

# Scotland's First Commercial Gold Producer

Corporate Presentation Q1 2021

AIM: SGZ



**SCOTGOLD**  
RESOURCES LTD



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# Company Overview



Mining, exploration and development company focused on Scotland – currently operating Scotland's first commercial gold mine



Flagship asset is the Cononish Gold & Silver Mine ('Cononish'), which poured its first gold on 30 November 2020 – forecast AISC of \$597/oz (bottom quartile for international producers)



Phased development approach at Cononish – Phase 1 ramp up underway and simultaneously accelerating Phase 2, bringing total production to 23,500oz Au Eq per annum



Strategy to leverage Scotgold's expertise and strong balance sheet, to capitalise on additional opportunities in Scotland and other low-risk and prospective jurisdictions



Pipeline of highly prospective exploration rights across Scotland, offering significant discovery/development upside potential in addition to immediate gold production



Highly experienced board and management team with diverse skill sets, capable of generating value from greenfield exploration interests to mature mining operations



**Scottish gold is highly prized and commands a premium to the spot price**

**Scottish jewellery designers Hamilton & Inches and Sheila Fleet have indicated demand for Scotgold's single source gold.**

# Corporate Overview Continued...



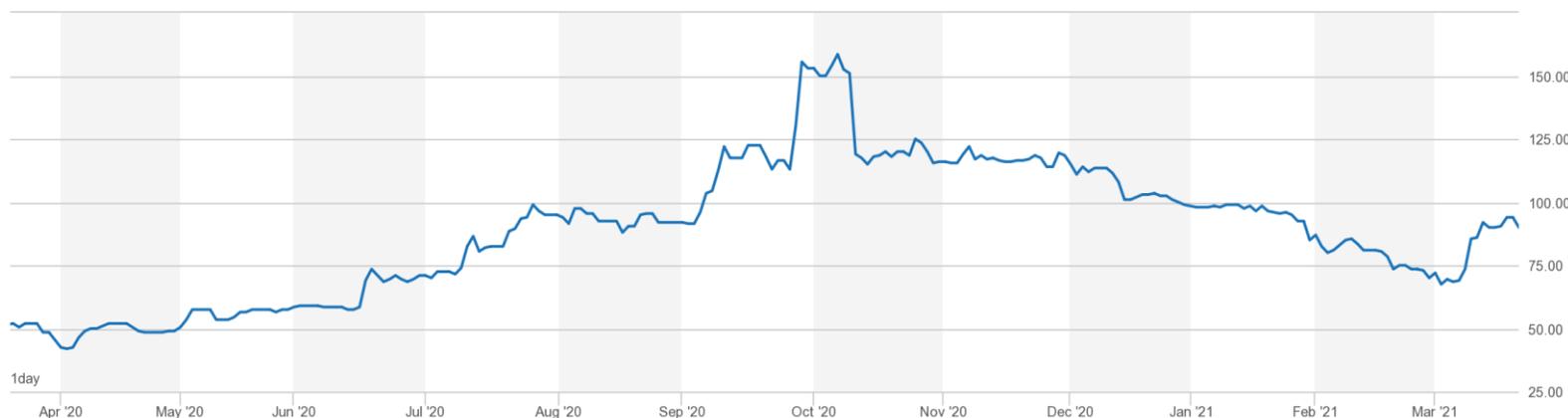
## Significant Shareholders (over 3%)

Name	Shares Held	% Shareholding
Mr Nat le Roux	22,618,223	41.82%
Mr William Styslinger	5,931,400	10.97%
Mr Peter Hetherington	2,088,961	3.86%
The Holywell Alpaca Settlement	2,000,000	3.70%
Mr Charles Outhwaite	1,883,115	3.48%
Rhodora Ltd	1,744,657	3.22%

## Corporate Structure



— SCOTGOLD RESOURCES LIMITED



Market	AIM
EPIC	<b>SGZ</b>
Market cap*	<b>£50.83 million</b>
Share price*	<b>94p</b>
52 week low   high*	<b>39.60p   170p</b>
Broker   Nomad	<b>SP Angel</b>

\*as at 18 March 2021

# Board & Management



**Nat le Roux**  
Chairman

Nat has spent most of his career in the financial markets and was Chief Executive of IG Group Plc between 2002 and 2006. He served as an independent director of the London Metal Exchange from 2008 to 2016. Born in Scotland and educated in Edinburgh, he holds an MA in Law from Cambridge University and an MSc in Anthropology from University College London.



**Richard Gray**  
MD and CEO

Richard has extensive experience developing and operating international gold mines, both underground and open pit, at a senior executive level. He has served as VP Gencor International Gold, VP operations at Golden Star and COO at Avocet. He holds a BSc Hons in Mining Engineering from the Royal School of Mines, Imperial College and a MBA from the Graduate School of Business, Cape Town University.



**Peter Hetherington**  
Non-Executive Director

Peter was previously Chief Executive Officer of Schroders Personal Wealth and IG Group Holdings Plc. He graduated from Nottingham University with a degree in Economics, and from the London Business School with a Masters in Finance. Mr Hetherington also served as an officer in the Royal Navy.



**Phil Day**  
CEO Designate

Mr Day is a highly experienced senior mining executive with a career spanning over 25 years in the mining sector. He most recently held the position Head of Technical and Operations at Pala Investments, and concurrently Chief Operating Officer and NED at Sierra Rutile Limited and Nevada Copper Corp, whilst at Pala. Prior to Pala, Mr Day held the position of VP of Process Engineering at AMEC Americas, and has also previously held operational, managerial and technical roles for several Major and Junior mining companies. He holds a BSc in Metallurgy and Chemistry and is a Fellow of the AusIMM.



**Phillip Jackson**  
Non-Executive Director

Phillip is a barrister and solicitor with over 25 years international experience, specialising in corporate structuring, commercial, contract and mining law. He has worked extensively in the Middle East; Asia and the US. In Australia, he was formerly managing legal counsel for Western Mining Corporation, and in private practice specialized in small to medium resource companies. He has been a director of a number of Australian junior mining companies. His experience includes management, finance, accounting and HR and holds the following qualifications B.Juris; LLB; MBA; FAICD.



