

ASX Announcement

31st January 2011

ASX Code: SGZ

Company Overview

Scotgold Resources Limited is a gold exploration and development company with projects in the Grampian region of Central Scotland. The company's assets include the Cononish gold and silver deposit and exploration licences covering 3,200km² of central Scotland.

Fast Facts

Shares on issue:	161M
Share price:	A\$0.094
Market capitalisation:	\$15m
Cash on hand:	\$1.1M

Board of Directors

Chris Sangster	Chief Executive Officer
John Bentley	Non-Executive Chairman
Shane Sadleir	Non-Executive Director
Philip Jackson	Non-Executive Director

Major Shareholdings

Kenglo One	9.9%
Shane Sadleir	8.9%
Chris Sangster	3.5%

Company Contacts

Scotland

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DECEMBER 2010 QUARTERLY REPORT

Cononish Gold and Silver Project

- Positive on-going discussions with Parks Authority regarding re-submission
 - Planning application notice submitted
- Appeal lodged to 'preserve' position

Grampian Gold Project: River Vein area

- High grades continue at River Vein area including
 - A grab sample between veins, one metre, apart assayed **145.5 g/t Au and 28.5 g/t Ag**
 - High gold values in grab samples from narrow quartz veins including **134.5 g/t Au, 31.8 g/t Ag and 15.0 g/t Au and 7.7 g/t Ag**

Grampian Gold Project: Auch area

- AQ drilling including
 - **25.5g/t Au 14.3g/t Ag over 1.0m**
 - **15.2g/t Au, 36.2g/t Ag over 2.1m**
- Rock chip outcrop samples on vein systems including
 - **62.4g/t Au, >200g/t Ag and 20.7g/t Au, 164.7g/t Ag** at Clach Bhadach
 - **13.2g/t Au, 36.6g/t Ag** at Creag Sheileach
 - **23.4g/t Au, 29.6g/t Ag** at Coire Ghabhalach
 - **9.8g/t Au 80.4g/t Ag and 8.9g/t Au, >200g/t Ag, 47.1g/t Te** at Beinn Odhar
- Breccia pipe identified

Non renounceable rights issue raises A\$1,019,665

Placement to strategic investor raises A\$986,000

Cononish Gold and Silver Project.

In January 2010, subsequent to the extensive public and other consultation processes, the Company submitted its application for planning permission at Cononish. On 11th August 2010, the Parks Authority's Director of Planning recommended refusal of the application largely on landscape and visual impact issues and this refusal was upheld by a narrow margin of 12 to 10 at the National Parks Board meeting on 18th August 2010. An appeal against the refusal was lodged with the Scottish Ministers on 17th November and remains 'live' at present.

However, since 18th August, Scotgold directors have met on several occasions with senior representatives of the Parks Authority to discuss the issues surrounding their recommendation for refusal and the Company believes encouraging progress is now being made. The principal changes to the previous application would involve a reduction in the volume of the Tailings Management Facility, accompanied by some underground disposal of tailings, thereby facilitating a design which would have significantly less visual impact whilst accommodating development of the current resource at the same annual rate of production.

As a result of these positive discussions, on 22nd December 2010, the Company submitted a Planning Application Notice to the Parks Authority indicating its intention to re-apply for planning permission. The re-application process again involves the statutory 12 week period for Pre Application Consultation, prior to submission, subsequent to which it is likely a non binding processing agreement would be signed with the Parks Authority to indicate the likely decision date. The Company believes this could be early in Q3 2011.

