

JANUARY 2022

# SCOTGOLD RESOURCES

## AGM PRESENTATION

2022: POSITIONED FOR GROWTH





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# SNAPSHOT

## OPERATING SCOTLAND'S FIRST COMMERCIAL GOLD & SILVER MINE



Developing Cononish Mine into a +23,500-ounce gold mine per annum run rate by end of Q1 2023 through phased optimisation



High-grade/high margin underground mining operation with a central processing plant



Compelling economics – forecast AISC of £544/oz once in full production (bottom quartile for international producers)



Cash generation - producing gold concentrate for off-take and gold doré for the Scottish Jewellery industry



Resource / Reserve expansion strategy to increase Cononish life of mine from 8.5 years



Building a multi-asset gold production company in Scotland through exploration of 2,900km<sup>2</sup> licence areas in Scotland

**SUPPORTED BY AN EXPERIENCED BOARD AND LEADERSHIP TEAM WITH A PROVEN TRACK RECORD OF GENERATING VALUE FOR SHAREHOLDERS**

# STRATEGY TO CREATE ENDURING VALUE

VISION TO BUILD A MULTI-ASSET GOLD PRODUCER IN SCOTLAND

OPTIMISE VALUE AT  
CONONISH

GROWTH - RESOURCE  
EXPANSION &  
REGIONAL  
EXPLORATION

PEOPLE  
INVESTMENT AND  
COMMITMENT TO  
SUSTAINABILITY

DELIVERING LONG TERM SUSTAINABLE GROWTH AND RETURNS  
FOR ALL STAKEHOLDERS



# COMMITMENT TO SUSTAINABILITY

## OUR SCOTTISH GOLD IS SUSTAINIBLY SOURCED AND RESPONSIBLY PRODUCED

- Operating in the country's first national park, SGZ has an important duty of care to the environment
- Scotgold embraces the principles of sustainability in all aspects of its business
- Completed ESIA and Decommission and Restoration Plan

### Numerous initiatives in place to support sustainability:

Dry stack tailings  
No use of cyanide  
Protection of ecology  
National park improvement plan

### Commitment to reduce CO2 emission

Under review – Hydro power

Foundations for sustainable and responsible mining:

Compliance with legal requirements



Good corporate governance



# OUR PEOPLE



INVESTING IN OUR PEOPLE TO DELIVER EXCEPTIONAL OUTCOMES

Headcount  
increased 92% in  
2021

73 employees

Growing the  
team further in  
2022

## ZERO HARM

Dedicated to the  
safety of our people,  
communities and  
environment

- 118 days LTI free  
- 289 days zero  
reportable incidents  
under 'Mines Regs 2014'

Rigorous H&S training  
programmes



# 2021: A TRANSFORMATIONAL YEAR





# 2021: A TRANSFORMATIONAL YEAR



## LAYING THE FOUNDATIONS FOR SOLID GROWTH





# Q4 PRODUCTION & SALES HIGHLIGHTS

DELIVERING ON 2021 MINE PLAN REDESIGN AND PRODUCTION RAMP UP

## RECORD DEC PRODUCTION

- 101t gold concentrate in Dec 2021 (c.700oz Au contained gold)
- +60% increase to previous monthly record high

## Q4 2021 PRODUCTION

- Gold production of 1,508oz
- Silver production of 7,200oz
- 6,168t of ore fed to processing plant

## Q4 SALES

- Gold and silver concentrate shipments totalled 231.5 tonnes
- sales value of +£2.6m

