



RNS Number : 4257Q

26th February 2021

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

Retirement of CEO, Board Changes, Production Update and Delay to the Notification of Interim Results

Scotgold Resources Limited (AIM: SGZ), the gold exploration and production company focused on Scotland, announces that Richard Gray has advised the Board of his intention to retire from his executive role with the Company but will continue to support Scotgold as a Non-executive Director. Mr Gray, who has led the Company as CEO since October 2014 and oversaw the Company's successful transition into a gold miner and producer, will stay in his current role until 31 March 2021 to ensure an orderly transfer of his duties to Mr Phillip Day. Mr Day is a highly experienced senior mining executive with a career spanning over 25 years in the mining sector. The Company intends to appoint Mr Day to the Board and as CEO of the Company as of 1 April 2021.

Mr Chris Sangster, who was formerly the founding CEO of the Company, has also tendered his resignation as Non-executive Director of the Company to pursue other business interests.

Mr Phillip Day

Mr Day most recently held the position Head of Technical and Operations at Pala Investments ("Pala"), an investment company focused on the mining sector whilst concurrently holding executive and non-executive positions of several of Pala's portfolio companies, namely the Chief Operating Officer and Non-executive Director at Sierra Rutile Limited and Nevada Copper Corp. Prior to Pala, Mr Day held the position of Vice President for Process Engineering at AMEC Americas, and has also previously held operational, managerial and technical roles for BHP Billiton, WMC Resources, Minara Resources and Wiluna Gold.

Mr Day graduated from Murdoch University with a Bachelor of Science in Metallurgy and Chemistry and is a Fellow Member of the Australian Institute of Mining and Metallurgy (FAusIMM) .

Production Update

During February the works earlier identified to prevent crusher circuit chokes have been successfully completed and the undersized pumps within the flotation circuit have been replaced with appropriate

vertical spindle pumps. Some issues remain with the filter press operations and the Company is working with the manufacturer and its agents to resolve these.

Despite the progress made above, the slower than anticipated labour build-up and training, due in part to the current COVID-19 restrictions, is expected to impact production at Cononish in March. As a result, the full planned 24/6 operations are now not expected before the end of March. The Company intends to utilise the delay in the ramp-up in production to complete and implement the results of an ongoing design review of the primary crusher support structure.

As a result of the reduced operating hours and primary crusher remediation work, the processing plant is now expected to treat 1,000t of ore in March, reaching design capacity of 3,000tpm from April onwards. Accordingly the Company is lowering its production guidance from between 31,500t and 28,400t to between 28,500t and 25,700t of ore processed, and from between 8,700oz Au and 7,800oz Au to between 7,900oz Au and 7,000oz Au of gold produced.

COVID-19 has had a significant impact on the Cononish Mine's overall development schedule resulting in a shutdown in 2020, reduced access to specialist suppliers and consultants from overseas and most recently delays to the recruitment and training of new staff. This delayed production build up has had a negative impact on the Company's cash position. To ensure the Company has adequate funds available for working capital through this production ramp up period, the Company is investigating possible short-term debt financing options including the Coronavirus Business Interruption Loan Scheme, and the directors are confident these funds will be available if required. A further update will be made to shareholders in due course.

Delay to the notification of Interim Results for the six months ended 31 December 2020

The Board wishes to notify shareholders that pursuant to the guidance published by the London Stock Exchange in respect of the temporary measures for the publication of half-yearly reports for AIM companies pursuant to AIM Rule 18 of the AIM Rules for Companies, Scotgold intends to utilise the additional one month period to prepare and notify shareholders of the Company's interim results for the six months ended 31 December 2020. As such the Company will release its Interim Results no later than 30 April 2021.

Nat Le Roux, non-executive Chairman, said *“Richard has overseen a transformation at Scotgold from explorer to developer and ultimately the current ramp up to a production company, following first gold pour at Cononish on 30 November 2020. Thanks to his stewardship and service, Cononish will be Scotland's first commercial gold mine and with this in mind, the Board would like to take this opportunity to publicly thank Richard for the critical contribution he has made and we are delighted to have him remain on the board as a Non-executive Director.*

“We also want to give thanks to Chris for his longstanding service to the Company and in particular his constructive input through the Company’s recapitalisation in 2014. Chris’ long history with Cononish has been a cornerstone in our development.

“We are however thrilled to welcome Phil to the Scotgold team. Phil’s experience developing and optimising the wide range of operations he has been involved with around the world will prove invaluable as Scotgold not only executes a phased expansion strategy at Cononish, but also advances our highly prospective Grampian Project with a view to developing further new mines.”

The following information regarding the appointment of Mr Phillip Edward Day (Formerly Phillip Edward Day-Banner), aged 47, is disclosed under Schedule 2(g) of the AIM Rules for Companies:

Current directorships and/or partnerships:	Former directorships and/or partnerships (within the last five years):
-	Goondincum Resources Pty. Ltd Melior Resources Inc Nevada Copper Corp Sierra Rutile Limited

Mr Day was a director of Melior Resources Inc., (“Melior”, TSX-V: MLR) and its wholly owned subsidiary Goondincum Resources Pty. Ltd (“Goondincum”) from 8 July 2019 until 2 October 2019. On 9 September 2019 Goondincum appointed a voluntary administrator pursuant to section 436A of the *Corporations Act 2001* (Australia) and as of today’s date Goodincum remains in administration.

Upon appointment, Mr Day will be eligible to participate in the Company’s Enterprise Management Incentive Scheme and the Company intends to grant share incentives to Mr Day pursuant to this scheme and commensurate to his new role. A further update on this will be made in due course. Mr Day does not currently hold any ordinary shares in the Company.

Other than as provided in this announcement, no other disclosures in relation to Mr Day are required under Rule 17 and schedule 2 (g) of the AIM Rules for Companies.

****ENDS****

For further information please contact:

Scotgold Resources Limited Tel: +44 (0)1838 400 306
Richard Gray

SP Angel Corporate Finance LLP Tel +44 (0) 20 3470 0470
Nomad and Broker
Ewan Leggat / Charlie Bouverat

St Brides Partners Tel +44 (0) 20 7236 1177
Financial PR
Susie Geliher / Frank Buhagiar