



# SCOTGOLD

RESOURCES LIMITED

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## DECEMBER 2009 QUARTERLY REPORT

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### SCOTGOLD RESOURCES LIMITED

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### HIGHLIGHTS

#### PLANNING PERMISSION FOR CONONISH

- Continued community support
- Application to be lodged in January 2010
- Permit decision expected in June 2010

#### DIAMOND DRILLING RECOMMENCES AT CONONISH

- Infill program into existing JORC resource
- Exploration program at Eastern extension

#### HIGH GRADE HISTORIC EXPLORATION DATA CONFIRMED

- Substantial sampling verification exercise confirmed historic exploration data

#### BRECCIA PIPE EXPLORATION

- Short AQ diamond drilling complete on 5 out of 16 breccia pipes

## **Scotgold Resources Limited – Second Quarter Activities Report**

### **Overview**

Scotgold Resources Limited (“Scotgold”, “the Company”) is exploring for gold and base metals in the SW Grampians area of Scotland. As its core asset the Company has 100 per cent ownership of the Cononish gold and silver project at Tyndrum, approximately 90 kilometres north of Glasgow.

Drilling recommenced at Cononish to infill a portion of the existing Inferred Mineral resource and to test high grade gold targets within the recently identified Eastern Extension. Three holes were completed and results are awaited.

A substantial sampling verification exercise was completed. The results confirm historic exploration data and the presence of a significant number of high grade gold outcrops and the prospectivity of the 250 km<sup>2</sup> “principal zone of interest” which surrounds the Cononish Gold and Silver deposit.

A program of 7 short AQ diamond drill holes into five of the recently identified breccia pipes at Beinn Udlaidh was completed, results are due shortly.

As part of the on going application for extension to its existing planning permission, the Company held three public meetings relating to the application. Community support for the application remains positive and the formal application for extension to the existing permission will be submitted in January 2010.

### **DRILLING RECOMMENCES AT CONONISH**

Scotgold resumed drilling at the Cononish Gold and Silver project in Scotland. The objectives of the program are to:

- infill a portion of the existing Inferred JORC Mineral Resource at Cononish as a part of the Company’s ongoing program to advance the project to production, and
- test high grade gold targets (up to 119.9g/t gold) which lie within the recently identified eastern extension of the Cononish mineralisation and outside the envelope of the existing JORC Mineral Resource.

The program started in October 2009 and three NQ size diamond drill holes were completed before Christmas.