## PHASE 1 TO COMPLETE IMMINENTLY

- Processing plant achieved 2,500t feed rate for December



# 2022: POSITIONED FOR GROWTH





# 2022 – 2023: MINE OPTIMISATION & GROWTH



FOCUSED ON OPTIMISING VALUE OF CONONISH

## PHASE 1 END Q1 2022

Annual run rate of  
ore production **36,000t**

Target average rate  
of Au production **9,910oz**

## OPTIMISATION END Q2 2022

Annual run rate of  
ore production **51,000t**

Target average rate  
of Au production **16,500 –  
17,500oz**

## PHASE 2 / EXPANSION END Q1 2023

Annual run rate of  
ore production **72,000t**

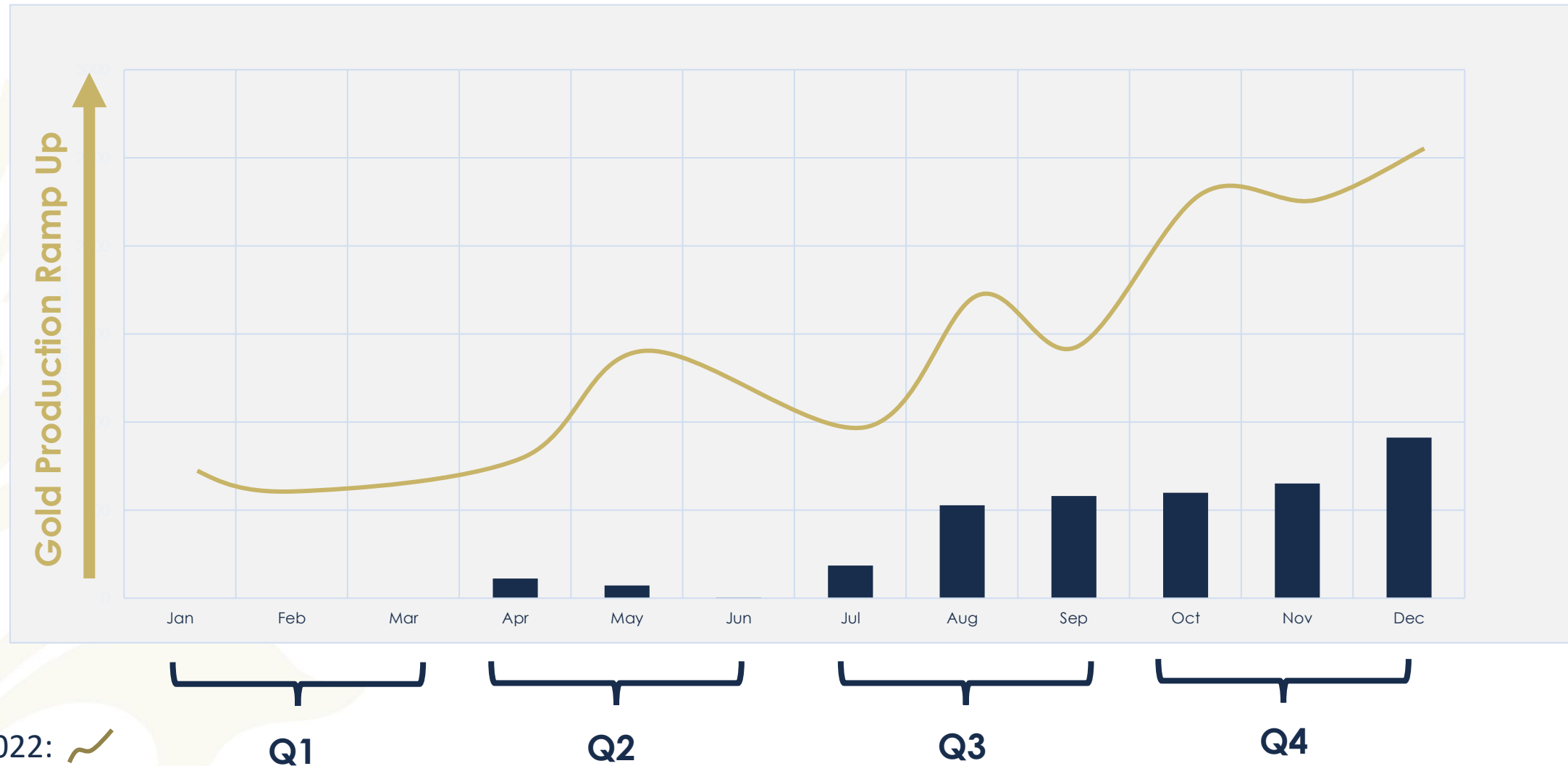
Target average rate of  
Au production **23,500oz**



# 2021 PRODUCTION VS INDICATIVE 2022 PLAN



## GOLD PRODUCTION RAMP UP





# 2022 MINE and PROCESS PLANT OPTIMISATION

## LOW CAPEX INITIATIVES BY END Q2 2022 TO DRIVE PRODUCTION RAMP UP

### Runtime Improvements (>500 tonnes per month)

#### Enterprise Resource Planning

- Maintenance planning, warehouse connectivity, finance and operations to streamline process and reporting

#### Process Plant

- Ensure full inventory capacity for spare parts and consumables to mitigate downtime
- Implemented maintenance planning practices to optimise efficiencies

#### Mining Mobile Equipment

- Moved mobile plant fitter to permanent nights (14/7) to ensure 24hr service/repair cover
- Spare parts and support provided for procurement to mitigate downtime

### Tailings Thickener (> 1000 tonnes per month increase)

#### Tailings Thickener

- Installation of a tailings thickener prior to the tailings filter
- Monthly throughput in combination with runtime increase is for greater than 4,000 tonnes per month
- Decrease the filtration and total time per cycle of the filter thereby increase throughput

Quarter	tpm	
Q1	>3,000	As of end of 2021
Q2	>4,000	thickener online
Q3	>4,500	optimised runtime
Q4	>4,500	further optimisation



