



RNS Number : 1821C  
Scotgold Resources Ltd  
27 September 2018

## **SCOTGOLD RESOURCES LIMITED**

### **ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2018**

Scotgold Resources Limited ("Scotgold" or "the Company") (AIM:SGZ), which is focused on the development of its advanced stage Cononish gold and silver project in Scotland (Cononish Project) announces its final results for the year ended 30 June 2018.

The full results will be available shortly via the Company's website, [www.scotgoldresources.com](http://www.scotgoldresources.com).

#### **OPERATIONS REVIEW**

##### **BACKGROUND -**

Scotgold Resources Limited ("the Company") was established in 2007 and is listed on the AIM market of the London Stock Exchange (AIM:SGZ). The Company delisted from the Australian Securities Exchange on 21 October 2016.

The Company's principal objectives have continued to be:

- a) the advancement of the Cononish Gold and Silver Project in Scotland's Grampian Highlands;
- b) the ongoing exploration of the highly prospective tenements comprising the Grampian Gold Project with the view to identifying further project opportunities; and
- c) the exploration and exploitation of its Portuguese and French projects.

##### **Cononish Gold and Silver Project -**

On 15th February 2012, the Board of the Loch Lomond and the Trossachs National Parks ("NPA") issued the Decision Letter granting planning permission for the development of the Project. The Crown Estate Commissioners unconditional grant of the Crown Lease was confirmed in May 2012.

During 2014, the Company made an application to vary this planning permission (relating to hours of operation of the processing plant and work on site) and on 24 January 2015, the Board of the Loch Lomond and the Trossachs National Park again voted unanimously to approve the Company's application. As a variation to a condition of the existing consent, this approval also had the effect of extending the date by which development should commence to January 2018.

In January 2015 the Company completed a Mineral Resource Estimate and subsequently, in August 2015 completed a Bankable Feasibility Study for the Cononish Project. On 24 February 2016 the Company announced its intention to conduct a Bulk Processing Trial ("BPT") and on 27 August 2016 the first official gold pour from the BPT was announced.

Experience from the BPT led to a radical rethink of the tailings disposal methodology and a study was conducted to determine the suitability of dry stack tailings disposal for the project. The benefits of the dry stack system include substantially reduced upfront capital costs, scalability and the potential for

significant environmental benefits. The study determined that dry stacking was feasible and a number of options using this methodology were then modelled in the Update to the Bankable Feasibility Study, announced in March 2017. In line with ongoing finance discussions, the 'phased' approach was determined as the Company's preferred option to take the project forward.

Subsequently, the Company submitted a revised application for planning permission to incorporate the new tailings disposal methodology. The application was unanimously approved in February 2018 by the National Parks Authority ("NPA") Board and a decision notice is expected in late 2018.

#### Grampian Gold Project -

The Grampian Gold Project comprises Crown Option agreements covering approximately 4100 km<sup>2</sup> in the south west Grampians of Scotland and covers some of the most prospective areas of the Dalradian Series in the UK. This is a sequence of highly folded and metamorphosed sedimentary and volcanic rocks of late Precambrian to Early Cambrian age, which extends into regions that were contiguous at the time of its formation. This includes the western extension to the eastern seaboard of Canada and the Appalachian belt in the US, and the eastern extension into Norway and Sweden. The British Geological Survey has identified the Dalradian sequence as highly prospective for both significant gold and base metal deposits. On a more local scale, the Dalradian sequence extends to the south west from Scotland into Northern Ireland where it hosts other gold resources at Cavancau (c. 0.8Moz of gold) and Curraghinalt (c. 4M oz of gold).

The Company has historically undertaken regional stream sediment sampling programs over the wider Grampian gold project area and identified a number of high grade outcrops in the vicinity of the Cononish project. In the current reporting period work has focused on orientation surveys over the known Cononish deposit in order to better understand the significance of these anomalies and improve our exploration methodology going forward.

#### Portuguese and French projects -

In May 2016, the Company announced the acquisition of the Pomar licence area in eastern central Portugal by its wholly owned Portuguese subsidiary, Scotgold Resources Portugal Ltda. In May 2017, the Company was granted the Vendrennes PER (Permit Exclusif de Recherche / exclusive exploration licence) in France. In March 2018 the Company announced the conditional sale of Vendrennes and separately the entering of an "earn in" agreement for Pomar.

