

29 January 2008

The Company Announcements Office
Australian Stock Exchange Limited
4 Floor 20 Bridge Street
SYDNEY NSW 2000

Cononish Gold-Silver Project Update

Timing for JORC-compliant Mineral Resource statement and start-up of drilling

HIGHLIGHTS

- Snowden Mining Industry Consultants Ltd commissioned to produce JORC-compliant resource statement for the Cononish gold and silver deposit. Site visit completed and draft JORC-compliant resource statement expected by end of March 2008;
- Negotiations under way with drilling contractors; likely start-up date of drilling at Cononish project and other advanced exploration projects early in the second quarter of 2008;
- Review of mining and processing techniques for the Cononish project underway - Scotgold seeks innovative ways of achieving lower capital and operating costs in conjunction with reduced environmental impacts;
- 13,000 metres of valuable diamond drill core has been re-boxed and placed in secure storage at the Cononish site for further examination and use.

Newly listed Australian gold exploration company Scotgold Resources Limited (Scotgold Resources, the Company) (ASX SGZ) is pleased to announce the following major advancements at its exploration project in the Grampian Highlands of mid-western Scotland:

Scotgold Resources remains on schedule to confirm a JORC-compliant resource at the Cononish project. The Company has commissioned leading international mining consulting company Snowden Mining Industry Consultants Ltd (Snowdens) to produce the JORC-compliant resource statement. The proposed work programme covers a review of the current database (e.g. geology, sampling, QAQC, etc); site visit; structural geology study to support any resource estimate; resource estimation; and a JORC compliant resource report. A site visit was completed by Snowdens in January and Scotgold Resources expects to have a draft report by the end of March 2008.

Following negotiations with selected drilling contractors, Scotgold Resources expects to be drilling early in the second quarter of 2008 to test the extent of known gold mineralisation at Cononish and some of its other advanced exploration projects. The initial program, which is subject to the completion of some agreements with landowners and planning permission where relevant, will consist of around 4000m of diamond drilling over three sites in highland terrain.

Initial work is underway re-examining the Cononish feasibility studies conducted in 1990 – 1991 and updated in 1995 - 1996. Meetings were held in Perth (Aust) in January with a number of international engineering companies. Scotgold Resources is seeking innovative ways of achieving lower capital and operating costs in conjunction with reduced environmental impacts.

In addition to the activities related to the preparation of the JORC-compliant resource and the commencement of drilling, Scotgold has also completed an initial clean up of the area around the entrance to the tunnel. Old offices, equipment and waste materials have been removed from the site and some 13,000 metres of valuable diamond drill core has been re-boxed and placed in secure storage at the Cononish site for further examination and use.

So as to expedite approval of the extension to existing Planning Permission which was granted in 1996, the company has engaged the services of Scottish planning consultant Dalgleish Associates Ltd.

On the developments since listing Scotgold Resources Chairman Shane Sadleir said, "Scotgold Resources is keen to progress the Cononish gold and silver deposit through to production as soon as possible."

Shane Sadleir
Chairman

ENDS

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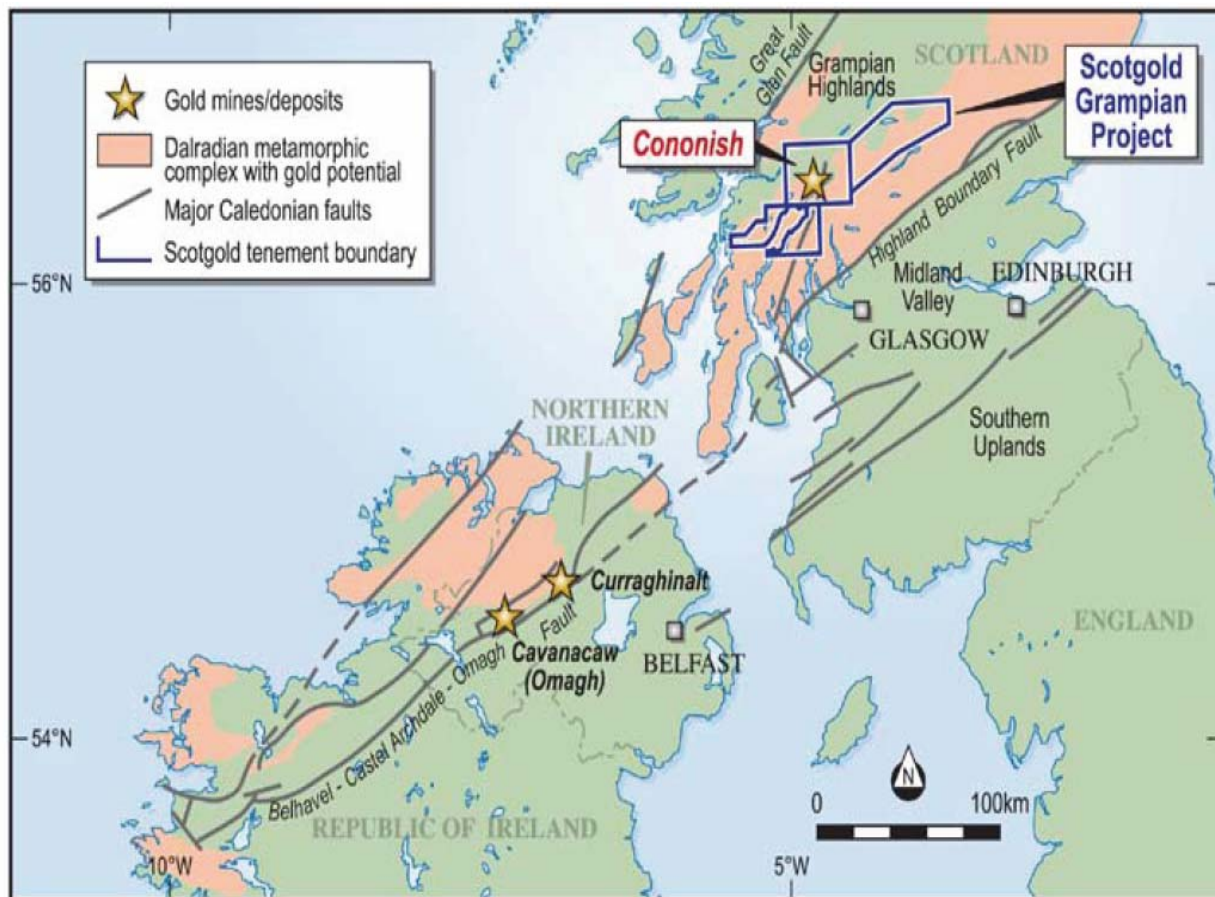
Competent Person Statement:

The Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr R Thom BSc. (Hons), 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 consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Editors Notes:

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, 90km 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.

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.