SCOTGOLD
RESOURCES LTD

ABN : 42 127 042 773

INTERIM REPORT AT 31 DECEMBER 2019

CONTENTS

COMPANY INFORMATION

AND CONTROLLED ENTITIES

Company / Group / Economic Entity	Scotgold Resources Limited and controlled entities
ABN	Scotgold Resources Limited, incorporated in Australia - 42 127 042 773
Company Secretary	Richard Barker
Registered Office	Suite 4, 189 Stirling Highway, Nedlands, Western Australia, 6009
Securities Exchange Listing	AIM board of the London Stock Exchange. AIM Code: “SGZ”
Nominated Adviser and Broker	SP Angel Corporate Finance LLP Prince Frederick House, 35-39 Maddox Street, London, W1S 2PP
Website	www.scotgoldresources.com

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Your Directors submit their report on the consolidated entity consisting of Scotgold Resources Limited and its controlled entities ("Scotgold") for the six months ended 31 December 2019. All amounts are presented in Australian Dollars, unless otherwise stated.

DIRECTORS

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

Nathaniel le Roux	Non-Executive Chairman
Richard Gray	Managing Director
Chris Sangster	Non-Executive Director
Phillip Jackson	Non-Executive Director
Richard Barker	Company Secretary/ Non-Exec Director
Peter Hetherington	Non-Executive Director
William Styslinger	Non-Executive Director
Ian Proctor	Non-Executive Director (from 14/08/2019)

Mr Proctor was appointed to the Board on 14 August 2019. He has waived director fees for the time being. There are no agreements in place between Mr Proctor and the Company or any controlled entity for the rendering of any services additional to those provided in his role as Non-Executive Director.

REVIEW OF OPERATIONS

The principal activities of the consolidated entity during the year were the development of the Cononish gold and silver mine and mineral exploration.

Cononish Gold and Silver Project

The first of five shipments of components of the processing plant to be installed at the Cononish mine arrived at Grangemouth on 28 August 2019, with all seaborne components being received by 12 October 2019.

On 19 September 2019, SGZ Cononish Limited signed a contract with Robinsons Scotland Limited for the construction of a dedicated plant building to house the processing plant as well as the construction of the infrastructure for the tailings management facility at the Cononish mine.

On 16 December 2019, the Company provided an update to shareholders in respect of the Cononish schedule indicating that first gold production was expected in May 2020.However, subsequent events are expected to delay the start of production.

Grampian Project

On 24 October 2019, the Company announced the conclusion of the thirteen new exploration agreements and the replacement of the five agreements in effect at 30 June 2019, with the effective date of these new exploration agreements being retrospective to 5 November 2018.

On 15th January 2020, the Company provided an update on the results of the programs undertaken during the period.

Portugal

On 18 July 2019, the consolidated entity announced its decision not to extend the Pomar licence and the intention to apply to the Director General of Energy and Geology to terminate the licence.

France

The voluntary liquidation of SGZ France SAS was concluded on 1 October 2019.

CORPORATE

On 7 August 2019, SGZ Cononish Limited received £50,000 from Scottish Enterprise in the form of the first payment of the Regional Selective Assistance grant.

On 14 August 2019, Ian Proctor was appointed as a Non-Executive Director.

On 28 August 2019, the consolidated entity announced an increase of £1,500,000 in the amount available under the secured loan facility provided by Bridge Barn Limited and the subscription by investors, including key management personnel, for 3,285,783 new ordinary shares in the Company at a subscription price of £0.35 per share. At the same time, the terms of the secured loan facility were amended to extend the repayment period of each tranche drawn down on the facility from 24 months to 36 months.

On 7th January 2020, the Company announced that 97.6% of the options issued pursuant to the 2017 Rights Issue had been exercised and £970,000 in funding had been raised therefrom.

SUBSEQUENT EVENTS

On 27th March 2020 to Company provided an update to the development of the Cononish Gold Mine and the impact of Covid 19. The Company reported that the schedule had been negatively impacted by one of the wettest starts to the year on record and that despite various mitigation measures put in place it was apparent that first gold production would be delayed beyond May 2020.

This was further compounded by the impact of Covid 19. Acting upon advice from the Scottish Government and in the interests of all its stakeholders, the Company suspended all mining operations and placed the Cononish Mine on temporary care and maintenance.

As the Company does not know when it will be advised that full development activities can resume, it is not possible to be certain that the funding the Company currently has available will be sufficient to complete the development and achieve positive operational cashflow.

The Company will review its situation and update the market accordingly as events unfold.

AUDITOR

The Perth, Australia affiliate of BDO International, BDO Audit (WA) Pty Ltd, are the auditors of the Company.

NON-AUDIT SERVICES

The Directors have considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by BDO Corporate Tax (WA) Pty Ltd did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

AUDITOR'S INDEPENDENCE DECLARATION

The Independence Declaration in relation to the review of the interim financial report which is required to be provided to the Directors of the Company by our Auditors, BDO Audit (WA) Pty Ltd, in terms of Section 307C of the Corporations Act 2001, has been received for the six months ended 31 December 2019 and forms part of the Directors' report.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to Section 306(3) of the Corporations Act 2001.

