15 March 2010

Scotgold Resources Limited ("Scotgold" or the "Company")

Interim Financial Report
for the Six Months to 31 December 2009

Scotgold Resources Limited is a gold exploration and development company with projects located in the Grampian region of central Scotland. The Cononish gold and silver deposit forms the core economic basis of the Company's Grampian Project.

Highlights

During the six months period under review:

- Snowden update, based on new drilling and review of data, leads to an increased resource estimate for Cononish gold and silver project
- Total metal inventory now stands at 163,000oz Au and 596,000 oz Ag
- New drilling, started October 2009, aimed at infilling a portion of the existing inferred mineral resource and testing high grade gold targets
- Eastern extension holes regarded as particularly encouraging
- First drilling into Beinn Udlaidh Breccia Pipe Field produces promising result

Post balance sheet event:

- Formal planning application for Cononish gold and silver Project submitted in January 2010
- Admission of ordinary share capital to trading on AIM in February 2010 following a successful placing to raise £704,000 before expenses

Chris Sangster, Chief Executive, commented:

"The Company has made distinct progress over the period towards our goal of production from Cononish, whilst our recent exploration activities have underlined the potential for the Grampian region to host substantial mineralisation".

For further information:

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REVIEW OF OPERATIONS

- **HISTORY**

Scotgold Resources Limited ("Scotgold" or the "Company") is the holding company of a gold exploration and development group with projects located in the Grampian Highlands of mid-West Scotland (the "Group"). The Cononish gold and silver deposit forms the core economic basis of the Group's Grampian Gold Project. The Group has 100 per cent. ownership of the Cononish gold and silver project at Tyndrum. The deposit is located on Cononish Farm within the north-western extremity of the Loch Lomond and Trossachs National Park and lies about 90km northwest of Glasgow.

Within Scotland, the Grampian Highlands are bounded by the Great Glen Fault to the northwest and the Highland Boundary Fault to the southeast; it is highly prospective for gold and base metals. This terrane consists mostly of metasediments and volcanics of Dalradian age, and is a direct continuation of the Dalradian gold province of Northern Ireland which hosts the Curraghinalt and Cavanacaw gold deposits.

Within the SW Grampian Highlands is the Tyndrum Mineral Field, a historic mining area which contains several vein-hosted deposits of base metals, including lead, copper and zinc. The best known of these is the historic Tyndrum group of lead mines, which were discovered in 1741 and intermittently produced lead for more than a century. Less commonly some veins also contain gold and by far the most important example to date is the Cononish vein-hosted gold and silver deposit situated about 4km SSW of Tyndrum.

Previous exploration has identified the Tyndrum-Glen Fyne Fault, one of the major fault structures of the Grampian terrane, as a zone of significant potential for lode-hosted gold mineralisation in the general Tyndrum area. Additionally there is also scope for new precious metal and base metal discoveries, by the identification of specific geological settings which elsewhere in the world, host significant metalliferous deposits. The British Geological Survey (BGS), which has completed geochemical surveys over the entire area held by Scotgold, has repeatedly expressed the view that there are significant metalliferous deposits yet to be discovered in the Dalradian of Scotland.

The Cononish gold and silver vein is hosted by a meta-sedimentary sequence of pelites, psammites and calcareous rocks of the Appin and Argyll groups belonging to the Dalradian Supergroup. The gold and silver occurs within a steeply-dipping quartz vein which is up to 8.3m wide, with an average width of about 2m. It has a known vertical dimension of about 500m and it can be traced along strike for more than 1km.

The Cononish gold and silver deposit was defined by diamond drilling carried out between 1985 and 1988 and an underground development program was initiated in 1990. A total of 1,280m of underground adit development was also completed, of which 590m was driven on the vein.

In November 2007 Scotgold's applications for exploration licences for gold and silver between Craignure in the southwest and Pitlochry in the northeast were granted. The granted exploration licences cover an area of about 3,200 km^2 and include much of the prospective Dalradian Supergroup.

- **MINERAL RESOURCES**

In May 2008, Scotgold released the first Mineral resource Statement on the Cononish gold-silver deposit reported in accordance with the JORC code, prepared by Snowden Mining Industry Consultants ("Snowden"). The Measured, Indicated and Inferred Mineral

Resource categories totalled 154,000 ounces of gold and 589,000 ounces of silver (using 3.5 g/t gold cut-off).

