

RNS Number : 8130U
 Scotgold Resources Ltd
 02 August 2015



SCOTGOLD RESOURCES LIMITED

JUNE 2015 QUARTERLY ACTIVITIES REPORT

CONONISH GOLD PROJECT

A thorough review of the 2013 Cononish Development plan was completed 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 a revised Development plan was completed in all areas to at least a Prefeasibility Study level and consequently the Company was able to estimate an Ore Reserve based on the Mineral Resource Estimate (MRE) issued in January 2015.

The new Reserve Estimate is shown below:

As at 25 May 2015 (JORC 2012 Code)			
Classification	Proven	Probable	Total
Tonnes ('000)	65	490	555
Au Grade (g/t)	11.5	11.1	11.1
Au Metal (k oz)	24	174	198
Ag Grade (g/t)	51.5	47.2	47.7
Ag Metal (k oz)	108	743	851
<i>(Bara Consulting Limited Ore Reserve Statement dated May 2015)</i>			
As at 30 April 2013 (JORC 2004 Code)			
Classification	Proven	Probable	Total
Tonnes ('000)	0	200	200
Au Grade (g/t)	0	11	11
Au Metal (k oz)	0	71	71
Ag Grade (g/t)	0	45	45
Ag Metal (k oz)	0	289	289
<i>(Development Plan dated 30 April 2013)</i>			
Variance - Increase / (Decrease) 2013 to 2015			
Classification	Proven	Probable	Total
Tonnes ('000)	n/a	145%	177%
Au Grade (g/t)	n/a	1%	1%
Au Metal (k oz)	n/a	145%	179%

Note: *the Ore Reserve estimates reported Development Plan dated 30/04/2013 under the JORC 2004 code are no longer applicable (as discussed in the 2014 Annual Report) but are presented here for comparative purposes only.*

For greater detail on the parameters derived from this work and used for the Ore Reserve estimation process, refer to ASX announcement (26/05/2015 - Cononish Gold Project Study Update and Reserve Estimate) on the Company's website.

The most significant factor underlying the increase in the 2015 Ore Reserve estimate is the Mineral Resource Estimate (MRE) published in January 2015. The increased confidence in this MRE and the consequent increase in material classified as Indicated, together with the work done to verify the modifying factors, has resulted in the estimation of both Proven and Probable categories of Ore Reserve.

The Bankable Feasibility Study (BFS) is now complete and awaiting final sign off by the consultants. The results will be released in the coming week.

In parallel various financing options are being considered for the necessary capital to bring the project into production. These will be advanced in more detail once the BFS results are available.

GRAMPIAN GOLD PROJECT

The Company holds five option agreements with the Crown over the highly prospective Dalradian sequence in the south western Grampian Highlands of Scotland. The Crown has informed the Company, subject to the conclusion of the appropriate legal agreements, that it has re-granted all the Company's existing option areas for a further 3 years, subject to a reduction in area in the Inverliever option area. The Company are currently finalising these agreements with the Crown and expects them to be concluded shortly.

The Company has engaged the services of Dr. Pablo Gumiel and Dr. Mónica Arias of Consulting de Geología y Minería, S.L., to conduct a structural study of the Cononish deposit and Tyndrum area. Dr. Gumiel is an expert in structural geology and the structural control of mineral deposits with over 38 years' experience in research and mining exploration. Dr. Arias has over 15 years' experience as a specialist in database management of geological-mining data, Geographical Information Systems (GIS) and 3D geological modelling. To date, Drs. Gumiel & Arias have spent 20 days, over two 10 day periods in May and July 2015, collecting data, in conjunction with the exploration team. In addition, significant work has been undertaken on the existing database to develop 2D and 3D representations of data. This study aims to place structural and geochemical controls on the distribution of gold across the Cononish/Tyndrum area. The structural and geochemical criteria for the Tyndrum area are anticipated to be applicable across the Grampian Project region to aid and focus regional exploration. The final results of this study are expected in September 2015.

In order to advance its understanding of the regional setting, over the past four years, the Company has embarked on a regional stream sediment sampling program. To date >1100 stream sediment samples have been taken across the regional area. During the last quarter a detailed quality assurance/quality control program has been applied to the existing stream sediment database. This program has reconciled an on-going sample numbering issue and set out procedures for sample numbering going forward. The program has also re-evaluated the outstanding samples within the proposed program and indicated a further 375 samples should be collected. The outstanding samples form an infill program which aims to follow up anomalous results or to increase data coverage. Interpretation of the stream sediment results is on-going, in conjunction with work undertaken by Drs. Gumiel and Arias.

In parallel with this regional program, Scotgold continues to evaluate high grade outcrop samples identified by previous exploration close to the Cononish project. This includes re-evaluation of the Arichastlich, Coire Thoin and Crusty's Veins in light of the early results from Drs. Gumiel and Arias.

CORPORATE

On 20th April 2015 the Company announced the appointment of Vicarage Capital Limited ("Vicarage") as the Company's joint broker.

Further to Vicarage's appointment, the Company announced that Vicarage had placed 90,000,000 new ordinary Scotgold shares ("Shares") at an issue price of £0.005p each with new shareholders to raise £450,000 (before brokerage fees of 6%) for the Company ("Placement"). The funds raised will be used to complete the Company's ongoing technical studies.

Following admission, the Company's enlarged issued share capital comprises 1,135,392,472 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 1,135,392,472. 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 under the FCA's Disclosure and Transparency Rules.

The new Shares were issued under the company's 15% capacity under ASX Listing Rule 7.1

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Forward Looking Statements

This announcement contains certain statements that may constitute "forward looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.

Competent Persons Statement

The information in this report that relates to the 2015 Ore Reserves for Cononish Gold Project (refer ASX announcement dated 25/05/2015) 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.

The information in this report that relates to the 2015 Mineral Resources Estimate for Cononish Gold Project (refer ASX announcement dated 22/01/2015) is based on information compiled by Malcolm Tittley, 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.

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.

TENEMENT DETAILS

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

No tenements were acquired or disposed of during the quarter, although as previously noted, the Inverliever option area will reduce in size on finalization of matters with the Crown Estates.