RNS Number : 6339A
Scotgold Resources Ltd
29 September 2015

SCOTGOLD RESOURCES LIMITED

Re: Annual Report for the year ended 30 June 2015

Scotgold Resources Limited ("Scotgold" or "the Company") (ASX:SGX) (AIM:SGZ) announces its final results for the year ended 30 June 2015. The Company's full annual report for the year to 30 June 2015 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.

For further information

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ABOUT SCOTGOLD

Scotgold Resources Limited 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.

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.

The Company continues to examine financing options to bring the project to a development decision.

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.

OPERATIONAL REVIEW

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 UK 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.scotgold.com.au - ASX releases - 05/08/2015 - Cononish Gold and Silver Project Bankable Feasibility Study and Bankable Feasibility Study - Executive Summary.

Resources

The new Mineral Resource Estimate ('MRE') for the Cononish Gold and Silver Project was compiled by CSA Global (UK) Limited (see ASX release: Resource Estimate Update - 22/01/2015) and utilised a detailed three dimensional (3D) geological model (as opposed to the previous two dimensional polygonal estimate (JORC 2004)). This 3D geological model more accurately estimated the volume of the vein deposit, as well as assisted in the interpretation of other key geological features, such as faults and dykes. The new MRE also incorporated advances in geological interpretation and geostatistical evaluation, including the use of local uniform conditioning to optimise the grade tonnage distribution for the Selective Mining Unit (SMU) dimensions achievable with the planned underground mining method.

The MRE is classified as Measured, Indicated and Inferred Resources, (based on guidelines recommended in the JORC Code (2012)), is reported at a cut-off grade of 3.5 g/t gold and 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 30/06/2015

Cononish Main Vein Gold and Silver Mineral Resources (reported at a 3.5 g/t Au cut-off) compiled 12/01/2015.

Scotgold Resources Limited - Cononish Gold Project **Mineral Resource Estimate as at 12 January, 2015** *Reported at a cut-off grade of 3.5 g/t gold*						
Classification	**K Tonnes**	**Grade Au g/t**	**Metal AuKoz**	**Grade Ag g/t**	**Metal Ag Koz**	**In situ Dry BD**
Measured in situ	60	15.0	29	71.5	139	2.72
Indicated in situ	474	14.3	217	58.7	895	2.72

Indicated - Mined Stockpile	7	7.9	2	39.0	9	2.72
Sub- total M & I	**541**	**14.3**	**248**	**59.9**	**1,043**	**2.72**
Inferred -in situ	75	7.4	18	21.9	53	2.72
Total MRE	**617**	**13.4**	**266**	**55.3**	**1,096**	**2.72**
Reported from 3D block model with grades estimated by Ordinary kriging with 15 ml x 15 ml SMU Local Uniform Conditioning Adjustment. Minimum vein width is 1.2m. Totals may not appear to add up due to appropriate rounding.						

Mineral Resources reported as at 30/06/2014 totalled (including Measured, Indicated and Inferred categories) 460,600t @ 11.7g/t Au and 45g/t Ag at a 3.5g/t cut off. (This estimate was compiled in accordance with the JORC (2004) Code and is superseded by the recent update).

A comparison of key parameters between the two estimates is given below:

- Gold metal content of the Measured and Indicated Resource increased by 201% to 248 K oz;
- Average gold grade of the Measured and Indicated Resource increased by 9% to 14.3 g/t;
- Measured and Indicated Resource tonnes increased by 176% to 541 K tonnes;
- Total MRE tonnes increased by 34% to 617 K tonnes; and
- Average gold grade of the Total MRE increased by 18% to 13.4 g/t gold;

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 resources, Scotgold believes that there is potential to define further resources close to the Cononish mine, subject to appropriate 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 resources.

Ore Reserves

As part of initial work towards developing the BFS, Bara Consulting UK 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 a revised Development plan was completed in all areas to at least a Prefeasibility Study level and consequently the Company estimated an Ore Reserve in accordance with the JORC 2012 code based on the Mineral Resource Estimate (MRE) issued in January 2015.