**Richard Barker**  
Non-Executive Director  
& Company Secretary

Richard is a corporate advisor with extensive experience within Australia and the UK within the minerals and petroleum sectors. He has acted as company secretary and director for listed and privately funded companies. He holds Bachelor and Masters of Laws degrees.

# Board & Management Continued...



**William "Bill"  
Styslinger III**  
Non-Executive Director

Bill is a director of Nasdaq listed Casa Systems Inc. and served as Chairman, President and Chief Executive Officer of SeaChange International Inc., a Nasdaq listed provider of multiscreen video software and services, from its inception in July 1993 until his retirement in November 2011. Bill is a board member of banking software company, Metrosoft Inc, and was previously a member of the board of directors of Omtool, a provider of enterprise client/server facsimile software solutions. Bill holds a B.S. degree in Engineering Science from the State University of New York at Buffalo.



**Ian Proctor**  
Non-Executive Director

Ian is a Chartered Accountant who is currently the Executive Chairman for the UK and Ireland of Flutter Plc. Prior to that for over 10 years he held the position of CFO of Sky Betting and Gaming ("SBG") and more recently CEO. During this period he played a key role in the buy-out of SBG from BSkyB Plc, the preparation of the company for public listing, and ultimately in the sale to The Stars Group.



**Jeff Hogg**  
Financial Controller

Jeff has over 15 years of international experience in finance in the mining industry, specifically in the diamonds, iron ore and manganese sectors. This experience includes involvement in start-up projects in various countries. He holds a Bachelor of Commerce (Hons) degree from Rhodes University in South Africa and is a member of the South African Institute of Chartered Accountants.

# Operational Focus



## IMMEDIATE VALUE TRIGGERS

### Production and Expansion

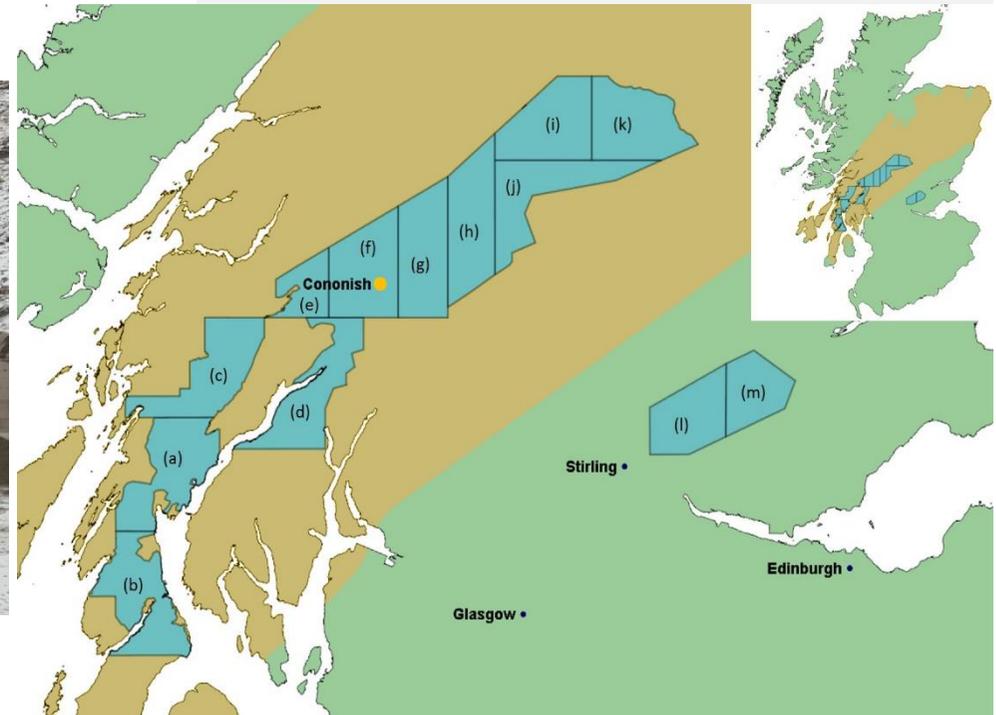
- Cononish Gold & Silver Mine
- First gold poured on 30 November 2020
- Accelerated expansion plan to achieve production of 23,500oz pa



## ADDITIONAL UPSIDE

### Exploration and Development

- Near Cononish Mine development targets
- Grampian Exploration Project
- 13 licences covering 2,900km<sup>2</sup> of Dalradian Belt



 Dalradian Supergroup and related Neoproterozoic sequences



# Cononish Gold & Silver Mine

First Gold Pour

30 November 2020



# Operations Management Team



**Marshall Badza**  
Mine Manager

Marshall is a mining engineer with more than 30 years' broad-based, hands-on experience, managing mining operations and technical support services for the safe and profitable performance of the entire mining cycle from exploration through to mine closure. He has worked on both underground and open pit mining operations and development projects for a variety of commodities including nickel, tin, copper, gold, platinum and coal. He holds a BSc Mining Engineering from the University of Newcastle Upon Tyne and an MSc in Industrial and Administrative Sciences from the City University, London.



**Nigel Smalley**  
Process Plant Manager

Nigel is a mineral processing engineer with over thirty years' experience in mineral processing, extractive metallurgy and beneficial reuse of waste materials. His core experience is in hydrometallurgical processing and froth flotation of base and precious metals. Nigel was employed for 9 years with Rio Tinto Technical Services where he spent time at Grasberg Mine in West Papua (gold/copper), Greens Creek in Alaska (lead/zinc/silver/gold) and Rio Tinto Technology Development in Melbourne, Australia. He holds a DipCSM from Camborne School of Mines and a BEng Mineral Engineering from University of Leeds.



