

15 January 2020

Scotgold Resources Limited
("Scotgold" or the "Company")
Grampian Project Exploration Update

Scotgold Resources Limited (AIM:SGZ) is pleased to provide an update to exploration activities on the Grampian Project. Following on from the successful orientation surveys as announced on 1st April 2019, Scotgold Resources Plc ("Scotgold" or the "Company") geologists have continued to apply the ionic leach¹ method as further detailed in the Company's RNS of 1st April 2019, both to stream sediment sampling and soil sampling in programs across its option areas.

Since the last exploration update, the focus of exploration work has been to continue with an extension to the soil sampling grid at Inverchorachan (for results of this earlier grid, see RNS dated 28th August 2019) and to commence a large scale soil sampling grid over the company's Beinn Udlaidh prospect. The location of both exploration prospects within the company's Glen Orchy Central and Inverliever East option areas is outlined below (figure 1).

Additionally, a regional stream sediment sampling programme has also commenced within 6 of the 13 option areas and will continue in the upcoming 2020 field season.

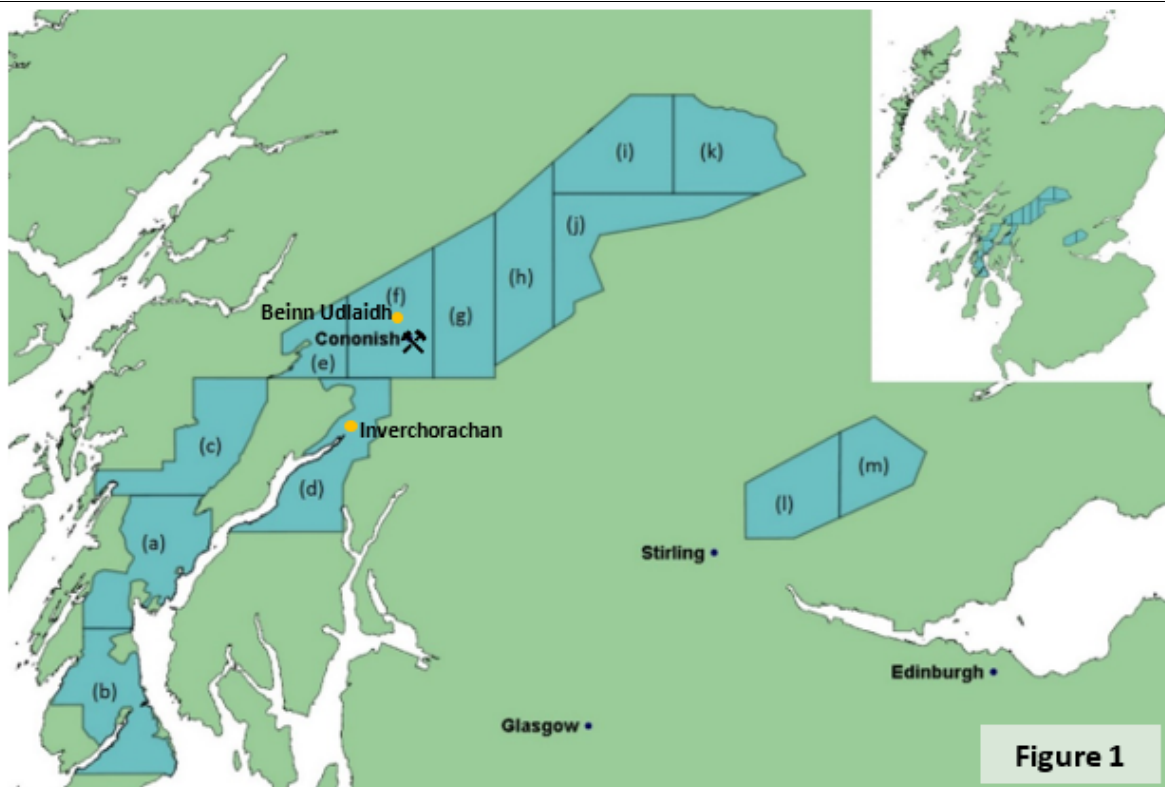


Figure 1: Location of the company's 13 option areas. (a) Knapdale North, (b) Knapdale South, (c) Inverliever West, (d) Inverliever East, (e) Glen Orchy West, (f) Glen Orchy Central, (g) Glen Orchy East, (h) Glen Lyon West, (i) Glen Lyon North, (j) Glen Lyon South, (k) Glen Lyon East, (l) Ochils West, (m) Ochils East

