30 March 2023

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

Scotgold Resources Limited (AIM: SGZ), Scotland's first commercial gold producer, announces its Interim Results for the six months ended 31 December 2022 ('H1 2023').

Operational Overview

- Production for six months ended 31 December 2022, totalled 3,809 ounces of gold
- H1 2023 gold concentrate sales totalled £5.4m (A$9.5m) from 550 tonnes of concentrate shipments to our off-take partner
- First Scottish gold doré sales were made to Scottish jewellery companies in December 2022 totalling £25,420

Financials

- Total revenues of A$9.5m in H1 2023 (H1 2022: A$6.4m)
- Loss before taxation in H1 2023 of A$9.5m (H1 2022: A$5.3m)
- Cash at 31 December 2022 of A$67k (30 June 2022: A$168k)
- Net debt of A$25.0m at 31 December 2022

Chairman Statement

The period under review, whilst challenging, has seen progress and important milestones being achieved at our Cononish gold mine, in Tyndrum, Scotland ('Cononish'), as we continue to develop Scotland's first commercial gold mine towards full production, producing both gold concentrate for off-take and Scottish gold doré for the jewellery industry.

During H1 2023 (1 July to 31 December 2022) we implemented initiatives for the underground mining operation and processing plant to enable our operation to run more efficiently. Power and ventilation upgrades in the underground mine and de-bottlenecking of the process plant (floatation and tailings filtration) were completed as well as mine development in the underground mine, to allow three development drives, allowing the Company to drive to the first stope mining area initially planned for calendar Q2 2023, as well as inclining to the 445 level to open even further development drives in late 2023. Additionally, limited resource definition and grade control drilling commenced October 2022, providing essential information for the correct design and shape of stopes, with the aim of higher certainty in grade prediction for the 2023 mine plan, when mining transitions from development tunnelling to long hole stoping.

Production for the three months ended 31 September 2022, totalled 2,004 ounces of gold, however this was lower than the 2,600 to 3,200 ounces targeted for the quarter, as a result of the successful, but delayed power and ventilation upgrades in the underground mine, which stalled mine development on the waste ramp in September 2022.

During the three months to 31 December 2022, operational difficulties continued in the underground mine. December 2022 was impacted by changes in the short-term mine schedule to expedite continuous long hole stoping in the western areas of the mine in 2023, as reported on 21 December 2022, and harsher than expected weather conditions. Production totalled 1,805 ounces (previously forecasted 3,000-3,500 ounces of gold) and an additional 324 ounces was mined in December but stored underground as weather conditions didn't allow for the mining trucks to move the ore to the ROM pad safely. This ore was then processed at the beginning of January 2023.

Gold concentrate sales for the period totalled £5.4m (A$9.5m) from 550 tonnes of concentrate shipments to our off-take partner.

Additionally, first Scottish gold doré sales were made to Scottish jewellery companies in December 2022 totalling £25,420 and sales continue post-period end with Scottish gold jewellery launches planned in 2023.

Post-period mine development

As reported on the 19 January 2023, in our 2023 mine plan and strategy update, whilst the majority of capital project works completed in H1 2023 focussed on increasing the mine production rate, mine production would still be the limiting factor for gold production, until long hole stoping commenced, forecasted at this stage for calendar Q2 2023.

Post-period end, in January 2023, mine development focussed on the 430 West ore drive, 415 East ore drive and the incline ramp accessing the 445 level and achieved record development rates with 3,003 tonnes of ore mined, and 2,620 tonnes of ore fed to the process plant. However, average grade of the ore processed was lower than predicted (5.65g/t actual vs 7.35g/t planned of gold).

In February 2023, development on the 430 West ore drive continued. However, as the 430 West ore drive progressed in late February and into early March 2023, gold grades began to decline significantly, and the 430 West ore drive turned to waste, contradicting the grade control model. Total ore production in February was negatively impacted, with actual 977 tonnes mined and 1,441 tonnes processed.

As a result of the 430 West ore drive turning to waste and the need to focus on ore production, the Company shifted development priorities on 3 March 2023 to the 415 East ore drive. In parallel, plans commenced to bring forward long hole stoping to early April (instead of previously forecasted for calendar Q2 2023), to secure the short to medium term production profile and enhance gold production thereafter. Stope drilling continues to be undertaken successfully and the transition to Long hole stope mining is on track to commence in 5 days time.