....
RICHARD GRAY – Managing Director

Dated at Southampton, England, this 31st day of March 2020

BDO

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF SCOTGOLD RESOURCES LIMITED

As lead auditor for the review of Scotgold Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Scotgold Resources Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 31 March 2020

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	Six months to 31 December 2019 $	31 December 2018 $
Interest income	2	22,917	3,516
Grants received and other income	2	94,186	-
Gain on loan renegotiation		38,383	-
Administration costs		(227,246)	(284,185)
Interest expense	3	(273,557)	(43,468)
Depreciation of plant and equipment		(334,968)	(29,952)
Pre-development costs expensed as incurred		-	(1,253,211)
Employee and consultant costs, excluding share-based payments		(354,968)	(280,217)
Share-based payments		(54,527)	-
Listing and share registry costs		(84,248)	(121,870)
Legal fees		(19,469)	(12,882)
Office and communication costs		(28,334)	(69,146)
Other expenses		(37,579)	(32,671)
LOSS BEFORE INCOME TAX		(1,259,410)	(2,124,086)
Income tax benefit		-	-
LOSS FOR THE PERIOD		(1,259,410)	(2,124,086)
Other Comprehensive Income			
Items that may be reclassified to Profit or Loss			
Exchange difference on translation of foreign subsidiaries		1,047,852	145,458
Total comprehensive result for the period		(211,558)	(1,978,628)
Basic (loss) per share (cents per share)		(2.62)	(4.81)

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

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

SCOTGOLD RESOURCES LTD
AND CONTROLLED ENTITIES

	Notes	31 December 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		4,567,789	3,917,920
Trade and other receivables	4	354,082	57,970
Inventory		29,230	29,724
Other current assets		216,240	93,273
Total Current Assets		5,167,341	4,098,887
NON-CURRENT ASSETS			
Trade and other receivables	4	1,597,172	1,511,493
Plant and equipment	5	1,124,326	996,562
Right of use assets	6	606,363	-
Mineral exploration and evaluation	7	2,494,995	2,034,815
Mine development expenditure	8	26,834,910	20,293,754
Total Non-Current Assets		32,657,766	24,836,624
TOTAL ASSETS		37,825,107	28,935,511
CURRENT LIABILITIES			
Trade and other payables		894,772	581,947
Other current liabilities		63,739	63,123
Borrowings	9	506,954	174,838
Total Current Liabilities		1,465,465	819,908
NON-CURRENT LIABILITIES			
Borrowings	9	8,549,294	4,212,914
Provisions	10	416,666	238,690
Total Non-Current Liabilities		8,965,960	4,451,604
TOTAL LIABILITIES		10,431,425	5,271,512
NET ASSETS		27,393,682	23,663,999
EQUITY			
Issued capital	11	44,977,901	41,098,558
Reserves		664,503	(448,311)
Accumulated losses		(18,248,722)	(16,986,248)
TOTAL EQUITY		27,393,682	23,663,999

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

SCOTGOLD RESOURCES LTD
AND CONTROLLED ENTITIES

	Issued Capital	Accumulated Losses	Options Reserve	Share-based payment reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$	$
HALF YEAR TO 31 DECEMBER 2018						
Balances at 1 July 2018	**39,706,967**	**(13,467,793)**	**134,769**	**-**	**(61,295)**	**26,312,648**
Total comprehensive result for the period	-	(2,124,086)	-	-	145,458	(1,978,628)
Transactions with owners in their capacity as owners:						
Issue of shares	1,390,854	-	-	-	-	1,390,854
Options exercised	240	-	-	-	-	240
Balances at 31 December 2018	**41,098,061**	**(15,591,879)**	**134,769**	**-**	**84,163**	**25,725,114**
HALF YEAR TO 31 DECEMBER 2019						
Balances at 1 July 2019	**41,098,558**	**(16,986,248)**	**134,769**	**205,182**	**(788,262)**	**23,663,999**
Adjustment on initial application of AASB16		(3,064)				(3,064)
Total comprehensive result for the period	-	(1,259,410)	-	-	1,047,852	(211,558)
Transactions with owners in their capacity as owners:						
Issue of shares	2,075,997	-	-	-	-	2,075,997
Options converted	1,792,820	-	-	-	-	1,792,820
Options exercised pending conversion	45,978					45,978
Share-based payments	-	-	-	64,962	-	64,962
Share issue expenses	(35,452)					(35,452)
Balances at 31 December 2019	**44,977,901**	**(18,248,722)**	**134,769**	**270,144**	**259,590**	**27,393,682**

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

CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

SCOTGOLD RESOURCES LTD

AND CONTROLLED ENTITIES

	Notes	Six months to 31 December 2019 $	31 December 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers		(749,020)	(2,103,290)
Interest income received		22,917	3,516
Net Cash Outflow from Operating Activities		**(726,103)**	**(2,099,774)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(469,328)	(59,187)
Payments for mine development activities		(5,347,856)	(1,457,254)
Purchase of plant and equipment		(221,895)	(183,196)
Net Cash Outflow from Investing Activities		**(6,039,079)**	**(1,699,637)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		2,075,997	1,391,094
Share issue costs		(35,452)	-
Proceeds from exercise of options		1,838,798	-
Proceeds on draw-down of second tranche of non-current borrowings		3,762,227	-
Repayment of shareholder loan		-	(1,815,521)
Net (repayment of)/proceeds from Hire Purchase borrowings		(112,503)	24,063
Repayment of right of use leases		(193,445)	-
Borrowing costs and interest		-	(84)
Net Cash Inflow/(Outflow) from Financing Activities		**7,335,622**	**(400,448)**
Net increase/(decrease) in cash held		570,440	(4,199,859)
Effect of exchange rate fluctuations on cash and cash equivalents		79,429	153,572
Cash and cash equivalents at the beginning of the period		3,917,920	11,207,036
Cash and cash equivalents at the end of the period		**4,567,789**	**7,160,749**

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

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These consolidated financial statements for the interim half-year reporting period ended 31 December 2019 are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, including AASB 134 'Interim Financial Reporting', and other applicable requirements of the law.

These financial statements have been prepared on a historical cost basis and are presented in Australian dollars. These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period.

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

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

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 31 December 2019, the consolidated entity had cash balances of $4,567,789 (30 June 2019 - $3,917,920). The operating and investing activities carried out by the consolidated entity during the six months ended 31 December 2019 were fully funded, with net cash flows generated from financing activities during that period amounting to $7,335,622 and exceeding cash used in operating and investing activities by $570,440.

