



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

Final Results

Scotgold Resources Limited (AIM: SGZ), is pleased to announce its Annual Results for year ended 30 June 2022.

Operational Overview

- Significant progress made at Cononish Gold and Silver Mine ("Cononish" or the "Project") in Scotland as the Company targets production of c.23,500oz p.a. run rate of gold in 2023
- Continued optimisation initiatives across underground mining and processing to enhance efficiencies, increase mining rates, gold recovery and production
- Achieved Phase 1 production (3,000tpcm/9,000 ounces of gold p.a. run rate) in Q1 2022
- Attained optimised production rate at end October 2022 (4,000tpcm/16,000 ounces of gold p.a. run rate)
- Commenced very low frequency magnetics to determine a 2023 resource drilling campaign to increase Cononish life of mine
- Hold 13 licences, covering 2,900km of the Dalradian Belt across the Grampian Mountain range for future exploration
- 96 employees at 30 November 2022 (31 December 2021: 73) with ambitious growth plans to continue to increase headcount during 2023
- Vision to build a multi-asset gold production company in Scotland

Financials

- Total revenues of A\$17.8 million in 2022 (2021: A\$300k)
- Loss before taxation in 2022 of A\$10.8 million (2021: A\$5 million)
- Cash at 30 June 2022 of A\$168k (2021: A\$2.6 million)
- Commercial production achieved 30 June 2022 after three consecutive months of positive operating cashflow
- Net debt of A\$23.4 million at 30 June 2022

Scotgold Resources CEO, Phil Day said, "It has been a year of transformative progress as we continue to ramp up production at our Cononish gold mine in Scotland towards Phase 2 mining, to achieve a yearly run rate of +23,500 ounces of gold in 2023. We were delighted to achieve Phase 1 mining in Q1 2022 and subsequently to announce the significant milestone of commercial production on 30 June 2022, after three consecutive months of positive operating cashflow, and continue to operate as a cash generative mining operation with buoyant gold concentrate sales.

“When developing an underground mine to achieve full production, there are sometimes short-term variations in ounces produced. This is normal and expected in underground mine development as development work continues in parallel with definition drilling to allow long hole retreat stope mining to commence. Once long-hole stoping is achieved, minimal dilution and increased ore recovery will be realised (and in parallel with all other optimisation initiatives implemented during 2021 and 2022 across the underground mine and processing plant), provide continuity of ore mined/ounces produced on a week by week/month by month basis.

“As I write this, 2023 is shaping up to be an exciting year for us in terms of mine development and gold production and I look forward to reporting on progress through out.

“As ever, none of this progress would be possible without our talented and committed team here in Tyndrum. We have grown ambitiously, increasing our workforce 156% since I joined in April 2021, to 96 people, of which 51 are from Scotland. In line with our vision to build a multi-asset gold production company, we will continue to increase our headcount during 2023 and beyond, through apprenticeships, internships, and student bursaries such as ours with the University of St Andrews, to become the employer of choice in the region.

“Cononish is an exceptionally high-grade gold underground mining operation with a reserve grade of c.11.9g/t Au and has a current life of mine of 8.5 years with an estimated 555,000 tonnes of ore. Notably, even without any further resource exploration and expansion, Cononish’s in-situ value is estimated to be £288 million, at current gold prices of £1,456 per ounce and projected All in Sustaining cost (“AISC”) of £554 per ounce, will place Scotgold as one of the highest yielding – lowest cost gold producers globally once in full production in 2023.

“Whilst we anticipate significant cash generation, especially once full production is achieved during 2023, we are committed to continuing to grow and realise Cononish and Scotgold’s value through exploration. Our resource/reserve and life of mine has the potential to be substantially increased within the immediate Cononish mining area, and to this end we have completed very low frequency magnetics to determine a 2023 exploration programme to do this.

“Looking ahead to 2023, I remain hugely excited and look forward to keeping stakeholders updated on our developments as we continue to build an intergenerational mining company for the future.”