**Jason Saint**  
Group Operations  
Manager

Jason is an internationally experienced project manager and engineer with more than 20 years' experience in civil and mining infrastructure development including 5 years of civil design. He is the designated representative from Saint Consulting (UK) Ltd, the company engaged by SGZ Cononish Ltd to manage the construction phase of the Cononish Gold and Silver Project. A civil engineer by profession, Jason's experience is primarily in major projects for both civil infrastructure and mining/minerals processing development with roles in corporate, engineering and construction management for contractors and owners in the Middle East, Europe and Australia.

# Cononish Gold & Silver Mine - Overview



## Phase 1 ramp up underway following first gold pour on 30 November 2020

- High grade, high return, low cost mine located in the Scottish Grampian Mountains area
- The mine is estimated to contain 555,000 tonnes of ore, broken down as follows:
  - Proven<sup>1</sup> reserves - 65,000 tonnes comprised of 11.5g/t Au and 51.5 g/t Ag
  - Probable<sup>2</sup> reserves - 490,000 tonnes comprised of 11.1g/t Au and 47.2 g/t Ag
  - Total gold resource - 266,000 ounces (estimated value: £332.5m\*)
  - Total silver resource - 1,096,000 ounces (estimated value: £20.8m\*\*)
- The Project is supported by the local community and designed to have minimum environmental impact on the surrounding area
- Complete plant operated at the design throughput rate of 7.5 tonnes per hour
- Visual indications of flotation circuit successfully recovering the sulphide materials and overall recoveries expected to be as planned

### Production Statistics

Total Mine Production	175,483 oz Au 684,517 oz Ag
Life of Mine (LOM)	8.5 years
Ore Processing Rate	72,000 tonnes per annum
Average Head Grade	11.7 g/t Au equivalent
Metallurgical Recovery	93% Au - 90% Ag
Average Annual Metal Period	21,751oz Au equivalent
Peak Period	29,073oz Au equivalent

oz = ounces, Au=Gold, Ag= Silver  
 oz Au Equivalent = oz Au + oz Ag\*12.8/920

<sup>1</sup>Proven Reserves: The economically mineable part of a Measured Mineral Resource.  
<sup>2</sup>Probable Reserves: The economically mineable part of an Indicated Mineral Resource.  
 Source: Scotgold website  
 \*Gold price / ounce (24/09/2020): £1,250  
 \*\*Silver price / ounce (24/09/2020): £18.99

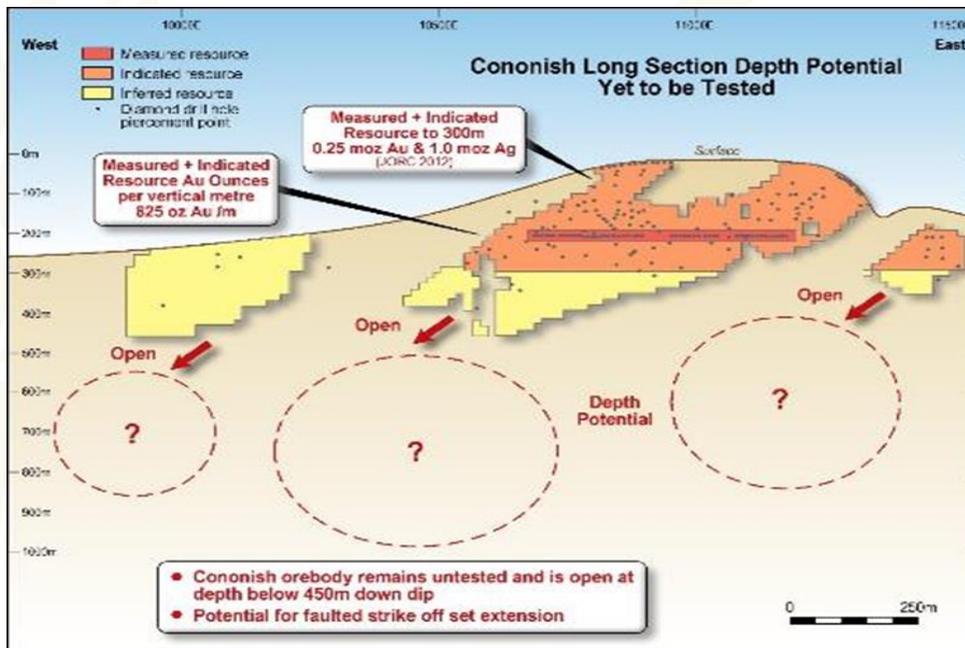


# Geology and Orebody

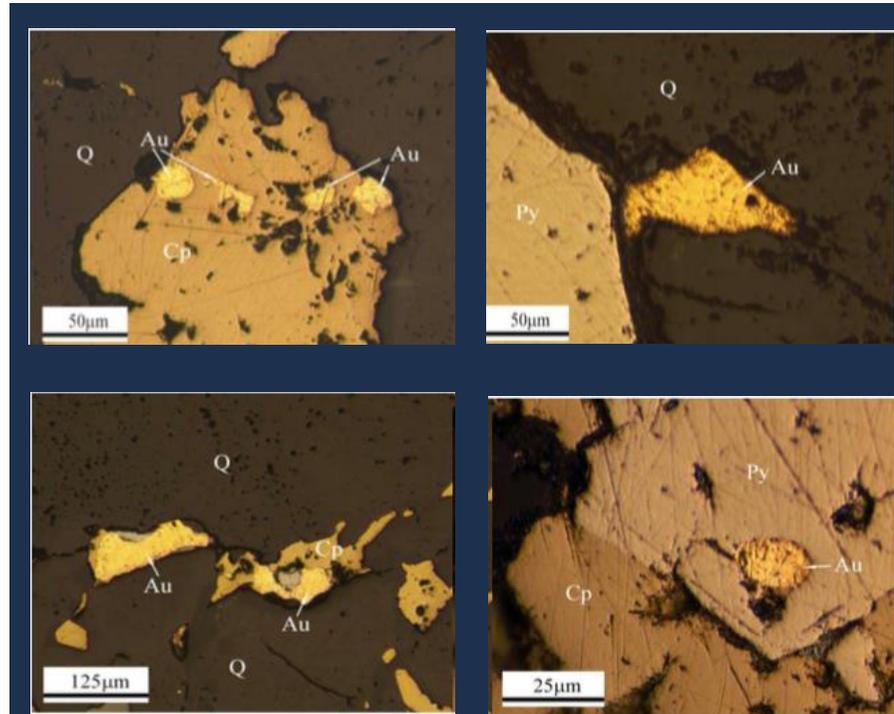
The Cononish mine is part of the Grampian mountains area, located in the Caledonides Mobile Belt which extends from Norway through Scotland and Ireland, to Newfoundland

In Scotland, the Grampian terrain consists of the Dalradian Belt, a geographically significant area stretching from northern Scotland into Ireland and hosting a total of 5.3 million oz of gold resources.

