



10 July 2023

**Scotgold Resources Limited ("Scotgold", the "Company" or the "Group")  
Production, Sales, and Operations Update – Q2 2023 and H1 2023**

Scotgold Resources Limited (AIM: SGZ), Scotland's first commercial gold producer, provides its calendar year Q2 and H1 2023 results for the three months and six months ended 30 June 2023 from its Cononish Gold and Silver Mine in Scotland ("Cononish").

**Operational and Production Review**

On 19 January 2023, the Company outlined its 2023 mine operations plan. This plan was based on its then current grade control model and included limited resource definition drilling information undertaken in 2022. Central to the 2023 mine operations plan was the transition to long hole open stoping ('LHS').

As announced on 27 March 2023, the 430 West Ore drive development was halted in late February due to declining gold grades. As a result, the Company shifted the mine development priorities on 3 March 2023 to the 415 East ore drive. In parallel, plans commenced to bring forward LHS to begin early April to secure the short to medium term production profile at Cononish.

LHS commenced 5 April 2023 and has been progressing in line with the LHS plan. To date, 50m (2 stoping blocks) of the 115m strike length has been completed with 2,906 tonnes of ore being delivered to the ROM pad for processing since LHS began. Stoping block 2, which produced 950 tonnes of ore at an average gold grade of 11.6g/t, was above forecast grades for block 2 of 10.4g/t of gold.

As a result of the 430 West Ore drive development being halted, production for Q1 2023 (1 January to 31 March 2023) was severely impacted, totalling 758 ounces of gold for the period.

With the commencement of LHS on 5 April 2023, gold concentrate production steadily increased in Q2 2023, with a total of 1,556 ounces of gold being produced, of which 818 ounces was attributed to June 2023. For H1 2023 total gold production totalled 2,314 ounces.

## Sales

Q2 2023 gold concentrate shipments totalled 269 tonnes with a sales value of £2.0m and H1 2023 gold concentrate shipments totalled 437 tonnes with a sales value of £3.5m.

Scottish gold doré sales made to Scottish jewellery companies during H1 2023 totalled £183,478.

**Table 1: The following table summarises quarterly gold production and sales at Cononish on a calendar year basis:**

	<b>Gold produced (ounces)</b>	<b>Gold Sales (ounces)</b>	<b>Gold sales price (£/ounce)</b>	<b>Gold sales (£ million)</b>
<b>2022</b>	8,564	7,502	1,586	11.9
<b>Q1 2023</b>	758	932	1,622	1.5
<b>Q2 2023</b>	1,556	1,213	1,609	2.0
<b>H1 2023</b>	2,314	2,145	1,614	3.5

## Mine Planning

After reconciling mine development and production over the past six months, including investigating the issues and impact of stopping the 430 West Ore drive development in late February 2023, the Company is undertaking a third-party review of the Cononish mine plan for the next twelve months.

The review will initially encompass an assessment of the mine design, schedule and production forecasts. This review will inform 2023 production forecasts and will also incorporate a second stage of power and ventilation upgrades to improve mine accessibility and enable the mine to operate all development and production equipment simultaneously to improve mine development rates. This second stage of power and ventilation upgrade allows a step change in development rates and opens up more mining fronts by enabling equipment to operate in parallel. This is necessary to complete the capital development required for ventilation, resource definition drilling and continuation of the incline to open up more mining fronts.

The Company is withdrawing its 2023 production guidance and will update the market on production forecasts and its mine plan, once the third-party review is completed, and findings have been analysed.

## Processing Plant

In line with optimisation initiatives undertaken in 2022, the processing plant continues to perform in line with expectations. Mill feed averaged 8.1g/t of gold for Q2 2023 and 6.9g/t in H1 2023. Processing plant gold recovery levels were above 94% for Q2 2023 and 94% in H1 2023. In June 2023

the processing plant processed 2,538 dry metric tonnes of ore and had 519 hours run time for the month.

An upgraded, fully automated gravity circuit is being commissioned to increase Scottish Gold doré production on site. The circuit is expected to be fully commissioned Q3 2023.

As previously announced the tailings thickener, designed to increase throughput of ore, is ready to be commissioned. The Company will commission the tailings thickener when sufficient ore is being delivered from the mine for it to be effective.

### **Financing**

£5.0 million was raised during H1 2023 to support delivery of the Company's 2023 mine plan, to procure a definition drill rig, and for additional working capital, as Cononish continues to be developed towards full production. The Company has identified a definition drill rig whilst alternative drill rigs are being considered due to the definition drilling program being on hold until the completion of the 3<sup>rd</sup> party mine plan review.

The Group held £620k of cash as at 30 June. The \$500k advance received from MRI remains outstanding, with the first repayment of \$100k scheduled to be deducted from the next shipment on 11 July 2023. The ability of the Group 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 previously planned product shipment schedule. This schedule is being reviewed as part of the third-party review of the mine plan commissioned by the Company.

**Scotgold Resources Interim CEO, Sean Duffy said:** "H1 2023 has been disappointing in terms of gold production and development of the underground mine at Cononish. The impact of the declining of gold grades in the 430 West Drive, late February was significant and evident in the resultant production figures for the period. Notwithstanding these difficulties, LHS has progressed in line with our plans and I want to thank our dedicated team for working safely and tirelessly to deliver this, with Q2 2023 production being steady and increasing as a result.

"We have begun a mine plan review following reconciling Cononish's mine development and production over the past six months. This review will allow us to recalibrate our current 2023 mine plan to best optimise LHS going forward as we continue to develop the mine with a view to achieving full production in the long-term."

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

**Scotgold Resources Limited**

Sean Duffy, interim CEO and CFO

Peter Hetherington, Non-executive Chairman

Via Celicourt Communications

**Shore Capital** (Nomad and Broker)

Toby Gibbs / Tom Knibbs

Tel +44 (0) 20 7408 4090

**Celicourt Communications** (Financial PR)

Felicity Winkles

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 +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.

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.