

22 September 2009

The Companies Announcements Office
Australian Stock Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Gold and Silver Mineralization Extended at Cononish Deposit in Scotland

Highlights:

- **Historic data shows gold mineralization at the Cononish Gold and Silver Deposit extends in a broad zone a further 1.5 kilometres east of the adit entrance**
- **Mineralization is indicated by extensive gold-in-soil anomalies, assays of trenching and outcrop samples as well as a large IP geophysical anomaly**
- **Assay results include 35.0, 7.26 and 3.86 g/t gold and 150.0, 62.1 and 58.6 g/t silver**
- **Scotgold is planning an exploration program to test the area by drilling, with the potential to significantly upgrade the Cononish deposit**

BACKGROUND

Scotgold Resources Limited (ASX: SGZ) advises that its continuing review of historical exploration data at the 100% owned Grampian Gold Project in the Scottish Central Highlands has revealed that the area directly east and adjacent to the Cononish Gold and Silver deposit has the potential to host further gold and silver mineralization.

This mineralization is in addition to the high grade gold mineralization identified within the Cononish adit, which Scotgold announced on 17 September 2009.

The high grade Cononish deposit currently has JORC-compliant Inferred, Indicated and Measured Resources totalling 154,000 oz of gold and 589,000 oz of silver (refer to Table of Mineral Resources in section of this announcement "About Scotgold Resources Limited").

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Scotgold believes that there is scope to define further resources close the Cononish mine, subject to appropriate studies. Dr Simon Dominy, Executive Consultant with Snowden Mining Industry Consultants Limited, notes “based on our experience of the Cononish vein system, we believe that there is an Exploration Target around the mine of between 0.5 Mt to 1.0 Mt at a grade of between 10 g/t Au to 15 g/t Au for up to 320,000 oz Au. Much of this potential is based on the along strike and down dip extensions of the Cononish vein, but there are indications that other reefs are present in the area too. At this stage, such figures are highly conceptual and there is no guarantee that further exploration will define additional resources. Snowden will shortly commence a new study with Scotgold that aims to fine tune the Cononish geological model and define additional near mine resources”.

Scotgold is currently examining data gathered by Ennex International Plc during the 1980’s, including auger soil sampling on a grid over the Cononish area. Samples were taken below the surface where bedrock was intersected and assayed for gold. The areas that Ennex considered anomalous for gold mineralization are outlined within the 20 ppb contour line of the deep overburden (DOB) gold-in-soil anomalies. In general the shapes and orientations of these soil anomalies are similar to the quartz veins hosting the mineralization at Cononish.

Other exploration techniques used at the time include geological mapping, sampling of rock outcrops, trenching and an Induced Polarization geophysical survey.

The results of this work and the implications for discovering further mineral resources at Cononish are discussed below (refer also to Figure 1).