Exploration Update

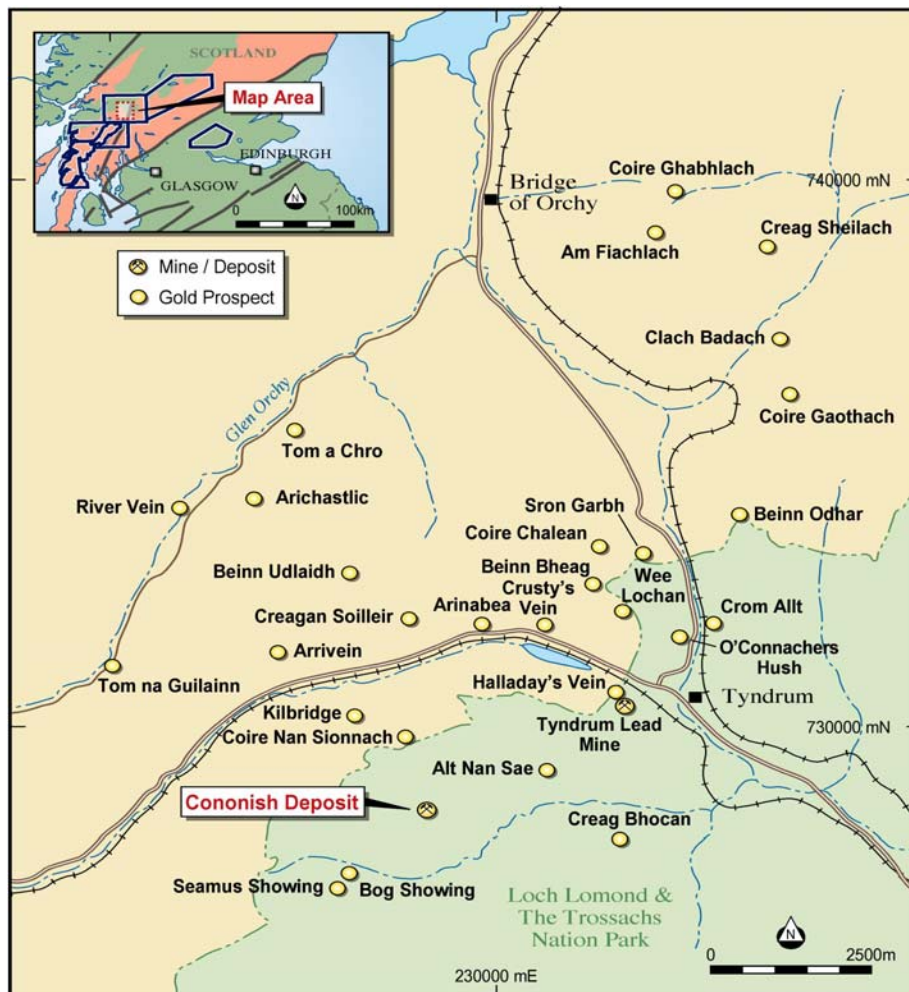


Figure 1 Grampian Gold Project Area

Beinn Udlaidh – River Vein Area

The Company continues to actively pursue exploration activities on its substantial land position outside the National Park (see Figure 1).

The River Vein area is located five kilometres northwest of the Cononish gold and silver deposit and outside the boundaries of the Loch Lomond and Trossachs National Park (see Figure 1).

Outcrop is confined to rivers and burns due to extensive glacial till cover which is in many places, deeper than 10 metres throughout Glen Orchy.

Previous mapping and outcrop sampling from Areas A, B and C within Glen Orchy (see **Press Release 17th August 2010 – High Gold and Silver Grades at Beinn Udlaidh**) reported narrow quartz sulphide veins, trending approximately 300° with high gold grades and additionally in Area A, molybdenum mineralization in fractures with altered aplitic margins, trending approximately northeast – southwest, (See Figure 2). These quartz sulphide veins returned exceptionally high gold assays of 383.2 g/t Au with 90.7 g/t Ag, 321.5 g/t Au with 102.4 g/t Ag, and 197.3 g/t Au with 69.8 g/t Ag, whilst a single sample on one of the mineralized aplite bearing fractures assayed in excess of 500 g/t Mo.

