RNS Number : 7422C
Scotgold Resources Ltd
21 January 2015

JORC 2012 MINERAL RESOURCE ESTIMATE FOR CONONISH GOLD PROJECT AND COMPANY UPDATE

Scotgold Resources Limited ('Scotgold or 'the Company') is pleased to announce a new Mineral Resource Estimate ('MRE') for the Cononish Gold Project and provide an update on development activities. The MREcompiled by CSA Global (UK) Limited has been classified and is reported as Measured, Indicated and Inferred based on guidelines recommended in the JORC Code (2012). The Cononish Gold Project is part of the Company's gold portfolio located in Scotland and the MRE is a key step in the Board's plans, as announced on 19 October 2014, to optimise the project's development.

SIGNIFICANT RESOURCE UPGRADE

- 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 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.

Classification	K tonnes	Grade AU g/t	Metal AU Koz	Grade Ag g/t	Metal AU Koz	In-situ Dry BD
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
Sub-total M & I	**541**	**14.3**	**248**	**59.9**	**1,043**	**2.72**
Inferred - In-situ	75	7.4	18	21.9	53	2.72
Total MRE	**617**	**13.4**	**266**	**55.3**	**1,096**	**2.72**

Reported from 3D block model with grades estimated by Ordinary Kriging with 15 m SMU Local Uniform Conditioning adjustment. Minimum vein width is 1.2m. Totals may not appear to add up due to appropriate rounding.

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.

The MRE includes 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.

COMPANY UPDATE

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.

A second element of the revised Cononish development plan will be a change to the planned processing hours to a 24/6 basis (excluding Public Holidays). An application in this regard, as well as to secure a 3 year extension of the current planning permission, has been submitted to the Loch Lomond and the Trossachs National Park Planning Authority (LLTNPPA). This application has been assessed and recommended for approval by the LLTNPPA executive when it is considered at a special Board meeting scheduled for 26th January, 2015. If approved this amendment will facilitate one of several opportunities to reduce the capital requirement for the project.

Following from the redemption of the RMB loan in full in December 2014, the Company now has greater flexibility as it prepares for the financing of Cononish and will explore its options with a view to minimising dilution for the benefit of all shareholders.

The Company is also continuing its early stage regional exploration work as part of its Grampian Gold Project. A decision on the proposed airborne geophysical survey has however been deferred until Quarter 2, 2015 when the options for financing the Company in the medium and longer term have been advanced.

Richard Gray, Scotgold's Chief Executive Officer commented: "*This MRE released today is truly a cornerstone for the Cononish Project and Scotgold Resources. In addition to the significant increase in resource ounces, this work done on the 3D modelling in particular will underpin a more robust optimisation of our mining plan. This will be of great value to the Board as we look to further optimise the project and make plans for the funding and development of Cononish.* "

Prospect Location and Regional Geology

The Cononish Gold Project is located in the Grampian Highlands of mid-western Scotland and is the most advanced of Scotgold's Grampian gold projects. The deposit is located on the Cononish farm, near Tyndrum, within the north-western extremity of the Loch Lomond and Trossachs National Park, about 90 km northwest of Glasgow. A map showing the location can be found at Scotgold's website www.scotgoldresources.comunder ASX announcements (Figure 1).

The Company completed a Scoping Study in 2008 for the development of the Cononish Gold Project and updated this study in 2013, the Cononish Development Study Results (note - the reporting of this study is not compliant with the JORC 2012 code). The results of these studies demonstrate the viability of the project.

Geology

Cononish is an early Palaeozoic narrow quartz vein system, emplaced into a suite of metamorphosed Proterozoic sediments. Mineralisation is associated with a ~2 m near vertical quartz-carbonate vein that strikes NNW-SSE. The deposit type is described as Phanerozoic Orogenic Lode Gold Deposit. Gold occurs as electrum and silver as telluride with minor native gold and silver. The gold electrum is fine grained and generally less than 100 microns in size. Visible gold up to 2,000 microns is rare. Both gold and silver are spatially associated with sulphides in quartz. Sulphides are dominantly pyrite, but galena, chalocopyrite and sphalerite do exist. Some less than 20 micron gold occurs within the pyrite.

A map showing the Cononish auriferous vein in relation to regional geology and fault structures location can be found at Scotgold's website www.scotgoldresources.com under ASX announcements (Figure 2).

