



SCOTGOLD
RESOURCES LIMITED



ABN : 42 127 042 773

**INTERIM FINANCIAL REPORT
31 DECEMBER 2017**

CONTENTS



AND CONTROLLED ENTITIES

	Page No.
Directors' Report	3
Auditor's Independence Declaration	8
Condensed Statement of Profit or Loss and other Comprehensive Income	9
Condensed Statement of Financial Position	10
Condensed Statement of Changes in Equity	11
Condensed Statement of Cash Flows	12
Notes to the Condensed Financial Statements	13
Directors' Declaration	20
Independent Auditor's Review Report	21

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors submit the financial report of Scotgold Resources Limited and Controlled Entities (the "Company" or the "Group") for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

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

Nathaniel le Roux	Non-Executive Chairman
Richard Gray	Managing Director and Chief Executive Officer
Chris Sangster	Non-Executive Director
Phillip Jackson	Non-Executive Director
Richard Barker	Company Secretary and Non-Executive Director (appointed 9 October 2017)

REVIEW OF OPERATIONS

Cononish Gold and Silver Project

Conclusion of Bulk Process Trial

On 15 December 2017, the Company concluded its Bulk Processing Trial ("the BPT") which at that stage had substantially depleted the estimated 7,000 tonne ore stockpile. Clean up of the facility continued and once final shipments have been delivered and assayed, final production ounces will become available.

The results of the BPT have been properly included as part of the accounting for the Deferred Exploration and Evaluation within the Company's accounts, resulting in sale proceeds being offset against exploration and production costs.

The board of Directors is pleased that the BPT has successfully produced sufficient "Scottish Gold" to supply the initial demand from two members of the Scottish Jewellery trade who have been authorised to market products bearing the "Scottish Gold Mark", as verified by the Edinburgh Assay Office. This has demonstrated a sustainable market for Scottish Gold that will command a premium to spot prices.

In addition to confirming the metallurgical processing route selected for the development of the Cononish mine, the BPT identified the potential to separate "Pyrite rich" sulphide concentrate from

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

“Galena rich” sulphide concentrate. This potential may provide future economic opportunities to further process the flotation sulphide concentrate to be produced from the mine.

Moreover, the most material outcome of the BPT has been the demonstration that a viable alternative tailings storage system is possible and this in turn has led to the design of the “Dry Stack” Tailings Storage Facility (“TSF”), now proposed in the Updated BFS phased approach. The revised TSF has directly resulted in significant up-front capital expenditure savings, as the cost of management of the tailings will now be incurred over the life of mine as an operating cost. The revised TSF has also contributed to the economic viability of the scaling down of the project, and consequently facilitated a phased approach to development.

Development of the Cononish Gold and Silver Project

The TSF became the pivotal point of the Updated Bankable Feasibility Study (BFS) and consequent submission of a revised Planning Application to the Loch Lomond and Trossachs National Parks Planning Authority in August 2017.

On 27 February 2018, the Loch Lomond and Trossachs National Park Authority unanimously approved the Company's application for the development of the Cononish Gold mine, subject to the conclusion of legal agreements.

Subject to funding, your Directors are looking forward to the development of the first commercial gold mine in Scotland's history.

2018 could be the most exciting and progressive year in the history of the Company and we look forward to your continued support and patience.

The Company continues to investigate and negotiate appropriate levels of additional funding which will be required for the development of the mine. Funding is likely to be a combination of debt and equity. Commitments for capital expenditure and placement of security deposits for the compliance with planning conditions can now be planned. Already, permitted and modest earthworks at the mine-site have commenced.

Grampian Project

Resources have continued to be directed towards the revisions to the Company's Cononish Gold and Silver project, during the period. However, a more aggressive field programme is planned and budgeted for in 2018 and funding was identified for this in the recent Rights Issue. The board is very cognisant of the need to increase the reserves in contiguous and neighbouring licences to Cononish. Although only limited data analysis has been conducted in the current period, it is clear that the Grampian licences hold the longer term future for Cononish and the Company.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Portugal

The Pomar licence held 100% by the Company in Portugal is displaying potential for its gold and antimony exploitation and the field and evaluation work completed by the Company during the six month period under review has attracted interest from third parties.

The Directors are reviewing their options of how best to maximise value for shareholders. Considerations include either; retaining 100% ownership and funding further exploration, farming out a percentage of ownership of the licence and have a farm-in party take the licence to the next stage, or outright sale whereby the Company may retain an interest in the form of deferred consideration.

At the date of this report no decision has been made and discussions continue both internally and externally.

France

The Company's 100% owned French subsidiary, SGZ France SAS holds the Vendrennes licence, and applications for two further exploration licences, Penlan and Olivet.

Only limited reconnaissance work has been conducted during the period. Again, the Directors are considering all options of how best to maximise the value of this asset for the benefit of shareholders.

