



27 March 2023

Scotgold Resources Limited ("Scotgold" or the "Company")
Operational and Corporate Update
Notice of Results

Scotgold Resources Limited (AIM: SGZ), Scotland's first commercial gold producer, announces an operational and corporate update for its Cononish Gold and Silver Mine in Scotland ("Cononish").

As announced on 19 January 2023, the Company outlined its 2023 mine operations plan. The mine operations plan was based off the most recent grade control model and included limited resource definition drilling information undertaken in 2022. Central to the 2023 mine operations plan was the transition from ore extracted via level development and cut and fill stoping to long hole stoping (planned for Q2 2023), as per the original long-term mining plan for the Cononish Mine. Long hole stope mining is a widely used mining method in underground mining that supports cost effective and efficient extraction of ore.

In January 2023 mine development focussed on the 430 West ore drive, 415 East ore drive and the incline ramp accessing the 445 level. January's development rates continued to improve and was a record month with 3,003 tonnes of ore mined, and 2,620 tonnes of ore fed to the process plant. Average grade of the ore processed was lower than predicted (5.65g/t actual vs 7.35g/t planned of gold).

In February 2023, development on the 430 West ore drive continued on ore for an additional 35 metres beyond design increasing the strike length of the stoping panel above CAF 1 by 45 metres, with the total panel now 115m in length. Per the 2023 mine operations plan, the 430 West ore drive was expected to deliver ore continuously as it progressed towards and on top of CAF2 as this CAF area previously provided high gold grades above 10-12g/t in 2022. However, as the 430 West ore drive progressed in late February and into early March 2023, gold grades began to decline significantly, and the 430 West ore drive turned to waste, contradicting the grade control model. Total ore production in February was negatively impacted, with actual 977 tonnes mined and 1,441 tonnes processed.

As a result of the 430 West ore drive turning to waste and the need to focus on ore production, the Company shifted development priorities on 3 March 2023 to the 415 East ore drive. In parallel, plans

commenced to bring forward long hole stoping to early April to secure the short to medium term production profile and enhance gold production thereafter.

Implications of the ore tonnage mined in February and March 2023

On 9 February 2023, the Company undertook an equity fundraise to provide funds to support the planned transition from tunnel development mining to long hole stoping. The Company's mine plan anticipated that 5,818 tonnes of mineralised ore would be mined in February and March ahead of the transition to long-hole stoping in Q2 2023. As detailed above, actual tonnes mines are now expected to be between 550 and 600 in March and about 3,000 tonnes of waste to place into required areas for commencement of stope drilling.

The Company's management team continuously assess the cash position of the Company. As a result of recent mining performance being below plan, largely due to lower than expected grades in the 430 West ore drive resulting in the subsequent decision to bring forward long hole stope mining, the Directors now believe that, in the event that the planned commencement of long hole stoping in April is delayed, or the anticipated tonnes of ore mined in April and the following months is significantly below the current mine plan, then a material uncertainty would exist that casts significant doubt over the ability of the consolidated entity to continue as a going concern in the very immediate term and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

In order to safeguard against this potential shortfall in working capital over the next few months the Directors have determined to take steps to strengthen the Company's cash position. The Company is in advanced discussions with its gold offtake partner to secure a US\$500,000 advance to assist with short-term working capital. The Directors of the Company have also discussed, if the need arises, providing a short-term convertible loan as a measure to ensure the Company continues with the long hole stoping deliverables as updated in this release.

The ability of the consolidated entity to continue as a going concern over the long term will remain dependent on the quantity and grade of ore mined and processed being within a reasonable tolerance of the forecast quantity and grade and adherence to the planned product shipment schedule.

Preparation works for long hole stoping – March 2023

Preparation works commenced in March 2023 to start long hole stope mining in the eastern section of the 430 West ore Drive over an initial stoping length of 115m (Figure 1). Key works included level preparation, detailed stope design, drilling markup, development of safe working procedures, induction, training and supporting, toolbox topics and communications. The Company is pleased to note that a development milestone was achieved, as long hole stope drilling commenced in the first stope panel during the week of 20 March 2023. Long hole stope mining is on track to commence in 8 days time with first blasting.