Drilling and Sampling

Four phases of drilling and sampling have been carried out at Cononish, the results of which were included in the MRE. Table 1 presents the drilling and sampling data used in this MRE. Drill holes CON12-14, 16, 17 and 18 reported in July 2012 but not used in the previous November 2012 MRE due to timing issues, have now been included in this MRE. These holes all drilled from a common collar location with different bearing and dip, provide additional new information in the high grade zone from 11,190mE to 11,230mE.

The majority of drilling has been completed on a 40 to 50 m grid (within the plane of the Cononish vein) with more recent drilling spaced between 10 to 20 m apart. Channel sampling in the adit and associated raises has been completed on 2 m spacing.

Drilling and Sampling data used in the January 2015 MRE

Description	Hole Type	#Holes	Metres	Comment
Historical	DD	141	14,755.8	Ennex 1985 -1991
Historical	DD	21	2,303.4	Caledonia 1995 -1997
Recent	DD	61	4273.4	Scotgold 2008 - 2012
Recent	DD	4	464.3	Scotgold 2012, holes not used in 2012 MRE
Channel	AD	236	632.2	Ennex 1990 - 1991 from 1.2km adit
Raise	RS	57	86.3	Ennex 1990 - 1991 from raises linked to adit
Outcrop	OC	69	29.6	Scotgold 2008 onwards
Trench	TR	122	2,323.9	Scotgold 2008 onwards
Total		**711**	**24,868.9**	

Assay data used In the January 2015 MRE				
Hole type	Description	Metres Sampled for Au	# Au samples	# Au samples
DD	Drill core	2,062.6	2,994	2,972
AD	Channel	604.3	899	899
RS	Raise	86.3	147	146
OC	Outcrop	15.1	74	71
TR	Trench	919.4	833	833
Total		**3,687.7**	**4,947**	**4,921**

Table 1. Drilling and sampling data used in the MRE

Sampling was selective over mineralised intervals and samples were collected at variable intervals of differing support according to geological domain. Channel sampling in the adit consisted of mostly chip-channel sampling, with approximately 4 kg material collected for each sample.

Samples from 2008 ranged from 1.5 to 4 kg (NQ samples) and around 0.6 kg for AQ samples, depending on intersection lengths, and were assayed by the OMAC (ALS) laboratory in Ireland using a 30 g fire assay with an ICP or AAS finish. Samples prior to 2008 were prepared and assayed by the Curraghinalt and OMAC laboratories with 30 g pulp weight and techniques including predominantly aqua regia wet chemical method with a 1 in 10 repeat fire assay.

Resource model

3D wireframes representing the auriferous vein, barren dykes, intrusive and fault zones were modelled. Wireframes for the auriferous vein were produced using Implicit modelling based on logged mineralisation sample intercepts. Geological domain boundaries were interpreted and used to limit the extent of the mineralised vein model. A seam filled auriferous vein volume block model was created using block dimensions of 15 m x seam thickness x 15 m (X x Y x Z).

A 3D view of the geology model and a long section view of the Cononish auriferous vein coloured by vein width can be found at Scotgold's website at www.scotgoldresources.com under ASX announcements (Figures 3 & 4 respectively).

Grade Estimate

Sample data logged as auriferous vein material, used for creation of the vein volume model, composited to 1 m with residuals to a minimum 0.5 m length were used for grade estimation.

Cutting of high grade outliers was required to avoid local high grade bias. Analysis demonstrated that top cuts be applied according to sample type, for both Au and Ag. Drillhole samples were top cut to 120 g/t Au and 300 g/t Ag. Adit data was top cut to 120 g/t Au and 500 g/t Ag.

Gold and silver grades were estimated using Isatis software using the Ordinary Kriging (OK) grade estimation method. Variography was undertaken in Isatis. The panel size for OK grade estimation was 45 m x 5 m x 45 m which approximates the average drill grid spacing.

Gold and silver were estimated separately, with separate variograms for each. Variogram parameters and search neighbourhood parameters are presented in Table 2. There is no obvious correlation between gold and silver grades. The search neighbourhood parameters were the same for both variables.

