

RNS Number : 9486L
Scotgold Resources Ltd
30 April 2015

MARCH 2015 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS:

- Variation of planning permission to allow 24/6 processing operation approved.
- Extension of date for development to commence to January 2018.
- New Mineral Resource Estimate completed indicating significant increase in tonnage and grade of Measured and Indicated classifications.
- Technical studies advancing well, with update expected by end May 2015, and completion by end July 2015.
- Option agreements with Crown Estate renewed, subject to conclusion of amendments, to give longer period of tenure.
- Mr Nat le Roux appointed as Non Executive Chairman.
- Convertible note agreement completed with Mr Nat le Roux to provide funding of £300,000
- Appointment of Vicarage Capital as co-broker and placement of 90m shares to raise £450,000

CONONISH GOLD PROJECT

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. 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.

A new Mineral Resource Estimate ('MRE') at a cut-off grade of 3.5 g/t gold was undertaken in Q4 2014; the results of which were reported on 22 January 2015 and are summarised in the table below.

Classification	Tonnes	Gold grade grams per tonne	Contained ounces of Gold	Silver grams per tonne	Contained ounces of Silver
Measured - In situ	60,000	15.0	29,000	71.5	139,000
Indicated - In situ	474,000	14.3	217,000	58.7	895,000
Indicated - Mined Stockpile	7,000	7.9	2,000	39.0	9,000
Measured and Indicated	541,000	14.3	248,000	59.9	1,043,000
Inferred - In situ	75,000	7.4	18,000	21.9	53,000
Total Mineral Resource Estimate	616,000	13.4	266,000	55.3	1,096,000

Reported from 3D block model with grades estimated by Ordinary Kriging with 15m x 15m Selective Mining Unit Local Uniform Conditioning adjustment. Minimum vein width is 1.2m. Totals may not appear to add up due to appropriate rounding. Cut-off grade 3.5 g/t gold. In situ dry bulk density 2.72.

Following on from this new MRE, work has continued on the Cononish Gold Project with the focus being on the optimisation of the mining plan. Bara Consulting have been appointed to complete the revised Feasibility Study (due to be completed by end July 2015) and work undertaken this quarter has included a mining methodology trade off study, revised mine access design and more detailed geotechnical work. Various site visits have been undertaken and an update on the results of the work done so far will be announced by the end of May 2015.

In parallel various financing options are being considered for the necessary capital to bring the project into production. These will be advanced in more detail once the technical studies mentioned above are completed.

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 indicated that option agreements will now 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 informed the Company, subject to the conclusion of the appropriate legal agreements, that it has re-granted all the Company's existing option areas for a further 3 years subject to a reduction in area in the Inverliever option area. The Company are currently finalising these agreements with the Crown and expects them to be concluded shortly.

In order to advance its understanding of the regional setting, over the past three years, the Company has embarked on a regional scale stream sediment sampling program. In the initial wide spaced regional program, in excess of 750 stream sediment samples were taken over the area. Initial interpretation of these results continues and this program is now being followed up by a more detailed infill sampling program in the anomalous result areas in order to further define target areas for detailed fieldwork and prospecting. Field work aimed at the completion of the regional and infill programs will commence shortly, predominantly in the Knapdale, Inverliever, Ochils and Glen Lyon areas.

In parallel with this regional program, Scotgold continues to evaluate previously identified high grade outcrop samples identified by previous exploration close to the Cononish project to identify possible Cononish' style deposits outside the immediate Cononish area.

CORPORATE

Further to the resignation of Mr Sandy Littlejohn as Non-Executive Chairman and the appointment of Mr Phillip Jackson as Interim Chairman on the 15th December 2014, the Company was pleased to announce the appointment of Mr Nat Le Roux as Non-Executive Chairman on 19th March 2015.

Mr Le Roux has also demonstrated his continued financial support for the Company and on 31st March agreed to provide funding of £300,000 to the Company via convertible loan notes ("Loan Notes") with a repayment date of 30 September 2016 ("Repayment Date"). The Loan Notes carry an interest rate of 1% per annum and convert into fully paid ordinary shares (at the election of the noteholder) at a conversion price of £0.006 per share (being in line with the Options exercise price of AUD\$0.012). If Mr le Roux elects not to convert the Loan Notes into Ordinary Shares prior to the Repayment Date, the Company will repay him all or any of the unconverted outstanding amount of the principal sum, and any accrued interest.

The issue of any shares on conversion will be subject to and conditional upon all shareholder and regulatory approvals (if required).

SUBSEQUENT EVENTS

On 20th April 2015 the Company announced the appointment of Vicarage Capital Limited ("Vicarage") as the Company's joint broker.

Further to Vicarage's appointment, the Company announced that Vicarage has placed 90,000,000 new ordinary Scotgold shares ("Shares") at an issue price of £0.005p each with new shareholders to raise £450,000 (before brokerage fees of 6%) for the Company ("Placement"). The funds raised will be used to complete the Company's ongoing technical studies.

Completion of the Placement is scheduled to occur, and the 90,000,000 new Shares are expected to be issued on or about 5 May 2015 and admitted to trading on AIM and the ASX on or about 7 May 2015.

Following Admission, the Company's enlarged issued share capital will comprise 1,135,392,472 Shares, with voting rights. The Company does not hold any Shares in treasury. Therefore the total number of Shares in the Company with voting rights will be 1,135,392,472. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Forward Looking Statements

This announcement contains certain statements that may constitute "forward looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.

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.

For further information please contact:

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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