Financial Position

Post-period end, on 9 February 2023, the Company undertook an equity fundraise to provide funds to support the planned transition from tunnel development mining to long hole stoping. 7,428,460 new Ordinary Shares totalling gross proceeds of £3.0m (US$3.6m) at a price of 40p per share were issued after a Placing, Subscription and Retail Offer. Seven Directors of Scotgold and a significant shareholder participated in the Subscription for a total of 1,435,000 Subscription Shares with a total value of £574,000 (US$700,280).

Further to the Capital Raising, Bridge Barn Limited, a company owned and controlled by Mr Nathaniel le Roux and provider of debt funding to the Company, has agreed the option to defer a total of £2.5m capital repayments due by the Company in calendar year 2023 by up to 9 months from the due date.

As reported on 27 March 2023, the Company's mine plan anticipated that 5,818 tonnes of mineralised ore would be mined in February and March 2023 ahead of the transition to long-hole stoping in Q2 2023. Actual tonnes mined are now expected to be between 550 and 600 in March and about 3,000 tonnes of waste to place into required areas for commencement of stope drilling.

The Company's management team continuously assess the cash position of the Company. As a result of recent mining performance being below plan, largely due to lower than expected grades in the 430 West ore drive resulting in the subsequent decision to bring forward long hole stope mining, the Directors now believe that, in the event that the planned commencement of long hole stoping in April is delayed, or the anticipated tonnes of ore mined in April and the following months is significantly below the current mine plan, then a material uncertainty would exist that casts significant doubt over the ability of the consolidated entity to continue as a going concern in the very immediate term and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

In order to safeguard against this potential shortfall in working capital over the next few months the Directors have determined to take steps to strengthen the Company's cash position. The Company is in advanced discussions with its gold offtake partner, and is reviewing final documentation, to secure a US$500,000 advance to assist with short-term working capital. The Directors of the Company have also discussed, if the need arises, the provision of additional working capital, in the form of equity or a short-term convertible loan.

The ability of the consolidated entity to continue as a going concern over the long term will remain dependent on the quantity and grade of ore mined and processed being within a reasonable tolerance of the forecast quantity and grade and adherence to the planned product shipment schedule.

Our people and commitment to sustainability

We are supported and driven by our team. We currently have 96 employees and continually invest in our people. In this regard, we were pleased to report that we have been working with Forth 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. 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. The Company can also confirm that there have been no serious health and safety incidents this year. We work in accordance to the UK's HSC best practice and have a zero-harm safety culture focused on continuous improvement to achieve an injury free and healthy work environment.

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.

Finally, I would like to extend my appreciation to our colleagues here in Scotland who have worked with dedication during very challenging times. I would also like to extend my gratitude to all of our stakeholders for their continued support and as we continue to develop the mine during this critical time, we will update on developments and progress in this regard.

Chairman
Peter Hetherington
29 March 2023

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU No. 596/2014) (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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

Scotgold Resources Limited	**Shore Capital**	**Celicourt Communications**
Chief Executive Officer	Nomad and Broker	Financial PR
Phil Day	Toby Gibbs / John More	Felicity Winkles/Ariana Fanning
CFO		
Sean Duffy Via Celicourt Communications	Tel +44 (0) 20 7408 4090	Tel +44 (0) 208 434 2643 Tel +44 (0) 774 8843 871