Cononish is characterized by a narrow (<6m) gold-silver mineralised vein - is part of a suite of quartz veins running sub-parallel to the northeast-southwest trending Tyndrum Fault. The veins occur along the fault southwest of Cononish and also in north northwest-south southeast zone linking the Tyndrum and Ericht - Laidon Faults.

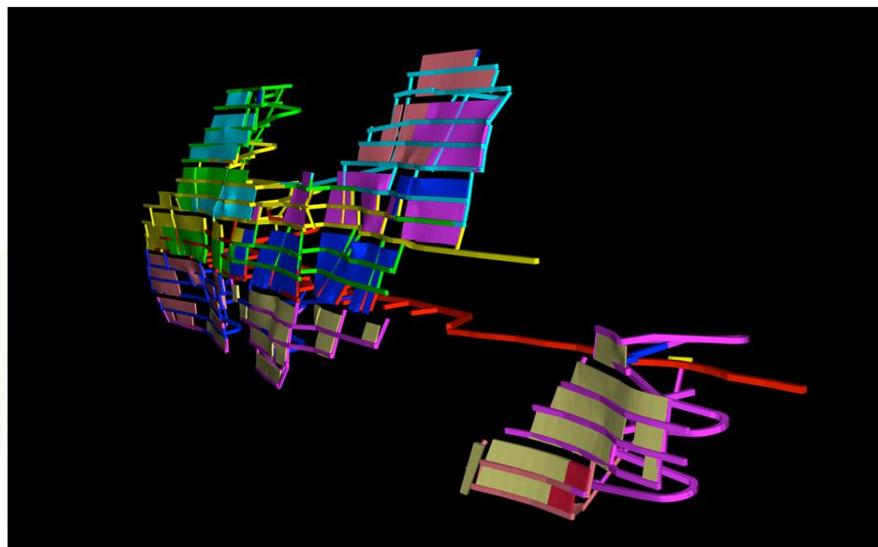


Long Section – Resource Classification Estimation, Source: CSA January 2015



- Gold occurs as electrum and minor native gold, fine-grained, generally less than 100 microns in size
- Visible gold particles up to 2,000µm can also be observed.
- Silver occurs as telluride and rare native silver
- Both metals are associated with sulphides in the quartz, mainly pyrite, with lesser galena, chalcopyrite and sphalerite.

# Mine & Processing



3D mine design, Source: Bara Consulting, May 2015

Bara\* completed the mine design using the Long Hole Open Stopping (LHOS) methodology. In LHOS access onto a level, from the ramp, will be via an access crosscut. From the access crosscut ore drives will be developed to the extent of the mining block. The mining block will be split into stopes of a maximum span of 80m long and a vertical span of 45m with sub levels developed each 15m.



# Life of Mine Plan – Phase 2 Expansion



Accelerating the stepped development strategy for the Cononish Gold & Silver Mine

- Strategy to develop Phase 2 expansion **18 months** after Phase 1 ramp up complete (April 2021)

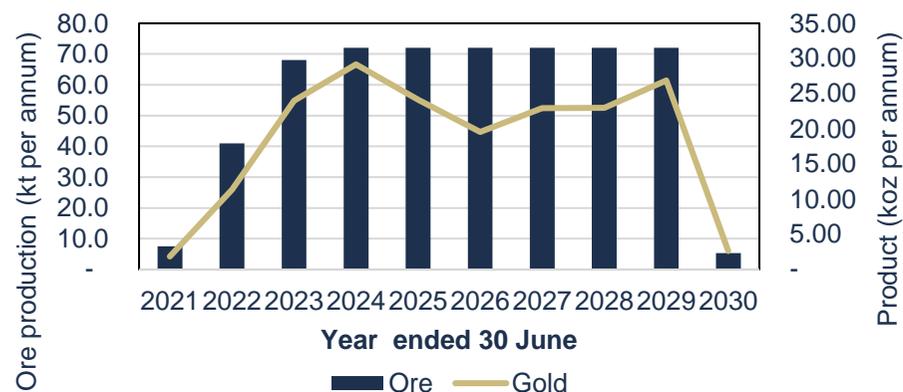
## Production Phase 1

First Gold pour	November 2020
Annual rate of ore production	36,000 tonnes
Ave. Annual Au production	9,910 oz

## Production Phase 2

Expected to commence	September 2022
Annual rate of ore production	72,000 tonnes
Ave. Annual Au production	23,500 oz

Annual Mine Production



# Life of Mine Plan – Phase 2 Expansion



Source information described on slide 30

Project Returns: March 2021 to end of LOM		
Gold price	£/oz	1,250
Silver price	£/oz	18.99
EBITDA	£	161.1 M
Pre-tax Cash Flow	£	126.6 M
Net Cash Flow	£	101.7 M
NPV calculation date		1 March 2021
Pre-tax NPV @ discount rate of 8%	£	82.3 M*
Operating Margin	%	69.9

Cost Dynamics: Project Lifetime		
Capital Cost	£	34.4 M*
Operating Cost	£	70.6 M
Average Operating Cost/oz Eq Au.	£	381
Average Capital Cost/oz Eq Au.	£	186
Total Average Cost/oz Eq Au.	£	567

\* Includes all capital expended since 1 Jan 2019

Ave. all in sustaining cost (AISC) Sept 2022 to life of mine: £430/oz or \$597/oz

# Environmental & Social Governance



Cononish is situated within one of Scotland's two National Parks and Scotgold is committed to meeting the most rigorous ESG protocols

