ABN : 42 127 042 773

ANNUAL FINANCIAL REPORT 2016

CONTENTS

COMPANY INFORMATION

AND CONTROLLED ENTITIES

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
	Gabriel Chiappini	Non-Executive Director
Company Secretary	Gabriel Chiappini	

Registered Office

50 Ord Street
West Perth
WA 6005

Telephone: +61 8 9463 3260
Facsimile: +61 8 9463 6630
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
1257 Hay Street
West Perth
WA 6005

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.au

ABOUT SCOTGOLD

Scotgold Resources Limited ("the Company") 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. On 18 August 2016, the Company announced its intention to voluntarily delist from the ASX, subject to ASX approval.

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.

In January 2015 the Company completed a Mineral Resource Estimate and subsequently in August 2015 completed a Bankable Feasibility Study for the Cononish Project. On 24 February 2016 the Company announced its intention to conduct a Bulk Processing Trial ("BPT") and on 27 August 2016 the first official gold pour from the BPT was announced. The results and experience gained from the BPT will allow the Company to investigate whether a "phased" mine development approach would be viable and could achieve higher returns to shareholders with a lower peak funding requirement. Whilst the Company continues to examine financing options to bring the project to a development decision, it is not expected that financing agreements will be entered into prior to the outcomes of the BPT being fully considered.

The Grampian Gold Project comprises Crown Option agreements covering some 4100 km^2 in the south west Grampians of Scotland and covers some of the most prospective areas of the Dalradian geological sequence in the UK. This sequence extends westward from the UK to the eastern seaboard of Canada and the Appalachian belt in the US, and eastward into Sweden and Norway, has been identified by the British Geological Survey as being highly prospective for both significant gold and base metal deposits. On a more local scale, the Dalradian sequence extends to the south west from Scotland into Northern Ireland where it hosts other gold resources at Cavancaw (c. 0.8 Moz of gold) and Curraghinalt (c. 3.5M oz of gold).

The Company is conducting a regional stream sediment sampling program over the wider Grampian gold project area whilst continuing to evaluate a number of previously identified high grade outcrops in the vicinity of the Cononish project.

In May 2016, the Company announced the acquisition of the Pomar licence area in eastern central Portugal by its wholly owned Portuguese subsidiary, Scotgold Resources Portugal Ltda.

OPERATIONAL REVIEW

The Company's business is directed by the Board and managed by the Chief Executive Officer, supported by an executive team comprising CFO and Technical Director, and by the non-executive Chairman. The Executive team and Chairman are UK resident and day-to-day activities are managed from the Company's representative office in Tyndrum, Scotland.

In addition to the Chairman, CEO and Technical Director, the Board has 2 further non-executive directors based in Perth, Western Australia, where the Company also has its registered address and Company Secretary located.

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 Ltd, highlights of which are shown in Table 1 below

Table 1: Cononish Gold and Silver Project BFS Highlights

PRODUCTION	
Average Production	72,000 tonne per annum
Average LoM Grade (Au Eq)	11.8 gram/tonne
Average Metal Produced	23,370 ounces equivalent gold* per annum
Life of Mine	8 years
FINANCIAL (at Gold US$1,100/oz & Silver US$15/oz)	
Peak Funding Requirement	£18.5M
Total LoM Capital Expenditure	£24M
Unit Operating Costs	£327/ ounce equivalent gold (US$523/ ounce equivalent gold)
EBITDA	£67M
NPV (10%) pre-tax	£23M
IRR pre-tax	45%
Payback Period	19 months

* Ounces equivalent gold = ounces gold + ounces silver*15/1100 – ratio calculated at base case prices of $1100/oz Au and $15.00/oz Ag

The study demonstrates:

- Robust Project economics using a base case gold price of US$1,100/ounce (£688/ounce) with an EBITDA of £67.4M, a pre-tax free cashflow of £43.4M, pre-tax NPV(10%) of £22.5M and a pre-tax IRR of 45%.

- Low operating costs with Life of Mine ('LoM') average of £327/ounce equivalent gold (US$523/ounce equivalent gold) (including Royalties) and Project breakeven (0% IRR) at US$689/ ounce equivalent gold
- Peak Funding Requirement of £18.5M and all in LoM Capital including contingencies, replacements etc. of £24.0M
- Average annual gold production of 23,370 ounce equivalent gold with peak production in Year 2 of 28,540 ounce equivalent gold.
- Average LoM grade of 11.8 grams equivalent gold / tonne and peak grade of 15.4 grams equivalent gold / tonne in year 2.
- Rapid Implementation schedule of 16 months post contract and finance completion and short Payback Period of 19 months from full production.

Details of the material assumptions considered in the derivation of the production target and forecast financial information above and the BFS Study Executive Summary are provided on Scotgold's website at www.scotgoldresources.com.au– ASX releases – 05/08/2015 – Cononish Gold and Silver Project Bankable Feasibility Study and Bankable Feasibility Study – Executive Summary.

Mineral Resources

The Mineral Resource Estimate ("MRE") is classified as Measured, Indicated and Inferred Mineral Resources, (adhering to guidelines set out in the JORC Code (2012 Edition)), and is reported at a cut-off grade of 3.5 g/t gold as is presented in Table 2 below. Table 2 also serves as the Company's Annual Mineral Resource Statement.

Table 2: Annual Mineral Resource Statement as at 30/06/2016

Cononish Main Vein Gold and Silver Mineral Resources, prepared in accordance with the JORC code (2012 Edition) and reported at a 3.5 g/t Au cut-off as at 12/01/2015, which remain current.

Scotgold Resources Limited - Cononish Gold Project
Mineral Resource Estimate as at 12 January, 2015
Reported at a cut-off grade of 3.5 g/t gold

Classification	K Tonnes	Grade Au g/t	Metal Au Koz	Grade Ag g/t	Metal Ag Koz	In-situ Dry BD
Measured - In-situ	60	15.0	29	71.5	139	2.72
Indicated - In situ	474	14.3	217	58.7	895	2.72
Indicated - Mined Stockpile	7	7.9	2	39.0	9	2.72
Sub-total M&I	**541**	**14.3**	**248**	**59.9**	**1,043**	**2.72**
Inferred - In-situ	75	7.4	18	21.9	53	2.72
Total MRE	**617**	**13.4**	**266**	**55.3**	**1,096**	**2.72**

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

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

There is no change in the Mineral Resources reported as at 30/06/2015. An internal review of the Mineral Resource Estimate concluded that the estimation techniques and parameters employed remained appropriate.

