



RNS Number : 0660U
Scotgold Resources Ltd
12 October 2014

COMPANY UPDATE

Following on from the recent restructuring of its debt reported on 23 September 2014, Scotgold Resources Limited (ASX:SGZ, AIM: SGZ) ("the Company") is pleased to announce the following developments.

1. BOARD AND MANAGEMENT CHANGES

Appointments

Mr Alexander Littlejohn has been appointed Non-Executive Chairman, Mr Richard Gray takes the role as Managing Director and Chief Executive Officer and Mr Nathaniel le Roux and Mr Richard Harris have been appointed as Non-Executive Directors.

New Board Background

Alexander Littlejohn - Non-Executive Chairman

Mr Alexander "Sandy" Littlejohn is the Managing Director of the DTS Group, one of the largest and well established dental laboratories in the United Kingdom and is based in Glasgow. He is also the director of Core3D, a global network for digital dental solutions and the director of Halo dental surgeries.

Richard Gray - Managing Director and Chief Executive Officer

Mr Richard Gray most recently served as Head of Mining & Expansion at Avocet Mining PLC. He has extensive international experience, in both underground and open pit mine operations, and brings considerable operational knowledge and management experience and skills to the Company, particularly in the development and implementation of gold mining projects. He has previously held various roles at both majors and juniors within the gold mining sector and his successful career has included 15 years working in South Africa for Gencor Ltd and 10 years in West Africa for Golden Star Resources Ltd. Whilst at Golden Star he served as General Manager of Bogoso Gold Limited, General Manager of Golden Star Wassa Limited and Senior Vice President Operations of Golden Star Resources Ltd. He holds a BSc (Hons) Mining Engineering from the Royal School of Mines, Imperial College and an MBA from the Graduate School of Business, Cape Town University.

Nathaniel le Roux - Non-Executive Director

Mr Nathaniel "Nat" le Roux spent most of his career in financial markets and was Chief Executive of IG Group plc between 2002 and 2006. He is an independent director of the London Metal Exchange and a trustee of various charities. Nat was born in Scotland and went to school in Edinburgh. He holds an MA in Law from Cambridge University and an MSc in Anthropology from University College London.

Richard Harris - Non-Executive Director

Mr Richard Harris is a mining engineer with over 30 years experience in the mining and finance industries as a mining analyst and public company director. He has considerable experience evaluating mining projects, advising, restructuring and raising capital for mining

companies. Previously he was a director of Australian silver miner Alcyone Resources Ltd in 2009 after organising a syndicate group which recapitalized and relisted the company. In 2005 - 2008 as Managing Director (later Executive Chairman) he founded and listed as an IPO, Eleckra Mines Limited on the ASX. He holds a BSc (Hons) degree in Mining Engineering from University of Wales.

Other Board Changes

Mr Christopher Sangster has stepped down as Managing Director and Chief Executive Officer, however the Company will retain his experience as he will become a Non-Executive Director of the Company.

The Company is also announcing the resignation of Mr John Bentley as Executive Director and Chairman who will be focusing on his other corporate responsibilities. The Company extends its thanks to Mr Bentley and wishes him well for his future.

Mr Phillip Jackson remains as a Non-Executive Director of the Company.

2. RIGHTS ISSUE

In order to return the Company to a more robust financial position Scotgold Resources Ltd also announces that it intends to undertake a pro-rata non-renounceable rights issue of 1 new Share for every 1 existing Share held at an issue price of \$0.006 per Share ("the Rights Issue").

Mr Nathaniel le Roux and Mr Alexander Littlejohn have agreed to fully underwrite the rights issue. The funds raised will be used for ongoing mine development studies at Cononish, further debt retirement, exploration and working capital purposes.

The Rights Issue is a related party transaction for the purposes of the AIM Rules. Accordingly, as required by the AIM Rules, the independent directors of the Company having consulted with the Company's nominated adviser, Westhouse Securities Limited, consider that the terms of the transaction are fair and reasonable in so far as the Company's shareholders are concerned.

Full details of the Rights Issue, including the timetable for the Rights Issue will be notified to the market in the near future.

3. COMMENT ON DEVELOPMENTS AND FUTURE DIRECTION

The changes announced today, together with the funds which are to be raised in the forthcoming Rights Issue, represent a significant milestone for the company. The increased technical depth of the management team and financial strength achieved through the restructuring, will enable the company to move forward with its objectives. The first priority is the review and optimisation of the development plan for Cononish, such that a financeable plan under the current market conditions can be implemented in the coming year. Secondly the exciting exploration prospects identified to date will be reviewed such that those opportunities capable of adding the most value can be prioritised; it is expected that these will form the company's future pipeline of development projects. Lastly the company will continue to use its experience to review and identify new opportunities, which after the successful implementation of the Cononish Plan will provide a platform for long term growth.

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APPENDIX - AIM Rule 17 and Schedule Two (g) of the AIM Rules for Companies

Alexander Littlejohn, aged 47, holds 2,666,667 ordinary shares in the Company, representing 0.47% of the Company's issued share capital.

Mr Littlejohn holds the following directorships:

Current directorships

AB Littlejohn & Sons Ltd (DTS International, Core 3D)
AB Littlejohn & Sons Ltd (Partnership)
Blackbox Health Care LLP
Dental Technology Services
Halo Dental Clinic Limited
Lalibela Alternative Education Community Project
Trancendental LLP
V-Dent Limited

Richard Quentin Gray, aged 55, has held the following directorships within the last 5 years:

Past directorships

Societe des Mines de Belahouro

Nathaniel Bernard le Roux, aged 57, holds 87,333,333 ordinary shares in the Company, representing 15.36% of the Company's issued share capital.

Mr le Roux holds, or has held, the following directorships within the last 5 years:

Current directorships

Bridge Barn Limited
Garden Africa Limited
LME Clear Limited
The Constitution Society
The le Roux Trust
The London Metal Exchange
TW (Southwold) Freehold Limited

Past directorships

IG Group Holdings plc
LME Holdings Limited
The Constitution Society
Pensions Holdings (UK) plc
Shou Trading Limited

Richard Milne Harris, aged 56, holds 29,874,933 ordinary shares in the Company, representing 5.25% of the Company's issued share capital.

Mr Harris holds, or has held, the following directorships within the last 5 years:

Current directorships

Golden Matrix Holdings Pty Limited
Weasel Securities Pty Limited

Past directorships

Alcyone Resources Limited
Texas Silver Mines Pty Limited

Save for the information above, there are no further disclosures to be made in accordance with Rule 17, Schedule Two (g) of the AIM Rules for Companies in respect of Mr Littlejohn, Mr Gray, Mr le Roux and Mr Harris.