# 2022: OPTIMISATION MINE PLAN

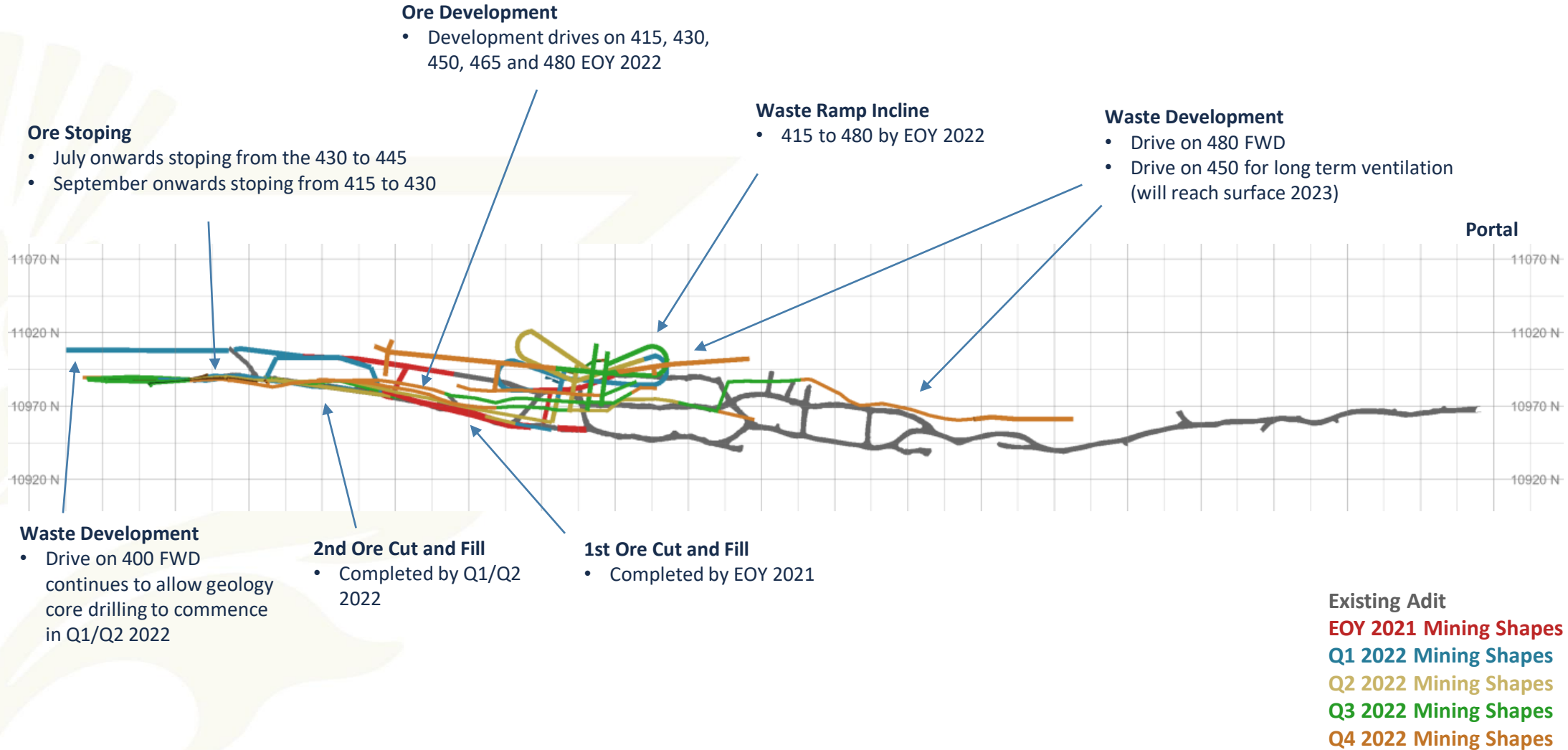




# 2022 OPTIMISATION MINE PLAN: PLAN VIEW



## ADDITIONAL CUT AND FILL STOPE Q1/Q2 2022

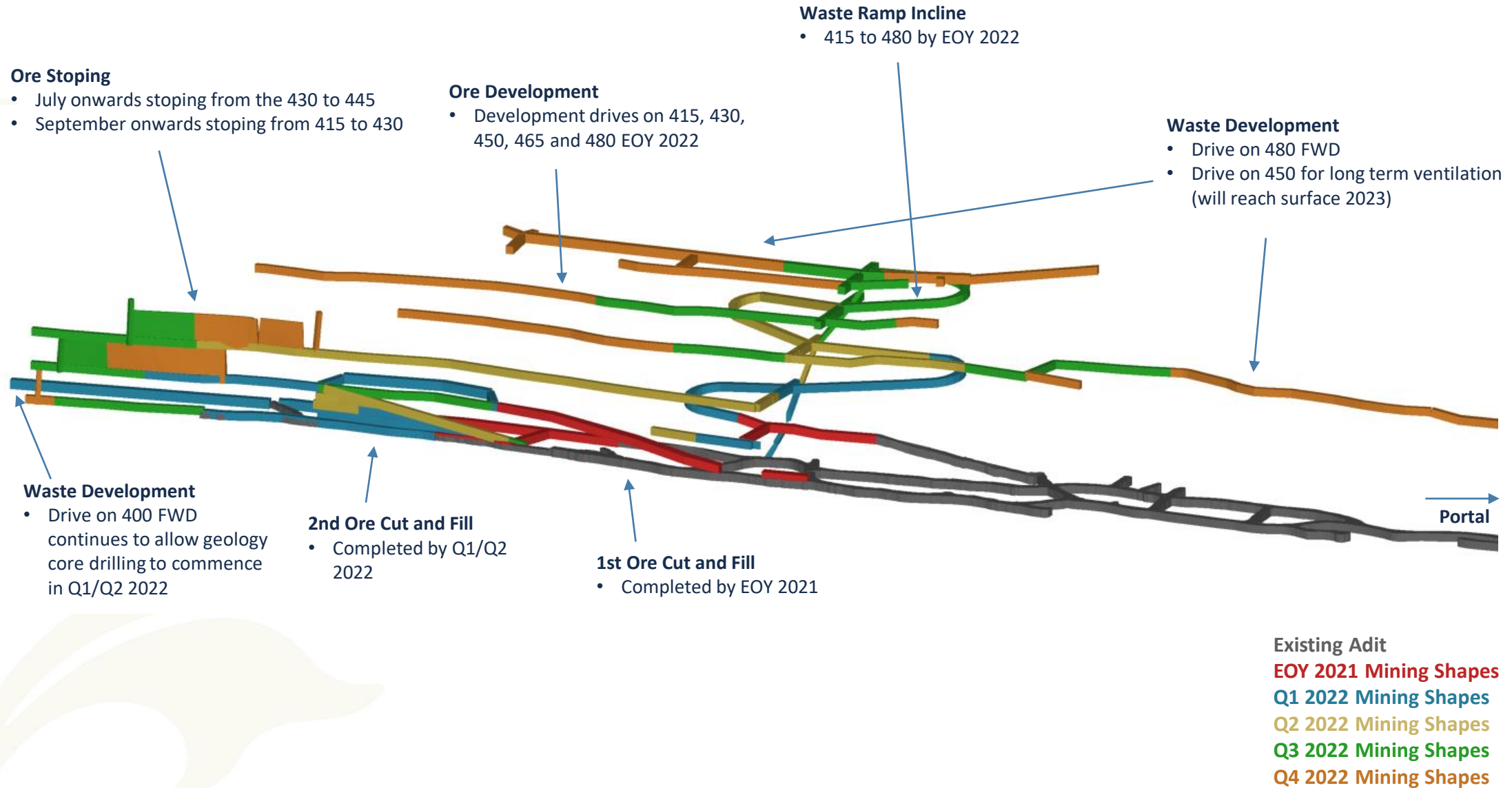




# 2022 OPTIMISATION MINE PLAN: ROTATED VIEW



## ADDITIONAL CUT AND FILL STOPE Q1/Q2 2022





# ELECTIVE GROWTH OPTION - ORE SORTING

## LOW CAPEX AND OPEX PROCESSING PLANT EXPANSION

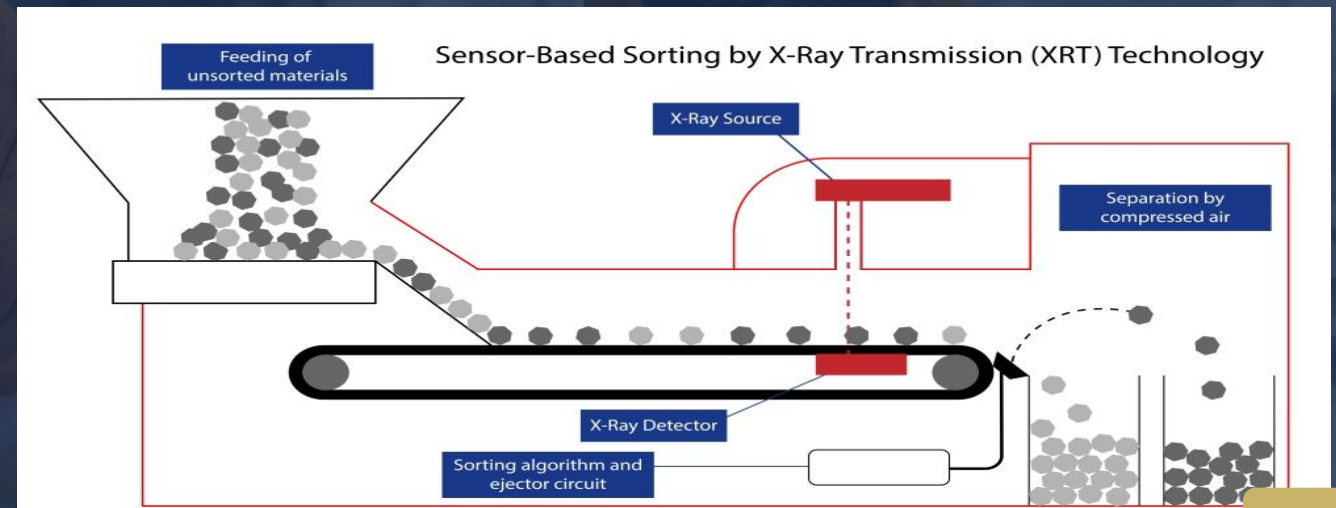
### Expansion Ore Sorter

#### Ore Sorter Benefits:

- Realise processing plant expansion at lower CAPEX and OPEX
- No additional ball mill, tailings filtration required
- Increase ounces processed per tonne at lower tonnages
- Reduce amount of fine tailings generated – no longer a constraint to reserve expansion

#### Due diligence underway

- Testwork samples sent to Germany for testing
- Results from testwork expected Q1 2022 – to make informed decision if to proceed







