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12 October 2020

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

£3m raised to accelerate doubling of production at the Cononish Gold & Silver Mine and to increase exploration activities in 2021

Scotgold Resources Limited (AIM:SGZ), the gold exploration and production company focused on Scotland, is pleased to announce that it has raised £3 million before expenses by way of a placing of 2,727,273 depositary interests of no par value in the Company ("New Ordinary Shares") at a price of 110p per New Ordinary Share (the "Placing"). The proceeds of the Placing will be used to accelerate plans to double production at the Cononish Gold & Silver Mine, ("Cononish") which is on course to become Scotland's first commercial gold mine by 30 November 2020. Funds will also be used to increase exploration activities, rolling out Scotgold's systematic programmes across its 2,900km² licence portfolio in the Grampian Terrane of Scotland.

SP Angel Corporate Finance LLP acted as sole broker to the Placing.

Overview

The Company will use the net proceeds of the Placing to:

- **Accelerate Phase 2 development of the Cononish Gold & Silver Mine which will involve a 100% increase in production to 72,000 tonnes of ore produced per annum:**
 - Average annual gold equivalent production during Phase 2 will rise to 23,500 ounces from 9,910oz during Phase 1
 - Phase 2 production to commence by May 2022 – 11 months earlier than previously scheduled and 17 months after the initial gold pour in November 2020
 - Recalculated model using the accelerated Phase 2 development strategy and gold and silver prices of £1,400/oz and £19.23/oz respectively deliver highly attractive Life of Mine ('LOM') economics:
 - £178 million EBITDA;
 - £156 million pre-tax Cash Flow;
 - £127 million Net Cash Flow; and
 - £96 million Pre-tax NPV (discount rate of 8%)

- **Fund the Company's systematic exploration work across its exploration licences which cover ~2,900km² of the Dalradian Belt in Scotland:**
 - Highly prospective mineralised footprint which the Board believes could increase mineable ounces at the Cononish mine and also support potential new mines of Cononish scale or larger
 - Encouraging recent results include the identification of gold and silver anomalies to the north east of the Cononish mine and from the Beinn Udlaigh and Inverchorachan prospects

CEO, Richard Gray, commented:

"We have an exceptionally exciting few weeks ahead of us as we make final preparations for our first gold pour at Cononish by 30 November. As we ramp up production thereafter, the funds raised today will allow us to commit to the expenditures required to build on this anticipated momentum and accelerate the Phase 2 expansion project, whilst at the same time maintaining prudent cash reserves. With this strong cash balance in place, we have a clear path to realising the significant value that we believe Cononish and our additional prospects offer to investors."

Cononish Project re-estimation of key financial metrics (at £1,400 per ounce)

Project Returns: October 2020 to end of LOM		
Gold price	£/oz	1,400
Silver price	£/oz	19.23
EBITDA	£	177,893,130
Pre-tax Cash Flow	£	155,593,371
Net Cash Flow	£	127,502,037
NPV calculation date		1 Oct 2020
Pre-tax NPV @ discount rate of 8%	£	96,240,337
Operating Margin	%	68.7
Average all in sustaining cost (AISC)	£	461.24/oz

Cononish Project Development update

Plant construction continues on schedule; with the building structure now complete and work continuing on the installation and connections of pumps, drives, piping and electrics and ultimately commissioning. First gold is scheduled to occur by 30 November 2020.

Application for admission

Application will be made for the 2,727,273 New Ordinary Shares to be admitted to trading on AIM ("Admission") and Admission is expected to take place on or around 15 October 2020.

Following Admission, the Company's enlarged issued share capital will comprise of 54,079,006 ordinary shares of no par value 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 54,079,006. 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.

Director Shareholdings on Admission

Director	Current Shareholding	Current % Shareholding	Shareholding on Admission	Resultant % shareholding on Admission
Mr Nat le Roux	22,618,223	44.05%	22,618,223	41.82%
Mr William Styslinger	5,931,400	11.55%	5,931,400	10.97%
Mr Peter Hetherington	4,088,961	7.96%	4,088,961	7.56%

Investor Presentation

An new corporate presentation for Scotgold will be available today at the following address: <https://www.scotgoldresources.com/about-us/company-presentations/> .

Further details of the Life of Mine Plan

Further details of the cost dynamics and capital costs and sources of funding are set out in the tables below.

Cost Dynamics: Project Lifetime		
Capital Cost	£	34,012,963*
Operating Cost	£	81,196,935
Average Operating Cost/oz Eq Au.	£	439.17
Average Capital Cost/oz Eq Au.	£	183.97
Total Average Cost/oz Eq Au.	£	623.14

* Includes asset based finance costs

Phase 2 Production Build-Up Capital cost		
Mine development	£	563,182
Mining equipment	£	1,040,792
Processing plant	£	2,887,409
Tailings facility	£	144,800
Environmental & Social	£	275,000
Mains electricity supply project	£	1,700,000
Total Phase 2 Capital Cost	£	6,611,183

Funded by:		
Asset-based financing	£	956,350
Equity funding	£	2,500,000
Internal generation of funds	£	3,154,833
Total	£	6,611,183

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.

****ENDS****

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