- To measure and provide verifiable confirmation of the impacts of developing Cononish, the Company completed an Environmental and Social Impact Assessment (ESIA) and a Decommission and Restoration Plan
- Potential impacts from the Project were assessed to be minor from an environmental and visual perspective – furthermore the site restoration and rehabilitation upon completion has the potential to improve biodiversity, conservation and habitats amongst other socio-economic benefits



The development of Cononish is supported by the local community and the company has enjoyed positive dialogue with local stakeholders throughout the development process

## The ESIA evaluated:

- The Project's visual impact on the National Park's landscape
- The preservation of surface and other groundwater
- The surrounding ecology and nature conservation
- Proposed planning restoration activities
- Air quality study
- The socio-economic impact
- The Project's management of mining waste (as defined by the EU Mine Waste Directive)



## Cononish Expansion

Near Mine Targets

## Grampian Exploration Projects

Significant mineralised footprint potentially offers exceptional future upside

# Operational Management Team



**Dr Simon Dominy**  
Group Manager –  
Resources & Reserves

A globally experienced and dual qualified mining geologist-mining engineer with over 25 years of practical/management experience in resource development and mine operations. He has extensive expertise in underground narrow-vein mining from Australia, Western Europe and The Americas. He has held a number of roles ranging from Mine Manager, General Manager, Chief Operating Officer to Principal Advisor. Dr Dominy is a Competent Person for Mineral Resources and Ore Reserves, as defined in The JORC Code 2012, and is a Visiting Associate Professor at the Camborne School of Mines.



**David Catterall**  
Exploration Consultant

David is a SACNASP registered Professional Exploration Geologist with over 30 years experience in the resource sector; with an emphasis on structural mapping and interpretation, geochemistry and geophysics. He has specific experience of gold exploration in the Dalradian Belt with Scotgold and others, and his project experience ranges from grass roots exploration across a range of commodities to feasibility studies for open pit and underground operations in gold and base metals.

# A Systematic Exploration Approach

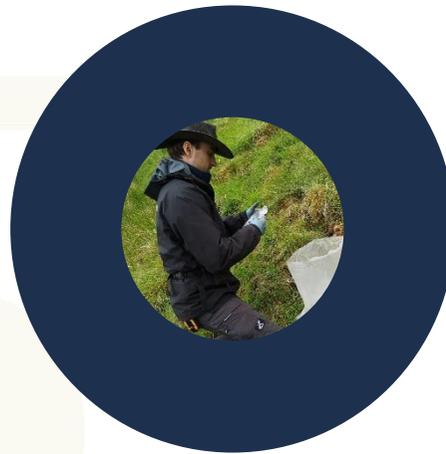


## Drainage Sampling



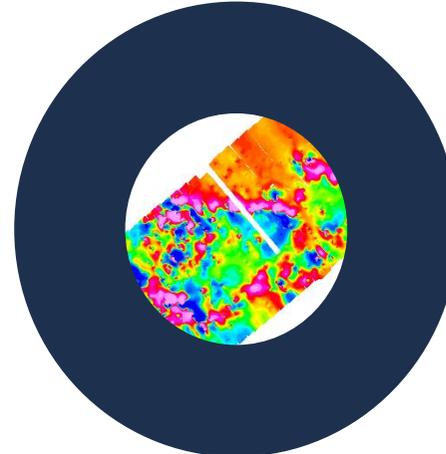
- Identify regions of interest
- Determine a hierarchy of exploration targets

## Soil Sampling



- Investigate potential extent of mineralisation
- Constrain anomalies to mapped structures

## Geophysical Surveys



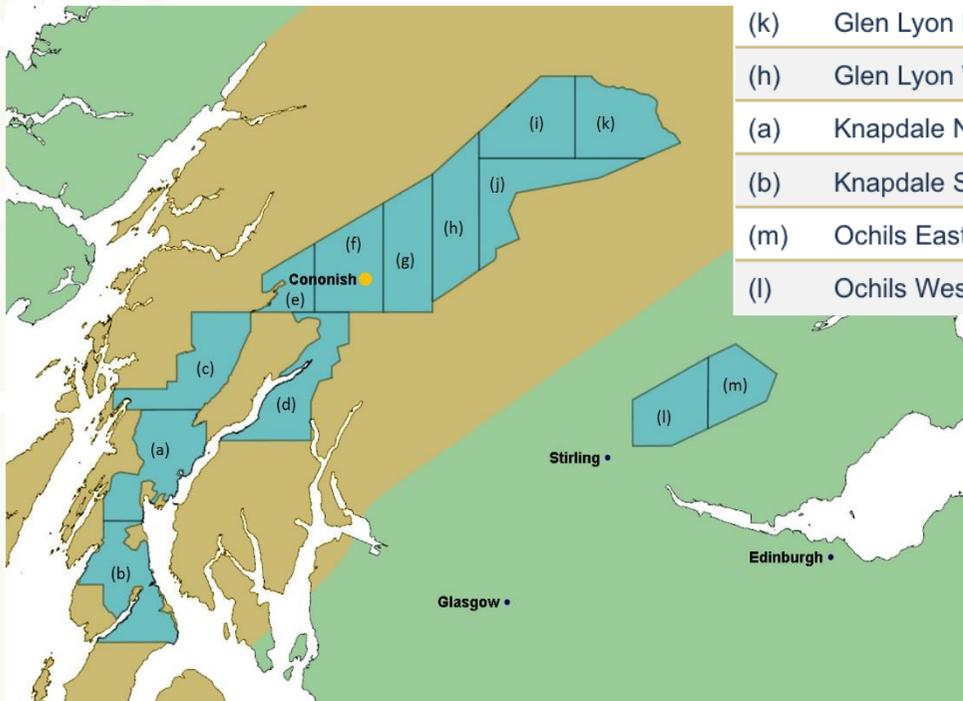
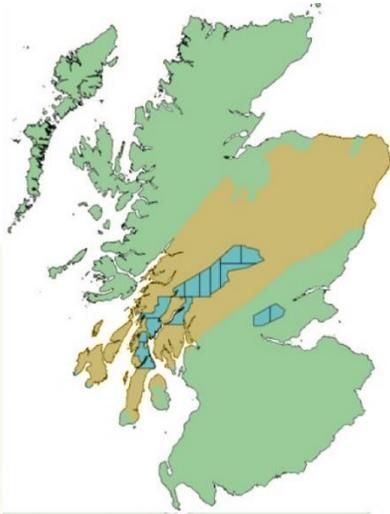
- Understand geometries of subsurface structures
- Further understanding of sub surface lithologies