**2022-2023: GROWTH THROUGH EXPLORATION**

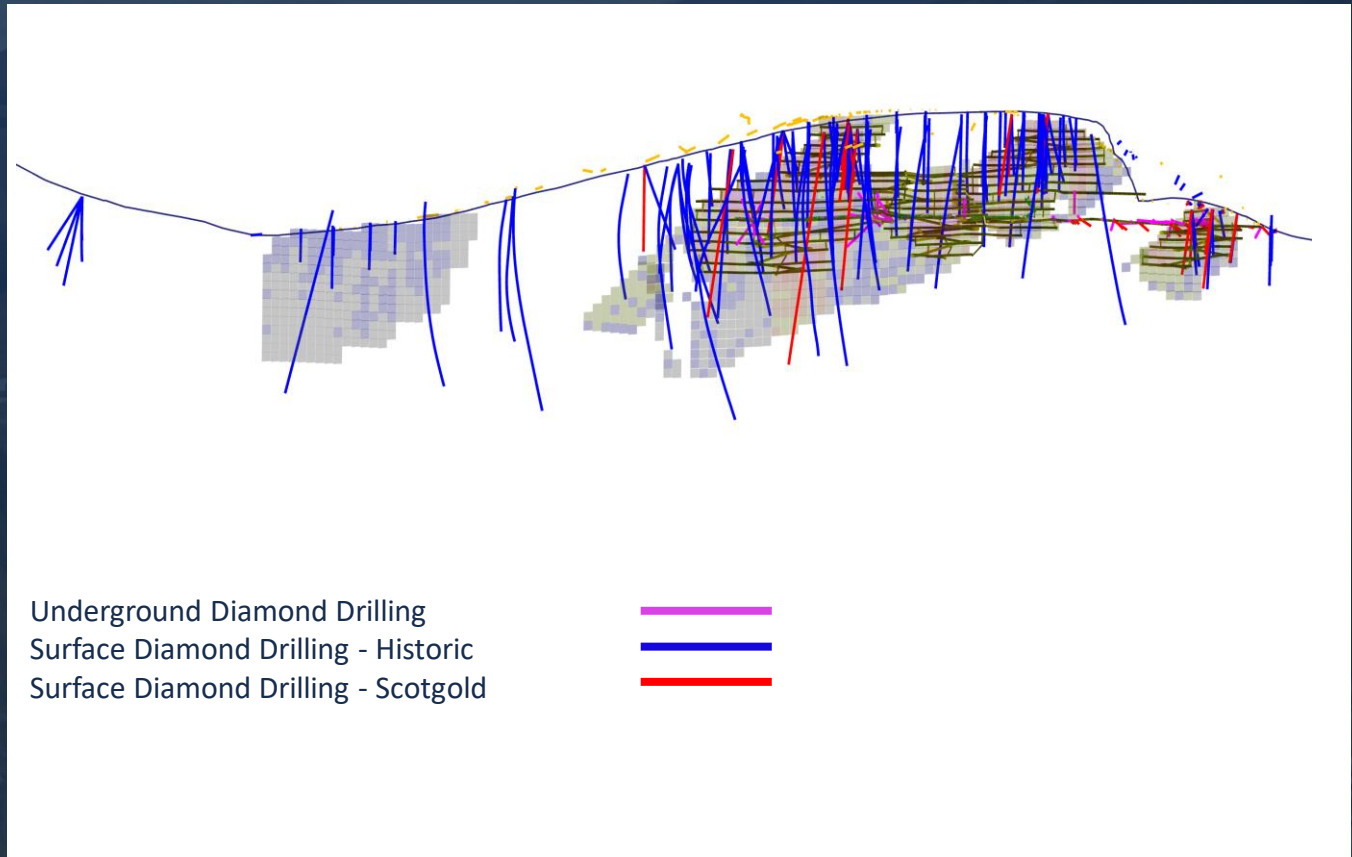


# EXPLORATION CONONISH

## GROWTH THROUGH RESOURCE EXPLORATION

- Current Cononish resource can be increased via exploratory drilling:
  - Increase knowledge of undefined areas
  - Understand areas outside of current resource

### Current Cononish resource drilling



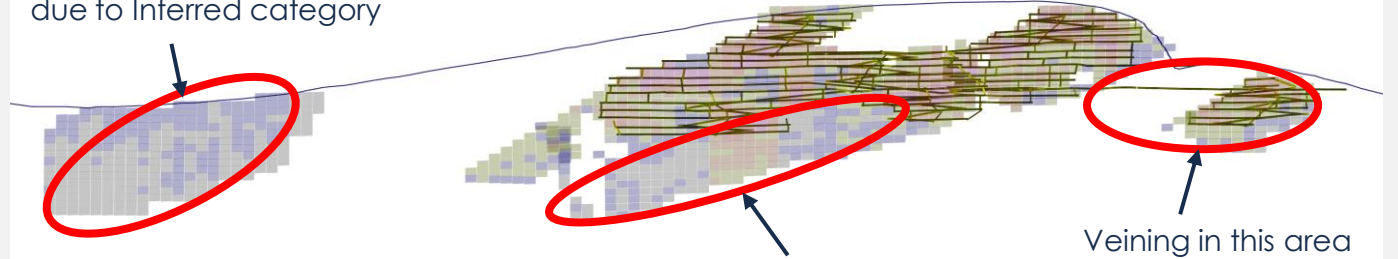


# EXPLORATION – CONONISH RESOURCE

## PLAN TO INCREASE KNOWLEDGE OF UNDEFINED AREAS AND AREAS OUTSIDE OF RESOURCE

Significant potential to increase the resources and corresponding reserves and life of mine beyond current 8.5 year LOM

Limited drilling locates vein with grade above 10 g/t in only one hole. Not in existing mine plan due to Inferred category



Veining in this area is narrow and discontinuous, therefore requiring further definition. Part is in mine plan

Limited deep holes show the continuation of the Cononish vein down dip. Not in existing mine plan due to Inferred category

Large area with very limited data, the continuation of the Cononish vein past the Barren vein fault is untested



Cononish vein remains open at depth, holes of 400-500 m are required from surface to explore this area