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 $	31 December 2021 $
Gold Concentrate Sales	2	9,488,508	6,431,437
Production Costs		(11,896,042)	(6,431,437)
Sale of scrap metal		-	2,411
Net (loss) / profit from operations		**(2,407,534)**	**2,411**
Interest income		7,930	1,816
Loss on settlement of loan	3	-	(1,359,008)
Administration costs		(1,107,011)	(694,442)
Interest expense	4	(1,010,577)	(808,668)
Depreciation and amortisation of plant and equipment and Right of Use assets	6,7	(1,465,587)	(1,403,670)
Depreciation of mining development asset	9	(1,734,676)	-
Employee and consultant costs, excluding share-based payments		(1,104,391)	(842,503)
Share-based payments	13	(111,269)	(153,468)
Other expenses		-	(218,557)
Currency exchange expense		(537,935)	(96,883)
LOSS BEFORE INCOME TAX		(9,471,050)	(5,572,972)
Income tax benefit		-	-
LOSS FOR THE PERIOD		(9,471,050)	(5,572,972)
Other Comprehensive Income			
Items that may be reclassified to Profit or Loss			
Exchange difference on translation of foreign subsidiaries		50,630	281,768
Total comprehensive result for the period		(9,420,420)	(5,291,204)
Basic and diluted (loss) per share (cents per share)		(14.89)	(9.62)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	31 December 2022 $	30 June 2022 $
CURRENT ASSETS			
Cash and cash equivalents		67,098	168,086
Trade and other receivables	5	1,026,445	4,686,404
Inventories		887,104	1,295,839
Other current assets		282,536	1,048,210
Total Current Assets		2,263,183	7,198,539
NON-CURRENT ASSETS			
Trade and other receivables	5	1,471,832	1,463,125
Plant and equipment	6	14,449,238	14,515,295
Right of use assets	7	2,750,647	3,025,490
Mineral exploration and evaluation	8	3,209,042	3,051,622
Mine development expenditure	9	22,428,489	23,996,356
Total Non-Current Assets		44,309,248	46,051,888
TOTAL ASSETS		46,572,431	53,250,427
CURRENT LIABILITIES			
Trade and other payables		4,601,880	3,999,379
Other current liabilities		1,481,721	1,100,811
Borrowings	10	859,446	1,175,358
Total Current Liabilities		6,943,047	6,275,548
NON-CURRENT LIABILITIES			
Borrowings	10	24,204,192	22,266,513
Provisions	11	727,327	781,898
Total Non-Current Liabilities		24,931,519	23,048,411
TOTAL LIABILITIES		31,874,566	29,323,959
NET ASSETS		14,697,865	23,926,468
EQUITY			
Issued capital	12	57,835,768	57,755,221
Reserves		1,592,517	1,430,619
Accumulated losses		(44,730,421)	(35,259,372)
TOTAL EQUITY		14,697,865	23,926,468

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Issued Capital	Accumulated Losses	Options Reserve	Share-based payment reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$	$
HALF YEAR TO 31 DECEMBER 2021						
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 period	-	(5,572,972)	-	-	281,768	(5,291,204)
Transactions with owners in their capacity as owners:						
Issue of shares	5,114,876	-	-	-	-	5,114,876
Share-based payments	-	-	-	153,468	-	153,468
Balances at 31 December 2021	**57,755,221**	**(30,047,360)**	**134,769**	**1,054,274**	**32,160**	**28,929,064**
HALF YEAR TO 31 DECEMBER 2022						
Balances at 1 July 2022	**57,755,221**	**(35,259,372)**	**134,769**	**1,169,443**	**126,407**	**23,926,468**
Total comprehensive result for the period	-	(9,471,050)	-	111,269	50,631	(9,309,150)
Issue of shares	80,547	-	-	-	-	80,547
Balances at 31 December 2022	**57,835,768**	**(44,730,422)**	**134,769**	**1,280,712**	**177,038**	**14,697,865**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 December 2022 $	31 December 2021 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	13,078,275	5,976,072
Payments to suppliers	(13,283,761)	(7,635,639)
Interest income received	7,930	1,816
Net Cash outflow from Operating Activities	**(197,556)**	**(1,657,751)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	-	(92,229)
Purchase of plant and equipment	(701,677)	(382,544)
Net Cash Outflow from Investing Activities	(701,677)	**(474,773)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	82,569	-
Proceeds from short term unsecured loan	1,440,367	1,883,594
Repayment of lease liabilities	(712,950)	(1,422,739)
Net Cash Inflow from Financing Activities	**809,986**	**460,855**
Net (decrease) in cash held	(89,247)	(1,671,669)
Effect of exchange rate fluctuations on cash and cash equivalents	(11,741)	10,498
Cash and cash equivalents at the beginning of the period	168,086	2,624,342
Cash and cash equivalents at the end of the period	**67,098**	**963,171**

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These consolidated financial statements for the interim half-year reporting period ended 31 December 2022 are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, including AASB 134 'Interim Financial Reporting', and other applicable requirements of the law. The condensed consolidated interim financial statements have been prepared in accordance with the AIM rules. The six months results for 31 December 2022 have not been audited nor reviewed pursuant to statutory requirements in both the United Kingdom and Australia.

