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Application will be made to the London Stock Exchange for the whole of the ordinary share capital of the Company to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 24 February 2010.

Scotgold Resources Limited

(Incorporated in Australia under the Corporations Act 2001 with number ABN 42 127 042 773)

**Placing of 15,300,000 Ordinary Shares of zero par value at £0.046 per share
Admission to trading on AIM**

Westhouse Securities Limited

Nominated Adviser and Broker

Share capital immediately following admission

117,306,762 ordinary shares of zero par value Issued and fully paid

This Appendix has been prepared in accordance with Schedule One (and its supplement for quoted applicants) of the AIM Rules published by London Stock Exchange. It includes, inter alia, all information that is equivalent to that required for an Admission Document and which is not found in the current public disclosure record of Scotgold Resources Limited (the "Company" or "Scotgold"), meaning all information filed with the Australian Stock Exchange Limited (available at www.asx.com.au) and all information available on the website of the Company at www.scotgoldresources.com (together comprising the "Public Record"). This Appendix, which is dated 22 February 2010, will be available on the Company's website from the date of Admission. This Appendix should be read in conjunction with the Announcement Form made by the Company at least 20 Business Days prior to Admission (the "20 Day Announcement Form") and the Public Record. This Appendix and the 20 Day Announcement Form together constitute "the Announcement". Copies of the Announcement will also be available during this period to the public free of charge at the offices of Westhouse Securities Limited, One Angel Court, London, EC2R 7HJ for at least one month from the date of Admission.

The Directors of Scotgold, whose names appear on page 5 of this Appendix, accept responsibility for the information contained in the Announcement. To the best of the knowledge of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Appendix is in accordance with the facts and, when read in conjunction with the Public Record, makes no omission likely to affect the import of such information. **Each AIM Company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule 2 to the AIM Rules for Nominated Advisers.**

Westhouse Securities Limited, which is regulated by The Financial Services Authority, is acting as nominated adviser and broker exclusively for the Company in relation to the Admission. Westhouse Securities Limited is not acting for any other person and will not be responsible to anyone other than Scotgold for providing the protections afforded to customers of Westhouse Securities Limited or for providing advice in relation to the contents of this Announcement. No liability is accepted by Westhouse Securities Limited for the accuracy of any information or opinions contained in, or for the omission of any material information from, this Appendix for which the Directors are solely responsible.

DEFINITIONS

“20 Day Announcement Form”	the announcement form setting out the information required by Schedule 1 and its supplement to the AIM Rules made by the Company at least 20 Business Days prior to Admission;
“A\$”	Australian dollars;
“Admission”	admission of the Company’s entire issued share capital (including the Placing Shares) to trading on AIM in accordance with the AIM Rules;
“Ag”	the chemical symbol for silver;
“AIM”	the market of that name operated by London Stock Exchange plc;
“AIM Rules”	the rules for companies, as published by London Stock Exchange plc, governing admission to and the operation of AIM dated February 2010;
“AIM Rules for Nominated Advisers”	the rules for nominated advisers, as published by the London Stock Exchange plc, setting out the eligibility, ongoing obligations and certain disciplinary matters dated February 2007;
“Announcement”	this Appendix and the 20 Day Announcement Form;
“Appendix”	this document, an appendix to the 20 Day Announcement Form;
“ASIC”	Australian Securities and Investments Commission;
“Associates”	the meaning given by sections 10 to 17 of the Corporations Act;
“ASTC Settlement Rules”	the operating rules of ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532), which is the settlement processing facility for the ASX’s market and provides all settlement and asset registration services;
“ASX”	the Australian Stock Exchange operated by ASX Limited (the Australian Securities Exchange);
“Au”	the chemical symbol for gold;
“Audit Committee”	a committee established by the Board with responsibilities as set out in a charter published on the Company’s website;
“Board” or “Directors”	the directors of the Company whose names are set out on page 5 of this Appendix;
“Business Days”	a day on which London Stock Exchange plc is open for business;
“CHESS”	Clearing House Electronic Subregister System, an electronic book-

	entry register of holdings of approved securities, which is a subregister of the Company's securities register and is managed by ASX Settlement and Transfer Corporation Pty Limited a wholly owned subsidiary of the ASX;
"City Code"	the City Code on Takeovers and Mergers, published by the Takeover Panel;
"Companies Act"	Companies Act 2006 (as amended);
"Constitution"	the constitution of the Company at the date of this Appendix;
"Corporations Act"	the Corporations Act 2001 of the Commonwealth of Australia;
"CREST"	the relevant system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited in accordance with which securities may be held and transferred in uncertificated form;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
"Depository Interests"	the depository interests representing Ordinary Shares to be electronically listed for trading on CREST, details of which are set out in Section 9 of this Appendix;
"Engagement Letter"	the letter of engagement dated 5 January 2010 between Westhouse and the Company;
"Fynegold"	Fynegold Exploration Limited, a company incorporated in Scotland with registered number SC084497 and wholly owned by Scotgold (Scotland);
"g/t"	grammes per tonne;
"JORC"	the Joint Ore Reserves Committee;
"Listing Rules"	the Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX;
"Nomad"	Nominated Adviser as defined in the AIM Rules (being Westhouse);
"Ordinary Shares"	fully paid ordinary shares of no par value in the capital of the Company;
"Placees"	the subscribers for the Placing Shares pursuant to the Placing;
"Placing"	the conditional placing by Westhouse as agent for the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement between the Company, the Directors and Westhouse relating to the Placing, details of which are set out in

	Section 20.2 of this Appendix;
“Placing Price”	£0.046 per Placing Share;
“Placing Shares”	the 15,300,000 new Ordinary Shares to be issued pursuant to the Placing;
“Public Record”	information on the Company which is available on the website of Scotgold (www.scotgoldresources.com) and all information filed with the ASX and available at www.asx.com.au ;
“Remuneration Committee”	a committee established by the Board with responsibilities as set out in a charter published on the Company’s website;
“Scotgold (Scotland)”	the Company’s 100% owned subsidiary, Scotgold Resources Limited, a company incorporated in Scotland with registered number SC309525;
“Shareholders”	holders of Ordinary Shares;
“Snowden”	Snowden Mining Industry Consultants Limited;
“Takeover Panel”	The Panel on Takeover and Mergers, the UK regulatory body which administers the City Code;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“UK Depository”	Computershare Investor Services plc; and
“Westhouse”	Westhouse Securities Limited, the Nomad and United Kingdom broker to the Company.

DIRECTORS, SECRETARY AND ADVISERS

Directors	<u>John Bentley</u> (<i>aged 61</i>) <u>Adam Davey</u> (<i>aged 43</i>) <u>Edmond Edwards</u> (<i>aged 57</i>) <u>Phillip Jackson</u> (<i>aged 54</i>) <u>Shane Sadleir</u> (<i>aged 59</i>) <u>Christopher Sangster</u> (<i>aged 51</i>)	Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Chief Executive
Company Secretary	Peter Newcomb	
Registered Office	63 Lindsay Street Perth WA 6000 Australia Tel: + 61 (0)8 9428 2950	
Business Address	Upper Tyndrum Station Tyndrum Stirlingshire Scotland, FK20 8RY	
Website	http://www.scotgoldresources.com	
Nominated Adviser and Broker	Westhouse Securities Limited One Angel Court London EC2R 7HJ	
Solicitors to the Company in the UK	McClure Naismith LLP 3 Ponton Street Edinburgh EH3 9QQ	
Solicitors to the Company in Australia	Price Sierakowski Level 24, St Martin's Tower 44 St George's Terrace Perth, WA 6000 Australia	
Auditor and Reporting Accountant to the Company	HLB Mann Judd Level 4 130 Stirling Street Perth, WA 6000 Australia	
Solicitors to the Nominated Adviser	Pinsent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH	
Competent Person	Snowden Mining Industry Consultants Limited Abbey House Wellington Way Weybridge Surrey KT13 0TT	
Australian Registrars	Computershare Investor Services Pty Limited	

GPO Box 2975
Melbourne VIC 3001
Australia

UK Depositary

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

ASX and AIM Code

SGZ

ISIN Code

AU000000SGZ9

PLACING/ADMISSION STATISTICS

Placing Price	£0.046
Number of Placing Shares	15,300,000
Number of Ordinary Shares in issue before Admission	102,006,762
Number of Ordinary Shares in issue following the Placing and Admission	117,306,762
Placing Shares as a percentage of the Enlarged Issued Share Capital	13.04%
Approximate market capitalisation of the Company following Admission	£8.2 million
Gross proceeds of the Placing (£'000)	£704
Estimated net proceeds of the Placing (£'000)	£512

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Appendix	22 February 2010
Admission and commencement of dealings in AIM	24 February 2010
Settlement of Placing Shares through CREST	24 February 2010
Despatch of definitive share certificates in respect of the Placing Shares to Placees no later than	24 February 2010

1. SCOTGOLD

The Company is an Australian public company incorporated on 14 August 2007 which has been admitted to the ASX where the quotation of its securities commenced on 15 January 2008.

In October 2007, the Company acquired a 100% interest in Scotgold (Scotland), a Scottish incorporated company which had previously acquired Fynegold, a company with gold-related assets in Scotland, in May 2007.

The key assets of the Company (held through Scotgold (Scotland)) are:

- the Cononish gold and silver deposit (100% Scotgold (Scotland)) with measured, indicated and inferred mineral resources (JORC compliant) - categories total 163,000 ounces of gold and 596,000 ounces of silver (using 3.5 g/t gold cut-off); and
- three granted exploration licences (100% ownership) covering about 3,200 km² in Central Scotland.

Full details of the Company's activities, including the Competent Person's Report dated 5 February 2010 and the audited accounts for the year ended 30 June 2009 are contained in the Public Record and are available on the Company's website. Save as disclosed in the Appendix, there has been no significant change in the Company's financial or trading position since 30 June 2009.

Intended Strategy upon Admission

Scotgold's near term objective is to bring the Cononish gold and silver deposit into production by the end of 2011. Scotgold intends to secure other prospective areas in its own right or through acquisition or joint venture as new opportunities arise. The Company's objective is to establish and operate a successful and profitable mining and exploration company.