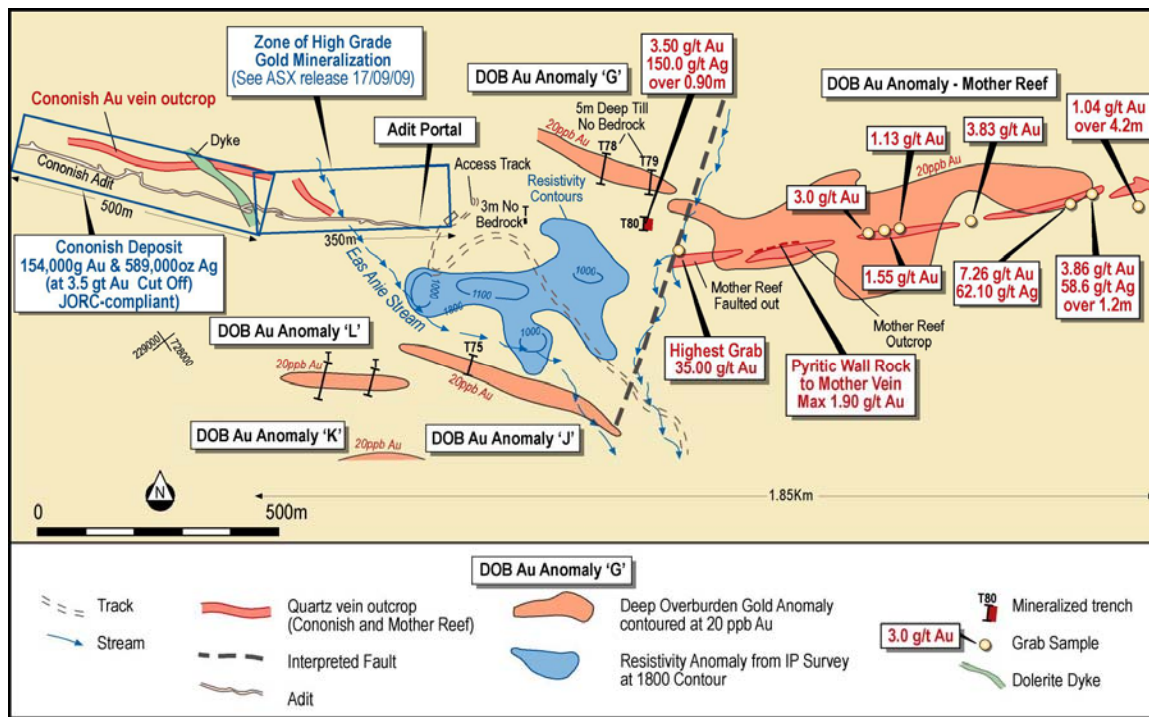


Figure 1: Plan of area east of adit entrance at Cononish Gold and Silver deposit, showing mineralization extending over a distance of about 1.5 km

MINERALIZATION BETWEEN ADIT PORTAL AND INTERPRETED FAULT

DOB Anomaly G

DOB gold-in-soil anomaly 'G' is located at 400 metres northeast of the adit portal, extending over a strike length of about 300 metres (20 ppb Au contour). Two trenches were developed over the anomaly, but were abandoned at 5 metres in depth without reaching bedrock due to the thick glacial overburden present. The mineralization potential of anomaly G therefore remains untested to date.

A small trench was cut by Ennex about 100 metres southeast of anomaly G. A quartz vein was intersected which yielded 3.50 g/t Au and 150.0 g/t Ag over 0.90 metres.

DOB Anomalies J, K and L

Ennex also located three DOB gold-in-soil anomalies ('J', 'K' and 'L') between 250 metres and 500 metres to the south of the adit portal. The mineralization potential of these areas similarly remains untested to date, as limited trenching within them failed to reach bedrock.

Anomaly from Induced Polarization Survey

The historic plans show the results of an Induced Polarization Survey that Ennex carried out over some of the intervening area between the adit portal and where the Mother Reef outcrops (see resistivity contours in Figure 1).

The resistivity contours clearly define an anomalous area of some 500 metres by up to 300 metres, extending from just south of the adit portal to the where the Mother Reef has been truncated by a fault. The anomaly was untested by drilling or trenching and remains unexplained as no report with details or conclusions is available.

MINERALIZATION ASSOCIATED WITH MOTHER REEF

The Mother Reef is a white quartz vein striking east – west and outcropping over 1.0 kilometre. A DOB gold-in-soil anomaly surrounds the vein over much of its strike length, in places up to 250 metres wide.

Sampling by Ennex has found the Mother Reef to be generally barren of gold, however significant gold and silver values have been obtained from grab samples on both its east and west contact zones with the country rocks. Values range from 1.23 g/t Au up to 7.26 g/t Au and 62.1 g/t Ag.

Pyritic wall rock is exposed along the northern face of the Mother Vein. Sampling by Ennex yielded minor mineralization for gold with assays up to 1.9 g/t Au.

No detailed systematic exploration for gold has been undertaken along the contact zones.

An oxidized outcrop with some quartz veining occurs almost at the point where the Mother Reef truncates, probably displaced at a fault zone. Significantly a grab sample of the oxidized material gave 35.0 g/t Au.

CONCLUSIONS AND FURTHER WORK

Scotgold now believes that, on the basis of its review of historical exploration carried out over 20 years ago, there is a strong possibility that gold mineralization continues east for over another 1.85 kilometres outside of the current JORC Resource envelope.

The extensive gold-in-soil anomalies, mineralization associated with outcrops and trenching and the large, unexplained IP anomaly clearly require follow-up, as Scotgold moves to bring the Cononish gold/silver deposit into production.

