



RNS Number : 8539N
Scotgold Resources Ltd
31 July 2014

June 2014 Quarterly Report

CONONISH GOLD AND SILVER PROJECT

The Company, in tandem with our Consultants, continues to evaluate a number of alternative configurations for the Cononish Gold and Silver Project with a view to optimising returns and reducing initial capital expenditure.

From the work to date, it is apparent that a change to the current planning condition regarding the hours of operation of the processing plant presents an attractive opportunity. Current planning conditions restrict hours of operation of the processing plant from 07h00 to 23h00 Mondays to Saturdays with no processing on Sunday or recognised Scottish public holidays. A change to 24/6 operations (still with no processing on Sunday or recognised Scottish public holidays) would enable a significant decrease in the plant throughput rate, whilst maintaining annual production rates, with attendant possible capital reductions for the processing plant and associated infrastructure.

To this end, the Company has held a number of encouraging discussions with the Loch Lomond and the Trossachs National Park Planning Authority ("the Planning Authority") which has indicated that this change could most probably be handled by a simple Section 42 variation to the existing consent. Scotgold recently submitted a formal letter to the Planning Authority requesting pre-application advice regarding variation to this condition. Subsequent to continuing progress made towards varying this condition, the Company hopes to present the preferred development plan and revised project economics during the third quarter.

The Company continues to negotiate with possible plant suppliers regarding the capital costs of a possible smaller facility. From initial evaluations and in particular the potential move to 24 /6 processing contemplated above together with some rescheduling of mine development to access higher grade material earlier than previously scheduled, the Company believes that it may be able to reduce the start-up capital expenditure required by between 10 - 15%. This would have a significant bearing on the project's IRR and NPV. The Company also continues discussions relating to supplier financing for the mining equipment required with the aim of achieving further reductions in the initial capital expenditure.

GRAMPIAN GOLD PROJECT

The Company recommenced work on its regional stream sediment program in March. To date, 142 samples from a program of 487 infill stream sediment samples have been taken, completing two of the six high priority target areas identified by historical work and by Scotgold's initial program.

GENERAL MEETING

The results from the General Meeting held on 30th July 2014 have been notified separately.

Chris Sangster

Managing Director

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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 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

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