The Cononish mineralisation remains open at depth down plunge and to the west along strike. There is therefore potential to add to the resource by further extensional drilling.
In addition to the currently defined Mineral Resources, Scotgold believes that there is additional resource development potential close to the Cononish mine, subject to appropriate and successful 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 Mineral Resources.

Ore Reserves

As part of initial work towards developing the BFS, Bara Consulting 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 an Ore Reserve Estimate was completed on 25 May 2015, in accordance with the JORC code (2012 Edition) based on the Mineral Resource Estimate (MRE) issued in January 2015.

There is no change to the Ore Reserves reported for the project as of 30/06/2015. An internal review of the Ore Reserve Statement concluded that the modifying factors used in determining the Ore Reserve remained appropriate and negligible depletion had occurred in the period.

Table 3 Annual Ore Reserve Statement as at 30/06/2016

As at 25 May 2015 (JORC 2012 Code)			
Classification	**Proven**	**Probable**	**Total**
Tonnes (‘000)	65	490	555
Au Grade (g/t)	11.5	11.1	11.1
Au Metal (k oz)	24	174	198
Ag Grade (g/t)	51.5	47.2	47.7
Ag Metal (k oz)	108	743	851
(Bara Consulting Limited Ore Reserve Statement dated May 2015)			

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.

Both the Mineral Resource Estimate and Ore Reserve statement were compiled by suitably qualified Independent Competent Persons (see below)

Bulk Processing Trial

In February 2016 the Company announced its intention to undertake a Bulk Processing Trial” (BPT) at Cononish. The principal objectives of the BPT are to demonstrate the marketability and profitability of Scottish gold production from Cononish. It will also give further confidence to metallurgical test-work already completed and to provide a basis for a review of the current development plan under the current Bankable Feasibility Study.

The planning application for the BPT was approved by the Loch Lomond & The Trossachs National Park Planning Authority in April 2016 and a small scale pilot plant was installed and commissioned by June 2016. This plant will treat around 2,400t (approximately 1,200 m3) over approximately a six-month period, sourced from a stockpile of approximately 7000t of ore grading around 7.9g/t Au and 39g/t Ag stockpiled on the mine ‘platform’ at Cononish. The material to be treated forms part of the Probable Reserves for the project (refer ASX and AIM announcements dated 25/05/2015 and 26/05/2015 respectively).

The process employed will be purely physical by crushing of the ore and using gravity separation via a centrifugal device to separate the high grade gold concentrate, similar to the planned full scale plant. However, the flotation circuit process has been replaced by a spiral bank to generate a sulphide, gold rich concentrate. This concentrate is then further upgraded via a shaking table and the final gold rich output from both the centrifugal device and spiral are smelted to produce a small quantity of doré (an impure bullion 'bar'). As no chemicals are being used on site as part of the BPT this gold generated can be classified as "ethical". The majority of the gold however remains in the sulphide concentrate which for the purposes of the BPT will be sold without further processing once economic shipping quantities have been produced.

Metallurgical recovery and unit processing costs in the BPT are not expected to achieve the planned results of the full scale gravity/float plant process in the Cononish Bankable Feasibility Study. They may, however, prove sufficiently attractive to justify investigating a lesser scale, lower upfront capital, earlier commercial production phase in advance of the full production phase as originally planned.

This can only be assessed once the initial results of the BPT are known. At that stage a revised mining plan, infrastructure development plan, capital/operating costs estimates and project returns can be determined. If a viable phased development route can be identified, it is likely to have a significantly lower peak financing requirement than the current BFS, as certain capital expenditures may either be able to be deferred or "self-funded" through early cashflow.

It should be noted that any such revised plan would require consultation with various stakeholders, including Loch Lomond & The Trossachs National Park Planning Authority and The Crown Estate, among others.

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.

Whilst advancing the Cononish project to production, the Company's strategy has been to conduct early stage regional exploration over the 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 (~4100 km^2) of the highly prospective Dalradian sequence. Basic exploration data, including gravity and airborne magnetics, is available from government surveys but is of a quality and spacing that does not adequately reflect the prospectivity of the area. This, and the general lack of previous exploration over the area (other than early stage exploration in the vicinity of the Cononish project), has dictated the Company's approach to exploration.

In order to advance its understanding of the regional setting the Company embarked on a regional scale stream sediment sampling program. In an initial wide spaced regional program, in excess of 750 stream sediment samples were taken across the project area. Interpretation of these results continues and this program has been 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 in excess of 1200 samples have been collected with interpretation of these results on-going, in conjunction with work undertaken by Drs. Gumiel and Arias (see below).

In parallel with this regional program, Scotgold continues to evaluate previously identified high grade outcrop samples identified by previous exploration close to the Cononish project. Initially, the Company conducted a re-sampling program to verify previously identified occurrences and this 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 movement along these faults.

Considerable follow up work has been undertaken 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.

In June 2015, Scotgold Resources Ltd engaged the services of Dr. Pablo Gumiel and Dr. Monica Arias, of Consulting de Geología y Minería, S.L., to conduct a structural study and initial analysis of Scotgold’s extensive GeographicInformation System (GIS) database covering the Grampian Gold project. The study aimed to develop a structural model, focused on the Cononish deposit, to improve the understanding of the evolution of gold and silver mineralisation in the Tyndrum area. The study then combined the extensive existing geochemical database with structural data from Drs Gumiel and Arias’ recent fieldwork, using new analytical techniques to assess various aspects of prospectivity and develop an initial prospectivity map. The map uses techniques that take account of a number of geological parameters identified in the study as critical to locating potential economic mineralisation, including:

- High grade rock outcrop data
- Fracture density
- Typology (characteristics) of the vein structures / systems
- Other GIS based historic data

Through 3 Dimensional (3D) geological and GIS modelling, a preliminary prospectivity map was developed for the study area to identify areas of high priority and potential, using a weighted gridding method.

Based on the resulting prospectivity map, the study has identified a series of high priority targets, with 6 being located within a 2.5 km radius of Cononish, including 2 outside the Loch Lomond and Trossachs National Park (LLTNP). A further 5 have been identified within the studied area, all of which are outside the LLTNP. Close to the Cononish deposit, Coire Nan Sionnach and Kilbridge are highlighted as highly prospective, along with two further parallel anomalies between the Cononish deposit and Coire Nan Sionnach. Outside this area, the map has re-highlighted the Beinn Udlaidh and Arrivain areas in particular as important targets for ongoing exploration. Based on the ranking in the study, the map shows the area to have a prospectivity at least comparable, if not higher, than the Cononish deposit. In addition, Glen Orchy (River Vein and Tom a Chro), Sron Garbh and Coire Chailein are indicated to have a high ranking warranting further exploration.

