



21 December 2022

**Scotgold Resources Limited ("Scotgold" or the "Company")
Pre-close Q4 2022 – Production Update**

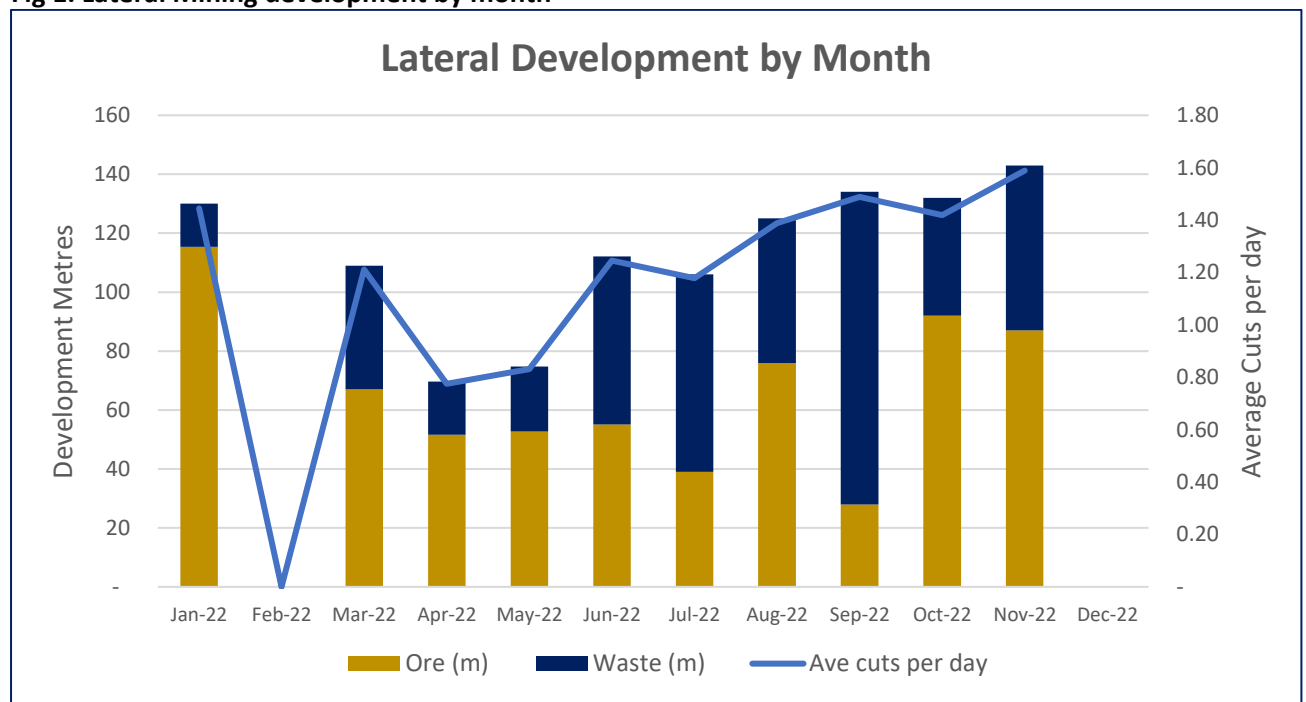
Scotgold Resources Limited (AIM: SGZ), Scotland's first commercial gold producer, announces a pre-close Q4 2022 production update for its Cononish Gold and Silver Mine in Scotland ("Cononish").

- Ongoing underground resource definition and grade control drilling commenced early October 2022 and is progressing well – providing essential information for the correct design and shape of stopes when mining transitions from development tunnelling to long hole retreat stoping.
- December 2022 mine design and production forecast originally planned to extract the high-grade ore above Cut and Fill (CAF 1) from between the 415-430 level throughout December 2022.
- Risk assessments, planning and preparation to both transition the mine to long hole stoping in early 2023 and to continue accessing the 430-development level access was completed in early December 2022.
- Data gathered during risk assessment and planning highlighted safety concerns in developing the 430-development level access after stoping between the 415-430 level was completed during December, delaying the eventual continuous long-hole stoping methodology required for Phase 2/full production levels.
- Decision taken to change the short-term mine schedule in mid-December 2022 and continue on the 430-development level access to expedite continuous stoping in the western areas in 2023.
- Due to changing the short-term mining schedule and harsher than expected weather conditions in December, production forecast for Q4 2022 is now set at 2,000 ounces of gold (previous forecast 3,000 to 3,500 ounces of gold).
- Short-term mine plan change and current adverse weather conditions will only impact Q4 2022 production. The mine remains on track to achieve Phase 2/full production with the commencement of long hole stoping and a run-rate of 23,500 ounces run-rate of gold per annum in 2023.
- Mining development over 2022 has continually increased giving the Company continued confidence the original long hole stoping mine method will be reached as originally planned. – see fig 1.

- Long hole stoping is a widely used mining method that allows blasting a sequence of stopes and improves ore recovery efficiencies. Once long hole stoping is achieved, minimal dilution and increased ore recovery will be realised (and in parallel with all other optimisation initiatives implemented during 2021 and 2022 at Cononish across the underground mine and processing plant), provide continuity of ore mined/ounces produced on a week by week/month by month basis.
- Q4 2022 operations, production, and sales update, including 2023 outlook will be announced in January 2023. The Company will also host a live webinar presentation to update shareholders and investors of its plans for 2023 as it continues to develop Cononish to achieve Phase 2/full production levels of 23,500 ounces p.a. run rate of gold in 2023.

Scotgold Resources CEO, Phil Day said, “Whilst it is disappointing to report that Q4 2022 production guidance will be missed, I am firm in my belief that it is not material in terms of near-term development of Cononish and realising Phase 2/full production in 2023 as planned. As outlined in our Final Results and Annual Report, transformational progress has been made over the past year and I look forward to 2023 and reporting on our progress at Cononish as an exceptionally high-grade, low-cost, cash generative operation.”

Fig 1. Lateral Mining development by month



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 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 the end of 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.

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.