Background to the Asset

Modern exploration in the Grampian region commenced in 1984 with Ennex International PLC ("Ennex"), through its then subsidiary Fynegold, who undertook regional stream sediment geochemistry. In 1985, trenching and diamond drilling commenced at the Cononish project based on geochemical anomalies.

During 1986 to 1988, additional exploration in the area involved soil geochemistry, geological mapping and diamond drilling. Some 8,700 m of drilling was carried out in the years 1985 to 1988. During 1989 and 1990, underground development commenced to test the continuity of the Cononish Main Vein. A feasibility study was also undertaken during 1990.

In 1995, ownership of the project was purchased by the Canadian explorer and producer, Caledonia Mining Corporation, through its purchase of Fynegold. Mining consultants Mackay & Schnellmann updated the mine feasibility study. During 1996 to 1997 further mine design work was undertaken together with some regional exploration. The project gained planning approval from Stirlingshire Council in 1996, but did not go ahead due to corporate finance issues. It was subsequently put on care and maintenance in 2000.

Fynegold was acquired by Scotgold (Scotland) in May 2007. In May 2008 a mineral resource estimate was released in accordance with the JORC Code and subsequently updated in January 2010.

A scoping study, released in February 2009, identified a mining inventory of 454,000 tonnes at 10.2 g/t Au and 40.4 g/t Ag for 139,600 oz Au and 538,000 oz Ag. A six and half year mining operation was envisaged using a longhole open stopping method to yield an annual production rate of 72,000 tonnes, with a capacity for expansion to 100,000 tonnes per annum. The Directors envisage that the mine would employ between 50 and 60 people, many of whom will be from the local community.

Development of Cononish

Work commencing in the first quarter of 2010 will focus on the Cononish property. A planning application for mine development and operation was lodged with the planning authority on 25 January 2010, with a permit decision expected in early June 2010. If permission is granted, the Directors expect to be able to commence underground and site works in September 2010, with construction and production expected to take a further 12 months, giving September 2011 as the anticipated date for steady state production and full operation.

The Directors believe that pre-production expenditure in order to reach this stage of production in 2011 will amount to approximately £12.3 million, for which the Company will have to raise additional capital in the form of debt and/or equity.

A summary of the planning application for Cononish is available on the Company's website.

Exploration Programme

Geochemical anomalies for gold and associated metals and actual bedrock gold mineralisation indicate that the Grampian Highlands are likely to contain additional gold deposits. The Company intends to spend the majority of the proceeds from the Placing on exploration to the east and around Cononish, at the Bein Udlaidh breccia pipes and vein, and at Auch (see Section 8 of this Appendix).

2. INCORPORATION

The Company was registered in the state of Western Australia as an Australian public company, limited by shares, on 14 August 2007. The Company's Australian Business Number is 42 127 042 773. The Company was formed and operates under the Corporations Act.

3. CORPORATIONS ACT 2001

Below is a general description of relevant corporate laws and policy in Australia and this should not be relied upon by Shareholders or any other person. The law, policies and practice are subject to change from time to time. It does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing of Ordinary Shares and interests in Ordinary Shares. If you are in any doubt as to your own legal position, you should seek independent advice without delay.

The Company is obliged to comply with the Corporations Act and also with specific obligations arising from other laws that relate to its activities.

Takeovers

As an Australian public listed company, a takeover of the Company is governed by the Corporations Act. The Corporations Act contains a general rule that a person must not acquire a 'relevant interest' in issued voting shares of a company as a result of a transaction in relation to securities entered into by or on behalf of the person if, because of the transaction, a person's voting power in the company:

- increases from 20 per cent. or below to more than 20 per cent.; or
- increases from a starting point which is above 20 per cent. but less than 90 per cent.

A person's voting power is deemed to be that of that person and his/her Associates.

Certain acquisitions of relevant interests are exempt from the above rule including, among others, acquisitions under takeover bids, acquisitions approved by Shareholders, acquisitions of less than 3 per cent. in any 6 month period, rights issues, dividend reinvestment schemes and underwritings.

If a person wishes to acquire more than 20 per cent. of a company, or increase a holding which is already beyond 20 per cent., the person must do so under one of the exemptions (as noted above) which includes undertaking a takeover bid in accordance with the Corporations Act.

A person who holds more than 90 per cent. of the shares in a company may conduct a compulsory acquisition of all remaining shares under the Corporations Act.

Substantial Shareholdings

A person has a "substantial holding" if that person and that person's Associates have a relevant interest in 5 per cent. or more of voting shares in a company.

A person who:

- begins to or ceases to have a substantial holding in a company; or
- has a substantial holding in a company and there is movement by at least 1 per cent. in their holding,

must give notice to the company and to the ASX. The contents of the notice are prescribed in the Corporations Act, section 671B(3)/(4).

Foreign Investment

In Australia, foreign investment in, and ownership of, companies and property is regulated by the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("FATA"), which is administered by the Foreign Investment Review Board ("FIRB"), a division of the Treasury department of the Australian federal government. FIRB's functions are advisory only, and responsibility for making decisions on proposals rests with the Treasurer of the Australian federal government ("Treasurer").

FATA provides a notification and approval process for proposed investments in Australia by "foreign persons" (individuals, corporations or trusts), which may result in foreign control or ownership of Australian businesses or companies. Small proposals are generally exempt from notification, and larger proposals are approved unless judged contrary to the national interest.

FATA provides where:

- the Treasurer is satisfied a person proposes to acquire shares in a corporation which carries on an Australian business;
- the acquisition would result in the corporation being controlled by a foreign person; and

- the result would be contrary to the national interest,

the Treasurer may make an order prohibiting the acquisition. This does not apply to existing Australian businesses whose total assets do not exceed A\$50 million.

A proposed acquisition of shares (unless an exempt dealing under FATA) will have the effect of a foreign person acquiring a controlling interest in an Australian corporation if one of the following applies:

- that person alone, or together with his/her Associates, directly or indirectly acquires 15 per cent. of the shares or voting power in a corporation; or
- that person, together with other foreign persons and each of their Associates, directly or indirectly acquire 40 per cent. of the shares or voting power in a corporation.

If a foreign person must give notice to FIRB under FATA it must await the decision of the Treasurer before entering into a binding agreement to acquire shares which will result in a foreign person acquiring a controlling interest in a corporation.

Listing Rules

As a company admitted to the official list of the ASX, the Company is bound to comply with the Listing Rules, as they exist from time to time. The Listing Rules address such matters as admission to listing, quotation of securities, continuous disclosure, periodic disclosure, certain requirements for terms of securities, issues of new capital, transfers of securities, escrow (lock-in) arrangements, transactions with related/controlling parties, significant transactions, shareholder meetings, trading halts and suspensions and fees payable. ASX also publishes guidance notes regarding the interpretation of parts of the Listing Rules.

The Listing Rules and guidance notes can be found at www.asx.com.au.

4. THE CITY CODE

The Company is incorporated in Australia. Accordingly, transactions in the Ordinary Shares will not be subject to the provisions of the City Code. There are, however, provisions under Australian law and regulations applicable to the Company, particularly Chapter 6 of the Corporations Act, that are similar or analogous to certain provisions of the City Code. These are described briefly in Section 3 of this Appendix above.

5. SHARE CAPITAL

All Ordinary Shares are currently traded on the ASX. The Ordinary Shares have been so traded since 15 January 2008. All documents or announcements which the Company has made public over the last two years in consequence of having its securities traded on the ASX are available from the Public Record.

The Company carried out a placing of 19,631,400 Ordinary Shares upon admission to the ASX, issued fully paid at a price of A\$0.25 and immediately following admission to the ASX, the number of Ordinary Shares in issue was 63,415,852. On 15 June 2009, the Company increased its issued share capital with the placement of 9,500,000 Ordinary Shares, issued fully paid at a price of A\$0.085 per share. On 20 October 2009, the Company increased its issued share capital further with the placement of 10,900,000 Ordinary Shares, issued fully paid at a price of A\$0.11 per share and again on 24 November 2009 with the placement of 18,190,910 Ordinary Shares, also issued fully paid at a price of A\$0.11 per share.

The Company, immediately prior to the date of this Appendix, has in issue 102,006,762 Ordinary Shares. The Ordinary Shares have no nominal or par value and are recorded in the accounts of the Company at their issue price.

At the Company's AGM on 24 November 2009, Shareholders approved a resolution to authorise the Company to issue up to 30,000,000 Ordinary Shares within three months of that date at a subscription price of no less than 80 per cent. of the weighted average market price calculated in accordance with Rule 7.3.3 of the ASX Listing Rules, which prohibits the issue of shares at a price of no less than 80% of the weighted average market price of shares quoted on the ASX over the last 5 days on which sales in the shares were recorded before the date on which the issue will be made.

The Company does not have an authorised share capital. There is generally no limit in the Corporations Act or the Constitution on the powers of the Directors to issue shares. However, subject to certain exceptions (including those in respect of pro rata issues and issues under employee incentive schemes):

- (a) Rule 7.1 of the ASX Listing Rules prohibits a company which is listed on the ASX from issuing shares, options or other equity securities representing more than 15 per cent. of its issued share capital in any 12 month period without shareholder approval. Such shareholder approval requires an ordinary resolution passed by a simple majority; and
- (b) Chapter 6 of the Corporations Act forbids the acquisition of a "relevant interest" in voting shares in a company (whether by transfer or issue) if, as a result, the voting power of the acquirer (or any other person) in a company would increase from 20 per cent. or below to more than 20 per cent., or such voting power would increase in any amount where a person's voting power was already greater than 20 per cent. but less than 90 per cent.

6. OPTIONS

The Company, as at the date of this Appendix, has in issue options over, in aggregate, 38,799,204 Ordinary Shares. Such options have an exercise date of 30 April 2010 at a price of A\$0.30 per Ordinary Share.

Save as disclosed in this Appendix:

- (a) no Ordinary Share has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
- (b) no Ordinary Share is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the Ordinary Shares;
- (d) no founder, management or deferred shares have been issued by the Company; and
- (e) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

7. COMPLIANCE AND CORPORATE GOVERNANCE

The Company, as an Australian incorporated company, must comply with the Australian Corporations Act 2001 and, as a listed entity on the ASX, must comply with the ASX Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council. The Company will disclose any departures from the Corporate Governance Recommendations in its annual report, together with the reasons for such departure.

