



20 October 2022

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

Q3 2022 Production, Sales, and Operations Update – Cononish Gold and Silver Mine, Scotland

Successful optimisation initiatives continue – on track to deliver Phase 2/Full Production in 2023

Scotgold Resources Limited (AIM: SGZ), Scotland's first commercial gold producer, is pleased to provide production, sales and operations update for the three months ended 30 September 2022 ("Q3 2022") for its Cononish Gold and Silver Mine in Scotland ("Cononish").

Production

- Q3 2022 gold production totalled 2,004 ounces, achieved revised guidance as set out per the Operations Update on 22 September 2022
- Reduced guidance for Q3 2022 given as a result of the successful but delayed power and ventilation upgrades in the underground mine, which stalled mine development on the waste ramp in September 2022
- Nine months to 30 September 2022 gold production totalled 6,759 ounces of gold
- Gold grades in flotation concentrate of up to 400g/t realised during Q3 2022
- Q4 2022 production guidance set at 3,000 – 3,900 ounces of gold
- Remain on track to deliver Phase 2/full production at Cononish of 23,500 ounces p.a. run rate of gold

Sales

- Q3 2022 gold concentrate shipments totalled 314 tonnes with a sales value of £3.4 million
- Nine months to 30 September 2022 – gold concentrate shipments totalled 729 tonnes with a sales value of £9.7 million

Mining and Processing

- 4,830 tonnes of ore were delineated from the Cononish underground mine and transferred to the ROM pad
- Grade mill feed for processing plant averaged 10.09 g/t of gold

- Processing plant gold recovery levels were above 90%

Optimisation Initiatives – Mine Development

- Underground power and ventilation upgrades completed 28 August 2022 to improve access, operations and increase mining rate and ore extraction
- Underground resource definition and grade control drilling commenced early October 2022 to provide the essential information on placement of stopes and in turn deliver c.6,000tpcm ore mining and processing rates in Q1 2023
- Risk assessments, planning and the preparation to transition the mine to long hole stoping in Q1 2023, due to be completed by December 2022, marking another milestone in the development of the underground mine

Optimisation Initiatives – Processing Plant

- Incremental debottlenecking of process plant areas such as flotation and tailings filtration completed during Q3 2022 – enhanced gold recoveries and efficiencies beyond management's initial expectations enabling the plant to process feed of c.4,000tpcm prior to installation of tailings thickener
- October process plant feed rate production currently above 4,000tpcm rate
- Tailings thickener erected in the processing plant – construction well under way, planned commissioning during Q4 2022 to enable smooth implementation inline with increased throughput of ore from debottlenecking initiative
- Once the tailings thickener is commissioned, the process plant is estimated to achieve c.5,000tpcm throughput
- Further optimisations of process plant tailings filter (adding further filter plates to the tailings filter and minor modifications around the Ball Mill and flotation areas) also planned for Q4 2022/Q1 2023 to further increase throughput of the processing plant to c.6,000tpcm to achieve production levels of 23,500 ounces p.a. run rate of gold

Cononish Exploration

- Exploration preparation works underway for 2023 resource drilling campaign to increase life of mine beyond 8.5 years

Scotgold Resources CEO, Phil Day said, “Q3 2022 has been another period of substantial progress as we continue to implement optimisation initiatives across our underground mining operation and processing plant to ramp up towards ‘Phase 2/Full’ production at Cononish in 2023.

“As a team we are working collegiately and remain driven as the new year approaches. Q4 2022 production is anticipated to be ahead of Q2/Q3 2022 production levels, and I believe the quarter will mark a significant step change as we progress towards a processing rate of 5,000tpcm, equating to an annualised production of c.20,000 ounces of gold per annum run rate, once the tailings thickener has been commissioned in the processing plant. In tandem underground resource definition and grade

control drilling is underway to prepare for long hole stoping to commence in Q1 2023, which will enable the mine to produce ore at the phase 2 production level being 6,000tpcm. From here, final optimisation initiatives will be undertaken in the process plant to deliver a processing run rate of 6,000tpcm, equating to an annualised production run-rate of c.+23,500 ounces of gold, which we are on target to deliver in 2023.

