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First JORC code compliant Resource for Cononish Gold-Silver Deposit

HIGHLIGHTS

- **First JORC compliant Resource Statement received from Snowden Mining Industry Consultants Ltd (Snowden)**
- **Measured, Indicated and Inferred Mineral Resource categories total 154,000 ounces of gold and 589,000 ounces of silver (using 3.5 g/t gold cut-off)**
- **Total JORC compliant Mineral Resources consistent with previous historical (non JORC compliant) resources**
- **Snowden notes: "...there is strong potential to prove up further resources close to mine (within a few kilometres). This is likely to be in the region of 160,000 to 320,000 ounces of gold."**
- **Scotgold plans 2500m drilling campaign to target additional resources at Cononish**

Newly listed Australian gold exploration company Scotgold Resources Limited ("Scotgold Resources, the Company") (ASX:SGZ) is pleased to announce that Snowden Mining Industry Consultants Ltd ("Snowden") has completed an independent JORC compliant resource report for the Company's Gold Project at Cononish in the Grampian Highlands of mid-western Scotland.

Chief Executive Officer, Chris Sangster, who is based in Scotland, said:

"The report by Snowden is a thorough and comprehensive document drawing together information from all previous sources and has been prepared to the highest standards. The total of the JORC compliant Mineral Resources estimated by Snowden is consistent with previous, historical, non JORC compliant resource estimates which varied between 135,000 ozs and 192,000 ozs of gold, depending on parameters employed."



He added:

“Achieving the JORC compliant resource statement for Cononish within four months of listing on the ASX is a major milestone for Scotgold Resources and it enables us to proceed with the next phase of our plans to advance the Cononish project.”

Scotgold Resources will shortly begin a phased 2500m diamond drilling program at Cononish in conjunction with drilling at its other prospects and a preliminary program of 20 holes has been laid out targeting possible extensions to the mineralization at Cononish, assisted by recommendations in the Snowden report.

Scotgold Resources also reports that it will shortly embark on a metallurgical program with a view to confirming previous testwork carried out at Lakefield Research Laboratories which indicated gold recoveries of 92% through a combined gravity / flotation process could be expected to be achieved from Cononish. The testwork will also examine the possibility of enhancing gravity recoveries with a view to reducing the environmental footprint.

The following information is summarized from the Snowden report, which was completed by Dr Simon Dominy and Dr Ian Platten of Snowden’s London Office. The complete report will be available for viewing on the Company’s website within 30 days of this ASX Release.

Geology and Mineralization

The Cononish mine comprises a gold-silver mineralized narrow quartz-vein system, the Cononish Vein, which has been trenched, diamond drilled and developed underground along one horizon.

The Cononish Vein is a steep, narrow (<6 m) vein system trending NE-SW and emplaced in late Proterozoic metasediments of the Caledonides mobile belt. It shows brittle style deformation and completely postdates metamorphism and associated Caledonian foliations. Quartz veining is associated with the Tyndrum Fault, one of a set of NE-SW trending, left lateral, faults characterizing the Scottish Highlands. The vein system was emplaced during the late to post-tectonic (late Silurian to early Devonian) episode of granitoid intrusion in the Grampian Highlands.

Gold occurs as electrum and some minor amounts of native gold, silver occurs additionally as minor tellurides and native metal. The gold/electrum is fine-grained, generally <100 µm in size. Visible gold up to 1,000 µm to 2,000 µm in size is rare. Assay data suggests that gold and silver is spatially associated with sulphides in the quartz. The main sulphide is pyrite, but galena, chalcopyrite and sphalerite occur in small amounts. Electrum and/or gold occur with galena in fractures in the pyrite and associated with the contacts between galena and pyrite grains. Some very fine-grained (<20 µm) native gold occurs within the pyrite.

Data

The Cononish resource estimate is based upon diamond drillhole and adit face sample data collected in the 1980’s. Most of the core, all core logs, face sheets, geological maps and assay certificates are held by Scotgold. Snowden was able to review all the data and found it to be of an acceptable quality for resource estimation. Vein geology was validated through underground



visits to the Cononish Adit. Sampling, QAQC and sample collection methods were of an acceptable quality

Resource Estimation

A polygonal and weighted average based resource estimate was undertaken for both gold and silver. This was preceded by statistical analysis of the grade data.

