

RNS Strategy/Company/Operations Update

## Production and Corporate Update

### **SCOTGOLD RESOURCES LIMITED**

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### **Scotgold Resources Limited ('Scotgold' or the 'Company') Production and Corporate Update**

Scotgold Resources Limited (AIM: SGZ), the gold exploration and production company focused on Scotland, is pleased to provide an update on mine production and processing performance at the Cononish Gold and Silver Project in Scotland, ('Cononish').

#### **Mining: high grade ore zones accessed far quicker than anticipated**

As previously stated, Scotgold's dual focus is to further enhance safe production through consistency and stability of mine and process plant operations in parallel with the opening of multiple faces of ore in the underground mine itself. During the month, the successful roll-out of this strategy has enabled the Company to optimise the mine design allowing access to higher grade ore zones far quicker than anticipated. Mining in the latter part of June was accessing ore which peaked at 40 grammes per tonne. Mining in this general zone will continue for 2 months and expected to achieve a blended grade average above 10 grammes per tonne.

Mining activity continued uninterrupted throughout June, increasing the volume of ore stored on the stockpile. The haulage DUX truck repairs conducted last month in combination with regular maintenance has enabled expected utilisation of mining equipment to be achieved.

#### **Processing: ongoing roll-out of Risk Analysis approach targeting continuous operations**

In June, a bearing failure in the process plant ball mill hampered efforts to make significant inroads towards achieving full ramp up. The issue is expected to be resolved in the coming days but serves to demonstrate the types of "one off issues" that can impact production which are being targeted by the Risk Analysis approach being implemented by the Company at Cononish. This methodical approach, which involves analysing, predicting or mitigating the effects of "one off issues" on production would certainly have limited unplanned downtime arising from the bearing failure to an almost negligible level - in this case by ensuring the purchase of critical spare parts. The Directors are confident that once fully implemented the Risk Analysis approach will greatly increase the reliability of the mine and process plant operations and enable more consistent runtime.

The extra ore stockpiled as a result of mining activity continuing uninterrupted during the month is expected to be processed by the plant in due course.

#### **Shipments: second gold concentrate shipment planned**

The Company is aiming for its second shipment of gold concentrate within the first half of July. Gold doré sent to the refiners in May was able to be refined through normal treatment processes, providing validation of Scotgold's process plant production.

#### **Monthly updates**

The Company expects to continue informing the market through regular monthly updates going forward, where a focus on forward looking statements is expected including the ramp-up of production and new estimates for calendar year 2021 gold production.

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.

For further information please contact:

<b>Scotgold Resources Limited</b>	<b>SP Angel Corporate Finance LLP</b>	<b>St Brides Partners</b>
Chief Executive Officer	Nomad and Broker	Financial PR
Philip Day	Ewan Leggat / Charlie Bouverat	Susie Geliher / Frank Buhagiar
Tel: +41 791 390 354	Tel +44 (0) 20 3470 0470	Tel +44 (0) 20 7236 1177

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