing liabilities		-	3,031,286
<b>Total Current Liabilities</b>		<b>437,974</b>	<b>3,453,944</b>
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities	3	790,833	-
<b>Total Non-Current Liabilities</b>		<b>790,833</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,228,807</b>	<b>3,453,944</b>
<b>NET ASSETS</b>		<b>13,994,888</b>	<b>11,476,333</b>
<b>EQUITY</b>			
Issued capital	4	21,884,613	18,463,121
Reserves		1,315,857	978,169
Accumulated losses		(9,205,582)	(7,964,957)
<b>TOTAL EQUITY</b>		<b>13,994,888</b>	<b>11,476,333</b>

#### **CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Issued Capital	Accumulated Losses	Options Reserve	Foreign Currency Translation Reserve	Convertible Note Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Half year to 31 December 2013</b>						
Balance at 1 July 2013	16,766,418	(6,498,808)	917,000	(45,352)	-	11,139,258
Issue of shares	200,000	-	-	-	-	200,000
Share issue expenses	(10,000)	-	-	-	-	(10,000)
Issue of options	-	-	104,735	-	-	104,735
Total comprehensive loss for the period	-	(974,694)	-	(12,593)	-	(987,287)
As at 31 December 2013	16,956,418	(7,473,502)	1,021,735	(57,945)	-	10,446,706

**Half year to 31 December 2014**

Balance at 1 July 2014	18,463,121	(7,964,957)	1,038,154	(59,985)	-	11,476,333
Issue of shares	3,547,393	-	-	-	-	3,547,393
Share issue expenses	(125,901)	-	-	-	-	(125,901)
Issue of options	-	-	90,000	-	-	90,000
Issue of Convertible Note	-	-	-	-	243,121	243,121
Total comprehensive loss for the period	-	(1,240,625)	-	4,567	-	(1,236,058)
As at 31 December 2014	21,884,613	(9,205,582)	1,128,154	(55,418)	243,121	13,994,888

CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Consolidated	
	6 months to 31 December 2014	6 months to 31 December 2013
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers	(404,232)	(284,067)
Interest income received	4,527	2,255
<b>Net cash used in operating activities</b>	<u>(399,705)</u>	<u>(281,812)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration activities	(511,500)	(314,594)
Payment for property, plant and equipment	(1,195)	2,534
<b>Net cash used in investing activities</b>	<u>(512,695)</u>	<u>(312,060)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares and options	3,359,739	200,000
Share issue costs	(125,900)	-
Loan repayments	(3,031,286)	(10,000)
Proceeds from borrowing	1,000,000	-
Borrowing costs and interest	(312,899)	-
<b>Net cash provided by financing activities</b>	<u>889,654</u>	<u>190,000</u>
Net decrease in cash held	(22,746)	(403,872)
Cash and cash equivalents at the beginning of the period	640,857	570,253
Effect of exchange rate fluctuations on cash held	21,295	7,377
<b>Cash and cash equivalents at the end of the period</b>	<u>639,406</u>	<u>173,758</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### **Statement of compliance**

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that the financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Scotgold Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### **Basis of preparation**

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

### **Reporting Basis and Conventions**

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of their liabilities in the normal course of business.

The financial report has also been prepared on an accruals basis and is based on historical cost.

### **Going Concern**

As at 31 December 2014, the Group had a cash balance of \$639,406, a loss for the six-month period of \$1,240,625 and had a net cash outflow from operating and investing activities of \$998,004. In order to meet ongoing administrative and exploration expenditure, the Directors have forecast that a capital raising and/or entering into a sale or joint venture of assets is required.

The Directors believe the Company 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 constitute a material uncertainty in relation to the company'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.