Snowden subsequently noted "based on our experience of the Cononish vein system, we believe that **there is an Exploration Target around the mine of between 0.5 Mt to 1.0 Mt at a grade of between 10 g/t Au to 15 g/t Au for up to 320,000 oz Au**. Much of this potential is based on the **along strike and down dip extensions of the Cononish vein**, but there are indications that other reefs are present in the area too. At this stage, such figures are highly conceptual and there is no guarantee that further exploration will define additional resources."

As a result of further investigations and exploration by Scotgold during 2008 - 2009, Snowden was asked in late 2009 to undertake an update on the Cononish resource.

The following is an extract from Snowden's 'Cononish Resource Update' report dated 9th January 2010:

"At the request of Scotgold, Snowden has undertaken an update on the Cononish resource based on the following factors:

- Reconsideration of classification criteria around the No 2 raise;
- Additional drill hole at depth (CON11B); and
- Review of data at the eastern end of the adit not previously considered by Snowden."

A revised resource for Cononish is shown below.

Cononish Main Vein Gold 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. 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)
		Gold	Gold
Measured	53,000	17.9	31,000
Indicated	73,000	10.2	24,000
Inferred	311,000	10.8 (10 – 16)	108,000

Scotgold Note: Incorporating the grade range, the Inferred Mineral Resource is estimated to lie between 100,000 oz Au and 160,000 oz Au. It should be noted that any upside may not exist or it may only be present in a portion of the resource.

Cononish Main Vein Silver 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.

Classification	Tonnes (t)	Grade (g/t)	Ounces (oz)
		Silver	Silver
Measured	53,000	75.0	128,000
Indicated	73,000	43.1	101,000
Inferred	285,000	40.1	367,000

This update gives a total metal inventory of **163,000 oz Au and 596,000 oz Ag.**

There has been no change to the Measured Mineral Resource category.

Snowden notes that there is resource potential in the eastern adit zone and **that the estimation of additional Mineral Resources are likely once further drilling is complete.**

EXPLORATION

Cononish

The Company identified extensive additional, high grade gold mineralisation in and around the Cononish gold and silver project, following a thorough search of historic data generated by previous exploration companies.

The zones of mineralisation lie outside the envelope of the project's current JORC Resources and include:

- 30.5 g/t Au and 22.9 g/t Ag (weighted average) in a 1.59 m quartz vein exposed over 12 metres within existing adit,
- 73.1 g/t Au over 1.77 metres in quartz vein intersected in diamond drilling,
- 16.1 g/t Au over 2.1 m in trench in quartz vein at surface, and
- 55 g/t Au in grab sample of quartz vein at surface.

Scotgold believes that there is potential to define further resources close to the Cononish mine, subject to appropriate studies. The extensive gold-in-soil anomalies, mineralisation associated with outcrops and trenching and the large, unexplained geophysical anomaly clearly warrants further follow-up.

Scotgold resumed drilling at the Cononish gold and silver project in Scotland in October 2009. The objectives of the program were to:

- infill a portion of the existing Inferred Mineral Resource at Cononish as a part of the Company's ongoing program to advance the project to production; and
- test high grade gold targets which lie within the recently identified eastern extension of the Cononish mineralisation and outside the envelope of the previously existing Mineral Resource.

Eight infill holes were planned.

The drilling program also targets mineralisation outside the previously defined resource envelope, specifically the potential down dip continuation of the mineralisation encountered in trenches (up to 16.12 g/t Au over 2.10 metres) surface drill holes (up to 73.10 g/t Au over 1.77 metres) and underground holes (up to 12.35 g/t Au over 1.49 metres).

A program of 12 short AQ size diamond drill holes were planned from within the Cononish adit to test for possible extensions to the identified mineralisation in the eastern part of the adit outside the existing resource, in particular a 1.6 metre-wide quartz vein where high grades (up to 119.9 g/t gold and 97.2g/t silver) have been reported from historic assays and also possible 'off adit' intersections on the Cononish vein.

Four holes in the above programs have been completed up to December 2009.

Hole 09 – 01 (resource infill), holes EA – 01, EA – 02 and UG EA 03 (potential resource extension) and results are shown in the table below. Drill hole statistics are shown in Appendix 1.

All distances are measured in metres.