Mining will also continue on the 445 incline ramp to ensure access to the 445 level and establish further development drives in areas where the original resource and grade control models support high confidence mineralisation (Figure 3). This area is also being designed and rescheduled to support continuous long hole stope being achieved in the later part of 2023 as per the 2023 mine plan announced previously with the aim of achieving full phase production by Q4 2023. See Figures 1, 2 and 3 which illustrate an overview of the mine development and long hole stope activities commencing this month.

Figure 1: Mining development and March 2023 stope plan

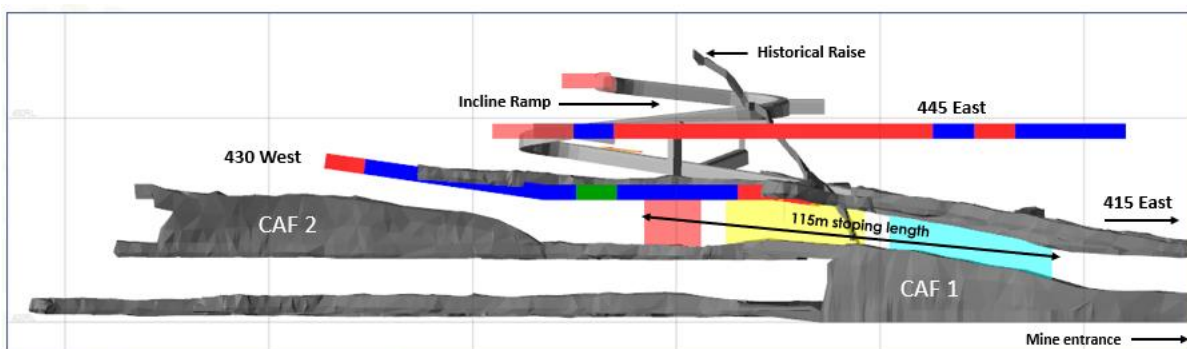


Figure 2: March stope mining plan grades in 430 West eastern section (115m stope length) for April – July 2023 and thereafter.