The Company confirms, following due and careful enquiry, that it has adhered to all legal and regulatory requirements involved in having its securities traded on the ASX. There is no material information concerning Scotgold which has not been announced to the ASX as at the date of this Appendix. The Company has complied with all the continuous disclosure requirements of the ASX.

The Directors recognise the importance of sound corporate governance and intend to observe the requirements of the Code of Best Practice, as published by the Committee on Corporate Governance published by the Financial Reporting Council in June 2008 (commonly known as the "Combined Code") to the extent they consider appropriate in light of the Company's size, stage of development and resources. The Company further intends to comply with the principles of the Corporate Governance Guidance for AIM Companies published by the Quoted Companies Alliance in 2005.

The Company has established an Audit Committee and a Remuneration Committee but it has not established a risk management committee or a nominations committee due to the size and scale of its operations.

Audit Committee

The Audit Committee is comprised of Phillip Jackson and Edmond Edwards. It is responsible for providing formal and transparent arrangements for considering how to apply suitable financial reporting and internal control principles having regard to good corporate governance and maintaining an appropriate relationship with the Company's auditors. A charter setting out the responsibilities of the Audit Committee is posted on the Company's website.

The Remuneration Committee comprises Edmund Edwards (Chairman), John Bentley and Phillip Jackson. The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual directors. This includes agreeing with the Board the framework for remuneration of the Chief Executive, all other executive directors, the Company Secretary and such other members of the executive management of the Company as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options.

Due to the size of the Company, risk management and nominations issues will be addressed by the Board. As the Company grows the Board will consider establishing a risk management committee and a nominations committee and will consider developing further policies and procedures which reflect the principles of good governance and the Combined Code

8. REASONS FOR THE PLACING AND USE OF PROCEEDS

The net proceeds of the Placing plus the current cash in hand of approximately £1.3 million will be used by the Company over the following 12 months approximately as follows:-

Use of Funds	£ ('000)
Cononish Project Development	350
Exploration costs:	
• Cononish East / Near Mine	300
• Beinn Udlaigh Breccia Pipes/ Vein	220
• Auch	220
Exploration on other licences	150
General and administrative costs	450
Total	1,690

The Directors believe that Admission will provide a larger market for the Company's Ordinary Shares, broaden the shareholder base and facilitate new opportunities in fundraising. Furthermore, given that the Company's assets are European based assets, Admission will enable the Company to forge closer and more formal links with the European capital markets.

9. ADMISSION, SETTLEMENT (CREST) AND DEALINGS

To be traded on AIM, securities must be able to be transferred and settled through the "CREST" system, a UK computerised paperless share transfer and settlement system, which allows shares and other securities, including Depository Interests, to be held in electronic form rather than in paper form. The Australian equivalent of this system is called "CHESS". For certain foreign securities, in this case the Ordinary Shares, to be transferred and settled through CREST, they need to be in the form of "Depository Interests".

The Company, through its UK Depository, will have a facility whereby (pursuant to a depository deed to be executed by the UK Depository) Depository Interests, representing Ordinary Shares, will be issued by the UK Depository to persons who wish to hold the Ordinary Shares in electronic form within the CREST system. It is intended that the Company will apply for the Depository Interests, representing Ordinary Shares, to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Depository Interests representing the Shares following Admission may take place within the CREST system if the relevant Shareholders so wish.

The Ordinary Shares will remain listed and traded on the ASX, with trades settled electronically on the Australian registry through the CHESS system.

Shares held through CHESS on the Australian registry may be transferred into Depository Interests held through CREST on the UK Depository registry and vice versa. Shareholders wishing to transfer stock from CHESS to a Depository Interest on CREST can do so through an Australian broker on a same day basis. Movements from CREST to CHESS can be made on a next day basis. In such a way, the Ordinary Shares can be traded on the ASX or AIM, irrespective as to which jurisdiction the investor is based in.

It is emphasised that, although the Ordinary Shares will trade on AIM, the Company will not be subject to takeover regulation in the UK. Being an Australian incorporated company, Scotgold is

subject to the takeover and other provisions of the Corporations Act (see Sections 3 and 4 above).

10. LOCK-IN ARRANGEMENTS

Pursuant to the AIM Rules, the Directors, whose interests in the Ordinary Shares are detailed in Section 13 below, and Ross McLellan, a director of Scotgold (Scotland), have undertaken not to dispose of any Ordinary Shares that they or any of their “related parties” (as defined in the AIM Rules) own for a period of 12 months from Admission.

The Company has no “applicable employees” as defined in the AIM Rules, who would also have had to enter into a lock-in agreement.

11. DIVIDEND POLICY

The Company anticipates that significant expenditure will be incurred in the development of its mining projects during the 12 month period following Admission. Accordingly, the Company does not expect to declare any dividends during that period. Thereafter it is the Directors’ intention to pay dividends when profit, available cash flow and capital requirements allow.

12. CONSTITUTION

Powers of the Company

The Company, being incorporated under the Corporations Act, does not have a memorandum of association and has the legal capacity and powers of an individual both in and outside Australia. The Company also has all the powers of a body corporate, including the power to:

- a) issue and cancel shares in the Company;
- b) issue debentures (despite any rule of law or equity to the contrary, this power includes a power to issue debentures that are irredeemable, redeemable only if a contingency, however remote, occurs, or redeemable only at the end of the period, however long);
- c) grant options over unissued shares in the Company;
- d) distribute any of the Company’s property among the Shareholders, in kind or otherwise;
- e) give security by charging uncalled capital;
- f) grant a floating charge over the Company’s property;
- g) arrange for the Company to be registered or recognised as a body corporate in any place outside Australia; and
- h) do anything that it is authorised to do by any other law (including the law of a foreign country).

Powers of the Directors

The business of the Company is managed by, or under the direction of, the Directors, who may exercise all powers of the Company that the Constitution or the Corporations Act do not require to be exercised by the Company in general meeting. The powers of the Directors include, without limitation, all of the powers of the Company to:

- a) borrow money;
- b) charge any property or business of the Company or all or any of its uncalled capital;
- c) issue debentures or give any other security for a debt, liability or obligation of the Company or any other person; and
- d) guarantee or to become liable for the payment of money or the performance of any obligation by or of any other person.

The directors may delegate any of their powers, other than those which by law must be dealt with by the directors as a board, to a committee or committees.

At the close of each annual general meeting of the Company one-third (rounded down to the nearest whole number) of the Directors (except the Managing Director) must retire, provided that a Director (except the Managing Director) must retire from office at the conclusion of the third annual general meeting or 3 years after the director was last elected or appointed even if his or her retirement results in more than one-third of all Directors retiring from office. Any retiring Director is eligible for re-election at the meeting.

Rights attaching to shares

Full details of the rights attaching to the Company's shares are set out in the Constitution, a copy of which is available for inspection on the Company's website and at the Company's registered office during normal business hours. The following are the more important rights, privileges and restrictions attaching to the shares of the Company:

General Meetings and Notice

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him

or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for every fully paid share, but in respect of partly paid shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the shares.

Dividend Rights

The Directors may from time to time declare such dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons entitled to Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those shares bear to the issue price of the shares.

Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

Transfer of Shares

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the ASX Listing Rules.

Variation of Rights

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the majority of shareholders in the affected class, vary or abrogate the rights attaching to shares.

13. DIRECTORS' INTERESTS IN SHARE CAPITAL

At the date of this Appendix and following Admission, the interests of the Directors (including persons connected with the Directors within the meaning of section 252 of the Companies Act) in the issued share capital of the Company are:

Director	At the date of this document			On Admission		
	No. of Ordinary Shares	Percentage of issued share capital	No. of Options	No. of Ordinary Shares	Percentage of issued share capital	No. of Options
John Bentley	900,000	0.88%		900,000	0.77%	
Adam Davey			1,000,000			1,000,000
Edmond Edwards	1,760,000	1.73%	1,330,000	1,760,000	1.50%	1,330,000
Phillip Jackson	1,750,000	1.72%	1,625,000	1,750,000	1.49%	1,625,000
Shane Sadleir	11,582,785	11.35%	6,752,905	11,582,785	9.87%	6,752,905
Christopher Sangster	4,700,000	4.61%	3,750,000	4,700,000	4.01%	3,750,000
Total	<u>20,742,785</u>	<u>20.29%</u>	<u>14,457,905</u>	<u>20,742,785</u>	<u>17.68%</u>	<u>14,457,905</u>

In addition, the interest of Ross McLellan (including persons connected with him within the meaning of section 252 of the Companies Act), a director of Scotgold (Scotland), in the issued share capital of the Company at the date of this document is 933,334 Ordinary Shares representing 0.91 per cent. of the issued share capital and 591,667 options.

All of the above interests disclosed are either beneficially held by the relevant Director or by a related party (as defined in the AIM Rules) of the relevant Director.

