Annual Report 2015

SCOTGOLD
RESOURCES LIMITED

ACN 42 127 042 773

Contents

Photographs contained in this Annual Report are for illustration purposes only and are not necessarily assets of the Company.

Company Information 01

ABN

42 127 042 773

Directors

Nathaniel le Roux	Non-Executive Chairman
Richard Gray	Managing Director
Chris Sangster	Non-Executive Director
Phillip Jackson	Non-Executive Director
Richard Harris	Non-Executive Director

Company Secretary

Peter Newcomb

Registered Office

24 Colin Street
Perth, WA 6005

Telephone:	+61 8 9222 5850
Facsimile:	+61 8 9222 5810
Email:	sgz@scotgoldresources.com

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth, WA 6000

Telephone:	+61 8 9323 2000
Facsimile:	+61 8 9323 2033

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, WA 6000

Telephone:	+61 8 9227 7500
Facsimile:	+61 8 9227 7533

Bankers

Westpac Banking Corporation
116 James Street
Northbridge, WA 6000

Securities Exchange Listing

Scotgold Resources Limited shares are listed on the Australian Securities Exchange and on the AIM board of the London Stock Exchange.

The home exchange is Perth, Western Australia.

ASX Code:	Shares	SGZ
AIM Code:	Shares	SGZ

Website

www.scotgoldresources.com

02 Review of Operations

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 km2 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.

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 **scotgoldresources.com** – ASX releases – 05/08/2015 – Cononish Gold and Silver Project Bankable Feasibility Study and Bankable Feasibility Study – Executive Summary.

Mineral 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.

Cononish Gold Project Mineral Resource Estimate as at 12/01/2015 *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

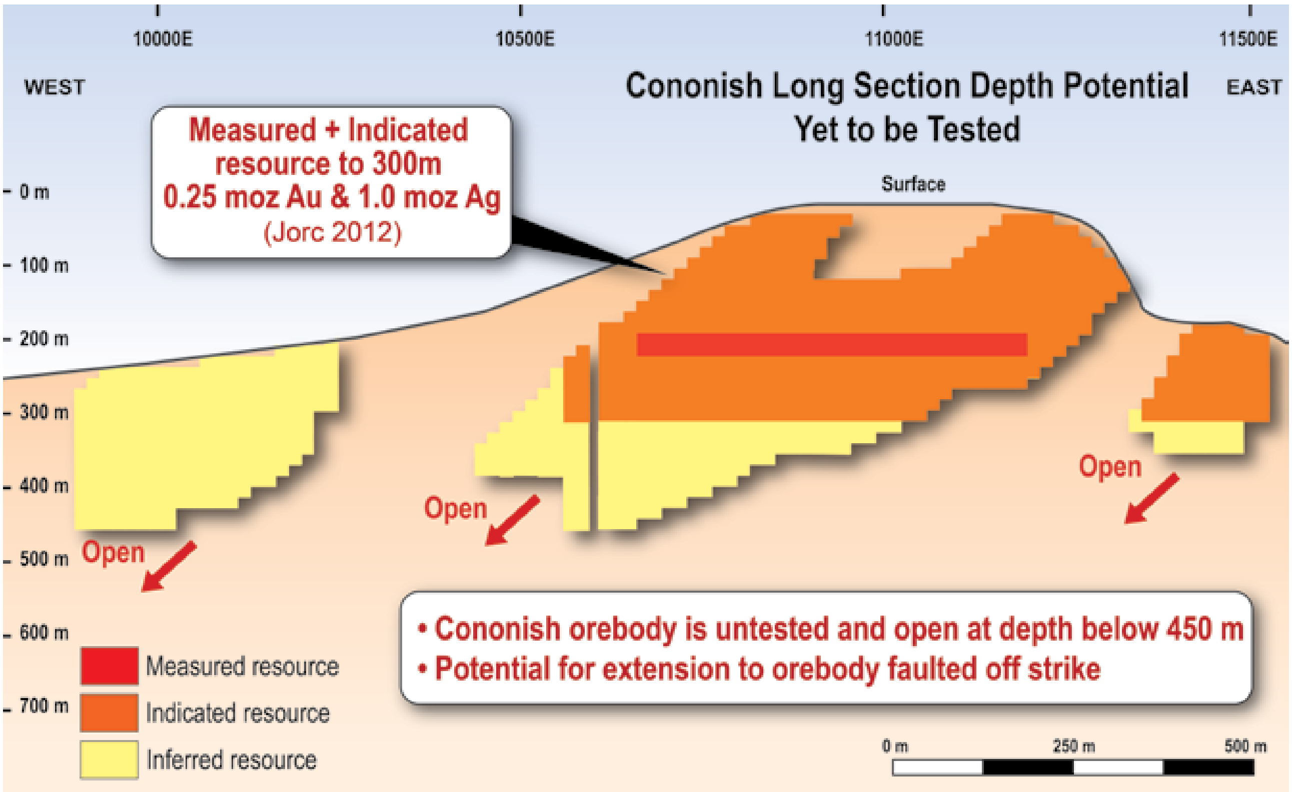
Reported from 3D block model with grades estimated by Ordinary kriging with 15 ml x 15 ml SMU Local Uniform Conditioning Adjustment. Minimum vein width is 1.2m. Totals may not appear to add up due to appropriate rounding.

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.



Long section showing Mineral Resource by classification

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

Classification			
As at 25 May 2015 (JORC 2012 Code)	**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)			
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			
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.

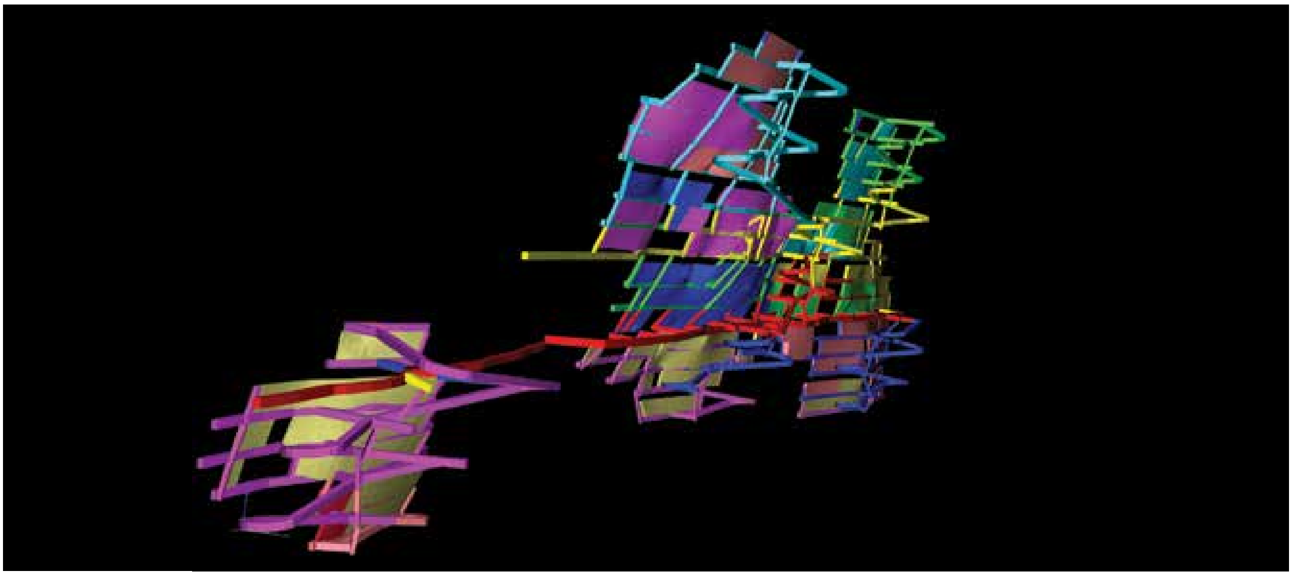
There were no Ore Reserves reported for the project as of 30/06/2014.