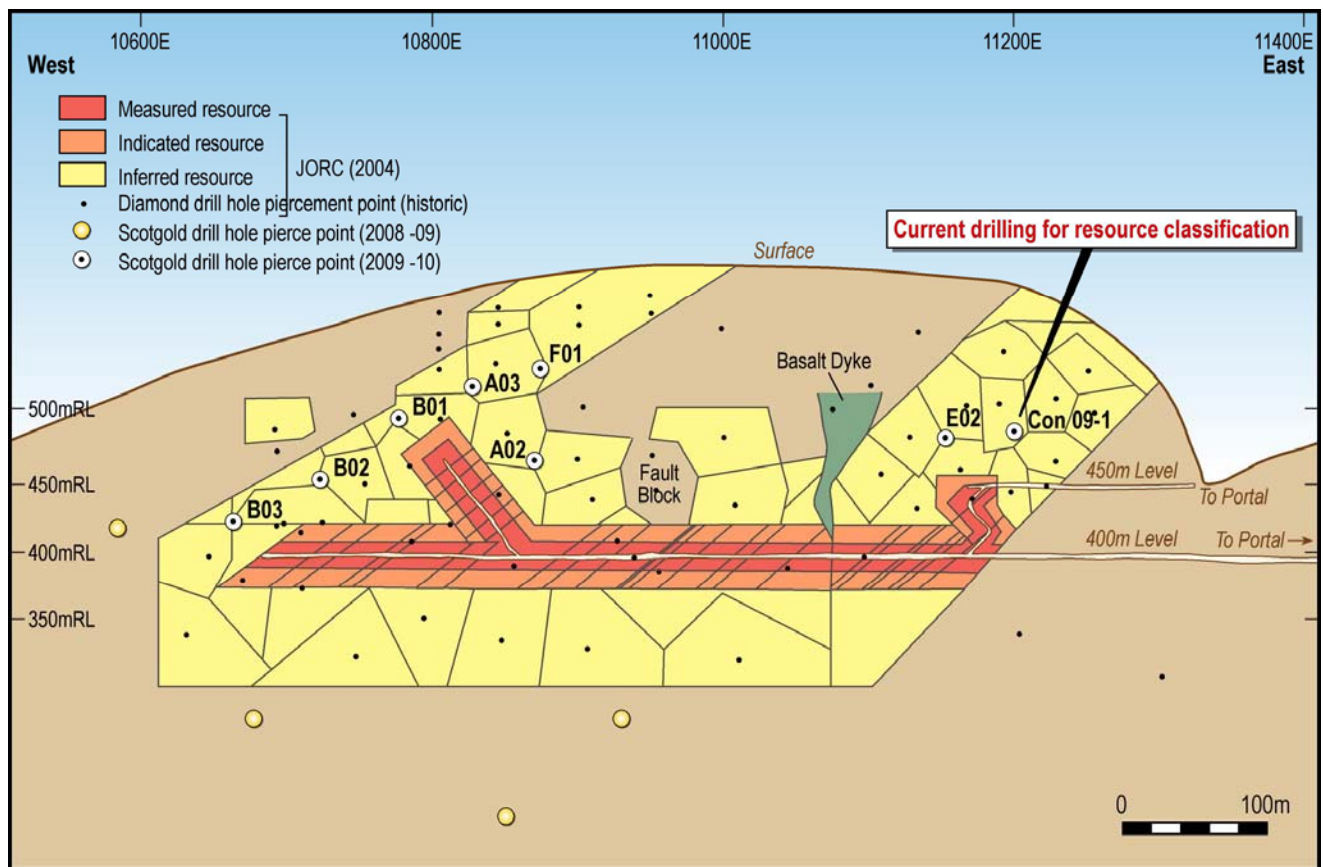
The infill drilling program now under way is intended to improve the overall confidence in the existing JORC resource as a part of Scotgold’s ongoing program to advance the Cononish project to production. Eight holes have been planned (see Figure 1) and hole Con 09 – 01 was completed. Results are awaited.

The drilling program is also targeting mineralization outside the JORC resource envelope, specifically the potential down dip continuation of the mineralisation encountered in trenches (up to 16.12 g/t Au over 2.10 metres) surface drill holes (up to 73.10 g/t Au over 1.77 metres) and underground holes (up to 12.35 g/t Au over 1.49 metres)(see Figure 2). Holes EA 01 and 02 were completed and the results are due shortly.

## Scotgold Resources Limited – Second Quarter Activities Report

A program of 12 short AQ size diamond drill holes was also laid out from within the Cononish adit (see Figure 2). These short holes will test for possible extensions to the identified mineralisation in the eastern part of the adit outside the existing JORC resource, in particular a 1.6 metre-wide quartz vein where high grades (up to 119.9 g/t gold and 97.2g/t silver) have been reported from historic assays. Hole EA UG 03 was completed and the results are awaited.

The infill and extension drilling program will continue during the current quarter when a further seven NQ holes are planned within the JORC envelope and the balance of the underground AQ drilling program will be completed.



**Figure 1: Long section of Cononish Gold/Silver Deposit showing location of diamond drill holes planned for 2009-10 for in relation to current JORC categories**



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### DATA VERIFICATION SAMPLING PROGRAM

An extensive outcrop sampling program was conducted by Scotgold during 2009 over nine prospect sites within the Company's 100 per cent owned Glen Orchy Licence in Scotland.

The recently received results provide confirmation of the significant number of high grade outcrop gold values and the prospectivity of the 250 km<sup>2</sup> "principal zone of interest" which surrounds the Cononish Gold and Silver deposit.

