

27 July 2011

Dear Option Holder

Scotgold Resources Limited – Rights Issue

The Directors of Scotgold Resources Limited (**Company**) are pleased to advise you that on 22 July 2011 they announced to ASX that the Company will undertake a pro-rata non-renounceable entitlement issue to eligible shareholders of the Company on the basis of one (1) share for every five (5) shares held in the Company as at 5pm WST on 4 August 2011 (**Record date**). The issue price for these shares is 5 cents per share.

If you wish to participate in the offer to the extent of the potential represented by your existing options in Scotgold Resources Limited, you may do so to the extent of your shareholding in Scotgold Resources Limited as at the Record Date. If you are not already a shareholder and/or wish to participate in the offer to the extent of your option holding, you must exercise your options on or before the Record Date of **5.00pm WST on 4 August 2011**.

Detailed instructions for exercising options are available on the company's website together with downloadable forms.

For further information, contact the Company Secretary, Peter Newcomb on (08) 9428 2900.

P J Newcomb
COMPANY SECRETARY