“What differentiates us from our gold peers is the uniqueness of Cononish’s orebody. Running an average grade through the processing plant of 12g/t Au year to date 2022, coupled with a forecast low AISC of £544 per ounce of gold will place us as one of the highest margins, lowest cost gold producers globally. This coupled with our exploration opportunity in Scotland, I believe ideally places us for growth. I look forward to reporting on production, operational progress and further revenue generation into the New Year.”

Investor Webcast – Wednesday 2 November 2022

The Company will host a live investor webcast via the Investor Meet Company (IMC) on Wednesday 2 November 2022 at 14:00 GMT to discuss the results, followed by an opportunity to ask questions.

Investors can sign up to Investor Meet Company for free and add "Scotgold Resources" via the following link to join the webinar:

<https://www.investormeetcompany.com/scotgold-resources-limited/register-investor>

Q3 2022 – Cononish Gold & Silver Mine Production, Sales, and Operations

Production

During Q3 2022 production continued in line with the Cononish 2022 mine plan. Scotgold production for the quarter totalled 2,004 ounces of gold and 10,265 ounces of silver from Cononish which met the renewed guidance issued on 22 September 2022. Gold production for the nine months of 2022 totalled 6,759 and 34,528 ounces of silver from Cononish.

Whilst Q3 gold production was lower than first forecast due to the successful but delayed commissioning of the underground mine power and ventilation project (which stalled mine development on the waste ramp allowing access to cut and fill stope 3), Q4 2022 production is forecast to be ahead of Q2/Q3 2022.

As the Company continues to implement optimisation initiatives in the processing plant and commence long hole stoping as per the original mine design in December 2022, which represents a significant step in the overall development of the underground mine, Q4 2022 gold production guidance range has been set at 3,000 – 3,900 ounces of gold.

Scotgold remains confident of achieving Phase 2 production levels of 23,500 ounces p.a. run rate of gold as planned by end of Q1 2023.

Sales

Q3 2022 gold concentrate shipments totalled 314 tonnes with a sales value of £3.4 million. Gold concentrate is sold directly to Scotgold's off-take partner MRI Trading AG.

Table 1: The following table summarises quarterly gold production and sales at Cononish

	Gold produced (ounces)	Silver produced (ounces)	Gold Sales (ounces)	Gold sales price (£/ounce)	Gold sales (£ million)
Q3 2021 30 September	1,123	5,101	602	1,329	0.8
Q4 2021 31 December	1,508	7,200	1,891	1,375	2.6
H2 2021	2,631	12,301	2,493	1,364	3.4
Q1 2022 31 March	1,224	5,881	854	1,522	1.3
Q2 2022 30 June	3,531	18,382	3,034	1,648	5.0
H1 2022	4,755	24,263	3,888	1,620	6.3
Q3 2022 30 September	2,004	10,265	2,202	1,544	3.4
9 months 2022	6,759	34,528	6,090	1,592	9.7

Mining and Processing

4,830 tonnes of ore were delineated from the Cononish underground mine and transferred to the ROM pad at Cononish during Q3 2022 with an average grade mill feed of 10.09 g/t of gold.

Processing plant gold recovery levels has maintained above 90% throughout the quarter.

Optimisation Initiatives

Q3 2022 saw the commencement of various optimisation projects to increase efficiencies, mining rate, gold recovery and production in line with the Company's objective to ramp-up production from Cononish and achieve Phase 2 production levels of 23,500 ounces p.a. run rate of gold.

Underground mine

In August 2022, the Company undertook power and ventilation upgrades to provide direct power for mine development work, to allow increased ore extraction from the underground mine and to improve air flow. The work saw upgraded transformers and ventilation fans installed, as is normal for underground mining as it continues to develop. This specific electrical power upgrade has enabled access to CAF 3 for mining and extraction in September and Q4 2022 and resource definition and grade control drilling on 430/415 level commencement at the west of the mine into the areas proposed for long hole stoping. It also allowed for parallel mining to occur on the waste ramp enabling further access to continue into higher levels of the underground mine and open further faces in the mine for extraction.