Statistical analysis indicates that the majority of the gold and silver is located within the quartz vein domain, with a lesser amount in the wallrocks. Top-cut of 70 g/t gold and 200 g/t silver were applied to all assay intervals prior to compositing for estimation.

With the current sustained increase in gold and silver prices to over US\$800/oz gold and \$15/oz silver, and combined with the potential premium on sales on branded 'Scottish Gold' jewellery. Snowden believes that resources of a grade of 3.5 g/t gold or above (effective breakeven cut-off grade) have a reasonable prospect for economic extraction. The resource was estimated using a minimum mining width of 1.2 m, giving a minimum metal accumulation cut-off of 4.2 m.g/t gold. At this level, it was found that the Cononish Vein has a payability of 85% (based on analysis of the close-spaced adit samples).

Resource Classification

The Cononish Main Vein resource was classified into the Measured, Indicated and Inferred Mineral Resource classes based on the JORC 2004 Code (Tables 1.1 and 1.2). It should be noted that Mineral Resources are not Ore Reserves, and thus do not have a demonstrated economic viability. A preliminary economic analysis was undertaken to show the likelihood of the Mineral Resources having 'reasonable prospects for eventual extraction'.

The resource was defined on the basis of a manually defined boundary defining the limit of drilling and development. Outside this limit the drilling grid is too sparse or absent to allow the definition of resources with any confidence.

Conclusions

Cononish has the potential to be an economic, small, high-grade, narrow vein underground mining operation producing between 20,000 to 30,000 ounces of gold per annum. There is some potential for increased gold grade locally at Cononish, due to a high nugget effect and an information effect due to sparse drilling in areas of the Cononish Vein. There is some potential for increased gold grade locally at Cononish, due to a high nugget effect and an information effect due to sparse drilling in areas of the Cononish Vein.

Snowden also believes that there is strong potential to prove up further resources close to mine (within a few kilometres). This is likely to be in the region of 160,000 to 320,000 ounces of gold. Similarly there is also strong potential to prove up resources within Scotgold Resources' licence areas, along the regional Tyndrum and Loch Tay Fault Zones, generally within 70 km of the Cononish site.

Table 1.1: Cononish Main Vein global Mineral Resources (reported at a zero g/t gold cut-off). Reported using the 2004 JORC Code

Classification	Tonnes (t)	Grade (g/t)		Ounces (oz)	
		Gold	Silver	Gold	Silver
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	33.5	124,000	464,000

Table 1.2: Cononish Main Vein Mineral Resources (reported at a 3.5 g/t gold cut-off). Reported using the 2004 JORC Code

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	41.0	103,000	376,000

Shane Sadleir
Chairman

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.