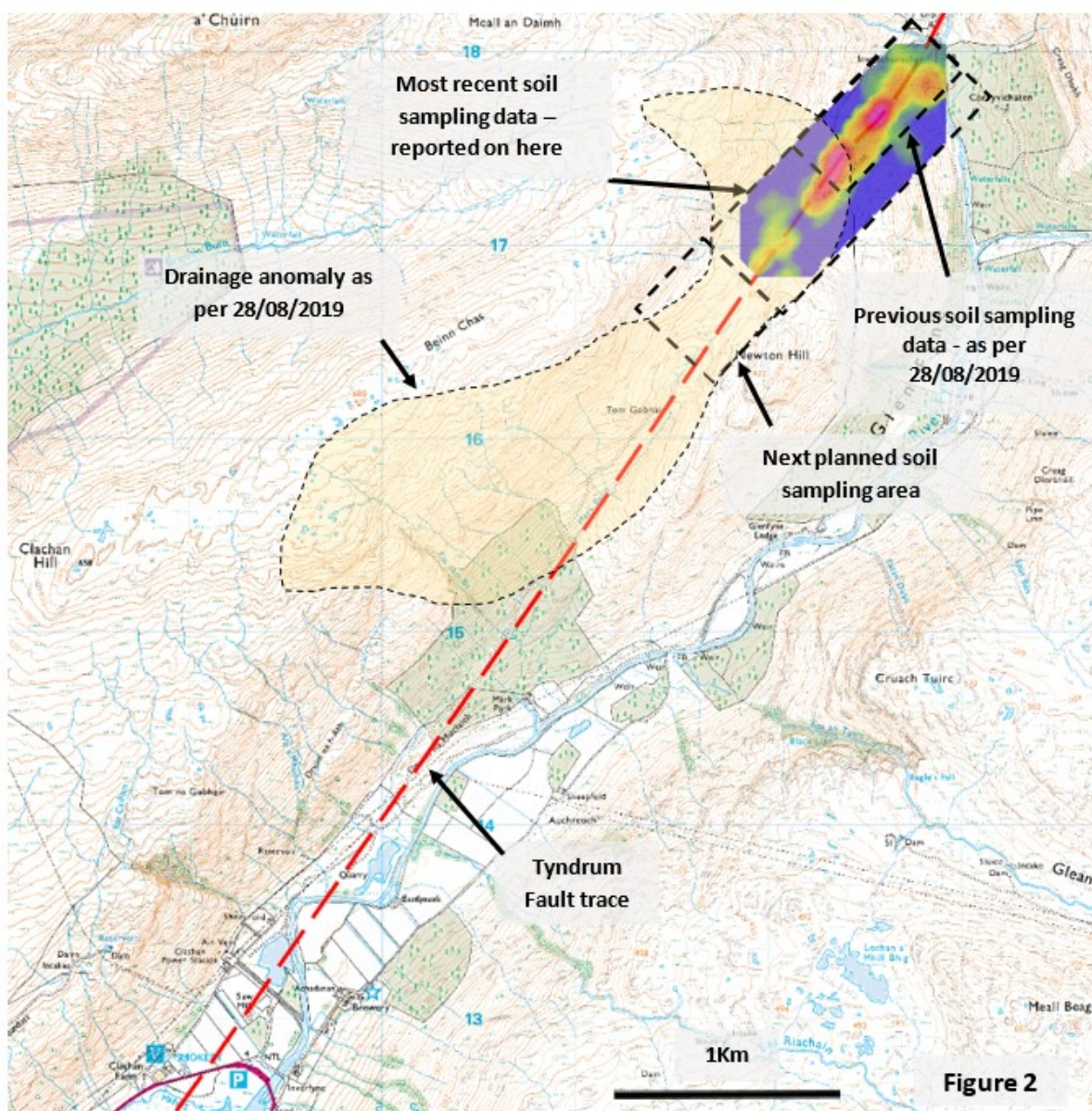
Ionic Leach Soil Sampling Programmes

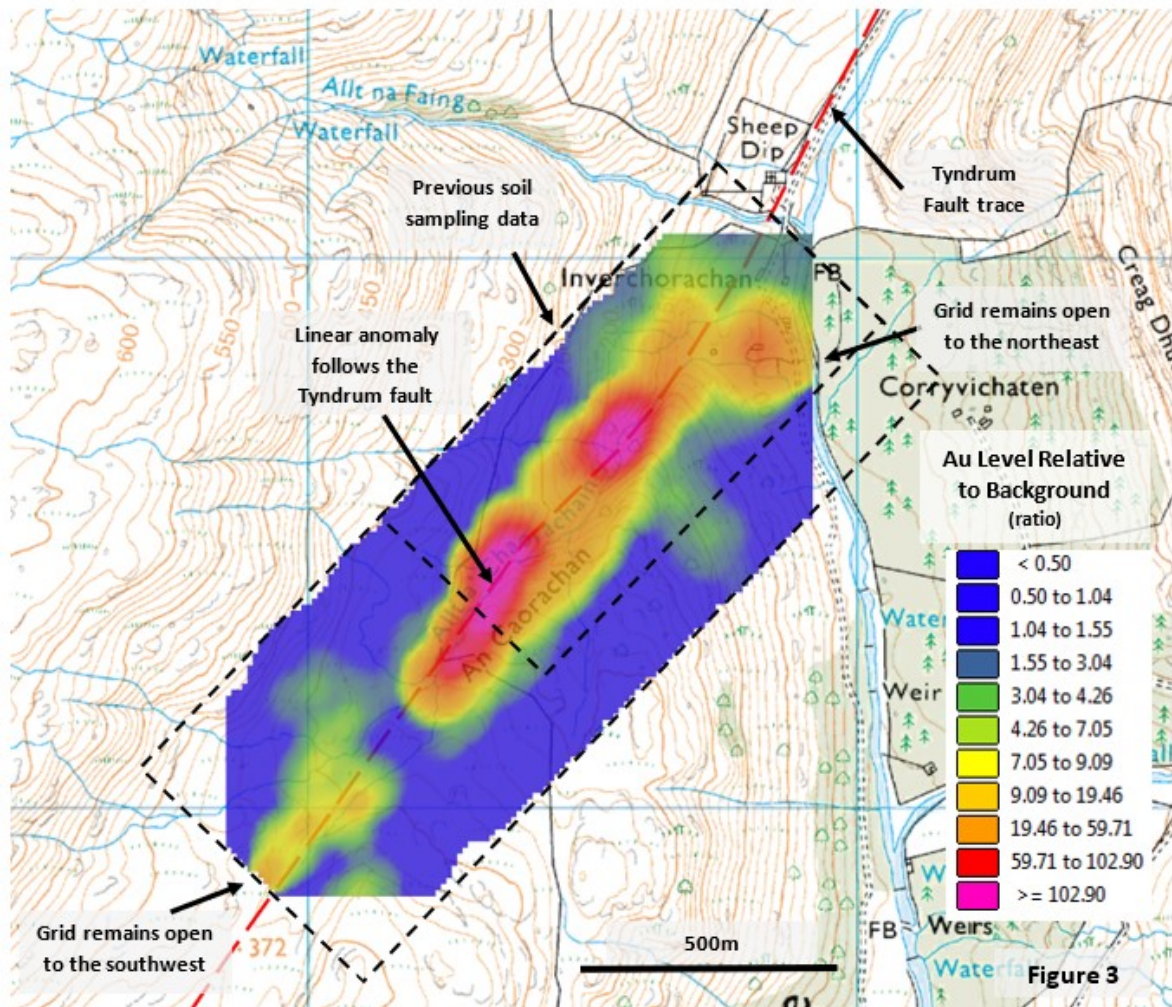
Inverchorachan:

The existing sampling grid at Inverchorachan has been extended to the south and southwest, where the identified soil anomaly was open along strike and within the previously identified drainage anomaly area (figure 2). A total of 177 samples were collected and analysed, covering a distance along strike of approximately 500m with the resulting data interpretation outlined in figure 3.

