

RNS Number : 6973D  
Scotgold Resources Ltd  
01 February 2015

**DECEMBER 2014 QUARTERLY REPORT**

**CONONISH GOLD PROJECT**

The Company announced a new Mineral Resource Estimate ('MRE') for the Cononish Gold Project, compiled by CSA Global (UK) Limited (see ASX release: Resource Estimate Update - 22/01/2015). The MRE has been classified and is reported as Measured, Indicated and Inferred based on guidelines recommended in the JORC Code (2012) - see figures 1 and 2 below.

The total MRE as at 12 January 2015 has been estimated at a cut-off grade of 3.5 g/t gold and is presented below.

<b>Classification</b>	<b>K tonnes</b>	<b>Grade AU g/t</b>	<b>Metal AU Koz</b>	<b>Grade Ag g/t</b>	<b>Metal AU Koz</b>	<b>In-situ Dry BD</b>
Measured - In-situ	60	15.0	29	71.5	139	2.72
Indicated - In-situ	474	14.3	217	58.7	895	2.72
Indicated - Mined Stockpile	7	7.9	2	39.0	9	2.72
<b>Sub-total M &amp; I</b>	<b>541</b>	<b>14.3</b>	<b>248</b>	<b>59.9</b>	<b>1,043</b>	<b>2.72</b>
Inferred - In-situ	75	7.4	18	21.9	53	2.72
<b>Total MRE</b>	<b>617</b>	<b>13.4</b>	<b>266</b>	<b>55.3</b>	<b>1,096</b>	<b>2.72</b>
<i>Reported from 3D block model with grades estimated by Ordinary Kriging with 15 m x 15m SMU Local Uniform Conditioning adjustment. Minimum vein width is 1.2m. Totals may not appear to add up due to appropriate rounding.</i>						

In comparison with the previously released MRE (JORC 2004):

- Gold metal content of the Measured and Indicated Resource increased by 201% to 248 K oz;
- Average gold grade of the Measured and Indicated Resource increased by 9% to 14.3 g/t;
- Measured and Indicated Resource tonnes increased by 176% to 541 K tonnes;
- Total MRE tonnes increased by 34% to 617 K tonnes; and
- Average gold grade of the Total MRE increased by 18% to 13.4 g/t gold;

The MRE included data from 4 drill holes (CON12-14, 16, 17 and 18) reported in July 2013, in addition to all drilling and sampling previously used in the November, 2012 MRE (reported in compliance with JORC 2004).

Significantly, this MRE now utilises a detailed 3 dimensional (3D) geological model which more accurately estimates the volume of the vein deposit as well as assisting in the interpretation of other key geological features, such as faults and dykes. It also incorporates advances in geological interpretation, including the use of local uniform conditioning to optimise the grade tonnage distribution for the Selective Mining Unit (SMU) dimensions achievable with the planned underground mining method.

The Cononish mineralisation is open at depth down plunge and to the west along strike. There is therefore potential to add to the resource by further extensional drilling. A long section through Cononish vein coloured by gold grades can be found at Scotgold's website [www.scotgoldresources.com](http://www.scotgoldresources.com) under ASX announcements (Figure 1). Figure 2 shows the long section through Cononish vein coloured by MRE classification.

Work has now commenced to use the 3D geological model to quantitatively assess the optimal mining methodology for the Cononish deposit. The outcome of this, combined with the new MRE, will inform a revised mine development plan which is scheduled for completion in Quarter 2, 2015.

## **GRAMPIAN GOLD PROJECT**

The Company holds five option agreements with the Crown over the highly prospective Dalradian sequence in the south western Grampians of Scotland. Previously, these option agreements had been renewed annually. During 2014, the Crown indicated it was undertaking a review of its option arrangements. Subsequent to its review, the Crown has recently indicated that option agreements will be granted for period of up to six years (subject to satisfactory performance) with review and appropriate area reduction after one and three years. The Crown has indicated, subject to the conclusion of the appropriate legal agreements, that it has re-granted all the Company's existing option areas subject to a reduction in area in the Inverliever option area. The Company will update shareholders of the exact terms when the form of the agreements are finalised.

## **CORPORATE**

There were a number of changes to the Board of Directors during the period with Mr Alexander Littlejohn appointed Non-Executive Chairman, Mr Richard Gray as Managing Director and Chief Executive Officer and Mr Nathaniel le Roux and Mr Richard Harris as Non-Executive Directors. Although Mr Christopher Sangster stepped down as Managing Director and Chief Executive Officer, however the Company retains his experience as a Non-Executive Director of the Company. Mr John Bentley resigned as Executive Director and Chairman. Subsequently, on 15<sup>th</sup> December the Company announced the partial completion of the rights issue to raise 84% of the intended \$ 3.41M and intends to place the shortfall as soon as possible. At the same time Mr Alexander Littlejohn stepped down from the Board and Mr Philip Jackson became interim Chairman having previously served as a non-executive director. In line with its stated intentions regarding the rights issue, the Company Scotgold fully redeemed its loan from RMB for an approximate cost of £1.2M.

## **SUBSEQUENT EVENTS**

On 24 January, the Board of the Loch Lomond and the Trossachs National Park voted unanimously to approve the Company's application to vary Condition 13 (relating to hours of operation of the processing plant and work on site) of the existing planning

permission for the development of the Cononish gold mine. The approval is subject to the finalisation of the relevant legal agreement which is expected to be concluded shortly. As a variation to a condition of the existing consent, this approval also has the effect of extending the date by which development should commence to Jan 2018, The variation provides for a change to the hours of work permitted for the operation of the processing plant to a 24/6 basis (excluding Sundays and public holidays) compared to the previously permitted 16/6 basis (excluding Sundays and public holidays) and will facilitate efficient plant operations and possible capital expenditure reductions in respect of the processing plant.

**P J Newcomb**  
**COMPANY SECRETARY**

### **United Kingdom:**

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### **Competent Persons Statement**

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

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

### **TENEMENT DETAILS**

The Company holds a Lease (100%) from the Crown Estate Commissioners over Cononish Farm, County of Perth, Scotland UK.

The Company holds a Lease (100%) from the landowner over Cononish Farm, County of Perth, Scotland UK.

The Company holds five Mines Royal Option Agreements (100%) with the Crown Estate Commissioners as detailed below:

Glen Orchy: Location - counties of Perth and Argyll, Scotland UK

Glen Lyon: Location - counties of Perth and Argyll, Scotland UK

Inverliever: Location - counties of Dunbarton, Argyll and Perth, Scotland UK

Knapdale: Location - county of Argyll, Scotland UK

Ochils: Location - county of Clackmannan, Perth, Kinross and Stirling, Scotland UK

No tenements were acquired or disposed of during the quarter, although as noted above, the Inverliever option area was reduced in size

No other beneficial interests are held in any farm-in or farm-out agreements

No other beneficial interests in farm-in or farm out agreements were acquired or disposed of during the quarter