

RNS Number : 4966E
Scotgold Resources Ltd
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Scotgold Resources Limited
("Scotgold" or the "Company")

Planning Progress at Cononish, Award of RSA Grant and Liquidation of French Assets,

Planning Progress at Cononish Gold and Silver Project (the "Project")

The Company is pleased to announce that progress continues to be made in the finalisation of the planning application from the Loch Lomond and the Trossachs National Park Planning Authority ("NPA"). Since the unanimous positive "minded to grant" decision by the Board of the NPA as announced in February 2018, the Company has worked with the NPA and other interested parties to secure all the necessary agreements. The most significant of these, the "Section 75" (which details matters involving 3rd parties which cannot be enforced through the planning notice, such as the Company's restoration liabilities together with environmental and social commitments outside of the planning area), has now been executed and submitted for registration. The Company now expects the formal Decision Notice from NPA to be awarded shortly.

Once issued, the Decision Notice will contain various conditions, some of which must be met prior to the commencement of the development of the Cononish Project. The Company is aware of these conditions and has made the necessary preparations, such that they can be discharged as promptly as possible thereafter.

Award of Regional Selective Assistance ("RSA") Grant

The Company is pleased to announce that Scottish Enterprise has made an offer for an RSA grant, of up to £430,000. The current financial metrics for the Project assumed a grant of £360,000 for the Phase 1 development of the Cononish Project and therefore, although positive, this increase is not expected to have a material impact on the published project returns. The grant is conditional upon the creation of 36 full time employment roles and the Phase 1 capital expenditure payments of £8.6m. The Company is now in discussion with Scottish Enterprise to finalise the grant contract, and also the proposed draw-down timetable of the grant. It is anticipated the timetable will be in 4 stages, as certain milestones in the development of the project are reached. Further grant funding may be available in due course for the planned Phase 2 expansion of the Cononish Project, which will create a further 27 full time employment roles (please note this is not agreed with Scottish Enterprise at this point).

In addition to the RSA grant, the Company looks forward to working with Scottish Enterprise on various initiatives such as the "Invest in Youth" programme and the Scottish Manufacturing Advisory Service ("SMAS").

Update on sale of French Subsidiary

Following the update announcement made on 22 June 2018, the Company has continued to pursue a conclusion to the sale of its French subsidiary ("the Subsidiary"), without success. The Company does not wish to pursue the development of the project in its own right, and has therefore decided to liquidate the Subsidiary which is 100% owned by the Company. Other than its interest in the Vendrennes exploration licence which is valued at £Nil, the Subsidiary holds no assets or liabilities. The liquidation process has now commenced and apart from costs related to the liquidation process and administration of approximately £12,000, the liquidation of the Subsidiary will not result in any loss, in the current period.

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.

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