Planning and risk assessments have commended to transition the Cononish mine from the initial cut and fill stopes into long hole stoping as the mine continues to progress to Phase 2/Full Scale Production in line with the feasibility study. Risk assessments, planning and the preparation for the transition are expected to be completed by December with the mine transitioning to long hole stoping throughout Q1 2023, marking another milestone in the mine development.

Fig 1. Underground mine optimisation initiatives 2022/23 – increasing processing rates and gold production.



Processing Plant

Incremental debottlenecking was undertaken by the Company’s technical team on the floatation section of the process plant which produces a high-grade gold concentrate and the tailings filtration. Scotgold has seen throughput increases since enabling the plant to process up to 8 tonnes per hour (c.4,000 tonnes per month). This increase in ore throughput is higher than management’s original expectation marking a 33% increase to previous estimates.

The tailings thickener arrived on site in July 2022 where installation began early August 2022. Construction is well underway, and commissioning is set for Q4 2022 to enable smooth implementation inline with increased throughput of ore from the debottlenecking initiative. The tailings thickener will further increase ore throughput and gold recoveries. With debottlenecking of the flotation plant working at a rate of c.4,000 tonnes of feed per month, the Company expects to see the commissioning of the tailings thickener to increase throughput to 5,000 tonnes per month (an 11% increase to previous estimates).

Further optimisations of process plant tailings filter (adding further filter plates to the tailings filter and minor modifications around the Ball Mill and flotation areas) are planned for Q4 2022 & Q1 2023 to further increase throughput of the processing plant to c.6,000 tonnes per month to achieve production levels of 23,500 ounces p.a. run rate of gold by end of Q1 2023. See Fig 2.

Fig 2. Processing plant optimisation initiatives 2022/23 – increasing processing rates and gold production.