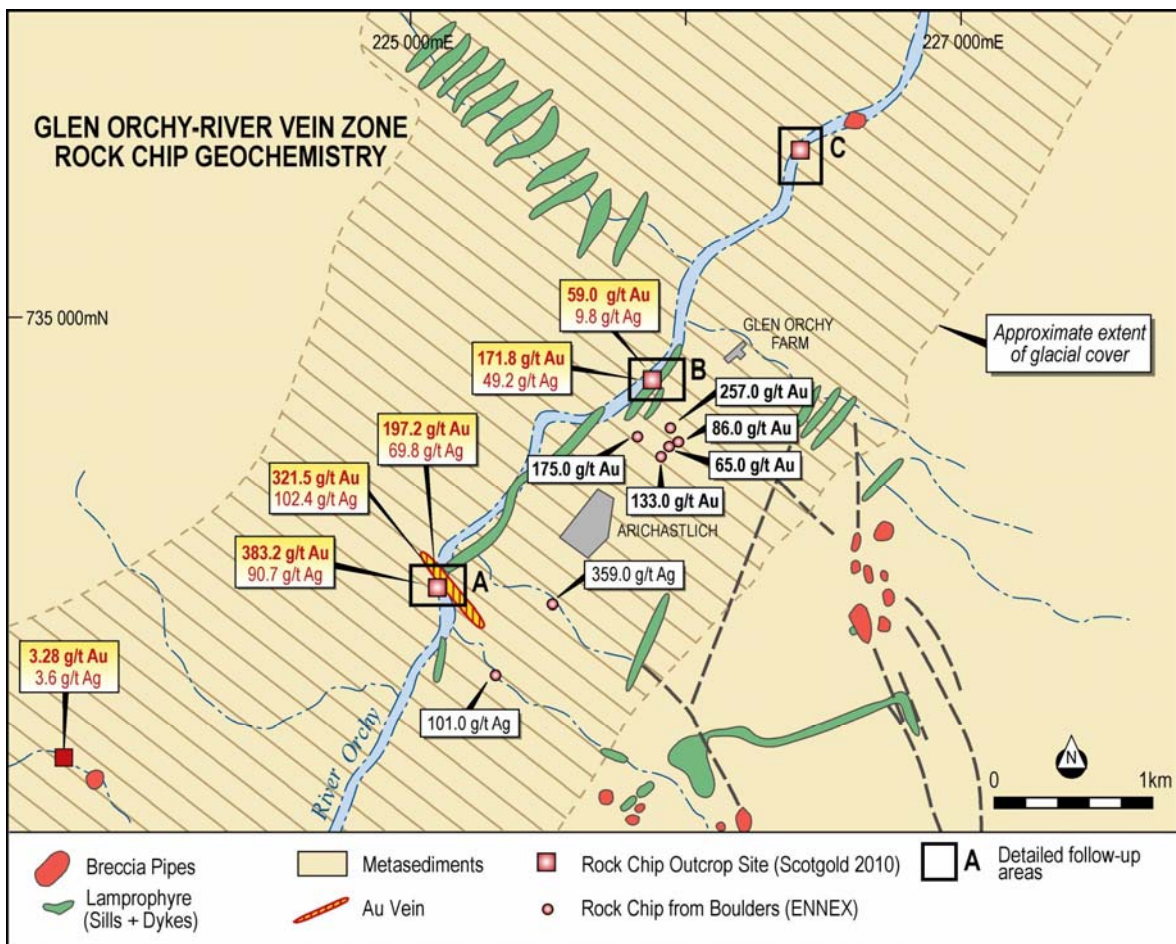


Figure 2 Glen Orchy River Vein Area – previous sampling

Recent sampling by Scotgold in **Area B** has confirmed the high grade nature of the gold mineralisation, including a grab sample between veins one metre apart, assaying 145.5 g/t Au and 28.5 g/t Ag. Other high gold values in grab samples from the narrow quartz veins in this area included 134.5 g/t Au, 31.8 g/t Ag and 15.0 g/t Au and 7.7 g/t Ag. (See figure 3)