Hole	From	To	Downhole	Est. true	Au g/t	Ag g/t

			intersection	thickness		
09-01	103.95	106.00	2.05	1.98	9.84	41.6
EA 01* (incomplete)	49.30	49.70	0.40	(pending)	8.65	3.0
EA 02	60.40	64.00	3.60	2.25	7.84	12.20
(including)	60.40	60.65	0.25	0.18	28.35	16.6
	63.00	64.00	1.00	0.72	15.67	33.8
EA UG 03	1.00	3.00	2.00	2.00	2.28	2.1
(including)	2.5	3.00	0.50	0.50	5.16	3.6

Note * Two assays remain outstanding immediately above and below the current quoted intersection

- **Infill drilling into Inferred Resource:**

Hole 09 – 01 was drilled into the existing Inferred Resource on the eastern side of the mine.

- **Potential Resource Extension Drilling – 'Eastern Extension'**

Hole EA 01 was drilled into the recently announced 'eastern extension' to intersect the vein 30m below drillhole UG 89 – 04 (see Figure 2). Two assays immediately above and below the reported result remain outstanding.

Hole EA 02 was drilled approximately 30m down dip of hole EA 01.

Hole EA UG 03 was drilled to intersect the possible strike extension of the high grade vein encountered near the adit entrance.

Scotgold views the results in the eastern extension holes as particularly encouraging and indicating the existence of a further possible significant payshoot which support Scotgold's opinion that the eastern extension hosts significant additional resources.

Beinn Udlaidh Breccia Pipe Field

Scotgold has recently identified **significant breccia-hosted gold-silver mineralisation at the Beinn Udlaidh prospect** in association with a lamprophyre field. The prospect is located five kilometres north northwest of the high grade Cononish Gold and Silver Deposit, highlighting the potential of Beinn Udlaidh prospect to host a large additional gold/silver resource. The breccia bodies at Beinn Udlaidh are spatially associated with lamprophyre intrusions which are also commonly observed in many world class goldfields e.g. Yilgarn Block, Western Australia.; Carlin Trend, Nevada; Superior Province, Canada.

Scotgold initially drilled a single, short, 12 metre-deep drill hole (BEBULB1) into one of the breccia bodies (BU1) to test its potential to host economic gold-silver mineralisation.

The entire length of BEBULB1 is mineralised (>0.1 g/t gold) averaging 12 metres @ 1.45 g/t gold and 8.9 g/t silver. Higher grade results (>0.5 g/t gold) from the drill hole include:

BEBULB1 1.5 metres @ 2.90g/t gold and 20.2g/t silver from 1.5 metres
2.0 metres @ 2.65g/t gold and 13.6g/t silver from 4 metres
0.5 metres @ 12.3g/t gold and 78.7g/t silver from 9.5 metres

Scotgold considered these initial results are extremely encouraging, given the limited drilling and the number of other breccia bodies which have had no drill testing. BEBULB1 was drilled by Scotgold's man-portable AQ diamond core drill rig which has a limited penetration depth.

At least 15 other breccia bodies (BU2-16) with surface dimensions up to 80 by 200 metres have been mapped which have had no previous drill testing.

In February 2010 Scotgold announced that five of seven short, small diameter (AQ) holes completed in recent drilling at the Beinn Udlaidh breccia pipe field have returned wide intersections of highly anomalous gold and silver values, including:

- 14 metres averaging 0.26 g/t gold and 1.49 g/t silver over in Pipe BU 1 (best 0.5 m intersection 1.50 g/t gold and 8.38 g/t silver), and
- 16 metres averaging 0.28 g/t gold and 1.30 /t silver in Pipe BU 20, (best 0.5 m intersection 6.99 g/t gold and 40.24 g/t silver).

Scotgold has now confirmed **an exploration target at the Beinn Udlaidh Breccia Pipe field of between 0.57 and 5.7 Mt at a grade of between 1 and 2 g/t Au**.

The basis for the tonnage potential is the current mapped area of individual pipe outcrops to a depth of between 10m (observed/ drilled) to 100m, using a specific gravity of 2.65 and a 'complexity factor' of 70%. It is noted that breccia pipes can extend to greater depths than 100m.