Variogram Parameters												
Variable	Nugget	Sill 1	Ranges			Sill 2	Ranges			Ranges (Isatis Geo Plane)		
			Dir 1	Dir 2	Dir 3		Dir 1	Dir 2	Dir 3	Azimuth	Dip	Plunge
Au	0.35	0.28	25	65	5	0.37	75	60	10	90	90	135
Ag	0.3	0.36	26.5	67.4	3.7	0.34	79.1	22.6	9.3	90	90	135

Estimation Search Neighbourhood											
Domain	Range X	Range Y	Range Z	Azimuth	Dip	Plunge	Min Samp	Max Samp	Data Used		
1	50	25	10	85	70	135	6	12	DD	TR	OC
1	125	62.5	25	85	70	135	6	9	DD	TR	OC
1	250	125	60	85	80	135	3	6	DD	TR	OC
2	25	10	6	85	70	135	6	15	AD	RS	
2	50	20	12	85	70	135	6	12	AD	RS	
2	50	25	10	85	70	135	6	12	DD	TR	0C
2	125	62.5	25	85	70	135	6	9	DD	TR	OC
2	250	125	80	85	80	135	3	6	DD	TR	0C
3	50	25	10	85	70	135	6	12	DD	TR	OC
3	125	62.5	25	85	70	135	6	9	DD	TR	OC
3	250	125	60	85	80	135	3	6	DD	TR	OC

Table 2. Variogram and Search Neighbourhood parameters

A selective mining unit (SMU) of 15 m x 15 m panels is anticipated for detailed mine planning. SMU size is based on the assumption of underground mining using short interval sub level stoping. The expected grade and tonnage distribution at the SMU dimensions and at a gold cut-off grade of 3.5 g/t was completed by localising the OK results from the 45 m panels to 15 m SMU dimensions, using Isatis software uniform conditioning and grade tonnage localisation algorithms. Grade validation was completed using OK, Inverse Distance and Nearest Neighbour methods, including comparison with the previous polygonal MRE.

Long section views of the Cononish vein coloured by gold and silver grade are presented in Figure 5 and Figure 6 respectively and can be found at Scotgold's website at www.scotgoldresources.com under ASX announcements.

Mineral Resource Estimate

A bulk density of 2.72 used to estimate tonnage was assigned to the model, based upon test work from 19 mineralised vein samples from diamond core conducted in 1987 and 2014.

The MRE is reported at a gold cut-off grade of 3.5 g/t, which is the estimated the breakeven gold grade for this style of deposit, mining method and gold recovery process based on previous scoping and other studies of Cononish.

MRE has been diluted to a minimum mining width of 1.2 m. Anticipated mining methods include sublevel open stoping on 10 m to 15 m panels, or shrinkage stoping on 30 m panels. The SMU selected is consistent with these possible methods. The grade of dilution material has been assumed to be zero.

The reported MRE has been classified as Measured, Indicated and Inferred after consideration of the following:

- Adequate geological evidence and sampling data to support geological spatiality, mineralisation boundaries and grade continuity.
- Adequate verification of gold and silver grades to provide confidence in the estimated block grades.
- Adequate in-situ dry bulk density data available to estimate appropriate tonnage factors.
- Adequate mining, metallurgy and processing knowledge to imply potential prospects for eventual economic extraction.

The resource was classified according sample density, with closer spaced sampling providing higher levels of global and local grade confidence. The Measured classification was assigned to mineralisation proximal to the existing adit. Indicated classification was assigned to material situated around the Measured material, where closer spaced drilling data exists. Inferred classification was assigned to material constrained within the interpreted mineralisation envelope and outside the Measured and Indicated boundaries. The Inferred material represents material that is down dip below the adit to the 150 elevation (approximately 150m below the adit) and along strike (maximum distance of 100m from the nearest drillhole intercept) outside the extents of the adit.

The reported MRE and its classification are consistent with the Competent Person's (CP) view of the deposit. The CP was responsible for determining the resource classification. Table 3 presented the Cononish gold and silver project MRE as at 12 January, 2015. Figure 7 presents a long section view of the Cononish vein coloured by resource classification.

Scotgold Resources Limited - Cononish Gold Project
Mineral Resource Estimate as at 12 January 2015
Reported at a cut-off grade of 3.5 g/t gold

Classification	K tonnes	Grade AU g/t	Metal AU Koz	Grade Ag g/t	Metal AU Koz	In-situ Dry BD
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
Sub-total M & I	**541**	**14.3**	**248**	**59.9**	**1,043**	**2.72**
Inferred - In-situ	75	7.4	18	21.9	53	2.72
Total MRE	**617**	**13.4**	**266**	**55.3**	**1,096**	**2.72**

Reported from 3D block model with grades estimated by Ordinary Kriging with 15 m SMU Local Uniform Conditioning adjustment. Minimum vein width is 1.2m. Totals may not appear to add up due to appropriate rounding.