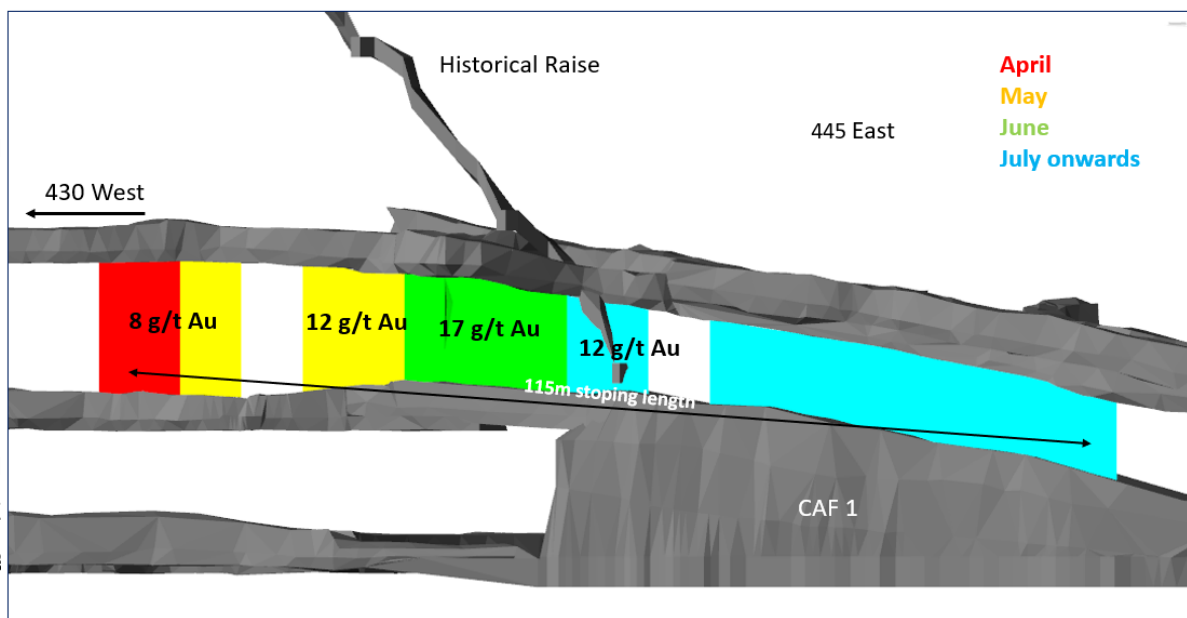


Figure 3: Resource model drilling and mine plan – 445 level planned stoping area for late 2023 (black lines denote original resource programme drill holes which demonstrated robust gold grades in the 445 East drive).

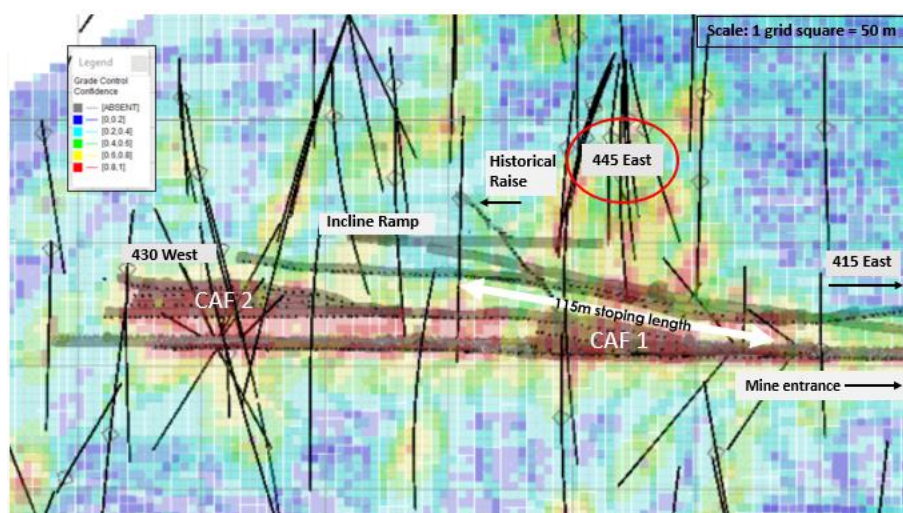


Table 1: Operations Performance Development in January and February 2023

	Jan 23	Feb 23
Ore tonnes mined	3003	977
Ore Grade (Au g/t) mined	5.65	4.00
Waste tonnes mined	2720	1375
Total tonnes mined	5723	2352
Total metres mined	158	73
Total Oz mined	545	126
Total Ore fed to process plant	2620	1441

Further Corporate updates

In addition, the Company has become aware that the email accounts of the executive directors have been accessed by unauthorised persons and spurious emails sent in their names to numerous people. Whilst we believe the vulnerability has been fixed it is impossible to ever be certain of this. The police have also been informed on this matter and will continue to investigate.

The Company can also confirm that there have been no serious health and safety incidents this year. We work in accordance to the UK's HSC best practice and have a zero-harm safety culture focused on continuous improvement to achieve an injury free and healthy work environment.

Notice of Results

The Company will announce its interim results for the six months ended 31 December 2022 on Thursday 30 March 2023.

****ENDS****

For further information please visit www.scotgoldresources.com or contact the following:

Scotgold Resources Limited	Shore Capital	Celicourt Communications
Chief Executive Officer	Nomad and Broker	Financial PR
Phil Day	Toby Gibbs / John More	Felicity Winkles/Ariana Fanning
CFO		
Sean Duffy		
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 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 planned +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. The mine has anticipated forecast operating costs of c.£610 per ounce in Q4 2023, 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.