Limited drilling to date at the Beinn Udlaidh breccia pipefield has confirmed anomalous gold grades. Economic gold grades encountered in breccia hosted mineralisation may lie in the range of 1.0g/t to 2.0g/t based on similar style occurrences elsewhere in the world. Breccia hosted mineralisation may show zonation and include higher grade zones.

The potential quantity and grade of the exploration target is conceptual in nature; there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Scotgold is also investigating the significance of the tungsten/molybdenum bearing Starav Granite complex immediately west of Beinn Udlaidh and certain geophysical features such as a large gravity anomaly nearby. Similar features commonly occur in association with breccia-hosted gold deposits elsewhere in the world

Beinn Udlaidh Vein

Previous explorers had also identified a 900 metre long mineralised vein structure (i.e. Beinn Udlaidh Vein) which is located one to two kilometres east and south of the mapped breccias.

A number of diamond core holes were drilled into this structure in 1989 by a previous explorer (Ennex) to a vertical depth of approximately 100 metres. Ennex's drilling intersected gold and silver mineralisation over 500 metres strike, with better results including:

GO 88-01	2.57 metres @ 3.8 g/t gold and 221 g/t silver from 51.97 metres
GO 88-04	1.02 metres @ 2.9 g/t gold and 109 g/t silver from 104.73 metres
GO 88-05	1.47 metres @ 3.3 g/t gold and 21 g/t silver from 102.54 metres
GO 88-09	1.56 metres @ 1.2 g/t gold and 36 g/t silver from 123.30 metres
GO 88-11	0.53 metres @ 2.2 g/t gold and 95 g/t silver from 60.97 metres

Scotgold has recently drilled three 13 to 20 metre-deep, diamond core holes into the Beinn Udlaidh Vein to check previous results. All 3 holes intersected significant gold values with better results (>0.5 g/t gold) including:

BUAQ1	1 metre @ 1.98g/t gold and 83.6g/t silver from 1.5 metres 2 metres @ 12.85g/t gold and >200g/t* silver from 4 metres 1 metre @ 2.43g/t gold and 31.3g/t silver from 7 metres (or 6.5 metres @4.75g/t Au and 87.0g/t Ag)

*Assay method incapable of reading values >200g/t – samples currently being assayed by another method

BUAQ2	1.5 metres @ 1.93g/t gold and 69.1g/t silver from 18 metres
BUAQ3	1 metre @ 3.53g/t gold and 135g/t silver from 3.5 metres

0.5 metres @ 1.87g/t gold and 43.4g/t silver from 6 metres

The mineralisation has been recorded over 900 metres strike and remains open laterally and at depth.

Beinn Udlaidh General

Limited rock chip sampling has also returned encouraging results:

- A single composite rock chip sample of breccia pipe BU 13 (one of the largest breccia pipes identified) assayed 8.9g/t gold and 5.1 g/t silver; and
- A single composite rock chip sample from the far east extension of the Beinn Udlaidh vein assayed 16.7g/t gold and >200g/t silver.

The Company is now planning a comprehensive target definition program including detailed geological mapping and acquisition / compilation of geophysical and geochemical data to identify priority drill targets in the Beinn Udlaidh area.

PLANNING APPLICATION FOR CONONISH MINE

Background:

The Cononish gold and silver project was granted planning permission in 1996 for the establishment of an underground mine, processing facility, tailings management facility and associated infrastructure. The permission was valid for ten years from the commencement of the development (deemed to have started in April 1997).

In April 2007, prior to expiry of the permission, Scotgold submitted an application for extension. Since April 2007, the Company has been engaged in work to update the technical aspects of the proposed development and assess their impacts in relation to new legislation and land designation relating to the site.

Scotgold has held a number of meetings with the Planning Authority (Loch Lomond and The Trossachs National Park Authority) during the intervening period.

In July 2009 Scotgold submitted a ‘scoping document’ to the Planning Authority.

As part of the pre-application consultation process under Scottish planning law, the Company subsequently held three ‘public’ meetings. A presentation was made to the local Community Council and Strathfillan Community Development Trust and two public ‘open days’ were held in Tyndrum, which is the nearest town to the proposed mine.

A substantial proportion of the community attended the open days and public support for the project has been most encouraging. This support has been reflected in reporting on the Cononish project by the mainstream UK news media over recent months.

Preparation and Lodgement:

Scotgold lodged their application for revision and extension on 25 January 2010. The application has subsequently been validated and accepted and the parties have recently signed a non-legally binding processing agreement which indicates a decision date of 7 June 2010, with final notices shortly thereafter.