The new Reserve Estimate is shown in table 3 below.

Table 3 also serves as the Company's Annual Ore Reserve statement as at 30/06/2015**.**

Table 3 Annual Ore Reserve Statement as at 30/06/2015

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)			

As at 30 April 2013 (JORC 2004 Code)			
Classification	**Proven**	**Probable**	**Total**
Tonnes ('000)	0	200	200
Au Grade (g/t)	0	11	11
Au Metal (k oz)	0	71	71
Ag Grade (g/t)	0	45	45
Ag Metal (k oz)	0	289	289
(Development Plan dated 30 April 2013)			
Variance - Increase / (Decrease) 2013 to 2015			
Classification	**Proven**	**Probable**	**Total**
Tonnes ('000)	n/a	145%	177%
Au Grade (g/t)	n/a	1%	1%
Au Metal (k oz)	n/a	145%	179%

Note: the Ore Reserve estimates reported in the Development Plan dated 30/04/2013 under the JORC 2004 code are no longer applicable (as discussed in the 2014 Annual Report) but are presented here for comparative purposes only.

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.

The most significant factor underlying the increase in the 2015 Ore Reserve estimate is the Mineral Resource Estimate (MRE) published in January 2015. The increased confidence in this MRE and the consequent increase in material classified as Indicated, together with the work done to verify the modifying factors, has resulted in the estimation of both Proven and Probable categories of Ore Reserve.

There were no Ore Reserves reported for the project as of 30/06/2014.

Bankable Feasibility Study

A summary of the key attributes of the project from the BFS are given below

- Mineralization occurs in a narrow (average width of about 2 m) near vertical quartz vein.
- The project has a resource estimate in Measured, Indicated and Inferred categories (see ASX release "Resource Estimate Update" dated 22/01/2015) of 541,000 tonnes at a gold grade of 14.3 g/t and a silver grade of 59.7 g/t. The average Bulk Density is 2.72 tonne/m3.
- After taking into account various modifying factors, the proven and probable ore reserves (see ASX release "Cononish Gold Project Study Update and Reserve Estimate" dated 26/05/2015), comprises 555,000 tonnes at a gold grade of 11.1 g/t and a silver grade of 47.7 g/t.
- Proven and probable ore reserves represent 12% and 88% of the reported production target respectively. No inferred resources are considered in the BFS.
- Access will be from the existing exploration adit and footwall ramps will provide access to ore drives at a 15m vertical interval. A rock pass system has been included to improve ore handling and the transfer of waste.
- The mining method will be a retreat top down Long Hole Open Stoping method using conventional trackless equipment. Shrinkage stoping was investigated but was only economically viable in the very narrowest (<1.4 m) areas of the mine and was therefore not considered further.
- Full production will be at 72,000 tonnes per annum. The life of mine at full production based on the current reserves in the Proven and Probable categories is approximately 8 years. The mining production schedule adequately takes into account the constraints mentioned below. Average gold and silver production will be approximately 22,208 ounces gold and 85,081 ounces silver per annum respectively or 23,370 ounce equivalent gold

- Mining permission has been granted but with certain conditions which have been accommodated within the mine plan. Approximately 129,000 tonnes of tailings (after taking into account the mass pull) is scheduled to be stored in old stopes towards the end of the mine's life, enabling the full capacity of the Tailings Management Facility ('TMF') to be restricted to 400,000 tonnes and minimising surface impact.
- Waste is only trucked to surface when required for the building of the TMF and various screening berms (73,000 tonnes). All other waste will be stored in old stopes (163,000 tonnes).
- Based on extensive testwork by Lakefield, Gekko and AMMTEC, the plant is designed as a conventional gravity and flotation plant. 25% of the gold will be recovered on site, it is estimated, into a doré bar with the balance produced as concentrate to be treated off site. Overall estimated recovery is 93% for gold and 90% for silver The doré and concentrate will be sold "at the gate" to third party processors.
- The process plant will be housed in a single multi-use building which will also contain a workshop and office area. This is designed to have minimal visual and noise impact on the surrounding area.