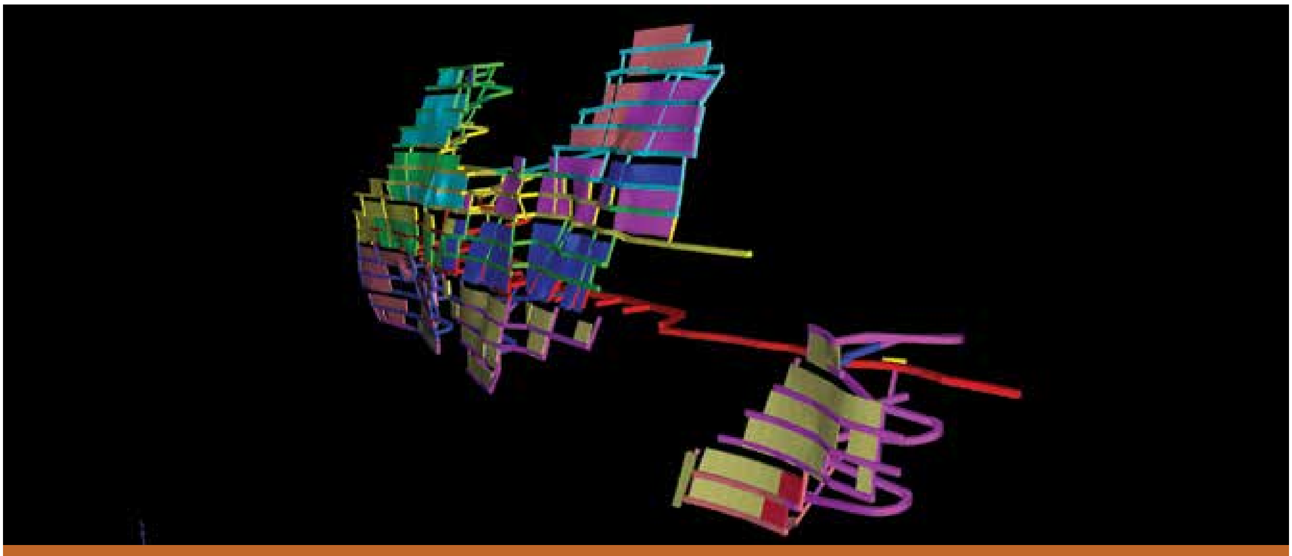
Bankable Feasibility Study

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.





Views of 3D model showing mine access infrastructure and stope layout

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.

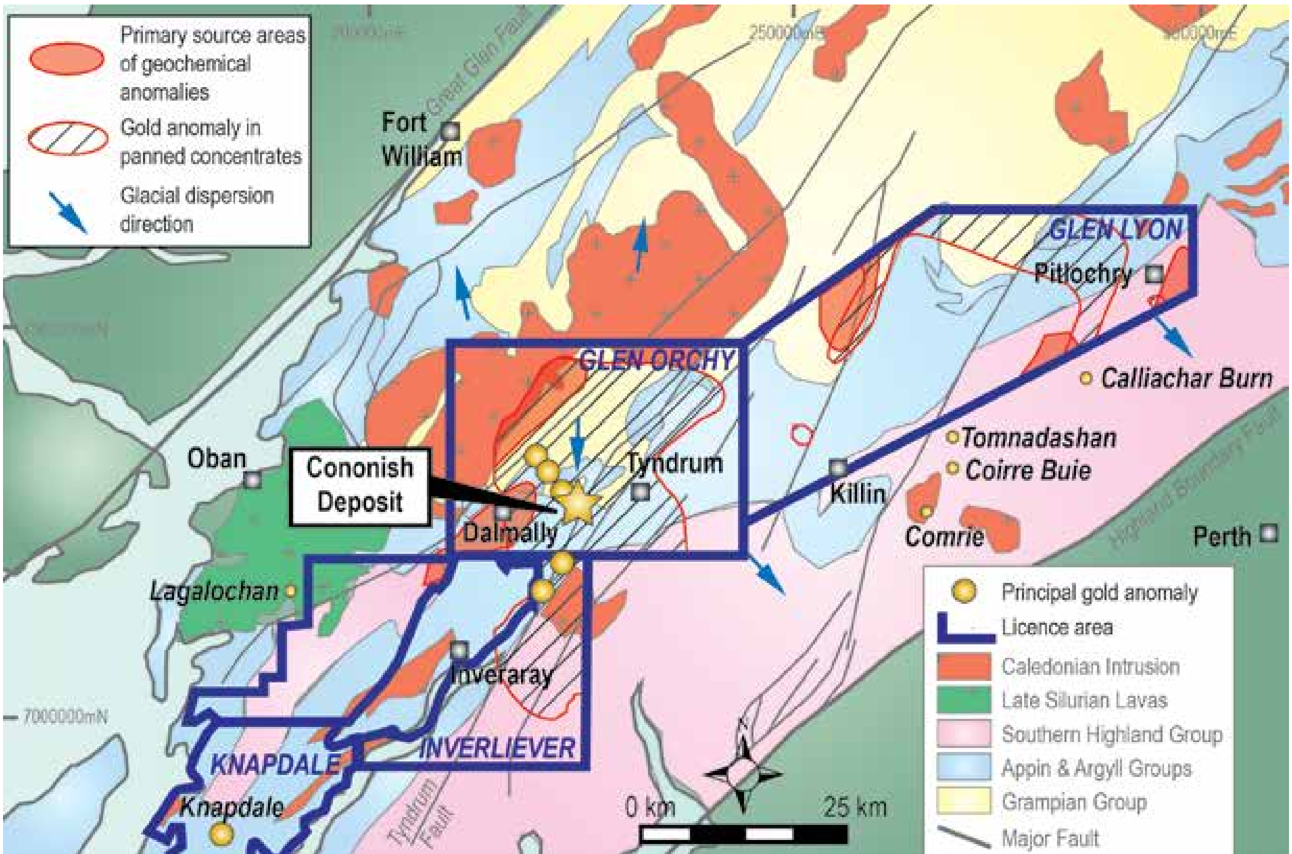
The Company continues in discussion with possible finance providers to examine financing options to bring the project to a development decision.

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 Gold and Silver 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.