#### Corporate Activities-

In July 2017 the Company announced the completion of a 1 for 100 share consolidation.

In December 2017 a rights issue, followed by a placement on the same terms as the rights issue in January 2018, raised £2.66m (before expenses) and £0.45m respectively. This was the first tranche of funding for the development of the Cononish Project. In May 2018 the Company completed the final tranche of approximately £9.0m, consisting of £4.0m through the placement of shares and £5.0m as a debt facility.

The Company also strengthened its Board during the year with the appointment of Richard Barker, Peter Hetherington and William Styslinger.

### **CONONISH GOLD AND SILVER PROJECT**

In December 2017 the Company concluded the Bulk Processing Trial, which had informed the Updated BFS (announced in March 2017) and provided a supply of "Scottish Gold". Work on site has since focussed on preparations for the phased development of the Cononish project, in readiness for the completion of funding and issue of Planning consent Decision Notice.

The Bankable Feasibility Study ("BFS") for "The Cononish Gold and Silver Project" was conducted by Bara Consulting Ltd and published in August 2015. An update was published in March 2017.

The report highlighted that the Phased Project approach improved economic returns and reduced the development peak funding requirements to £7.4m<sup>1</sup>

- Project Development

The Project development is intended to take place in two stages to strengthen the mine's production ability whilst minimising technical risks. Assuming November 2018 commencement:

→ Phase One (December 2019 - February 2022): After a 4 month ramp up and commissioning period, the mine is intended to operate at a production level of 3,000 tonnes per month (36,000 tonnes per annum).

→ Phase Two (March 2022 - End of Life of Mine): The mining is intended to reach a steady state level of production at 6,000 tonnes per month (72,000 tonnes of ore per annum).

Phase Two is intended to be organically funded by Phase One. Within 2.5 years Scotgold aim to be in a position where profits generated by Phase One can be invested into the development requirements of Phase Two.

- Tailings Storage Facility ("TSF")

The TSF is designed as a "Dry Stack" tailings system, where tailings (waste) are stored on the surface in the form of piles (dry stacks).

The stacks - 11 in total - will be built during the Life of Mine ("LOM") from mining waste, eliminating a previously required impoundment dam.

The lower upfront capex requirement enhances Project's operational flexibility and significantly lowers the capital costs.

Due to the avoidance of a reservoir facility, progressive rehabilitation and naturalistic final landform, the new design has significant environmental advantages.

Project Lifetime <sup>2</sup>		Cost Dynamics <sup>2</sup>	
EBITDA	£ 101,114,660	Capital Cost	£ 20,097,262
Pre Tax Cash Flow	£ 81,017,398	Operating Cost	£ 69,066,131
Net Cashflow	£ 68,256,497	Average Operating Cost/oz Eq Au.	£ 373.09
IRR pre-Tax @ 10%	80%	Average Capital Cost/oz Eq Au.	£ 108.56
Operating Margin	59%	Total Average Cost/oz Eq Au.	£ 481.65

<sup>1</sup>Provided by Bara Consulting BFS and Scotgold management

<sup>2</sup>As prepared by Bara Consulting on behalf of Management assuming a development of the mine funded through equity only. The information was drawn from the Update to the Cononish Bankable Feasibility Study (BFS) and Short Term Funding Plan referred to in the company press release of March 17<sup>th</sup>

The adoption of this strategy has necessitated a revision to the existing planning consent and the requisite application was submitted to the Planning Authority and validated in August 2017.

Details of the material assumptions considered in the derivation of the production target and forecast financial information above and the BFS Study Update Executive Summary are provided on Scotgold's website at [www.scotgoldresources.com](http://www.scotgoldresources.com).

### Cononish Mineral Resources

The Mineral Resource Estimate ("MRE") is classified as Measured, Indicated and Inferred Mineral Resources, (adhering to guidelines set out in the JORC Code (2012 Edition)), and is reported at a cut-off grade of 3.5 g/t gold as is presented in the Table below. The Table also serves as the Company's Annual Mineral Resource Statement.