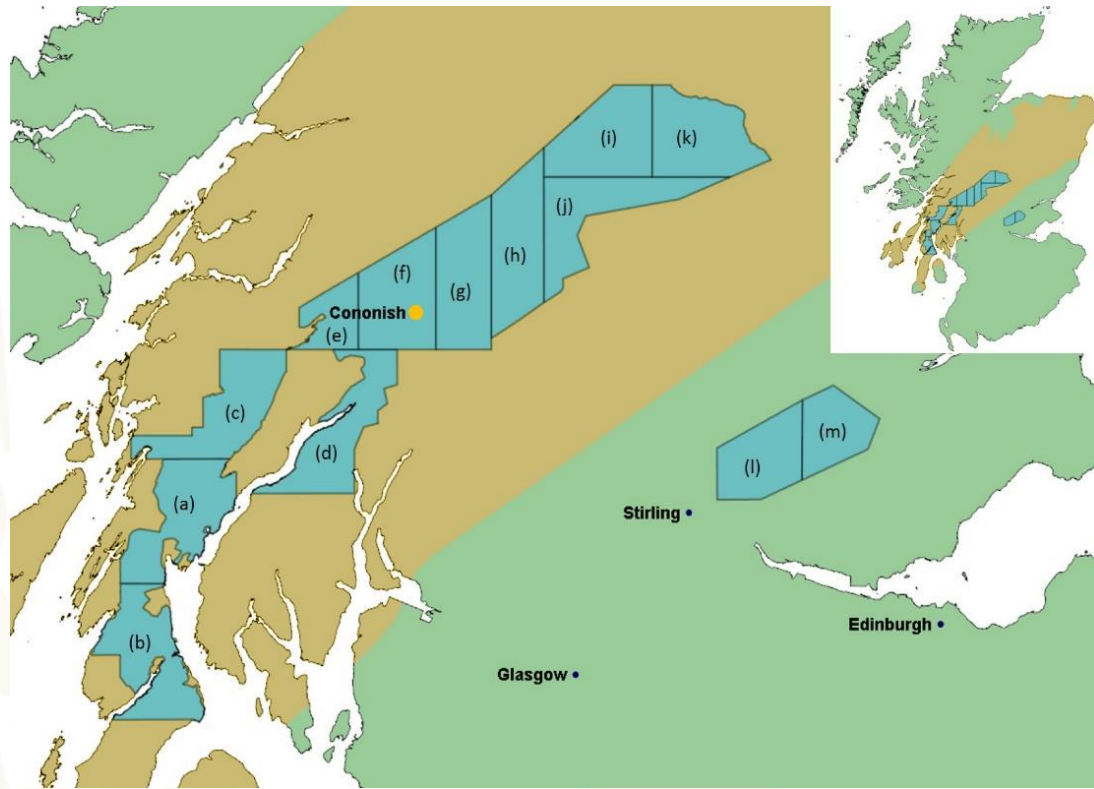
Testing of near mine structures (~200-500 m from current resource). Targets derived from geochemical and geophysical exploration work



# REGIONAL EXPLORATION - GRAMPIANS



## BUILDING A MULTI-ASSET GOLD PRODUCTION COMPANY

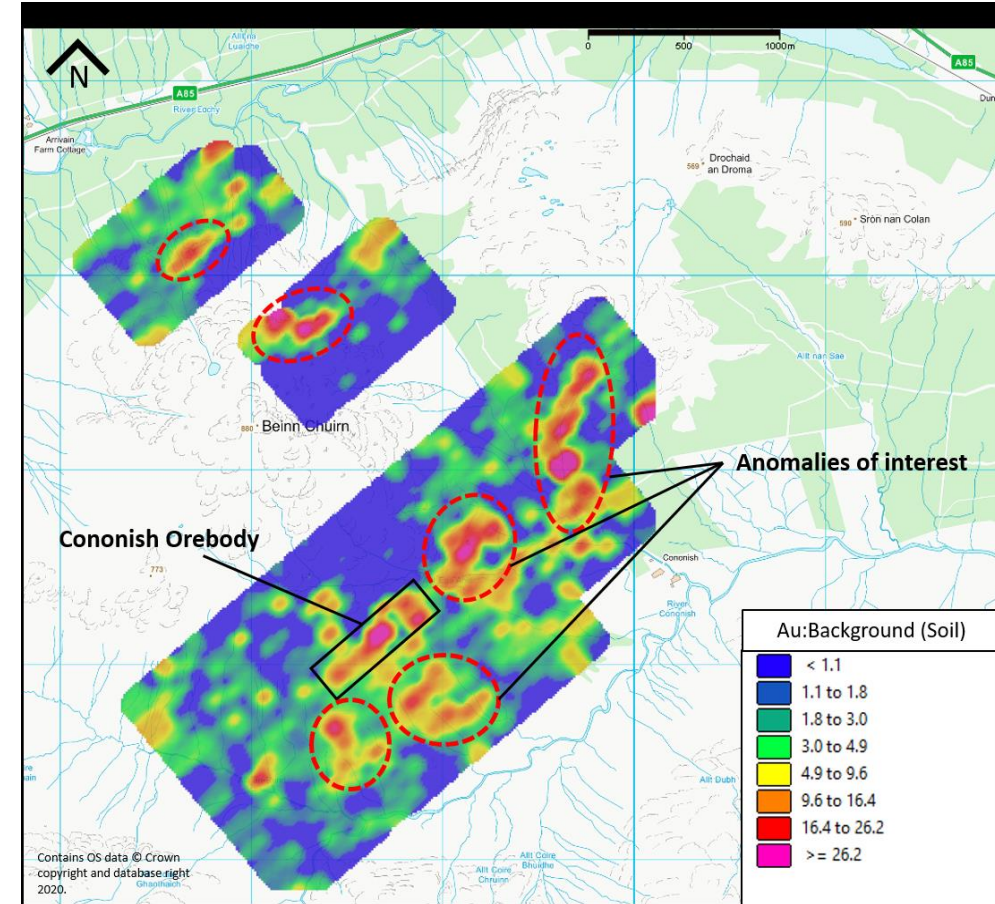
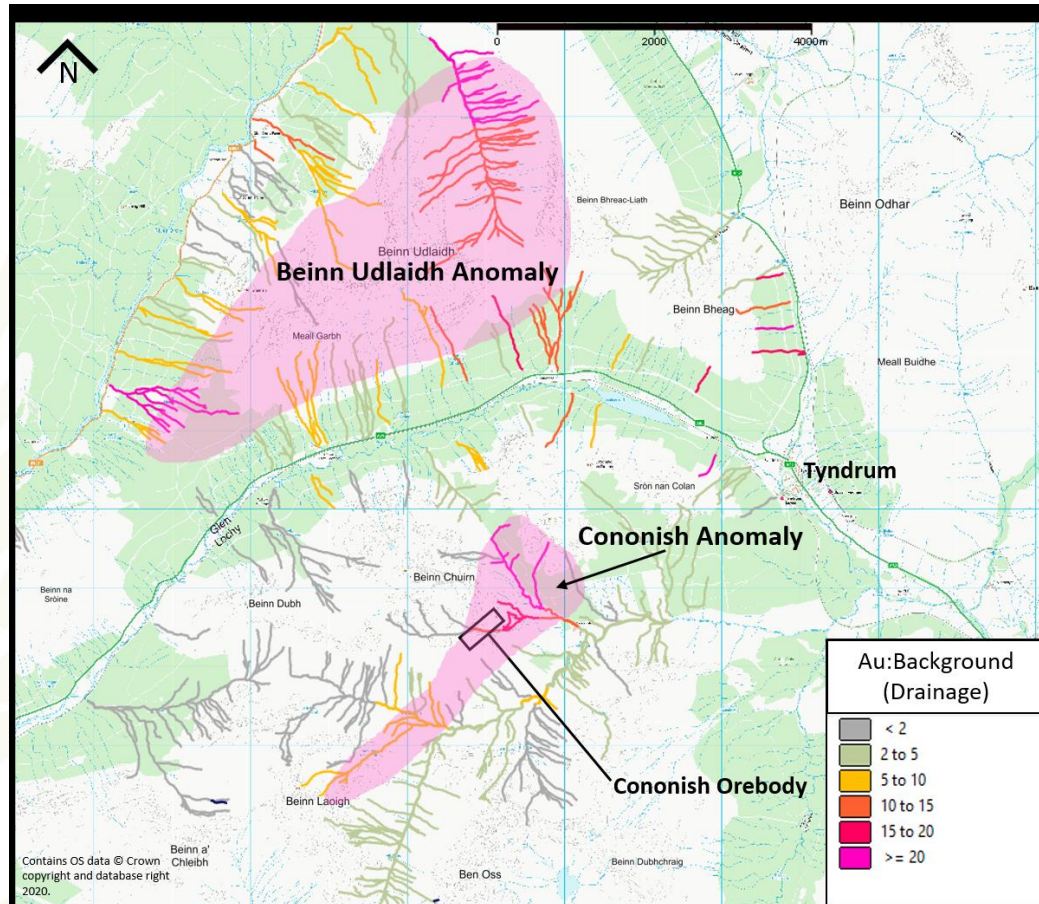