These financial statements have been prepared on a historical cost basis and are presented in Australian dollars. These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period.

The Company is a listed public company, incorporated in Australia and operating in Scotland. The entity's principal activity is mine development and mineral exploration. These financial statements are for the consolidated entity consisting of Scotgold Resources Limited and its controlled entities.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim period, except for the policies stated below.

Revenue from sale of goods

Revenue from the sale of goods is recognised when control of the goods has passed to the buyer based upon agreed delivery terms.

Sale of concentrates

Revenue from the sale of concentrates is recognised when control has passed to the buyer based upon agreed delivery terms, generally being when the product is loaded onto the ship and bill of lading received, or delivered to the customer's premises. In cases where control of the product is transferred to the customer before shipping takes place, revenue is recognised when the customer has formally acknowledged their legal ownership of the product, which includes all inherent risks associated with control of the product. In these cases, the product is clearly identified and immediately available to the customer and this is when the performance obligation is met.

The price to be received on sales of concentrate is provisionally priced and recognised at the estimate of the consideration receivable that is highly probable of not reversing by reference to the relevant contractual price and the estimated mineral specifications, net of treatment and refining charges where applicable. Subsequently, provisionally priced sales are repriced at each reporting period up until when final pricing and settlement is confirmed, with revenue adjustments relating to the quality and quantity of commodities sold being recognised in sales revenue.

Provisionally priced sales for which price finalisation is referenced to the relevant metal price index have an embedded commodity derivative. The embedded derivative is carried at fair value through profit or loss as part of trade receivables.

The period between provisional pricing and final invoices is generally 120 days.

Provisional pricing adjustments

The Group's sales contracts may provide for provisional pricing of sales at the time the product is delivered to the vessel with final pricing determined using the index on or after the vessel's arrival to the port of discharge. This provisional pricing relates to the quality and quantity of the commodity sold, which is included in sales revenue, and an embedded derivative relating to the pricing of the commodity sold. Provisional pricing adjustments relating to the embedded derivative are separately identified as movements in the financial instrument rather than being included within Sales revenue. The final pricing adjustment mechanism, being an embedded derivative, is separated from the host contract and recognised at fair value through profit or loss. These amounts are disclosed separately as Provisional pricing adjustments in Other revenue, rather than being included within Sales revenue for the Group.

Going Concern

For the period ended 31 December 2022 the Group recorded a loss of $9.5m (2021: $5.6m) and had a working capital deficiency of $4.8m (2021: $13.0m). The Group recorded net operating cash outflows of $0.1m for the financial period (2022: $1.7m).

These conditions indicate a material uncertainty that may cast significant doubt over the ability of the consolidated entity to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The ability of the consolidated entity to continue as a going concern is dependent on the quantity and grade of ore mined and processed matching the forecast quantity and grade and adherence to the planned product shipment schedule.

The Group also recognises the inherent operational risks (such as mining fleet availability, processing plant recovery and environmental accidents and disputes) and macro-economic factors (such as the gold price and foreign exchange movements) which could further impact the Group's ability to continue as a going concern.

The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Directors believe that there will be sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group for the following reasons:

- Since the period end, the Group has issued a further 7,428,460 new Ordinary Shares worth £3.0m.
- Agreed the option to defer a total of £2.5 million capital repayments due by the Company in calendar year 2023 to Bridge Barn Limited by up to 9 months from the due date.
- The Company is in advanced discussions with its gold offtake partner, and is reviewing final documentation, to secure a US$500,000 advance to assist with short-term working capital. The Directors of the Company have also discussed, if the need arises, the provision of additional working capital, in the form of equity or a short-term convertible loan.

Accordingly, the Directors believe that the consolidated entity has access to sufficient financing to be able to continue as a going concern.

Should the consolidated entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity be unable to continue as a going concern.

Statement of Compliance

The financial report was authorised for issue on 29 March 2023.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New or amended standards adopted by the entity

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Key estimates and judgements

Judgement is exercised in estimating variable consideration. This is determined by past experience with respect to the final selling price received on the assay results as taken at the goods final destination.

Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

NOTE 2 – GOLD CONCENTRATE SALES

	Six months to	
	31 December 2022	**31 December 2021**
	$	**$**
From continuing operations		
Sales revenue from contracts with customers		
Production and sale of gold concentrate	9,488,508	6,431,437
Sales revenue	9,488,508	6,431,437

NOTE 3 – LOSS ON SETTLEMENT OF LOAN

On 4 May 2021, four directors and one material shareholder who is not a director (collectively “the Loan Providers”), made available to SGZ Cononish Limited an unsecured, interest-free, short-term loan facility of £ 2,000,000, with the due date for repayment thereof being 4 November 2021. The loan facility was drawn down by SGZ Cononish Limited in two tranches of £ 1,000,000 each on 12 May 2021 and 6 August 2021 respectively.

On 27 September 2021, the loan was settled by Scotgold Resources Limited on behalf of SGZ Cononish Limited by the issuing by Scotgold Resources Limited of 3,301,420 shares to the Loan Providers (these shares being referred to hereinafter as “the Settlement Shares”) at a price of 60.58p. This was deemed a non-cash financing activity.

NOTE 4 – INTEREST EXPENSE

	Six months to	
	31 December 2022	**31 December 2021**
	$	**$**
Interest expense is attributable to the following:		
Secured loan (see Note 10)	844,688	648,450
Lease liabilities (see Note 10)	112,781	153,343
Unwinding of discount on provision for restoration and decommissioning (see Note 11)	53,108	6,875
Total interest cost expensed	1,010,577	808,668

NOTE 5 – TRADE AND OTHER RECEIVABLES

Current trade and other receivables comprise the following:

	31 December 2022 $	30 June 2022 $
Trade debtors	414,973	4,008,959
GST/VAT receivable	329,178	436,108
Other receivables	282,294	241,337
	1,026,445	4,686,404

Non-current trade and other receivables comprise the following:

	31 December 2022 $	30 June 2022 $
Rehabilitation, restoration and land management Bond deposits	1,471,832	1,463,125
	1,471,832	1,463,125

NOTE 6 – PLANT AND EQUIPMENT

Plant and equipment	31 December 2022 $	30 June 2022 $
Cost	17,384,651	16,634,431
Accumulated depreciation	(2,935,413)	(2,119,136)
	14,449,238	14,515,295

Movement for the six months ended 31 December 2022

Cost	Plant and equipment	Motor vehicles	Furniture and office equipment	Total
Opening balance	16,390,899	56,179	187,353	16,634,431
Additions	679,742	-	-	679,742
Disposals	-	-	-	-
Foreign exchange movement	72,826	253	(2,601)	70,478
Closing balance	17,143,467	56,432	184,752	17,384,651
Accumulated depreciation				
Opening balance	2,015,532	37,112	66,492	2,119,136
Depreciation expensed	802,466	2,024	21,328	825,818
Foreign Exchange	(4,115)	3,262	(8,688)	(9,541)
Closing balance	2,813,883	42,398	79,132	2,935,413

Movement for the year ended 30 June 2022	Plant and equipment	Motor vehicles	Furniture and office equipment	Total
Cost				
Opening balance	16,686,237	58,522	80,846	16,825,605
Additions	385,540	-	114,042	499,582
Foreign exchange movement	(680,878)	(2,343)	(7,535)	(690,756)
Closing balance	16,390,899	56,179	187,353	16,634,431
Accumulated depreciation				
Opening balance	489,900	33,117	21,658	544,675
Depreciation expensed	1,605,064	5,529	47,148	1,657,741
Foreign exchange movement	(79,432)	(1,534)	(2,314)	(83,280)
Closing balance	2,015,532	37,112	66,492	2,119,136

Net carrying value				
At 30 June 2022	14,375,367	19,067	120,861	14,515,295
At 30 June 2021	16,196,337	25,405	59,188	16,280,930

NOTE 7 – RIGHT-OF-USE ASSETS

	31 December 2022 $	30 June 2022 $
Cost	6,060,186	6,859,368
Accumulated Depreciation	(3,309,539)	(3,833,878)
	2,750,647	3,025,490

The movements in Right-of-use assets are as follows:

