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 Scotgold Resources Ltd
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SCOTGOLD RESOURCES LIMITED

**CONONISH GOLD AND SILVER PROJECT BANKABLE FEASIBILITY STUDY
 RESULTS AND FINANCE UPDATE**

Scotgold Resources Limited ('Scotgold' or 'the Company') is pleased to announce the results of the Bankable Feasibility Study ('BFS') for its wholly owned Cononish Gold and Silver Project conducted by Bara Consulting Ltd of the UK. This study is based upon the Mineral Resource Statement announced in January 2015 and confirms the Ore Reserve Estimate announced in May 2015, both of which were compiled using guidelines recommended in the JORC Code (2012). The Cononish Gold and Silver Project is part of the Company's gold portfolio located in Scotland.

SUMMARY OF BFS HIGHLIGHTS

PRODUCTION	
Average Production	72,000 tonne per annum
Average LoM Grade (Au Eq)	11.8 gram/tonne
Average Metal Produced	23,370 ounce equivalent gold* per annum
Life of Mine	8 years
FINANCIAL (at Gold US\$1,100/oz & Silver US\$15/oz)	
Peak Funding Requirement	£18.5M
Unit Operating Costs	£327/ ounce equivalent gold (US\$523/ ounce equivalent gold)
Net pre-tax cashflow	£43M
NPV (10%) pre-tax	£23M
IRR pre-tax	45%
Payback Period	19 months

* Ounces equivalent gold = ounces gold + ounces silver*15/1100 - ratio calculated at base case prices of \$1,100/ ounce gold and \$15.00/ ounce silver

PRE-TAX CASHFLOW SENSITIVITY TO GOLD PRICE							
Gold Price	US\$700/ ounce	US\$900/ ounce	US\$1,000/ ounce	US\$1,100/ ounce	US\$1,200/ ounce	US\$1,300/ ounce	US\$1,500/ ounce
Pre Tax Cashflow	£1.5M	£22.5M	£32.9	£43.4M	£53.9	£64.3M	£85.3M
NPV (10%)	(£4M)	£9M	16.1	£23M	29.8	£37M	£50M
IRR	0%	25%	35%	45%	54%	64%	82%

- Robust Project economics using a base case gold price of US\$1,100/ounce (£688/ ounce) with a EBITDA of £67.4M, a pre-tax free cashflow of £43.4M, pre-tax NPV(10%) of £22.5M and a pre-tax IRR of 45%.
- Low operating cost with Life of Mine ('LoM') average of £327/ ounce equivalent gold (US\$523/ ounce equivalent gold) (including Royalties) and Project breakeven (0% IRR) at US\$689/ ounce equivalent gold
- Peak Funding Requirement of £18.5M and all in LoM Capital including contingencies, replacements etc. of £24.0M
- Average annual gold production of 23,370 ounce equivalent gold with peak production in Year 2 of 28,540 ounce equivalent gold.
- Average LoM grade of 11.8 grams equivalent gold /tonne and peak grade of 15.4 grams equivalent gold / tonne in year 2.
- Rapid Implementation schedule of 16 months post contract and finance completion and short payback period of 19 months from full production.
- Based on the earlier PFS, the company has been offered indicative terms by leading banks to provide debt finance for the majority of the project's funding requirement.
- Completion of this BFS facilitates the selection of the preferred finance route and the signing of a mandate with the selected institutions in near future

Richard Gray, Chief Executive of Scotgold, commented:

"The BFS illustrates the robustness of the Cononish Project with the mine profitable down to US\$700 per ounce and provides a very solid base for our ongoing discussions with potential project finance providers. Once concluded, we look forward to putting this fully permitted project into development and pursuing its strong upside potential, which includes a possible Mineral Resource extension and the likely price premium for gold with proven Scottish provenance."

Details of the material assumptions considered in the derivation of the production target and forecast financial information above are provided in Appendix 1.

The BFS Study Executive Summary is published on Scotgold's website at www.scotgold.com. The criteria used in this release under JORC Code, 2012 Edition can be found on the website under ASX announcements together with a commentary.