This compares to net excesses of cash used in operating and investing activities over cash generated from financing activities of $4,199,859 for the corresponding prior period and $7,246,969 for the year ended 30 June 2019.

In addition to the second tranche of £2,000,000 ($3,762,227) of the secured loan facility being drawn down on 21 October 2019, a net amount of $2,040,545 (after taking into account related expenses of $35,452) was raised from the issuing of 3,285,783 ordinary shares at a price of £0.35 ($0.6318) per share during the period.

The exercising of 2,426,390 options during the period, representing a take-up rate of 97.6%, brought in further funding in the amount of £970,556 ($1,838,798).

In December 2019, the Company announced an update to the Cononish development schedule indicating that the first gold production was expected in May 2020.

The World Health Organisation announced that the new coronavirus disease (Covid 19) had become a pandemic on 11 March 2020. The consolidated entity has developed policies and procedures to address the health and wellbeing of employees, the most significant of which has been halting activities at the Cononish Project and temporarily placing it in a state of care and maintenance with effect from 27 March 2020, in accordance with the advice issued by the Scottish Government. The timing and, extent of the impact and recovery from Covid 19 on the Company's employees, customers and suppliers is unknown at this stage.

The full impact of the Covid 19 outbreak continues to evolve as at the date of this report. As such the Company is unable to estimate the effects of the Covid 19 outbreak on the Company's financial position, liquidity and operations for the second half of the financial year, or beyond.

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

However, as at the date of approval of these interim financial statements, the consolidated entity has considerable cash resources at its disposal and £3,500,000 of the secured loan facility available to it remains undrawn. In addition, the consolidated entity is investigating the possibility of availing itself of the various facilities and programmes which the United Kingdom and Scottish Governments has put in place to assist the business sector in weathering the Covid19 storm.

Accordingly, the Directors believe that while the current business climate is turbulent and may prevent the consolidated entity from completing the development of the Cononish Mine within the timeframe originally envisaged, the consolidated entity will be able to continue as a going concern and actively explore ways of ultimately achieving its objective of development the Cononish Mine to its full potential.

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

Statement of Compliance

The financial report was authorised for issue on 31 March 2020.

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

Adoption of new and revised standards

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

There has been no early adoption of new or amended Accounting Standards or Interpretations that are not yet mandatory.

The following new or amended Accounting Standards are most relevant to the consolidated entity.

AASB 16 Leases

The consolidated entity has adopted AASB 16 with effect from 1 July 2019. The Standard replaces AASB 117 'Leases' and for lessees it eliminates the classifications of finance leases and operating leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position.

Straight line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities.

For lessors, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 has been adopted using the modified retrospective approach, in terms of which comparatives have not been restated.

The effect of adoption on opening accumulated losses is as follows:

Recognition of right-of-use assets previously recognised as operating leases under AASB 117:

In accordance with paragraph C8(i) of AASB 16:	
Measured at commencement date	617,215
Less: accumulated depreciation between commencement date and 1 July 2019	(179,580)
Net amount recognised at 1 July 2019	437,635
In accordance with paragraph C8(ii) of AASB 16:	
Net amount recognised at 1 July 2019	318,743
Total amount recognised in respect of right-of-use assets at 1 July 2019	**756,378**
Lease liabilities recognised at 1 July 2019	740,833
Right-of-use asset collection and removal costs included in accruals	18,609
Total liabilities recognised in respect of right-of-use assets at 1 July 2019	**759,442**
Net increase in opening accumulated loss at 1 July 2019	**3,064**

The weighted average incremental borrowing rate used to measure the right-of-use assets and lease liabilities at 1 July 2019 is 7.44% per annum.

The present value of commitments in respect of operating leases disclosed at 30 June 2019 is reconciled to the lease liability raised at that date as follows:

	$
Present value of operating lease commitments at incremental borrowing rate	448,064
Change in assessment of non-cancellable periods of leases	23,661
Extension of period of rights of use by agreement	67,923
Recognition of lease payments beyond five years previously disclosed	112,863
Variations in lease payments	88,322
Lease liabilities recognised at 1 July 2019	740,833

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the asset is depreciated over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the consolidated entity.

Lease payments comprise:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option when the exercise of the option is reasonably certain to occur; and
- any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term;
- certainty of a purchase option; and
- termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right of use asset, or to profit or loss if the carrying amount of the right of use asset is fully written down.

Hire purchase agreements

Consistent with prior periods, the hire purchase agreements in place between the consolidated entity and financial institutions are accounted for in terms of AASB 9, based on the economic substance of these agreements.

Had these agreements been accounted for as lease liabilities and the assets underlying these agreements been accounted for as right-of-use assets, then the amounts reported at 31 December 2019 in respect of:

- Plant and equipment would be $356,723;
- Right-of-use assets would be $1,373,966;
- Non-current Rights-of-use lease liabilities would be $786,875;

- Current Rights-of-use lease liabilities would be $506,954; and
- Both Non-current and Current hire purchase lease facilities would be $Nil.

In addition, the interest expenses attributable to rights-of-use lease liabilities and hire purchase facilities would be respectively $50,273 and $Nil.

These figures are reconciled as follows:

	Plant and equipment $	Rights-of-use assets $
As at 31 December 2019 per notes 5 and 6 respectively	1,124,326	606,363
Reallocation of assets at date of initial application	(845,217)	845,217
Depreciation for the period	108,074	(108,074)
Foreign exchange movement	(30,460)	30,460
	356,723	1,373,966

	Hire Purchase Agreement Facilities $	Rights-of-use lease liabilities $
As at 31 December 2019 per note 9	675,347	618,482
Reallocation of liabilities at date of initial application	(732,531)	732,531
Interest for the period	(26,300)	26,300
Repayments	112,503	(112,503)
Foreign exchange movement	(29,019)	29,019
	-	1,293,829
Non-current	-	786,875
Current	-	506,954

NOTE 2 – OTHER INCOME

Interest income includes $20,990 (2018 - $Nil) received on the Bond deposits lodged with Loch Lomond and the Trossachs National Park (details of which are described in Note 4).