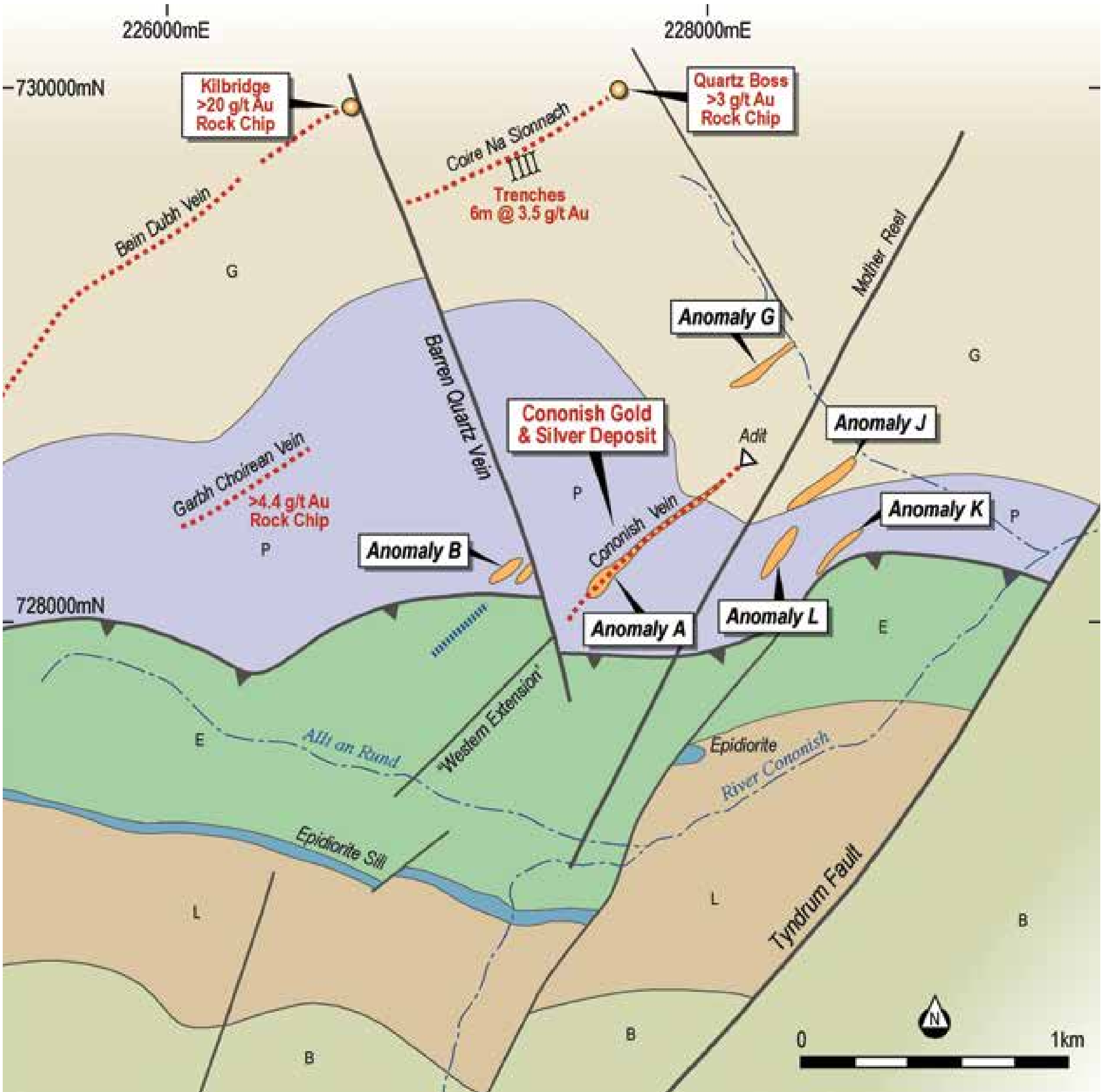


Regional geology showing ares under option within Dalradian Group

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.



Principal anomalies identified in the vicinity of Cononish Gold and Silver 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 864km2 to 660km2 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.

Directors' Report 03

for the year ended 30 June 2015

DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity consisting of Scotgold Resources Limited and its controlled entities ("Scotgold") for the financial year ended 30 June 2015.

DIRECTORS

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

		In office from	In office to
John Bentley	Non Executive Chairman	17/02/2009	10/10/2014
Alexander Littlejohn	Non Executive Chairman	10/10/2014	14/12/2014
Nathanial le Roux	Non Executive Chairman	18/03/2015	present
Chris Sangster	Managing Director	17/10/2007	10/10/2014
Richard Gray	Managing Director	10/10/2014	present
Nathanial le Roux	Non Executive Director	10/10/2014	18/03/2015
Chris Sangster	Non Executive Director	10/10/2014	present
Phillip Jackson	Non Executive Director	14/08/2007	present
Richard Harris	Non Executive Director	10/10/2014	present

PARTICULARS OF CURRENT DIRECTORS AND COMPANY SECRETARY

Nathaniel le Roux

Non-Executive Chairman MSc (Hons)

Qualifications and experience

Mr Nathaniel "Nat" le Roux spent most of his career in financial markets and was Chief Executive of IG Group plc between 2002 and 2006. He is an independent director of the London Metal Exchange and a trustee of various charities. Nat was born in Scotland and went to school in Edinburgh. He holds an MA in Law from Cambridge University and an MSc is Anthropology from University College London.

Interest in Shares and Options

Fully Paid Shares 456,564,373

Special Responsibilities

None.

Directorships held in ASX listed entities

None.

Richard Gray

Managing Director BSc (Hons) ARSM, MBA

Qualifications and experience

Mr Richard Gray most recently served as Head of Mining & Expansion at Avocet Mining PLC. He has extensive international experience, in both underground and open pit mine operations, and brings considerable operational knowledge and management experience and skills to the Company, particularly in the development and implementation of gold mining projects. He has previously held various roles at both majors and juniors within the gold mining sector and his successful career has included 15 years working in South Africa for Gencor Ltd and 10 years in West Africa for Golden Star Resources Ltd. Whilst at Golden Star he served as General Manager of Bogoso Gold Limited, General Manager of Golden Star Wassa Limited and Senior Vice President Operations of Golden Star Resources Ltd. He holds a BSc (Hons) Mining Engineering from the Royal School of Mines, Imperial College and an MBA from the Graduate School of Business, Cape Town University.

Interest in Shares and Options

Fully Paid Shares 2,912,946

Special Responsibilities

Mr Gray is the CEO / Managing Director and is responsible for the day to day running of the company.

Directorships held in ASX listed entities

None.

Christopher Sangster

Non-executive Director BSc (Hons), ARSM, GDE

Qualifications and experience

Mr Sangster is a mining engineer with over 30 years experience in the mining industry. He has a Bachelor of Science (Honours) Degree in Mining Engineering from the Royal School of Mines, Imperial College in London and a GDE in Mineral Economics from the University of Witwatersrand. He currently lives close to the Company's exploration licences at Comrie in Scotland.

Mr Sangster's career covers extensive production and technical experience at senior levels in both junior and multi-national companies in gold, diamonds and base metals in Africa, UK and Canada and covers a wide range of mining applications.

Between 1996 and 1999 Mr Sangster was General Manager for Caledonia Mining Corporation for the Cononish Gold Project and a Director of Fynegold Exploration, where he was responsible for all aspects of the project including feasibility study preparation, project due diligence, finance negotiations, exploration initiatives and planning permission applications.

After 1999, Mr Sangster moved to the Zambian Copperbelt with Anglo American Plc / KCM Plc where he attained the position of Vice President of Mining Services and in 2005 joined Australian Mining Consultants as a Principal Mining Engineer. More recently, Mr Sangster was employed as General Manager for AIM – listed company European Diamonds Plc.

Interest in Shares and Options

Fully Paid Shares 17,150,213

Special Responsibilities

None.

Directorships held in ASX listed entities

None.