The application was prepared with the assistance of Scotgold’s planning and environmental consultants, Dalgleish Associates. Dalgleish Associates is a well established consultancy based in Scotland, specialising in resource (minerals and renewable energy) projects in the United Kingdom with considerable expertise in the Scottish system.

Specialised technical input regarding the application was provided by Scotgold’s tailings consultants AMEC Earth and Environmental (UK), Cantab Consulting (as competent person for ‘sign off’ of the tailings management facility), Vibrock Ltd (ground vibration and noise consultants) and Rathmell (archaeological studies).

The application envisages a development along the same scales as previously proposed, including the establishment of an underground mine with associated processing and tailings management facilities and infrastructure associated with the project and concurrent restoration of the site.

Scotgold believes the application contains many improvements to the previously permitted development and is in line with currently accepted 'best practice'.

Competent Persons' Statements:

The information in this report that relates to Exploration Results is based on information compiled by Mr David Catterall. Pr Sci Nat, who is a member of the South African Council for Natural Scientific Professions. Mr Catterall is employed as a consultant to Scotgold Resources Ltd. Mr Catterall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Catterall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by EurGeol Dr S C Dominy FAusIMM (CP), FGS (CGeol), MAIG, General Manager (UK) and Executive Consultant 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.

EVENTS SUBSEQUENT TO REPORTING DATE

On 24 February 2010 Scotgold Resources Limited's (ASX: SGZ) ordinary share capital was admitted to trading on the AIM Market of the London Stock Exchange ("AIM") under TIDM code SGZ.

In conjunction with the AIM admission, the Company has raised approximately £704,000 before expenses through a placing of 15,300,000 new Ordinary Shares at 4.6 pence per ordinary share (the "Placing"). Following this issue, the total number of ordinary shares in issue on commencement of trading on AIM was 117,306,762.

This interim financial report has been reviewed by HLB Mann Judd and a full copy is available at www.scotgoldresources.com.

Condensed Statement of Comprehensive Income

All figures reported in Australian dollars	Consolidated	
	31 December 2009 $	31 December 2008 $
Interest Revenue	(17,006)	(77,692)
Employee costs less recoveries	95,852	18,994
Directors fees	154,500	37,000
Investor and public relations	107,030	39,942
Travel and accommodation	39,882	12,959
Professional fees	20,421	13,676
Listing and Stock Exchange fees	56,801	38,948
Insurances and other financial	31,174	21,761
Office and administration	87,345	62,703
Depreciation	24,432	37,680
	600,431	205,971
Exchange loss	12,773	19,751
Loss before income tax expense	613,204	225,722
Income tax expense	-	-
Net loss for the period	613,204	225,722
Other comprehensive loss	-	-
Total comprehensive loss for the period	613,204	225,722
Basic loss per share (cents per share)	0.76	0.36

Condensed Statement of Financial Position

All figures reported in Australian dollars	Note	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $
CURRENT ASSETS			
Cash and cash equivalents		2,593,845	695,461
Trade and other receivables		103,159	35,026
Other current assets		10,500	8,308
Total Current Assets		2,707,504	738,795
NON CURRENT ASSETS			
Trade and other receivables		87,500	102,564
Property, plant and equipment		196,909	221,341
Deferred exploration and evaluation expenditure	2	7,664,024	6,331,773
Total Non Current assets		7,948,433	6,655,678
TOTAL ASSETS		10,655,937	7,394,473
CURRENT LIABILITIES			
Trade and other payables		330,678	202,085
Other current liabilities		28,365	41,082
Interest bearing liabilities		10,898	13,551
Total Current Liabilities		369,941	256,718
NON CURRENT LIABILITIES			
Interest bearing liabilities		1,891	7,478
Total Non Current Liabilities		1,891	7,478
TOTAL LIABILITIES		371,832	264,196
NET ASSETS		10,284,105	7,130,277
EQUITY			
Issued capital	3	11,498,918	7,731,885
Reserves		602,304	602,304
Accumulated losses		(1,817,117)	(1,203,912)
TOTAL EQUITY		10,284,105	7,130,277