**Table: Annual Mineral Resource Statement as at 30/06/2018**

**Cononish Main Vein Gold and Silver Mineral Resources**, prepared in accordance with the JORC code (2012 Edition) and reported at a 3.5 g/t Au cut-off as at 12/01/2015, which remain current subject to the depletion of approximately 4.5kt from the Indicated Resources - Mined Stockpile

<b>Scotgold Resources Limited - Cononish Gold Project</b>						
<b>Mineral Resource Estimate as at 12 January, 2015</b>						
Reported at a cut-off grade of 3.5g/t gold						
<b>Classification</b>	<b>K tonnes</b>	<b>Grade AU g/t</b>	<b>Metal AU Koz</b>	<b>Grade Ag g/t</b>	<b>Metal AU Koz</b>	<b>In-situ Dry BD</b>
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
<b>Sub-total M &amp; I</b>	<b>541</b>	<b>14.3</b>	<b>248</b>	<b>59.9</b>	<b>1,043</b>	<b>2.72</b>
Inferred - In-situ	75	7.4	18	21.9	53	2.72
<b>Total MRE</b>	<b>617</b>	<b>13.4</b>	<b>266</b>	<b>55.3</b>	<b>1,096</b>	<b>2.72</b>
<i>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.</i>						

*Note: Mineral Resources presented above include Ore Reserves stated below.*

There has been no change in the Mineral Resources reported as at 30/06/2017 other than the depletion of the mined stockpile, the resource will be adjusted for this depletion of the stockpile. Approximately 6.5kt had been depleted to the end of June 2018.

An internal review of the Mineral Resource Estimate concluded that the estimation techniques and parameters employed remained appropriate.

The Cononish mineralisation remains open at depth down plunge and to the west along strike. There is therefore potential to add to the resource by further extensional drilling.

In addition to the currently defined Mineral Resources, Scotgold believes that there is additional resource development potential close to the Cononish mine, subject to appropriate and successful further work. Extensive gold-in-soil anomalies, mineralisation associated with outcrops and trenches, and geophysical anomalies close to the current resource clearly warrant further follow up. In addition, there are indications that other reefs are present in the area. At this stage, such indications are highly conceptual and there is no guarantee that further exploration will define additional Mineral Resources.

#### **Cononish Ore Reserves**

As part of initial work towards developing the 2015 BFS, Bara Consulting Ltd ("Bara Consulting) completed a thorough review of the 2013 Cononish Development plan in order to identify opportunities

to not only improve on the plan but to also improve the confidence in the plan. As a result of this review, further work was undertaken on the mining methodology, access design, geotechnical evaluation and overall mine design.

The outcome of this work was that an Ore Reserve Estimate was completed on 25 May 2015, in accordance with the JORC code (2012 Edition) based on the Mineral Resource Estimate ("MRE") issued in January 2015. The subsequent addendum to the Bankable Feasibility Study resulted in no change to the Ore Reserve. Hence there is no change to the Ore Reserves reported for the project as of 30/06/2017.

An internal review of the Ore Reserve Statement concluded that the modifying factors used in determining the Ore Reserve remained appropriate.

**Table: Annual Ore Reserve Statement as at 30/06/2018**

<b>As at 25 May 2015 (JORC 2012 Code)</b>			
<b>Classification</b>	<b>Proven</b>	<b>Probable</b>	<b>Total</b>
<b>Tonnes ('000)</b>	65	490	555
<b>Au Grade (g/t)</b>	11.5	11.1	11.1
<b>Au Metal (k oz)</b>	24	174	198
<b>Ag Grade (g/t)</b>	51.5	47.2	47.7
<b>Ag Metal (k oz)</b>	108	743	851
<i>(Bara Consulting Limited Ore Reserve Statement dated May 2015)</i>			

For greater detail on the parameters derived from this work and used for the Ore Reserve estimation process, please refer to the Company's announcement on 26/05/2015 - Cononish Gold Project Study Update and Reserve Estimate; and to the subsequent announcement on 15/03/2017 - Update to Cononish Bankable feasibility study on the Company's website.

The Ore Reserve statement above does not take account of the depletion of the surface stockpile through the BPT. At 30 June 2018, approximately 605kt had been removed from the stockpile and the reserves will be adjusted on full depletion of the stockpile.

Both the Mineral Resource Estimate and Ore Reserve statement were compiled by suitably qualified Independent Competent Persons as identified at the time of their release.