Phillip Jackson

Non-executive Director BJuris LLB MBA FAICD

Qualifications and experience

Mr Jackson is a barrister and solicitor with over 25 years legal and international corporate experience, especially in the areas of commercial and contract law, mining law and corporate structuring. He has worked extensively in the Middle East, Asia and the United States of America. In Australia, he was formerly managing legal counsel for a major international mining company, and in private practice specialised in small to medium resource companies.

Mr Jackson was managing region legal counsel Asia-Pacific for a leading oil services company for 13 years. He is now General Counsel for a major international oil and gas company. He has been a Director of a number of Australian public companies, particularly mining companies. He has been Chairman of Aurora Minerals Limited since it listed in 2004 and Desert Energy Limited, since it listed in August 2007.

His experience includes management, finance, accounting and human resources.

Interest in Shares and Options

Fully Paid Shares 4,331,250

Special Responsibilities

Mr Jackson is Chairman of the Audit Committee.

Directorships held in ASX listed entities

Company Name	Appointed
Aurora Minerals Limited	24 September 2003
Peninsula Mines Limited	12 December 2006
Predictive Discovery Limited	4 December 2014

Richard Harris

Non-Executive Director BSC (Hons)

Qualifications and experience

Mr Richard Harris is a mining engineer with over 30 years' experience in the mining and finance industries as a mining analyst and public company director. He has considerable experience evaluating mining projects, advising, restructuring and raising capital for mining companies. Previously he was a director of Australian silver miner Alcyone Resources Ltd in 2009 after organising a syndicate group which recapitalized and relisted the company. In 2005 - 2008 as Managing Director (later Executive Chairman) he founded and listed as an IPO, Eleckra Mines Limited on the ASX. He holds a BSc (Hons) degree in Mining Engineering from University of Wales.

Interest in Shares and Options

Fully Paid Shares 42,999,999

Special Responsibilities

None.

Directorships held in ASX listed entities

None.

Directors' Report
for the year ended ended **30 June 2015**

Peter Newcomb

Company Secretary FCA (ICAEW)

Qualifications and experience

Mr Newcomb is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants Australia and New Zealand with forty years professional and commercial experience.

He has worked in a number of industries and locations including London, Scotland, Singapore and Perth. The majority of his experience over the last twenty years has been in the resources industry in Western Australia.

SHARES UNDER OPTION

At the date of this report unissued shares of the Company under option are:

Number of shares under option	Exercise price	Expiry date
3,000,000	$0.080	31 March 2022
153,161	£0.031	7 December 2015
7,111,111	£0.045	28 March 2016
30,000,000	$0.0069	22 September 2017

OPERATING AND FINANCIAL REVIEW

A review of the operations of the consolidated entity during the financial year is contained in the Review of Operations section of this Financial Report. The Company's strategy in Scotland continues to focus on advancing the 100% owned Cononish Gold and Silver Project to production whilst continuing to explore its large, highly prospective land position around Cononish and elsewhere in Scotland which extends to some 4,300 km^2.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in Scotland.

Operating Results

The consolidated loss after income tax for the financial year was $2,112,965 (2014: $1,466,149).

Financial Position

At 30 June 2015 the Company had cash reserves of $802,649 (2014: $640,857).

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2015, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

	Number eligible to attend	Number attended
John Bentley	-	-
Alexander Littlejohn	1	1
Nathaniel le Roux	3	3
Richard Gray	3	3
Richard Harris	3	3
Chris Sangster	3	3
Phillip Jackson	3	3

AUDIT COMMITTEE

The Audit Committee is comprised of Mr Jackson who chaired one meeting of the audit committee during the year ended 30 June 2015.

REMUNERATION REPORT (audited)

This report details the nature and amount of remuneration for each director and executive of Scotgold Resources Limited.

Remuneration policy

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold securities in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees. Company officers and Directors are remunerated to a level consistent with size of the Company.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

Performance-based remuneration

The company does not pay any performance-based component of salaries.

Details of remuneration for year ended 30 June 2015

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to Directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or companies associated with the Directors in accordance with agreements between the Company and those entities.

Details of the agreements are set out below.

Agreements in respect of remuneration of Directors:

Executive Directors

Richard Gray is on a contract dated 23 March 2015 which provides for a fixed salary and benefits, with a termination period of six months. The remuneration is reviewed annually. At the date of this report the annual remuneration for Richard Gray is £100,000. In the event of a termination of contract giving less notice than provided for in this contract, the remaining notice period will be paid in full.

Non-Executive Directors

The Company's constitution provides that the Non-Executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate sum determined by a general meeting. The aggregate remuneration has been set at an amount of $300,000 per annum. A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties. Executive Directors may be paid on commercial terms as the Directors see fit.

The total remuneration paid to key management personnel is summarised below:

Director/Secretary	Associated Company	Fees $	Consulting $	Total $
Year ended 30 June 2014				
John Bentley	Ptarmigan Natural Resources Ltd	91,982	-	91,982
Chris Sangster		-	241,348	241,348
Phillip Jackson	Holihox Pty Ltd	33,000	-	33,000
Peter Newcomb	Symbios Pty Ltd	-	170,100	170,100
		124,982	411,448	536,430
Year ended 30 June 2015				
John Bentley	Ptarmigan Natural Resources Ltd	16,531	-	16,531
Sandy Littlejohn		12,532	-	12,532
Nat le Roux		29,799	-	29,799
Richard Gray		-	139,292	139,292
Richard Harris	Golden Matrix Holdings Pty Ltd	27,265	-	27,265
Chris Sangster		92,646	142,874	235,520
Chris Sangster	Post-employment	-	61,590	61,590
Phillip Jackson	Holihox Pty Ltd	35,850	-	35,850
Peter Newcomb	Symbios Pty Ltd	-	170,100	170,100
		214,623	513,856	728,479

Key management personnel share holdings

	Balance 30 June 2013	Date of appointment	Purchase and Sales	Date of resignation	Balance 30 June 2014
Year ended 30 June 2014					
John Bentley	1,962,500	-	1,471,875	-	3,434,375
Chris Sangster	6,438,250	-	4,828,688	-	11,266,938
Phillip Jackson	750,000	-	562,500	-	1,312,500
Peter Newcomb	2,787,968	-	7,466,545	-	10,254,513
	11,938,718	-	14,329,608	-	26,268,326

	Balance 30 June 2014	Date of appointment	Purchase and Sales	Date of resignation	Balance 30 June 2015
Year ended 30 June 2015					
John Bentley	3,434,375	-	9,111,228	(12,545,603)	-
Sandy Littlejohn	-	2,666,667	2,666,667	(5,333,334)	-
Nat le Roux	-	87,333,333	369,231,040	-	456,564,373
Richard Gray	-	-	2,912,946	-	2,912,946
Richard Harris	-	29,874,933	13,125,066	-	42,999,999
Chris Sangster	11,266,938	-	5,883,275	-	17,150,213
Phillip Jackson	1,312,500	-	3,018,750	-	4,331,250
Peter Newcomb	10,254,513	-	1,666,666	-	11,921,179
	26,268,326	119,874,933	407,615,638	(17,878,937)	535,879,960

Directors' option holdings

No options were held by Directors in the years ended June 2014 and June 2015. Related party transactions now disclosed in remuneration report. The consolidated entity does not have any full time Executive officers, other than the Managing Director as detailed above. Aggregate amounts payable to Directors and their personally related entities.