Grants received and other income includes an amount of $91,946 (2018 - $Nil) received in respect of the first claim made to Scottish Enterprise for Regional Selective Assistance pursuant to the satisfaction of agreed targets.

NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSES

	Six months to	
Expenses	**31 December 2019 $**	**31 December 2018 $**
Interest expense is attributable to the following:		
Secured loan	221,681	-
Short-term loan from shareholder (repaid in full by 31 December 2018)	-	43,384
Hire Purchase facilities	26,300	-
Rights-of-use lease liability	23,973	-
Current accounts	-	84
Unwinding of discount on provision for restoration and decommissioning	1,603	-
Total interest cost expensed	273,557	43,468

NOTE 4 – TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables comprise the following:

	31 December 2019 $	30 June 2019 $
Rehabilitation, restoration and land management Bond deposits	1,540,670	1,457,292
Performance Bond deposits	56,502	54,201
	1,597,172	1,511,493

NOTE 5 – PLANT AND EQUIPMENT

Plant and equipment	**31 December 2019 $**	**30 June 2019 $**
Cost	1,586,312	1,304,305
Accumulated Depreciation	(461,986)	(307,743)
	1,124,326	996,562

Movement for the six months ended 31 December 2019

	Plant and equipment	Motor vehicles	Furniture and office equipment	Total
Cost				
Opening balance	1,221,591	71,348	11,366	1,304,305
Additions	191,053	23,348	7,494	221,895
Foreign exchange movement	55,439	4,157	516	60,112
Closing balance	1,468,083	98,853	19,376	1,586,312
Accumulated depreciation				
Opening balance	282,276	24,439	1,028	307,743
Depreciation expensed	127,158	8,866	1,818	137,842
Foreign exchange movement	15,061	1,252	88	16,401
Closing balance	424,495	34,557	2,934	461,986

Movement for the year ended 30 June 2019

	Plant and equipment	Motor vehicles	Furniture and office equipment	Total
Cost				
Opening balance	560,212	90,027	11,163	661,402
Additions	1,018,612	46,827	7,197	1,072,636
Disposals	(289,640)	(54,442)	(6,746)	(350,828)
Foreign exchange movement	(67,593)	(11,064)	(248)	(78,905)
Closing balance	1,221,591	71,348	11,366	1,304,305
Accumulated depreciation				
Opening balance	364,953	65,926	4,481	435,360
Depreciation expensed	121,381	9,140	955	131,476
Disposals	(217,562)	(51,715)	(4,419)	(273,696)
Foreign exchange movement	13,504	1,088	11	14,603
Closing balance	282,276	24,439	1,028	307,743
Net carrying value				
At 31 December 2019	1.043,588	64,296	16,442	1,124,326
At 30 June 2019	939,315	46,909	10,338	996,562

Fixed assets with a net carrying value of $767,603 (30 June 2019 - $842,517) are the subject of hire purchase agreements and serve as security for the repayment of amounts owing in terms of these agreements.

NOTE 6 – RIGHT OF USE ASSETS

	31 December 2019 $	30 June 2019 $
Cost	808,258	-
Accumulated Depreciation	(201,895)	-
	606,363	-

The movement in Right of Use assets for the period is as follows:

	31 December 2019 $	30 June 2019 $
Cost		
Recognition at date of initial application	756,378	-
Additions after date of initial application during period	19,695	-
Foreign exchange movement	32,185	-
Balance at end of period	808,258	-
Accumulated Depreciation		
Depreciation expensed	197,126	-
Foreign exchange movement	4,769	-
Balance at end of period	201,895	-

NOTE 7 – MINERAL EXPLORATION AND EVALUATION

	Six months to 31 December 2019 $	Year to 30 June 2019 $
Balance at beginning of period	2,034,815	16,685,135
Net (gain)/loss from the BPT	-	(5,360)
Additional expenditure capitalised during the period	364,948	641,623
Reclassification to mine development expenditure	-	(15,180,832)
Write-off of deferred expenditure attributable to Pomar licence		(118,402)
Foreign exchange movement	95,232	12,651
Balance at end of period	2,494,995	2,034.815

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

NOTE 8 – MINE DEVELOPMENT EXPENDITURE

	Six months to 31 December 2019 $	Year to 30 June 2019 $
Balance at beginning of period	20,293,754	-
Reclassification from mineral exploration and evaluation expenditure	-	15,180,832
Expenditure incurred subsequent to reclassification	5,382,197	5,606,392
Share-based payment costs capitalised	10,435	4,228
Increase in Provision for restoration and decommissioning (see Note 10)	166,198	238,690
Foreign exchange movement	982,326	(736,388)
Balance at end of period	26,834,910	20,293,754

NOTE 9 – BORROWINGS

	31 December 2019 $	30 June 2019 $
Non-current		
Secured loan facility	7,762,419	3,655,221
Hire purchase agreement facilities	487,268	557,693
Right-of-use lease liabilities	299,607	-
	8,549,294	4,212,914

	31 December 2019 $	30 June 2019 $
Current		
Hire purchase agreement facilities	188,079	174,838
Right-of-use lease liabilities	318,875	-
	506,954	174,838
Total borrowings	9,056,248	4,387,752

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

Loan from company controlled by shareholder

The terms of the secured loan facility agreement entered into on 18 May 2018 between SGZ Cononish Limited and Bridge Barn Limited, a wholly owned and controlled company of Nat le Roux, the Company's Non-Executive Chairman and major shareholder, (which terms were amended on 2 October 2018 and 26 February 2019) were further amended on 28 August 2019 to increase the overall available facility from £6,000,000 to £7,500,000 and to extend the period of repayment of tranches already drawn and to be drawn on the facility from 24 months after date of drawdown of that specific tranche to 36 months.