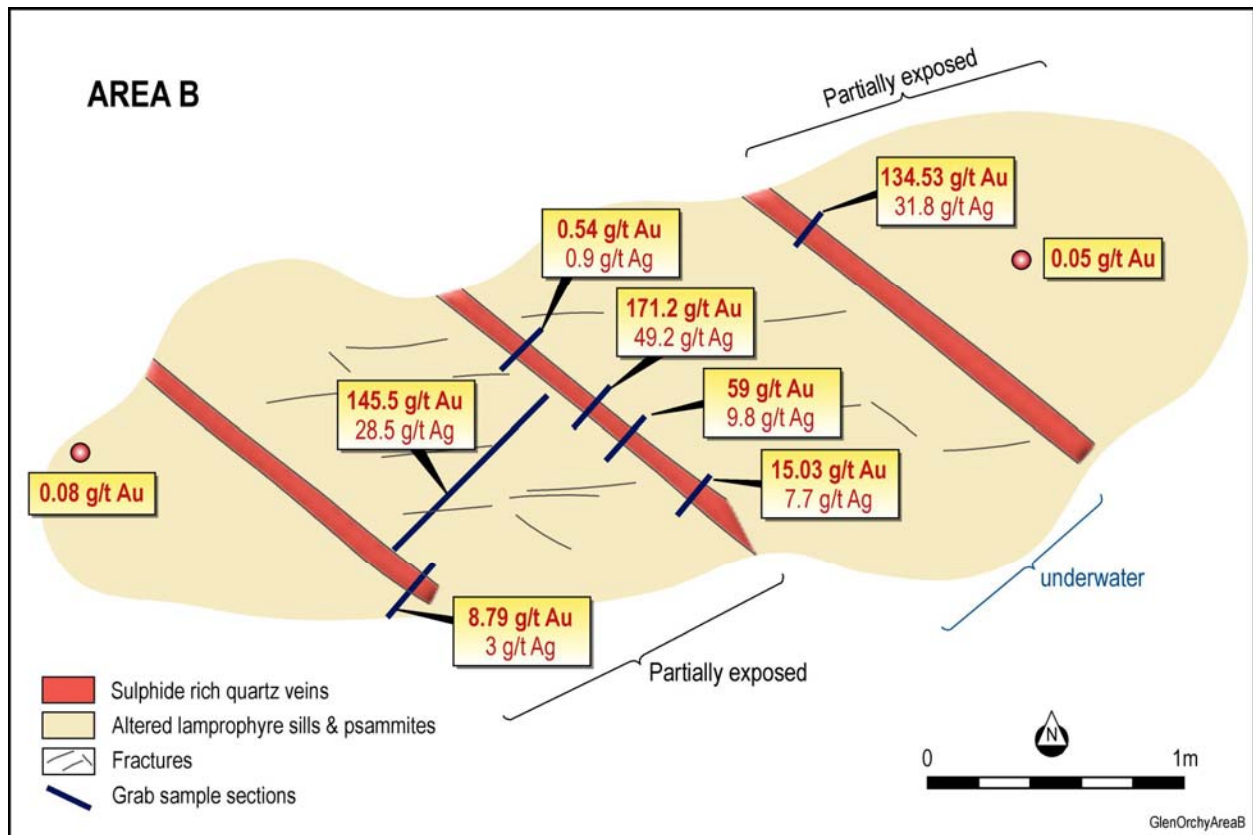


Figure 3: Geological sketch of Area B in bed of River Orchy, showing high grades in narrow quartz veins and in channel sample

Selected results are shown in Appendix A

Further mapping of the high grade gold mineralization in the area to determine the orientation of any possible extensions under the adjoining glacial till cover, initial AQ drilling and possible geophysics and deeper drilling is planned.

Grampian Gold Project Auch Area

The Auch Project Area is situated 10km north east of the Cononish Gold and Silver Project and lies outside the boundaries of the Loch Lomond and Trossachs National Park (see Figure 1)

Previous explorers had identified a number of high grade boulders and outcrops at four locations (Coire Ghabhalach, Creag Sheileach, Beinn Odhar and Crom Allt) within the project area (see **ASX release 20th July 2009 : Exceptionally high gold grades found in Scotland**) which warranted further follow up, though at that time, no further work was conducted.