CEO & MD

Phil Day

16 December 2022

Chairman Statement

I am delighted to report on the progress we have made during the past year, as Scotland's and the UK's first commercial gold producer.

We have a growth strategy focused on delivering long-term sustainable growth and returns for all stakeholders with a vision to build a multi-asset gold production company in Scotland. This strategy is centred on three core pillars – optimising value at our Cononish Gold Mine in Tyndrum, Scotland; growth through resource expansion and regional exploration; and investment in our people and commitment to sustainability.

Figure 1: Scotgold's Strategy



During the past year we have been maximising value at Cononish through continued optimisation initiatives across our operation both in our underground mining operations and processing plant to enhance efficiencies, increase mining rates, gold recovery and production.

The second calendar half of 2021 saw our new team, led by our CEO & MD, Phil Day who joined the Company in April 2021, implement a re-design of the mine schedule to allow faster access to the higher-grade zones within Cononish's orebody. This was to fast-track Phase 1 ramp up towards 3,000t pcm processing rates (9,000 ounces of gold run rate per annum of gold). Like many mining firms around the world, we endured significant Covid-19 disruptions, with people infected or isolating repeatedly, along with significant challenges with our extensive supply chains during this period. However, with thanks to our committed team in Scotland who worked tirelessly during that challenging time, we were delighted to report that we achieved Phase 1 production in Q1 2022.

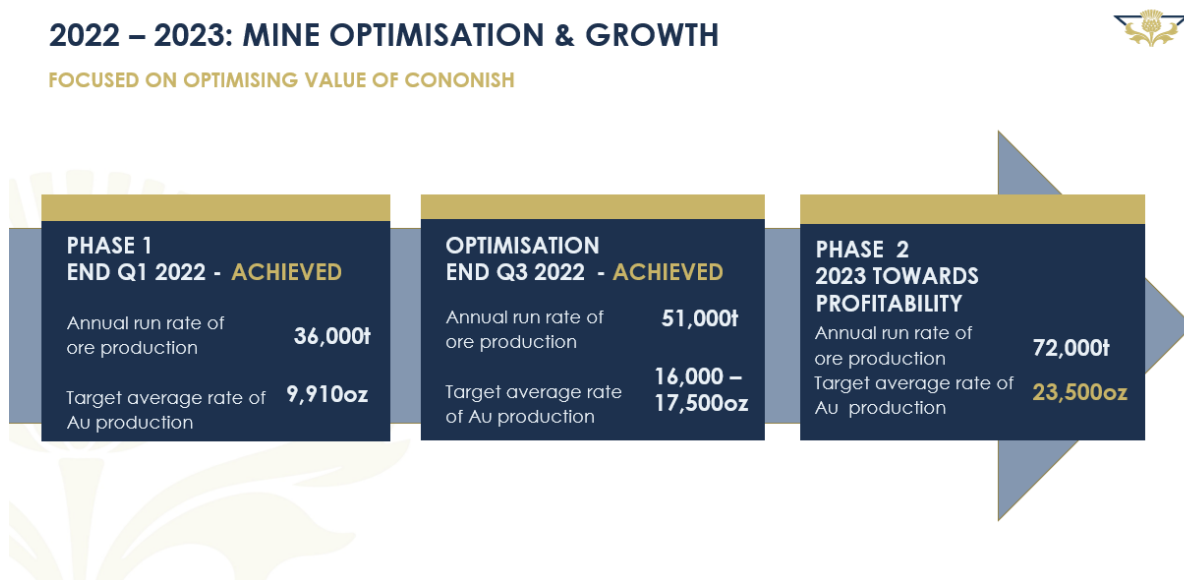
During Q2 2022 the new enterprise resource system and mining mobile equipment fleet were implemented. It was in this quarter where we recorded our first record gold sales and production of £5.0 million and 3,531 ounces of gold, respectively. Further optimisation initiatives were conducted in Q3 2022 which saw ventilation and power upgrades to the underground mining operation and de-bottlenecking of the process plant (flotation and tailings filtration). These optimisation initiatives saw Cononish's processing rate achieve 4,000tpcm in October in Q3 2022.

