

Scotgold Resources Limited

29 April, 2020

Scotgold Resources Limited
("Scotgold" or the "Company")

**Further Amendment to Bridge Barn Loan
Facility**

On 18th May 2018 the Company announced it had obtained a loan facility of up to £5m from Bridge Barn Limited ("Bridge Barn"), a company owned and controlled by Mr Nathaniel ("Nat") le Roux, and on 2nd October 2018, 26th February 2019 and 28 August 2019 announced it had agreed to various amendments to this facility which reduced the interest rate, increased the period of availability and increased the Principal amount available to the Company to a total of up to £7.5m (together the Loan Facility).

As disclosed in the Company's financial statements for the period ending 31 December 2019, the Company has to date drawn down the first and second Tranches of the Loan Facility totalling £4m, and under the terms of the Loan Facility was required to draw down the 3rd Tranche of £2m on or before 25th April 2020. With the placement of the Cononish Project on care and maintenance as per governmental guidance during the current Covid 19 pandemic and with an adequate current cash balance on hand, the Company has further renegotiated the terms of the Loan Facility to enable the remaining two tranches to be drawn down over a significantly longer period (up to 31 December 2021) and in smaller sub tranches of £0.5m (Updated Loan Facility). This provides the Company with far greater flexibility to manage its cash balances in the light of the uncertainty of the impact of Covid-19 and to minimise its debt position and consequent finance costs.

Related Party transaction:

Bridge Barn is a company owned and controlled by Mr Nat le Roux, who is the Chairman of the Company and a Substantial Shareholder as defined by the AIM Rules for Companies. The details of the Updated Loan Facility entered into by Bridge Barn and the Company and the further details as required to be disclosed under Schedule 4 of the AIM Rules for Companies are provided below.

The renegotiated terms of the Loan Facility constitute a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. Accordingly, the board of Scotgold, excluding Nat Le Roux who is precluded from opining, consisting of Richard Gray, Christopher Sangster, Philip Jackson, Richard Barker, Peter Hetherington, William Styslinger and Ian Proctor, having consulted with SP Angel, the Company's nominated adviser, consider that the terms of the Updated Loan Facility are fair and reasonable insofar as its shareholders are concerned.

In accordance Schedule 4 of the AIM Rules for Companies, the following information regarding the amended Loan Facility and Updated Loan Facility is provided below:

- Principal:
£7,500,000 (seven million five hundred thousand pounds), to be drawn down in four separate Tranches.
 - Tranches 1 and 2 of £2m each have been drawn down as of 25th October 2019.
 - Tranche 3 of £2m may be drawn down in sub tranches of £0.5m within 18 months of the draw down of Tranche 2 i.e. by 25 April 2021.
 - Tranche 4 of £1.5m may be drawn down in sub tranches of £0.5m within 12 months of the completion of the draw down of Tranche 3 or 31st December 2021, whichever is sooner.
- Lender:
Bridge Barn Ltd, a company incorporated in England and Wales which is wholly owned and controlled by Mr Nat le Roux.
- Borrower:
SGZ Cononish Ltd, a 100% owned subsidiary of the Company.
- Term:
36 months from date of draw-down of each Tranche or sub Tranche respectively. Early repayment is at the option of the Borrower for no penalty.
- Interest:
Interest rate is 9.0% calculated annually (non-compounded) and payable at the end of the 36 months term for each Tranche or sub Tranche respectively. If the Secured Loan is repaid early, interest will be calculated up to date of repayment.
- Security:
Debenture over the assets and undertakings of all of the assets of the Company's 100% owned subsidiaries, Scotgold Resources Ltd (SC309525) and SGZ Cononish Ltd (SC569264), including the transfer of security of the issued capital of each of the subsidiaries.

Richard Gray, CEO commented: *"It is pleasing that with the support of Nat le Roux we have been able to negotiate more favourable and flexible terms for the Bridge Barn loan facility, which in turn means we can minimise our finance costs as we navigate through the uncertainties posed by the Covid 19 pandemic."*

Prior amendments to the Loan Facility as previously announced are set out below:

18 May 2018	Secured loan facility of £5,000,000 provided by Bridge Barn Limited on the following terms: <ul style="list-style-type: none">- drawdown of up to £3,000,000 within thirty days of 1 September 2018 and
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	<p>the balance of £2,000,000 to be drawn down within thirty days after 1 October 2018;</p> <ul style="list-style-type: none"> - repayable thirty months from earliest date of draw-down, being 1 September 2018; - interest at a rate of 9%, payable annually and for six month stub period to repayment date ; and - secured by way of Debenture over all of the assets and undertakings of the Company's 100% owned subsidiaries, SGZ Grampian Ltd (SC309525) and SGZ Cononish Ltd (SC569264), including the transfer of security of the issued capital of each of the subsidiaries.
2 October 2018	<p>Secured facility terms amended as follows:</p> <ul style="list-style-type: none"> - period of availability of facility extended to twelve months, with funding to be drawn down in three tranches; - each tranche repayable twenty four months after the date of drawdown of that tranche; and - interest payable annually (with no six month stub period).
26 February 2019	<p>Secured facility terms amended as follows:</p> <ul style="list-style-type: none"> - amount available to be drawn down under the facility increased from £5,000,000 to £6,000,000; - number of tranches to be drawn down increased from three to four with each tranche being available for drawdown for the period of six months after the date of drawdown of the preceding tranche; - tranches comprise first and second tranches of £2,000,000 each and third and fourth tranches of £1,000,000 each; and - interest on each tranche payable as at the date of repayment of that tranche.
13 May 2019	<p>Drawdown of first tranche of £2,000,000 made.</p>
28 August 2019	<p>Secured facility terms amended as follows:</p> <ul style="list-style-type: none"> - amount available to be drawn down under the facility increased from £6,000,000 to £7,500,000; - tranches comprise first, second and third tranches of £2,000,000 each (of which the first tranche was drawn down on 13 May 2019) and a fourth tranche of £1,500,000; and - period of repayment of all tranches (including first tranche drawn down on 13 May 2019) increased from 24 months after date of drawdown of that specific tranche to 36 months.
21 October 2019	<p>Drawdown of second tranche of £2,000,000 made (with interest start date and repayment reference date set as 25 October 2019).</p>

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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