	Consolidated Entity **2015** **$**	Consolidated Entity **2014** **$**
Accounts payable	54,182	187,653

There were no performance related payments made during the year. End of remuneration report.

ENVIRONMENTAL ISSUES

The consolidated entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The consolidated entity aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

INDEMNIFICATION OF DIRECTORS

During the financial year, the Company has not given an indemnity or entered into an agreement to indemnify any of the Directors.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

There were no non-audit services provided during the current year by our auditors, HLB Mann Judd.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 30 June 2015 and forms part of the Directors' report.

PROCEEDINGS ON BEHALF OF COMPANY

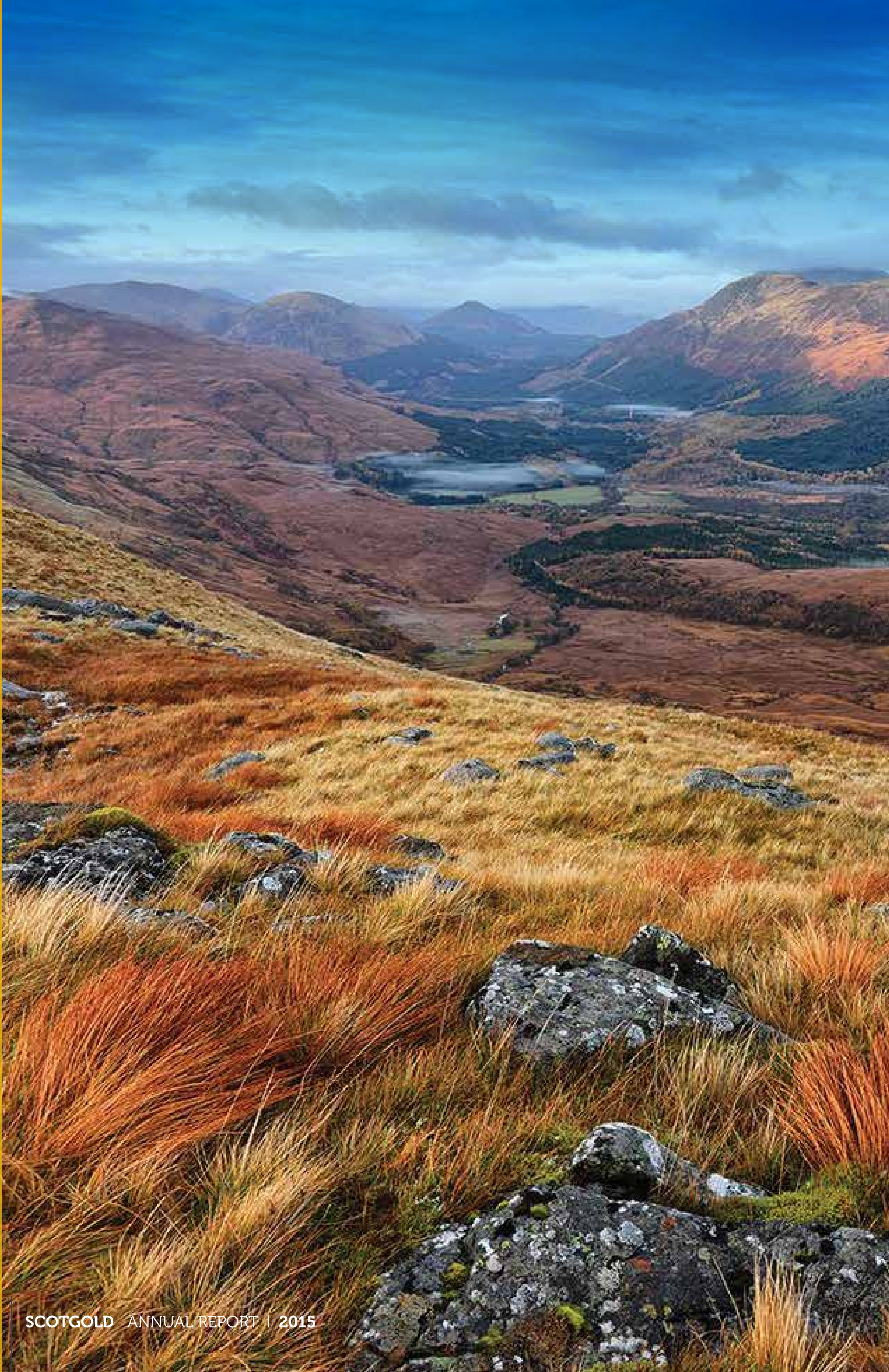
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors.

Richard Gray
Managing Director

Dated at Tyndrum, Scotland, this 29th day of September 2015



Auditor's Independence Declaration

for the year ended **30 June 2015**

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Scotgold Resources Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2015

M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
Liability limited by a scheme approved under Professional Standards Legislation

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

05 Statement of comprehensive Income

for the year ended 30 June 2015

	Notes	CONSOLIDATED 2015 $	2014 $
Revenue	2	10,607	20,413
Administration costs		(380,663)	(301,644)
Interest expense		(91,909)	(192,959)
Unwinding of convertible note discount	11	(110,338)	-
Depreciation and profit on disposal of property, plant and equipment	3	(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	19	(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	4	-	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)	23	(0.25)	(0.44)

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

Statement of financial Position 06

as at 30 June 2015

	Notes	CONSOLIDATED 2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	5	802,649	640,857
Trade and other receivables	6	38,440	169,989
Other current assets	7	23,712	13,026
Total Current Assets		864,801	823,872
NON-CURRENT ASSETS			
Trade and other receivables	6	102,649	90,335
Plant and equipment	8	104,605	121,301
Mineral exploration and evaluation	9	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	10	343,853	353,598
Other current liabilities	10	71,920	69,060
Interest bearing liabilities	11	-	3,031,286
		415,773	3,453,944
TOTAL LIABILITIES			
Interest bearing liabilities	11	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	12	22,711,529	18,463,121
Reserves	13	1,463,805	978,169
Accumulated losses	13	(10,077,922)	(7,964,957)
TOTAL EQUITY		14,097,412	11,476,333

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

07 Statement of changes in Equity

for the year ended 30 June 2015

CONSOLIDATED
Total Equity

Year Ended 30 June 2014	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
Balance 1 July 2013	16,766,418	(6,498,808)	871,648	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)	978,169	11,476,333
Year Ended 30 June 2015				
Balance 1 July 2014	18,463,121	(7,964,957)	978,169	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)	1,463,805	14,097,412

Reserves

Year Ended 30 June 2014	Options Reserve $	Convertible Note Reserve $	Foreign Currency Translation Reserve $	Total Reserves $
Balance 1 July 2013	917,000	-	(45,352)	871,648
Options issued	121,154	-	-	121,154
Total comprehensive result for the year	-	-	(14,633)	(14,633)
As at 30 June 2014	1,038,154	-	(59,985)	978,169
Year Ended 30 June 2015				
Balance 1 July 2014	1,038,154	-	(59,985)	978,169
Options issued	103,615	-	-	103,615
Equity portion of notes issued (Note 11)	-	356,555	-	356.555
Total comprehensive result for the year	-	-	25,466	25,466
As at 30 June 2015	1,141,769	356,555	(34,519)	1,463,805

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

Statement of Cash Flows

for the year ended 30 June 2015

	Notes	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	19	(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	5	802,649	640,857

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

09 Notes to and forming part of the Financial Statements

for the year ended 30 June 2015

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law. Cost is based on the fair value of the consideration given in exchange for assets.