The study has distinguished a number of high priority vein systems / structures from those less likely to carry economic mineralisation and indicates the high potential for Cononish style mineralisation in the Glen Orchy option area. Further work is being planned for these targets during 2017 and will include applying the techniques used in this study to veins / structures in the highly prospective areas, in addition to traditional exploration techniques.

POMAR PROJECT

In May 2016, the Company announced the acquisition of the Pomar licence area in eastern central Portugal by its wholly owned Portuguese subsidiary, Scotgold Resources Portugal Ltda. Subsequent to this announcement a party of Scotgold staff and independent consultants visited the licence area to conduct an initial site visit. The Scotgold party was accompanied by independent consultant, Mr. Peter Flindell, an exploration geologist with a background in a wide range of commodities and of bringing exploration projects to commercial production.

The Pomar licence area includes the historic antimony mines of das Gatas, Pomar and Casalinho, in addition to numerous small scale trials and occurrences. Re-evaluation of the mineralisation during the site visit indicated there may be two separate mineralising events, an early antimony and later gold event. This opens up the potential for undiscovered gold prospects in zones with quartz-only mineralisation, given previous exploration efforts have focused on antimony mineralisation in the region.

The initial program proposed for the Pomar licence area is modest (cica £30,000) and consists of historical data collection & analysis, a mapping program and a soil sampling assay program. There is significant historical data available from previous exploration companies, including Billiton and Indumetal, comprising assay results and geophysical data. The Company intends to access and evaluate the historical data available in the licence area to aid further exploration efforts.

The soil sampling program is based around existing samples taken by the previous licence holder. These samples were not analysed, providing a great opportunity for Scotgold to gain a large volume of data quickly and cost-effectively and gather an overview of gold occurrences in the licence area. This field work will be supervised by our Country Manager Joao Barros, a geologist with extensive local knowledge and previous work experience of the Pomar licence area, under the guidance of Scotgold Projects Geologist Dr Nyree Hill.

A mapping program will focus on stratigraphic and structural mapping to identify the possibility for more wide scale gold occurrences and aid understanding the controls on mineralisation types across the Pomar licence area. This work is anticipated to be completed by Dr. Pablo Gumiel and Dr. Monica Arias, who have an existing working relationship with the Company having carried out the highly successful structural study within the Grampian Project last year.

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 - 2015 and various corresponding market releases.

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

The information in this report that relates to the 2015 Ore Reserves for Cononish Gold Project (refer ASX announcement dated 26/05/2015) is based on information compiled by Pat Willis, a Competent Person who is registered as a Professional Engineer (Pr.Eng.) with the Engineering Council for South Africa (ECSA) and a Fellow in good standing and Past President of the Southern Africa Institute of Mining and Metallurgy (FSAIMM). Mr Willis is employed by Bara Consulting Limited, an independent consulting company. Mr Willis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Willis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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

The Company announced on 12 May 2016 that wholly owned Portuguese subsidiary, Scotgold Resources Portugal Ltda, had been granted the Pomar Licence. The Company now owns a 100% interest in the Pomar Licence which is valid for 3 years (with an option to extend) and covers 264km^2 in eastern central Portugal, near Castelo Branco.

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 period.

STRATEGIC REVIEW

The Company's goal is to become a profitable long term gold producer, operating in low risk environments. To this end our immediate focus is the development of the advanced Cononish Gold and Silver Project in Scotland. To provide longevity beyond Cononish, and potentially growth in overall production, the Company is developing a pipeline of projects that we anticipate will meet our criteria. First and foremost of these is our Grampian Project which consists of 5 Option Agreements ("Exploration Licences") in Scotland and includes the highly prospective ground in the vicinity of Cononish. In addition we have this year acquired the Pomar Licence in Portugal and we are pursuing opportunities in France.

Since the recapitalisation of the Company in 2014, we have made excellent progress at Cononish, including new Mineral Resource Estimate, Ore Reserve Estimate, Bankable Feasibility Study (BFS) and most recently the Bulk Processing Trial (BPT). The BFS demonstrated the viability of Cononish and the next logical step would have been its finance and construction. The environment in 2015 however proved difficult, with limited appetite for a project of our relatively small size in the natural resource sector and in gold in particular. As a result we had not secured a funding package on terms acceptable to our shareholders by the end of the calendar year. At the beginning of 2016 a decision was taken to advance the project on a more modest scale and the BPT was announced and then successfully implemented.

Over the last 6 months in particular, we believe the finance market for gold projects has significantly improved. The BFS was conducted as a base case gold price of $1,100/oz or £687/oz, whereas the current price (6/9/2016) is approx. $1,340 which now equates to approx. £1,000/oz. In addition to the improved finance market, early indications from the BPT are that there will be opportunities to improve the project's development plan, through a phased development approach that will reduce the peak funding requirement. Furthermore the experienced gained from operating the pilot plant is reducing future technical risk and the anticipated premium that will be achieved on "Scottish" gold will further enhance the projects upside.

With regards to the future pipeline of projects, we have also made good progress. The structural study completed over Cononish and areas of the Grampian project has enabled us to prioritise the prospects and it is expected that this will enable us to more cost effectively progress these going forward. Similarly the Pomar project has a significant dataset available which will enable us to cost effectively asses its prospectivity and inform our future strategy accordingly.

The Board of directors has also made strides to adapt the Company to best serve our geographical, operational focus and goals. The Company Secretarial function performed in Perth, Western Australia has been outsourced and we are in the process of moving our financial accounting function to the UK. This will become more critical as the level of activity associated with the Cononish project continues to build. Also as previously mentioned, the Company has applied to the ASX to voluntarily delist. The decision to de-list from the ASX is due to a number of factors including the limited trading volume of securities in Scotgold on the ASX over a sustained period of time. Over the past 6 months approximately 98% of the securities trading occurred on AIM. Further, approximately 87% of the securities in Scotgold are held by UK residents or already registered as DIs on AIM. The voluntary delisting from the ASX will significantly reduce associated costs and management time, as well as consolidate trading onto one market that our UK based management team is best placed to serve.

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 2016.

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
Nathanial le Roux	Non Executive Chairman	18/03/2015	present
Richard Gray	Managing Director	10/10/2014	present
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	3/04/2016
Gabriel Chiappini	Non Executive Director	27/05/2016	present

PARTICULARS OF CURRENT DIRECTORS AND COMPANY SECRETARY

Nathaniel le Roux **Non-Executive Chairman** **MSc (Hons)**

Qualifications and experience

Mr Nathaniel "Nat" le Roux has spent most of his career in financial markets and was Chief Executive of IG Group plc between 2002 and 2006. He served as an independent director of the London Metal Exchange from 2008-2016 and is a trustee of various charities. Nat was born in Scotland and was educated 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	576,120,806
Options	45,656,433

Special Responsibilities

Overall strategic guidance and UK Capital markets.