Financial Results

The following costs have been estimated at an accuracy of between -5% and +15% and include appropriate contingencies:

- Peak funding requirement (pre production expenditure): £18.5 million.
- Total LoM Capital Expenditure: £24 million.
- Average operating cost: £110 per tonne treated (including marketing, interest and royalty charges). It should be noted that transport, smelting and refining charges where reflected as cost of sales in the PFS. These costs have been included as part of operating costs in the BFS.
- Average operating cost: £327 (US$ 523) per ounce equivalent gold (on the same basis as above).
- All in cost including capital £455 (US$ 729) per ounce equivalent gold.

The following financial results were estimated using a gold price of US$ 1,100/ounce, a silver price of US$ 15/ounce and a US$/£ exchange rate of 1.6:

- EBITDA £67.4 million
- Pre-tax NPV@10% £22.9 million
- Pre-tax IRR 45%
- Post-tax NPV@10% £18.5 million*
- Post-tax IRR 41%*
- Average profit margin 53%
- Payback 19 months

* Note post-tax calculations are based on a hypothetical all equity funding scenario and as such are illustrative only.

Table 4 shows the pre-tax cashflow sensitivity to gold price.

Table 4 Pre Tax Cashflow Sensitivity

	PRE-TAX CASHFLOW SENSITIVITY TO GOLD PRICE						
Gold Price	US$700/ ounce	US$900/ ounce	US$1,000/ ounce	**US$1,100/ ounce**	US$1,200/ ounce	US$1,300/ ounce	US$1,500/ ounce
Pre Tax Cashflow	£1.5M	£22.5M	£32.9	**£43.4M**	£53.9	£64.3M	£85.3M
NPV (10%)	(£4M)	£9M	16.1	**£23M**	29.8	£37M	£50M
IRR	0%	25%	35%	**45%**	54%	64%	82%

Planning status

During 2014, the Company held discussions with the Planning Authority regarding the variation of condition 13 of the Planning Consent relating to the hours of operation of the processing plant and subsequently submitted an application to vary this condition. The application was unanimously approved at a meeting of the Planning Authority Board and the relevant legal agreements were approved on 6 February 2015.

The variation provides for a change to the hours of work permitted for the operation of the processing plant to a 24/6 basis (excluding Sundays and public holidays) compared to the previously permitted 16/6 basis (excluding Sundays and public holidays) and will facilitate smoother plant operations and possible capital expenditure reductions in respect of the processing plant.

The decision notice granting planning permission to the project issued by the Planning Authority on 13 February 2012 (and subsequently re-issued on 6 February 2015) requires a number of 'suspensive' conditions to be satisfied prior to the start of development. Written submissions for all these conditions have been made (excluding those to be made immediately prior to the start of development) and 64% of the submissions have been accepted by the Planning Authority and the conditions discharged. Finalisation of the discussions with the Planning Authority relating to the discharge of the outstanding conditions will re-commence once further progress towards completing finance for the project has been made.

As such, all necessary permitting has either been granted or can be completed within a short time frame and engineering design work is at a stage where it can be rapidly finalised on securing finance, thus ensuring a rapid start to development. Given the advanced state of project development, the Company believe Cononish could be in production within 18 months of obtaining financing.

The Company continues in discussion with possible finance providers to examine financing options to bring the project to a development decision.

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.

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 the 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.

In order to advance its understanding of the regional setting, over the past four 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 450 samples have been taken in the infill program with the program expected to be completed by year end. Interpretation of the stream sediment results is 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 the 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 movements along these faults.

Considerable follow up work has been carried out 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.

The Company recently engaged the services of Drs. Gumiel and Arias of Consulting de Geología y Minería, S.L., to conduct a structural study of the Cononish deposit and Tyndrum area. Dr. Gumiel is an expert in structural geology and the structural control of mineral deposits with over 38 years' experience in research and mining exploration. Dr. Arias has over 15 years' experience as a specialist in database management of geological-mining data, Geographical Information Systems (GIS) and 3D geological modelling. The study aims to place structural and geochemical controls on the distribution of gold across the Cononish/Tyndrum area. The structural and geochemical criteria for the Tyndrum area are anticipated to be applicable across the Grampian Project region to aid and focus regional exploration. In addition, significant work has been undertaken on the existing database to develop 2D and 3D representations of data. The final results of this study are expected shortly.