The most recent sampling has shown that the gold anomaly continues along strike to the southwest (figure 3). The anomaly follows the regional Tyndrum fault (shown as a red dashed line), which runs through the area. The anomaly may also be related to an altered intrusive which has been mapped in the area. The extension of the grid to the south and southwest has better defined the extent of the anomaly, which was previously, and still remains, open. It is clear that further sampling is required, to extend the soil grid further to the southwest and northeast, to determine the extent and nature of the observed anomaly. The encouraging results from stream sediment sampling (see RNS dated 28th August 2019), indicate that the anomaly may extend further to the southwest for a considerable distance along strike.

Consistently high gold and silver values have been detected at Inverchorachan. In addition to the previous high gold and silver in soil values reported previously of 124.5 parts per billion (ppb) Au and 420 ppb Ag, further values of 70.4ppb Au and 54.8ppb Ag were detected as part of the latest extension sampling programme .The significance of these values is assessed by considering them as a ratio to the background level, and this is illustrated in figure 3.



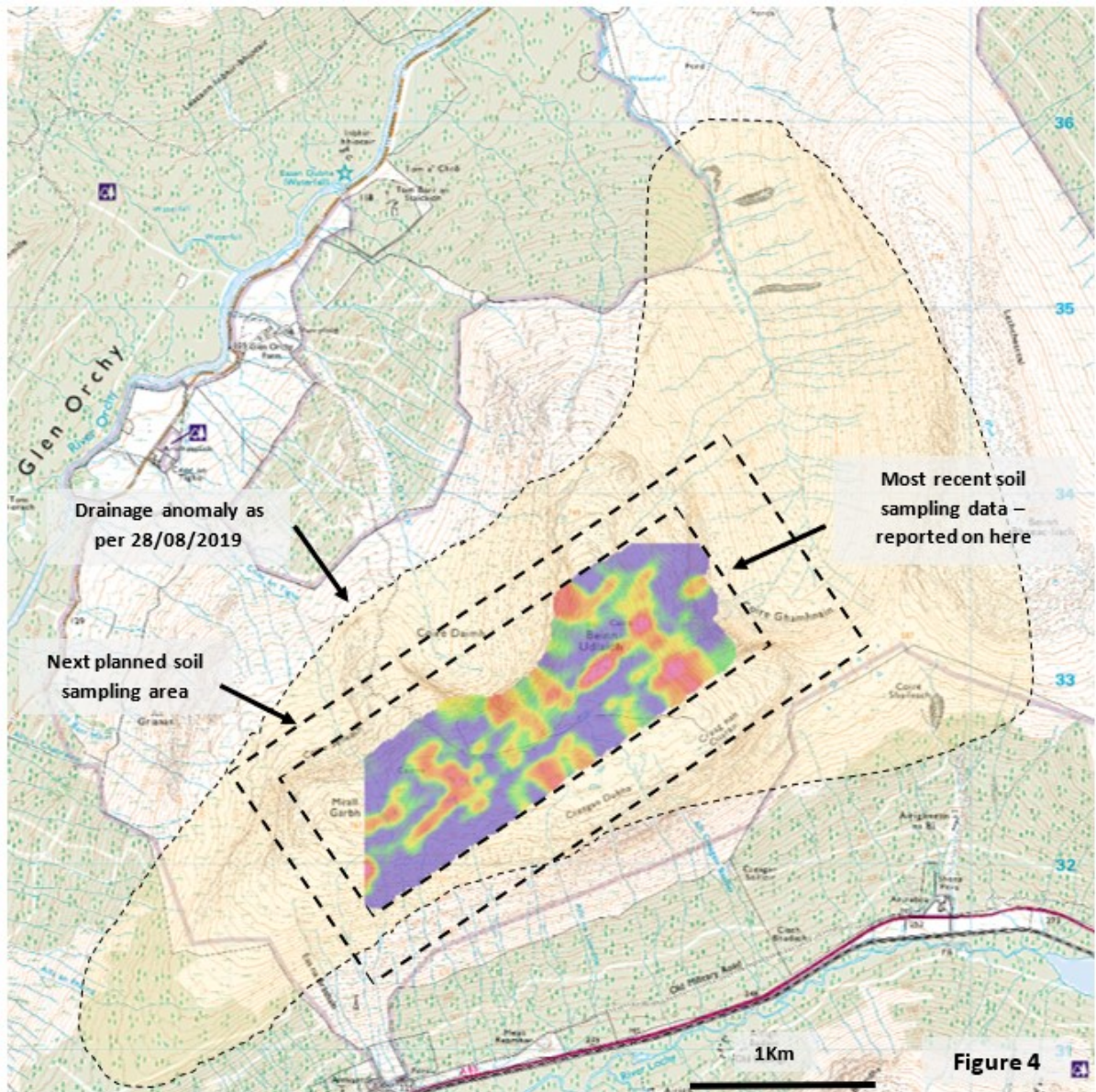


Beinn Udlaigh:

The Beinn Udlaigh prospect has been the focus of several exploration programmes in the past, by both Scotgold and Ennex International Plc., with stream and soil sampling over and around the prospect. Limited diamond drilling was also undertaken in the late 1980's by Ennex and most recently in 2010/11 by Scotgold.

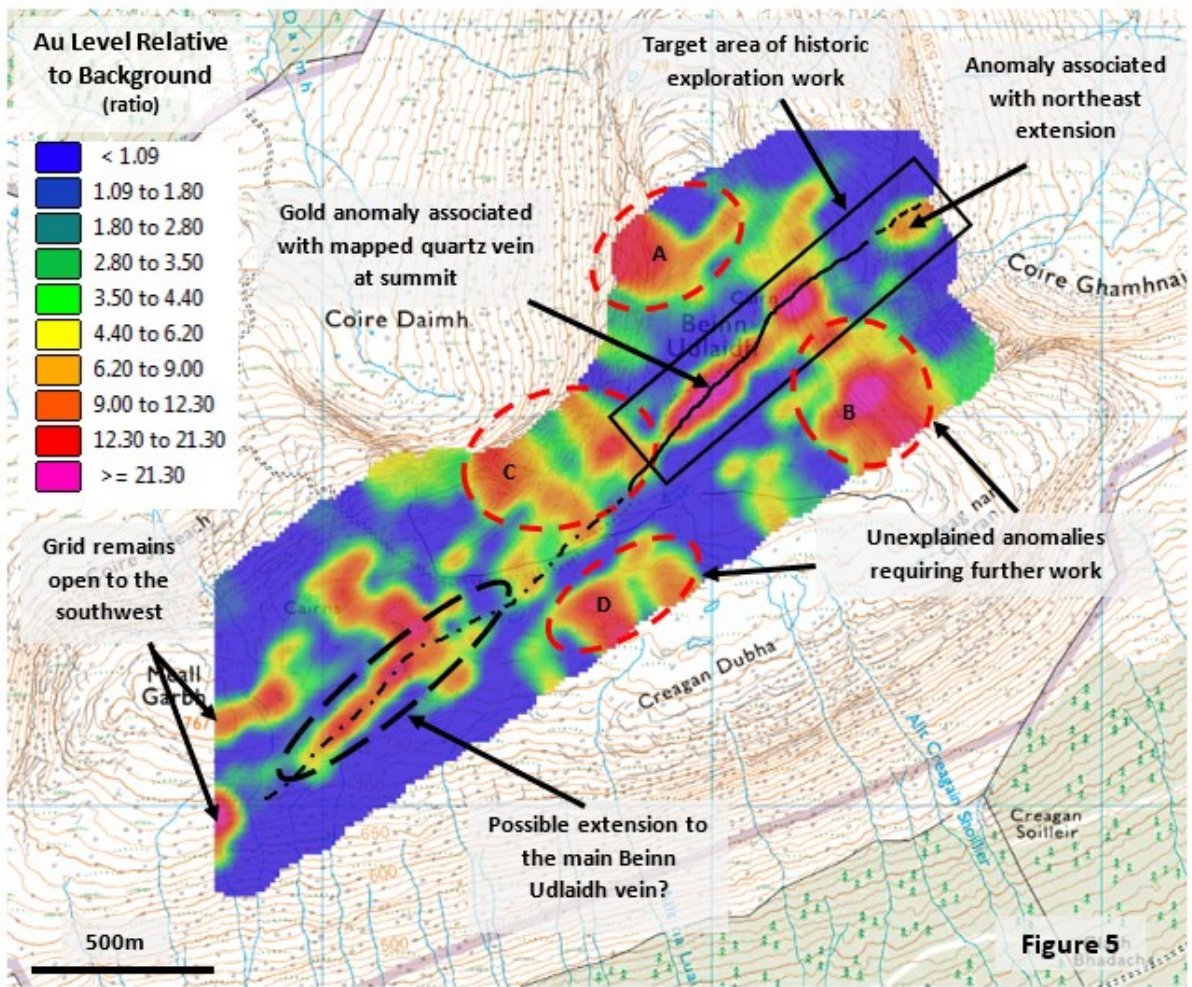
Results from the 2018 orientation drainage survey using Ionic Leach (see RNS dated 1st April 2019), clearly highlighted the scale of the Beinn Udlaigh anomaly (figure 4) and confirmed its prospectivity, as indicated by the historical work. The objective of the current program was therefore to improve the understanding of the target area and potentially highlight previously undetected anomalies by using the more sensitive Ionic Leach soil sampling technique.