Condensed Statement of Changes in Equity

All figures reported in Australian dollars	Issued Capital	Accumulated Losses	Option Reserve	Total Equity
Half-year to 31 December 2008	$	$	$	$
Balance at 1 July 2008	7,731,885	(604,613)	331,000	7,458,272
Issue of options	-	-	297,992	297,992
Share issue expenses	(26,688)	-	-	(26,688)
Loss for the period	-	(225,722)	-	(225,722)
As at 31 December 2008	7,705,197	(830,335)	628,992	7,503,854
Half-year to 31 December 2009				
Balance at 1 July 2009	7,731,885	(1,203,912)	602,304	7,130,277
Issue of shares	4,007,500	-	-	4,007,500
Share issue expenses	(240,467)	-	-	(240,467)
Loss for the period	-	(613,205)	-	(613,205)
As at 31 December 2009	11,498,918	(1,817,117)	602,304	10,284,105

Condensed Statement of Cash Flows

All figures reported in Australian dollars	Consolidated	
	6 months to 31 December 2009 $	6 months to 31 December 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(714,198)	(389,678)
Interest income received	16,959	75,740
Interest and other finance costs paid	(684)	(1,144)
Net cash used in operating activities	(697,923)	(315,082)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(1,149,441)	(1,474,452)
Payment for property, plant and equipment	-	(129,006)
Net cash used in investing activities	(1,149,441)	(1,603,458)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	4,007,500	297,992
Share and option issue transaction costs	(240,467)	(26,689)
Hire purchase repayments	(6,285)	(6,246)
Net cash provided by financing activities	3,760,748	265,057
Net increase/(decrease) in cash held	1,913,385	(1,653,483)
Cash and cash equivalents at the beginning of the period	695,461	3,510,774
Effect of exchange rate fluctuations on cash held	(15,001)	(3,426)
Cash and cash equivalents at the end of the period	2,593,845	1,853,865

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

These accompanying notes form part of the financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Scotgold Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2009.

In the half-year ended 31 December 2009, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continued to be capitalised under AASB 6 or written off to profit or loss.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009.

During the current period, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are :

- Segment reporting – New AASB 8 operating segments

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Scotgold Resources Limited. Refer to Note 5 for more information.

NOTE 2 - DEFERRED EXPLORATION AND EVALUATION

All figures reported in Australian dollars	Consolidated	
	Half year to 31 December 2009 $	Year to 30 June 2009 $
Balance at beginning of period	6,331,773	3,850,163
Expenditure incurred during the period	1,332,251	2,481,610
Total deferred exploration and evaluation expenditure	7,664,024	6,331,773

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 3 - ISSUED CAPITAL

All figures reported in Australian dollars

	Consolidated	
	31 December 2009	30 June 2009
Ordinary Shares	$	$
Issued and fully paid	11,498,918	7,731,885

Movements in ordinary share capital of the Company were as follows:

	Number	$
At July 1 2009	63,415,852	7,731,885
Placement 3 July 2009	9,500,000	807,500
Placement 20 October 2009	10,900,000	1,199,000
Placement 27 November 2009	18,190,910	2,001,000
Transaction costs		(240,467)
At 31 December 2009	102,006,762	11,498,918

Movements in options were as follows:

	Number	$
At July 1 2009	38,799,204	602,304
At 31 December 2009	38,799,204	602,304

Options are exercisable at $0.30 on or before 30 April 2010.

NOTE 4 - CONTINGENT LIABILITIES

Scotgold Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2009.

NOTE 5 - SEGMENT INFORMATION

During the half year the Group operated principally in one business segment being mineral exploration.

Previously the Group reported that it operated principally in two geographical segments being Australia and Scotland.

NOTE 6 – EVENTS SUBSEQUENT TO REPORTING DATE

On 24 February 2010 Scotgold Resources Limited was admitted to trading on the AIM Market of the London Stock Exchange ("AIM") under TIDM code SGZ.

In conjunction with the AIM admission, the Company has raised approximately £704,000 before expenses through a placing of 15,300,000 new Ordinary Shares at 4.6 pence per ordinary share (the "Placing"). Following this issue, the total number of ordinary shares in issue on commencement of trading on AIM was 117,306,762.

NOTE 7 – PUBLICATION OF INTERIM FINANCIAL REPORT

The report is extracted from the Company's full interim financial report for the six month period to 31 December 2009. A copy of the full report is available on the Company's website – www.scotgoldresources.com.