	Six months to 31 December 2022 $	Year ended 30 June 2022 $
Cost		
Opening balance	6,859,368	4,601,501
Additions	355,385	1,566,768
Modifications of rights	-	977,541
Foreign exchange movement	(1,154,567)	(286,442)
Closing balance	6,060,186	6,859,368
Accumulated Depreciation		
Opening balance	3,833,878	1,823,539
Depreciation expensed	623,171	1,954,136
Foreign exchange movement	(1,147,510)	56,203
Closing balance	3,309,539	3,833,878

NOTE 8 – MINERAL EXPLORATION AND EVALUATION

	Six months to 31 December 2022 $	Year to 30 June 2022 $
Opening balance	3,051,622	2,990,000
Additional expenditure capitalised during the period	-	185,422
Foreign exchange movement	157,420	(123,800)
Closing balance	3,209,042	3,051,622

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

As at 31 December 2022, management have not identified any indicators of impairment in respect of this asset.

NOTE 9 – MINE DEVELOPMENT EXPENDITURE

	Six months to 31 December 2022 $	Year to 30 June 2022 $
Opening balance	23,996,356	25,770,548
Additions	-	935,058

Movement in Provision for restoration and decommissioning (see Note 11)	-	121,030
Amortisation	(1,734,676)	-
Transfer to plant and equipment	-	(2,247,870)
Transfer to production costs	-	(582,410)
Foreign exchange movement	166,809	-
Closing balance	22,428,489	23,996,356

As at 31 December 2022, management have not identified any indicators of impairment in respect of the mine development asset.

NOTE 10 – BORROWINGS

Non-current	31 December 2022 $	30 June 2022 $
Secured loan facility	16,716,174	16,146,988
Unsecured loan facility	6,167,111	4,548,865
Right-of-use lease liabilities	1,320,907	1,570,660
	24,204,192	22,266,513

Current	31 December 2022 $	30 June 2022 $
Right-of-use lease liabilities	859,446	1,175,358
	859,446	1,175,358
Total borrowings	25,063,638	23,441,871

All of the borrowings are denominated in £ (Pounds sterling).

Loan from company controlled by shareholder

There have been no material changes or variations ‘to the terms of the secured loan facility other than those listed in the subsequent events section in the Directors’ report.

The secured loan is in good standing at the reporting date.

Movements on the secured facility loan for the six months ended 31 December 2022:

	Third Tranche $	Fourth Tranche $	Fifth Tranche $	Sixth Tranche $	Seventh Tranche $	Eight Tranche $	Total $
Balance at beginning of period	1,037,797	2,060,388	2,051,698	989,012	980,990	9,027,103	16,146,988
Interest at effective rate	42,269	84,539	84,539	39,032	39,032	394,391	683,802
Interest Payment	(13,409)	(26,817)	(26,817)	(12,382)	(12,383)	(125,107)	(216,915)
Foreign exchange movement	6,560	13,028	12,977	6,240	6,193	57,301	102,299
Balance at end of period	1,073,217	2,131,138	2,122,397	1,021,902	1,013,832	9,353,688	16,716,174

The effective interest rate on the secured loan facility is 8.38% (Year ended 30 June 2022 – 8.38%) per annum.

Lease liabilities

The movements in lease liabilities are as follows:

	Six months to 31 December 2022 $	Year to 30 June 2022 $
Opening balance	2,746,017	2,660,513
Additional rights acquired	393,987	1,801,023
Modifications to rights	-	883,049
Interest expense	112,781	295,033
Repayments	(712,950)	(2,775,775)
Foreign exchange movement	(359,482)	(117,826)
Balance at end of period	2,180,353	2,746,017
Non-current portion	1,320,907	1,570,659
Current portion	859,446	1,175,358

The effective interest rate on the lease liabilities is 7.44% (year ended 30 June 2022 – 7.44%) per annum. Right-of-use assets with an aggregate net carrying value of $2,750,647 (30 June 2022 - $3,025,490) are financed by the lease liabilities.