Map Key	Licence	Stream sediment sampling (pre-2018)	Stream sediment sampling by new ionic leach method	Soil sampling by ionic leach method	Historic rock sampling
(e)	Glen Orchy West	●	●		●
(f)	Glen Orchy Central	●	●	●	●
(g)	Glen Orchy East	●	●		●
(d)	Inverliever East	●	●	●	●
(c)	Inverliever West	●	●		
(i)	Glen Lyon North	●	●		●
(j)	Glen Lyon South	●	●		
(k)	Glen Lyon East	●	●		
(h)	Glen Lyon West	●	●		●
(a)	Knapdale North	●			●
(b)	Knapdale South	●			●
(m)	Ochils East	●			
(l)	Ochils West	●			

- 13 licences covering 2,900km<sup>2</sup> of Dalradian Belt
- Identified three prospective areas, close to Cononish
- Strategy to explore additional licence areas
- Vision to build a multi-asset gold production company in Scotland



# NEAR MINE EXPANSION TARGETS

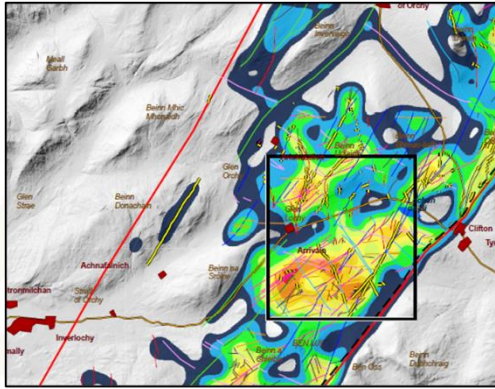


“Calibration” drainage survey over known Cononish orebody using Ionic Leach and new drainage survey over Beinn Udlaigh prospect using Ionic Leach

# GRAMPIAN EXPLORATION PROGRAMME



Structural Mapping Project



- Structural mapping and characterisation of veins
- Fractal analysis
- Whole rock lithogeochemical analysis
- Regional rock sampling
- Consultant analysis of the dataset

This combination will produce a prospectivity map and rating for the most promising structures

Drilling



- Identify and test potential additional resources for Cononish, close by or extensions of the vein
- Identify and test other structures to establish an inventory of satellite deposits

Drill targets will be identified and tested with diamond drilling once sufficient data is available over a particular target to vector in on the vein or structure identified as gold and silver bearing





**2022-2023: DRIVING SHAREHOLDER VALUE**



# 2022-2023: DRIVING SHAREHOLDER VALUE



## PRODUCTION

- Target 16,000-17,500ozAu run rate p.a. by end Q2 2022
- Target +23,500oz Au run rate p.a. in 2023

## OPTIMISATION

- Low capex initiatives by end Q2 2022
- Drive production ramp up

## GROWTH

- Resource/Reserve expansion at Cononish
- Significant potential to increase the resources, reserves and LOM

## CASH GENERATION

- Cash generation forecast to increase in 2022
- Expected av. revenue of c.£30M p.a. during Phase 2, EBITDA of c.£21.5 M pa

## EXPLORATION

- Regional exploration
- Building a multi-asset gold production company in Scotland

## VALUATION

- Price target of £162p
- Share price trading at c.50% discount to price target



# APPENDICES





# BOARD



## **Peter Hetherington** | Chairman

Previously Chief Executive Officer of Schroders Personal Wealth and IG Group Holdings Plc. A degree in Economics from Nottingham University and Masters in Finance from London Business School. Mr Hetherington also served as an officer in the Royal Navy.



