

RNS Number : 5508O
Scotgold Resources Ltd
07 November 2016



SCOTGOLD RESOURCES TO AUCTION FIRST SCOTTISH GOLD ROUNDS

AN EXCITING OPPORTUNITY TO OWN THE FIRST POUR OF SCOTTISH GOLD

On November 29th 2016, Scotgold Resources Ltd will release 10 limited edition 1oz fine Scottish Gold Rounds. The Gold Rounds are made of the first pure Scottish gold mined from the Cononish Gold Mine in Tyndrum, Scotland and refined to 999.9 purity.

Scottish Gold Rounds can be bought in a sealed-bids auction with the deadline of 4pm 28th November 2016.

Each Gold Round is stamped with a unique serial number corresponding to the Chain of Custody system and accompanied by a certificate of authenticity from the Edinburgh Assay Office.

The Gold Rounds have been minted by Baird & Co Bullion Merchants. Each Gold Round features the official registered Scottish Gold Mark of the stag's head and is presented in a luxurious presentation box.

How to buy Scottish Gold Rounds

Sealed bids can be submitted ahead of the closing date of 4pm on the 28th of November, 2016. Please visit www.scotgoldresources.com to download a Bidding Form and for terms and conditions.

The sealed bid auction will be overseen by Scott-Moncrieff, the established and well-known Scottish accountants.

Background

The Cononish mine is first and foremost a Scottish affair - a Scottish adventure. The commitment to establish the first commercial Scottish gold mine began three decades ago and is now in reach thanks to the vision and support of local people, the Scottish government and our investors.

Scotgold Resources Ltd is acutely aware of the responsibility that comes with operating in one of the wildest and most dramatically beautiful places in Scotland. Although the mine is remote, we are in the heart of a mountainous landscape valued highly by people the world-over and recognised as sufficiently important to be included in the Loch Lomond and Trossachs National Park.

Our Cononish mine uses clean, modern methods to recover gold: there will be no mercury

or cyanide at the project. Instead, a 'gravity and flotation' method separates the gold from the host quartz. It is vital that the clear streams and rivers of the Highlands remain uncontaminated.

The preservation of the natural surroundings, vegetation and wildlife are core values of Scotgold's operation in this truly golden glen.

The mined gold is tested for purity by Edinburgh Assay Office, which records each batch poured. The Assay Office assures a Chain of Custody that guarantees any gold product stamped with the Scottish Gold Mark of the stag's head contains authentic Scottish gold mined from Cononish by Scotgold Resources Ltd.

High-resolution images of the mine and the Gold Rounds can be downloaded from the Scotgold Resources website: www.scotgoldresources.com

Contact

Enquiries regarding future sales and marketing of Scottish Gold:

Contact: Vivien Johnston
Tel.: +44 (0)7789 224705
Email: vjohnston@thedragonflyinitiative.com

or

Contact: Assheton Carter
Tel: +44 (0)784 298816
Email: acarter@thedragonflyinitiative.com

For information on Scotgold Resources, please contact:

Scotgold Resources Limited	Stockdale Securities Limited	Capital Markets Consultants	Vicarage Capital Limited
Richard Gray - CEO	Robert Finlay/ Edward Thomas	Simon Rothschild	Rupert Williams
Tel: +44 (0)1838 400 306	Tel: +44 (0)20 7601 6100	Tel +44 (0)7703 167 065	Tel: +44 (0)20 3651 2911

Editors Notes:

Gold Production: In full operation, the mine will recover approximately 28,000oz of gold at its peak in year 2 and average approximately 23,000 year over the planned 8 year mine life. During the current processing trial, we expect to recover 75 to 100oz of Scottish Gold

Uses of Gold: Cononish mine is producing gold in two forms; firstly as gravity "free gold" and secondly as a pyrite gold rich concentrate. It is the limited Freegold, whose provenance and chain of custody is certified by the Edinburgh Assay Office, that will be marketed in Scotland to Scottish jewellers, investors and used for commemorative rounds. The majority of the gold produced as a pyrite gold rich concentrate will be further processed and ultimately sold into the world gold bullion market

Gold Jewellery Manufacture: We are currently exploring options with a number of Scottish businesses and aim to make an announcement in due course on who will be the company's first business partners for manufacture and crafting gold jewellery and other consumer items.

Gold Mining Jobs: When fully operating, the mine will employ 60 employees, 20 of which will work underground and the remainder in the gold processing plants and support facilities. All employees will live locally and thus contribute to the local economy, and 90% of these jobs will be staffed by current residents of the surrounding villages. This employment will have a particularly significant local impact in a community of 400 (Tyndrum, Crianlarich) for which the current main employment opportunity is seasonal tourism activity.

History of Cononish Mine: The mine has been in development since the late 80s and has seen several different companies invest in its progress. Scotgold Resources is proud to be the company to bring it to operation.

Mine Management: The board and executive management of Scotgold have extensive mining industry experience. Richard Gray (Chief Executive Officer) and Chris Sangster (Technical Director) in particular have spent their entire careers in the mining sector. More about the people at Scotgold can be found on the

website: <http://www.scotgoldresources.com.au/about-us/board-of-directors/>

Gold Price and Project Feasibility: The recent rise in prices to over £1000 / oz has helped the project's prospects, but even at lower prices the mine is a viable commercial operation. Our feasibility study showed that even at £327 / oz the mine would make an operating profit. The combination of the change in exchange rates against the dollar (the pricing currency for gold) and the rise in gold prices means that Scotgold has benefitted. But the design of the mine ensures that the operation is economically sustainable and will benefit the local communities even through price variations

Post Mining: The planned 8 year mine life is based on the current estimates of Mineral Resource and Ore Reserve, which are in turn based on the current drilling information. Scotgold has identified the potential to expand the Resources/Reserves at Cononish through future further exploration drilling. Subject to successful drilling and the necessary permitting, Cononish could be producing for much longer. In addition to Cononish, Scotgold is advancing its Grampian exploration project which building on the success of Cononish, could lead to further new gold mines in Scotland.