The financial statements have also been prepared on a historical cost basis. The financial statements are presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in Australia and Scotland. The entity's principal activity is mineral exploration.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Scotgold Resources and its subsidiaries.

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 – REVENUE

	2015 $	2014 $
Revenue		
Interest received	5,709	9,758
Other income	4,898	10,655
Total revenue	10,607	20,413

NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSES

	2015 $	2014 $
Expenses		
Borrowing costs expensed	174,419	5,545
Total borrowing cost expensed	174,419	5,545
Depreciation of non-current assets		
Plant and Equipment	14,534	17,589
Motor vehicles	4,530	5,562
Office furniture and equipment	33	35
Total depreciation of non-current assets	19,097	23,186
Profit on disposal of property, plant and equipment	-	2,641

NOTE 4 - INCOME TAX

	2015 $	2014 $

The prima facie tax benefit at 30% on loss from ordinary activities is reconciled to the income tax benefit in the financial statements as follows:

Loss from ordinary activities	2,112,965	1,466,149
Prima facie income tax benefit at 30%	633,890	439,845
Tax effect of permanent differences		
Option based payments	(31,085)	(36,346)
Share issue costs amortised	24,389	48,772
R & D tax offset refund received	-	(44,880)
Other non-deductible expenses	(144)	(465)
Income tax benefit adjusted for permanent differences	627,050	406,926
Deferred tax asset not brought to account	(627,050)	(362,046)
Income tax benefit	-	44,880

INCOME TAX BENEFIT

The directors estimate the cumulative unrecognised deferred tax asset attributable to the company and its controlled entity at 30% is as follows:

UNRECOGNISED DEFERRED TAX ASSETS		
Revenue losses after permanent differences	1,941,836	1,701,215
Capital raising costs yet to be claimed	66,151	30,845
	2,007,987	1,732,060

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2015 as the Directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

a) The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;

b) The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and

c) No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

NOTE 5 – CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank and on hand	802,649	640,857

NOTE 6 – TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Current		
GST / VAT receivable	35,095	37,626
Other receivables	3,345	132,363
	38,440	169,989
Non-current		
Bond on Tenement	102,649	90,335

NOTE 7 – OTHER CURRENT ASSETS

	2015 $	2014 $
Prepayments	23,712	13,026

NOTE 8 – PLANT AND EQUIPMENT

	2015 $	2014 $
Plant and equipment		
Cost	351,550	349,150
Accumulated Depreciation	(246,945)	(227,849)
	104,605	121,301
Movement for the year		
Opening balance	121,301	144,487
Additions	2,401	-
Disposals	-	-
Depreciation expensed	(19,097)	(23,186)
Closing balance	104,605	121,301

NOTE 9 – 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 10 – TRADE AND OTHER PAYABLES

	2015 $	2014 $
Trade creditors	343,853	353,598
Other accruals	71,920	69,060
	415,773	422,658
Trade creditors and accruals relating to exploration expenditure	140,927	106,246
Trade creditors and accruals relating to administration	274,846	316,412
	415,773	422,658

Trade creditors are non-interest bearing and are normally settled on 30 day terms (2014: 30 days).

NOTE 11 – INTEREST BEARING LIABILITIES

	2015 $	2014 $

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 12 – ISSUED CAPITAL

	2015 $	2014 $
a) Issued capital		
1,135,392,472 ordinary shares fully paid (2014: 483,889,318)	22,711,529	18,463,121

(b) Movements in ordinary share capital of the Company were as follows:

Date	Details	Shares	Value (cents)	$
	Balance at 30 June 2013	211,565,739		16,766,418
20/09/2013	Placement	10,000,000	2.0000	200,000
06/01/2014	Entitlements Issue	148,519,802	0.5000	742,599
23/01/2014	Entitlements Issue Shortfall	17,654,502	0.5000	88,273
05/03/2014	Placement	90,000,000	0.7500	675,000
21/03/2014	Placement	6,149,275	0.8175	50,270
	Transaction costs arising on share issues	-		(59,439)
		483,889,318		18,463,121
	Balance at 30 June 2014	483,889,318		18,463,121
06/08/2014	Placement	56,874,933	0.7500	426,562
06/08/2014	Placement	18,765,318	1.0000	187,653
24/09/2014	Placement	9,000,000	0.8000	72,000
26/11/2014	Entitlements Issue	194,965,196	0.6000	1,169,791
15/12/2014	Entitlements Issue Shortfall	281,897,707	0.6000	1,691,386
06/05/2015	Placement	90,000,000	1.0000	900,000
	Transaction costs arising on share issues	-		(198,984)
	Balance at 30 June 2015	1,135,392,472		22,711,529

Shares issued for non-cash consideration amounted to $311,215 during the year.

	Number	$
(c) Movements in options were as follows:		
Balance at 30 June 2013	51,802,604	917,000
Options vesting – Incentive options	-	121,154
Options expiring 7 June 2014	(15,316,110)	-
Balance at 30 June 2014	36,486,494	1,038,154
Balance at 30 June 2014	36,486,494	1,038,154
Options vesting – Incentive options	-	13,615
Options expiring 30 September 2017	30,000,000	90,000
Balance at 30 June 2015	66,486,494	1,141,769

Option exercise dates and prices

Number	Exercise Price	Expiry Date
26,222,222	£0.0450	24 July 2015
3,000,000	$0.0800	31 March 2022
153,161	£0.0310	7 December 2015
7,111,111	£0.0450	28 March 2016
30,000,000	£0.0069	30 September 2017

(d) Voting and dividend rights

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholder's meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 13 – RESERVES AND ACCUMULATED LOSSES

	2015 $	2014 $
Accumulated Losses		
Balance at beginning of the year	(7,964,957)	(6,498,808)
Net loss from ordinary activities	(2,112,965)	(1,466,149)
Balance at end of the year	(10,077,922)	(7,964,957)
Foreign Currency Translation Reserve		
Balance at beginning of the year	(59,985)	(45,352)
Reserve arising on translation of foreign currency subsidiary	25,466	(14,633)
Balance at end of the year	(34,519)	(59,985)
Share Option Reserve		
Balance at beginning of the year	1,038,154	917,000
Options vesting – Incentive options	13,615	121,154
Reserve arising on Black Scholes valuation of options	90,000	-
Balance at end of the year	1,141,769	1,038,154
Convertible Note Reserve		
Balance at beginning of the year	-	-
Reserve arising on issue of convertible notes	356,555	-
Balance at end of the year	356,555	-

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share Option Reserve

The share option reserve is used to record the assessed value of options issued.

Convertible Note Reserve

The convertible note reserve is used to account for the equity component of the convertible notes.

NOTE 14 – SHARE BASED PAYMENTS

During the current and prior year share based payments in the form of shares and options were made as follows.

Grant Date	Purpose of issue	2015 Number	2015 Value each	2014 Number	2014 Value each
Options			(cents)		(cents)
8/10/2012	Consultants incentive options	-	-	3,000,000	8.0
24/9/2014	RMB Facility extension options	30,000,000	-	-	-
		30,000,000		3,000,000	
			Total		Total
Shares			($)		($)
6/8/2014	Directors' fees settled in shares	18,765,318	187,653	-	-
6/8/2014	Consultant's fee settled in shares	6,874,933	51,562	-	-
24/9/2014	RMB Facility extension shares	9,000,000	72,000	-	-
		346,402,251	311,215	-	

Consultants' incentive options vest as shown below and for the purposes of valuing the share based payment the total value is prorated using the number of days in the vesting period to 30 June 2015.