The amendment has resulted in a gain on amendment of repayment terms of £22,223 ($38,383) being recognised in respect of the first tranche of the facility, which had been drawn down on 13 May 2019.

The second tranche of £2,000,000 of the facility was drawn down on 21 October 2019.

The terms of the secured loan as at 31 December 2019 are as follows:

i) An overall facility amount of £7,500,000 to be drawn down in two tranches of £ 2,000,000 (both of which had been drawn down at 31 December 2019) followed by a third tranche of £2,000,000 and a fourth tranche of £1,500,000;

ii) The period of availability of the first tranche ended on 30 June 2019, with the second tranche being available for a period of six months after the date of drawdown of the first tranche and the period of availability of the subsequent tranches being the period of six months from the date of draw-down of the immediately preceding tranche;

iii) Nominal interest rate is 9.0% applied to all amounts drawn down;

iv) Each tranche, together with accumulated interest thereon, is repayable 36 months after the date of drawdown of that tranche; and

v) Security for repayment is provided by way of Debenture over all of the assets and undertakings of the Company's wholly owned subsidiaries, SGZ Grampian Limited and SGZ Cononish Limited, including the transfer of security of the issued capital of each of these subsidiaries.

Movements on the secured facility loan agreement for the six months ended 31 December 2019:

	First tranche	**Second Tranche**	**Total**
	$	**$**	**$**
Balance at beginning of period	3,655,221	-	3,655,221
Drawdown on 21 October 2019	-	3,762,227	3,762,227
Gain on amendment of repayment terms	(38,383)	-	(38,383)
Interest at effective rate	161,515	60,166	221,681
Foreign exchange movement	155,644	6,029	161,673
Balance at end of period	3,933,997	3,828,422	7,762,419

Movements on the secured facility loan agreement for the year ended 30 June 2019:

	First Tranche $	Total $
Balance at beginning of period	-	-
Drawdown on 13 May 2019	3,729,952	3,729,952
Interest at effective rate	41,626	41,626
Foreign exchange movement	(116,357)	(116,357)
Balance at end of period	3,655,221	3,655,221

The effective interest rate on the secured loan facility is 8.46% (Year ended 30 June 2019 – 8.63%) per annum.

Hire purchase facilities

The purchase of motor vehicles and mobile plant has been financed by subsidiaries of the Company in terms of purchase agreements with financial institutions.

Hire purchase agreements in effect at 31 December 2019

Subsidiary company	**SGZ Cononish Limited**		**SGZ Grampian Limited**		**Total**
Assets financed	Three items of mobile plant $	Dacia Duster vehicle $	One item of mobile plant $	Dacia Duster vehicle $	$
Non-current portion of liability	319,992	17,205	133,865	16,206	487,268
Current portion of liability	82,677	4,952	95,532	4,918	188,079
Total liability at end of period	402,669	22,157	229,397	21,124	675,347
Date of agreement	13/03/2019	10/01/2019	29/04/2019	01/11/2018	
Period of agreement in months	60	60	36	60	
Effective interest rate	9.92%	6.86%	4.39%	7.84%	
Net carrying value of assets at end of period	414,892	17,141	319,360	16,210	767,603

Hire purchase agreements in effect at 30 June 2019

Subsidiary company	**SGZ Cononish Limited**		**SGZ Grampian Limited**		**Total**
Assets financed	Three items of mobile plant $	Dacia Duster vehicle $	One item of mobile plant $	Dacia Duster vehicle $	$
Non-current portion of liability	346,296	18,876	174,636	17,885	557,693
Current portion of liability	75,965	4,606	89,706	4,561	174,838
Total liability at end of period	422,261	23,482	264,342	22,446	732,531
Date of agreement	13/03/2019	10/01/2019	29/04/2019	01/11/2018	
Period of agreement in months	60	60	36	60	
Effective interest rate	9.92%	6.86%	4.39%	7.84%	
Net carrying value of assets at end of period	455,383	18,814	350,528	17,792	842,517

The respective assets financed in terms of each hire purchase agreement constitute the sole security for repayment of the amounts owing in respect of each of these agreements.

Movements on hire purchase agreements for the six months ended 31 December 2019

Subsidiary company	**SGZ Cononish Limited**		**SGZ Grampian Limited**		**Total**
Assets financed	Three items of mobile plant	Dacia Duster vehicle	One item of mobile plant	Dacia Duster vehicle	
	$	**$**	**$**	**$**	**$**
Balance at beginning of period	422,261	23,482	264,342	22,446	732,531
Interest at effective rate	19,359	752	5,378	811	26,300
Repayments	(55,995)	(3,020)	(50,456)	(3,032)	(112,503)
Foreign exchange movement	17,044	943	10,133	899	29,019
Balance at end of period	402,669	22,157	229,397	21,124	675,347

Movements on hire purchase agreements for the year ended 30 June 2019

Subsidiary company	**SGZ Cononish Limited**		**SGZ Grampian Limited**		**Total**
Assets financed	Three items of mobile plant	Dacia Duster vehicle	One item of mobile plant	Dacia Duster vehicle	
	$	**$**	**$**	**$**	**$**
Net amount financed	449,462	24,804	283,245	24,667	782,178
Interest at effective rate	12,833	764	2,155	1,181	16,933
Repayments	(28,257)	(2,459)	(16,884)	(3,456)	(51,056)
Foreign exchange movement	(11,777)	373	(4,174)	54	(15,524)
Balance at end of period	422,261	23,482	264,342	22,446	732,531

Right-of-use lease liabilities

On implementing AASB16, lease liabilities have been raised in respect of right-of-use assets.

The movement for the period in respect of these lease liabilities is as follows:

	Six months to 31 December 2019	**Year to 30 June 2019**
	$	**$**
Recognition at date of initial application	740,833	-
Additions after date of initial application during period	19,695	-
Interest expense	23,973	-
Repayments	(193,445)	-
Foreign exchange movement	27,426	-
Balance at end of period	618,482	-
Non-current portion	299,607	-
Current portion	318,875	-

The effective interest rate on the right-to-use lease liabilities is 7.44% per annum. Right-of-use assets with an aggregate net carrying value of $606,363 (2018 - $Nil) are financed by the right-of-use lease liabilities.