The area east of and surrounding the adit portal is largely covered by glacial overburden, in places deeper than 5.0 metres. In planning the exploration program for this area, the Company will evaluate the usefulness of all relevant geophysical techniques prior to further drilling to test the anomalous data.

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Chief Executive Officer

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Competent Persons Statement:

The information in this report that relates to Exploration Results is based on information compiled by Mr David Catterall. Pr Sci Nat, who is a member of the South African Council for Natural Scientific Professions. Mr Catterall is employed as a consultant to Scotgold Resources Ltd. Mr Catterall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Catterall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

The Information in this report that relates to Mineral Resources is based on resource estimates compiled by EurGeol Dr S C Dominy FAusIMM (CP), FGS (CGeol), MIMMM (CEng), MAIG, General Manager (UK) and Executive Consultant with Snowden based in the London, England Office. Dr. Dominy has sufficient experience that is relevant to the style of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves. Dr Dominy consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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.

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About Scotgold Resources Limited (ASX:SGZ)

Perth (Western Australia) based Scotgold Resources Limited (ASX:SGZ) was established in 2007 and listed on the ASX in January 2008 after raising \$A4.9M through an IPO, with the objective of fast tracking development of the advanced Cononish Gold and Silver Project in Scotland's Grampian Highlands, to become that country's first significant gold producer.

Scotgold's Grampian Gold Project, which incorporates the Cononish deposit, covers some of the most prospective areas of the Dalradian geological sequence which has been identified by the British Geological Survey as being highly prospective for both significant gold and base metal deposits.

The Dalradian sequence extends to the south west from Scotland into the north of Ireland where it hosts other gold deposits at Cavancau (399,800 oz of gold) which has been operating as an open cut mine since 2006, Curraghinalt (600,000 oz of gold) and Clontibret deposit (1,030,000 oz of gold).

To date Scotgold has focused initially on exploration and development of the Cononish Gold and Silver Deposit and has identified a JORC compliant resource of 154,000 oz of gold and 589,000 oz of silver (at 3.5g/t gold cut-off) at that project.

JORC compliant Mineral Resource Statement prepared by Snowden Mining Consultants Ltd, May 2008:

Classification	Tonnes (t)	Grade (g/t)		Ounces (oz)	
		Gold	Silver	Gold	Silver
Measured	53,000	17.9	75.0	31,000	128,000
Indicated	63,000	10.1	42.2	20,000	85,000
Inferred	285,000	11.2 (11-16)	41.0	103,000	376,000
Total	401,000	11.9	45.7	154,000	589,000

Note: Incorporating the grade range, the Inferred Mineral Resource is estimated to lie between 101,000 oz Au and 147,000 oz Au for a combined (Measured, Indicated and Inferred Resources) gold resource of between 152,000 oz and 198,000 oz Au at a 3.5 g/t Au cut-off.

Production of gold and silver is expected to begin in 2010/11, based on the positive outcome of a scoping study by the Company which used a long term gold price of US\$720/oz.

Directors and Management:

Scotgold's Directors and management are of Australian and UK origins with a collective 150 years of professional experience in the exploration, production, environmental, legal, financing and administration aspects of the mining industry. They are:

London-based Chairman John Bentley, Scotland-based Director and Chief Executive Officer Chris Sangster, Perth-based non-Executive Directors Shane Sadleir, Phillip Jackson, Adam Davey and Ed Edwards.

Shares and Options:

	Shares Issued	Options Issued *
Total	72,915,852	38,799,204
Quoted on ASX	55,595,744	32,549,204

* 30 cents exercise price, expiry 30 April, 2010):

Top Ten Shareholders:

Rank	Name	Shares	% of Issued Capital
1	Shane Sadleir	11,582,785	15.89
2	Chris Sangster	4,500,000	6.17
3	Saruman Holdings Pty Ltd	4,439,500	6.09
4	Angela Cusack	2,428,000	3.33
5	Phillip Jackson	1,750,000	2.40
6	Chaldane Pty Ltd	1,512,250	2.07
7	Tied Nominees Pty Ltd	1,060,000	1.45
8	Fleubaix Pty Ltd	1,000,000	1.37
9	Nutsville Pty Ltd	1,000,000	1.37
10	Catherine Mclellan	933,334	1.28

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