## **GRAMPIAN GOLD PROJECT**

The Company continues to actively pursue exploration activities on its substantial land position in the Dalradian Belt of the south west Grampians, a terrain highly prospective for both gold and base metal occurrences. The majority (85%) of the area currently under option to Scotgold is located outside the Loch Lomond and the Trossachs National Park.

Whilst advancing the Cononish project to production, the Company's strategy has been to conduct early stage regional exploration over the Grampian Gold project area in conjunction with follow up work on the more advanced prospects close to the Cononish project area.

The Grampian Gold project encompasses a large area (~4100 km<sup>2</sup>) of the highly prospective Dalradian sequence. Basic exploration data, including gravity and airborne magnetics, are available from government surveys but is of a quality and spacing that does not adequately reflect the prospectivity of the area. This, and the general lack of previous exploration over the area (other than early stage exploration in the vicinity of the Cononish project), has dictated the Company's approach to exploration.

In recent years an initial wide spaced regional scale stream sediment sampling program was undertaken and followed up by a more detailed infill sampling program in the anomalous result areas. In parallel previously identified high grade outcrop samples close to the Cononish project were resampled and this program confirmed the presence of a large number of high grade gold / silver vein

outcrops in an area located between two major regional faults, the Tyndrum - Glen Fyne fault and the Ericht - Laidon fault, and associated with the fractures generated by movement along these faults.

Considerable follow up work has been undertaken to examine the extent of these occurrences through further fieldwork, detailed rock chip sampling, initial short surface drilling and (in some cases) deeper diamond drilling.

Scotgold Resources Ltd also conducted a structural study and initial analysis of Scotgold's extensive Geographic Information System ("GIS") database covering the Grampian Gold project ("The GIS Study").

Through 3 Dimensional ("3D") geological and GIS modelling, a preliminary prospectivity map was developed for the GIS study area to identify areas of high priority and potential. Based on this map, the GIS Study identified a series of high priority targets, with 6 targets being located within a 2.5 km radius of Cononish, including 2 targets outside the Loch Lomond and Trossachs National Park ("LLTNP"). A further 5 targets have been identified within the studied area, all of which are outside the LLTNP. Close to the Cononish deposit, Coire Nan Sionnach and Kilbridge are highlighted as highly prospective, along with two further parallel anomalies between the Cononish deposit and Coire Nan Sionnach.

More recently, the Company has conducted a further comprehensive exploration review on a wider scale to better focus ongoing exploration across the option areas outside Glen Orchy. This has involved a review of the lithological setting of known mineralisation in combination with the structural features identified in the structural report to identify potential for Cononish style mineralization whilst also recognizing that other styles of mineralisation may be present.

The review has also examined the most appropriate techniques for the ongoing exploration of the wider Grampian project and in the current reporting period work has focused on orientation surveys using these techniques over the known Cononish deposit. Once evaluation of these surveys is complete, it is intended the most promising will be applied to the high priority targets identified by the prospectivity map in order to inform future drill programs.

In order to advance its understanding of the regional setting the Company embarked on a regional scale stream sediment sampling program. In an initial wide spaced regional program, in excess of 750 stream sediment samples were taken across the project area. Interpretation of these results continues and this program has been followed up by a more detailed infill sampling program in the anomalous result areas in order to further target areas for detailed fieldwork and prospecting. To date in excess of 1200 samples have been collected with interpretation of these results on-going.

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. Initially, the Company conducted a re-sampling program to verify previously identified occurrences and this program confirmed the presence of a large number of high grade gold / silver vein outcrops in an area located between two major regional faults, the Tyndrum - Glen Fyne fault and the Ericht - Laidon fault, and associated with the fractures generated by movement along these faults.

Considerable follow up work has been undertaken to examine the extent of these occurrences through further fieldwork, de

## **PORTUGAL - POMAR PROJECT**

In May 2016, the Company announced the acquisition of the Pomar licence area in eastern central Portugal by its wholly owned Portuguese subsidiary, Scotgold Resources Portugal Ltda.

The Pomar licence area includes the historic antimony mines of das Gatas, Pomar and Casalinho, in addition to numerous small scale trials and occurrences.

Evaluation of styles of mineralization during initial site visits indicated the potential for undiscovered gold prospects in zones with quartz-only mineralization in addition to the known gold bearing felsic dykes traversing the area and potential extensions to the known antimony occurrences.