14. ADDITIONAL INFORMATION ON THE DIRECTORS

The directorships and partnerships of the Directors, other than of the Company, and within the five years preceding the date of this Appendix are as detailed below:

Name	Current Directorships/Partnerships	Past Directorships/Partnerships (within past 5 years)
John Bentley	Artumas Group Inc Balmuir Estates Nominees Ltd CDS Oil & Gas Group plc Faroe Petroleum plc LGH (UK) Ltd Ptarmigan Natural Resources Ltd Q Venture Development (South Africa) Ltd Resaca Exploitation Inc Scotgold (Scotland)	Artumas Africa Foundation Composite Energy Ltd First Africa Oil plc Osprey Oil & Gas Ltd Rift Oil plc
Adam Davey	Capulet Limited Court Securities Pty Ltd Lightflow Investments Limited Montagu Stockbrokers Pty Ltd Montagu Wealth Management Pty Ltd	
Edmond Edwards	Athena Resources Limited	Argyle Iron Ore Pty Ltd

	Capricorn Resources Limited	Resource Exploration Limited
	Complex Resources Pty Ltd	Resource Mining Corporation Limited
	Tied Investments Pty Ltd	
	Tied Nominees Pty Ltd	
Phillip Jackson	Aurora Minerals Limited	Baker Oil Treating (India) Limited
	Aurora Resources Limited	Petrolite Pacific Pte Ltd
	Baker Hughes Pty Ltd	Perpetual Systems Sdn Bhd
	Baker Hughes New Zealand Pty Limited	PT Baker Hughes Indonesia
	Baker Hughes PNG Limited	
	Baker Hughes Vietnam Limited	
	Baker Hughes Asia Pacific Ltd	
	Baker Hughes Investments Ltd	
	Baker Hughes Services Limited	
	Baker Hughes Oilfield Services India Private Limited	
	Baker Hughes (Thailand) Co Ltd	
	Baker Hughes Singapore Pte	
	Baker Hughes Inteq Sdn Bhd	
	Baker Oil Tools (B) Sdn Bhd	
	Baker Hughes (Malaysia) Sdn Bhd	
	Baker Hughes Services (Malaysia) Sdn Bhd	
	Baker Atlas (M) Sdn Bhd	
	Baker Hughes Inteq (M) Sdn Bhd	
	Baker Oil Tools (M) Sdn Bhd	
	Baker Hughes Beijing Trading	
	Baker Hughes (Suzhou) Oilfield Equipment Manufacturing Limited	
	Desert Energy Limited	
	Dawn Metals Limited	
	Gaffney, Cline & Associates Pty Ltd	
	Gaffney, Cline & Associates (Consultants) Pte Ltd	
	HCCbits Malaysia Sdn Bhd	
	Holihox Pty Ltd	
	Malaysia Mud & Chemicals Sdn Bhd	
	Scotgold (Scotland)	
Shane Sadleir	Dundas Resources Pty Ltd	Athena Resources Ltd
	Ironclad Mining Ltd	Bannerman Resources Ltd
	Mineral Products Holdings Pty Ltd	Trafford Coal Pty Ltd
	Robust Resources Ltd	
	Scotgold (Scotland)	
	Trafford Resources Ltd	
Christopher Sangster	Fynegold	
	Scotgold (Scotland)	

None of the Directors has:

- (a) any unspent convictions in relation to indictable offences; or
- (b) been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to the assets of such Director; or
- (c) been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
- (d) been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (e) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (f) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

15. DIRECTORS' SERVICE AND OTHER AGREEMENTS AND REMUNERATION

Christopher Sangster has been the Company's only employee since the Company was incorporated.

15.1 Employment Agreement:

Christopher Sangster is Chief Executive. On 28 January 2009, the Company and Scotgold (Scotland) entered into a service contract with Mr Sangster whereby Mr Sangster will serve as the Company's Chief Executive or in such other position as the Board may require. The Company shall pay a salary to Mr Sangster which shall be reviewed at the Company's absolute discretion. Mr Sangster's monthly salary is currently £10,416. Under the terms of this service contract, the Company shall supply and bear the expenses of a car for Mr Sangster's business and private use. Mr Sangster is entitled to all bank and public holidays normally observed in Scotland and a further 25 working days' holiday in each year. Mr Sangster's employment under this service agreement will continue for an indefinite period until terminated by either party giving to the other not less than 6 months' prior written notice.

15.2 Consultancy Agreements:

Directors

- (a) John Bentley is Chairman and a member of the Remuneration committee. On 27 January 2009, the Company entered into an agreement with Ptarmigan Natural Resources Ltd, a company wholly owned by Mr Bentley and of which he is a director. Under the terms of this agreement, Ptarmigan Natural Resources Ltd shall provide certain services to the Company, as well as the services of Mr Bentley, to assist in the performance of such services. Such services shall include the obligation: to direct, manage, coordinate and supervise the financial and administration operations of the Company; to prepare

exploration and mining budgets and programs for submission to the Board; to assist in the conduct, administration and management and control of exploration and mining of the Company; and to ensure the Company's business is conducted in an ethical and professional manner. Ptarmigan Natural Resources Ltd shall ensure that Mr Bentley provides such services for no less than four business days in any one month period or as may be agreed between the parties. The Company shall pay a fee to Ptarmigan Natural Resources Ltd for the provision of such services of A\$7,000 per month or as may be agreed between the parties. In addition, the Company shall also pay the mobile telephone, home telephone, broadband internet fees and professional membership fees of Ptarmigan Natural Resources Ltd. This agreement may be terminated by either party upon not less than 3 months' written notice to the other party.

- (b) Edmond Edwards is a Non-Executive Director and, chairman of the Remuneration Committee and a member of the Audit Committee. On 27 January 2009, the Company entered into an agreement with Tied Investments Pty Ltd, a company wholly owned by Mr Edwards and of which he is a director. Under the terms of this agreement, Tied Investments Pty Ltd shall provide certain services to the Company, as well as the services of Mr Edwards, to assist in the performance of such services. Such services shall include the obligation: to direct, manage, coordinate and supervise the financial and administration operations of the Company; to prepare exploration and mining budgets and programs for submission to the Board; to assist in the conduct, administration and management and control of exploration and mining of the Company; and to ensure the Company's business is conducted in an ethical and professional manner. Tied Investments Pty Ltd shall ensure that Mr Edwards provides such services for no less than four business days in any one month period or as may be agreed between the parties. Under the agreement, the Company shall pay a fee to Tied Investments Pty Ltd for the provision of such services of A\$4,500 per month or as may be agreed between the parties. The Company shall also pay Mr Edwards a further A\$2,000 per month for services carried out on behalf of the Company in respect of financial, corporate and other queries directed at the Company's office in Perth. In addition, the Company shall also pay the mobile telephone, home telephone, broadband internet fees and professional membership fees of Tied Investments Pty Ltd. This agreement may be terminated by either party upon not less than 3 months' written notice to the other party.
- (c) Adam Davey is a Non-Executive Director. On 12 March 2009, the Company entered into an agreement with Mr Davey as trustee of Shenton Park Investment Trust. Under the terms of this agreement, Shenton Park Investment Trust shall provide certain services to the Company, as well as the services of Mr Davey, to assist in the performance of such services. Such services shall include the obligation: to direct, manage, coordinate and supervise the financial and administration operations of the Company; to assist in the conduct administration and management and control of exploration and mining of the Company; and to ensure the Company's business is conducted in an ethical and professional manner. Shenton Park Investment Trust shall ensure that Mr Davey provides such services for no less than four business days in any one month period or as may be agreed between the parties. The Company shall pay a fee to Shenton Park Investment Trust for the provision of such services of A\$4,500 per month or as may be agreed between the parties. In addition, the Company shall also pay the mobile telephone, home telephone, broadband internet fees and professional membership fees of Shenton Park Investment Trust. This agreement may be terminated by either party upon not less than 3 months' written notice to the other party.
- (d) Phillip Jackson is a Non-Executive Director, chairman of the Audit committee and a member of the Remuneration Committee. On 27 January 2009, the Company entered into

an agreement with Holiho Pty Ltd, a company wholly owned by Mr Jackson and of which he is a director. Under the terms of this agreement, Holiho Pty Ltd shall provide certain services to the Company, as well as the services of Mr Jackson, to assist in the performance of such services. Such services shall include the obligation: to direct, manage, coordinate and supervise the financial and administration operations of the Company; to prepare exploration and mining budgets and programs for submission to the Board; to assist in the conduct, administration and management and control of exploration and mining of the Company; and to ensure the Company's business is conducted in an ethical and professional manner. Holiho Pty Ltd shall ensure that Mr Jackson provides such services for no less than four business days in any one month period or as may be agreed between the parties. The Company shall pay a fee to Holiho Pty Ltd for the provision of such services of A\$4,500 per month or as may be agreed between the parties. The Company shall also pay Mr Jackson a further A\$1,500 for each day which Mr Jackson spends performing legal services on behalf of the Company. In addition, the Company shall also pay the mobile telephone, home telephone, broadband internet fees and professional membership fees of Holiho Pty Ltd. This agreement may be terminated by either party upon not less than 3 months' written notice to the other party.

- (e) Shane Sadleir is a Non-Executive Director. On 30 June 2009, the Company entered into an agreement with Mineral Products Holdings Pty Ltd, a company wholly owned by Mr Sadleir and of which he is a director. Under the terms of this agreement, Mineral Products Holdings Pty Ltd shall provide certain services to the Company, as well as the services of Mr Sadleir, to assist in the performance of such services. Such services shall include providing advice on the financial and administration operations of the Company; providing advice on exploration and mining budgets and programs and a review of the results to the Board; providing advice on the conduct, administration, and management and control of exploration and mining of the Company; and, ensuring that the Company's business is conducted in an ethical and professional manner. Mineral Products Holdings Pty Ltd shall also perform investor relations activities under the direction of on behalf of the Company. Such investor relations activities shall include developing, coordinating and implementing an investor relations plan of the Company; and preparing and coordinating all media and ASX releases, in addition to handling shareholder and general public enquiries. Mineral Products Holdings Pty Ltd shall ensure that Mr Sadleir provides such services for no less than four business days in any one month period or as may be agreed between the parties. The Company shall pay a fee to Mineral Products Holdings Pty Ltd for the provision of such services of A\$4,500 per month or as may be agreed between the parties. The Company shall also pay Mr Sadleir A\$4,200 per month for public relations services carried out on behalf of the Company. In addition, the Company shall also pay the mobile telephone, home telephone, broadband internet fees and professional membership fees of Mineral Products Holdings Pty Ltd. This agreement may be terminated by either party upon not less than 3 months' written notice to the other party.

Company Secretary

- (f) Peter Newcomb is the Company Secretary. On 28 January 2009, the Company entered into an agreement with Symbios Pty Ltd, a company wholly owned by Mr Newcomb and of which he is a director. Under the terms of this agreement, Symbios Pty Ltd shall provide certain services to the Company, as well as the services of Mr Newcomb, to assist in the performance of such services. Such services shall include the obligation: to assist in the direction, management, coordination and supervision of the accounting and administrative operations of the Company; to prepare or assist in the preparation of ASX/ASIC and Mines Department compliance reports; to assist in the conduct, administration and management and control of operations of the Company; to make

recommendations to the Board as to the procedures and systems to be implemented by the Company; and, to ensure the Company's business is conducted in an ethical and professional manner. Symbios Pty Ltd shall ensure that Mr Newcomb provides such services for no less than 8 business days in any one month period or as may be agreed between the parties. The Company shall pay a fee to Symbios Pty Ltd for the provision of such services of A\$8,000 per month or as may be agreed between the parties. In addition, the Company shall also pay the mobile telephone, home telephone, broadband internet fees and professional membership fees of Symbios Pty Ltd. This agreement may be terminated by either party upon not less than 3 months' written notice to the other party.