Table 3. Cononish gold and silver project MRE as at 12 January, 2015

A long section through Cononish vein coloured by MRE classification is illustrated in Figure 7 and can be found at Scotgold's website at www.scotgoldresources.com under ASX announcements.

Comparison with previous Mineral Resource Estimate

A comparison with the previous reported MRE as at 12 November, 2012 is presented in Table 4.

The comparison shows a global 34% increase in MRE tonnes, with an 18% increase in gold grade resulting in a 57% increase on gold metal content. Importantly the combined Measured and Indicated tonnage has increased by 176%, gold grade by 9% and gold metal content by 201%. The primary reasons for this increase compared to the previous polygon models are:

- Improved confidence in the projection and continuity of gold mineralisation demonstrated by detailed 3D geological interpretation and variography.
- Extension of the global resource down dip by linking deeper mineralisation intercepts with those from the adit along directional trends supported by the variography.
- Improved confidence in the mineralisation in the eastern zone (above the adit) due to the addition of drillholes CON12-14, 16, 17 and 18.
- An overall increase in gold grade due to the application of Local Uniform Condition to estimate in-situ tonnes and grades at 3.5 g/t gold cutoff with selectivity expected from a 15m SMU underground mining method.

Scotgold Resources Limited - Cononish Gold Project
Mineral Resource Estimate as at 12 November 2012
Reported at a cut-off grade of 3.5 g/t gold

Classification	K Tonnes	Grade Au g/t	Metal Au Oz	Grade Ag g/t	Metal AU Koz	In-situ Dry BD
Measured - In-situ	53,100	14.1	24,000	61.2	104,500	2.72
Indicated - In-situ	142,900	12.7	58,600	49.9	229,500	2.72
Indicated - Mined Stockpile	-	-	-	-	-	-
Sub-total M & I	**196,000**	**13.1**	**82,600**	**53.0**	**334,000**	**2.72**
Inferred - In-situ	264,000	10.2	86,600	34.9	297,300	2.72
Total MRE	**460,600**	**11.4**	**169,200**	**42.6**	**631,300**	**2.72**

Values obtained from Spreadsheet 121111_SCOGOL_2012 Resource Updated _Ver3.1 xls

Scotgold Resources Limited - Cononish Gold Project Mineral Resource Estimate as at 12 January, 2015 Comparison with 12 November 2012 MRE						
Classification	**Diff. K Tonnes**	**Diff. Au Grade**	**Diff. Au Metal**	**Diff. Ag Grade**	**Diff. Ag Metal**	**Diff. In-situ Dry BD**
Measured - In-situ	14%	7%	22%	17%	33%	0%
Indicated - In-situ	232%	12%	271%	18%	290%	0%
Indicated - Mined Stockpile	-	-	-	-	-	-
Sub-total M & I	**176%**	**9%**	**201%**	**13%**	**212%**	**0%**
Inferred - In-situ	-72%	-28%	-79%	-37%	-82%	0%
Total MRE	**34%**	**18%**	**57%**	**30%**	**74%**	**0%**
Differences are reported as % difference compared to the June 2012 MRE. A positive difference is an increase compared to the June 2012 MRE.						

Table 4. 12 November 2012 MRE and comparison with the 12 January 2015 MRE

Competent Persons Statement

The information in this report that relates to the 2015 Mineral Resources for Cononish Gold Project 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.

The information in this report that relates to Exploration Results (refer ASX announcement Quarterly Activities Report dated 31/07/2013) is based on information compiled by Mr David Catterall. Pr Sci Nat, who is a member of the South African Council for Natural Scientific Professions. Mr Catterall is employed as a independent consultant to Scotgold Resources Ltd. Mr Catterall 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 Catterall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004

The Information in this report that relates to Mineral Resources up to the end of 2014 is based on resource estimates compiled by EurGeol Dr Simon Dominy FAusIMM (CP), FGS (CGeol), FIMMM, previously Executive Consultant with Snowden based in the London, UK Office. Dr. Dominy has sufficient experience that is relevant to the style of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves. Dr Dominy consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004