Grant date	Vesting date	Number	Volatility	Value date	Expiry date	Price (cents)	Non-marketability discount	Value 2014 $	Value 2015 $
8/10/12	31/03/13	1,000,000	111%	31/03/13	31/03/22	8.0	30%	44,923	-
8/10/12	31/03/14	1,000,000	111%	31/03/14	31/03/22	8.0	30%	44,923	-
8/10/12	31/03/15	1,000,000	111%	31/03/15	31/03/22	8.0	30%	31,308	13,615
		3,000,000						121,154	13,615

RMB facility extension option values were derived using the Black Scholes model using the following parameters:

Grant date	Vesting date	Number	Volatility	Value date	Expiry date	Price (cents)	Non-marketability discount	Value 2014 $	Value 2015 $
24/9/14	24/9/14	30,000,000	120%	24/9/14	22/9/17	1.3	30%	-	90,000
		30,000,000						-	90,000

The share options outstanding at the end of the year had a weighted average exercise price of 1.9 cents per option (2014: 6.9 cents per option).

The weighted average fair value of options granted or vested during the year was 0.3 cents per option (2014: 4.0 cents per option).

NOTE 15 - COMMITMENTS FOR EXPENDITURE

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay in the year ending 30 June 2016 amounts of $58,250 in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the financial report and are payable as follows:

	Minimum expenditure $	Licence Fee $	Total $
Not later than one year	27,000	31,250	58,250
Later than 1 year but not later than 2 years	27,000	31,250	58,250
Later than 2 years but not later than 5 years	81,000	93,750	174,750
	135,000	156,250	291,250

The Company has a number of avenues available to continue the funding of its current exploration program and as and when decisions are made, the Company will disclose this information to shareholders.

NOTE 16 - CONTINGENT LIABILITIES

The Company has entered into a donations agreement with the Strathfillan Community Development Trust ("SCDT") pursuant to which the Company will work with SCDT to provide additional facilities and opportunities for the community served by SCDT and provide funding in respect of the same of up to £350,000. This liability is contingent upon starting the development as defined under the Planning conditions and Decision letter.

Scotgold Resources Limited and its controlled entities have no other known material contingent liabilities as at 30 June 2015.

NOTE 17 - INVESTMENT IN CONTROLLED ENTITIES

	Registered Number	Country of Incorporation	Interest Held	Value of investment
Parent				$
Scotgold Resources Limited	42 127 042 773	Australia	100%	N/A
Subsidiary				
Scotgold Resources Limited	SC 309525	Scotland	100%	5,491,881
SGZ France SAS	804 686 582	France	100%	288,434
Scotgold Resources Portugal	513 303 057	Portugal	100%	1,490
Subsidiary of subsidiary				
Fynegold Exploration Limited	SC 084497	Scotland	100%	-

NOTE 18 - SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Scotgold Resources Limited.

NOTE 19 - NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after income tax to net operating cash flows

	2015 $	2014 $
Loss from ordinary activities	(2,112,965)	(1,466,149)
Depreciation	19,097	23,186
Profit on sale of fixed assets	-	(2,641)
Exploration expenditure expensed	393,196	-
Share-based payments	311,215	
Unwinding of convertible note discount	110,338	423,832
Non-cash movement on reserves	103,615	121,154
	(1,175,504)	(900,618)
Movement in assets and liabilities		
Receivables	119,236	(151,052)
Other current assets	(10,686)	11,592
Payables	(41,566)	22,374
Revaluation effect of foreign currency working capital	8,164	(16,550)
Net cash used in operating activities	(1,100,356)	(1,034,254)

NOTE 20 - KEY MANAGEMENT PERSONNEL

(a) Directors

The names and positions of Directors in office at any time during the financial year are:

		In office from	In office to
John Bentley	Non Executive Chairman	17/02/2009	10/10/2014
Alexander Littlejohn	Non Executive Chairman	10/10/2014	14/12/2014
Nathanial le Roux	Non Executive Chairman	18/03/2015	present
Chris Sangster	Managing Director	17/10/2007	10/10/2014
Richard Gray	Managing Director	10/10/2014	present
Nathanial le Roux	Non Executive Director	10/10/2014	18/03/2015
Chris Sangster	Non Executive Director	10/10/2014	present
Phillip Jackson	Non Executive Director	14/08/2007	present
Richard Harris	Non Executive Director	10/10/2014	present

(b) Remuneration Polices

Remuneration policies are disclosed in the Remuneration Report which is contained in the Directors' Report.

(c) Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to Directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities.

The Directors are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

The aggregate compensation made to key management personnel of the group is set out below.

	Consolidated	
	2015	2014
	$	$
Short-term employee benefits	479,236	536,430
Post-employment benefits	61,590	-
Other long term benefits	-	-
Share-based payments	187,653	-
	728,479	536,430

(e) Aggregate amounts payable to Directors and their personally related entities.

	Consolidated Entity	Consolidated Entity
	2015	**2014**
	$	**$**
Accounts payable	54,182	187,653

NOTE 21 - RELATED PARTY INFORMATION

	Parent Entity	Parent Entity
	2015	2014
Transactions within the Consolidated Entity	$	$
Aggregate amount receivable within the consolidated entities at balance date		
Non-current receivables	16,546,972	14,765,935

NOTE 22 - REMUNERATION OF AUDITORS

	Consolidated	
	2015	2014
	$	$
Auditing and reviewing of the financial statements of Scotgold Resources Limited and of its controlled entities.	36,250	33,100
	36,250	33,100

NOTE 23 - 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

There are no potential ordinary shares on issue at the date of this report.

NOTE 24 - FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and hire purchase liabilities.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst maintaining potential adverse effects on financial performance. The Group has developed a framework for a risk management policy and internal compliance and control systems that covers the organisational, financial and operational aspects of the group's affairs. The Chairman is responsible for ensuring the maintenance of, and compliance with, appropriate systems.

Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk and liquidity risk.

Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighted average interest rate on these financial assets, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2015	2014	2015 $	2014 $
Financial Assets				
Cash at Bank	1.03%	1.93%	802,649	640,857
Trade and other receivables	-	-	141,089	260,324
Total Financial Assets			943,738	901,181
Financial Liabilities				
RMB Loan	4.68%	6.70%	-	3,031,286
Trade and other payables	-	-	343,853	353,598
Total Financial Liabilities			343,853	3,384,884

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

Interest Rate Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

At 30 June 2015 the effect on the loss and equity as a result of a change in the interest rate of 1% with all other variables remaining constant is not material.

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

Currency	Liabilities 2015 $	Assets 2015 $	Liabilities 2014 $	Assets 2014 $
£ Sterling	223,847	514,960	3,338,417	175,824
€ Euro	81,757	95,560	-	-
	305,604	610,520	3,338,417	175,824

Foreign currency

Other than translational risk the Group has no significant exposure to foreign currency risk at the balance date.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority supervision.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

Capital Management Risk

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the Group since the prior year.

Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The consolidated entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

NOTE 25 - 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.