Directorships held in ASX listed entities in the last three years

None

Richard Gray **Managing Director** **BSc (Hons)**

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	4,204,240
Options	291,294

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 in the last three years

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 an AIM – listed company European Diamonds Plc.

Interest in Shares and Options

Fully Paid Shares	18,204,484
Options	493,333

Special Responsibilities

Advice on technical and planning matters. Mr Sangster provides consulting services at commercial rates to the Company under a management agreement with the Company

Directorships held in ASX listed entities in the last three years

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 Peninsula Mines 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 and is responsible for legal matters.

Directorships held in ASX listed entities in the last three years

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

Gabriel Chiappini **Non-Executive Director** **ACA**

Qualifications and experience

Gabriel Chiappini is a Chartered Accountant with over 20 years' experience as a finance professional and a member of the Australian Institute of Company Directors. For the last 12 years Mr Chiappini has been managing his own Consulting Firm offering Non Executive Director and Company Secretarial services to a variety of ASX listed companies. Mr Chiappini has provided advice and services on equity raisings and divestment and acquisition strategies. Mr Chiappini is an experienced company director and is currently also a non-executive director of a number of ASX-listed companies.

Interest in Shares and Options

Fully Paid Shares	Nil

Special Responsibilities

Company Secretary

Directorships held in ASX listed entities in the last three years

Company Name	*Appointed*
Fastbrick Robotics Limited	15 December 2011
Black Rock Mining Limited	21 March 2012
Interpose Holdings Limited	12 August 2015
Global Geoscience Limited	3 November 2015

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	$0.0800	31 March 2022
30,000,000	$0.0069	22 September 2017
123,637,118	£0.0100	30 September 2017

OPERATING AND FINANCIAL REVIEW

A review of the operations of the consolidated entity during the financial year is contained in the Operations and Strategic Review 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 4,300km^2.

The consolidated entity also holds exploration interests in France and Portugal.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration and undertaking feasibility studies in relation to its Cononish project in Scotland.

Operating Results

The consolidated loss after income tax for the financial year was $1,505,592 (2015: $2,112,965).

Financial Position

At 30 June 2016 the Company had cash reserves of $738,866 (2015: $802,649).

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 2016, 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
Nathaniel le Roux	5	5
Richard Gray	5	5
Richard Harris	4	4
Chris Sangster	5	5
Phillip Jackson	5	5
Gabriel Chiappini	1	1

AUDIT COMMITTEE

The Audit Committee is comprised of Mr Jackson who chaired one meeting of the audit committee during the year ended 30 June 2016.

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 2016

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 (Managing Director) 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 plus pension contribution. 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/Executive	Associated Company	Short-term benefits Fees	Consulting	Post Employment	Total
		$	$	$	$
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	61,590	297,110
Phillip Jackson	Holihox Pty Ltd	35,850	-	-	35,850
Peter Newcomb	Symbios Pty Ltd	-	170,100	-	170,100
		214,623	452,266	61,590	728,479
Year ended 30 June 2016					
Nat le Roux		32,308	-	-	32,308
Richard Gray		-	203,666	2,037	205,703
Richard Harris	Golden Matrix Holdings Pty Ltd	17,100	43,250	-	60,350
Chris Sangster		18,843	159,800	-	178,643
Phillip Jackson	Holihox Pty Ltd	22,187	-	-	22,187
Gabriel Chiappini	Laurus Corporate Services Pty Ltd	1,616	21,948	-	23,564
Peter Newcomb	Symbios Pty Ltd	-	104,137	-	104,137
David Swan		-	32,587	-	32,587
		92,054	565,388	2,037	659,479

Key management personnel share holdings

	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

	Balance 30 June 2015	Purchase and Sales	Conversion of Note	Date of resignation	Balance 30 June 2016
Year ended 30 June 2016					
Nat le Roux	456,564,373	45,656,433	73,900,000	-	576,120,806
Richard Gray	2,912,946	1,291,294	-	-	4,204,240
Richard Harris	42,999,999	-	-	(42,999,999)	-
Chris Sangster	17,150,213	1,054,271	-	-	18,204,484
Phillip Jackson	4,331,250	-	-	-	4,331,250
David Swan	-	1,000,000	-	-	1,000,000
Peter Newcomb	11,921,179	774	-	(11,921,953)	-
	535,879,960	49,002,772	73,900,000	(54,921,952)	603,860,780

Key management personnel option holdings

	Free attaching options	Purchase and Sales	Expiry or exercise of options	Date of resignation	Balance 30 June 2016
Nat le Roux	102,502,587	(20,593,750)	(36,252,404)	-	45,656,433
Richard Gray	291,294	1,000,000	(1,000,000)	-	291,294
Chris Sangster	493,333	-	-	-	493,333
Peter Newcomb	774	-	-	(774)	-
	103,287,988	(20,593,750)	(37,252,404)	(774)	46,441,060

No options were held by Directors during the year ended June 2015.

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 for remuneration.

	Consolidated Entity **2016** **$**	Consolidated Entity **2015** **$**
Accounts payable	86,707	54,182

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.

SUBSEQUENT EVENTS

On 4 August 2016 the Company announced the placement of 62,500,000 shares to raise funds of £500,000 (A$880,000).

On 18 August the Company announced its intention to voluntarily de-list from ASX.

On 2 September 2016 the Company announced the conversion of Convertible Notes into Ordinary Shares at a rate of $0.006 per share as approved by shareholders at a meeting held on 30 July 2014.

Details of the conversion are:

Noteholder	Loan Value	Shares Issued
Richard Harris	75,000	12,500,000
Golden Matrix Holdings Pty Ltd	75,000	12,500,000
Alexander Littlejohn	70,000	11,666,667

Nathaniel le Roux holds Convertible Notes to the value of $336,600 and $600,000 which expire on 23 September 2016 and 30 September 2016, respectively.

