

## ASX Announcement

20<sup>th</sup> July 2011

**ASX Code: SGZ**

### Company Overview

Scotgold Resources Limited is a gold exploration and development company with projects in the Grampian region of Central Scotland. The company's assets include the Cononish gold and silver deposit and exploration licences covering 3,200km<sup>2</sup> of central Scotland.

### Fast Facts

Shares in issue:	161M
Share price:	A\$0.065
Market capitalisation:	A\$10.5m
Last quarter Cash in hand:	\$1.7M

### Board of Directors

Chris Sangster	Chief Executive Officer
John Bentley	Non-Executive Chairman
Shane Sadleir	Non-Executive Director
Phillip Jackson	Non-Executive Director

### Major Shareholdings

Kenglo One	9.0%
Shane Sadleir	9.0%
Chris Sangster	3.2%

### Company Contacts

#### Scotland

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## Scotgold submits revised planning application for Cononish Mine

### Planning application submitted for Cononish Gold and Silver Project

- Revised application submitted following extensive consultation with the National Parks Authority and other statutory and interested bodies.
- Decision anticipated mid / late October.
- Application incorporates a reduction in the scale of the Tailings Management Facility and a revised form for this Facility, minimizing the visual impact on the landscape.
- Company believes a successful application will deliver significant economic benefits to all stakeholders.



Scotgold Resources Limited (“Scotgold” or “the Company”) (ASX:SGX) (AIM:SGZ) is pleased to announce that it submitted its revised application for planning permission for the Cononish Gold and Silver Project on 19<sup>th</sup> July. A decision by the Board of the National Parks Authority (NPA) is expected in mid / late October 2011.

Chris Sangster, Director and CEO of Scotgold said:

“Significant time and effort has been taken to address the issues identified by the NPA following their refusal of Scotgold’s previous application in August last year. We have had extensive discussions with the NPA and other statutory consultees and interested parties. In addition we have had considerable input from independent specialists. We believe the current submission addresses the NPA’s concerns and we look forward to the project successfully moving through this planning stage.

“The project will deliver major direct and indirect employment opportunities, as well as considerable economic investment potential to the immediate area and to the region. We are most gratified by the support the project has received both from the local community and nationally. The Board believes that Scotland has considerable mineral resource potential that could be exploited to the benefit of the economy – a view that is given credence by the promising exploration results Scotgold has already announced within its license areas. Clearly the granting of this application, leading to the creation of Scotland’s first commercial gold mine, would represent serious encouragement to those seeking to invest in this part of Scotland’s economy.

“Since we submitted our first application, the gold price has continued to rise and now stands well in excess of \$1,500 per ounce – at these prices the returns to all stakeholders in the project are likely to be considerable. A scoping study on the Cononish Project completed by Australian Mining Consultants Ltd (AMC) in mid 2009 indicated positive returns using a gold price of US\$ 720 / oz.”

## **The Application**

The application was prepared in conjunction with Scotgold’s planning and environmental consultants, Dalgleish Associates Ltd., with specialized technical input provided by Scotgold’s tailings consultants, AMEC Earth and Environmental UK Ltd, Cantab Consulting Ltd, Vibrock Ltd (vibration and noise) and Rathmell (archaeological studies).

Central to the new application is a material reduction in the scale of the Tailings Management Facility (afforded by a commitment to underground disposal, post the creation of a suitable underground void) and a revised form for this Facility, in order to minimize the visual impact on the landscape.

Scotgold has sought additional independent input regarding the issues of concern to the NPA in terms of restoration, landscape assessment and socio-economic impacts from Ecological Restoration Consultants, Land Use Consultants Ltd and Professor David Bell of Stirling University respectively. This specialist input has sought to give confidence to the NPA in the revised proposals incorporated in the new application. Further detail regarding the restoration proposals, their intended outcomes and a comprehensive independent analysis of the potential socio-economic benefits of the project to the local, regional and national economies, which underline the many positive impacts a mine at Cononish would expect to bring to the local and national Scottish economy, is provided in the application.



The Company believes that the revised application presents further environmental benefits above those previously proposed as well as giving the NPA greater comfort on those issues that proved of concern.

### **Socio – economic benefits**

It is estimated by Professor Bell that as much as £80m in additional economic activity will be generated in Scotland through the wider supply chain as a result of the establishment of the mine. The mine itself will generate 52 full time positions, the majority of whom are likely to be found in Tyndrum and the surrounding area.

In addition Scotgold has had preliminary discussions with a number of respected and influential participants in the Scottish jewellery industry and the indications are that there will be considerable interest in the manufacture in Scotland of gold and silver of verifiably Scottish extraction. Such gold and silver will also have been 'locally sourced' with 'traceable' origin from 'responsible' mining practices (no mercury or cyanide) and may also attract strong interest from the 'responsible luxury' sector of the jewellery market.