## Drill Testing



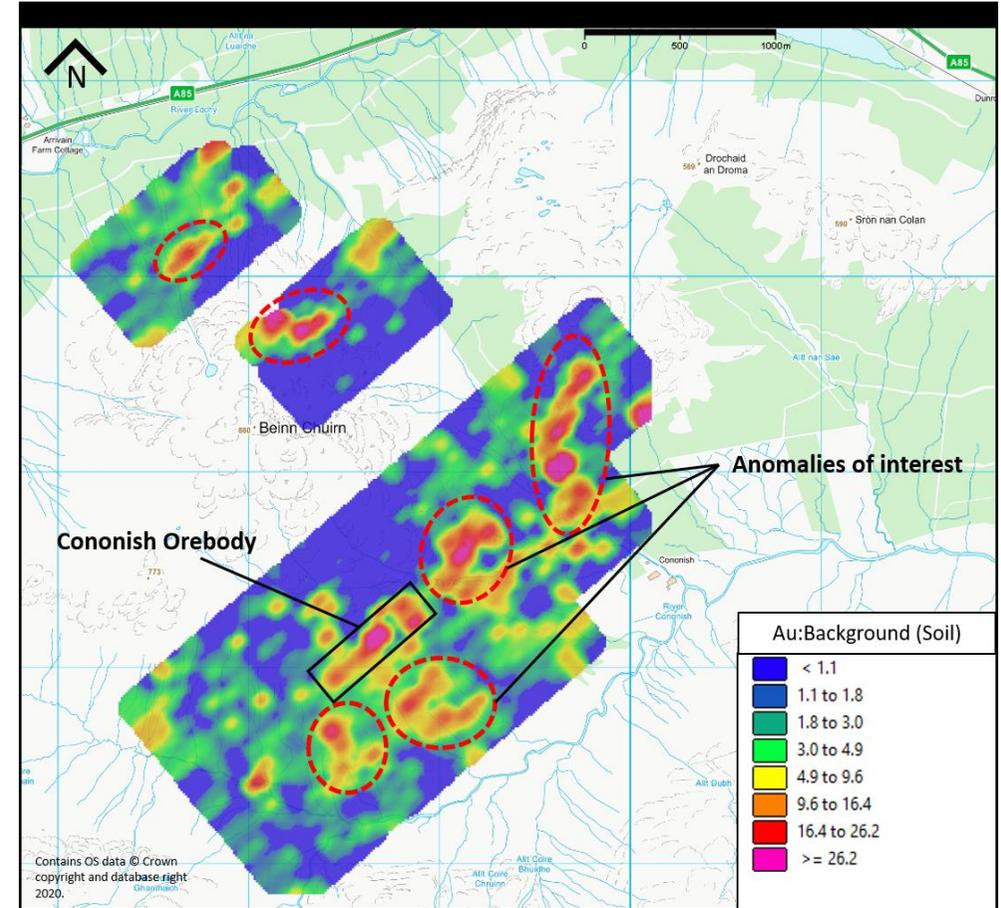
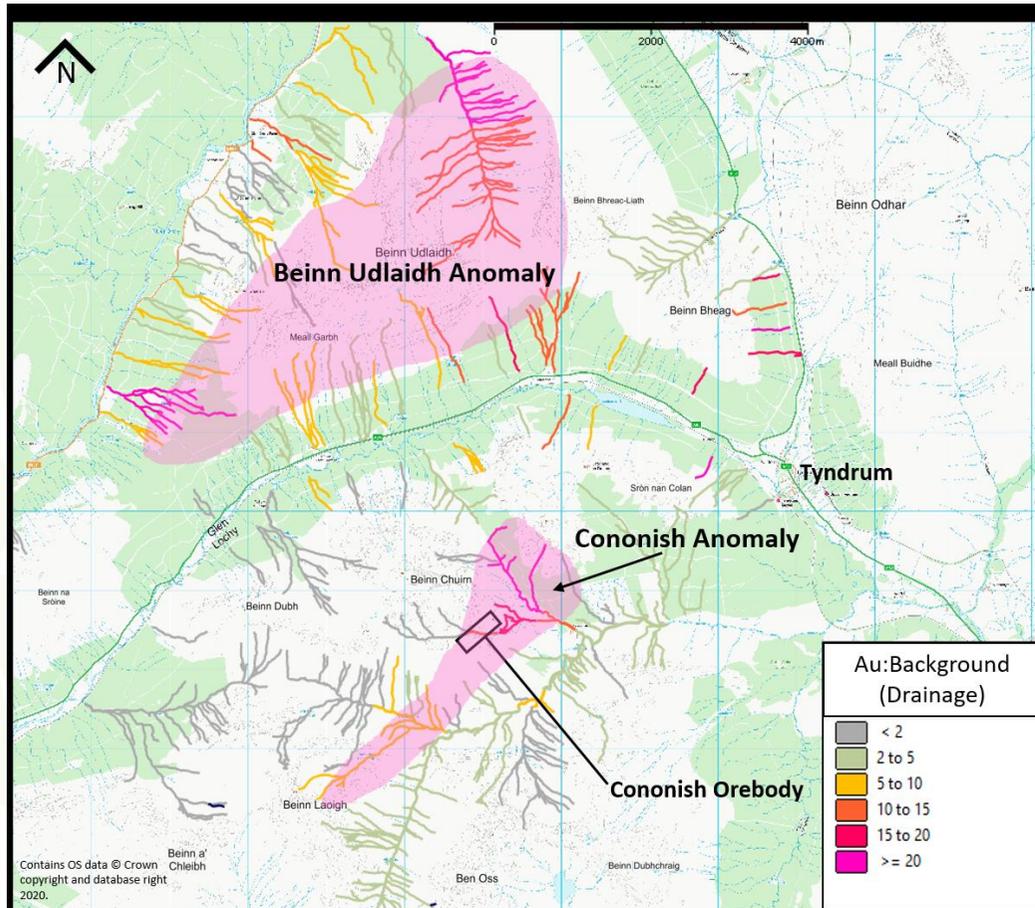
- More informed planning of direction and length of drill hole required
- Higher chance of success