Key Attributes of Cononish Gold and Silver Project

In summary, the key attributes of the project are:

- ✓ Mineralization occurs in a narrow (average width of about 2 m) near vertical quartz vein.
- ✓ The project has a resource estimate in Measured, Indicated and Inferred categories (see ASX release "Resource Estimate Update" dated 22/01/2015) prepared by Mr M. Titley of CSA Global (see below) of 541,000 tonnes at a gold grade of 14.3 g/t and a silver grade of 59.7 g/t. The average Bulk Density is 2.72 tonne/m³.
- ✓ After taking into account various modifying factors, the proven and probable ore reserves (see ASX release "Cononish Gold Project Study Update and Reserve Estimate" dated 26/05/2015), prepared by Mr P Willis of Bara Consulting (see below) comprises 555,000 tonnes at a gold grade of 11.1 g/t and a silver grade of 47.7 g/t.
- ✓ Proven and probable ore reserves represent 12% and 88% of the reported production target respectively. No inferred resources are considered in the BFS.
- ✓ Access will be from the existing exploration adit and footwall ramps will provide access to ore drives at a 15 m vertical interval. A rock pass system has been included to improve ore handling and the transfer of waste.
- ✓ The mining method will be a retreat top down Long Hole Open Stopping (LHOS) method using conventional trackless equipment. Shrinkage stoping was investigated but was only economically viable in the very narrowest (<1.4 m) areas of the mine and was therefore not considered further.
- ✓ Full production will be at 72,000 tonnes per annum. The life of mine at full production based on the current reserves in the Proven and Probable categories is approximately 8 years. The mining production schedule adequately takes into account the constraints mentioned below. Average gold and silver production will be approximately 22,208 ounces gold and 85,081 ounces silver per annum respectively or 23,370 ounce equivalent gold.

A graph showing the expected mine annual mine production can be found on Scogold's website at www.scotgold.com

- ✓ Mining permission has been granted but with certain conditions which have been accommodated within the mine plan. Approximately 129,000 tonnes of tailings (after taking into account the mass pull) is scheduled to be stored in old stopes towards the end of the mine's life, enabling the full capacity of the Tailings Management Facility ('TMF') to be restricted to 400,000 tonnes and minimising surface impact.
- ✓ Waste is only trucked to surface when required for the building of the TMF and various screening berms (73,000 tonnes). All other waste will be stored in old stopes (163,000 tonnes).
- ✓ Based on extensive testwork by Lakefield, Gekko and AMMTEC, the plant is designed as a conventional gravity and flotation plant. 25% of the gold is estimated to be recovered on site into a doré bar with the balance being produced as concentrate to be treated off site. Overall estimated recovery is 93% for gold and 90% for silver. The doré and concentrate will be sold "at the gate" to third party processors.
- ✓ The process plant will be housed in a single multi-use building which will also contain a workshop and office area. This is designed to have minimal visual and noise impact on the surrounding area.

Cononish Gold and Silver Project Study Results

✓ The following costs have been estimated at an accuracy of between -5% and +15% and include appropriate contingencies:

- Peak funding requirement (pre production expenditure): £18.5 million.
- Total LoM Capital Expenditure: £24 million.
- Average operating cost: £110 per tonne treated (including marketing, interest and royalty charges). It should be noted that transport, smelting and refining charges where reflected as cost of sales in the PFS. These costs have been included as part of operating costs in the BFS.
- Average operating cost: £ 327 (US\$ 523) per ounce equivalent gold (on the same basis as above
- All in cost including capital £455 (US\$ 729) per ounce equivalent gold

✓ The following financial results were estimated using a gold price of US\$ 1,100/ounce, a silver price of US\$ 15/ounce and a US\$/£ exchange rate of 1.6:

- Pre-tax NPV@10% £22.9 million
- Pre-tax IRR 45%
- Post-tax NPV@10% £18.5 million*
- Post-tax IRR 41%*
- Average profit margin 53%
- Payback 19 months

* Note post-tax calculations are based on a hypothetical all equity funding scenario and as such are illustrative only.

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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 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.

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.