

## ASX Announcement

30 JULY 2010

**ASX/AIM Code: SGZ**

### Company Overview

Scotgold Resources Limited ("Scotgold" or the "Company") 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 3,200km<sup>2</sup> of central Scotland. Scotgold is quoted on both the ASX and AIM.

### Fast Facts

Shares on issue:	117M
Options:	38.8M
Share price (30/06/2010)	A\$ 0.09
Market capitalisation:	A\$10m
Cash on hand (30/06/2010):	A\$1.6M

### Board of Directors

Chris Sangster	Chief Executive Officer
John Bentley	Non-Executive Chairman
Shane Sadleir	Non-Executive Director
Adam Davey	Non-Executive Director
Edmond Edwards	Non-Executive Director
Philip Jackson	Non-Executive Director

### Major Shareholdings

Shane Sadleir	9.87%
Chris Sangster	4.01%
Saruman Holdings Pty Ltd	3.87%
<i>As at 30/06/2010</i>	

### Company Contacts

#### Scotland

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## JUNE 2010 QUARTERLY REPORT

### Highlights:

#### CONONISH GOLD AND SILVER PROJECT

- **HIGH GRADE INTERSECTIONS FROM INFILL AND EXTENSION DRILLING RESULTS INCLUDING:**
  - Con 10 02 - 15.82g/t Au, 52.6g/t Ag over 1.41m
  - Con 10 05 - 5.00g/t Au, 22.8g/t Ag over 6.16m (including 14.82 g/t Au, 55.5g/t Ag over 2.15m)
  - EA 02 - 7.84g/t, 12.2g/t Ag over 2.25m
- **PROGRESS TO PRODUCTION DECISION**
  - Revised date for planning permission decision - anticipated 18 August
  - AMC commissioned to update Studies to higher accuracy

#### GRAMPIAN GOLD PROJECT UPDATE

- **BEINN UDLAIDH PROSPECT**
  - Ground magnetic survey completed over selected pipes
  - Further litho-geochemical sampling completed
  - Eight AQ holes on Beinn Udlaidh pipes and vein completed
- **AUCH / ALLT KINGLASS PROSPECTS**
  - Three AQ holes completed
  - Further litho-geochemical sampling completed

## CONONISH GOLD AND SILVER PROJECT

### Infill and Eastern Extension Drilling

Scotgold has completed the first phase of its Infill and Eastern Extension drilling program at the Cononish gold and silver project.

Infill drilling into the main vein within the Inferred Resource envelope above the 400 metre level continued to encounter high grades and excellent widths of gold and silver mineralization in most cases.

Drilling results from the Eastern Extension encountered additional mineralization below the 400 metre level, where a westerly plunging payshoot may extend over 300 metres beyond the eastern boundary of the previously defined JORC resource. Further drilling in this area is hampered by extreme topography and will be followed up from underground.

Drilling results are shown in Table 1 and Table 2 for Infill and Eastern Extension results respectively. Drill statistics are shown in Appendix A.

Underground holes EA UG 03 and 02 were drilled to test the possible extension of the high grade vein (the 'adit' vein) encountered in the adit. The results indicate vein continuity with encouraging values and warrants further investigation at a later stage.

**Table 1: Resource Infill Drilling Results**

Hole	From (m)	To (m)	Downhole intersection (m)	Est. true thickness (m)	Au g/t	Ag g/t	Comment
Con 09 01	103.95	106.00	2.05	1.98	9.84	41.6	Main Vein intersection
Con 10 02	103.00	104.50	1.50	1.41	15.82	52.5	Main Vein intersection
Con 10 02a	126.90	127.25	0.35	0.31	0.39	42.4	Main Vein Sheared, dyke
Con 10 05	67.24	83.75	11.04	6.16	5.09	22.8	Mineralised intersection
Including	66.24	70.46	4.22	2.35	2.55	7.2	Upper vein
and	79.15	83.00	3.85	2.15	14.82	55.5	Main vein intersection

**Table 2: Eastern Extension Drilling Results:**

Hole	From (m)	To (m)	Downhole intersection (m)	Est. true thickness (m)	Au g/t	Ag g/t	Comment
EA 01	49.30	51.60	2.30	1.99	2.68	1.8	Main vein intersection
EA 02	60.40	64.00	3.60	2.25	7.84	12.2	Main vein intersection
Including	60.40 63.00	60.65 64.00	0.25 1.00	0.18 0.72	28.35 15.67	16.6 33.8	
EA 03	46.73	47.30	0.57	0.52	3.67	4.8	Main vein intersection
EA 04	62.80	65.00	2.20	1.58	0.94	1.4	Out of payshoot?
EA 05	112.6	113.15	0.55	0.25	0.54	0.5	Out of payshoot?
EA 06	74.92	76.00	1.08	0.68	1.24	<0.5	Out of payshoot?
EA UG 03	2.50	3.00	0.50		5.16	3.4	'Adit' vein
EA UG 02	0.50	1.00	0.50		7.50	5.4	'Adit' vein

### Progress towards Production Decision

Scotgold commissioned Australian Mining Consultants ("AMC") to update critical components of the Cononish Scoping study to improved levels of accuracy.

