



25 July 2008

The Company Announcements Office
Australian Stock Exchange Limited
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SYDNEY
NSW 2000

Scotgold Resources prepares to commence drilling program at Cononish

HIGHLIGHTS

- **Delivery of diamond drill rig to contractor will see initial drilling program commence within the next month**
- **Drilling targets identified and program expected to be completed within six months**
- **JORC Code compliant resource report available on website including recently defined Inferred Mineral Resource grade range**
- **Discussions with internationally recognised independent consulting group regarding technical and financial studies.**

Scottish focused Australian explorer Scotgold Resources Limited ("Scotgold Resources, the Company") (**ASX:SGZ**) expects to commence its initial drill program at the Company's 100 per cent owned Cononish gold and silver project in Scotland during August 2008.

The recently purchased man-portable diamond drill rig, manufactured in Chile, has been received at the drilling contractors yard in Ireland for commissioning. This is expected to take two weeks after which the rig will be transported to Scotland to commence the initial drill program.

Scotgold Resources noted that the delivery of the Explorer Plus MD3 diamond drill rig was significant in that it ensured the Company had a dedicated rig at its disposal at all times for its exploration programs in Scotland. The rig was chosen specifically for its 'portable' nature, which facilitates transport by low ground pressure All Terrain Vehicles and is ideal for working in the environmentally sensitive and difficult terrain within the Company's License areas.

The drilling program will initially target possible down dip and strike extensions to the JORC Code compliant resource at Cononish according to recommendations contained in the recently released Snowden report.

The program will then focus on improving the categorisation of the existing resource. The total program of 2500m drilling is expected to take approximately six months

Drilling at Cononish will be followed by drill programs at the Company's other prospects (which have not been subject to any previous drilling), subject to obtaining any necessary permissions.

As previously announced, the Company has received a JORC Code compliant report completed by Snowden and this has now been posted on Scotgold's website (www.scotgoldresources.com).

It is noted that the report indicated that *'there is some potential for increased gold grade locally at Cononish, due to a high nugget effect and an information effect...'*. Subsequent discussions with Snowden have reviewed this potential resulting in Snowden commenting *'An Inferred Mineral Resource upgrade of between 30% and 40% may be possible but cannot be proven at this stage'*. As a result, the previously released resource tables have been updated to reflect the 'grade range' for the Inferred Mineral Resources as shown in Tables 1 and 2 below.

Table 1: Cononish Main Vein global Mineral Resources (reported at a zero g/t Au cut-off). Reported using the 2004 JORC Code (JORC, 2004). Tonnages and contained ounces rounded to the nearest 1,000 t or 1,000 oz. Grade rounded to the nearest 0.1 g/t Au or g/t Ag. The Inferred Resource grade is reported with a grade range to indicate the likely upside due to the information effect

Classification	Tonnes (t)	Grade (g/t)		Ounces (Oz)	
		Au	Ag	Au	Ag
Measured	60,000	12.7	55.1	25,000	107,000
Indicated	72,000	11.8	48.2	28,000	112,000
Inferred	431,000	8.9 [8-12]	33.5	124,000	464,000

Incorporating the grade range, the Inferred Mineral Resource is estimated to lie between 111,000 ozs Au and 166,000 ozs Au for a total combined (Measured, Indicated and Inferred Mineral Resources) gold resource of between **164,000 ozs Au and 219,000 ozs Au at a zero g/t cut off.**

Table 2: Cononish Main Vein Mineral Resources (reported at a 3.5 g/t Au cut-off). Reported using the 2004 JORC Code (JORC, 2004). Tonnages and contained ounces rounded to the nearest 1,000 t or 1,000 oz. Grade rounded to the nearest 0.1 g/t Au or g/t Ag. The Inferred Resource grade is reported with a grade range to indicate the likely upside due to the information effect

Classification	Tonnes (t)	Grade (g/t)		Ounces (Oz)	
		Au	Ag	Au	Ag
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

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



Subsequent to the receipt of the JORC Code compliant resource report and its statement regarding the potential for additional resources in the close vicinity of Cononish, the Company has commenced discussions with an internationally recognised independent mining consulting group regarding reviewing the previous technical and financial studies with a view to commissioning a 'scoping study'.

This report would examine the economic potential of the existing resource and the impact of possible increased resources which might result from exploration at Cononish. The Company hopes to make a further announcement in respect of commissioning the study within the next six weeks.

Competent Persons Statement:

The Information in this release 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 and Principal Geological Engineer 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.

The Information in this release that relates to Exploration Results is based on information compiled by Dr R Thom MAusIMM. Dr. Thom 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 Thom, who is an employee of Scotgold, 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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