As part of the planning application Scotgold has committed to providing £750,000 for community and other projects

Scotgold has received some very welcome support for its application from the locality.

Chic Brodie, MSP and Member of Economy, Energy and Tourism Committee said: "I am delighted to see this planning application being lodged. Such a development is not just good for the local area, but will serve to put Scotland on the map in terms of mineral exploration. I wish Scotgold well with their proposals as they proceed through the planning process, and applaud the firm's approach in working constructively with the Park Authority to lodge a fresh planning application."

Stirling MP, Anne McGuire, said:

"Gold has been identified as a material which is strategically important to the UK and the mine has been designed to meet the highest environmental and planning standards. In addition, with a clear demand for these metals we have a responsibility to see that they are mined sustainably wherever they occur, and exploration and mining of critical metals within the UK would provide the country with some security of supply, as well as bringing economic benefits to rural areas. The most ethical method of ensuring supplies of strategic minerals to our economy is to provide them from our own resources."

Iain Herbert, Chief Executive of the Scottish Tourism Forum, the voice of Scotland's tourism businesses, said:

"Our members are incredibly excited at the proposed gold and silver mine, which will provide a superb tourism opportunity for the area. Visitors will be attracted, not only to the locality, but to Scotland as a whole in order to visit the country's first commercial gold mine. This will enhance tourism spend and employment opportunities, as well as developing a jewellery manufacturing industry based on the true branding of "Scottish Gold".

“The firm has also done well to address environmental concerns through a comprehensive restoration strategy, reducing considerably the tailings management facility, and we wish them well in their endeavours regarding this project.”

John Riley, Chairman of the Strathfillan Community Council said:

“During the past months, the NPA and Scotgold have worked hard together to mitigate any environmental impact concerns. In light of this knowledge the community fully supports this second application, which will enable the realisation of immense social and economic benefits both local and national.”

Chris Sangster  
Managing Director

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Forward Looking Statements:

*This release includes certain “forward looking statements.” All statements, other than statements of historical fact, are forward looking statements that involve various risks and uncertainties.*

*There can be no assurances that such statements will prove accurate and actual results and future events could differ materially from those anticipated in such statements.*

Background

#### 1 Scotgold Resources

- Scotgold Resources is a mining exploration and development company listed on the Australian Securities Exchange in January 2008 and the AIM market of the London Stock Exchange in the UK in February 2010.
- The Company was formed with its sole focus on exploring for gold and silver in Scotland, with the already identified Cononish Gold and Silver as its core asset and the delivery of Scotland’s first commercial gold mine.
- Scotgold acquired the Cononish Gold and Silver Project in 2007 and has been working towards bringing the project to production in conjunction with its ongoing exploration efforts at Cononish and in the south west Grampians.
- In January 2010 Scotgold lodged a planning application to revise and extend planning permission for the mine as the extant permission had lapsed. The application was narrowly refused by the Loch Lomond and the Trossachs Board in August 2010, despite overwhelming community support, and the Company lodged an appeal with Scottish Ministers in November 2010.

- Following positive discussions with the Park's Authority regarding the main issues / concerns raised in the refusal (landscape and visual impact), Scotgold submitted a Proposal of Application Notice in December 2010 indicating their intention to reapply. Following further discussions with the Park's Authority in early 2011, the Company decided to withdraw its appeal in April 2011 and focus its efforts on the revised proposals in the new application.
- In April 2011 Scotgold announced that it had accepted an offer of a Regional Selective Assistance (RSA) grant from economic development agency, Scottish Enterprise, of up to £600,000 for the establishment of mine facilities and job creation, conditional on the firm obtaining planning permission.

## 2. Cononish Gold and Silver Project

- The Cononish Gold and Silver project consists of the establishment of a small underground mining operation with associated processing facilities and infrastructure. In production, it is estimated the mine would produce around 20,000ozs of gold and 80,000 ozs of silver annually.
- A scoping study on the Cononish Project completed by Australian Mining Consultants Ltd (AMC) in mid 2009 indicated positive returns using a gold price of US\$ 720 / oz (GBP£450 /oz). At the current gold price of around US\$ 1580 / oz (GBP £950 / oz), the Project has the potential to generate significant cashflows for the Company. Based on this 2009 study, at a gold price of US\$ 1270 / oz (GBP£800 / oz), the Project would generate around US\$ 87 million (GBP £55 million) free cashflow over its lifetime. Scotgold is in the process of updating this study prior to a production decision, subject to obtaining planning permission.

## 3 The Application

Scotgold lodged their revised application for planning permission on 19<sup>th</sup> July 2011. A decision is expected in mid late October 2011. Details of the application will be posted on the Scotgold website ([www.scotgoldresources.com](http://www.scotgoldresources.com)) shortly.