The highlights of the verification program were high grade outcrops identified at **Halladay's Vein (217.2 and 196.8 g/t gold and > 200 g/t silver)** and **Coire nan Sionnach (51.2 g/t gold and 14.4 g/t silver)**.

The results of the program show little difference between the gold and silver assays of the 367 new outcrop samples recently collected when compared to their equivalent datasets within the historic database, thus confirming its reliability for use in regional exploration by Scotgold. The historic database contains some 18,000 pieces of data from rock chips, soil samples, stream sediment samples and geophysical data points.

The frequency of high grade outcrops in the new and historic datasets, and their alignment with regional structural features, are similar to that at the Cononish Project. This pattern supports Scotgold's contention that its Grampian Gold Project has the potential to host a number of other 'Cononish style' gold deposits, in addition to other styles of mineralization such as the breccia pipes at Beinn Udlaidh.

A follow up exploration program, including initial drilling at Allt Kinglass, Coire nan Sionnach and Halladays Vein, all within the Cononish/Glen Orchy licence area is now being planned for the 2010 field season.

Table 1 shows an overall comparison of the 2009 outcrop rock chip sampling results with the equivalent historic database data. The data indicates that there is no overall difference between the new and old datasets.

<b>Grade category</b>	<b>Historic Data No. of outcrop samples (%)</b>	<b>Scotgold Data No. of outcrop samples (%)</b>
Total samples	728	367
Samples greater than 100 g/t gold	3 (0.4%)	2 (0.5%)
Samples greater than 5 g/t gold	55 (7.5%)	17 (6.1%)
Samples greater than 1 g/t gold	72 (9.9%)	47 (10.3%)

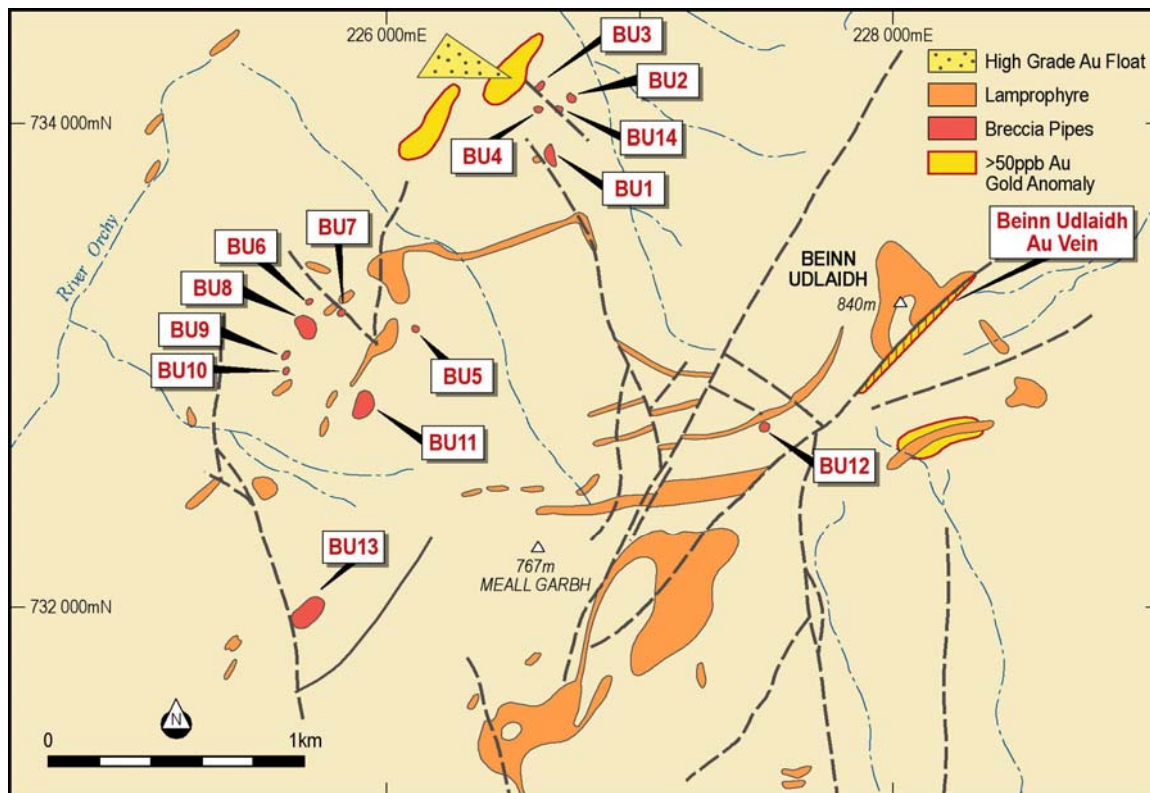
**Table 1: Comparison of Scotgold's 2009 outcrop sampling data with historic database**