Scotgold (Scotland)

- (g) Ross McLellan is a director of Scotgold (Scotland). Scotgold (Scotland) pays Mr McLellan £500 per month for consultancy services in respect of company secretarial services and tax lodgements for the Company's two subsidiaries, Scotgold (Scotland) and Fynegold.

16. PRINCIPAL HOLDERS OF ORDINARY SHARES

The Company is aware of the following shareholdings which represent three or more per cent. of the Company's issued Ordinary Shares, as at 18 February 2010, being the latest practicable date prior to the issue of the Appendix:

Shareholder	At the date of this document		On Admission	
	No. of Ordinary Shares Owned	Percentage of Ordinary Shares at date of document	No. of Ordinary Shares Owned	Percentage of Ordinary Shares on Admission
Shane Sadleir	11,582,785	11.35%	11,582,785	9.87%
Christopher Sangster	4,700,000	4.61%	4,700,000	4.01%
Saruman Holdings Pty Ltd	4,239,500	4.16%	4,239,500	3.61%

The principal shareholders of the Company do not have different voting rights attaching to their Ordinary Shares. They have the same voting rights as all other holders of Ordinary Shares.

17. WORKING CAPITAL

The Directors believe, having made due and careful enquiry and having regard to the facilities available to the Company and the net proceeds receivable by the Company pursuant to the Placing, the working capital available to the Company from the time of Admission will be sufficient for its present requirements as an exploration company only, that is for at least 12 months from Admission.

18. RISK FACTORS

The Directors consider that the following potential risk factors relating to the Company and its business should be brought to the attention of prospective investors. It should be noted that this list is not by any means exhaustive.

Limited operating history

As a result of its short history, the Company is subject to all the risks associated with the operations of a developing business. The Company's prospects may be jeopardised by the type of difficulties that often afflict businesses in the early stages of their development. There can be no guarantee that the Company will move into profitability.

Planning and permits

The Company's exploration, mining and processing activities are dependent upon the grant, renewal, or continuance in force of appropriate planning permission, licences, concessions, leases, permits and regulatory consents which may be valid only for a defined time period, may be subject to limitations and may provide for withdrawal in certain circumstances. Because the Company's projects are located in a National Park and/or a Site of Special Scientific Interest (SSSI), the Company may encounter particular resistance to its applications for such planning permission, licences, concessions, leases, permits and regulatory consents. There can be no assurance that such licences, concessions, leases, permits and regulatory consents will be granted, renewed or continue in force, and if so granted, that they will be on favourable terms.

Access

Scotgold (Scotland) does not have access rights with landowners over the whole area of any of the mineral licences: it holds access rights to the subjects of the mineral lease, which are contained within the Cononish mineral licence, over other areas covered within the Cononish mineral licence and over a limited area of the subjects covered by the Inverleiver mineral licence. There are presently no access agreements granted in relation to the subjects of the Glenlyon mineral licence. There is a risk, therefore, that the Company may not be able to negotiate rights of access with landowners in order to fully exploit its exploration licences.

Environmental

Mining projects may be subject to the environmental laws of countries in which the Company operates. These laws may result in limitation of mining activities, which may become increasingly strict in the future. Environmental awareness on the part of the public has been increasing, as has public pressure on environmental authorities. No assurance can be given that the need to comply with current or future environmental laws, regulations or commitments will have an adverse material effect on the activities of the Company or that the liabilities resulting from any environmental damage caused by the Company will not be material.

Financing

The successful mining of base and precious metal deposits will require significant capital investment. In addition, delays in the construction and commissioning of any of the Company's mining projects or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all mining operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. The Company's ability to raise further funds will depend on the success of existing and acquired operations. The Company may not be successful in procuring the requisite funds and, if such funding is available, the Company may be required to reduce the scope of its operations or anticipated expansion and curtail its budgeted exploration programmes.

Commodity Risk

In the future, the Company's revenue will come from sale of product. Therefore, its earnings will be closely related to the price and arrangements it enters into for selling of its product. Product prices fluctuate and are affected by factors including the relationship between global supply and

demand for gold, forward selling by producers, the cost of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues. These factors may have an adverse affect on the Company's exploration, development and production activities as well as its ability to fund those activities.

Exploration Risks

The Company currently is the holder of various claim reservations, claims, claim applications and mining concessions in relation to various exploration projects. There is no certainty that the Company will discover commercially viable resources or that if it does it will be able to exploit these profitably.

Mineral exploration involves a high degree of risk and exploration projects are frequently unsuccessful. Few prospects that are explored are ultimately developed into producing mines. To the extent that the Company is involved in exploration of metal deposits, the long-term success of the Company's operations will be related to the cost and success of its exploration programme. There can be no assurance that the Company's future exploration efforts will be successful. The risks associated with exploration include the identification of potential metal mineralisation based on analysis of geological data and the capital available for exploration and development.

If reserves are developed, it could take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditure may be required to establish ore reserves through drilling, to determine metallurgical processes to extract metals from ore and, in the cases of new properties, to construct mining and processing facilities. As a result of these uncertainties, there can be no assurance that current and future exploration programmes will result in the discovery of reserves, the expansion of the Company's existing reserves or the development of mines.

Tenements

The Company's exploration, mining and processing activities are dependent upon the grant, renewal or continuance in force of appropriate licences, concessions, leases, permits and regulatory consents which may be valid only for a defined time period, may be subject to limitations and may provide for withdrawal in certain circumstances. There can be no assurance that such licences, concessions, leases, permits and regulatory consents will be granted, renewed or continue in force, or, if so, on what terms. In particular there is no certainty that the Company will be able to obtain the exploitation licences which it will require to exploit any commercial discoveries in the area covered by its existing tenements.

Mining and Processing Risks

There are risks inherent in the development and exploitation of mineral deposits. The business of mining by its nature involves risks and hazards often outside the Company's control including geological, geotechnical and seismic factors and production risks (ore grade/quality, tonnages and recovery/yields), industrial and mechanical incidents, unscheduled plant shutdowns or other processing problems, technical failures, labour disputes, environmental hazards including the discharge of toxic chemicals, fire, drought, flooding and other events outside the Company's control. The exploration, development and production of natural resources is an activity that involves financial risk.

In common with all operations, there is uncertainty associated with the Company's operating parameters and costs. While costs can be budgeted with a reasonable degree of confidence, operating parameters can be difficult to predict and are often affected by factors outside the Company's control.

Operation and Development Risks

By its nature, the business of exploration and mineral development which the Company may continue to participate in contains risks. Prosperity depends on the successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management, and efficient financial management. For its part, exploration is a speculative endeavour, while mining operations which the Company anticipates commencing in the short to medium term can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

Dependence on Key Executives and Personnel

The Company's development and prospects are dependent upon the continued service and performance of its directors, senior management and other key personnel. The loss of the services of any of the directors, senior management and other key personnel may have an adverse impact on the Company. Even if the Company would be able to maintain all key directors and managers there is a possibility that the Company will have difficulties in recruiting suitable personnel performing the mining activities of the Company and/or establishing successful relationships with contractors, service providers and co-operative parties.

Uninsured Risks

The Group, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. In particular, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Group or to other companies in the mining industry on acceptable terms. Losses from uninsured risks may cause the Group to incur costs that could have a materially adverse effect upon the Group's financial performance and results of operations.

Resource Estimates

The estimating of ore reserves and mineral resources carried out by the Competent Person is a subjective process and the accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions used and judgements made in interpreting engineering and geological information. The principal risks associated with the geological interpretation as relied upon in the CPR are: (i) the risks associated with geological/structural interpretations based on the current drill spacing in certain areas; and; (ii) the risk that continuous high grade zones of sufficient tonnage are not delineated. The principal risk associated with mineral resource statements is ensuring potential economic viability given the refractory nature of the ore, the necessary application of relatively complex metallurgical process routes, likely impact of the operating expenditures of mining in remote operating conditions, and infrastructural constraints with regard to access, power and location in a National Park.

Government Policy

Capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy which are beyond the control of the Company.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes could occur during the operations of the Company, which may adversely affect the Company and its activities. Moreover, the tax laws and their interpretation in the jurisdictions in which the Company operates might be subject to amendments, possibly with retroactive effect, which might adversely affect the tax position of the Company.

Share Market Risk

Although the Ordinary Shares are to be admitted to trading on AIM, they will not be listed on the Official List of the London Stock Exchange (the "Official List"). An investment in securities traded on AIM may carry a higher risk than securities quoted on the Official List. The trading of the Ordinary Shares on AIM should not be taken as implying that there will be a liquid market in the securities. A return on investment in the Ordinary Shares may, therefore, in certain circumstances be difficult to realise.

Investors should be aware that, following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors therefore may be unable to recover their original investment. The price at which the Ordinary Shares may trade and the price which investors may realise for the Ordinary Shares will be influenced by a large number of factors, some specific to the Company and some which may affect publicly traded companies generally. This volatility could be attributable to various facts and events, including any regulatory or economic changes affecting the Company's operations, variations in the Company's operating results, changes in commodity prices, developments in the Company's business or those of its competitors, or changes in market sentiment towards the securities, large purchases or sales of securities, liquidity (or absence of liquidity) in the securities, currency fluctuations, legislative or regulatory changes and general economic conditions. In addition, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors.

At the same time, market conditions may affect the Ordinary Shares regardless of the Company's operating performance or the overall performance of the mining industry. Share market conditions are affected by many factors such as general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply of capital.

Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Company while others of which may be outside the Company's control.

Market perception of mining and exploration companies may change, which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by the issue of further shares in the Company.