The tailings thickener is now installed, and final works are now being implemented over the Christmas period. Once fully commissioned it should see our processing rate increase to 5,000tpcm, equating to a gold production run rate of 20,000 ounces per annum. Underground resource definition and grade control drilling also commenced in Q4 2022 which will significantly increase the resolution of our orebody and make mine planning more efficient and effective.

In tandem with the underground mine work, final plant optimisation works, including adding further filtration plates and to complete further optimisation around the tailings filter and ball mill will be completed. Once complete, we expect to achieve Phase 2 production with a processing rate of 6,000tpcm (72,000t annually), equating to a gold run rate of +23,500 ounces in 2023.

Once in Phase 2, our AISC at Cononish is anticipated to be £544 per ounce, and with the mine running an average grade through the processing plant of c.12g/t Au year to date, will place us as one of the highest margin, lowest cost gold producers globally.

Figure 2: 2022 – 2023 Mine Optimisation and Growth



Our second pillar central to our strategy is ‘growth through resource expansion and regional exploration’. Whilst the past year has predominantly been focused on optimising value at Cononish to achieve Phase 2/full production in 2023, exploration is pivotal to unlocking value and building a multi-asset gold company in Scotland and an intergenerational mining company of the future.

As already noted, Cononish is an exceptionally high-grade gold underground mining operation. We believe the current Cononish resource can be significantly increased, with corresponding increase of the current 8.5 years life of mine, through exploration drilling. There are several areas within the Cononish resource (near mine expansion targets) that are capable of hosting mineable high-grade pods. We plan to explore these areas with drilling to increase the resource in addition to investigating the extension of the resource along down dip and

strike. As these areas are part of the current resource vein, we believe they may be more readily available to convert to reserves. During Q3 2022 we began very low frequency resolution magnetics to determine a 2023 resource drilling campaign and look forward to updating shareholders on this in due course.

In addition to expanding the Cononish resource and increasing the life of mine in the near-term we have an impressive land package for regional exploration in the future. We hold 13 licences, covering 2,900 square km of the Dalradian Belt across the Grampian Mountain range. The geology points to further exceptionally high-grade deposits, like Cononish and it is part of our longer-term strategy to explore these areas with the vision to develop additional gold mines in Scotland.

Finally, our third pillar central to our growth strategy is our 'investment in people and commitment to sustainability'.

We are supported and driven by our exceptional people. We currently have 96 employees in our team with ambitious growth plans to continue to increase our headcount during 2023. We are led by an experienced executive leadership team with a proven track record that will help us to deliver on our vision and in-turn generate value for all stakeholders.

We are investing in our people, to not only help build Scotgold, but also that of the Scottish and UK mining industry. We want to be the employer of choice in the region, helping to drive local and Scottish employment. In this regard, I am delighted to report that we have been working with Fourth Valley College in Falkirk on apprenticeship schemes where we currently have placed students in mechanical engineering roles. In addition, in July 2022, we launched a partnership with the University of St Andrews for a five-year student bursary programme. Our team is working closely with the University teaching staff and students on the MSc Strategic Resources course involving work at both the University and at our Cononish site.

We are committed to the principles of sustainable and responsible mining in all aspects of our business. Operating in Scotland's first national park, we have an important duty of care to the environment, and we are dedicated to the safety of our workforce and local communities. To that end, we are proud of our no cyanide status, as one of the only gold producers globally that does not use it in our processing. We also utilise dry stack tailings to ensure safety and a minimal environmental footprint. Dry stack tailings are much more environmentally friendly and safer than conventional wet tailings that sadly have seen terrible mismanagement and accidents over the years at mine sites globally. Dry stack tailings completely dry the tailings into sand like material before placing into gullies. This allows the Company to fill the gullies to match the natural landscape. In line with our commitment to reduce CO2 emissions we are also reviewing the use of hydro power at site and will update the market accordingly on this initiative.