The information in this report that relates to the Cononish Scoping Study and Cononish Development Study Results (refer ASX announcements dated 17/02/2009 and 30/4/2013 respectively) was compiled by Mr. Martin W Staples BSc, FIMM FAusIMM., Director and Principal Mining Engineer with AMC Consultants (UK) Ltd based in the Maidenhead, UK office (now relocated to Perth W.A). Mr. Staples has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Staples consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004

Forward Looking Statement

Statements regarding plans with respect to the Company's mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

Summary of Resource Estimate and Reporting Criteria

This announcement has been prepared in compliance with JORC Code 2012 Edition, the ASX Listing Rules and the AIM Rules for Companies. The Company has included in Appendix B a glossary of technical terms used in this report.

The following is a summary of the pertinent information used in the MRE:

Geological Interpretation

Micromine software was used for modelling the geological boundaries. 3D wireframes representing the auriferous vein, dykes, intrusive and fault zones were modelled.

Diamond drill core and adit / raise channel samples are the main spatial controls on the vein geometry. Surface and underground mapping combined with lithology logging of the drilling data has been used to identify and interpret geology domains including structural faulting, intrusive dykes and barren sediments.

Wireframes for the auriferous vein were produced using Implicit modelling based on logged mineralisation sample intercepts. Geological domain boundaries were used to limit the extent of the mineralised vein model

Drilling and Sampling Techniques

The Cononish resource is based upon diamond drill hole and adit and raise face sample data collected since the 1980's. The most recent diamond drilling was completed by Scotgold between 2008 and 2012.

Diamond drill core was sampled by selection of half core intervals from NQ and BQ, with full samples from AQ core. Intervals honoured the extents of gold and silver mineralisation and included a waste selvedge on either side of the mineralisation. The adit and associated raises were sampled by channel sampling which consisted of mostly chip-channel sampling, with approximately 4kg material collected for each sample.

The sampled intervals were prepared and assayed for gold and silver by OMAC (now ALS) laboratory in Ireland using fire assay with a 30g charge and ICP or AAS finish.

Dry in situ bulk density values used to derive the tonnage estimate were obtained by density analysis of diamond drill core.

Resource Estimation Methodology

Datamine and Isatis software was used for block modelling, grade estimation, MRE classification and reporting. The gold and silver mineralisation has been modelled within a hard boundary which defines the extent of the mineralised Cononish auriferous quartz carbonate vein. A 3D block volume model was created using Datamine seam modelling functions. Variography for both gold and silver was completed. Gold and silver grades were

estimated using Ordinary Kriging on 45 m x 45 m panels. Local Uniform Conditioning was used to estimate the recoverable grade and tonnage which was assigned to 15 m x 15 m sub blocks representing the expected selectivity available during underground mining. In areas where the auriferous vein width was less than 1.2 m the model was expanded to 1.2 m with barren waste material included as edge dilution. No mining dilution has been applied to the resource estimate.

Cut-off Grades

The MRE has been reported using a cut-off grade of 3.5 g/t gold, which is consistent with the outcome from the 2008 Scoping Study based on eventual economic extraction using the proposed mining and processing methods.

Mining and Metallurgical methods and parameters

Various mining studies have been completed over the life of the project since the 1980's. The most recent is the work completed by AMC consultants in 2008 and 2013. The mining studies all demonstrate feasible extraction of gold and silver mineralisation using narrow vein underground mining methods. The availability of an accessible adit and associated raises which extend through the centre of the known mineralisation along approximately 75% of the mineralised vein strike length, provides detailed information relevant to the underground mining conditions.

Metallurgical testwork conducted by Lakefield Research, Gekko Systems Pty and AMMTEC and others at various times between 1987 and 2011 indicates that gold is recoverable by gravity concentration followed by flotation, with recoveries of 93% and 90% for Au and Ag respectively.

Resource Classification Criteria

The MRE has been classified and is reported as Measured, Indicated and Inferred based on guidelines recommended in the JORC Code (2012). The reported MRE has been classified with consideration of the quality and reliability of the raw data, the confidence of the geological interpretation, the number, spacing and orientation of intercepts through the mineralised zones, and knowledge of grade continuity gained from observations and variogram analysis. There is adequate mining, metallurgy and processing knowledge from feasibility studies on geologically similar deposits within the region to imply reasonable prospects for eventual economic extraction.