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 2016 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 14th day of September 2016

HLB Mann Judd

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 2016, 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	**M R W Ohm**
14 September 2016	**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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

SCOTGOLD RESOURCES LIMITED
AND CONTROLLED ENTITIES

	Notes	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Revenue	2	1,459	10,607
Administration costs		(438,021)	(380,663)
Interest expense		(983)	(91,909)
Unwinding of convertible note discount	11	(215,526)	(110,338)
Depreciation and profit on disposal of property, plant and equipment	3	(15,376)	(19,097)
Exploration expensed as incurred		(131,303)	(393,196)
Employee and consultant costs		(278,702)	(290,597)
Listing and share registry costs		(229,571)	(174,758)
Legal fees		(84,417)	(185,448)
Borrowing costs		-	(174,419)
Share-based payments	14	-	(13,615)
Office and communication costs		(71,549)	(106,503)
Other expenses		(41,603)	(183,029)
LOSS BEFORE INCOME TAX BENEFIT		(1,505,592)	(2,112,965)
Income tax benefit	4	-	-
LOSS FOR THE YEAR		(1,505,592)	(2,112,965)
Other Comprehensive Income			
Items that may be reclassified to Profit or Loss			
Exchange difference on translation of foreign subsidiaries		(94,490)	25,466
Total comprehensive result for the year		(1,600,082)	(2,087,499)
Basic (loss) per share (cents per share)	24	(0.12)	(0.25)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

SCOTGOLD RESOURCES LIMITED
AND CONTROLLED ENTITIES

	Notes	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
CURRENT ASSETS			
Cash and cash equivalents	5	738,866	802,649
Trade and other receivables	6	63,004	38,440
Inventory	7	26,993	-
Other current assets	8	21,109	23,712
Total Current Assets		849,972	864,801
NON-CURRENT ASSETS			
Trade and other receivables	6	89,977	102,649
Plant and equipment	9	348,626	104,605
Mineral exploration and evaluation	10	15,730,586	14,794,913
Total Non Current assets		16,169,189	15,002,167
TOTAL ASSETS		17,019,161	15,866,968
CURRENT LIABILITIES			
Trade and other payables	11	157,835	343,853
Other current liabilities	11	121,439	71,920
Interest bearing liabilities	12	1,124,409	-
		1,403,683	415,773
NON-CURRENT LIABILITIES			
Interest bearing liabilities	12	-	1,353,783
		-	1,353,783
TOTAL LIABILITIES		1,403,683	1,769,556
NET ASSETS		15,615,478	14,097,412
EQUITY			
Issued capital	13	25,829,677	22,711,529
Reserves	14	344,515	1,463,805
Accumulated losses	14	(10,558,714)	(10,077,922)
TOTAL EQUITY		15,615,478	14,097,412

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

CONSOLIDATED

	Issued Capital	Accumulated Losses	Options Reserve	Convertible Note Reserve	Foreign Currency Translation Reserve	Total Equity
Year Ended 30 June 2015	$	$	$		$	$
Balance 1 July 2014	18,463,121	(7,964,957)	1,038,154	-	(59,985)	11,476,333
Placements (Note 13)	1,586,215	-	-	-	-	1,586,215
Entitlements Issue (Note 13)	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 12)	-	-	-	356,555	-	356,555
Total comprehensive result for the year	-	(2,112,965)	-	-	25,466	(2,087,499)
As at 30 June 2015	22,711,529	(10,077,922)	1,141,769	356,555	(34,519)	14,097,412
Year Ended 30 June 2016	$	$	$		$	$
Balance 1 July 2015	22,711,529	(10,077,922)	1,141,769	356,555	(34,519)	14,097,412
Placements (Note 13)	1,053,904	-	-	-	-	1,053,904
Entitlements Issue (Note 13)	1,476,010	-	-	-	-	1,476,010
Options exercised	254,388	-	-	-	-	254,388
Share issue expenses	(109,554)	-	-	-	-	(109,554)
Equity portion of notes converted	443,400	107,800	-	(107,800)	-	443,400
Options expiry	-	917,000	(917,000)	-		-
Total comprehensive result for the year	-	(1,505,592)	-	-	(94,490)	(1,600,082)
As at 30 June 2016	25,829,677	(10,558,714)	224,769	248,755	(129,009)	15,615,478

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers		(1,343,403)	(1,106,066)
Interest income received		326	5,709
Net Cash Outflow From Operating Activities	19	(1,343,077)	(1,100,357)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(1,050,176)	(1,274,409)
Purchase of property, plant and equipment		(259,398)	(2,400)
Net Cash Outflow From Investing Activities		(1,309,574)	(1,276,809)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		2,784,301	4,136,178
Share and option issue transaction costs		(109,553)	(198,984)
Borrowings net of costs		-	1,600,000
Loan repayments		-	(3,031,286)
Net Cash Inflow From Financing Activities		2,674,748	2,505,908
Net increase in cash held		22,097	128,742
Effect of exchange rate fluctuations on cash and cash equivalents		(85,880)	33,050
Cash and cash equivalents at the beginning of this financial year		802,649	640,857
Cash and cash equivalents at the end of this financial year	5	738,866	802,649

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

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, Scotland France and Portugal. 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 Limited 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. At balance date, the consolidated entity had current assets of $849,972 and current liabilities of $1,403,683. Subsequent to balance date, additional cash funds of $880,000 have been raised through the placement of shares. In addition, the conversion into share capital of $220,000 of Convertible Notes has reduced current liabilities by this amount.

The consolidated entity is also anticipating revenues over the ensuing twelve month period from gold sales derived from its Bulk Processing Trial. The conversion of some or all of the remaining Convertible Notes (refer Note 12) would further enhance the financial position of the Consolidated entity.

While the Board considers that the consolidated entity is a going concern it is also recognised that additional funding may be required to ensure that the consolidated entity can continue to fund its operations and further their mineral exploration and evaluation activities during the twelve-month period from the date of this financial report. Such additional funding can potentially be derived from either one or a combination of the following:

- Loan funds
- Exercise of outstanding Share Options
- 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 constitutes 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 14 September 2016.

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 2016, 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 2016. 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

The presentation currency of the consolidated financial statements is Australian dollars. In addition, functional currency is determined for each entity in the Group 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 (£). The functional currency of SGZ France SAS and Scotgold Resources Portugal is the Euro (€).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of the consolidated financial statements 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

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.

At 30 June 2016, the Group had capitalised mineral exploration and evaluation expenditure of $15,639,785 (2015: $14,794,913). The Directors do not believe and indications of impairment are present. 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.

Classification of exploration and evaluation

The Bulk Processing Trial is designed to demonstrate technical feasibility and commercial viability, so the criteria to reclassify any exploration to development have not been met.