The study is expected to be available in August and will enable the Company to finalise development options for the project leading to a production decision. Subject to certain project milestones, including grant of planning permission and financing for the project, Scotgold anticipates first gold production in late 2011.

AMC will review and update the mining development and production schedule and mining capital and operating costs (with a target +/-15% accuracy) based on recent additions to the resource at Cononish (see ASX and AIM Release 5 February 2010 – *Cononish Drilling and JORC Update*).

The study will also be updated with work completed since the 2009 study in the areas of processing, tailings disposal and infrastructure to similar levels or better levels of accuracy and review the financial model including gold price forecasts.

Scotgold recently commissioned Gekko Systems Pty ("Gekko") to complete a Definitive Costing Study (+/- 10% accuracy) for the Cononish project processing plant. Gekko and Scotgold's metallurgical consultant recently finalised the proposed flowsheet and Gekko will proceed to complete the study based on the agreed flowsheet.

The flowsheet encompasses two stages of crushing, milling followed by a gravity recovery section and subsequent flotation. Concentrates from both the gravity and flotation process will be combined and reground to maximize recovery of 'free gold' and to reduce the mass of concentrate required to be transported for further processing.



The study is due to be completed shortly.

A final metallurgical sample has been processed in accordance with the agreed flowsheet to confirm the recoveries to be used in the AMC study.

AMEC Earth and Environmental (AMEC) has completed a feasibility level design for the Tailings Management Facility for the Cononish project. The design provides for a facility to retain 0.8Mt of tailings to cater for possible future extensions to resources at Cononish and is designed in accordance with all applicable EU and UK legislation. The design is undergoing costing for input to the revised study.

#### **Revised Date for Planning Permission Decision**

Scotgold lodged its application for planning permission on 25 January 2010. In response to recently introduced legislation and also the requests for further information from the Planning Authority, Scotgold submitted further documentation in early June. This submission required further advertisement and consultation with statutory and other consultees. The Planning Authority has indicated a decision date of 18 August for the application.

### **GRAMPIAN GOLD PROJECT EXPLORATION UPDATE**

#### **Beinn Udlaidh breccia pipes**

An initial systematic litho-geochemical rock chip sampling program was conducted over the Beinn Udlaidh breccia pipefield for characterization in order to prioritize follow up work.

A number of small diameter AQ holes were drilled into Pipes BU 12, BU 22 and BU 13. Results are awaited

A hand held magnetic survey was recently completed by Aurum Exploration Services Ltd over selected areas of the Beinn Udlaidh breccia pipe field and interpretation is ongoing.

#### **Beinn Udlaidh vein**

Further rock chip outcrop sampling was carried out over the possible extension to the Beinn Udlaidh vein.

Four small diameter AQ holes were drilled into the possible extension of the vein, results are awaited.

#### **Auch**

Three small diameter AQ drillholes were drilled into a vein occurrence and results are awaited.

Further litho-geochemical rock chip sampling was conducted in the area.

#### **Regional**

Further rock chip sampling was carried out on occurrences identified by previous explorers, results are awaited.



## Scotgold Resources Limited – Fourth Quarter Activities Report

For further information:

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### Competent Persons 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: Drill Statistics

Hole ID	Easting	Northing	Depth(m)	Elevation(m)	Azimuth	Inclination	Core
09 – 01	228918	728277	114.8	558	322	-45	NQ
10 – 02	228871	728247	117.8	562	317	-50	NQ
10 – 02a	228871	728247	142.5	562	306	-66	NQ
10 – 05	228641	728049	91.7	565	327	-77	NQ
EA 01	229094	728454	102.0	405	326	-45	NQ
EA 02	229094	728454	105.5	405	326	-65	NQ
EA 03	229125	728471	62.0	404	315	-43.5	NQ
EA 04	229125	728471	74.4	404	315	-66	NQ
EA 05	229125	728471	129.0	404	299	-80	NQ
EA 06	229156	728500	80.5	397	294	-68	NQ
EA UG 03	229098	728556	16.0	400	316	0	AQ
EA UG 02	229114	728574	9.0	400	316	0	AQ