Enquiries to:

United Kingdom:		
Scotgold Resources Limited	Westhouse Securities Limited	Capital Markets Consultants
Richard Gray		
Chief Executive Officer	Martin Davison	Simon Rothschild
Tel: +44 (0)7905 884 021	Tel: +44 (0)20 7601 6100	Tel +44 (0)7703 167 065

Appendix A: Mineral Resource Estimate

This Mineral Resource Estimate has been compiled by CSA Global (UK) Limited has been classified and is reported as Measured, Indicated and Inferred based on guidelines recommended in the JORC Code (2012) Edition. The Checklist of Assessment and Reporting Criteria for Cononish Gold Project as prescribed by the JORC Code (2012) can be found on Scotgold's website at www.scotgoldresources.com under ASX announcements.

Appendix B: Glossary of technical terms

Term	Description
%	Percent
°C	Celsius degrees
3D	Three-dimensional model or data
AAS	Atomic Adsorption Spectronomy
Acid test	A method of orientating a drillhole using an acid etch
Adit	Underground mining tunnel, for mining, drainage, access
Ag	Silver, atomic number: 47. Measured in parts per million (grams per tonnes)
AQ	Diamond Drill core Diameter: 27mm inside barrel
Aqua regia	Partial acid digestion method, dissolving base and precious metals but not silicates and/or alumina's
Assay	A general term for geochemical analysis of a sample
Au	Gold, atomic number: 79. Measured in parts per million (grams per tonnes)
Auriferous	Enriched in gold
Azimuth	An angular measurement in a spherical coordinate system, i.e. deviation degree relative to north
Blanks	A reference material/sample which contains zero grade, inserted to determine sampling or laboratory contamination
BQ	Diamond Drill core Diameter: 36.5mm inside barrel
Breccia	A rock that has experienced significant brittle deformation, and is composed of broken fragments typically cemented together by a fine-grained matrix
Bulk density	The density of material, which includes porosity, i.e. volume/mass
Calcareous	Enriched in calcium, typically calcium carbonate

Term	Description
CAPEX	Capital Costs (short for Capital Expenditure).
Carbonate	A carbonate is a salt of carbonic acid, characterised by the presence of the carbonate ion, CO_3^{2-}
Chalcopyrite	One of the chief ores of copper. Sulphide mineral, composition $CuFeS_2$
Channel sample	A hard rock sample, typically taken perpendicular to the mineralised orientation, continuously over a set length
Chip-channel	A hard rock composite sample, typically collected using a hammer to obtain numerous fragments of rock
cm	centimetre
Collar	Geographical coordinates of the collar of a drill hole or a working portal
Compositing	The process of dividing or adding sample intervals together to form a regular length
CP	Competent Person
CRM	Certified Reference Materials, a QAQC standard sample
CSA	CSA Global (UK) Ltd
Cut-off grade	The threshold value in exploration and geological resources estimation above which mineralised material is selectively processed or estimated
Datamine	A 3D mining software package
DD	Diamond core drilling method
DGPS	Differential Global Position System
Diamond drill hole	Method of drilling, using a diamond impregnated core-bit which produces a solid cylinder of rock core
Diamond saw	Circular hand-saw, with a diamond impregnated cutting disk, typically used to collect channel samples from hard rock outcrop
Dilution	The inclusion of waste or low grade (uneconomic) material either during estimation or mining
DIP	The angle of drilling (or of a structure) relative to horizontal
DTM	Digital Terrain Model. Three-dimensional wireframe surface model, for example, topography
Duplicates	A QAQC sample that duplicates a previously collected sampling, employing the same collection and analysis methods