NOTE 26 - PARENT ENTITY DISCLOSURES

	2015 $	2014 $
Financial Position		
CURRENT ASSETS		
Cash and cash equivalents	249,160	530,256
Trade and other receivables	5,121	117,792
Total Current Assets	254,281	648,048
NON CURRENT ASSETS		
Plant and equipment	8,008	6,143
Investment in subsidiary	5,781,805	5,491,881
Loan to subsidiaries	9,517,270	8,580,077
Total Non Current assets	15,307,083	14,078,101
TOTAL ASSETS	15,561,364	14,726,149
CURRENT LIABILITIES		
Trade and other payables	110,169	218,373
Interest bearing loan	1,353,783	3,031,286
Total Current Liabilities	1,463,952	3,249,659
TOTAL LIABILITIES	1,463,952	3,249,659
NET ASSETS	14,097,412	11,476,490
EQUITY		
Issued capital	26,789,021	22,540,613
Reserves	1,498,324	1,038,154
Accumulated losses	(14,189,933)	(12,102,277)
TOTAL EQUITY	14,097,412	11,476,490
Financial Performance		
Loss for the year attributable to the parent	1,243,811	1,204,873
Write down of loans attributable to losses of subsidiaries	843,844	275,753
Other comprehensive income	-	-
Total comprehensive loss	2,087,655	1,480,626

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries, has no contingent liabilities, and has no commitments for acquisition of property, plant and equipment.

Director's Declaration

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 30 June 2015 and of its performance for the 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 has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

This declaration is made in accordance with a resolution of the Board of Directors.

Richard Gray
Managing Director

Dated at Tyndrum, Scotland, this 29th day of September 2015

11 Independent Auditor's Report

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Scotgold Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Scotgold Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

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Accountants | Business and Financial Advisers

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Scotgold Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that additional funding is required to ensure that the consolidated entity can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of approval of this financial report. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Scotgold Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
29 September 2015

12 Shareholder Details

ANALYSIS OF SHAREHOLDING

Shareholding		Number of Shareholders ASX	AIM	Total
1 -	1,000	66	4	70
1,001 -	5,000	70	2	72
5,001 -	10,000	117	6	123
10,001 -	100,000	620	48	668
100,001 -	or more	235	91	326
		1,108	151	1,259

Shareholding		Number of Shares ASX	AIM	Total
1 -	1,000	13,127	1,127	14,254
1,001 -	5,000	243,630	4,160	247,790
5,001 -	10,000	1,007,727	44,435	1,052,162
10,001 -	100,000	23,839,052	2,313,689	26,152,741
100,001 -	or more	706,884,748	401,040,777	1,107,925,525
Total on Issue		731,988,284	403,404,188	1,135,392,472

Voting Rights

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have :

a. for every fully paid share held by him one vote

b. for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with Corporations Act 2001.

Mr Nat le Roux	456,564,373	40.2%
Mr Richard Milne Harris	42,999,999	3.8%
Mr & Mrs Graham Donaldson	34,111,775	3.0%

Directors' Shareholding

The interest of each director in the share capital of the Company is detailed in the Directors' Report.

TOP TWENTY SHAREHOLDERS

Name	Shares	%	Rank	
Mr Nat Le Roux	456,564,373	40.2%	1	AIM
HSDL Nominees Limited	42,599,800	3.8%	2	ASX
Barclayshare Nominees Limited	36,195,163	3.2%	3	ASX
Golden Matrix Holdings Pty Ltd	32,999,999	2.9%	4	AIM
Td Direct Investing Nominees (Europe) Limited <SMKTNOMS>	25,781,103	2.3%	5	ASX
Hargreaves Lansdown (Nominees) Limited <15942>	23,791,793	2.1%	6	ASX
Hargreaves Lansdown (Nominees) Limited <VRA>	23,600,834	2.1%	7	ASX
Mr Graham Donaldson + Mrs Christine Donaldson	23,366,937	2.1%	8	AIM
Hsdl Nominees Limited <MAXI>	23,284,820	2.1%	9	ASX
Investor Nominees Limited <NOMINEE>	21,862,373	1.9%	10	ASX
HSBC Custody Nominees (Australia) Limited - A/C 2	21,055,480	1.9%	11	AIM
Investor Nominees Limited <WRAP>	18,167,453	1.6%	12	ASX
Jim Nominees Limited <JARVIS>	17,042,341	1.5%	13	ASX
Jim Nominees Limited <LSA>	14,878,328	1.3%	14	ASX
Share Nominees Ltd	13,474,628	1.2%	15	ASX
Mr Richard Robin David Nairn	13,000,000	1.1%	16	AIM
Mrs Dorita Maria Thomson	12,611,832	1.1%	17	AIM
Hargreaves Lansdown (Nominees) Limited <HLNOM>	10,196,438	0.9%	18	ASX
Mr Richard Milne Harris	10,000,000	0.9%	19	AIM
Secure Nominees Limited <SVCLT>	9,995,000	0.9%	20	ASX
	850,468,695	74.9%		

13 Interest in Exploration Leases

Scotland

Location	Agreement	Grant Date	Area
Cononish Glen Orchy	Landholder Lease	23 July 2009	20 km^2
Cononish Glen Orchy	Option Agreement	5 November 2013	975 km^2
Glen Lyon	Option Agreement	5 November 2013	1,369 km^2
Inverliever	Option Agreement	5 November 2013	660 km^2
Knapdale	Option Agreement	5 August 2013	676 km^2
Ochils	Option Agreement	5 August 2013	426 km^2

Mining Leases in Scotland – general information

The mineral rights to gold and silver in most of Britain, including Scotland, are generally held by the Crown, In order to explore for gold and silver, an option agreement is required to be concluded with the Crown which entitles the holder to explore for gold and silver (subject to access agreements with the landowner (see below)) and on the grant of planning permission (and other conditions), to take out a lease for exploitation of these metals.

Surface rights (and other minerals rights) are generally held by the landowner with whom access and lease agreements must separately be obtained.

Mineral developments in Scotland are governed by the Town and Country Planning (Scotland) Act, with responsibility for planning control exercised by the local Authority. Statutory designations inform as to the appropriate levels of environmental assessment to be carried out.

Corporate Governance Statement

The Board of Directors of Scotgold Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Scotgold Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The statement reports on Scotgold Resources Limited's key governance principles and practices.

Details of the Corporate Governance Statement can be found on the Scotgold Resources Limited's website at www.scotgoldresources.com.au/corporate/corporate-governance/

15 Company
Information Scotland

Exploration Office
Upper Tyndrum Station
Tyndrum, Stirlingshire
Scotland
FK20 8RY
Phone +44(0) 183 840 0306

Nominated Adviser (NOMAD)
Westhouse Securities Limited
Beaufort House
15 St. Botolph Street
London
EC3A 7BB
Phone +44(0) 207 601 6114

Share Registry
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Phone +44(0) 870 703 6300

Auditor
Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL
Phone +44(0) 131 473 3500

Solicitors
Harper McLeod LLP
The Ca'd'oro
Glasgow
G1 3PE
Phone +44(0) 141 221 8888

Bankers
Bank of Scotland
Shandwick Place
Edinburgh
EH11 1YH
Phone +44(0) 870 850 1671

Media
Bankside Consultants
6 Middle Street
London
EC1A
Phone +44(0) 207 367 8888

SCOTGOLD
RESOURCES LIMITED

24 Colin Street, West Perth, WA 6005
Telephone +61 8 9222 5850
Facsimile +61 8 9222 5810
Email sgz@scotgoldresources.com
www.scotgoldresources.com