## **Phil Day** | CEO & MD

25 years experience as a senior mining executive. Most recently held the position Head of Technical and Operations at Pala Investments, and concurrently Chief Operating Officer and NED at Sierra Rutile Limited and Nevada Copper Corp, whilst at Pala.



## **Nat le Roux** | Non-Executive Director

Former Chief Executive of IG Group Plc between 2002 and 2006 and independent director of the London Metal Exchange from 2008 to 2016. Born in Scotland, he holds an MA in Law from Cambridge University and an MSc in Anthropology from University College London



## **Richard Gray** | Non-Executive Director

Extensive experience developing and operating international gold mines, both underground and open pit, at a senior executive level. Served as VP Gencor International Gold, VP operations at Golden Star and COO at Avocet. He holds a BSc Hons in Mining Engineering from the Royal School of Mines, Imperial College and a MBA from the Graduate School of Business, Cape Town University.



## **Phillip Jackson** | Non-Executive Director

A barrister and solicitor with over 25 years international experience, specialising in corporate structuring, commercial, contract and mining law. His experience includes management, finance, accounting and HR and holds the following qualifications B.Juris; LLB; MBA; FAICD.



## **Richard Barker** | Non-Executive Director

Richard is a corporate advisor with extensive experience within Australia and the UK within the minerals and petroleum sectors. He has acted as company secretary and director for listed and privately funded companies. He holds Bachelor and Masters of Laws degrees.



## **William "Bill" Stysliger III** | Non-Executive Director

Bill is a director of Nasdaq listed Casa Systems Inc. and served as Chairman, President and Chief Executive Officer of SeaChange International Inc. Bill is a board member of banking software company, Metrosoft Inc, and was previously a member of the board of directors of Omtool. Bill holds a B.S. degree in Engineering Science from the State University of New York at Buffalo.



## **Ian Proctor** | Non-Executive Director

A Chartered Accountant, currently Executive Chairman for UK and Ireland of Flutter Plc. Previously CFO and CEO of Sky Betting and Gaming ("SBG"). He played a key role in the buy-out of SBG from BSkyB Plc, the preparation for public listing, and sale to The Stars Group.



# LEADERSHIP TEAM



## Robert Young | VP Operations

Robert Joins us from Komatsu and is a results-driven and strategic Operational expert specialising in driving profitable growth and seamless operations through proactive management and business development. As a mechanical Engineer Robert has spent much of his career working with General Dynamics in defence; operating internationally in Abu Dhabi, Libya and Europe overseeing and optimising operations. Renowned as a motivational and inspirational leader capable of training and developing teams to enable them to fulfil their potential and add value to the business.



## Sean Duffy | VP Finance

Mr. Duffy has more than 25 years of finance experience in the mining industry, previously as CFO and Company Secretary for the ASX and UK Listed Adriatic Metals Plc, the TSX-V and ASX-listed Black Dragon Gold and for the TSX-V listed Asian Mineral Resources. Previously, Mr. Duffy was CFO and Company Secretary for AIM-listed Anglo Asian Mining Plc and has held senior finance roles at BHP Billiton's global operations, including Finance Director of BHP Billiton Indonesia.



## Louise Iommi | VP HR

Louise comes to Scotgold with almost twenty years' experience within the Human Resources function across the Supply Chain & Logistics and Mining industry sectors. She joins from Komatsu Mining Corp Group where she oversaw the Human Resources function for the Worcester site, supporting the manufacturing, electronics and engineering groups.

Previously, Louise held various positions at DHL Supply Chain, supporting the Northern European, Mainland European and EMEA regional functions where she was responsible for supporting several business groups in designing and delivering proactive people solutions including change management initiatives, organisational design and culture development.



## James McFarlane | VP Technical Services

Mr. McFarlane is a globally experienced technical mining professional, with a strong background in UK Mining Operations and Gold. Mr. McFarlane has held senior roles in active mining operations in England (Wolf Minerals, Tungsten West), Wales (Unity Mining), Northern Ireland (Galantas Gold) as well as in Western Australia (Silver Lake Resources, Alacer Gold, Metals X). He has more recently acted as a principal mining consultant across a range of commodities globally. Mr. McFarlane holds a MSc from the Camborne School of Mines in Mining Geology, is a Fellow of the Geological Society of London and is a Member of the IOM3, the Australian Institute of Geoscientists and the Institute of Quarrying.



## Rachael Paul | Senior Geologist

Chartered geologist with 9 years of experience working in open pit and underground production and resource geology. Experience in a range of ore deposit types including sedimentary hosted copper and cobalt, banded iron formation and orogenic gold. MSc in Mining Geology (Distinction) from Camborne School of Mines (Class of 2013), and BSc in Geology (First Class) from St Andrews University (Class of 2012)



## Kobus Byleveldt | Mine Manager

Kobus originates from South Africa and began his mining career in 1982. Over the course of Kobus' extensive career, he has worked in 7 gold mines and brought his breadth of skills and experience to Scotgold 3 years ago.

Whilst initially employed as Mining Supervisor, Kobus' extensive experience resulted in several role changes and Kobus now presided as Mining Manager over a 3 shift team operating 24/7 on site.



## SCOTLAND

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