A total of 599 samples were collected and analysed with values of 9.06ppb Au and 89.9ppb Ag detected, along a strike length of approximately 2.4Km. Again, the significance of these values was assessed by considering them as a ratio to the background level, and this is illustrated in figure 5.



Another linear anomaly is observed to the southwest and it is possible that this is an extension to the main Beinn Udlaidh vein (figure 5). As there is limited exposure at surface, this structure has previously gone unnoticed. Isolated anomalies (A & B) to the north and south of the main vein are unexplained and require further work to gain a better understanding and determine their significance, as do anomalies (C & D) trending north-northwest – south-southeast.

A clear anomaly is associated with the exposed quartz vein at the summit of Beinn Udlaidh, in addition to the probable northeast extension of this vein. This correlates well with the historical data and both areas require trenching and/ or drilling to better understand their extent and structure.



As at Inverchorachan, the soil sampling grid requires further extension to constrain the identified anomalies. Likewise, encouraging results from stream sediment sampling, indicate that the anomalous zone of gold mineralisation at Beinn Udlaidh determined by soil sampling, may extend both for a considerable distance along strike and also laterally to the northwest and southeast.

Regional Ionic Leach Stream Sediment Sampling Programme:

A regional stream sediment sampling programme has been planned across all 13 of the option areas currently held by Scotgold. Sampling commenced in June of this year, with a total of 197 samples collected from 6 of the 13 option areas. The sampling programme is ongoing and is aimed for completion within the 2020 field season. The results of this programme will be reported in due course.

The Ionic Leach soil sampling technique continues to identify gold anomalies which correlate well with the previously conducted ionic leach stream sediment sampling results. Moreover, the Ionic Leach soil sampling grid appears to provide more clearly identifiable and focussed anomalies in comparison with historic sampling techniques.

We look forward rolling out this systematic exploration approach and to further advancing our understanding of the anomalies identified using ground-based geophysics and ultimately drilling.

Richard Gray, CEO commented:

“Although our prime focus continues to be the development of the Cononish mine, our exploration activities continue to build an exciting portfolio of anomalies which will form the basis for potential future drilling programs in the years to come.”

¹ Ionic Leach™ is a static sodium cyanide leach using the chelating agents ammonium chloride, citric acid and Ethylenediaminetetraacetic acid ('EDTA') with the leachate buffered at an alkaline pH (pH 8.5). Samples are digested as collected so there is very little opportunity to lose or introduce elements during the partial leach process. This innovative leach technique is designed for near surface soil samples. It is designed to improve geochemical mapping and enhance the potential to detect and resolve geochemical anomalies for a range of commodity elements.

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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