Competitive Market

The activity of exploring mineral resources is competitive and involves a high degree of uncertainty. There can be no assurance that the Company will be able to locate suitable investments and be profitable. It is possible that competition for appropriate mining opportunities may increase, which may reduce the number of opportunities available to the Company and/or adversely affect the terms upon which such activities can be made.

Litigation

While the Company currently has no outstanding litigation, there can be no guarantee that the current or future actions of the Company will not result in litigation since the mining industry, as all industries, is subject to claim, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Owing to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's financial position or results of operations.

Currency risk

The Company's financial statements are presented in Australian dollars, the functional currency of the Company. The Company's operations are subject to exchange rate fluctuations. Such fluctuations may affect the cash flows of the Company.

19. TAXATION

The paragraphs below comment on the general Australian and UK taxation position of individual and corporate resident and non-resident Shareholders in relation to the payment of dividends by the Company and the future disposal of their Ordinary Shares.

The following comments are intended as a general guide to the Australian and UK tax implications only. This should not be a substitute for individual advice from an appropriate professional adviser and all Shareholders or prospective Shareholders are strongly advised to obtain their own professional advice on the tax implications of acquiring, owning and disposing of Ordinary Shares based on their own specific circumstances.

The comments are based on the law and understanding of the practice of the tax authorities in Australia and the UK at the date of this Appendix.

19.1 Australian Taxation

(a) Taxation of Future Share Disposals

Australian Resident Shareholders – General

Australian resident Shareholders who trade Ordinary Shares in the ordinary course of their business will hold their Ordinary Shares as trading stock. These Shareholders will include profits from the disposal of their Ordinary Shares in their assessable income. These Shareholders may value their trading stock of Ordinary Shares at the end of an income year at its cost, market selling value or replacement value. The choice as to which valuation method to use as the value of closing stock directly affects the calculation of the assessable income of these Shareholders. Any difference between the value of their opening and closing stock of Ordinary Shares on hand for an income year will be brought to account as either assessable income (in the case of an increase in the value of their stock of Ordinary Shares on hand) or as a deduction from their assessable income (in the case of a decrease).

Shareholders who acquire Ordinary Shares for the purpose of re-sale at a profit (but do not hold those shares as trading stock or as an investment) will hold those Ordinary Shares on

revenue account. Shareholders must include any profits made on the disposal of Ordinary Shares held on revenue account in their assessable income when the profits are realised.

Losses realised by Shareholders who dispose of Ordinary Shares held as trading stock or on revenue account may be entitled to deduct the loss against their assessable income.

All other Australian resident Shareholders will hold their Ordinary Shares on capital account. These Australian resident Shareholders must consider the impact of Australian capital gains tax rules on the disposal of their Ordinary Shares.

A Shareholder derives a capital gain on the disposal of Ordinary Shares where the consideration received on disposal exceeds the capital gains tax cost base of the Ordinary Shares.

A Shareholder derives a capital loss on the disposal of Ordinary Shares where the consideration received on disposal is less than the capital gains tax reduced cost base of the Ordinary Shares.

All capital gains and losses for the year are added together to produce a net capital gain or loss position. A net capital gain for a financial year is included in the resident taxpayer's assessable income and is subject to taxation in Australia. A net capital loss may generally be carried forward to future years to be deducted against future capital gains.

Non-Australian Resident Shareholders – General

Non-Australian resident Shareholders who hold Ordinary Shares as trading stock or on revenue account may need to include profits from the sale of Ordinary Shares in their assessable income on the same basis as that described above for Australian resident shareholders. Applicable double taxation agreements may provide relief from Australian taxation.

Non-Australian resident Shareholders who hold Ordinary Shares on capital account would only be subject to Australian capital gains tax upon disposal of their Ordinary Shares where the following conditions are met:

- if the non-Australian resident Shareholders (together with their associates) held 10 per cent or more of the Company's issued capital at the time of disposal or for any 12 month period in the 24 months preceding the disposal; and
- at the time of disposal, more than 50 per cent. of the market value of the assets of the Company are represented (either directly or indirectly) by real property interests situated in Australia or mining rights in respect of certain resources situated in Australia.

Non-Australian resident Shareholders who are subject to Australian capital gains tax may be able to obtain relief from Australian capital gains tax via the application of any relevant double taxation agreement.

Capital Gains Tax Discount

Shareholders that are individuals, trusts or complying superannuation funds (and in some cases a life insurance company) (whether Australian resident or non-Australian resident) may be entitled to the capital gains tax discount in relation to capital gains derived from the disposal of Ordinary Shares, provided that the Ordinary Shares were held for at least 12 months prior to disposal. If the capital gains tax discount applies, the amount of the

taxable capital gain resulting from the disposal will be reduced by 50 per cent. (in the case of Shareholders who are individuals or trusts) and 33⅓ per cent. (in the case of complying superannuation funds and, in certain circumstances, life insurance companies). Shareholders that are companies are not eligible for the capital gains tax discount.

(b) Dividends

Dividends are paid to Shareholders from the accounting profits of the Company. Australian resident Shareholders may receive credits for any corporate tax that has been paid on these profits. These credits are known as “franking credits” and they represent the extent to which a dividend is “franked”. It is possible for a dividend to be either fully or partly franked. Where a dividend is partly franked, the franked portion is treated as fully franked and the remainder as being unfranked.

In order for individual shareholders to be entitled to claim the “tax offset” in relation to franked dividends, the recipient of the dividend must be a “qualified person”. To be a qualified person, the two tests that need to be satisfied are the “holding period rule” (generally referred to as the “45 day rule”) and the “related payments rule”.

Broadly, if individual shareholders have held shares at risk for at least 45 days (excluding the dates of acquisition and disposal), they are able to claim the tax offset for the amount of any franking credits attaching to the dividend.

It should be noted that the definition of dividend for Australian tax purposes is broad and can include certain capital returns and off-market share buy-backs.

Australian Resident Shareholders – Non-corporate

Resident non-corporate Shareholders will need to include dividends in their assessable incomes for the period in which they receive the dividends. The amount to be included is the amount of the dividend plus the franking credit attached to it. Resident non-corporate Shareholders who are individuals, trustees who are assessed on a resident beneficiary’s share of income, complying superannuation funds, certain exempt institutions and certain life insurance companies will be entitled to receive tax credits for the franking credit attached to dividends. Non-corporate Shareholders might receive a tax refund, if the franking credit attached to the dividend exceeds the tax payable on their taxable income. In the case of certain exempt institutions, a refund of the whole of the franking credit may be obtained. Non-corporate Shareholders will be liable to pay additional tax if the tax payable as a result of receiving the dividend exceeds the franking credits which are attached to the dividend.

Australian Resident Shareholders – Corporate

Dividends payable to Australian resident corporate Shareholders will be included in their assessable income in the year the dividend is paid. The corporate Shareholder will be entitled to a franking credit to the extent that the dividend is franked. This would result in the dividend being free of further company tax to the extent that it is franked. A fully franked dividend should effectively be free of tax to an Australian resident corporate Shareholder.

Quotation of Tax File Number/Australian Business Number

Australian resident shareholders will be required to provide their Tax File Number or Australian Business Number as applicable. If this requirement is not met, an amount (up

to 46.5 per cent.) could be withheld from unfranked dividends paid by the Company. The amount withheld will be credited against the Shareholder's Australian income tax liability. No amount should be withheld in respect of the franked part of a dividend.

Non-Australian Resident Shareholders – General

Unfranked dividends paid to non-Australian resident Shareholders will generally be subject to withholding tax. Withholding tax is imposed at thirty per cent unless a Shareholder is a resident of a country with whom Australia has a double taxation agreement. The double taxation agreement may reduce the withholding tax rate to a range of between five per cent and fifteen per cent depending on the country of residence of the non-Australian resident Shareholder.

Where the Company pays an unfranked dividend out of certain profits derived from non-Australian sources, the Company may declare a portion of the unfranked dividend to consist of conduit foreign income. Where this is the case, the portion of the unfranked dividend that consists of conduit foreign income will not be subject to Australian withholding tax and will not be subject to further Australian income tax in the hands of non-Australian resident Shareholders.

The franked part of a dividend paid to a non-Australian resident shareholder is not subject to withholding tax.

Non-Australian resident Shareholders may be assessable for tax on any dividends in their country of residence. They should consider the impact of dividends under their domestic tax regime.

(c) Goods and Services Tax (GST) and Stamp Duty

No Australian GST or stamp duty is payable on the acquisition or disposal of Ordinary Shares.

19.2 UK Taxation

The Company

The Company will carry on its business activities so that for United Kingdom (UK) corporation tax purposes it will not be regarded as either resident within the UK, nor carrying on a trade through a permanent establishment located in the UK. On this basis the Company will have no liability in respect of UK corporation tax or capital gains tax.

UK Shareholders

The following paragraphs broadly outline the taxation position of Shareholders in Scotgold who are resident (and, if individuals, ordinarily resident) in the UK for tax purposes as well as those who are non-resident in the UK. The statements are based on current UK tax legislation and HM Revenue and Customs common practice. The statements may be subject to change, perhaps with retrospective effect. The statements may also not apply to certain classes of Shareholder such as dealers, insurance companies and charities.

The following paragraphs provide general advice only. Each Shareholder's specific circumstances will impact on their taxation position. All Shareholders are recommended to obtain their own taxation advice.

In particular, all Shareholders, including UK tax resident Shareholders are advised to consider the potential impact of any relevant double tax agreements on their shareholding.

(a) Taxation of Chargeable Gains

UK Resident Shareholders

A disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident or ordinarily resident in the UK may give rise to a chargeable gain or allowable loss for the purpose of UK taxation of chargeable gains.

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares will be regarded as an acquisition of a new holding in the share capital of the Company. The date of issue will be treated as the date of acquisition under the chargeable gains regime.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding. If a Shareholder disposes of all or any of the Ordinary Shares in the Company, he may incur a liability to tax on chargeable gains depending on the Shareholder's individual circumstances.

As the Company's principal share register is situated in Australia, the Ordinary Shares are considered to be located abroad for UK capital gains tax purposes. Non-UK domiciled individual Shareholders who are either resident or ordinarily resident in the UK will therefore only be subject to UK capital gains tax on profits realised on the sale of Ordinary Shares held in the company to the extent that these profits are remitted to the UK. Dealings in the Company's Ordinary Shares on AIM may give rise to remitted profits which would therefore be taxable.