Term	Description
Dyke	An intrusive, microcrystalline rock, concentrated along a linear feature, typically mafic (enriched in iron and magnesium)
Easting	Coordinate axis (X) for metre based Projection, typically UTM. Refers specifically to metres east of a reference point (0,0)
Electrum	A variety of gold containing minor silver (usually ~20% weight of silver)
Elevation	Distance above a datum, typically above sea level
Ezy mark	A down-hole tool which marks the base of piece of core, while still in the core-barrel (down-hole), the marks are used to orientate drill core
Face sample	A chip or channel sample collected from an advancing underground mine drive
Fault	A planar fracture or discontinuity in a volume of rock, across which significant displacement has occurred
Fire assay	A laboratory method to analyse the total precious metal (Au, Ag, PGE) content of a sample, by fusion, furnace and cupellation followed by Spectrometry analysis
Flotation	A metallurgical process, typically used for non-acid soluble ore (e.g. sulphides) to concentrate pulverised ore minerals using flocculants
Footwall	The volume of rock which lies below a structural contact
g	Gram
g/t	Grams per tonne (equal to parts per million)
Galena	One of the chief ores of lead. A sulphide mineral, composition PbS
Geochemical sampling	In exploration, the main method of sampling for determination of presence of mineralisation. A geochemical sample usually unites fragments of rock chipped with a hammer from drill hole core at a specific interval
Geological domain	A domain of rock that has a similar character, age, mineralisation style etc.
GPS	Global Positioning System
Gravity concentration	A metallurgical process, used to concentrate dense minerals, typically employing a centrifuge or gravity tables
Hangingwall	The volume of rock which lies above a structural contact
Histogram	Diagrammatic representation of data distribution by calculating frequency of occurrence

Term	Description
HQ	A diamond drill core diameter of 96 mm (outside of bit) and 63.5 mm (inside of bit)
ICP	Inductively Coupled Plasma analysis, used to analysis elemental concentrations of metals and several non-metals
IDS	Inverse Distance Squared
Implicit modelling	A method of creating digital surfaces, wireframes and models using automated processes and geological constraints
Indicated Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
Isatis	Geovariances' geostatistical software
JORC	Joint Ore Reserves Committee
K	Potassium
Kg	kilogram
km	kilometre
km^2	Square kilometre
Kriging	Method of interpolating grade using variogram parameters associated with the samples' spatial distribution. Kriging estimates grades in untested areas (blocks) such that the variogram parameters are used for optimum weighting of known grades. Kriging weights known grades such that variation of the estimation is minimised, and the standard deviation is equal to zero (based on the model)
LHOS	Long hole Open Stoping method of underground mining
Lithology	Rock type: based on standard international geological classifications
Lode	Another term for a mineralised vein

Term	Description
LUC	Localised uniform conditioning, a non-linear "recoverable resource" estimation technique
m	metre
M	Million
Ma	Million years
Mean	Arithmetic mean
Measured Resource	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are appropriately spaced to confirm geological and/or grade continuity to a high confidence
Median	Sample occupying the middle position in a database
Metamorphosed	Undergone physical and/or chemical change due to heat and pressure, through geological processes
MICROMINE	A 3D mining software package
Microns	A micrometre - a measurement of length - 1×10^{-6} metres
Mineralised	Enriched in concentrations of an element (e.g.) to a degree where it is economically significant
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
Minimum mining width	A minimum width, dictated by the mining method employed (open-stope, raise-bore) to which mining can realistically be achieved
mm	millimetre
MRE	Mineral Resource Estimate
Mt	million tonnes
Mtpa	Million tonnes per annum

Term	Description
Native Metal	A native metal is any metal that is found in its metallic form, either pure or as an alloy, in nature
NN	Nearest Neighbour, a method of assigning grades to blocks based on samples that are nearest to it
Northing	Coordinate axis (Y) for metre based Projection, typically UTM. Refers specifically to metres north of a reference point (0,0)
NQ	A diamond drill core diameter of 75.7 mm (outside of bit) and 47.6 mm (inside of bit)
Nugget	The typical difference (for an individual domain) in grade between samples taken immediately adjacent to each other
OK	Ordinary Kriging. A linear estimation technique using weights determined through variography
OPEX	Operating Costs
Orogenic	Geological term for the process of mountain building
OSGB	Ordnance Survey of Great Britain
Outcrop	Exposed rock, i.e. not covered by soil or scree
Outliers	A statistical term. Outliers are defined as data points that do not fit into the distribution of the overall dataset
oz.	Troy ounce (31.1034768 grams)
Palaeozoic	Geological Era - from 542Ma to 251Ma
Panel chip	Chip sampling using a regular grid
Pb	Lead, atomic number 82
Pegmatite	A holocrystalline intrusive rock, dominated by quartz, feldspar, mica and associated with granitic intrusion and high grade metamorphism
Pelite	Metamorphic rock; of fine-grained sedimentary protolith
Percentile	A measure used in statistics indicating the value below which a given percentage of observations in a group of observations fall
Phanerozoic	Geological Eon - from 542Ma to the present day
PLC	Public Listed Company
Population	In geostatistics, a population formed from grades having identical or similar geostatistical characteristics. Ideally, one given population is characterized by a linear distribution

