



RNS Number: 49610
Scotgold Resources Limited
18 May, 2018

Scotgold Resources Limited

("Scotgold" or the "Company")

Placing, Subscription and Debt funding

It is with much pleasure that Scotgold Resources Limited (**AIM:SGZ**) advises that the final tranche of development funding has been raised. As noted in the Company's recently released Interim Financial Report on 13 March 2018 and earlier in its Rights Issue announcement on 13 November 2017, the Company sought a final round of development funding after the successful Planning Permission determination which was announced on 27 February 2018. This funding has now been completed as outlined below.

Highlights:

- In total £9,000,000 has been raised through a combination of equity and secured debt.
- Scotgold has raised approximately £4,000,000 before expenses through an oversubscribed placing and subscription of 14,545,455 new ordinary shares of no par value ("Ordinary Shares") at a price of 27.5 pence per Share, which was the closing mid-market price on 17 May 2018 ("Placing").
- A Secured loan facility of £5,000,000 has been agreed with Nathaniel ("Nat") le Roux, the Company's Non-Executive Chairman and substantial shareholder.
- Together with existing cash reserves, the Company believes it has sufficient funds to build the Cononish gold mine, execute a planned exploration programme and meet ongoing working capital needs.
- At full capacity, the Cononish mine is expected to produce on average approximately 23,500 equivalent ounces of gold per annum.

The Company's focus is now on the finalisation of the necessary planning agreements, which is expected in the coming weeks. In the interim; site access preparations have been undertaken, the detailed construction activity planning (which is expected to be required under the planning agreements) is underway and an application for a RSA grant is in process. Once these are successfully concluded the final project schedule can be determined.

Richard Gray, CEO commented: *"This is a momentous occasion for the Company and for gold production in Scotland. We have seen a number of significant milestones achieved by the Company in recent years, culminating now in what will be a new gold mining industry in the Scottish Highlands. I would like to thank all our stakeholders for their longstanding support and look forward to the next exciting chapter in our company's development"*

Placing and Subscription

14,545,455 Ordinary Shares have been placed with new and existing investors at a price of 27.5 pence per share, raising a total of approximately £4,000,000 before expenses.

Details of Director Subscription and Related Party Transaction:

Nat le Roux, Non-Executive Chairman of Scotgold, has subscribed for a total of 7,272,728 Ordinary Shares at a price of 27.5 pence per share ("Director Subscription"). Following this, he will have a beneficial interest in 22,318,222 Ordinary Shares, representing approximately 52 per cent. of the ordinary share capital of the Company, as enlarged by the Placing.

Nat le Roux is a related party to Scotgold as defined in the AIM Rules for Companies and the Director Subscription is a related party transaction for the purposes of Rule 13 of the AIM Rules.

Accordingly, the board of Scotgold, excluding Nat Le Roux who is precluded from opining, consisting of Richard Gray, Christopher Sangster, Philip Jackson and Richard Barker, having consulted with SP Angel, the Company's nominated adviser, consider that the terms and conditions of the Director Subscription are fair and reasonable insofar as the shareholders of the Company are concerned.

Application for admission:

Application is being made for the 14,545,455 new Ordinary Shares to be admitted to trading on AIM ("Admission") and Admission is expected to take place on or around 24 May 2018.

Following Admission, the Company's enlarged issued share capital will comprise 42,911,254 Ordinary 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 42,911,254. 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.

Asset Transfer

The Company has undertaken a transfer of the assets and business undertakings of the Cononish Gold and Silver project ("the Project") from its wholly owned subsidiary, Scotgold Resources Limited (incorporated in Scotland) to SGZ Cononish Limited which is also a wholly subsidiary of the Company, recently incorporated in Scotland for the special purpose of holding the Project in a separate legal entity for good corporate and legal practice.

This transfer constitutes a related party transaction under Rule 13 of the AIM Rules ("the Transfer"). Accordingly, the Directors of the Company, having consulted with SP Angel, the Company's nominated adviser, consider that the terms of the Transaction are fair and reasonable insofar as its shareholders are concerned.