Non-UK Resident Shareholders

A Shareholder who is not resident in the UK for tax purposes but who carried on a trade, profession or vocation in the UK through a branch or agency and has used, held or acquired the Ordinary Shares for the purpose of such trade, profession or vocation may also be subject to UK taxation on chargeable gains on a disposal of those Ordinary Shares. Special rules may apply to tax gains on disposals made by individuals at a time when they are temporarily not resident nor ordinarily resident in the UK.

(b) Dividends

The Company will not be required to withhold UK tax from dividends paid on the Ordinary Shares. Any holder of Ordinary Shares who is resident in the UK, or who carries on a trade, profession or vocation in the UK to which the Ordinary Shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the Ordinary Shares.

An individual Shareholder who is resident in the UK for tax purposes and who is liable to income tax at no more than the basic rate will be subject to income tax at a rate of 10 per cent. on the gross dividend. This liability will however be fully met by the notional tax credit attached to the dividend.

An individual Shareholder who is resident in the UK for tax purposes and who is liable to income tax at the higher rate will suffer tax at an effective rate of 32.5 per cent. on the net dividend income. This rate will increase to 36.11 per cent. with effect from 6 April 2010.

Dividends payable by the company may suffer withholding tax (“WHT”) (see paragraph 19.1 - *Non-Australian Resident Shareholders – General*). If the dividend has been subject to Australian dividend withholding tax, the amount of the dividend received plus the WHT will be included in the assessable income of the UK Shareholder. In these circumstances the Shareholder should be entitled to a credit for the WHT. The credit would be limited to the lesser of the WHT or the UK tax payable on the combined amount of the dividend plus WHT, subject to a maximum of 15 per cent of the gross dividend.

UK Resident Company Shareholder

With effect from 1 July 2009, any such dividends received by a UK resident company Shareholder will be treated as exempt from UK corporation tax.

If the dividend has been subject to WHT, no further relief will be available thereon.

(h) Inheritance Tax

Under UK inheritance tax law, registered Ordinary Shares are located where they are registered, which is generally the place where the share register is maintained and where transfer of the Ordinary Shares can legally be executed. In the case of the Company, the principal register is maintained in Australia and, therefore, Ordinary Shares held in the Company will not have a United Kingdom location and hence will be excluded from the estate of non-UK domiciled Shareholders for UK Inheritance Tax purposes.

The value of the Ordinary Shares will form part of the estate of a UK domiciled Shareholder.

(d) UK Stamp Duty and Stamp Duty Reserve Tax

The following comments do not apply to Ordinary Shares issued or transferred into depositary or clearance arrangements, to which special rules apply.

There is generally no liability to UK stamp duty or stamp duty reserve tax (“SDRT”) on the issue of Ordinary Shares by Scotgold.

Any person who is in any doubt as to his tax position or is subject to taxation in a jurisdiction other than Australia or the UK should consult an appropriate professional adviser.

20. MATERIAL CONTRACTS

In addition to the agreements summarised in the Public Record (which can be found at www.asx.com.au and www.scotgoldresources.com), the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or its subsidiaries during the two years immediately preceding the date of this Appendix and are, or may be, material as of the date of this Appendix:

- 20.1 Pursuant to the Nomad and Broker Agreement dated 22 February 2010 between the Company, the Directors and Westhouse, Westhouse has agreed to act as Nomad and broker to the

Company for the purposes of the AIM Rules following Admission. The appointment is terminable after one year, upon the giving of not less than three months' prior notice by either party. The Engagement Letter contains certain indemnities by the Company in favour of Westhouse. Westhouse will be paid an annual fee of £40,000 (plus VAT if applicable) payable by equal instalments quarterly in advance with the first payment being due and payable immediately prior to Admission.

- 20.2 By a Placing Agreement dated 22 February 2010 made between the Company, the Directors, and Westhouse, Westhouse has agreed to use its reasonable endeavours to procure subscribers on behalf of the Company for the Placing Shares at the Placing Price. The Company has given certain warranties and indemnities and the Directors have given certain warranties to Westhouse as to the accuracy of information contained in the Announcement and other matters in relation to the Company and its business. The Placing Agreement is conditional inter alia upon Admission taking place no later than 8.00 a.m. (UK time) on 24 February 2010 or such later date as may be agreed by the Company, the Directors and Westhouse. Under the Placing Agreement, the Company has agreed to pay a fee of £50,000 plus VAT (payable only on Admission or on termination of the Placing Agreement in certain circumstances), and a commission (payable only on Admission) of two per cent. of the aggregate value of the Placing Shares at the Placing Price, plus an additional three per cent. in respect of such Placing Shares as are placed with placees introduced to the Company by Westhouse.
- 20.3 On 27 August 2009 a mineral lease between John Hally Burton, Ian Hally Burton and David Douglas Burton and Scotgold (Scotland) was registered for preservation and execution in the Books of Council and Session. The mineral lease is currently being registered in the Land Register of Scotland under Application Number 09PTH04429 with Title Number PTH36443. Under the terms of the mineral lease, the landlord lets to the Company the minerals (meaning the whole mines, metals and minerals, and substances capable of commercial exploitation) other than the reserved minerals (meaning all precious metals vested in the Crown and all mines, metals and minerals reserved by statute to a third party) in the subjects (being the c. 6,000 acre farm and lands of Cononish) together with the benefit of access and water rights. The Landlord has granted to Scotgold (Scotland) the benefit of all rights of access pertaining to the landlord over and to the landlord's property. As a tenant, Scotgold (Scotland) cannot have better access rights than that of the landlord. The landlord holds a valid, heritable right of access over the route from the public road at Dalrigh. Over parts of this access, Scotgold (Scotland) has unchallengeable rights of vehicular access for all purposes, with rights to maintain and upgrade roads and bridges, but it cannot be said beyond doubt that these rights may be exercised by vehicles for all purposes over the remaining parts of the access. In addition however, the landlord also holds a servitude right to the use the track to the public road at the Lower Tyndrum Railway Station. In this case, it is for 'all purposes'. The permitted use is to enable Scotgold (Scotland) to search for and work minerals. The length of term is 21 years from the date of entry (23 July 2009) to the expiry date (23 July 2030). The rent is £14,170 per annum, calculated pro rata in respect of any period less than 12 months. The minimum royalty payable by Scotgold (Scotland) to the landlord after the production start date (meaning the commencement of production of gold or silver or copper, lead, zinc or other base metal ores or barytes or industrial minerals) is £26,505 per annum, calculated pro rata in respect of any period of less than 12 months. To the extent that the royalty together with a wayleave payment (described below) in any relevant 12 month period exceeds the aggregate of the rent and any minimum royalty payable, the following payments shall be made by Scotgold (Scotland) to the landlord: (i) a royalty of 3.5 per cent. of the net realisable mineral value of copper, lead, zinc and other base metal ores (net of all production costs, including agency); (ii) a royalty of 3.5 per cent. of the sale value on barytes and industrial minerals; (iii) a royalty of 10 per cent. of the gross sale value for rock, sand and gravel; and (iv) a royalty of 3.5 per cent. of the sale value of all waste and tailings, in each case on material recovered from the subject during the previous twelve month period and

sold. To the extent that the royalty together with the wayleave payment in any relevant 12 month period exceeds the aggregate of the rent and minimum royalty, upon bringing minerals from a neighbouring mine on to the subjects for any purposes permitted by the mineral lease, a wayleave payment shall be made by Scotgold (Scotland) to the landlord amounting to (i) one-tenth of the rates prescribed above for all minerals; and (ii) one-tenth of the royalty payable in respect of all precious metals vested in the Crown and all mines, metals and minerals reserved by statute to a third party. Scotgold (Scotland) shall be responsible for obtaining and complying with all planning and other permissions and consents required for its use and shall relieve the landlord of all liability in connection therewith. Scotgold (Scotland) shall provide any restoration bond or similar as may be required by the Planning Authority or the Scottish Ministers in respect of Scotgold (Scotland)'s operations under the mineral lease. If neither the Planning Authority nor the Scottish Ministers have required Scotgold (Scotland) to provide a restoration bond or similar by the date of entry then Scotgold (Scotland) shall provide to the landlord by the date of commencement of Scotgold (Scotland)'s operations a bond from a suitable bond provider in the sum of £274,349.

- 20.4 On 19 November 2007, Scotgold (Scotland) was granted a mineral licence by the Crown Estate Commissioners. The mineral licence grants Scotgold (Scotland), for an initial period of three years, the right to search for gold and silver at Cononish, Glen Orchy and an option to enter into a head lease with the Crown Estate Commissioners over the subjects of the mineral licence. The mineral licence grants an exclusive right and authority to Scotgold (Scotland) to prospect and search for and remove samples and specimens of gold and silver from the land the subject to the mineral licence. The mineral licence also grants to Scotgold (Scotland) the exclusive right to drill, drive levels, sink shafts and pits for the duration of the mineral licence and for the sole purpose of testing, sampling and analysis to remove the minerals from the land, but only in such quantities as are reasonably necessary for this purpose. The mineral licence is due to expire on 4 November 2010 but may be extended at the request of Scotgold (Scotland) at the discretion of the Crown Estate Commissioners with such application for extension to be made not less than 3 months from the expiry of the term of the mineral licence. Under the terms of the mineral licence, Scotgold (Scotland) shall pay £7,078.98 (plus VAT) to the Commissioners within 21 days of execution of the mineral licence plus a £5,000 per annum licence fee. The mineral licence obliges Scotgold (Scotland) to restore disturbed land in a manner which must be approved by the relevant Planning Authority. Scotgold (Scotland) must also supply a bond from a UK registered institution to guarantee performance of its restoration obligations to the amount of £50,000. The mineral licence grants the right, subject to ongoing good performance by Scotgold (Scotland) under the mineral licence, to have a mining lease granted on terms and conditions not inconsistent with the terms of the heads of lease (contained therein). In the event that production commences on the land, the royalty payment payable by the company in terms of the head lease will be 4 per cent. of gross sales after providing for deductions, with a minimum amount payable of £40,000 per year.
- 20.5 On 19 November 2007, Scotgold (Scotland) was granted a mineral licence by the Crown Estate Commissioners, which was extended by a letter of extension dated 22 September 2008 and by a further letter of extension dated 2 December 2009. The mineral licence grants Scotgold (Scotland), for an initial period of one year, the right to search for gold and silver at Glen Lyon and an option to enter into a head lease with the Crown Estate Commissioners over the subjects of the mineral licence. The mineral licence grants an exclusive right and authority to Scotgold (Scotland) to prospect and search for and remove samples and specimens of gold and silver from the land which is the subject of the mineral licence. The mineral licence also grants to Scotgold (Scotland) the exclusive right to drill, drive levels, sink shafts and pits for the duration of the mineral licence and for the sole purpose of testing, sampling and analysis to remove the minerals from the land, but only in such quantities as are reasonably necessary for this purpose. The mineral licence (as extended) is due to expire on 4 November 2010. The mineral licence is able

