

27 July 2011

Dear Shareholder

NOTICE TO SHAREHOLDERS – NON-RENOUNCEABLE RIGHTS ISSUE

On 22 July 2011 Scotgold Resources Limited announced a pro-rata non-renounceable rights issue to shareholders on the basis of one (1) share for every five (5) shares held at the Record Date at a price of 5 cents each (“**Rights Issue**”).

The Rights Issue is non-renounceable and is available to all eligible Scotgold Resources Limited shareholders registered on the Record Date as detailed in the timetable below. Please note that shareholders at the Record Date that have an address registered outside of Australia, New Zealand or United Kingdom may not be eligible to participate in the Rights Issue.

The maximum number of shares which may be issued under the Rights Issue is 32,260,882 to raise approximately \$1,613,000 (based on the current capital structure of the Company). An offer letter containing your entitlement will be sent to you on the date referred to in the timetable below.

Please note that where the determination of an eligible shareholder results in a fraction of a share, such fraction shall be rounded down to the nearest whole share. Shares issued will rank equally with all Shares on issue. Shareholder approval is not required in relation to the Rights Issue. There will be no deferred settlement of the sale of shares offered under the pro-rata offer. Trading in the new shares will commence on the first business day following dispatch of the holding statements.

A notice under section 708AA (2) (f) of the Corporations Act (Notice) and an Offer Document have been lodged with the ASX on or about 22 July 2011 in respect of the Rights Issue and the Offer Document is available on the ASX website and will be mailed to shareholders on 8 August 2011. However, the Offer Document will not constitute an offer in any place in which or to any person to whom it would be unlawful to make such an offer. Accordingly, it is the responsibility of non-resident applicants to obtain all necessary approvals for the allotment and issue to them of securities pursuant to the Offer Document.

The purpose of the Offer is to raise approximately \$1,613,000 (before expenses of the Offer). The Company intends to apply the funds raised from the Rights Issue as follows:

- A. Meet the costs of the offer,
- B. Progress on the Company’s Projects, and
- C. General working Capital.

The total number and class of all securities quoted on ASX (including the maximum number of Shares to be issued in the Rights Issue on an undiluted basis – ie. assuming none of the Company's options are exercised) is as follows;

<i>On Issue and Quoted</i>		
Number	Ordinary Shares	Options
On Issue	161,304,411	21,452,221
Shares Issued	32,260,882	-
Total	193,565,293	21,452,221

The timetable for the Rights Issue is as follows;

Event	Date
Announcement of Rights Issue and Appendix 3B, First Cleansing Notice and Offer Document lodged with ASX	22 July 2011
Notice Sent to Security Holders	27 July 2011
Ex Date (date from which securities commence trading without the entitlement to participate in the Rights Issue)	28 July 2011
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Rights Issue)	4 August 2011
Offer Document Dispatched to Shareholders (expected date of dispatch of Offer Document, Entitlement and Acceptance Forms)	8 August 2011
Rights Issue Opens	8 August 2011
Closing Date* 5pm (WST)	23 August 2011
ASX Notified of Undersubscriptions	26 August 2011
Allotment Date**	31 August 2011
Second Cleansing Statement lodged with ASX (under section 708A (5))	31 August 2011
Dispatch Holding Statements**	31 August 2011

**Subject to the Listing Rules, the Directors reserve the right to extend the closing date for the offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the new shares*

***Dates are indicative only.*

P J Newcomb
COMPANY SECRETARY