We also support work of Loch Lomond and The Trossachs National Park and contribute to the Strathfillan Development Trust, which is a local charity representing the residents of Tyndrum, Crianlarich and Inverarnan. In terms of financials, we are now a cash generative gold mining company, where we expect to see further significant growth in terms of cash generation as we enter Phase 2 production in 2023. Notably we achieved commercial production (three consecutive months of positive operating cashflow) at the end of June 2022. Total

revenues for the year was \$17.8 million and whilst we reported a widening of losses for 2022 of \$10.8 million, with Cononish now cash generative and operating profitably we expect to see significant cash generation in 2023 and a move towards profitability.

Finally, I would like to extend my appreciation to the team here in Scotland who have worked with dedication during the past year to deliver on Cononish's production ramp up. I would also like to extend my gratitude to my fellow board members, leadership team, advisors, and importantly shareholders for their continued support.

2023 is shaping up to be an extremely exciting year as Cononish reaches full ramp up/Phase 2 mining of +23,500 ounces of gold run rate per annum. Furthermore, as we begin to explore the resource/reserve expansion potential of Cononish to increase its life of mine and our regional licence areas, we will continue to open Scotland as a new gold mining province and ultimately develop future mining operations in Scotland.

Chairman

Peter Hetherington

20 December 2022

A full version of Scotgold's final results for year ended 30 June 2022 is available via the Company's website or see the following link. http://www.rns-pdf.londonstockexchange.com/rns/3946K_1-2022-12-20.pdf

For further information please visit www.scotgoldresources.com or contact the following:

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OPERATIONS REVIEW

Background

Scotgold Resources Limited ("the Company") was established in 2007 and has been listed on the AIM market of the London Stock Exchange (AIM:SGZ).

The Company's principal objectives have continued to be:

- a) the development and operation of the Cononish Gold and Silver Mine in Scotland's Grampian Highlands; and
- b) the ongoing exploration of the highly prospective tenements comprising the Grampian Gold Project with the view to identifying further project opportunities.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

The Company recognises its responsibilities to the Community, the Environment, its Employees and the Workplace with respect to sustainable development, safety and community development. The CSR Committee, which held its inaugural meeting on 10th May 2019, continued throughout the year to pursue its purpose of reviewing and monitoring relevant policies, programmes and activities of the Scotgold Resources Group on behalf of the Board of Directors of the Company to ensure these responsibilities are met.

In doing so, it continued to focus on the three broad areas of:

- Health, Safety and Welfare of the Community, Employees, Consultants and Visitors;
- Stewardship of the Environment; and
- Corporate Citizenship and Societal Interaction

These areas are presented on the Scotgold website alongside details of how complaints will be handled.

The CSR Committee continues to oversee the carrying out of regular assessments of the risks posed by Covid-19 and the adjustment of the aforementioned operating procedures in response thereto.

CONONISH GOLD AND SILVER PROJECT

Gold production commenced in November 2020.

The Company has continued to ramp up production during the period, after achieving its second shipment of gold concentrate during July 2021. The Company achieved commercial production on 30 June 2022.

Phase 2/Expansion Phase is targeted for 2023 where the Company anticipate achieving 23,500 ounces p.a. run rate of gold.

Low-capex optimisation initiatives, including the addition of a thickener into the tailings circuit, are underway. Commissioning is set for c.Q4 2022 and will further increase ore throughput and gold recoveries. With debottlenecking of the flotation plant working at a rate of c.4,000 tonnes of feed per month, the Company expects to see the commissioning of the tailings thickener to increase throughput to 5,000 tonnes per month.

The Group reached commercial production on 30 June 2022 by achieving three consecutive months of positive operating cash flows.