to be extended at the request of Scotgold (Scotland) but at the discretion of the Crown Estate Commissioners, with such application for extension to be made not less than 3 months from the expiry of the term of the mineral licence. Under the terms of the mineral licence, Scotgold (Scotland) shall pay a £5,000 per annum licence fee to the Crown Estate Commissioners. The mineral licence obliges Scotgold (Scotland) to restore disturbed land in a manner which must be approved by the relevant Planning Authority and the company must also supply a bond from a UK registered institution to guarantee performance of its restoration obligations to the amount of £50,000. The mineral licence grants the right, subject to ongoing good performance by Scotgold (Scotland) under the mineral licence, to have a mining lease granted on terms and conditions not inconsistent with the terms of the heads of lease (contained therein). In the event that production commences on the land, the royalty payment payable by Scotgold (Scotland) in terms of the head lease will be 4 per cent. of gross sales after providing for deductions with a minimum amount payable of £40,000 per year.

Part of the landlord's property is subject to a Nature Reserve Agreement between the landlord and the Nature Conservancy Council (now Scottish Natural Heritage (SNH)) that the land should be managed as a National Nature Reserve. That area (here called SSSI) is also now designated by statute as a Site of Special Scientific Interest, a Special Area of Conservation ("SAC") and a National Nature Reserve. The SSSI lies to the south of the River Cononish. The proposed surface workings associated with mining lie wholly to the north of the River Cononish. The boundary of the SSSI is shown in the Nature Reserve Agreement as being the River Cononish. However, it is not clear from the plan attached to the extract Nature Reserve Agreement whether or not the boundary includes the south half of the River Cononish. Due to the lack of clarity in the boundary, it is not possible to say whether the consent of SNH is required to permit the construction of the crump weir and gauging station in the River Cononish which are features of the mine works. On the SSSI, Scottish Ministers and SNH can make use of management agreements, notification procedures delaying or prohibiting damaging operations, byelaws and compulsory purchase. However, several of these mechanisms control not just activities within the boundary of the SSSI but also those out with the boundaries that may have an effect on the state of the site from adverse effects. Any plan or project within or out with the boundary of a SSSI which is likely to have adverse consequences on the SSSI is likely to be given planning approval only if strict conditions are met.

- 20.6 On 19 November 2007, Scotgold (Scotland) was granted a mineral licence by the Crown Estate Commissioners, which was extended by a letter of extension dated 22 September 2008 and by a further letter of extension dated 2 December 2009. The mineral licence grants Scotgold (Scotland), for an initial period of one year, the right to search for gold and silver at Inverleiver, Argyll and an option to enter into a head lease with the Crown Estate Commissioners over the subjects of the mineral licence. The mineral licence grants an exclusive right and authority to Scotgold (Scotland) to prospect and search for and remove samples and specimens of gold and silver from the land which is the subject of the mineral licence. The mineral licence also grants to Scotgold (Scotland) the exclusive right to drill, drive levels, sink shafts and pits for the duration of the mineral licence and for the sole purpose of testing, sampling and analysis to remove the minerals from the land, but only in such quantities as are reasonably necessary for this purpose. The mineral licence (as extended) is due to expire on 4 November 2010. The licence is able to be extended at the request of Scotgold (Scotland) but at the discretion of the Crown Estate Commissioners with such application for extension to be made not less than 3 months from the expiry of the term of the mineral licence. Scotgold (Scotland) shall pay a licence fee of £5,000 per annum to the Crown Estate Commissioners. The mineral licence obliges Scotgold (Scotland) to restore disturbed land in a manner which must be approved by the relevant Planning Authority and Scotgold (Scotland) must also supply a bond from a UK registered institution to guarantee performance of its restoration obligations to the amount of £50,000. The mineral licence grants the right, subject to ongoing good performance by Scotgold

(Scotland) under the mineral licence, to have a mining lease granted on terms and conditions not inconsistent with the terms of the heads of lease (contained therein). In the event that production commences on the land the royalty payment payable by Scotgold (Scotland) in terms of the head lease will be 4 per cent. of gross sales after providing for deductions with a minimum amount payable of £40,000 per year.

Scotgold (Scotland) does not have access rights with landowners over the whole area of any of the mineral licences: it holds access rights to the subjects of the mineral lease, which are contained within the Cononish mineral licence, over other areas covered within the Cononish mineral licence and over a limited area of the subjects covered by the Inverleiver mineral licence. There are presently no access agreements granted in relation to the subjects of the Glenlyon mineral licence.

21. RELATED PARTY TRANSACTIONS

21.1 The Company has entered into consultancy agreements with 6 companies associated with each of the Directors and the Company Secretary, details of which are set out in Section 15 of this Appendix.

21.2 The Company engaged Patersons Securities Limited (“Patersons”) pursuant to an engagement letter from Patersons to the Company dated 19 May 2009. Adam Davey is an employee of Patersons. Under the terms of the engagement letter, Patersons acted as lead manager for the raising of up to A\$500,000 of additional equity capital through a proposed placement of new fully paid ordinary shares in the Company. The proposed timetable under the engagement letter was for the placement shares to be settled on 23 May 2009 and for the funds to be available and the shares quoted on 30 May 2009. Patersons was entitled to a fees payable by the Company consisting of a lead manager fee of A\$10,000, a management fee of 1 per cent. of the gross amount raised from all sources under the proposed placement (being A\$5,000 if fully subscribed) and a placement fee of 5 per cent. of the gross amount raised from all sources under the proposed placement. Pursuant to the engagement letter, the Company agrees to offer Patersons the lead role in any further equity capital raisings undertaken in connection with the Company within 12 months of completion of the placement subject to competitive terms in respect of pricing, fees and timing relative to market practices at that time.

On 14 January 2010, the Company received notice of a waiver from Patersons in respect of the requirement for Scotgold to offer Patersons the lead role in the Placing. This waiver does not apply to any other capital raisings that Scotgold may carry out prior to the end of 12 months from completion of the placement referred to in Patersons’s engagement letter to the Company.

21.3 The Company engaged Patersons Securities Limited (“Patersons”) pursuant to a mandate letter from Patersons to the Company dated 15 October 2009. Adam Davey is an employee of Patersons. The mandate letter contains a proposal that Patersons will act as lead manager in respect of their recommendation that Scotgold proceeds with an exempt share placement to raise equity capital of up to approximately A\$3.2 million through the issue of approximately 30 million shares in two tranches. In its role as lead manager to the placement, Patersons’s tasks and responsibilities would be to provide Scotgold with assistance in arranging the placement as is customary and appropriate in transactions of this nature. Under the terms of the mandate letter, Patersons would be paid by the Company a corporate fee of A\$25,000, plus a management fee of 1 per cent. of the total gross amount raised from all sources and a selling fee of 4 per cent. of the total gross amounts raised from all sources under the placement.

- 21.4 The Company entered into a facilities service agreement with Athena Resources Limited (“Athena”) on 1 January 2010. Edmond Edwards is a director and significant shareholder of Athena. Under the terms of the facilities service agreement, Athena shall provide to the Company such personnel, equipment, office space and furniture necessary to: answer telephone and collect mail; provide a reception service to visitors; provide typing, other secretarial and incidental stationery; provide such other services as may be agreed; and provide a geological room and one office. In consideration for the provision of such services, the Company shall pay to Athena a service fee of A\$7,000 per calendar month. Under the terms of the facilities services agreement, Athena has also granted the Company the non-exclusive right for the Company to enter into and use the premises at 63 Lindsay Street, Perth, Western Australia to conduct its business. In consideration for the provision of such premises, the Company shall pay to Athena a licence fee of A\$1. The facilities service agreement shall terminate on 31 December 2010 unless terminated by agreement between the parties prior to this date.
- 21.5 Patersons Securities Limited will receive a commission on funds raised from Australian subscribers in respect of the Placing. Adam Davey is an employee of Patersons Securities Limited.

22. LITIGATION

Neither the Company nor any of its subsidiaries, is, or has at any time in the 12 months immediately preceding the date of this Appendix, been engaged in any governmental, legal or arbitration proceedings and the Directors are not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any of its subsidiaries, or of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this Appendix in each case which may have, or have had in the 12 months preceding the date of this Appendix, a significant effect on the Company's financial position or profitability.

23. GENERAL

- 23.1 Other than as disclosed in this Appendix or as otherwise disclosed on the Public Record:
- there have been no interruptions in the Company's business which may have or have had in the last twelve months a significant effect on the Company's financial position;
 - there are no significant investments by the Company under active consideration; and
 - the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 23.2 There are no persons (excluding professional advisers otherwise disclosed in this Appendix or in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of this Appendix nor have entered into contractual arrangements (not otherwise disclosed in this Announcement) to receive, directly or indirectly, from the Company on or after Appendix fees or securities in the Company or any other benefit, with a value of £10,000 or more at the time of Admission.
- 23.3 The costs, charges and expenses payable by the Company in connection with or incidental to Admission, including registration and stock exchange fees, legal fees and expenses are estimated to amount to £157,000 excluding commissions, GST and VAT.

24. CONSENTS

Westhouse has given and has not withdrawn its written consent to the inclusion in this Appendix of references to its name in the form and context in which it appears.