



Scotgold Resources Limited (AIM:SGZ)

("Scotgold" or the "Company")

Cononish Development Schedule Update

Scotgold Resources Limited (AIM:SGZ) provides an update to the development schedule of the Cononish Gold and Silver Mine (the "Cononish Project") which has been extended by 12 weeks and first gold production is now expected in May 2020.

The Company has encountered schedule delays relating to the management of excavated materials necessary to construct the process plant building and to establish the site wide drainage required for the establishment of the "dry stack" tailings storage facility. The area of these sites is overlain by peat to varying depths, for which the company is utilising all good practice to manage and preserve this environmentally sensitive material by minimising storage. This includes avoiding the handling of the peat during and after periods of particularly wet weather, as this can cause undue degradation.

In certain key areas, greater depths of peat have been encountered than planned for, with a result that the minimised planned temporary storage areas available were insufficient and alternative locations have been sought in consultation with the planning authority. The identification, assessment and design of these alternative areas has proved to be time consuming and created delays to the critical path process plant platform construction.

The Company has also identified a small number of design detail changes which have had a minor impact on the planned schedule.

Whilst actions have been taken to minimise schedule impact, it has now become clear that an extension to the schedule will be required.

Once the earthworks element of the schedule is complete, works will commence in parallel on the construction of the building and assembly of the plant. A number of measures designed to mitigate the effects of the delay have been and are being put in place. These measures include bringing the bulk of the processing plant components to site early in the new year in order to minimise logistics risks and negate any costs attributable to holding the equipment and materials at a third party storage facility.

Mine development is also continuing at an increasing pace as our teams gain experience and more development ends become available and we expect to have a stockpile of ore for processing when the plant comes on line.

The Company remains confident that the current arrangements and funding facilities in place are adequate to complete the project development phase through to gold production and revenue generation.

Richard Gray, CEO commented: "We are obviously disappointed that our eagerly awaited first gold production has been delayed, however proper management of our local environment is our first priority and our team has found solutions to the challenges encountered. This has only been possible with the constructive approach taken by our contractors and the regulatory authorities."

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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