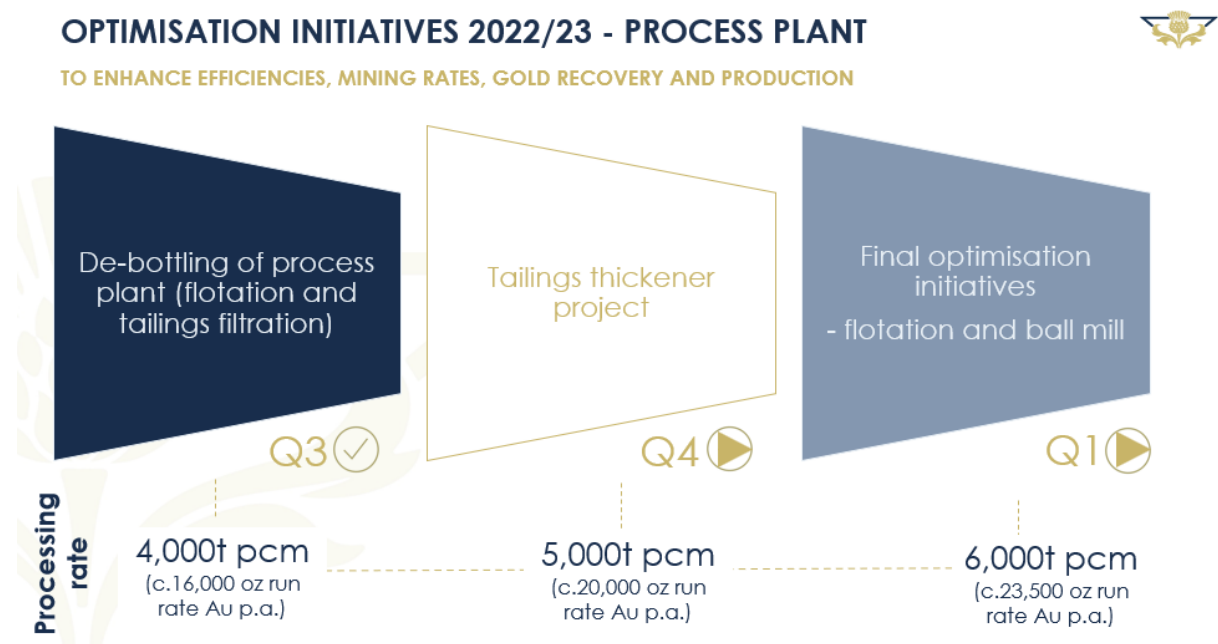
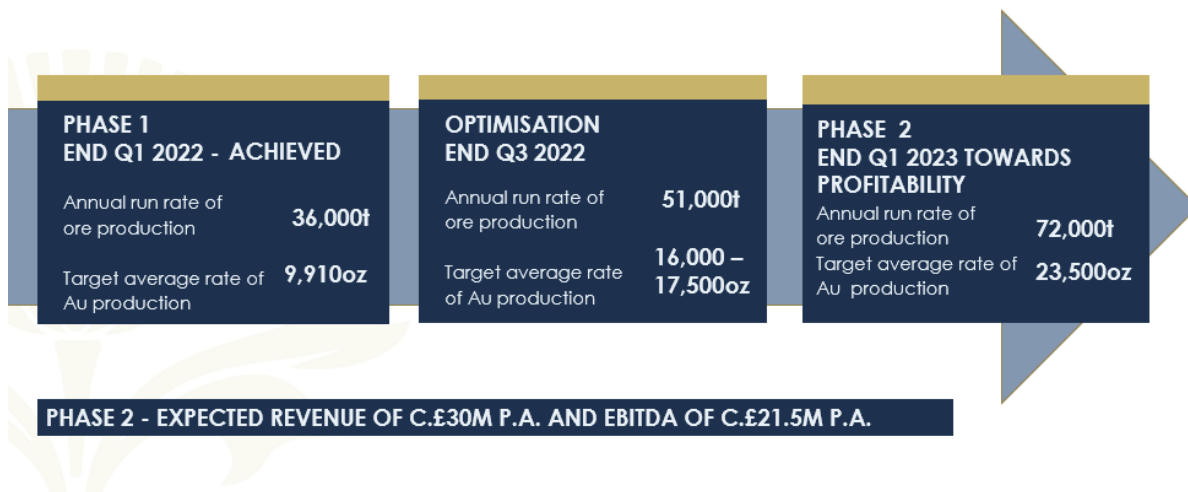


Fig 3. Cononish Phased production development plan towards Phase 2 production end of Q1 2023

2022 – 2023: MINE OPTIMISATION & GROWTH



FOCUSED ON OPTIMISING VALUE OF CONONISH



Cononish Resource/Reserve Exploration and Upgrade

As part of the Company's vision to grow, Scotgold plans to continue exploration activities in and around its current Cononish mine and within its licenced 2,900km² area in preparation for exploratory drilling.

During Q3 Scotgold had begun very low frequency magnetics to help structurally identify and optimise a potential 2023 resource drilling campaign. The month-long programme, completed in October 2022, which consisted of defining magnetic susceptibility and rock conductivity over a grid of 25m in the Cononish Glen, will allow Scotgold to define vein structures and potential future drilling targets. The Company looks forward to updating shareholders on this in due course.

****ENDS****

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.

Scotgold Resources Limited**Shore Capital****Celicourt Communications**

Chief Executive Officer

Nomad and Broker

Financial PR

Phil Day

Toby Gibbs / John More

Felicity Winkles

Via Celicourt
Communications

Tel +44 (0)20 7408 4090

Tel +44 (0) 208 434 2643

Tel +44 (0) 774 8843 871

Notes

Scotgold Resources Ltd (AIM: SGZ), is Scotland's and the UK'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 by Q1 2023. 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.

Scotgold is committed to responsible mining and is pleased to report it is one of the few global gold producers that does not use cyanide for either its flotation gold concentrate production or gravity gold at Cononish.

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.