	2016 $	2015 $
NOTE 2 – REVENUE		
Revenue		
Interest received	1,459	5,709
Other income	-	4,898
Total revenue	1,459	10,607

NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSES

	2016 $	2015 $
Expenses		
Borrowing costs expensed	-	174,419
Total borrowing cost expensed	-	174,419
Depreciation of non-current assets		
Plant and Equipment	11,749	14,534
Motor vehicles	3,598	4,530
Office furniture and equipment	29	33
Total depreciation of non-current assets	15,376	19,097

NOTE 4 - INCOME TAX

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:

	2016 $	2015 $
Loss from ordinary activities	(1,505,592)	(2,112,965)
Prima facie income tax benefit at 30%	451,678	633,890
Tax effect of permanent differences		
Option based payments	-	(31,085)
Share issue costs amortised	27,368	24,389
Other non-deductible expenses	(667)	(144)
Income tax benefit adjusted for permanent differences	478,379	627,050
Deferred tax asset not brought to account	(478,379)	(627,050)
Income tax benefit	-	-

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:

	2016 $	2015 $
UNRECOGNISED DEFERRED TAX ASSETS		
Revenue losses after permanent differences	2,474,823	1,941,836
Capital raising costs yet to be claimed	65,076	66,151
	2,539,899	2,007,987

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2016 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 un-recouped 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 un-recouped exploration expenditure.

Franking Credits

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

NOTE 5 – CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and on hand	738,866	802,649

NOTE 6 – TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
GST / VAT receivable	61,825	35,095
Other receivables	1,179	3,345
	63,004	38,440
Non-current		
Bond on Tenement	89,997	102,649

NOTE 7 – INVENTORY

	2016 $	2015 $
Inventory	26,993	-

NOTE 8 – OTHER CURRENT ASSETS

Prepayments	21,109	23,712

NOTE 9 – PLANT AND EQUIPMENT

Plant and equipment

Cost	610,947	351,550
Accumulated Depreciation	(262,321)	(246,945)
	348,626	104,605

Movement for the year

Opening balance	104,605	121,301
Additions	259,397	2,401
Depreciation expensed	(15,376)	(19,097)
Closing balance	348,626	104,605

NOTE 10 – MINERAL EXPLORATION AND EVALUATION

Opening balance	14,794,913	13,894,769
Bulk processing trial expenditure	90,801	-
Other expenditure during the year	976,175	1,293,340
Expenditure expensed as incurred	(131,303)	(393,196)
Closing balance	15,730,586	14,794,913

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

NOTE 11 – TRADE AND OTHER PAYABLES

Trade creditors	157,835	343,853
Other accruals	121,439	71,920
	279,274	415,773
Trade creditors and accruals relating to exploration expenditure	115,142	140,927
Trade creditors and accruals relating to administration	164,132	274,846
	279,274	415,773

Trade creditors are non-interest bearing and are normally settled on 30 day terms (2015: 30 days).

NOTE 12 – INTEREST BEARING LIABILITIES

Convertible Notes

The Company 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). Options to acquire ordinary shares in the Company and attaching to certain of the Convertible Notes have all expired and are no longer available.

During the year on 22 March 2016, $443,400 Convertible Notes were converted into 73,900,000 ordinary shares of the Company at the conversion price of $0.006 per share. This partial conversion reduced the principal amount due under the Convertible Notes by the same amount.

Subsequent to year end on 2 September 2016 a further $220,000 Convertible Notes were converted into 36,666,667 ordinary shares of the Company at the conversion price of $0.006 per share.

The remaining outstanding balances of the Convertible Notes comprise $336,600 with a conversion price of $0.006 per ordinary share and £300,000 ($600,000) with a conversion price of £0.006. The repayment dates are 23 September, and 30 September 2016, respectively.

The balance outstanding at 30 June 2016 is made up as follows:

	First draw 23 September, 2014 $	Second draw 30 March, 2015 $	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	225,785	100,079	325,864
Partial Conversion	(443,400)	-	(443,400)
Interest paid	(1,500)	-	(1,500)
	537,764	586,645	1,124,409

	2016 $	2015 $
NOTE 13 – ISSUED CAPITAL		
(a) Issued capital		
1,437,697,714 ordinary shares fully paid (2015: 1,135,392,472)	25,829,678	22,711,529

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

Date	Details	Shares	Value (cents)	$
	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
07/10/2015	Entitlements Issue	95,295,889	1.3000	1,238,847
28/10/2015	Entitlements Issue Shortfall	18,243,341	1.3000	237,163
24/10/2015	Placement	10,556,659	1.3000	137,237
20/01/2016	Options conversion	12,000	1.9000	228
22/03/2016	Loan conversion	73,900,000	0.6000	443,400
29/03/2016	Placement	83,333,333	1.1000	916,667
14/04/2016	Options conversion	20,593,750	1.2000	247,125
15/06/2016	Options conversion	370,271	1.9000	7,035
	Transaction costs arising on share issues			(109,554)
	Balance at 30 June 2016	1,437,697,715		25,829,677

Shares issued for non-cash consideration amounted to Nil during the year (2015: $311,215).

(c) Movements in options were as follows:

	Number	$
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
Options expired during the year 24 July 2015	(26,222,222)	(785,000)
Options expired during the year 7 December 2015	(153,161)	(7,000)
Options expired during the year 28 March 2016	(7,111,111)	(125,000)
Options issued expiring 30 September 2017	124,095,889	-
Options exercised	(382,271)	-
Options issued on part conversion of note	56,846,154	-
Note options exercised 31 March 2016	(20,593,750)	-
Note options expired 31 March 2016	(36,252,404)	
Balance at 30 June 2016	156,713,618	224,769

Option exercise dates and prices

Number	Exercise Price	Expiry Date
3,000,000	$0.0800	31 March 2022
30,000,000	£0.0069	22 September 2017
123,713,618	£0.0100	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 14 – RESERVES AND ACCUMULATED LOSSES

Accumulated Losses	**2016 $**	**2015 $**
Balance at beginning of the year	(10,077,922)	(7,964,957)
Net loss from ordinary activities	(1,505,952)	(2,112,965)
Movement on Convertible Note Reserve	107,800	-
Options expiry	917,000	-
Balance at end of the year	(10,558,714)	(10,077,922)

	2016 $	**2015 $**
Foreign Currency Translation Reserve		
Balance at beginning of the year	(34,519)	(59,985)
Reserve arising on translation of foreign currency subsidiary	(94,490)	25,466
Balance at end of the year	(129,009)	(34,519)
Share Option Reserve		
Balance at beginning of the year	1,141,769	1,038,154
Options expiry	(917,000)	-
Options vesting – Incentive options	-	13,615
Reserve arising on Black Scholes valuation of options	-	90,000
Balance at end of the year	224,769	1,141,769

Convertible Note Reserve

Balance at beginning of the year	356,555	-
Partial conversion of convertible note	(107,800)	-
Reserve arising on issue of convertible notes	-	356,555
Balance at end of the year	248,755	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 15 – 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	2016 Number	2016 Value each (cents)	2015 Number	2015 Value each (cents)
Options					
24/9/2014	RMB Facility extension options	-	--	30,000,000	-
		-	-	30,000,000	
					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
				34,640,251	311,215

The share options outstanding at the end of the year had a weighted average exercise price of 1.8 cents per option (2015: 1.9 cents per option).