After an initial follow up verification sampling program conducted in 2009, Scotgold has conducted further field reconnaissance mapping and follow-up outcrop sampling on these prospects.

During this program, three new prospects have been identified at Clach Bhadach, Leitir Tharsuinn and the Auch Breccia pipe.

Selected results are shown in Figure 4

Ten small diameter (AQ) holes drilled into two vein structures at Auch have returned encouraging gold and silver values, including:

- Coire Ghabhalach – 2.1 metres averaging **15.2g/t gold, 36.1g/t silver**
- Creag Sheileach – 1.0 metres averaging **25.5g/t gold and 14.3g/t silver**

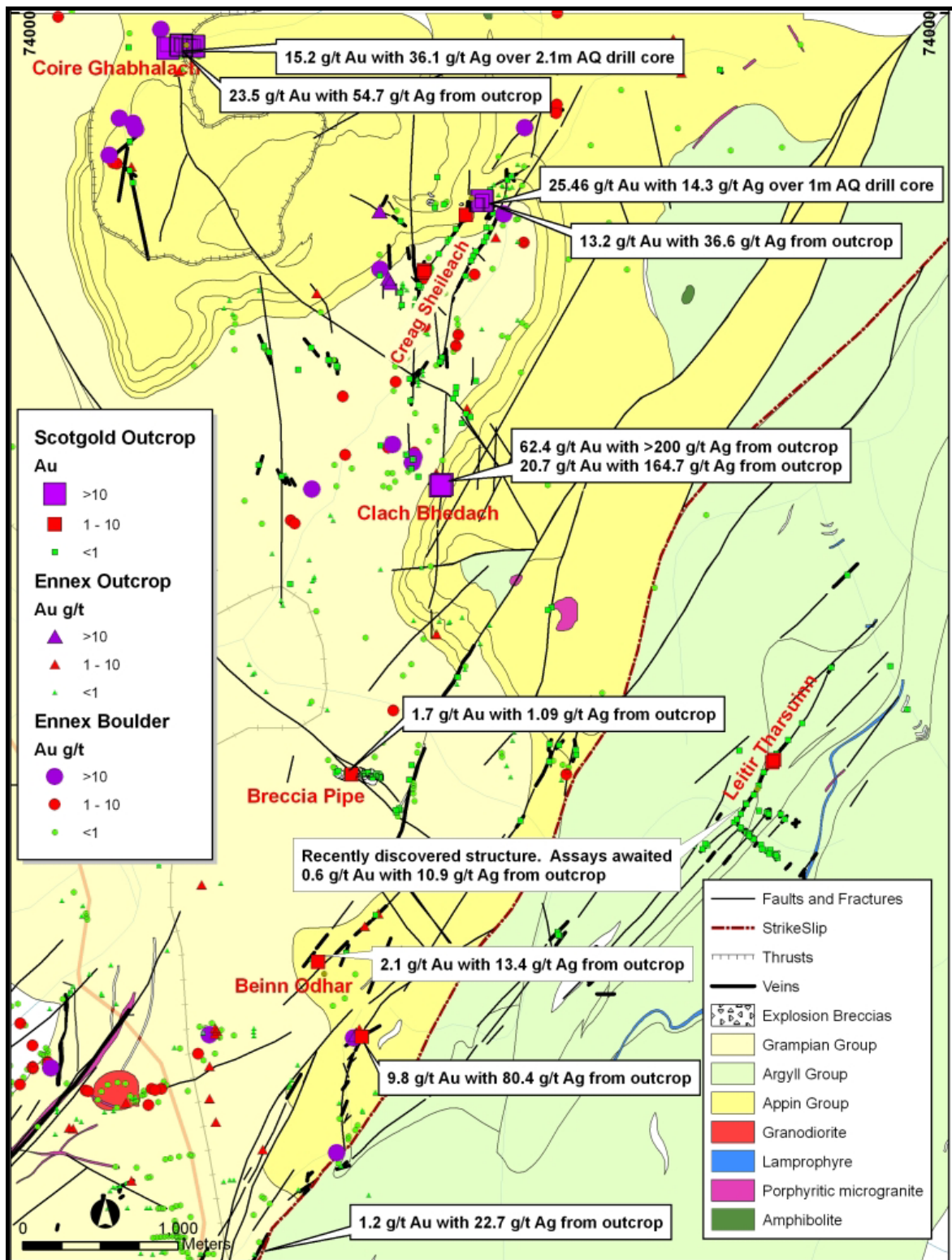


Figure 4: Selected outcrop and drill results over Auch Project Area

Recent follow up outcrop rockchip sampling from vein systems located by fieldwork continue to return high grade gold and silver over significant strike lengths including:

- Coire Ghabhalach - 23.4g/t gold, 29.6g/t silver

- Creag Sheileach - **13.2g/t gold, 36.6g/t silver (previously reported)**
- Clach Bhadach - **62.4g/t gold, >200g/t silver**
- Beinn Odhar – Beinn Odhar vein – **2.1g/t gold, 13.4g/t silver**
- Beinn Odhar – Coire Thon vein – **9.8g/t gold, 80.4g/t silver**
- Beinn Odhar – Coire Thon vein – **8.9g/t gold, >200g/t silver, 47 g/t tellurium**

Selected rockchip results are given in Appendix B and drill statistics in Appendix C. Results for the Leitir Tharsuinn vein are awaited.

Scotgold recently accessed a PhD thesis completed in 1970 on the structural geology of the Auch Estate which noted three 'breccia' type occurrences. Reconnaissance of two of the reported breccias indicated the occurrences to be porphyritic microgranites, possibly associated with the gold mineralizing event.

On investigation, the third represents a large explosion breccia, possibly similar to the mineralized pipes encountered at Beinn Udlaidh. This occurrence appears to consist of two rounded pipe-like breccias approximately 10000m² in extent, and occur in close association with lamprophyre.

Thirty two rockchip samples were taken across the exposed extremities of the breccia and a single sample returned a highly anomalous gold value of 1.7g/t Au.