GRAMPIAN GOLD PROJECT

On 29 January 2021, the Company announced that recent exploration work undertaken across the Company’s option areas over the Dalradian Belt had resulted in:

- The identification of additional targets and provided persuasive evidence for the presence of mineralised veins structures; and
- Three prospective areas, close to Cononish Mine, being identified as high priority target areas and data modelling is in progress to establish the best sites to test these targets in any potential future exploration drill programmes.

CORPORATE ACTIVITIES

The Group, through its subsidiary SGZ Cononish Ltd, settled the short-term funding provided by the Directors by issuing 3,301,420 of new ordinary shares of no par value at a price of 60.58p and a fair value of 82.5p in September 2021.

On 3 November 2021 Mr Peter Hetherington became Non-Executive Chairman having been Non- Executive Director previously. On the same day Mr Nathaniel le Roux became Non-Executive Director stepping down from his role as Non-Executive Chairman.

On 14 January 2022, the Group negotiated a debt restructure with Bridge Barn Limited, a company owned and controlled by Mr Nathaniel le Roux (Non-Executive Director), which had provided the existing loan facility of £7.5 million (the “Existing Loan Facility”). The restructured loan provided £5.0 million to replace the original loan tranches and interest due and provided a cash injection to the business of £131,562. The restructured £5 million loan has a term of 3 years to 1 Jan 2025 at the same terms and rate as the previous loan of 9%. The terms of the Existing Loan Facility for the remaining original tranches £3.5 million principal (plus interest) will remain. The other tranches of the Existing Loan Facility are repayable on various dates from 7 March 2023 to 17 March 2024. Principal amounts of the Loans owing to Bridge Barn now stand at £8.5 million.

Also on 14 January 2022, Jane Styslinger, a related party of William Styslinger (non-executive director of Scotgold), provided an additional loan of £500,000 at an interest rate of 9%, payable in three years from the date of drawdown.

On 3 March 2022, the Group entered into a short term loan facility with Bridge Barn Limited, a company owned and controlled by Nathaniel le Roux (Non-Executive Director) providing £250,000 to Scotgold. This was repaid in full on 23 May 2022.

On 16 March 2022, the Company appointed Sean Duffy as Chief Financial Officer and Evan Spencer as an Independent Non-Executive Director and Chairman of the Technical Committee, to the Board of Directors.

Mr Richard Gray and Mr Phillip Jackson both resigned as Non-Executive Directors on 16 March 2022.

On 7 April 2022, the Group, entered into a loan procurement agreement with Fern Wealth GmbH (“Fern Wealth”) from a syndicate of high-net-worth investors for an amount up to £3.0 million. At 30 June 2022, £2.1 million of this loan had been drawn down.

CONONISH MINERAL RESOURCES

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

Table: 2022 Annual Mineral Resource Statement

Cononish Main Vein Gold and Silver Mineral Resources, estimated in accordance with the JORC code (2012 Edition) and reported at a 3.5 g/t Au cut-off as at 12/01/2015, which remain current subject to the depletion of approximately 6.5kt from the Indicated Resources – Mined Stockpile. Mine development during the reporting period has predominantly been in waste, with a non-material volume of Mineral Resource placed on surface stockpiles.

Scotgold Resources Limited - Cononish Gold Project						
Mineral Resource Estimate as at 12 January, 2015						
<i>Reported at a cut-off grade of 3.5 g/t gold</i>						
Classification	K Tonnes	Grade Au g/t	Metal Au Koz	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
<i>Reported from 3D block model with grades estimated by Ordinary Kriging with 15 m x 15 m SMU Local Uniform Conditioning adjustment. Minimum vein width is 1.2 m. Totals may not appear to add up due to appropriate rounding.</i>						

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

Approximately 1.6Kt was processed during commissioning during the reporting period and is not a material effect on the Mineral Resources as reported previously.

An internal review of the MRE concluded that the estimation techniques and parameters employed remained appropriate.

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

In addition to the currently defined Mineral Resources, Scotgold believes that there is additional resource development potential close to Cononish, subject to appropriate and successful further work. Extensive gold-in-soil anomalies, mineralisation associated with outcrops and trenches, 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. At this stage, such indications are highly conceptual and there is no guarantee that further exploration will define additional Mineral Resources.