CORPORATE

Share Consolidation

During the six months ended 31 December 2017, the Company completed a share consolidation. In the Company's announcement on 25 August 2017 shareholders were advised that the 1 for 100 share consolidation had been fully effected. The share consolidation reduced the number of issued shares to a number that the Directors felt was more in line with other comparable AIM listed companies and would help improve the liquidity and marketability of the shares.

Rights Issue

On 21 December 2017, the Company announced the completion of its Two for Three Rights Issue at £0.25 per New Share. In addition, one free Option was attached to every Five New shares. The share options have an exercise price of £0.40 and an expiry date of 31 December 2019. The total proceeds raised from the Rights Issue were £2.66 million (\$4.61 million). This represents the first tranche of funding required to commence development activities at the Cononish Project. Some of the funds will also be used to advance the Grampian Exploration Project as well as meeting working capital needs up until completion of the full funding strategy.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Underwriting Agreement

Mr Nat le Roux, the Chairman and major shareholder, agreed to underwrite the Rights Issue to ensure the Company raised the full £2.66 million (\$4.61 million). This was a related party transaction and Mr le Roux did not receive any fees for providing the underwriting. Together with his allotment rights and the shares issued pursuant to the underwriting agreement, at 31 December 2017 Mr Nat le Roux held 15,045,494 ordinary shares which represented 56.64% of the issued capital at period end. A subsequent placement of shares by the Company, has reduced Mr le Roux's holding to 53.04% at the date of this report.

Share Placement Subsequent to Period End

On 4 January 2018 the Company made a private placement of 1,800,000 shares on the same terms as the Rights Issue, being at a price of £0.25 per new ordinary share with free options attached to the new ordinary share at a ratio of one option for every five new ordinary shares, with each option being exercisable at £0.40 on or before 31 December 2019. This placement raised a further £450,000 (\$780,000).

Tenement details

United Kingdom

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

Portugal

The Company holds a 100% interest in the Pomar Licence which is valid for 3 years from May 2016 (with an option to extend) in eastern central Portugal, near Castelo Branco through its subsidiary Scotgold Resources Portugal Ltda.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

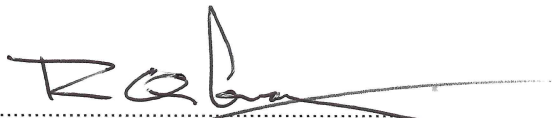
France

The Company holds a 100% interest in the Vendrennes PER (Permit Exclusif de Recherche or Exploration Licence) through its wholly owned subsidiary SGZ France SAS.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our Auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2017.

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 and Chief Executive Officer

Dated 12 March 2018

AUDITOR'S INDEPENDENCE DECLARATION



AND CONTROLLED ENTITIES



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Scotgold Resources Limited for the half-year ended 31 December 2017, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
12 March 2018


N G Neill
Partner

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

	Consolidated	
	31 December 2017 \$	31 December 2016 \$
Revenue - interest received	1	222
Other income	-	71,744
Administration costs	(244,160)	(240,118)
Interest expense	(89,688)	(23,783)
Unwinding of convertible note discount	-	(32,191)
Depreciation and loss on disposal of fixed assets	(34,384)	(55,380)
Exploration expensed as incurred	(472)	(122,787)
Employee and consultant costs	(118,735)	(168,034)
Listing and share registry costs	(119,120)	(118,079)
Legal fees	(52,118)	(30,992)
Office and communication costs	(18,445)	(46,186)
Other expenses	(92,697)	(23,331)
Loss before income tax	(769,818)	(788,515)
Income tax benefit	-	-
Net loss for the period	(769,818)	(788,515)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange gain/(loss) on translation of foreign subsidiaries	10,683	(25,471)
Total comprehensive loss for the period	(759,135)	(813,986)
Basic and diluted (loss) per share (cents per share)	(4.68)	(5.13)

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2017

AND CONTROLLED ENTITIES

		Consolidated	
	Note	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		4,498,212	572,332
Trade and other receivables		21,887	42,110
Inventory		180,021	222,248
Other current assets		16,606	16,269
Total Current Assets		4,716,726	852,959
NON-CURRENT ASSETS			
Trade and other receivables		94,849	92,923
Property, plant and equipment		255,456	289,840
Deferred exploration and evaluation expenditure	2	16,542,336	16,346,365
Total Non-Current Assets		16,892,641	16,729,128
TOTAL ASSETS		21,609,367	17,582,087
CURRENT LIABILITIES			
Trade and other payables		225,076	180,522
Other current liabilities		121,002	45,895
Interest bearing liabilities	3	1,868,829	1,742,964
TOTAL LIABILITIES		2,214,907	1,969,381
NET ASSETS		19,394,460	15,612,706
EQUITY			
Issued capital	4	31,757,438	27,216,549
Reserves		(25,034)	54,283
Accumulated losses		(12,337,944)	(11,658,126)
TOTAL EQUITY		19,394,460	15,612,706