Aurum Exploration Services conducted a ground based magnetic and EM survey over the breccia and towards a large regional silicified fault zone to the east. The results clearly indicate two strong magnetic anomalies coincident with the shape of the mapped breccia pipes.

A series of AQ drill holes are planned in 2011 to further test possible mineralization in the pipe structure.

Corporate activities

On 16 September 2010, the Company announced a non-renounceable rights issue of shares on the basis of one Share for every four Shares held at the record date of 28 September 2010 at an issue price of \$0.035 per Share together with one free attaching Option for every two shares subscribed for, exercisable at \$0.08 and expiring on 30 April 2012. The rights issue closed oversubscribed on 3 November 2010.

On 11 November 2010, the Company allotted 29,133,284 shares to raise a total of \$1,019,665 and 14,566,586 free attaching options were issued in accordance with the offer.

Subsequent events

On 19 January 2011, the Company advised that it has raised £616,250 (A\$986,000) through the placement of 14.5 million ordinary fully-paid shares in the Company (the "Placing Shares"), at a consideration of £0.0425 (A\$0.068) per share. The Placing Shares were issued together with one free attaching option for every two Placing Shares subscribed for. The options are exercisable at a price of \$0.08 per share and expire on 30 April 2012.

The Placing Shares were placed with Kenglo One Limited ("Kenglo") an investment company incorporated in Jersey, Channel Islands specialising in natural resources. Kenglo already has significant holdings in Galantas Gold Corporation which operates a gold mine in Northern Ireland.

Following the placing Kenglo has an interest in 14,500,000 shares representing 9% of the Company's enlarged share capital.

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Competent Person's Statement:

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.

Forward Looking Statements:

This release includes certain "forward looking statements." All statements, other than statements of historical fact, are forward looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate and actual results and future events could differ materially from those anticipated in such statements.

