



21 June 2022

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

**Fern Wealth Debt Funding – £2.015 million received – Tranche 2 of £3 million Loan Complete**

Scotgold Resources Limited (AIM: SGZ), Scotland's and the UK's first commercial gold producer, announced on 7 April 2022 that it had entered into a loan procurement agreement with Fern Wealth GmbH ("Fern Wealth") from a syndicate of high-net-worth investors for an amount up to £3 million (the "New Loans") (the "Agreement"). The Company is pleased to announce that, under the terms of the Agreement, it has now received and completed the second tranche of the New Loans drawn down for a total of £2.015 million as of 20 June 2022. It is anticipated that the remaining £0.985 million of the £3 million New Loans will be received and fully drawn down on or before 30 June 2022.

As announced on 7 April and 23 May 2022, subject to the receipt of the full amount of £3m under the New Loans, the Company intends to use the proceeds received to fast-track the Company's Optimisation Initiatives to achieve a gold production run rate of c.23,500oz p.a. by the end of Q1 2023.

The core Optimisation Initiatives planned for 2022 include:

- Design, construct, and commission a tailings thickener, a cost-effective technology to improve the throughput and recoveries of concentrate product in the processing plant to achieve a monthly run rate of c. 4,000 feed tonnes to the process plant which equates to c. 16,000 – 17,500 ounces p.a. run rate of gold.
- Enhancing mining efficiencies of the underground mine to ensure continuous operations; and
- Design, construct, and commission an ore sorter at the processing plant between the existing crushing unit and the Mill to realise an increase in ounces of gold processed per tonne at lower tonnages and potentially lower CAPEX and OPEX. Due diligence to be completed by the end of Q2 2022 and the sorter, if approved, to be operational by the end of Q1 2023.

**Terms of the New Loans**

Tranches 1 and 2, totalling £2.015 million of the New Loans have been received and drawn down by the Company. The remainder of the New Loans will be provided to SGZ Cononish Ltd (SC569264), a

100% owned subsidiary of the Company (“Borrower”) by a syndicate of private individuals. The principal terms of the New Loans are as follows:

<p><b>Principal:</b> Up to £3,000,000.00, which can be drawn in up to three amounts of at least £1,000,000 (or such other amounts as Scotgold and Fern Wealth agree in writing).</p>
<p><b>Borrower:</b> SGZ Cononish Ltd, a 100% owned subsidiary of the Company.</p>
<p><b>Lender:</b> A syndicate of private individuals.</p>
<p><b>Term:</b> 2 Years from date of drawdown</p>
<p><b>Interest:</b> 7% annual interest</p>
<p><b>Warrant:</b> Up to 450,000 warrants over new ordinary shares of no par value each in the Company to be issued (300,000 to the Lender and 150,000 to Fern Wealth) on a pro rata basis (0 warrants if no New Loans advanced and 450,000 if £3,000,000 is drawn down).  Each warrant entitles the holder to be issued with one new ordinary share of no par value each in the Company at an exercise price of 78.83p per share and expires 3 years from the date of issue.</p>
<p><b>Security:</b> Parent Company guarantee provided by the Company</p>
<p><b>Fees:</b> In addition to the up to 150,000 warrants referred to above, Fern Wealth is also entitled to an arrangement fee of 3% of the gross amount of the New Loans which are drawn down.</p>

Fern Wealth is a sophisticated wealth management company based in Zug, Switzerland whose focus is to seek out and manage quality investment opportunities for their Investors.

The information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under Article 7 of the Market Abuse Regulation (EU) No. 596/2014 (as amended) as it forms part of the domestic law of the United Kingdom by virtue of the European Union

(Withdrawal) Act 2018 (as amended). Upon the publication of this Announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

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

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## **Notes**

Scotgold Resources Ltd (AIM: SGZ), is Scotland's first commercial gold producer. The Company poured first gold in November 2020 at its Cononish Gold and Silver Mine ('Cononish') in Tyndrum, Scotland and is developing it into a +23,500-ounce gold mine per annum. Cononish is a high-grade underground mining operation with a central processing plant producing gold concentrate for off-take and gold doré for the Scottish Jewellery industry. Once in full production, the mine has anticipated forecast operating costs of c.£544/oz AISC, which will place Cononish in the lowest quartile of gold mining operations globally.

It is Scotgold's vision to build a mid-tier gold mining company in Scotland with multiple operations in the country that enhance the local environment and economy in ways that have an enduring positive impact.