NOTE 10 – PROVISIONS

Provision for restoration and decommissioning	31 December 2019 $	30 June 2019 $
Balance at end of period	416,666	238,690

This provision represents the best estimate of the present value of expenditures required to effect restoration of the Cononish mine area at the end of mining operations at the mine as well as to carry out aftercare and monitoring activities in terms of the Decommissioning and Restoration Plan formulated in accordance with the requirements set out in the Section 75 Agreement entered into by SGZ Cononish Limited on 12 September 2018, based on the mine development activities carried out up to and including 31 December 2019.

In arriving at the amount of the provision, an annual inflation rate of 2.0% has been applied to estimated future costs stated at current levels and the resultant cashflows have been discounted back to 31 December 2019 using a discount rate of 1.37%. The discount rate was changed during the period from the rate of 1.32% used to determine the amount of the provision at 30 June 2019.

The movement in the provision for the period is as follows:

	Six months to 31 December 2019 $	Year to 30 June 2019 $
Balance at beginning of period	238,690	-
Initial provision raised	-	238,690
Unwinding of discount	1,603	-
Adjustment for mine development progress and change in rate	166,198	-
Foreign exchange movement	10,175	-
Balance at end of period	416,666	238,690

NOTE 11 – ISSUED CAPITAL

	31 December 2019 No. of shares	30 June 2019 No. of shares	31 December 2019 $	30 June 2019 $
Ordinary shares – fully paid	51,289,621	45,639,546	44,977,901	41,098,558

(a) Movements in ordinary share capital

During the six months ended 31 December 2019

Date	Details	Shares	Value (cents)	$
	Balance at beginning of period	45,639,546		41,098,558
28/08/2019	Share subscription	3,285,783	0.6318	2,075,997
28/08/2019	Expenses related to share subscription			(35,452)
28/08/2019	Options conversion	23,704	0.7169	16,994
22/10/2019	Options conversion	826	0.7203	595
20/11/2019	Options conversion	153,000	0.7550	115,523
03/12/2019	Options conversion	43,968	0.7639	33,589
09/12/2019	Options conversion	398,137	0.7639	304,157
23/12/2019	Options conversion	1,744,657	0.7577	1,321,962
	Sub-total	51,289,621		44,931,923
	Proceeds received on exercise of options in respect of which shares not issued by end of period			45,978
	Balance at 31 December 2019	51,289,621		44,977,901

During the year ended 30 June 2019

Date	Details	Shares	Value (cents)	$
	Balance at beginning of period	42,911,254		39,706,967
19/09/2018	Options conversion	331	0.7251	240
09/10/2018	Share subscription	2,727,274	0.5100	1,390,854
09/01/2019	Options conversion	687	0.7234	497
	Balance at 30 June 2019	45,639,546		41,098,558

Shares issued for non-cash consideration amounted to Nil during the period (year ended 30 June 2019 - Nil).

(b) Movements in options

During the six months ended 31 December 2019

Details	Number	$
Balance at beginning of period	2,513,681	134,769
Options converted on 28 August 2019	(23,704)	-
Options converted on 22 October 2019	(826)	-
Options converted on 20 November 2019	(153,000)	-
Options converted on 3 December 2019	(43,968)	-
Options converted on 9 December 2019	(398,137)	-
Options converted on 23 December 2019	(1,744,657)	-
Options exercised pending issuing of shares	(62,098)	-
Options expired	(57,291)	-
Balance at 31 December 2019	30,000	134,769

During the year ended 30 June 2019

Details	Number	$
Balance at beginning of period	2,514,699	134,769
Options converted during first half of year	(331)	-
Options converted during second half of year	(687)	-
Balance at 30 June 2019	2,513,681	134,769

The options outstanding at 31 December 2019, including options issued to key management and senior managers as share-based payment, are as follows:

Number	Exercise Price	Expiry Date	Option Reserve $	Share-based payment Reserve $
30,000	$8.00	31 March 2022	134,769	-
30,000				
Options granted as share-based payment				
1,000,000	£0.30	1 May 2028	-	255,481
120,000	£0.34	16 April 2024	-	14,663
1,120,000			134,769	270,144

The options issued as share-based payment were issued before 1 July 2019. The issuing of 1,000,000 of these options to the Chief Executive Officer was approved at the Annual General Meeting of the Company held on 26 November 2019.

At 31 December 2019, the average exercise price of the options granted as share-based payment outstanding at that date and expected to vest in future is £0.304 (at 30 June 2019 - £0.304).

NOTE 12 – DIRECTORS' REMUNERATION

During the six months ended 31 December 2019, the following remuneration was paid to Directors of the Company

Director/Executive	Associated Company	Short-term benefits Fees	Consulting / Salary	Retirement Benefits	Share - based payments	Total
		$	$	$	$	$
Nat le Roux		-	-	-	-	-
Richard Gray		-	124,127	4,965	54,527	183,619
Chris Sangster		9,380	40,481	-	-	49,861
Phillip Jackson	Holihox Pty Ltd	9,000	-	-	-	9,000
Richard Barker	Barston Corp. Pty Ltd	9,045	19,998	-	-	29,043
Peter Hetherington		-	-	-	-	-
William Styslinger		-	-	-	-	-
Ian Proctor		-	-	-	-	-
		27,425	184,606	4,965	54,527	271,523

Mr Proctor was appointed to the Board on 14 August 2019. He has waived director fees for the time being. There are no agreements in place between Mr Proctor and the Company or any controlled entity for the rendering of any services additional to those provided in his role as Non-Executive Director.