GLOSSARY OF GEOLOGICAL TERMS

ADIT	a type of entrance to an underground mine which is horizontal or nearly horizontal.
APPIN GROUP	the oldest subgroup of the Dalradian Supergroup, c. 4 km thick, made up of quartzites, pelitic and limestone units.
AQ	nominal diamond drill core diameter of 27mm.
ARGYLL GROUP	a subgroup of the Dalradian Supergroup, c. 9km thick, made up of tillites, quartzites, pelitic and psammitic units.
ASSAY	a procedure to determine the proportions of metal in an ore or to test an ore or mineral for composition, weight, purity etc.
AZIMUTH	the angle of horizontal difference, measured clockwise, of a bearing from a standard direction, as from north or south.
BASE METALS	more common chemically active metals, e.g. copper, lead, tin, zinc etc.
BEDROCK	the solid rock lying beneath superficial material such as gravel or soil.
BRECCIA	a rock composed of angular fragments of minerals or rocks in a matrix (cementing material), that may be similar or different in composition to the fragments.
BRECCIA PIPE	a mass of breccia, often in an irregular and cylindrical shape, that appears as an iron-stained knob, from several feet to several hundred feet in diameter. Breccia pipes may or may not be silicified. They usually consist of fragments of the host rock (the rock layer they are contained in) cemented together by silica. Breccia-hosted, precious metal deposits occur throughout the world and are known to host very large resources. Examples in Australia are Kidston (4.5 M oz gold), Mt Leyshon (3.5 M oz gold) and Mt Wright (1 M oz gold) all of which are located in North Queensland. Examples in North America are Golden Sunlight in Wyoming (3.8 M oz gold) and Cripple Creek in Colorado (21 M oz gold) which are associated with lamprophyre fields.
CALCAREOUS ROCK	a rock that contains as much as 50% calcium carbonate.
COMPLEXITY FACTOR	a factor applied to the tonnage to indicate uncertainty in the geometric shape at depth
DALRADIAN SUPERGROUP	a succession of Late Precambrian and Cambrian marine sedimentary rocks which have been metamorphosed in parts of Scotland and Ireland. It is typically developed in the high grounds which lie southeast of the Great Glen of Scotland. It is made up of four subgroups the Grampian, Appin, Argyll and Southern Highland groups.
DIAMOND DRILLING	a diamond-studded rotary-drilling bit, used for coring and drilling in very hard rock.
DIP	the angle in degrees between a horizontal plane and an inclined earth feature.
GEOCHEMICAL SURVEYS	the application of methods and techniques of geochemistry to the search for mineral or petroleum deposits.
GRADE	the relative quantity or percentage of mineral content in an ore body.
HIGH GRADE	a high quantity or percentage of mineral content in an ore body.
INCLINATION	See DIP

INDICATED MINERAL RESOURCE	part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
INFERRED MINERAL RESOURCE	part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
IP ANOMALY	an anomaly in the 'induced potential', where geophysicists put electrical pulses into the ground and then measure the decay of voltage.
JORC	the Australian 'Joint Ore Reserves Committee' sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.
LAMPROPHYRE	ultrapotassic, igneous rock primarily occurring as dykes, lopoliths, laccoliths, stocks and small intrusions. It is an alkaline, silica-undersaturated and ultramafic rock.
LOW GRADE	a low quantity or percentage of mineral content in an ore body.
MEASURED MINERAL RESOURCE	part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
METALIFFEROUS	containing, yielding, or producing metal or ore.
METASEDIMENT	sediment or sedimentary rock that shows evidence of having been subjected to metamorphism.
MINERALISATION	a process by which valuable minerals are introduced into a rock, resulting in an ore deposit, either actual or potential.
MINERAL RESOURCE	is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
PELITES	metamorphosed sediment with a dominantly mudstone/siltstones protolith.
PRECIOUS METALS	naturally occurring metallic chemical element of high economic value, which is not radioactive, commonly part of the platinum group.
PSAMMITES	metamorphosed sediment with a dominantly sandstone protolith.
QUARTZ	crystalline silica, SiO_2. .
STRIKE	parallel to the direction taken by a structural surface such as a fault or bedding plane as it intersects the horizontal.
VEIN	a tabular or sheet like body of one of more minerals deposited in openings of fissures, joints or faults, frequently with associated replacement of host rock.