### **Significant accounting judgements and key estimates**



The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

#### Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### NOTE 2 - DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Six months to 31 December 2014 \$	Consolidated Twelve months to 30 June 2014 \$
Balance at beginning of period	13,894,769	13,348,454
Expenditure incurred during the period	<u>378,188</u>	<u>546,315</u>
Total deferred exploration and evaluation expenditure	<u><u>14,272,957</u></u>	<u><u>13,894,769</u></u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

### NOTE 3 - INTEREST BEARING LIABILITIES

	Six months to 31 December 2014 \$	Consolidated Twelve months to 30 June 2014 \$
<b>RMB Australia Holdings Limited</b>		
Balance at beginning of period	3,031,286	2,607,455
Loan drawdowns	-	-
Interest charges capitalised	-	210,476
Revaluation to closing rate	-	213,355
Repayment of loan	<u>(3,031,286)</u>	-
Total interest bearing liability	<u><u>-</u></u>	<u><u>3,031,286</u></u>
<b>Convertible Notes</b>		
Balance at beginning of period	-	-
Loan drawdowns	1,000,000	-
Reclassification to equity on initial recognition	(243,121)	-
Unwinding of discount to profit and loss	31,239	-
Interest accrued on note	<u>2,715</u>	-
Total interest bearing liability	<u><u>790,833</u></u>	<u><u>-</u></u>

#### CONVERTIBLE NOTES

The company 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).

\$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 \$0.0075 per share. For every share issued on conversion of the Convertible Notes, one free attaching option will be issued, exercisable at \$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 23 June 2014.

#### NOTE 4 - ISSUED CAPITAL

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
<b>Ordinary Shares</b>		
Issued and fully paid	<u>21,884,613</u>	<u>18,463,121</u>

#### Movements in ordinary share capital of the Company were as follows:

	Number	\$
Opening balance at 1 July 2014	483,889,318	18,463,121
Placement 6 August 2014	56,874,933	426,562
Issue 6 August 2014 for director's fees	18,765,318	187,653
Placement 24 September 2014	9,000,000	72,000
Entitlements issue	194,965,196	1,169,791
Entitlement issue shortfall	281,897,707	1,691,386
Transaction costs	-	(125,900)
Closing balance at 31 December 2014	<u>1,045,392,472</u>	<u>21,884,613</u>

#### Movements in options in ordinary shares of the Company are as follows:

	Number	\$
Opening balance at 1 July 2014	36,486,494	1,038,154
Options issued - placement free attaching options	50,000,000	-
Options issued - RMB loan extension	<u>30,000,000</u>	<u>90,000</u>
Closing balance at 31 December 2014	<u>116,486,494</u>	<u>1,128,154</u>

#### Details of options are as follows:

Date	Issue purpose	Expiry	Price	Number	\$
31/07/12	RMB borrowing costs	24/07/15	£0.0450	26,222,222	785,000
10/10/12	Consultant incentive options	31/3/22	\$0.0800	3,000,000	121,154
7/12/12	Broker share issue costs	7/12/15	£0.0310	153,161	7,000
9/01/13	RMB borrowing costs	28/3/16	£0.0450	7,111,111	125,000
6/8/14	Free attaching options	31/3/15	\$0.0120	50,000,000	-
23/9/14	RMB borrowing costs	22/9/17	£0.0069	<u>30,000,000</u>	<u>90,000</u>
				<u>116,486,494</u>	<u>1,128,154</u>

#### NOTE 5 - CONTINGENT LIABILITIES

Scotgold Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2014.

#### **NOTE 6 - SEGMENT INFORMATION**

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.

#### **NOTE 7 - EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

#### **DIRECTORS' DECLARATION**

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

In the opinion of the directors of Scotgold Resources Limited ("the company"):

- 1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year then ended; and
- 2) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

.....  
Richard Gray

Managing Director

Dated Scotland 16 March 2015

**HLB Mann Judd**

## Accountants

## Business Advisers

### INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Scotgold Resources Limited

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Scotgold Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the Auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than it conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in it. Accordingly, we do not express it opinion.

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Liability limited by a scheme approved under Professional Standards Legislation HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

#### **Conclusion**

Based on our review, which is not audit, we have not become aware of any matter that makes us believe that the half-year financial report of Scotgold Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**HLB Mann Judd  
Chartered Accountants**

**M R W Ohm  
Partner**

**Perth, Western Australia  
16 March 2015**