Each of the Directors is a related party. Chris Sangster provides technical consulting services to the Company. Of the $40,481 paid to Mr Sangster for these services during the six months ended 31 December 2019, $18,619 relates to a technical project sponsored by the European Union and is claimable against the grant funding received in respect of that project. The fees charged by Chris Sangster for technical consulting services are charged at commercial, arm's length rates in accordance with time incurred.

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

Nat le Roux had provided a secured loan facility to the consolidated entity, details of which are disclosed in Note 9.

NOTE 13 - COMMITMENTS FOR EXPENDITURE

Contract for purchase of processing plant

On 14 February 2019, SGZ Cononish Limited entered into a contract with Appropriate Process Technologies Pty Limited for the fabrication of a processing plant to be used for processing ore at the Cononish mine.

The total contract value is 3,862,667 US Dollars ("USD"), with regular milestone payments and a final retention payment being provided for in the terms of the contract. As at 31 December 2019, an amount of $441,069 (USD 309,013) in respect of contracted milestone payments and final retention payments was payable after 31 December 2019, with all payments expected to be made by 31 December 2020.

Mineral Tenement Leases

As at 31 December 2019, the consolidated entity held thirteen licences in Scotland. The commencement date of each of these licences is 5 November 2018, with a term of five years and an option to extend for a further period of four years, subject to the Crown Estate Scotland being satisfied with the progress made in conducting exploration activities in the area covered by that licence. No minimum capital expenditure figure is stipulated in any of the thirteen licences.

The licence payments to be made in respect of the thirteen licences, under the respective assumptions that (a) all of the licences are only held for the five year term and (b) all of the licences are extended for the further period of four years are as follows:

	Initial five year term only	Extension for further four years
	$	$
Not later than one year	122,421	122,421
Later than 1 year but not later than 2 years	122,421	122,421
Later than 2 years but not later than 5 years	122,421	367,263
Later than 5 years	-	244,842
	367,263	856,947

Greater Cononish Glen Management Plan

As part of the Section 75 Agreement entered into between SGZ Cononish Limited, the owner of the land on which the Cononish mine is situated, the Loch Lomond and the Trossachs National Park Authority and the Crown Estate Scotland in respect of the development of the Cononish mine, SGZ Cononish Limited has assumed obligations to implement a plan for the management of the greater Cononish glen in which the Cononish mine is situated.

The costs of meeting these obligations are expected to be incurred as follows:

	$
Not later than one year	396,528
Later than 1 year but not later than 2 years	9,136
Later than 2 years but not later than 5 years	21,325
Later than 5 years	87,449
	514,438

Minimum royalty payments

In terms of the lease agreement between SGZ Cononish Limited and the owners of the land on which the Cononish mine is situated, an annual rental, indexed to the United Kingdom Retail Price Index (“RPI”) is payable annually up to 23 July 2030. The amount paid in July 2019 amounted to $34,694.

Assuming a 2.0% per annum increase in the RPI in future, the amounts payable in respect of annual rental shall be as follows:

	$
Not later than one year	36,890
Later than 1 year but not later than 2 years	37,628
Later than 2 years but not later than 5 years	117,460
Later than 5 years	256,929
	448,907

Certain Rent payments

The lease agreement between SGZ Cononish Limited and the Crown Estate Commissioners in respect of the Cononish mine provides for the payment of a minimum amount of Certain Rent at a rate of £150,000 per annum, payable half-yearly on 1 January and 1 July of each year, with Certain Rent being adjusted to a level of 30% of the average annual anticipated Royalty Rent on the second anniversary of the signing of the Section 75 Agreement entered into with the owner of the land on which the Cononish Mine is situated, the Loch Lomond and the Trossachs National Park Authority and the Crown Estate Scotland and indexed in accordance with the United Kingdom RPI with effect from the third anniversary of such signing.

Using the expected levels of annual Royalty Rent levels set out in the latest life-of-mine model, and assuming an annual increase in the RPI of 2%, the following amounts are estimated to be payable as Certain Rent after 31 December 2019:

	$
Not later than one year	141,255
Later than 1 year but not later than 2 years	546,378
Later than 2 years but not later than 5 years	2,155,667
Later than 5 years	3,891,220
	6,734,520

Assets not recognised as right-of-use assets

The following amounts are payable in respect of the use of assets which have not been accounted for as right-of-use assets due to the expected period of use ending before 30 June 2020 or the underlying assets being low value assets:

	$
Not later than one year	17,122
Later than 1 year but not later than 2 years	680
Later than 2 years but not later than 5 years	1,870
Later than 5 years	6
	19,678

Contract for construction of processing plant building and tailings management facility

On 19 September 2019, SGZ Cononish Limited signed a contract with Robinsons Scotland Limited for the construction of a dedicated plant building to house the processing plant as well as the construction of the infrastructure for the tailings management facility at the Cononish mine.

The contract sum is £2,307,147. By 31 December 2019, £641,555 of the contract sum had been invoiced by Robinsons Scotland Limited, with the future payments in respect of the contract at 31 December 2019, all being subject to satisfactory performance by Robinsons Scotland Limited and all expected to be made by 31 December 2020, amounting to £1,665,592 ($3,136,977).

