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COMPANY RELEASES

Scotgold: economic viability of Cononish Project confirmed

Tuesday, 17 Feb 2009

CONONISH SCOPING STUDY CONFIRMS ECONOMIC VIABILITY

Key points:

Using current spot metal prices (12/02/2009) of US\$944/oz of gold the project Net Present Value at 10% is £26 million (A\$56 million) with an Internal Rate of Return of 74%.

Predicted production of 139,600 ounces of gold and 534,000 ounces of silver over a six and a half year production life.

Gold exploration company, Scotgold Resources Limited (ASX: SGZ) announces the results of the Scoping Study conducted by AMC Consultants (UK) Ltd on its 100% owned Cononish Gold and Silver project in the Grampian Highlands of the United Kingdom.

The results confirm the economic potential of the project.

AMC was commissioned in September 2008 to conduct the study in order to examine the technical and economic feasibility of the Cononish project under current economic conditions.

John Bentley, Scotgold's recently appointed chairman said: "I am excited to be joining Scotgold as Chairman at a time when it is poised to start transforming itself into a mine development company which retains considerable upside potential through further exploration in the vicinity of Cononish and the central Highland belt."

A summary report has been received from AMC and is included in the Appendix to this release. AMC has identified a mining inventory from the existing JORC compliant resource statement completed by Snowden Mining Industry Consultants Ltd (13 May 2008) of 454,000 t grading of 10.2g/t gold and 40.4g/t silver (diluted). Long hole open stoping on retreat is the recommended mining method for most of the resource, this method uses specialised narrow vein mechanised equipment as opposed to more manual techniques previously considered. A mining production rate of 72,000 tpa is envisaged with a fleet capability of 100,000 tpa allowing for potential increase of the mining rate should additional resources be discovered.

Total production from the inventory is estimated to be 139,600 ounces of gold and 538,000 ounces of silver over a six and a half year production life. A conventional gravity / flotation concentrator will treat 72,000 tpa. About 25% of gold will be recovered by gravity means for smelting on site to a dore bar. The balance reports to a sulphide rich concentrate which will be treated through a third party facility remote from site. The overall recovery predicted is 93% for Au and 90% for Ag. Gold and silver production average 21,000 ounces and 83,000 ounces annually respectively.

Preproduction project expenditure and capital is estimated at A\$ 26.9 million, with a further sustaining and deferred capital cost of A\$ 3.3 million over the life of the project including a 15% contingency allowance.

Average operating costs are estimated to be equivalent to A\$ 501 per ounce on average after commissioning of the new and upgraded facilities including a 20% contingency allowance.

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