In 2022 an internal grade control model has been developed using underground channel samples, adit mapping and historical drillholes and enables greater confidence in the vein location and ore grades. This model is used for monthly forecasting and does not change the MRE.

The MRE will be updated in Q1 2023, however for now it has not been depleted and remains unchanged.

CONONISH ORE RESERVES

As part of initial work towards developing the 2015 BFS, Bara Consulting Limited completed a thorough review of the 2013 Cononish Development plan in order to identify opportunities to not only improve on the plan but to also improve the confidence in the plan. As a result of this review, further work was undertaken on the mining methodology, access design, geotechnical evaluation and overall mine design.

The outcome of this work was that an Ore Reserve Estimate was completed on 25 May 2015, in accordance with the JORC code (2012 Edition) based on the MRE issued in January 2015. The subsequent addendum to the Bankable Feasibility Study resulted in no change to the Ore Reserve. Hence there is no change to the Ore Reserves reported previously for the Project as at 30/06/2021. Mine development during the reporting period from 2020 to 2022 has been in waste and ore.

An internal review of the Ore Reserve Statement concluded that the modifying factors used in determining the Ore Reserve remained appropriate.

Table: 2021 Annual Ore Reserve Statement

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
<i>(Bara Consulting Limited Ore Reserve Statement dated May 2015)</i>			

For greater detail on the parameters derived from this work and used for the Ore Reserve estimation process, please refer to the Company's announcement on 26/05/2015 – Cononish Gold Project Study Update and Reserve Estimate; and to the subsequent announcement on 16/03/2017 – Update to Cononish Bankable feasibility study on the Company's website.

Since 2019, the Company has been steadily ramping up production. In 2022 the focus has been on the commencement of stoping and the necessary development and infrastructure for this to occur.

The Ore Reserve statement above does not take account of the depletion of the underground development from 2019 to 2022 or the surface stockpile. This will be adjusted in 2023 as part of a larger Mineral Resource and Reserve update.

As of 31 July 2022, approximately 32.6kt of ore and 35.4kt of waste have been mined since 2019.

Both the MRE and Ore Reserve statement were compiled by suitably qualified Independent Competent Persons as identified at the time of their release.

GRAMPIAN GOLD PROJECT

The Company continues to actively pursue exploration activities on its substantial land position (approx. 2,900 km²) in the Dalradian Belt of the southwest Grampians, a terrain highly prospective for both precious and 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.

Very low frequency (VLF) geophysics exploration took place in September 2022 in the Cononish Glen. VLF can define high conductivity structures at depth, often indicative of the presence of metals, and will be used to define future exploration drilling targets.

TENEMENT DETAILS

United Kingdom

The Company holds a lease (100%) from the Crown Estate Scotland 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 thirteen Mines Royal Option Agreements (100%) with the Crown Estate Scotland as detailed below:

No.	Name	Area	Location
1	Knapdale South	250 km ²	county of Argyll, Scotland UK
2	Knapdale North	250 km ²	county of Argyll, Scotland UK
3	Inverliever West	250 km ²	counties of Dunbarton, Argyll and Perth, Scotland UK
4	Inverliever East	233 km ²	counties of Dunbarton, Argyll and Perth, Scotland UK
5	Glen Orchy West	103 km ²	counties of Perth and Argyll, Scotland UK
6	Glen Orchy Central	242 km ²	counties of Perth and Argyll, Scotland UK
7	Glen Orchy East	241 km ²	counties of Perth and Argyll, Scotland UK
8	Glen Lyon West	246 km ²	counties of Perth and Argyll, Scotland UK
9	Glen Lyon North	244 km ²	counties of Perth and Argyll, Scotland UK
10	Glen Lyon South	243 km ²	counties of Perth and Argyll, Scotland UK
11	Glen Lyon East	247 km ²	counties of Perth and Argyll, Scotland UK
12	Ochills West	189 km ²	county of Clackmannan, Perth, Kinross and Stirling, Scotland UK
13	Ochills East	150 km ²	county of Clackmannan, Perth, Kinross and Stirling, Scotland UK

Competent Persons Statement:

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 – 2019 and various corresponding market releases.