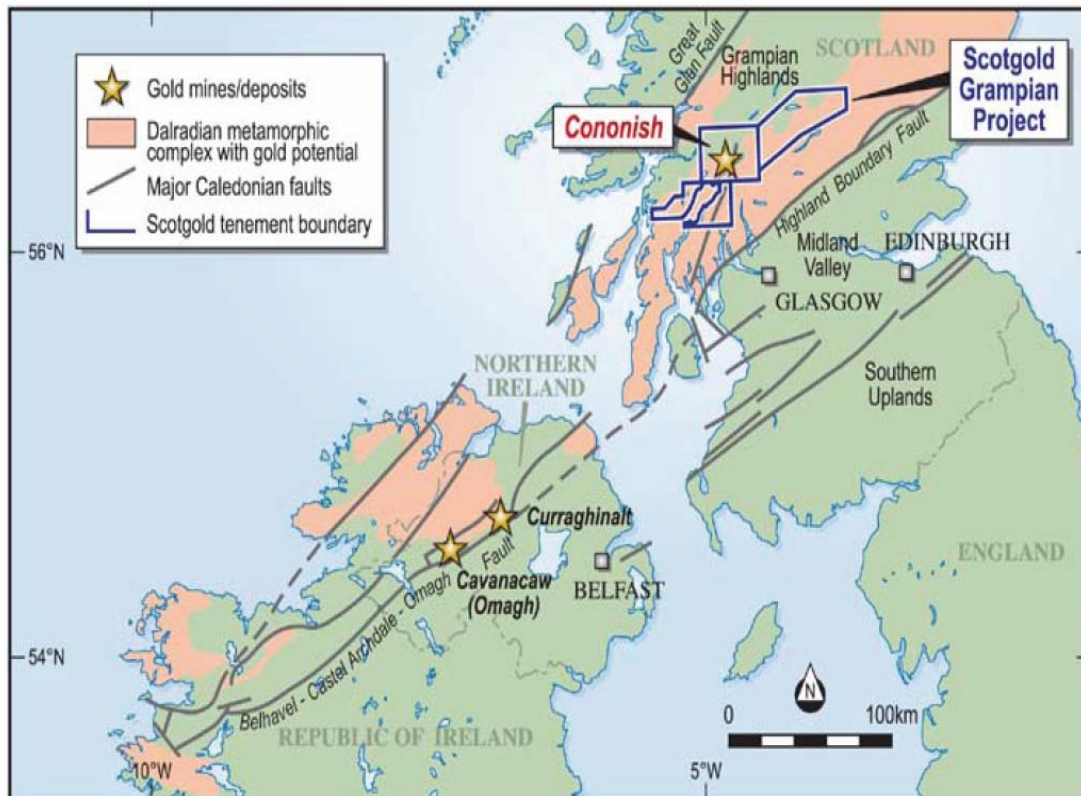
The Information in this release that relates to Exploration Results is based on information compiled by Dr R Thom MAusIMM. Dr. Thom has sufficient experience that is relevant to the style of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined 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

Company Background

Perth-based gold exploration company Scotgold Resources Limited listed on the ASX in January 2008, after successfully raising A\$4.9M through its IPO. The company plans to fast-track development at its advanced gold project in Scotland and become that country's only significant gold producer.



Scotgold Resources Grampian Exploration Project and major gold mines/deposits in the Dalradian rocks of Northern Ireland and central Scotland

The Company's key assets are:

- The Cononish gold and silver deposit (100% Scotgold Resources);
- An extensive gold, silver and base metal exploration database covering Grampian Gold Project in Scotland; and
- Three granted Exploration Licences (100% ownership) covering about 2,200 sq km in Central Scotland.

The Company's key project is at Cononish near Tyndrum, 90 km north of Glasgow. Drilling of defined exploration targets in 2008 will focus on increasing the extent of known gold and silver mineralisation around Cononish and, subject to successful exploration, the preparation of a Bankable Feasibility Study, including an up-to-date Mine Plan and appropriate environmental management practices.

The Company plans to carry out regional exploration activities within its large tenement position where number of exciting gold prospects have been identified. These include the Inverchorachan Prospect where rock chip sampling in 1985 revealed a number of anomalous



values in the 0.5 g/t Au to 3.1 g/t Au range, and where 1984 rock chip sampling had revealed a single high value of 277 g/t gold. Deep soil sampling and trenching have confirmed gold anomalism and pyritic mineralization over a strike length of 600 m and a width of 50 m that represents a high-quality, ready-to-drill target. This prospect is more fully described in the Scotgold Prospectus dated 14 November 2007.

The Company is particularly keen to drill test the Tom a Chro Prospect where extensive gold in soil anomalies indicate a mineralized zone up to 2 km long and located close to a cluster of boulders with anomalous values ranging from 2.4 g/t gold to spectacularly high value of 257 g/t gold (refer to ASX announcement of 30 January 2008 for a more complete description of this prospect).

Scotgold's directors and management are of Australian, Scottish and English origins and collectively they have over 100 years of professional experience in the exploration, production, environmental, legal, financing and administration fields of the mining industry.

For further information please contact:

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