**BEINN UDLAIDH BRECCIA PIPE DRILLING PROGRAM**

Scotgold previously announced the identification of significant breccia-hosted gold-silver mineralization at the Beinn Udlaidh prospect in association with a lamprophyre field, highlighting the potential of Beinn Udlaidh prospect to host a large additional gold/silver resource in the Grampian Gold Project, Scotland (Press Release 29<sup>th</sup> September 2009)

Breccia-hosted, precious metal deposits occur throughout the world and are known to host very large resources. Examples in Australia are Kidston (4.5 M oz gold), Mt Leyshon (3.5 M oz gold) and Mt Wright (1 M oz gold) all of which are located in North Queensland. Examples in North America are Golden Sunlight in Wyoming (3.8 M oz gold) and Cripple Creek in Colorado (21 M oz gold) which are also associated with lamprophyre fields.

The breccia bodies at Beinn Udlaidh are spatially associated with lamprophyre intrusions which are also commonly observed in many world class goldfields e.g. Yilgarn Block, W.A.; Carlin Trend, Nevada; Superior Province, Canada.



**Figure 3: Beinn Udlaidh Prospect showing location of lamprophyres and breccia pipes identified to date**

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The discovery resulted from a review of historic exploration data , follow-up field reconnaissance by Scotgold and the drilling of a single, 12 metre-deep diamond drill hole into BU 1, one of nineteen breccia pipes the Company has so far identified in the Beinn Udlaidh area. The entire length of drill hole BEBULB 1 was mineralized (>0.1 g/t gold) **averaging 12 metres @ 1.45 g/t gold and 8.9 g/t silver.**

A further 7 short AQ drill holes have been completed in to Pipes BU1, BU 5, BU11, BU 16 and BU20. Assay results are awaited.

### **CONONISH PROJECT PROGRESS AND PLANNING SUBMISSION**

In April 2007, the Company submitted an application for extension to its existing planning permission for development of the Cononish project. Subsequent discussions with the Planning Authority resulted in the deferment of determination of the application until further detail regarding possible improvements to the development had been identified.

Scotgold have recently completed the re-assessment of the project and its environmental impacts and **the application for extension will be submitted during January 2010.**

As part of the ongoing application process, the Company held three community meetings. A presentation was made to the Community Council and Community Development Trust and two public 'open days' were held in Tyndrum. A substantial proportion of the community attended the open days and support remains most encouraging.

A 'project familiarization' visit was held with the Planning Authority members in December in preparation for the submission.

Scotgold's tailings consultants, AMEC Earth and Environmental, recently completed a feasibility level design for the Tailings Management Facility as part of input to the application.

Infrastructural designs relating to access and site facilities were also completed.

Scotgold continue metallurgical testwork with a view to optimizing and finalizing the processing plant flowsheet; the final phase of testwork and feasibility design will be completed during the next quarter.

**Chris Sangster**  
**Managing Director**  
**29 January 2010**



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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, FGS, MGSSA, MIMMM (CEng) 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.*

*The Information in this report that relates to Mineral Resources is based on resource estimates compiled by EurGeol Dr S C Dominy FAusIMM (CP), FGS (CGeol), MIMMM (CEng), MAIG, General Manager (UK) and Executive Consultant with Snowden based in the London, England Office. Dr. Dominy has sufficient experience that is relevant to the style of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves. Dr Dominy consents to the inclusion in the report of the matters based on this 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*