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

The information in this report that relates to the 2015 Ore Reserves for Cononish Gold Project (refer ASX announcement dated 26/05/2015) is based on information compiled by Pat Willis, a Competent Person who is registered as a Professional Engineer (Pr.Eng.) with the Engineering Council for South Africa (ECSA) and a Fellow in good standing and Past President of the Southern Africa Institute of Mining and Metallurgy (FSAIMM). Mr Willis is employed by Bara Consulting Limited, an independent consulting company. Mr Willis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Willis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Further, the Company confirms it is not aware of any new information or data that materially affects the information contained in the original announcements and that all material assumptions and technical parameters underpinning the estimate of Resources and Reserves continue to apply and have not materially changed.

STRATEGIC REVIEW

The Company continues to review its corporate governance, structure, policies and practices with a view to maintaining and enhancing shareholder value.

The Company adopted the QCA code of corporate governance in 2018 and subsequently appointed an advisory service to assist with UK regulatory compliance issues as an AIM listed company.

Operationally, the Company’s immediate focus is the ramp up and completion of phase two of the mine, where production is expected to hit 72,000 tonnes of ore and 23,500 ounces of gold per annum.

Notably, a review of the strategic goals of the Company was conducted during 2021. The focus was modified to incorporate the following objectives and built on the following six principles:

- Upon successful ramp up of the Cononish Mine, further increase production through step wise optimisation until Phase 2 production has been achieved, this is aimed for completion 2023;
- Optimise the current Cononish Reserve;
- Expand Resources and Reserves within the Cononish vein;
- Explore and develop within “The shadow of the head frame”;
- Explore and develop near mine drill ready targets to develop network of satellite deposits for processing at Cononish; and
- Continue to explore in a more focused manner within the most prospective portion of lease holding.

CEO

Phil Day

16 December 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2022	2021
	\$	\$
Revenue	17,782,186	299,807
Cost of sales	(14,629,107)	(299,807)
Profit (loss) from production operations	3,153,079	-
Interest income	7,737	8,285
Loss on settlement of loan	(1,359,008)	-
Other income	-	416,007
Administration costs	(2,020,799)	(1,093,619)
Interest expense	(1,597,168)	(1,259,484)
Depreciation and loss on disposal of non-current assets	(5,859,747)	(1,314,847)
Employee and consultant costs, excluding share-based payments	(1,806,020)	(1,095,882)
Share-based payments	(268,637)	(364,725)
Listing and share registry costs	(186,430)	(193,023)
Currency exchange variances	(847,991)	(57,580)
Other expenses	-	(26,074)
LOSS BEFORE INCOME TAX	(10,784,984)	(4,980,942)
Income tax benefit	-	-
LOSS FOR THE YEAR	(10,784,984)	(4,980,942)
Other Comprehensive Income		
<i>Items that may be reclassified to Profit or Loss</i>		
Exchange difference on translation of foreign subsidiaries	376,015	765,392
Total comprehensive result for the year	(10,408,969)	(4,215,550)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022	2021
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	168,086	2,624,342
Trade and other receivables	4,686,404	448,336
Inventory	1,295,839	187,276
Other current assets	1,048,210	296,657
Total Current Assets	<u>7,198,539</u>	<u>3,556,611</u>
NON-CURRENT ASSETS		
Trade and other receivables	1,463,125	1,579,820
Plant and equipment	14,515,295	16,280,930
Right-of-use assets	3,025,490	2,777,962
Mineral exploration and evaluation	3,051,622	2,990,000
Mine development asset	23,996,356	25,770,548
Total Non-Current Assets	<u>46,051,888</u>	<u>49,399,260</u>
TOTAL ASSETS	<u>53,250,427</u>	<u>52,955,871</u>
CURRENT LIABILITIES		
Trade and other payables	3,999,379	2,306,453
Other current liabilities	1,100,811	873,977
Borrowings	1,175,358	7,927,888
Total Current Liabilities	<u>6,275,548</u>	<u>11,108,318</u>
NON-CURRENT LIABILITIES		
Borrowings	22,266,513	11,986,714
Provisions	781,898	908,915
Total Non-Current Liabilities	<u>23,048,411</u>	<u>12,895,629</u>
TOTAL LIABILITIES	<u>29,323,959</u>	<u>24,003,947</u>
NET ASSETS	<u>23,926,468</u>	<u>28,951,924</u>