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 - 2014 and various corresponding ASX 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

No tenements were acquired or disposed of during the year [1] although as previously noted, the Inverliever option area will reduce in size on finalization of matters with the Crown Estates

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 quarter

Note 1: The size of the Inverliever option agreement will be reduced from 864km^2 to 660km^2 on finalisation of agreements with the Crown

During 2014, the Crown indicated it was undertaking a review of the grant and renewal of its Option Agreements. The Crown indicated by letter of 21 January 2015, subject to the conclusion of the appropriate legal agreements that it intended to re-grant all the Company's existing Options subject to a reduction in area in the Inverliever option area. By letter of 14 September 2015, the Crown have offered to renew the existing Options (including the area reduction mentioned) under the existing process pending finalisation of the legal agreements relating to the new regime.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Revenue	10,607	20,413
Administration costs	(380,663)	(301,644)
Interest expense	(91,909)	(192,959)
Unwinding of convertible note discount	(110,338)	-
Depreciation and profit on disposal of property, plant and equipment	(19,097)	(20,545)
Exploration expensed as incurred	(393,196)	-
Employee and consultant costs	(290,597)	(236,399)
Listing and share registry costs	(174,758)	(199,137)
Legal fees	(185,448)	(93,416)
Borrowing costs	(174,419)	(5,545)
Share-based payments	(13,615)	(121,154)
Office and communication costs	(106,503)	(105,642)
Other expenses	(183,029)	(255,001)
LOSS BEFORE INCOME TAX BENEFIT	(2,112,965)	(1,511,029)
Income tax benefit	-	44,880
LOSS FOR THE YEAR	(2,112,965)	(1,466,149)
Other Comprehensive Income		
Items that may be reclassified to Profit or Loss		
Exchange difference on translation of foreign subsidiaries	25,466	(14,633)
Total comprehensive result for the year	(2,087,499)	(1,480,782)
Basic (loss) per share (cents per share)	(0.25)	(0.44)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	CONSOLIDATED	
	2015	**2014**
	$	**$**
CURRENT ASSETS		
Cash and cash equivalents	802,649	640,857
Trade and other receivables	38,440	169,989
Other current assets	23,712	13,026
Total Current Assets	864,801	823,872
NON-CURRENT ASSETS		
Trade and other receivables	102,649	90,335
Plant and equipment	104,605	121,301
Mineral exploration and evaluation	14,794,913	13,894,769
Total Non Current assets	15,002,167	14,106,405
TOTAL ASSETS	15,866,968	14,930,277
CURRENT LIABILITIES		
Trade and other payables	343,853	353,598
Other current liabilities	71,920	69,060
Interest bearing liabilities	-	3,031,286
	415,773	3,453,944
NON-CURRENT LIABILITIES		
Interest bearing liabilities	1,353,783	-
	1,353,783	-
TOTAL LIABILITIES	1,769,556	3,453,944
NET ASSETS	14,097,412	11,476,333
EQUITY		
Issued capital	22,711,529	18,463,121
Reserves	1,463,805	978,169
Accumulated losses	(10,077,922)	(7,964,957)
TOTAL EQUITY	14,097,412	11,476,333