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

	Issued Capital (Note 4)	Accumulated Losses	Options Reserve (Note 4)	Foreign Currency Translation Reserve	Convertible Note Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Half year to 31 December 2016						
Balance at 1 July 2016	25,829,677	(10,558,714)	224,769	(129,009)	248,755	15,615,478
Issue of shares	880,000	-	-	-	-	880,000
Share issue expenses	(53,860)	-	-	-	-	(53,860)
Issue of shares on exercise of options	1,400	-	-	-	-	1,400
Equity portion of notes converted	556,600	248,755	-	-	(248,755)	556,600
Net loss for the period	-	(788,515)	-	-	-	(788,515)
Other comprehensive income	-	-	-	(25,471)	-	(25,471)
As at 31 December 2016	<u>27,213,817</u>	<u>(11,098,474)</u>	<u>224,769</u>	<u>(154,480)</u>	<u>-</u>	<u>16,185,632</u>
Half year to 31 December 2017						
Balance at 1 July 2017	27,216,549	(11,658,126)	224,769	(170,486)	-	15,612,706
Issue of shares	4,612,375	-	-	-	-	4,612,375
Share issue expenses	(83,343)	-	-	-	-	(83,343)
Options exercised	11,857	-	-	-	-	11,857
Options expired	-	90,000	(90,000)	-	-	-
Net loss for the period	-	(769,818)	-	-	-	(769,818)
Other comprehensive income	-	-	-	10,683	-	10,683
As at 31 December 2017	<u>31,757,438</u>	<u>(12,337,944)</u>	<u>134,769</u>	<u>(159,803)</u>	<u>-</u>	<u>19,394,460</u>

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

	Consolidated	
	31 December 2017 \$	31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(434,638)	(669,538)
Interest income received	1	-
Net cash used in operating activities	<u>(434,637)</u>	<u>(669,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and BPT activities	(190,060)	(455,342)
Payment for property, plant and equipment	-	(33,174)
Net cash used in investing activities	<u>(190,060)</u>	<u>(488,516)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	4,624,232	881,400
Share issue costs	(83,343)	(97,861)
Borrowing costs and interest	-	(23,783)
Net cash provided by financing activities	<u>4,540,889</u>	<u>759,756</u>
Net increase/(decrease) in cash held	3,916,192	(398,298)
Cash and cash equivalents at the beginning of the period	572,332	738,866
Effect of exchange rate fluctuations on cash held	9,688	(11,168)
Cash and cash equivalents at the end of the period	<u>4,498,212</u>	<u>329,400</u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that the financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Scotgold Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the AIM Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purposes of preparing the interim report, the half-year has been treated as a discrete reporting period.

Reporting Basis and Conventions

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of their liabilities in the normal course of business.

The financial report has also been prepared on an accruals basis and is based on historical cost.

Going Concern

As at 31 December 2017, the Group had a cash balance of \$4,498,212, a total comprehensive loss for the six-month period of \$759,135 and had a net cash outflow from operating and investing activities of \$624,697. There is a working capital surplus of \$2,501,819 at balance date. Additionally, post period end the company raised a further \$780,000 via private placement.

The Directors believe the Company will obtain sufficient funding to enable it and the Group to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

financial report. Future plans to develop the Cononish Gold and Silver Project, subject to the favourable determination of the Planning application will require further funding than is currently available to the Company. The directors believe that this funding will be derived from a combination of one or more of the following sources:

- * the issue by private placement or otherwise of new shares; and
- * the obtaining of project development and vendor finance.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised standards

The Group has adopted all of the new and revised standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half year.

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective. As a result of this review, the Directors have determined that there is no material impact on the Group and no change is necessary to the Group accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

NOTE 2 - DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Consolidated

	Six months to 31 December 2017 \$	Twelve months to 30 June 2017 \$
Balance at beginning of period	16,346,365	15,730,586
Net (gain)/loss from the BPT	(238,158)	(32,357)
Additional expenditure deferred during the year	434,601	759,715
Expenditure expensed as incurred	(472)	(111,579)
Total deferred exploration and evaluation expenditure	<u>16,542,336</u>	<u>16,346,365</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

The criteria to reclassify Deferred Exploration Expenditure to Mine Development Expenditure have not yet been met.

NOTE 3 – INTEREST BEARING LIABILITIES

Shareholder loans

On 14 March 2017 the Company entered into a short term loan agreement for £1,000,000 with Nat le Roux, the Company's Chairman and major shareholder. The term of the loan is one year ending on 14 March 2018 with an interest rate of 10% per annum. The principal and interest is repayable at the expiry of the term with interest. The loan is secured by a charge over all the Company's assets.