EQUITY		
Issued capital	57,755,221	52,640,345
Reserves	1,430,619	785,967
Accumulated losses	(35,259,372)	(24,474,388)
TOTAL EQUITY	<u>23,926,468</u>	<u>28,951,924</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	13,544,118	-
Payment to suppliers	(18,466,016)	(1,443,368)
Interest income received	7,737	8,285
Net Cash Outflow from Operating Activities	<u>(4,914,161)</u>	<u>(1,435,083)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	-	(428,794)
Payments for mine development activities	(935,058)	(10,249,942)
Purchase of plant and equipment	(499,582)	(803,791)
Proceeds on disposal of plant and equipment	-	400
Net Cash Outflow from Investing Activities	<u>(1,434,640)</u>	<u>(11,482,127)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options, net of costs	-	7,661,686
Proceeds on draw-down of first tranche of unsecured loan	6,520,985	1,810,938
Proceeds on draw-down of secured loan	8,828,463	6,343,675
Payment of interest of secured loan	(206,422)	-
Repayment of drawn-down secured loan	(8,591,808)	-
Repayment of right-of-use leases	(2,775,775)	(1,297,746)
Net Cash Inflow from Financing Activities	<u>3,775,443</u>	<u>14,518,553</u>
Net increase (decrease) in cash held	(2,573,358)	1,601,343
Effect of exchange rate fluctuations on cash and cash equivalents	117,102	3,020
Cash and cash equivalents at beginning of year	2,624,342	1,019,979
Cash and cash equivalents at end of year	168,086	2,624,342

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Accumulated Losses	Options Reserve	Share-based payment reserve	Foreign Currency Translation Reserve	Total Equity
YEAR ENDED 30 JUNE 2021	\$	\$	\$	\$	\$	\$
Balances at 1 July 2020	44,978,659	(19,493,446)	134,769	283,642	(1,015,000)	24,888,624
Total comprehensive result for the year	-	(4,980,942)	-	-	765,392	(4,215,550)
Transactions with owners in their capacity as owners:						
Issue of shares	8,147,502	-	-	-	-	8,147,502
Share-based payments	-	-	-	617,164	-	617,164
Share issue expenses	(485,816)	-	-	-	-	(485,816)
	52,640,345	(24,474,388)	134,769	900,806	(249,608)	28,951,924
YEAR ENDED 30 JUNE 2022						
Balances at 1 July 2021	52,640,345	(24,474,388)	134,769	900,806	(249,608)	28,951,924
Total comprehensive result for the year	-	(10,784,984)	-	-	376,015	(10,408,969)
Transactions with owners in their capacity as owners:						
Issue of shares	5,114,876	-	-	-	-	5,114,876
Share-based payments	-	-	-	268,637	-	268,637
Balances at 30 June 2022	57,755,221	(35,259,372)	134,769	1,169,443	126,407	23,926,468

These consolidated financial statements should be read in conjunction with the accompanying notes.

The Notes to and forming part of the consolidated Financial Statements for the year ended 30 June 2022 can be found in the full version of Scotgold's Annual Report and Accounts for the year Ended 30 June 2022, available via the Company's website and will be sent to shareholders in due course.