

11 September 2009

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

Scotgold Update on Cononish Gold Mine and Exploration

The Directors of Scotgold Resources Limited ("Scotgold" or "the Company") (**ASX : SGZ**) wish to provide the following updates:

Funding into Production:

With reference to the Company's announcement to the ASX dated 25 May 2009, Scotgold advises that the Heads of Agreement referred to in that announcement no longer binds Scotgold to deal exclusively with the other party to that agreement.

The Directors believe that, in the current strong market for gold, this change is in the best interests of Scotgold.

Discussions between the parties continue but the Company is now free to open discussions, with other interested third parties regarding the funding of the development of its Cononish Gold Mine.

Progress towards Production

Scotgold continues to progress the Cononish Gold and Silver project towards production. The Company has recently commissioned internationally recognized consultants AMEC (Earth and Environment division) to carry out a feasibility level design for the Tailings Management Facility.

In addition, a final phase of metallurgical testwork has been commissioned at Gekko Systems to finalise the plant flowsheet, with parallel testwork being carried out at Downer EDI Mining (Mineral Technologies Division) to investigate the replacement of the flotation section of the plant for sulphide extraction by a 'full' gravity process using 'Kelsey' jigs.

Scotgold's objective is to have all necessary planning and environmental approvals for the Cononish Gold Mine in place by the second quarter of 2010.



Exploration and Resource Update

Scotgold is continuing a program to extend the gold and silver resource base at the Cononish Gold Mine. The Company is also exploring newly identified drill targets surrounding the mine.

The first results from these development and exploration programs are expected to be available in the near future.

Mr Chris Sangster
Chief Executive Officer

For further information please contact:

Chris Sangster

Chief Executive Officer
Scotgold Resources Limited,
Tyndrum, Stirling, Scotland
Tel: +44 (0)1838 400 306
Tel: +44 (0) 7725 629 509
E: cs@scotgoldresources.com

Shane Sadleir

Non-Executive Director
Scotgold Resources Limited,
Lindsay Street, Perth WA
Tel: +61 (8) 9428 2950
Mobile: +61 (0) 411 704 498
E: ss@scotgoldresources.com

Karen Oswald

Account Manager
Investor Relations
Professional Public Relations
Tel: +61 (8) 9388 0944
Mobile: +61 (0) 423 602 353
E: Karen.Oswald@ppr.com.au

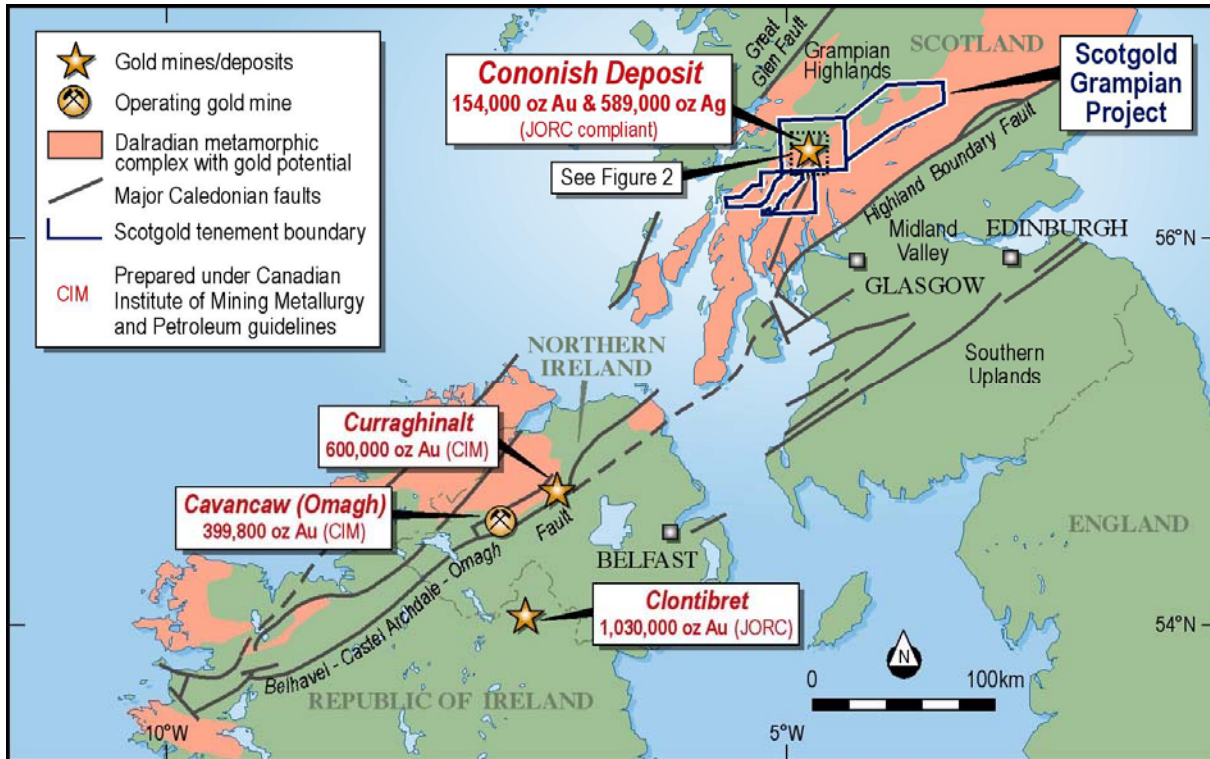
Forward Looking Statements:

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.

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.

The Company focused initially on exploration and development of Cononish and has identified a JORC compliant resource of 154,000 oz of gold and 589,000oz of silver (at 3.5g/t gold cut-off) at that project. Production of gold and silver is expected to begin in 2010/11, based on the positive outcome of a scoping study by the Company, postulated on 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	72,915,812	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