NOTE 11 – PROVISIONS

	31 December 2022 $	30 June 2022 $
Provision for restoration and decommissioning	727,327	781,898

This provision represents the best estimate of the present value of expenditures required to effect restoration of the Cononish mine area at the end of mining operations at the mine as well as to carry out aftercare and monitoring activities in terms of the Decommissioning and Restoration Plan formulated in accordance with the requirements set out in the Section 75 Agreement entered into by SGZ Cononish Limited on 12 September 2018, based on the mine development activities carried out up to and including 31 December 2022.

In arriving at the amount of the provision, an annual inflation rate of 2.0% has been applied to estimated future costs stated at current levels and the resultant cashflows have been discounted back to 31 December 2022 using a discount rate of 0.98%.

The movements in the provision are as follows:

	Six months to 31 December 2022 $	Year to 30 June 2022 $
Opening balance	781,898	908,915
Unwinding of discount	(108,074)	(1,470)
Adjustment for mine development progress and change in rate	55,102	(119,560)
Foreign exchange movement	(1,599)	(5,987)
Closing balance	727,327	781,898

NOTE 12 – ISSUED CAPITAL

	31 December 2022 No. of shares	30 June 2022 No. of shares	31 December 2022 $	30 June 2022 $
Ordinary shares – fully paid	59,673,291	59,523,291	57,835,768	57,755,221

(a) Movements in ordinary share capital

During the six months ended 31 December 2022

Date	Details	Shares	Value (cents)	$
	Balance at the beginning of the period	59,523,291		57,755,221
19/12/2022	Exercise of options	150,000	0.54	80,547
	Balance at 31 December 2022	59,673,291		57,835,768

During the year ended 30 June 2022

Date	Details	Shares	Value (cents)	$
	Balance at 30 June 2021	56,221,871		52,640,345
24/09/2021	Conversion of Directors' Loan	3,301,420	1.549	5,114,876
	Balance at 30 June 2022	59,523,291		57,755,221

(b) Movements in options

On 19 December 2022, 150,000 options were exercised at an option price of 30p. Otherwise, there have been no movements in options since the prior reporting year ended 30 June 2022, other than the share-based payment changes disclosed in Note 13.

The options outstanding at 31 December 2022, excluding options issued to key management and senior managers as share-based payment, are as follows:

Number	Exercise Price	Expiry Date	Option Reserve $
30,000	$8.00	31 March 2022	134,769

Details of options issued to key management and senior managers are set out in Note 12.

NOTE 13 – SHARE-BASED PAYMENTS

The rules of the Enterprise Management Incentive Scheme of the Company provide that the Board may at its discretion grant Enterprise Management Incentive Scheme options to employees of the Company and its controlled entities to acquire ordinary shares in the Company at such exercise price and in such numbers as it considers appropriate and to attach such performance conditions to the vesting of such options as it considers appropriate, subject to compliance with the provisions of Schedule 5 of the United Kingdom Income Tax (Earnings and Pensions) Act 2003 and other applicable legislation.

No new options were granted or cancelled in the period.

Charges in respect of share-based payment have been recognised as follows:

	Charged to profit or loss	Charged to mine development	Increase in share-based payment reserve
	$	$	$
Cumulative to 30 June 2021	631,873	268,933	900,806
During year ended 30 June 2022	268,637	-	268,637
Cumulative to 30 June 2022	900,510	268,933	1,169,443
During period ended 31 December 2022	111,269	-	111,269
Cumulative to 31 December 2022	1,011,779	268,933	1,280,712

NOTE 14 – RELATED PARTIES

Basic remuneration of £177,375 per annum is payable in terms of the service agreement and Mr Phillip Day shall be eligible to join the Group pension fund. The annual leave entitlement of Mr Phillip Day amounts to 18.75 days plus a pro rata number of public holidays in Scotland. The service agreement further provides that Mr Phillip Day shall be reimbursed for the reasonable cost of necessary travel incurred in connection with visits to the operations of the Group in Scotland, including flights to and from Switzerland and car hire in the United Kingdom, and that the Group shall provide accommodation to Mr Phillip Day while he is visiting the operations.

The agreement for the rendering of consultancy services with PAW Consulting Services GmbH provides for a consultancy service fee of £4,479 per month, excluding VAT, to be payable net of any amounts in respect of income tax and national insurance contributions required to be deducted by law. In addition, the Group shall reimburse all reasonable expenses incurred by PAW Consulting Services GmbH in rendering the consultancy services.