Initial exploration has included soil and rock chip sampling and development of a regional structural model.

Analysis of selected historical soil samples taken have indicated a long (c.1km) As (Arsenic) / Au (Gold) anomaly along the kilometric scale felsic dykes in the area. Significant Au / Sb ("Antimony") / As

anomalies have also been registered around the old workings of Das Gatas, Barroca da Santa, Casalinho, Monte da Goula, and Pomar workings. Statistical interpretation of the samples indicates a strong correlation between As / Au (for the dykes) and Au/Sb/As for historic workings and As is indicated as an important pathfinder for future exploration.

Results from selected rock chip samples taken from various locations around the old mines, waste tips and certain accessible outcrops indicate the presence of high grade gold (and some Tungsten) associated with historic antimony veins. Historic samples for Au along the felsic dykes need further correlation but their prospectivity is supported by soil sampling results.

A structural interpretation for the area has been prepared and postulates the mineralised Sb / Au veins as developing in an extensional fault roughly trending NS and reactivated as a thrust. Based on this interpretation, a number of areas around the old mines warrant follow up to determine the presence of extensions / repetitions to the know high grade Sb / Au mineralisation.

Further follow up work is planned to follow up the extent of possible mineralisation associated with the felsic dykes with an extended and closer spaced soil sampling program along with initial trenching / diamond saw sampling of available outcrop to verify previously taken chip samples. A detailed study of the mineralogy and paragenesis of the Au occurrences in the dykes will further inform their prospectivity.

Further work is planned to determine the nature of the high grade rock chip samples associated with the old workings and tips, and their possible extensions as postulated by the structural work. This will initially involve regaining access to and resampling the old workings.

On 19th March 2018, the Company announced an "earn in" agreement with PanEx Resources Limited over the Pomar Project.

## **FRANCE - VENDRENNES**

In May 2017, the Company was granted the 'Vendrennes' Permit Exclusif de Recherche ("PER") / exclusive exploration licence, applied for in 2015. Two further applications remain under consideration.

The Vendrennes PER substantially covers the 'Vendée Antimony district', France's third largest antimony producing district which during the 19th and beginning of the 20th century produced over 18,000t of Antimony metal substantially from the Rochetrejoux vein. Most importantly, the PER includes Les Brouzils, a small high grade open pittable antimony deposit that was discovered by the BRGM ("Bureau de recherches géologiques et minières") - the French Geological Survey) during the 1970's and 1980's.

According to BRGM literature (L'Inventaire minier de la France), Les Brouzils hosts a 'geological resource' of 9,250t of antimony metal at a grade of 6.7% Sb to a depth of 100m and is open along strike and at depth.

**NOTE: The above statement relating to a historic / foreign 'geological resource' and the figures quoted do not necessarily conform to current internationally recognized resource classification standards (e.g. JORC, PERC, CIM, SAMREC etc) and cannot thus be classified as a resource (Inferred, Indicated or Measured) under these Codes and is stated for historical information purposes only. No reliance should be placed on these figures and it is uncertain that following evaluation and/or further exploration work that the estimates stated above will be able to be reported as mineral resources or ore reserves in accordance with a recognised code. It will be the Company's intention to work to verify or otherwise such numbers as soon as it can access the appropriate data.**

Production from a small open pit at Les Brouzils commenced in 1989 under a joint venture between Gagneraud and the BRGM and produced some 895t of Sb metal in concentrate before closure in 1992 as a result of a significant decline in the antimony price relating to the disposal of strategic metal stockpiles by the US and USSR. Concentrates were produced through gravity and flotation and quality was reported as excellent with no deleterious elements present.

The Company is currently considering its options with respect to maximising the value of Vendrennes PER to the Company.

## TENEMENT DETAILS

### United Kingdom -

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

### Portugal -

The Company holds a 100% interest in the Pomar Licence which is valid for 3 years from May 2016 (with an option to extend) in eastern central Portugal, near Castelo Branco through its subsidiary Scotgold Resources Portugal Ltda.

### France -

The Company holds a 100% interest in the Vendrennes PER (Permit Exclusif de Recherche or Exploration Licence) through its subsidiary SGZ France SAS.