Appendix A: Selected rock chip results from River Vein Area

Sample ID	Easting	Northing	Area	Description	Au g/t	Ag g/t	Mo ppm	Pb ppm	Zn ppm
GO50-05	225922	734654	B	Wh to gy qtz veins abundant sulphide and galena	15.03	7.70	14	183	32
GO50-06	225922	734654	B	Wh to gy qtz veins with abundant sulphide and galena	8.79	3.00	9	42	36
GO50-07	225922	734654	B	Wh to gy qtz veins with abundant sulphide and galena	145.52	28.50	2	600	286
GO50-08	225922	734654	B	Wh to gy qtz veins with abundant galena and py and possible sphalerite	134.53	31.80	12	10747	2818
GO50-09	225922	734654	B	Lamprophyre with thin py filled fractures	0.05	0.00	1	25	76
GO50-10	225922	734654	B	Lamprophyre with thin py filled fractures	0.08	0.00	1	17	100
GO50-11	225907	734656	B	Wh qtz veins with coarse py	1.30	1.70	2	6	13
GO50-12	225907	734656	B	Wh qtz veins with coarse py	6.97	1.00	3	15	23
GO50-13	225907	734656	B	Wh qtz veins with coarse py galena	4.56	13.00	22	10812	14

Appendix B: Selected rock chip results from Auch Project Area

Location	Type	Sample	Easting	Northing	Au g/t	Ag ppm	As ppm	Pb ppm	Zn ppm
Coire Ghabhalach	Outcrop	CG01	232921	739786	23.4	29.6	21708	12219	62327
Coire Ghabhalach	Outcrop	CG13	232756	739771	18.3	39.2	1339	>20000	40943
Coire Ghabhalach	Outcrop	CG05	232839	739794	15.9	34.7	9501	2159	7195
Coire Ghabhalach	Outcrop	CG04	232889	739789	4.4	4.0	395	1213	2571
Coire Ghabhalach	Outcrop	CG02	232921	739786	3.9	29.6	6592	>20000	268
Coire Ghabhalach	Outcrop	CG12	232750	739796	3.1	14.1	2338	4162	18185
Coire Ghabhalach	Outcrop	CG03	232904	739785	1.4	15.4	1706	9437	5288
Clach Bhadach	Outcrop	CB04-02	234510	736955	62.4	>200	1303	1581	705
Clach Bhadach	Outcrop	AK04	234524	736965	20.7	164.7	907	675	161
Clach Bhadach	Outcrop	CB04-03	234510	736955	16.4	>200	453	325	693
Beinn Odhar	Outcrop	BO10	234005	733407	3.4	18.2	610	124	66
Beinn Odhar	Outcrop	BO4	233724	733889	2.1	13.4	5117	246	19
Breccia Pipe	Outcrop	ABP24	233940	735096	1.7	1.1	284	94	560
Coire Thon	Outcrop	CA16	233991	733367	9.8	80.4	375	>20000	65885
Coire Thon	Outcrop	CA05	234007	733400	8.9	>200	314	13485	2478
Coire Thon	Outcrop	CA04	234007	733400	2.0	10.4	567	359	133
Coire Thon	Outcrop	CA03	234007	733400	1.1	8.2	395	165	67

Appendix C: Drill statistics

Hole ID	Area	Easting	Northing	Depth(m)	Elevation(m)	Azimuth	Inclination
AAQ01	Creag Sheileach	234747	738765	13.5	408	325	-45°
AAQ02	Creag Sheileach	234784	738791	11.9	391	316	-45°
AAQ03	Creag Sheileach	234781	738789	7.7	391	330	-45°
CGAQ01	Coire Ghabhalach	232922	739786	7.5	657	004	-40°
CGAQ02	Coire Ghabhalach	232890	739788	9.8	666	320	-40°
CGAQ03	Coire Ghabhalach	232843	739795	2.5	669	330	-40°
CGAQ04	Coire Ghabhalach	232843	739795	10.5	671	330	-50°
CGAQ05	Coire Ghabhalach	232843	739795	7	671	304	-45°
CGAQ06	Coire Ghabhalach	232850	739790	2.4	684	335	-46°
CGAQ07	Coire Ghabhalach	232843	739795	9	671	304	-45°