Secured Loan:

The Company has also raised £5,000,000 by way of secured loan from a company owned and controlled by Mr Nat le Roux, Chairman and major shareholder of Scotgold ("Secured Loan"). The Secured Loan agreement was entered into today and it is intended that £1,000,000 of the proceeds of the Secured Loan will be used to repay the Company's existing loan with Nat le Roux.

Related Party transaction:

The Secured Loan agreement entered into by Nat le Roux and the Company and repayment of the existing loan constitutes a related party transaction under Rule 13 of the AIM Rules ("the Transaction"). Accordingly, the board of Scotgold, excluding Nat Le Roux who is precluded from opining, consisting of Richard Gray, Christopher Sangster, Philip Jackson and Richard Barker, having consulted with SP Angel, the Company's nominated adviser, consider that the terms of the Transaction are fair and reasonable insofar as its shareholders are concerned.

In accordance with the AIM Rules (Schedule 4), the following information regarding the Secured Loan is provided below:

- Principal:

£5,000,000 (five million pounds)

Lender:

Bridge Barn Ltd, a company incorporated in England and Wales which is wholly owned and controlled by Mr Nat le Roux

- Borrower:

SGZ Cononish Ltd, a 100% owned subsidiary of the Company

- Term:

30 months from earliest date of draw-down, being 1 September 2018, with early repayment at option of the Borrower for no penalty.

- Date and amount of first draw-down:

Within 30 days of 1 September 2018 for an amount of up to £3 million

- Date and amount of second draw-down:

Within 30 days of 1 October 2018 for the balance of the Secured Loan.

- Interest:

Interest rate is 9.0% calculated and payable annually for the first 24 months from the earliest draw-down date on the outstanding principal and then for the six month stub period to repayment date. If the Secured Loan is repaid early, interest will be calculated up to date of repayment.

- Security:

Debenture over the assets and undertakings of all of the assets of the Company's 100% owned subsidiaries, Scotgold Resources Ltd (SC309525) and SGZ Cononish Ltd (SC569264), including the transfer of security of the issued capital of each of the subsidiaries.

- Conditions:

The existing secured loan of £1 million payable by the Company to Mr Nat le Roux will be repaid prior to the second draw-down.

New Corporate Presentation

The Company also wishes to announce that it has released a new corporate presentation which contains detailed annual mine production projections for 2018-2028, which is available via the following link:

http://www.rns-pdf.londonstockexchange.com/rns/49610_-2018-5-17.pdf

NOTIFICATION AND PUBLIC DISCLOSURE OF TRANSACTIONS BY PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES AND PERSONS CLOSELY ASSOCIATED WITH THEM

1.	Details of the person discharging managerial responsibilities/person closely associated			
(a)	Full name of person Dealing	Nathaniel le Roux		
2.	Reason for notification			
(a)	Position/status	Non-Executive Chairman		
(b)	Initial notification/ Amendment	Initial notification		
3.	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor			
(a)	Name of entity	Scotgold Resources Limited		
(b)	LEI	213800HL5A2K7LW2G360		
4.	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted			
(a)	Description of the financial instrument, type of instrument	Ordinary Shares of No Par Value		
(b)	Identification code	AU000XINEAK5		
(c)	Nature of the transaction	Participation in the Fundraising		
(d)	Price(s) and volume(s)	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;">Prices(s)</td> <td style="width: 50%; text-align: center;">Volume(s)</td> </tr> </table>	Prices(s)	Volume(s)
Prices(s)	Volume(s)			

		27.5 pence	7,272,728
(e)	Aggregated information:	Single transaction as in 4(d) above	
	- Aggregated volume	Prices(s)	Volume(s)
	- Price	27.5 pence	7,272,728
(f)	Date of transaction	17 May 2018	
(g)	Place of transaction	Outside a trading venue	

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

For further information please contact:

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