The weighted average fair value of options granted or vested during 2015 was 3.0 cents per option. The options granted during the year were free attaching options and as such no value was attributed to them.

NOTE 16 - 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 2017 amounts of $760,000 in respect of tenement expenditure commitments and lease rentals. The commitments have the caveat that they are dependent on exploration success and subject to review. 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	710,000	50,000	760,000
Later than 1 year but not later than 2 years	860,000	50,000	910,000
Later than 2 years but not later than 5 years	4,400,000	150,000	4,550,000
	5,970,000	250,000	6,220,000

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 17 - 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 2016.

NOTE 18 - 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 Ltda	513 303 057	Portugal	100%	1,490
Subsidiary of subsidiary				
Fynegold Exploration Limited	SC 084497	Scotland	100%	-

NOTE 19 - 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.

Year ending 2015	Scotland $	Australia $	Other $	Total $
Segment revenues	5,020	5,587	-	10,607
Segment loss	398,130	1,243,811	471,024	2,112,965
Segment assets	15,506,846	262,290	97,832	15,866,968
Segment liabilities	223,846	1,463,953	81,757	1,769,556
Included in segment result:				
Interest expense	832	91,077	-	91,909
Depreciation	18,563	534	-	19,097
Capitalised exploration	900,144	-	-	900,144
Acquisition of fixed assets	2,401	-	-	2,401

Year ending 2016	Scotland $	Australia $	Other $	Total $
Segment revenues	1,133	326	-	1,459
Segment loss	492,999	810,756	201,837	1,505,592
Segment assets	16,869,064	72,550	77,547	17,019,161
Segment liabilities	141,274	1,231,156	31,253	1,403,683
Included in segment result:				
Interest expense	983	-	-	983
Depreciation	14,734	642	-	15,376
Capitalised exploration	895,454	-	40,219	935,673
Acquisition of fixed assets	259,397	-	-	259,397

Analysis excludes intercompany indebtedness and for the parent includes corporate expenses incurred in UK.

	2016 $	2015 $

NOTE 20 - NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after income tax to net operating cash flows

	2016 $	2015 $
Loss from ordinary activities	(1,505,592)	(2,112,965)
Depreciation	15,376	19,097
Exploration expenditure expensed	131,303	393,196
Share-based payments	-	311,215
Unwinding of convertible note discount	215,526	110,338
Non-cash movement on reserves	-	103,615
	(1,143,387)	(1,175,504)
Movement in assets and liabilities		
Receivables	(11,892)	119,236
Inventory	(26,993)	-
Other current assets	2,603	(10,687)
Payables	(110,714)	(41,566)
Revaluation effect of foreign currency working capital	(52,694)	8,164
Net cash used in operating activities	(1,343,077)	(1,100,357)

NOTE 21 - 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
Nathanial le Roux	Non Executive Chairman	18/03/2015	present
Richard Gray	Managing Director	10/10/2014	present
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	3/04/2016
Gabriel Chiappini	Non Executive Director	27/05/2016	present

(b) Remuneration Polices

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

(c) Key management personnel remuneration

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 2016 $	Consolidated 2015 $
Short-term employee benefits	657,442	479,236
Post-employment benefits	2,037	61,590
Share-based payments	-	187,653
	659,479	728,479

(d) Aggregate amounts payable to Directors and their personally related entities for remuneration.

	Consolidated Entity **2016** **$**	Consolidated Entity **2015** **$**
Accounts payable	86,707	54,182

NOTE 22 - RELATED PARTY INFORMATION

Transactions within the Consolidated Entity	Parent Entity 2016 $	Parent Entity 2015 $
Aggregate amount receivable within the consolidated entities at balance date		
Total non-current receivables	18,811,307	16,546,972
Write down of loans attributable to losses of subsidiaries	(7,909,829)	(7,029,702)
Non-current receivables in parent entity	10,901,478	9,517,270

NOTE 23 - REMUNERATION OF AUDITORS

	Consolidated 2016 $	Consolidated 2015 $
Auditing and reviewing of the financial statements of Scotgold Resources Limited and of its controlled entities.	36,750	36,250
	36,750	36,250

NOTE 24 - LOSS PER SHARE

	Consolidated 2016 $	Consolidated 2015 $
Earnings used in calculation of earnings per share	(1,505,592)	(2,112,965)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	1,273,583,261	840,098,450

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

NOTE 25 - 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	
	2016	2015	2016 $	2015 $
Financial Assets				
Cash at Bank	0.05%	1.03%	738,866	802,649
Trade and other receivables		-	174,090	141,089
Total Financial Assets			912,956	943,738
Financial Liabilities				
Trade and other payables	-	-	157,835	343,853
Total Financial Liabilities			157,835	343,853

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 2016 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	Assets	Liabilities	Assets
	2016 $	2016 $	2015 $	2015 $
£ Sterling	141,276	747,462	223,847	514,960
€ Euro	31,253	37,327	81,757	95,560
	172,529	784,789	305,604	610,520

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 26 - 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.

On 4 August 2016 the Company announced the placement of 62,500,000 shares to raise funds of £500,000 (A$880,000).

On 18 August the Company announced its intention to voluntarily de-list from ASX.

On 2 September 2016 the Company announced a full conversion of Convertible Notes into Ordinary Shares at a rate of $0.006 per share as approved by shareholders at a meeting held on 30 July 2014.

Details of the conversion are:

Noteholder	Loan Value $	Shares Issued
Richard Harris	75,000	12,500,000
Golden Matrix Holdings Pty Ltd	75,000	12,500,000
Alexander Littlejohn	70,000	11,666,667

Nat le Roux has remaining Notes to the value of $336,600 and £300,000 (A$600,000) with repayment / conversion dates of 23 September and 30 September 2016 respectively.