No other beneficial interests are held in any farm-in or farm-out agreements and no other beneficial interests in farm-in or farm out agreements were acquired or disposed of during the period.

#### *Competent Persons Statement:*

*The information in this report that relates to Exploration Results 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 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.*

*Note: No new exploration results are presented in this report. All results have been previously notified under JORC 2004 and are contained in Scotgold Annual reports 2008 - 2016 and various corresponding market releases.*

*The information in this report that relates to the 2015 Mineral Resources for Cononish Gold Project (refer ASX release - Resource Estimate Update - 22/01/2015) 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 the 2015 Ore Reserves for Cononish Gold Project (refer ASX announcement dated 26/05/2015) is based on information compiled by Pat Willis, a Competent Person who is registered as a Professional Engineer (Pr.Eng.) with the Engineering Council for South Africa (ECSA) and a Fellow in good standing and Past President of the Southern Africa Institute of Mining and Metallurgy (FSAIMM). Mr Willis is employed by Bara Consulting Limited, an independent consulting company. Mr Willis 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 Willis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Further, the Company confirms it is not aware of any new information or data that materially affects the information contained in the original announcements and that all material assumptions and technical parameters underpinning the estimate of Resources and Reserves continue to apply and have not materially changed.*

## **STRATEGIC REVIEW**

The Company continues to review its corporate structure, policies and practices with a view to maintaining and enhancing shareholder value. In the current period under review, the following initiatives have been implemented:

- i) On 25 August 2017 the Company concluded its 1 for 100 consolidation of its shares. Together with the sale of small shareholdings, the consolidation of shares has resulted in a more attractive and less cumbersome share structure.
- ii) Streamlining of its share register to remove, at the holder's option, those shareholdings of less than a minimum value of \$500. This has had the result of removing over 200 small shareholdings of a value of less than \$500.00 each..
- iii) The Company appointed BDO as Auditors in June 2018.
- iv) The Company will adopt the QCA code of corporate governance which will supersede the currently adopted ASX code of Corporate Governance.

Operationally, the Company's immediate focus remains the development of the advanced stage Cononish Gold and Silver Project in Scotland. However, to provide longevity beyond Cononish, and potentially growth in overall production, the Company is developing a pipeline of projects that we anticipate will meet our criteria. First and foremost of these is our Grampian Project which consists of 5 Option Agreements ("Exploration Licences") in Scotland and includes the highly prospective ground in the vicinity of Cononish.

The fundamental technical work completed on Cononish in 2015, with the revised Mineral Resource Estimate and Ore Reserve Estimate, underpinned the Updated Bankable Feasibility Study (BFS) completed in March 2017. This study amply demonstrated the project's technical and financial viability, but funding the new reduced capital remained a challenge. This challenge was met this year with the raising of two tranches of funding, through a combination of Rights Issue, share placement and debt, totalling approximately £12m. The key remaining impediment to commencement of development is now the issue of the Decision Notice by the NPA relating to the planning application (approved by the NPA Board in February 2018). While the legal process which will enable the issue of the Decision Notice is on going, the Company has been actively progressing the anticipated technical submissions required by the Planning Permit conditions. Once these submissions are approved the Company will be in a position to commence development activities on site.

The Updated BFS also demonstrated the increased value of Cononish given the improved gold market, particularly in GB Pound terms post the UK's Brexit decision. The price has ranged between £1029/z and £929/oz over this reporting period and the assumed gold price in the Updated BFS of \$1150/oz and exchange rate of \$1.25/£ (which implies UK gold price of £920/oz) is still considered reasonable. With full project funding in place, the Company expects project returns in line with the Updated BFS estimates.

The work completed on advancing our future pipeline of projects has been modest due to the need to focus cash and management resources on the advancement of Cononish. With sufficient funding in place for the development, the Company has also begun investing in further exploration on the Grampian Project. These sums remain relatively modest and will focus on the design of cost effective future programs, utilising the Company's extensive data set to best advantage. We will continue to minimise our expenditure on our Portuguese asset through the earn in agreement and continue to work towards the conclusion of the sale of the French asset.

The coming period will be dominated by the Cononish development activities and we look forward to reporting progress on these once the NPA Decision Notice is issued and works can commence.

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The coming period will be dominated by the Cononish development activities and we look forward to reporting progress on these once the NPA Decision Notice is issued and works can commence.

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