



4 October 2021

**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') during September 2021.

Highlights

- Roughly a 24% increase in gold concentrate produced from previous month: produced 62 tonnes of gold concentrate during September 2021 (50 tonnes: August 2021)
- Second consecutive month where production revenues exceeded operational costs

Phil Day, Chief Executive Officer, said: *"The operational turnaround at Cononish continues to gain pace and we are really encouraged by the performance of the mine and the overall improvement in our production profile. Importantly, September marked our second month where production revenues exceeded operational costs and we are confident that we are now on the correct growth trajectory to realise the full potential of Cononish."*

Further Information

Mining

Mining activity at Cononish continued uninterrupted during September, and the third of four planned cuts of the cut and fill stope was completed. As previously referred to, the Company has adopted a vertical cut and fill stoping method, as the ore grade continuity is better vertically. This is as an interim measure prior to the long-term production plan predicted to commence in 2022. This method allows vertical extraction of ore using familiar mining methods to the Scotgold mining team and allows better control of gold grade to the process plant. Scotgold is very pleased with this adaptation to the short term mine plan as it has delivered continuous high grade gold ore to the process plant in this critical ramp up phase of the

mine. In addition, significant waste mining occurred during September to support the long term mine plan. Mining during Q4 2021 will focus on the options for continuing development mining on the original portal 400 level and/or ore ramp to the development tunnel at the 415 level.

The second DUX truck arrived on-site during September. Furthermore, the Company continues to focus on critical and necessary spares for maintenance to achieve target availability for mining and the process plant and to eliminate lost time.

Processing

Following several weeks focussed on the de-bottlenecking of the tailings filter, it has now been successfully performing during September and will support the continued improvement of Scotgold's production profile. The gravity circuit is also now consistently operational and during October it will be optimised to commence providing gold to Scotgold's partners in the jewellery industry this quarter.

Approximately 62 tonnes of concentrate were produced during September, an increase of roughly 24% over the previous month. The concentrate graded at an average of about 311 g/t gold equating to around 580oz of contained gold and 1,200 g/t silver equating to >2,400oz of contained silver total production for the month (August: >450oz of contained gold and >1,900oz of contained silver).

The process plant is continuing to operate encouragingly, and the team is focusing on achieving more consistent runtime to allow for increased production. The current barrier to achieving higher throughputs relates to the quartz in the ore, which causes higher wear on certain parts of the process plant. The Scotgold team is capitalising on this information to fine tune the intervals for replacing various wear parts and as such, the management expects that the changeouts will become more scheduled using the Company's planned maintenance system which will result in higher throughput per month. A focus on critical and necessary spares for maintenance to achieve target availability for mining and process plant will continue to be a priority for the process plant team during Q4 2021.

Finance & HR

The financial performance of the mine continued to improve during September, with revenue exceeding operational costs for the second consecutive month. In parallel with improving revenue figures, Scotgold also completed a cost base optimisation which focussed on removing inefficiency such as use of external contractors and reducing fixed costs.

The HR team had a successful month onboarding new members of the operational team exactly in line with expectations and supports continuous 24-hour operation for the mine and process plant. The HR team are also looking to establish a dedicated team to focus on debottlenecking and growth projects to further lift processing capacity.

With operational stability being achieved, going forward, detailed operational updates will not be provided rather detailed updates will be provided on a frequency in line with industry standard,

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.

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