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED

	Issued Capital	**Accumulated Losses**	**Options Reserve**	**Convertible Note Reserve**	**Foreign Currency Translation Reserve**	**Total Equity**
Year Ended 30 June 2014	**$**	**$**	**$**		**$**	**$**
Balance 1 July 2013	16,766,418	(6,498,808)	917,000	-	(45,352)	11,139,258
Placements (Note 12)	925,270	-	-	-	-	925,270
Entitlements Issue	830,872	-	-	-	-	830,872
Options issued	-	-	121,154	-	-	121,154
Share issue expenses	(59,439)	-	-	-	-	(59,439)
Total comprehensive result for the year	-	(1,466,149)	-	-	(14,633)	(1,480,782)
As at 30 June 2014	18,463,121	(7,964,957)	1,038,154	-	(59,985)	11,476,333
Year Ended 30 June 2015						
Balance 1 July 2014	18,463,121	(7,964,957)	1,038,154	-	(59,985)	11,476,333
Placements (Note 12)	1,586,215	-	-	-	-	1,586,215
Entitlements Issue (Note 12)	2,861,177	-	-	-	-	2,861,177
Options issued	-	-	103,615	-	-	103,615
Share issue expenses	(198,984)	-	-	-	-	(198,984)
Equity portion of notes issued (Note 11)	-	-	-	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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	CONSOLIDATED	
	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers	(1,106,066)	(1,044,010)
Interest income received	5,709	9,756
Net Cash Outflow From Operating Activities	(1,100,357)	(1,034,254)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(1,274,409)	(596,402)
Purchase of property, plant and equipment	(2,400)	2,641
Net Cash Outflow From Investing Activities	(1,276,809)	(593,761)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	4,136,178	1,756,142
Share and option issue transaction costs	(198,984)	(59,439)
Borrowings net of costs	1,600,000	-
Loan repayments	(3,031,286)	-
Net Cash Inflow From Financing Activities	2,505,908	1,696,703
Net increase in cash held	128,742	68,688
Effect of exchange rate fluctuations on cash and cash equivalents	33,050	1,916
Cash and cash equivalents at the beginning of this financial year	640,857	570,253
Cash and cash equivalents at the end of this financial year	802,649	640,857

NOTES

NOTE 1. The full annual report is now available on the Company's website and will be posted to shareholders shortly. The information set out within this announcement is not the audited results but has been extracted from the Annual Report and Accounts

NOTE 2
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.

The Board considers that the consolidated entity is a going concern and recognises that additional funding is required to ensure that the consolidated entity can continue to fund its operations and further develop their mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding as occurred during the year ended 30 June 2015 as disclosed in Note 12, can potentially be derived from either one or a combination of the following:

- 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 constitute 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 29 September 2015.

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 2015, 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 2015. 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

Both the functional and presentation currency of Scotgold Resources Limited and its subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency 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 (£).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Scotgold Resources Limited 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

At 30 June 2015, the Group had capitalised mineral exploration and evaluation expenditure of $14,794,913 (2013: $13,894,769). 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.

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.

As AASB 136 requires recoverable amount to be determined on the basis of the higher of value-in-use and fair value less costs to sell, the directors have instructed the independent valuers to prepare the recoverable amount calculation on the basis of value-in-use. The value determined by the independent valuers on this basis is £23 million. This is in excess of the carrying value of the associated exploration expenditures at 30 June 2015 and therefore, in accordance with AASB 136, no impairment has been recorded.

NOTE 2 - MINERAL EXPLORATION AND EVALUATION

	2015 **$**	**2014** **$**
Opening balance	13,894,769	13,348,454
Total expenditure during the year	1,293,340	546,315
Expenditure expensed as incurred	(393,196)	-
Closing balance	14,794,913	13,894,769

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 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).

$1,000,000 has been advanced to the Company under the Convertible Note Agreements. The funds raised by the Convertible Notes were used as part-repayment of the RMB Facility 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 $0.006 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.

The Company has also entered into a Convertible Note Agreement on the terms and conditions set out in the Company's announcement on 30 March 2015.

$600,000 has been advanced to the Company under the Convertible Note Agreement. The funds raised by the Convertible Note were used for working capital purposes.

The Convertible Note has a repayment date of 30 September 2016, with an interest rate of 1% per annum. The holder 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 £0.005 per share.

The balance outstanding at 30 June 2015 is made up as follows:

	First draw	Second draw	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	91,708	18,630	110,338
	848,587	505,196	1,353,783

NOTE 4 - LOSS PER SHARE

	Consolidated	
	2015	2014
	$	$
Earnings used in calculation of earnings per share	(2,112,965)	(1,466,149)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	840,098,450	328,829,995

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.