The loan balance outstanding at 31 December 2017 and 30 June 2017 is made up as follows:

	Six months to 31 December 2017 \$	Twelve months to 30 June 2017 \$
Principal sum drawn (£1,000,000)	-	1,666,667
Loan brought forward at 1 July 2017	1,742,964	-
Interest accrued	89,688	50,091
Foreign exchange	36,177	26,206
	<u>1,868,829</u>	<u>1,742,964</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

NOTE 4 - ISSUED CAPITAL

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Ordinary Shares		
Issued and fully paid	<u>31,757,438</u>	<u>27,216,549</u>

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

	Number	\$
Balance at 1 July 2017	1,593,220,666	27,216,549
Options conversion 4 July 2017	50,000	837
Total before share consolidation	<u>1,593,270,666</u>	<u>27,217,386</u>
1 for 10 share consolidation 25 August 2017	(1,577,337,734)	27,217,386
Total after share consolidation	<u>15,932,932</u>	<u>27,217,386</u>
Options conversion 2 October 2017	4,402	7,464
Options conversion 8 November 2017	1,575	2,689
Options conversion 28 November 2017	500	867
Rights issue 21 December 2017	10,625,940	4,612,375
Rights issue costs	-	(83,343)
Closing balance at 31 December 2017	<u>26,565,349</u>	<u>31,757,438</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

Movements in options in ordinary shares of the Company are as follows:

	Number	Options Reserve (\$)
Opening balance at 1 July 2017	156,457,334	224,769
Options exercised	(56,477)	-
Options expired 22 September 2017	(30,000,000)	(90,000)
Options expired 30 September 2017	(123,400,857)	-
Options before share consolidation	<u>3,000,000</u>	<u>134,769</u>
1 for 10 share consolidation 25 August 2017	(2,970,000)	-
Total after share consolidation	<u>30,000</u>	<u>134,769</u>
Options issued with rights issue	2,125,149	-
Closing balance at 31 December 2017	<u><u>2,155,149</u></u>	<u><u>134,769</u></u>

Details of options are as follows:

Expiry	Price	Number	\$
31/03/22	\$8.0000	30,000	134,769
31/12/19	£0.4000	<u>2,125,149</u>	-
		<u>2,155,149</u>	<u>134,769</u>

NOTE 5 - 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 commencement of the development of the Cononish Gold and Silver mine project as defined under the Planning conditions and Decision letter.

Attached to the Vendrennes licence, granted in May 2017 and held by the Company's 100% owned subsidiary, SGZ France SAS is a 0.75% Net Smelter Royalty (NSR) contingent upon the successful production of minerals. The amount of any liability due under the NSR is indeterminable.

Scotgold Resources Limited and its controlled entities have no other known material contingent liabilities as at 31 December 2017.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

NOTE 6 – DIRECTORS' REMUNERATION

During the six months ended 31 December 2017, the following amounts were paid to directors of the Company.

	Notes	Fees \$	Consulting \$	Salary \$	Total \$
Nat le Roux	1	-	-	-	-
Richard Gray		-	-	84,560	84,560
Chris Sangster	2	8,710	51,724	-	60,434
Phillip Jackson		9,000	-	-	9,000
Richard Barker	3	3,612	19,998	-	23,610
		<u>21,322</u>	<u>71,722</u>	<u>84,560</u>	<u>177,604</u>

- 1) Nat le Roux has waived his fees for the half-year ended 31 December 2017.
- 2) Chris Sangster provides technical services under a management contract.
- 3) Richard Barker acts as a director and company secretary under a separate service agreement.

NOTE 7 – EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the Half-Year, the Company has successfully completed a placing of 1,800,000 ordinary shares to sophisticated existing investors in the Company to raise £450,000 (\$780,000).

On 27 February, the Company announced that the Loch Lomond and Trossachs National Park Authority approved the Company's application for the development of the Cononish Gold mine, subject to the conclusion of legal agreements.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

NOTE 8 – FINANCIAL INSTRUMENTS

The Group also has a number of financial instruments which are not measured at fair value in the statement of financial position.

The carrying amounts of the current receivables and current payables are considered to be a reasonable approximation of fair value.

DIRECTORS' DECLARATION



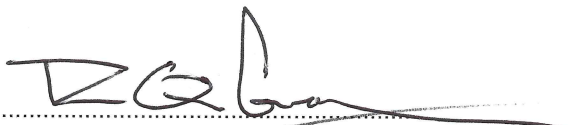
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

In the opinion of the directors of Scotgold Resources Limited ("the Company"):

- 1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year then ended; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Richard Gray - Managing Director and Chief Executive Officer

Dated 12 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Scotgold Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Scotgold Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2017, 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 ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Scotgold Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REVIEW REPORT



FOR THE HALF YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES



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 2017 and its 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 company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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*.

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2018

N G Neill
Partner