NOTE 14 - CONTINGENT LIABILITIES

SGZ Cononish Limited has entered into certain agreements which provide for the making of future payments contingent upon commencement of production at the Cononish mine as follows:

(a) A donations agreement with the Strathfillan Community Development Trust ("SCDT") was concluded during the year ended 30 June 2019 pursuant to which £240,000 is payable to SCDT in annual instalments of £15,000 per annum upon the Cononish mine reaching an ore processing rate of 3,000 tonnes per month ("tpm"), increasing to £30,000 per annum in any year upon reaching an ore processing rate of 6,000tpm, plus two lump sum payments of £125,000, the first being payable on the first anniversary of commencement of production at the Cononish mine, and the second lump sum being payable on the fifth anniversary of commencement of commercial production at the Cononish mine or on the commencement of an ore processing rate of 6,000tpm, whichever is the earlier;

(b) Clause 18 of the Section 75 Agreement entered into with the owner of the land on which the Cononish mine is situated, the Loch Lomond and the Trossachs National Park Authority and the Crown Estate Scotland in respect of the development of the Cononish mine provides for the payment of up to £425,000 to Loch Lomond and the Trossachs Countryside Trust, payable in annual instalments of £25,000 per annum upon the commencement of production at the Cononish mine, increasing proportionately up to £50,000 per annum as processing of ore increases from 3,000 to 6,000 tpm. The amount of £25,000 becomes payable two years after date of commencement of development if production has not commenced by that time and, in the event of cessation of mining operations, the minimum amount payable shall be £250,000;

(c) The agreement of lease between SGZ Cononish Limited and the owner of the land on which the Cononish mine is located provides that royalties at rates of between 3.5% and 10% shall be payable to the landowner on the net realisable value of any minerals produced at the Cononish Mine other than gold, silver or other precious metals, subject to the payment of a minimum royalty of £26,505 per annum, indexed to the United Kingdom Retail Price Index, with effect from the date of commencement of production at the Cononish mine; and

(d) In terms of the lease between SGZ Cononish Limited and the Crown Estate Commissioners, Royalty Rent at a rate of 4% of the net realisable value arising on the sale of gold and silver from the Cononish mine shall be payable half yearly in arrears, subject to the payment of a minimum amount in the form of Certain Rent (described more fully in Note 13).

In consideration of Scottish Enterprise being willing to offer SGZ Cononish Limited up to £430,000 in the form of Regional Selective Assistance grants under the terms and conditions of the offer letter issued by Scottish Enterprise dated 14 November 2018, the Company has provided a guarantee to Scottish Enterprise as security for any amounts of such grants received by SGZ Cononish Limited which may become repayable by that company to Scottish Enterprise under the terms and conditions of that offer letter. By 31 December 2019, grants totalling £50,000 had been received.

Scotgold Resources Limited and its controlled entities have no other known material contingent liabilities as at 31 December 2019.

NOTE 15 - SEGMENT INFORMATION

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

The comparative segment information disclosed is stated at 30 June 2019 and the segment other income, segment loss and components of the segment result are in respect of the year then ended.

Six months ended 31 December 2019

	Scotland Mining $	Scotland Exploration $	Australia $	Other $	Total $
Segment other income	153,559	1,926	1	-	155,486
Segment loss	902,150	60,220	271,623	25,417	1,259,410
Segment assets	31,133,116	6,615,332	71,416	5,243	37,825,107
Segment non-current assets	29,774,904	2,864,463	18,399	-	32,657,766
Segment liabilities	10,140,956	259,926	20,508	10,035	10,431,425
Segment non-current liabilities	8,815,889	150,071			8,965,960
Included in segment result:					
Interest expense	267,368	6,189	-	-	273,557
Depreciation	282,901	52,067	-	-	334,968
Capitalised exploration	-	364,948	-	-	364,948
Mine development costs	5,558,830	-	-	-	5,558,830
Acquisition of fixed assets	221,895	-	-	-	221,895

Year ended 30 June 2019

	Scotland Mining $	Scotland Exploration $	Australia $	Other $	Total $
Segment other income	24	6,289	1	-	6,314
Segment loss	2,608,799	52,293	670,480	186,883	3,518,455
Segment assets	23,602,730	5,252,032	74,334	6,415	28,935,511
Segment non-current assets	22,388,271	2,440,389	7,964	-	24,836,624
Segment liabilities	4,808,425	429,788	23,127	10,172	5,271,512
Segment non-current liabilities	4,259,083	192,521	-	-	4,451,604
Included in segment result:					
Interest expense	55,223	3,336	43,384	-	101,943
Depreciation	94,521	36,544	411	-	131,476
Capitalised exploration	-	636,263	-	-	636,263
Mine development costs	5,849,310	-	-	-	5,849,310
Acquisition of fixed assets	636,762	435,874	-	-	1,072,636

NOTE 16 - MATTERS SUBSEQUENT TO THE END OF PERIOD

On 7 January 2020 and 5 February 2020 respectively, 59,256 and 2,856 shares were issued in respect of options exercised before 31 December 2019.These shares issued include shares issued in respect of options exercised before 31 December 2019 for which the proceeds received were deposited after 31 December 2019.

The World Health Organisation announced that the new coronavirus disease (Covid 19) had become a pandemic on 11 March 2020. The consolidated entity has developed policies and procedures to address the health and wellbeing of employees, the most significant of which has been halting activities at the Cononish Project and temporarily placing it in a state of care and maintenance with effect from 27 March 2020, in accordance with the advice issued by the Scottish Government. The timing and, extent of the impact and recovery from Covid 19 on the Company's employees, customers and suppliers is unknown at this stage.

The full impact of the Covid 19 outbreak continues to evolve as at the date of this report. As such the Company is unable to estimate the effects of the Covid 19 outbreak on the Company's financial position, liquidity and operations for the second half of the financial year, or beyond.

DIRECTORS' DECLARATION

SCOTGOLD
RESOURCES LTD
AND CONTROLLED ENTITIES

1. In the opinion of the Directors of Scotgold Resources Limited (the 'Company'):
   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year then ended; and
      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

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

....
RICHARD GRAY – Managing Director

Dated at Southampton, this 31st day of March,2020

BDO

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Scotgold Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Scotgold Resources Limited (the Company) and its subsidiaries (the Group), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

BDO

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 31 March 2020

ANALYSIS OF SHAREHOLDING

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	22,618,223	44.05%
Mr William Styslinger	5,931,400	11.55%
Mr Peter Hetherington	4,088,961	7.96%
Mr Charles Outhwaite	1,883,115	3.67%
Rhodora Ltd	1,744,657	3.40%

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