NOTE 27 - PARENT ENTITY DISCLOSURES

Financial Position	2016 $	2015 $
CURRENT ASSETS		
Cash and cash equivalents	61,661	249,160
Trade and other receivables	3,523	5,121
Total Current Assets	65,184	254,281
NON CURRENT ASSETS		
Plant and equipment	7,366	8,008
Investment in subsidiary	5,781,805	5,781,805
Loan to subsidiaries	10,992,279	9,517,270
Total Non-Current assets	16,781,450	15,307,083
TOTAL ASSETS	16,846,634	15,561,364
CURRENT LIABILITIES		
Trade and other payables	106,747	110,169
Interest bearing loan	1,124,409	1,353,783
Total Current Liabilities	1,231,156	1,463,952
TOTAL LIABILITIES	1,231,156	1,463,952
NET ASSETS	15,615,478	14,097,412
EQUITY		
Issued capital	29,907,169	26,789,021
Reserves	581,324	1,498,324
Accumulated losses	(14,873,015)	(14,189,933)
TOTAL EQUITY	15,615,478	14,097,412

Financial Performance

Loss for the year attributable to the parent	1,600,082	2,087,655
Total comprehensive loss	1,600,082	2,087,655

Loss attributable to the parent entity includes write down of loans to subsidiaries caused by subsidiary losses of $789,326 (2015: $843,844).

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.

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 2016 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 2016.

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

RICHARD GRAY – Managing Director

Dated at Tyndrum, Scotland, this 14th day of September, 2016.

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 statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the 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 of the consolidated entity comprising 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 gives a true and fair view and 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*, the consolidated financial statements comply 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 about 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 of the financial report that gives a true and fair view 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 the company's and its controlled entities' 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.

Independence

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

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

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 2016 and 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 mineral exploration and evaluation activities 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 2016. 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 2016 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
14 September 2016

ANALYSIS OF SHAREHOLDING

Shareholding			Number of Shareholders ASX	AIM	Total
1	-	1,000	68	4	72
1,001	-	5,000	65	2	67
5,001	-	10,000	109	7	116
10,001	-	100,000	593	47	640
100,001	-	or more	247	102	349
			1,082	162	1,244

Shareholding			Number of Shares ASX	AIM	Total
1	-	1,000	15,121	1,117	16,238
1,001	-	5,000	220,485	4,160	224,645
5,001	-	10,000	933,236	45,091	978,327
10,001	-	100,000	22,998,773	2,083,029	25,081,802
100,001	-	or more	880,519,138	630,120,731	1,510,639,869
Total on Issue			904,686,753	632,254,128	1,536,940,881

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	576,120,806	37.48%
Mr Richard Milne Harris	67,999,999	4.42%

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	576,120,806	37.48%	1	ASX
HSDL NOMINEES LIMITED	94,755,344	6.17%	2	AIM
HARGREAVES LANSDOWN (NOMINEES) LIMITED	89,317,959	5.81%	3	AIM
JIM NOMINEES LIMITED	69,233,241	4.50%	4	AIM
TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED	67,786,430	4.41%	5	AIM
BARCLAYSHARE NOMINEES LIMITED	42,749,758	2.78%	6	AIM
MR GRAHAM DONALDSON + MRS CHRISTINE DONALDSON	34,736,709	2.26%	7	ASX
BEAUFORT NOMINEES LIMITED	34,408,355	2.24%	8	AIM
SVS (NOMINEES) LIMITED	29,380,803	1.91%	9	AIM
GOLDEN MATRIX HOLDINGS PTY LTD	25,499,999	1.66%	10	ASX
INVESTOR NOMINEES LIMITED	25,245,326	1.64%	11	AIM
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	21,055,480	1.37%	12	ASX
SHARE NOMINEES LTD	19,873,414	1.29%	13	AIM
ALLIANCE TRUST SAVINGS NOMINEES LIMITED	19,790,645	1.29%	14	AIM
WEALTH NOMINEES LIMITED	17,647,192	1.15%	15	AIM
MR ALEXANDER LITTLEJOHN	17,000,001	1.11%	16	ASX
MR RICHARD MILNE HARRIS	15,000,000	0.98%	17	ASX
MR RICHARD ROBIN DAVID NAIRN	13,000,000	0.85%	18	ASX
MR WILLIAM STYSLINGER	13,000,000	0.85%	19	ASX
MRS DORITA MARIA THOMSON	12,611,832	0.82%	20	ASX
	1,238,213,294	80.56%		

TOP TWENTY OPTIONHOLDERS

Name	Shares	%	Rank	
MR NAT LE ROUX	45,656,433	36.9%	1	ASX
MR ALAN STANLEY STARKEY	10,000,000	8.1%	2	ASX
MR WILLIAM STYSLINGER	10,000,000	8.1%	3	ASX
BARCLAYSHARE NOMINEES LIMITED	9,170,195	7.4%	4	ASX
JIM NOMINEES LIMITED	4,581,346	3.7%	5	ASX
HSDL NOMINEES LIMITED	3,702,881	3.0%	6	ASX
INVESTOR NOMINEES LIMITED	3,439,008	2.8%	7	ASX
MR GRAHAM DONALDSON &	2,776,022	2.2%	8	ASX
INVESTOR NOMINEES LIMITED	2,526,987	2.0%	9	ASX
MR KARL ALAN STARKEY	2,500,000	2.0%	10	ASX
NR ADAM JAMES STARKEY	2,500,000	2.0%	11	ASX
HSDL NOMINEES LIMITED	2,146,740	1.7%	12	ASX
TD DIRECT INVESTING NOMINEES	1,664,349	1.3%	13	ASX
BREWIN 1762 NOMINEES LIMITED	1,501,900	1.2%	14	ASX
HARGREAVES LANSDOWN (NOMINEES)	1,353,612	1.1%	15	ASX
HARGREAVES LANSDOWN (NOMINEES)	1,140,413	0.9%	16	ASX
TD DIRECT INVESTING NOMINEES	1,086,766	0.9%	17	ASX
HARGREAVES LANSDOWN (NOMINEES)	1,022,929	0.8%	18	ASX
JIM NOMINEES LIMITED	944,259	0.8%	19	ASX
HSDL NOMINEES LIMITED	912,477	0.7%	20	ASX
	108,626,317	86.9%		

Scotland

Location	Agreement	Grant Date	Area
Cononish Glen Orchy	Landholder Lease	23 July 2009	20 sq km
Cononish Glen Orchy	Crown Lease	31 May 2012	
Cononish Glen Orchy	Option Agreement	5 November 2015	975 sq km
Glen Lyon	Option Agreement	5 November 2015	1,369 sq km
Inverliever	Option Agreement	5 November 2015	660 sq km
Knapdale	Option Agreement	5 November 2015	676 sq km
Ochils	Option Agreement	5 November 2015	426 sq km

Portugal

Location	Agreement	Grant Date	Area
Pomar MN/PP/001/16	Exploration Contract	21 April 2016	264 sq km

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 http://www.scotgoldresources.com.au/corporate/corporate-governance/

COMPANY INFORMATION - SCOTLAND

SCOTGOLD RESOURCES LIMITED
AND CONTROLLED ENTITIES

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