# Grampian Project Exploration Portfolio Overview



Map Key	Licence	Stream sediment sampling (pre-2018)	Stream sediment sampling by new ionic leach method	Soil sampling by ionic leach method	Historic rock sampling
(e)	Glen Orchy West	●	●		●
(f)	Glen Orchy Central	●	●	●	●
(g)	Glen Orchy East	●	●		●
(d)	Inverliever East	●	●	●	●
(c)	Inverliever West	●	●		
(i)	Glen Lyon North	●	●		●
(j)	Glen Lyon South	●	●		
(k)	Glen Lyon East	●	●		
(h)	Glen Lyon West	●	●		●
(a)	Knapdale North	●			●
(b)	Knapdale South	●			●
(m)	Ochils East	●			
(l)	Ochils West	●			

# Near Mine Expansion Targets

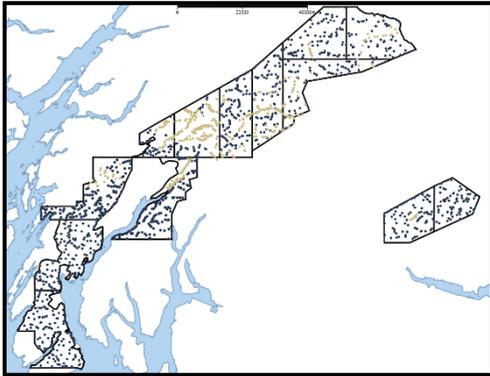


“Calibration” drainage survey over known Cononish orebody using Ionic Leach and new drainage survey over Beinn Udlaigh prospect using Ionic Leach

# Grampian Exploration Programme – 2021 onward



## Stream Sediment Sampling



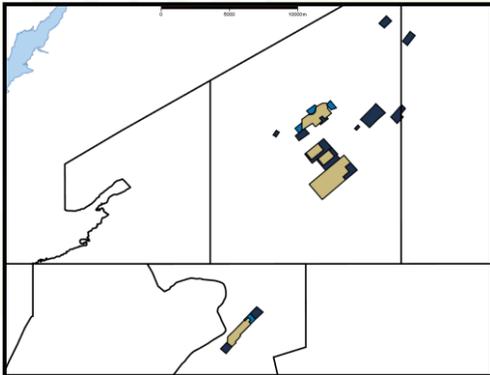
Phase One

Samples collected: 508  
Planned samples: 1,470

Phase Two

Infill sampling of areas where an anomalous catchment is identified: 150 samples

## Soil Sampling



Area sampled

6.5km<sup>2</sup>

Area sampled, resulted pending:

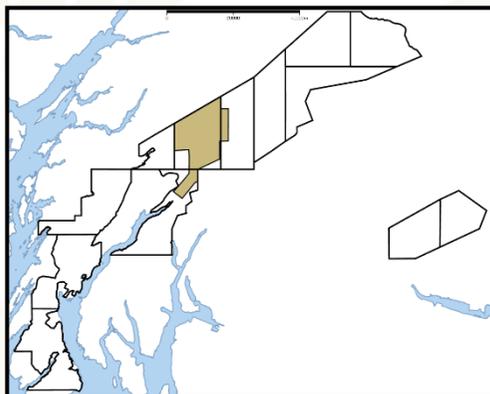
1km<sup>2</sup>

Proposed sample area:

8km<sup>2</sup>

Contingency for new soil sampling grids from prospective areas identified by stream sediment sampling

## Airborne Geophysics



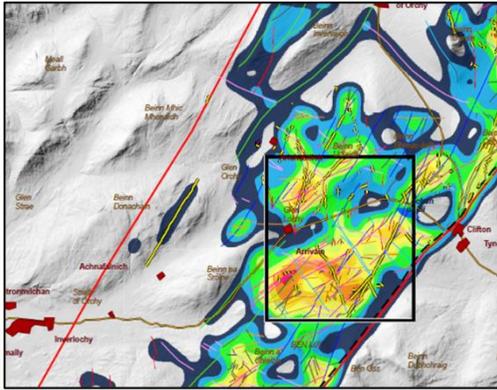
Proposed area for airborne magnetics and radiometrics survey

Expected line spacing 100m



# Grampian Exploration Programme – 2021 onward

## Structural Mapping Project



- Structural mapping and characterisation of veins
- Fractal analysis
- Whole rock lithogeochemical analysis
- Regional rock sampling
- Consultant analysis of the dataset

This combination will produce a prospectivity map and rating for the most promising structures

## Drilling



- Identify and test potential additional resources for Cononish, close by or extensions of the vein
- Identify and test other structures to establish an inventory of satellite deposits

Drill targets will be identified and tested with diamond drilling once sufficient data is available over a particular target to vector in on the vein or structure identified as gold and silver bearing

# Conclusions



## Positioned to become Scotland's leading gold producer and gold mine development company



### Production in the near term

- Gold production commenced in November 2020
- High grade, high return, low cost mine located in a low risk jurisdiction



### Significant upside from mine optimisation and resource expansion

- Planned acceleration of Phase 2 development is expected to see production doubled
- Near mine exploration targets have the potential to significantly increase Cononish mine life
- Exploration licences covering approx. 2,900km<sup>2</sup> – potential new mines of Cononish scale or larger



### Strong organic growth potential and growth through acquisition

- Strategy to reinvest in exploration and development activities to generate a pipeline of mineable assets
- Leveraging expertise and strong balance sheet to capitalise on additional opportunities



