

RNS Number : 4458U
Scotgold Resources Ltd
25 November 2019



Scotgold Resources Limited (AIM:SGZ)
("Scotgold" or the "Company")
Exploration Programme Clarification

Scotgold Resources Limited (**AIM:SGZ**) notes recent speculation by a media source concerning the cost of its exploration programme and the Company's funding situation.

The audited report and accounts published for the year ended 30 June 2019 contained a note (Note 17) that set out the "proposed" figures for minimum expenditure on exploration and licence fees provided to the Crown Estate Scotland in December 2018 as part of an application to exchange five existing mining licences for thirteen new licences. The figures provided to the Crown Estate Scotland in December 2018, and stated in the Annual Report 2019, were as follows:

	Minimum expenditure (est.) A\$	Licence Fee (est.) A\$	Total (est.) A\$
Not later than one year	5,824,554	117,435	5,941,989
Later than 1 year but not later than 2 years	2,590,561	117,435	2,707,996
Later than 2 years but not later than 5 years	7,427,403	352,305	7,779,708
	<u>15,842,518</u>	<u>587,175</u>	<u>16,429,693</u>

The Company wishes to make clear that only the Licence Fee is a contracted amount and is conditional on the Company continuing to hold all 13 licences over the remaining five year period ending in November 2024. The exploration figures were proposed estimated figures provided at the time of the application (as the Note 17 in the 2019 Annual Report made clear), which the Company is not contractually obliged to spend. The figures are also subject to material change over time. The figures may change owing to the results of exploration and the available cash resources to fund exploration. For example, the Company's budget for the year ending 30 June 2020 currently anticipates that exploration spending will be approximately A\$0.5 million. For the year ended 30 June 2019 the Company's exploration spend was approximately A\$0.6m.

Scotgold's licences are subject to a bi-annual review by the Crown Estate Scotland commencing in November 2020. The contractual test to retain the exploration licences requires the Company to provide the Crown Estate Scotland with satisfactory evidence of the Company's progress towards obtaining planning permission for the licence areas. At such reviews the Crown Estate Scotland will assess a progress report provided by the Company. Such reports will include a review of past exploration work and proposed new work programmes. Whilst the amount of exploration expenditure is a relevant consideration as to the granting and retention of licences, it is one of many considerations and not determinative.

The Directors of the Company remain confident that all of the Company's financial commitments, including those relating to exploration activities, can be funded for the foreseeable future from existing cash resources, loan facilities and anticipated future cash flows from the Cononish gold mine, which is expected to commence production at the end of February 2020.

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