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## **SCOTGOLD COMMISSIONS SCOPING STUDY**

### **AN IMPORTANT MILESTONE TOWARDS PRODUCTION AT CONONISH GOLD MINE**

Australian gold exploration company Scotgold Resources Limited (ASX:SGZ) has appointed AMC Consultants Ltd (AMC), an internationally recognised mining consultancy, to conduct a Scoping Study at its 100 per cent owned Cononish gold and silver project in Scotland.

The study will commence during the third week of September and is expected to be completed within three months.

The commencement of the Scoping Study represents an important milestone towards production at the Cononish Project.

The purpose of the Scoping Study is to examine the economic viability of the Cononish project and will also assess the impact of additional potential resources which are the target of Scotgold's current drilling program, as well as other potential prospects in the area.

The results of the study will assist Scotgold in formulating a comprehensive development strategy for Cononish and surrounding potential 'satellite' prospects.

The Company recently announced an initial JORC code compliant resource for the Cononish project. The drilling program has commenced to examine possible down dip and strike extensions.

The study will be conducted principally by AMC's UK office, with assistance from GBM Minerals Engineering Consultants (metallurgical / processing) and Dalgleish Associates (planning and environmental) and under the auspices of Mr Andy Robb, UK Regional Manager and Project Manager.



## **Study Outline**

The Scoping Study will begin by reviewing all available information to determine the current status of the project and to satisfy that the level of work completed to date is to an acceptable standard.

Immediately following this documentation review, AMC will reconfirm the project scope and base assumptions. Milestones towards study and report completion will be determined at that stage for study delivery.

This initial phase will include:

- Complete desktop review of the resource block model, database and latest report completed by Snowden in May 2008.
- Review of mining method, infrastructure planning and equipment selection assumptions.
- Review metallurgical study data and processing concepts.
- Review environmental baseline study data and progress towards compliance.
- Review of economic assumptions.

Following the review, the objectives of the study will be to:

- Update the assumptions of previous studies with appropriate technologies and industry leading practice.
- Focus on presenting viable options for the current resource base.
- Identify a breakeven grade for the recommended development option/s at different gold price scenarios.
- Recommend viable project development options to meet Scotgold investment targets and that are appropriate for the scale of the project.
- Recommend the next steps in project development.
- Identify an upside option based on possible extensions to the current resource estimate and potential around Cononish.



Whilst the 'detailed scope' of the study will be further defined at the study 'kick off' meeting, the study will cover

1. Overview	AMC
2. Geology & Mineral Resources	AMC Review
3. Mining	AMC/Scotgold
4. Metallurgical Processing	GBM
5. Tailings Management	AMC/Scotgold
6. Infrastructure	Scotgold /AMC
7. Health, Safety, Environment & Community	Dalgleish Associates
8. Planning	Dalgleish Associates
9. Capital Cost Estimate	AMC/Scotgold
10. Operating Cost Estimate	AMC/Scotgold
11. Marketing Analysis	Scotgold
12. Ownership, Legal & Contractual	Scotgold
13. Investment Evaluation	Scotgold /AMC
14. Future Work Plan	AMC

The Cononish study team will comprise the following principal members:

- Mr Andy Robb, UK Regional Manager, Project Manager (AMC)
- Mr Chris Arnold, Principal Geologist (AMC)
- Mr Peter McCarthy, Managing Director / Principal Mining Engineer, Peer Review
- Mr Daniel Kahler Senior Mining Engineer (AMC)
- Mr Alex Pearce, Mining Engineer (AMC)
- Mr Fred Goossens, Mining Engineer (AMC)
- Mr Barnes Fallaw, Senior Tailings Consultant (AMC)
- Mr Alex Mitchell, Metallurgical Sub-consultant (GBM)
- Ms Karen Dalgleish, Planning and Environmental (Dalgleish Associates)
- Mr Chris Sangster, CEO (Scotgold Resources)



Scoping studies in general target an accuracy of +/- 30 per cent, however given the level of detail from previous studies (internal feasibility study in 1990 and an updated project development plan in 1997), the level of accuracy targeted for this study will be +/- 15 – 20 per cent.

Specifically, in respect of mining and tailings management, the study will examine the potential for underground deposition of tailings in order to minimise the environmental footprint.

In conjunction with the study, Scotgold will shortly take a number of samples for further metallurgical testwork with a view to assessing the impact of improved gravity recovery and also the suitability of a possible 'underground' processing option. This work will run in parallel with the scoping study.

Chris Sangster  
Chief Executive Officer

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