Term	Description
Porphyry	An igneous rock consisting of large-grained crystals in a fine-grained matrix
ppm	Parts per million
PQ	A diamond drill core diameter of 122.6 mm (outside of bit) and 85 mm (inside of bit)
Proterozoic	Geological Eon - from 2500Ma to 542Ma
Psammite	Metamorphosed sandstone
Pulps	Final stage of sample preparation prior to analysis, typically pulverised to micron size and homogenised
Pyrite	An iron sulphide with the chemical composition of FeS_2
QA/QC	Quality Assurance Quality Control
Quartz	A common silicate mineral, composition SiO_2
Quartz vein	Intruded vein of quartz, typically younger than the host rock
RAB	Rotary Air Blast. A form of open hole drilling where the drill cuttings are ejected by air, travelling to surface in the interface between the drill rod and the ground
RC	Reverse Circulation. A form of drilling where the drill cuttings are ejected by air, travelling to surface within an opening within the drill stem itself
Raise	A vertical underground excavation
Recovery (Drill)	Measurement of core loss (in meters(or chip sample (in mass) to ascertain total drill recovery
Reserves	Mineable geological resources
Residual sample	A sample that is shorter than the composited length, after compositing
Resources	Geological resources (both mineable and un-mineable)
RL	Reduced Level. Elevation of the collar of a drill hole, a trench or a pit bench above the sea level
ROM	Run of Mine
RQD	Rock-quality designation, a geotechnical measurement of how fractured or broken a drill intersection is
Sample	Specimen with analytically determined grade values for the components being studied

Term	Description
Seam filling	A Datamine process of filling a wireframe, from a designated direction, which forms a single cell that honours the true thickness of the wireframe in that direction
Shear	A structural discontinuity in a rock mass, typically resulting in non-brittle deformation and movement of blocks along a plane
Shrinkage stoping	A mining method used for steeply dipping, narrower ore bodies with self-supporting walls and ore
Sill	Variation value at which a variogram reaches a plateau
Silver	Precious metal (Ag), atomic number: 47
Single shot	A surveying method, employing single film exposures to determine the azimuth and dip of the surveying instrument downhole
SMU	Smallest Mining Unit, typically refers to a block whose dimensions match minimum mining block size expected mining methods
Snowden	International Mining and Exploration Consultancy
SOP	Standard Operating Procedure
Sphalerite	The chief zinc sulphide mineral with a chemical composition of ZnS
Standards	Certified Reference Materials (CRMs) samples which have a known constant geochemical value, inserted to ascertain laboratory precision
Stockworks	A interconnected network of veins
Strike	The orientation of a feature, in plan view, or as intersecting a horizontal plane
Sub-level stoping	Underground mining technique that involves vertical mining in a large, open stope
Sulphides	A mineral group that contains sulphur as the major anion
Support	Equal support implies that all data has the same statistical weight
SURPAC	A 3D mining software package
Swath plot	A method of block model validation using a graph that compares input grades, drill metres, block model tonnes
t	Tonnes
Telluride	A mineral group that contains tellurium as the major anion
TMF	Tailings Management Facility

Term	Description
Top cut	A value to which anomalously high grades are restricted to, determined by statistical methods
Topography	Detailed, precise description of the surface of the earth, based on XYZ data, to form a 3-D surface
Trench	A method of sampling across and excavated trench at surface, using either hand-tools or a mechanical back-hoe. Used to expose fresh/less-weathered rock
Tropari	A 'single-shot' method of surveying, using single film exposures to determine the azimuth and dip of the surveying instrument downhole
UC	Uniform Conditioning, a non-linear "recoverable resource" estimation technique
UTM	Universal Transverse Mercator
Variation	In statistics, the measure of dispersion around the mean value of a data set
Variogram	Graph showing variability of an element by increasing spacing between samples
Variography	The process of constructing a semi-variogram
Vein	A sheet like body of crystallized minerals intruded into a host rock
Waste	Un-mineralised rock, or rock that is uneconomic to extract/process
Wireframe	A 3-D digital model, typically an solid volume which encloses a geological domain
X	The direction aligned with the x-axis of a coordinate system
Y	The direction aligned with the y-axis of a coordinate system
Z	The direction aligned with the z-axis of a coordinate system
Zn	Zinc, atomic number 30