### Supportive shareholders and stakeholders

- Tightly held share register – directors and management hold more than 60% of the total issued share capital
- Supportive significant shareholder – Nat le Roux (41.82%)
- Supportive local communities – significant engagement conducted throughout development and construction process



### Commitment to sustainability

- ESIA confirmed that impacts from the Project were assessed to be minor from an environmental and visual perspective
- Site restoration and rehabilitation has the potential to improve biodiversity, conservation and habitats amongst other socio-economic benefits
- Moving to sustainable power sources



### Market opportunity

- Expected average total revenue of £30 M pa during Phase 2, generating an EBITDA of £21.5 M pa
- Bottom quartile AISC @ \$597/oz
- Un-hedged and fully exposed to upside of gold price
- Scottish gold is highly prized and commands a premium price



# Appendices



# Cononish Gold & Silver Mine Mineral Resource Estimate



Classification	k tonnes	Grade Au g/t	Metal Au k oz	Grade Ag g/t	Metal Ag k oz
Measured – In-situ	60	15.0	29	71.5	139
Indicated – In-situ	474	14.3	217	58.7	895
Indicated – Mined Stockpile	7	7.9	2	39.0	9
<b>Sub-total M &amp; I</b>	<b>541</b>	<b>14.3</b>	<b>248</b>	<b>59.9</b>	<b>1,043</b>
Inferred - In-situ	75	7.4	18	21.9	53
<b>Total MRE</b>	<b>617</b>	<b>13.4</b>	<b>266</b>	<b>55.3</b>	<b>1,096</b>

*Reported from 3D block model with grades estimated by Ordinary Kriging with 15 m SMU Local Uniform Conditioning adjustment.  
Minimum vein width is 1.2m. Totals may not appear to add up due to appropriate rounding.*

Note: MRE prepared by CSA Global (UK) Ltd in accordance with JORC 2012 – see ASX/ AIM release: 22/01/2015 - Resource Estimate Update

Note: Mineral Resources presented above include Ore Reserves stated on the following slide

# Cononish Gold & Silver Mine Ore Reserve Estimate



As at 25 May 2015 (JORC 2012 Code)

Classification	Proven	Probable	Total
Tonnes (k tonnes)	65	490	555
Au Grade (g/t)	11.5	11.1	11.1
Au Metal (k oz)	24	174	198
Ag Grade (g/t)	51.5	47.2	47.7
Ag Metal (k oz)	108	743	851

(Bara Consulting Limited Ore Reserve Statement dated May 2015)

Note: Ore Reserve Estimate prepared by Bara Consulting Limited in accordance with JORC 2012 – see ASX/ AIM release: 25/05/2015 – Cononish Gold Project Study Update and JORC 2012 Ore Reserve Estimate.

# Cononish Gold & Silver Mine Risks and mitigation



Management believes the major risks are as set out below:

## Economic Risks

Risk Description	Assessment / Mitigation
<b>Significant changes in gold prices</b>	The Company intends to monitor the potential to hedge its production costs
<b>Unexpected changes in business or economic conditions</b>	Professional taxation, legal and marketing specialists are engaged to assist Scotgold enable the appropriate prompt response
<b>Interest rate or currency exchange changes</b>	Most revenues and some costs, including capital equipment, will be denominated in USD, hence there is exposure to the GBP/USD exchange rate. Labour costs will be in GBP,
<b>Adverse hedging strategies</b>	Professional advisers will be engaged to assist Scotgold consider potential outcomes and risk mitigation strategies

## Technical Risks

Risk Description	Assessment / Mitigation
<b>Difference between actual and estimated mineral resources</b>	All reports have been conducted by reputable, qualified and independent consultants to minimise errors
<b>Variations in ore grade</b>	Short term mine planning will allow some management of grade through selective mining
<b>Metallurgical difficulties adversely affecting recovery</b>	Appropriate testwork has been completed for the BFS and specialist consultants may be used to optimise processing operations.

## Operational Risks

Risk Description	Assessment / Mitigation
<b>Increased production costs</b>	Fluctuations in production, labour and supplies have been assessed through the BFS sensitivity analysis
<b>Limitation of mining rights</b>	Mining rights and planning permission are anticipated to be finalised shortly to the satisfaction of all parties
<b>Environmental Issues</b>	Having conducted the ESIA, the Company monitors its environmental impacts and intends to fully comply with the various procedures agreed with the relevant agencies.
<b>Health and Safety</b>	The Company manages all aspects of H&S, from regular training to safety work-wear. On-site induction programmes are run for both visitors and employees
<b>Production</b>	Severe winter conditions may impact site access and freeze pipelines. 4 wheel drive vehicles and appropriate pipe routing will mitigate.

## Development Risks

Risk Description	Assessment / Mitigation
<b>Increased Capex</b>	Project scope will be managed and price escalation will be mitigated through competitive bidding where appropriate.
<b>Delivery delays</b>	Existing relationships with suppliers and freight forwarders assist mitigate potential delays.

# Contacts & Glossary



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Ag	Gold
Au	Silver
Au equivalent (oz/tonne)	$Au\ eq = Au + Ag / 88$
BFS	Bankable Feasibility Study
BPT	Bulk Processing Trial
ESIA	Environmental and Social Impact Assessment
g / t	Gold grade per tonne
LOM	Life of Mine
ORE	Naturally occurring solid material from which a metal or valuable mineral can be extracted.
oz.	ounce
ROM	Run of Mine
tpm	Tonnes per month
TSF	Tailings Storage Facility

Slide 13 source information:

The production and financial figures and metrics set out in this presentation are based on:

- a revised Mine Schedule developed by Bara Consulting in early September 2020;
- historical actual figures;
- a budget for the period of 24 months ending 30 June 2022 prepared by the management of Scotgold Resources Limited (incorporating the aforementioned Mine Schedule); and
- a Life-of-Mine Financial Model updated by Bara Consulting with the input of the management of Scotgold Resources Limited incorporating the aforementioned budget and based on the revised Mine Schedule.