Sean Duffy is remunerated in terms of a contract of employment which provides for a fixed salary of £155,000 per annum, as well as an annual leave entitlement of 18.75 days plus a pro rata number of public holidays in Scotland and eligibility to join the Group pension fund.

Each of the Directors is a related party.

Mr Richard Barker provides the services of Company Secretary through his service company Barston Corporation Pty Ltd. The services as Company Secretary provided by Mr Barker are charged at commercial, arm’s length rates.

NOTE 15 - COMMITMENTS FOR EXPENDITURE

Amounts payable to Loch Lomond and the Trossachs Countryside Trust

The following amounts are payable to the Loch Lomond and the Trossachs Countryside Trust in terms of Clause 18 of the Section 75 Agreement entered into with the owner of the land on which the Cononish mine is situated, the Loch Lomond and the Trossachs National Park Authority and the Crown Estate Scotland in respect of the development of the Cononish mine:

	$
Not later than one year	88,810
Later than 1 year but not later than 2 years	88,810
Later than 2 years but not later than 5 years	266,430
Later than 5 years	88,810
	532,860

Other than the commitments disclosed above, there have been no material changes during the period to the commitments disclosed in the annual report for the period ended 31 December 2022.

NOTE 16 - CONTINGENT LIABILITIES

There have been no material changes during the period to the contingent liabilities disclosed in the annual report for the year ended 30 June 2022.

NOTE 17 - 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.

The comparative information disclosed is for the period ended 31 December 2021 in the case of segment loss, interest expense and depreciation and for the year ended 30 June 2022 in the case of balances of and movements in segment assets and liabilities.

Six months ended 31 December 2022

	Scotland Mining $	Scotland Exploration $	Australia $	Other $	Total $
Segment income	9,484,289	-	-	-	9,484,289
Segment loss	(7,470,977)	-	(1,888,804)	-	(9,359,781)
Segment assets	2,047,791	107,561	106,739	1,151	2,263,242
Segment non-current assets	42,562,214	3,209,040	272,670	-	46,043,924
Segment liabilities	(30,618,758)	(226,091)	(227,795)	(9,746)	(31,082,390)
Segment non-current liabilities	(792,176)	-	-	-	(792,176)
Included in segment result:					
Interest expense	1,010,577	-	-	-	1,010,577
Depreciation	3,200,264	-	-	-	3,200,264

Comparative figures

For the six months ended 31 December 2021:	Scotland Mining $	Scotland Exploration $	Australia $	Other $	Total $
Segment other income	6,431,437	33			6,431,470
Segment loss	5,171,720	6,315	394,937	-	5,572,972
As at 30 June 2022:					
Segment assets	6,999,511	91,226	106,739	1,063	7,198,539
Segment non-current assets	42,727,597	3,051,622	272,669	-	46,051,888
Segment liabilities	(5,855,231)	182,854	227,795	9,668	(6,275,548)
Segment non-current liabilities	(23,044,179)	(4,232)	-	-	(23,048,411)
Included in segment result for the six months ended 31 December 2021:					
Interest expense	808,213	455	-	-	808,668
Depreciation	1,399,608	4,062	-	-	1,403,670

NOTE 18 - MATTERS SUBSEQUENT TO THE END OF PERIOD

On 16 January, the Group issued 7,428,460 new Ordinary Shares totalling gross proceeds of £3.0 million (US$3.6 million) at a price of 40p per share, These shares were issued after the successful equity Placing, Subscription and Retail Offer.

Seven Directors of Scotgold and a significant shareholder participated in the Subscription for a total of 1,435,000 Subscription Shares with a total value of £574,000 (US$700,280).

Further to the Capital Raising, Bridge Barn Limited, a company owned and controlled by Mr Nathaniel le Roux and provider of debt funding to the Company, has agreed the option to defer a total of £2.5 million capital repayments due by the Company in calendar year 2023 by up to 9 months from the due date.

Apart from the above, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

DIRECTORS OPINION

1. In the opinion of the Directors of Scotgold Resources Limited (the 'Company'):
    a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
        i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
        ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements,
    b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable,
    c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board,

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

,,

PHILLIP DAY – Managing Director and CEO

Dated at Tyndrum, this 29th day of March, 2023