



31 March 2021

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

**Placing to Raise £1.5 million**

Scotgold Resources Limited (AIM:SGZ), the gold exploration and production company focused on Scotland, is pleased to announce that it has raised £1.5 million before expenses by way of a placing of 2,142,857 depositary interests of no par value in the Company ("New Ordinary Shares") at a price of 70p per New Ordinary Share (the "Placing"). The proceeds of the Placing will be used for working capital through the current production ramp up period at the Cononish Gold & Silver Mine, ("Cononish"). Although progress has been made resolving the various production issues encountered, the lag between the timing of the re estimated production build up and sales receipts means that further working capital is required before the project becomes cashflow positive . The funding raised today is intended to fulfil this requirement and Bridge Barn Limited, a company owned and controlled by Mr Nathaniel ("Nat") le Roux, the Chairman of Scotgold, will provide additional debt funding of £500,000, if further funding is required by the Company.

Additionally, further to the Company's announcement of 26 February 2021, Mr Phillip Day will join the board of Scotgold as CEO on 01 April 2021.

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

**Cononish Project Development update**

COVID-19 continues to have an impact on the Cononish Mine's overall development schedule, as reported on 26 February 2021. The Company has investigated the possibility of utilising the Coronavirus Business Interruption Loan Scheme, however it is deemed ineligible under the current rules.

The filter press issues discussed in the Production Update of 26 February have continued through most of March, hampering a ramp up of production, although progress resolving these issues has been made in recent days. Once fully resolved and with more continuous steady state plant operations achieved, the Company expects a further period of “bedding in” and optimisation before all design parameters are achieved.

Despite the continued delay to ramp up, the Company still expects production for calendar year 2021 to be within the guidance range previously provided of between 28,500t and 25,700t of ore processed, and between 7,900oz and 7,000oz Au of gold produced.

### **Cononish Life of Mine Plan update**

The Company has deferred the target date for the completion of the planned Phase 2 expansion until September 2022, compared to the previous target date of May 2022. This in part reflects the delays experienced to date achieving the planned ramp up for Phase 1, but also provides time for the completion of an optimisation study on the performance of Phase 1, prior to finalising the design of Phase 2.

The Company has also re-estimated the financial metrics for the project based on this revised scheduling for Phase 2 and using a reduced gold price of £1,250/ oz, compared to £1,400/oz used previously in the model released on 12 October 2020. Modelled operating costs have also been adjusted where previous cost assumptions have been superseded by contract pricing, and where the costs are driven by the gold price assumption. As a result, the All In Sustaining Cost (AISC) estimate for the period of steady production beyond the Phase 2 expansion has reduced from £461/oz to £430/oz.

### **Cononish Project re-estimation of key financial metrics (at £1,250 per ounce)**

Project Returns: March 2021 to end of LOM		
Gold price	£/oz	1,250
Silver price	£/oz	18.99
EBITDA	£	161.1 million
Pre-tax Cash Flow	£	126.6 million
Net Cash Flow	£	101.7 million
NPV calculation date		01 March 2021
Pre-tax NPV @ discount rate of 8%	£	82.3 million
Operating Margin	%	69.9
Average all in sustaining cost (AISC)	£	430/oz

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

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

\* Includes asset based finance costs & \* Includes all capital expended since 1 Jan 2019

## Investor Presentation

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

## Application for admission

Application will be made for the 2,142,857 New Ordinary Shares to be admitted to trading on AIM ("Admission") and Admission is expected to take place on or around 7 April 2021.

Following Admission, the Company's enlarged issued share capital will comprise of 56,221,871 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 56,221,871. 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

The beneficial interests of the directors of Scotgold in the ordinary share capital of the Company, currently and upon Admission, is set out below:

Director	Current Shareholding	Current % Shareholding	Shareholding on Admission	Resultant % shareholding on Admission
Mr Nat le Roux	22,618,223	41.82%	22,618,223	40.23%
Mr William Styslinger	5,931,400	10.97%	5,931,400	10.55%
Mr Peter Hetherington	2,088,961	3.86%	2,088,961	3.72%

**This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.**

**\*\*ENDS\*\***

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