



SCOTGOLD RESOURCES LIMITED

ACN 127 042 773

OFFER DOCUMENT

For a non-renounceable Entitlement issue of one (1) Share of every five (5) Shares held by Shareholders registered at 5.00pm (WST) on 4 August 2011 at an issue price of 5 cents per Share to raise up to approximately \$1,613,000 (Offer).

IMPORTANT NOTICE

This document is not a prospectus and has not been lodged with ASIC. Accordingly, this document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding whether or not to invest in the Securities offered by this document.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

This offer opens on 8 August 2011 and closes at 5.00pm (WST) on 23 August 2011.

Valid acceptances must be received before that time.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

IMPORTANT NOTES

This Offer Document is dated 22 July 2011.

No person is authorised to give information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

The Offer is an offer of continuously quoted securities (as defined in the Corporations Act) of the Company and has been prepared in accordance with section 708AA of the Corporations Act. In broad terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than that required in a prospectus. Eligible Shareholders should therefore consider whether the securities offered under this document are a suitable investment in the light of their own investment objectives and financial circumstances and the merits or risks involved, having regard to their own knowledge of the Company and the disclosures made by the Company to the ASX. If, after reading this Offer Document, Eligible Shareholders have any questions regarding the Offer, they should contact their stockbroker, accountant or other independent professional adviser before deciding whether to accept the Offer.

Neither ASX nor ASIC takes any responsibility for the contents of this Offer Document or the merits of the investment to which this Offer Document relates.

Capitalised terms in this Offer Document are generally defined terms. Their meaning is set out in Section 4 of this Offer Document.

Eligibility

Applications for Securities by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Forms sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Overseas Shareholders

The Company is of the view that it is unreasonable to make the Offer under this Offer Document to Eligible Shareholders outside of Australia, New Zealand and the United Kingdom having regard to:

- (a) the number of Eligible Shareholders registered outside of Australia, New Zealand and the United Kingdom;
- (b) the number and value of the securities to be offered to Eligible Shareholders registered outside of Australia, New Zealand and the United Kingdom; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make Offers under this Offer Document to Eligible Shareholders registered outside of Australia, New Zealand and the United Kingdom.

This Offer Document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The total consideration of the Offer is less than Euro €2,500,000. Therefore, in accordance with section 85 and schedule 11A of the Financial Services and Markets Act 2000, this document does not constitute a prospectus for the purposes of the Prospectus Rules of the Financial Services Authority in the United Kingdom and a copy of it has not been, and will not be, reviewed by the Financial Services Authority in the United Kingdom or the UK Listing Authority.



IMPORTANT NOTES

Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1998 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

This document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed decision regarding, or about the rights attaching to, New Shares offered by this Offer Document.



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1 DETAILS OF THE OFFER

1.1 The Offer

The Company is making a non-renounceable pro-rata offer of New Shares at an issue price of 5 cents each on the basis of one (1) New Share for every five (5) Shares held on the Record Date (the Offer).

The Company intends to apply the funds raised from the Offer towards the ongoing exploration programs at the Company's projects, the costs of the Offer and general working capital. The cash costs of the Offer will be approximately \$50,000.

Exploration Expenditure	\$963,000
Expenses of the Offer	\$50,000
Additional working capital	\$600,000
Total funds applied	\$1,613,000

As at 21 July 2011, the Company had on issue:

- 161,304,411 listed Shares; and
- 21,452,221 listed Options exercisable at 8 cents each by 30 April 2012.

The above capital structure may change if existing Options are exercised before the Record Date. Any increase to the number of Shares on issue will increase the number of New Shares which may be issued under the Offer by a corresponding amount. New Shares are fully paid ordinary shares which upon issue will rank equally with existing Shares on issue.

Optionholders who do not hold Shares on the Record Date are not entitled to participate in the Offer. Where the determination of the Entitlement of any Eligible Shareholder results in a fraction such fraction will be rounded down to the nearest whole number.

1.2 Effect of the Offer on the Capital Structure and Financial Position of the Company

The capital structure of the Company following completion of the Offer is summarised below:

Shares	Number
Shares on issue at the date of the Offer ¹	161,304,411
New Shares now offered under the Offer ²	32,260,882
Total Shares on issue at completion of the Offer	<u>193,565,293</u>
Options	Number
Options on issue at the date of the Offer and at completion of the Offer ¹	<u>21,452,221</u>

1. The Shares on issue at the date of the Offer may increase if existing Options are exercised before the Record Date, and the Options on issue will correspondingly decrease.

2. The New Shares to be offered may increase if existing Options are exercised before the Record Date.

The Company's cash reserves following completion of the Offer, assuming the Offer, or the Shortfall Offer if any, is fully subscribed, will increase by approximately \$1,563,000, being the gross proceeds of the Offer, less the costs of the Offer.

1.3 Timetable

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 Securities*

*** Dates are indicative only*

1.4 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer was determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Acceptance of Entitlement in Full

If you wish to take up all of your Entitlement under the Offer, please complete the Entitlement and Acceptance Form in accordance with instructions on that form.

Partial Acceptance of Entitlement

You may accept a lesser number of New Shares should you wish to take up only part of your Entitlement under the Offer, please complete the Entitlement and Acceptance Form in accordance with instructions on that form.

1.5 Shortfall Securities

If you decide not to accept all or part of your Entitlement pursuant to the Offer Document, you are not required to take any action. The Shares not accepted by Eligible Shareholders ("Shortfall Shares") will form part of the Shortfall and will be dealt in accordance with this Section.

Eligible Shareholders who have subscribed for their Entitlements in full may apply for Shortfall Shares by completing the relevant section of their Entitlement and Acceptance Forms and returning it to the Company together with the relevant application money.

To the extent that Eligible Shareholders do not take up their Entitlements in full, the resultant Shortfall will be allocated to those Eligible Shareholders who apply for Shortfall Shares as follows:

- 1) firstly, subject to availability, 20,000 shares (\$1,000) or such lower amount subscribed for; and
- 2) secondly to those Eligible Shareholders who apply for Shortfall Shares in excess of 20,000 then the number applied for pro rata to their Entitlement.

Therefore, your application for Shortfall Shares may not be successful (whether wholly or partially). The decision of the Company on the number of Shortfall Shares to be allocated to you (if any) will be final.

Any application monies received for more than your final allocation of Shortfall Shares will be refunded (without interest) by the Company in accordance with the provisions of the Corporations Act. The Company does not guarantee that you will receive any Shortfall Shares.

Subject to the Corporations Act and Listing Rules, the Directors reserve the right to deal with, at their absolute discretion, the Shortfall Shares which are not taken up by Eligible Shareholders under the Offer within 3 months after the Closing Date. The Shortfall Shares will be issued at the same issue price as offered to Eligible Shareholders pursuant to this Offer Document. Following completion of the Offer, the Directors may invite persons to apply for the Shortfall under this Offer Document by completing a Shortfall Application Form and returning it to the Company together with the relevant application money.

Shortfall Shares not taken up by Shareholders will not be placed to the directors or related parties or any associates of the directors or related parties.

1.6 Underwriting

The Offer will not be underwritten.

1.7 No rights trading

The rights to Securities under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for Securities under the Offer to any other party. If you do not take up your Entitlement to Securities under the Offer by the Closing Date, the Offer to you will lapse.

1.8 Minimum Subscription

There is no minimum subscription.

1.9 Opening and Closing Dates

The Offer opens on the Opening Date, being 8 August 2011. The Company will accept Entitlement and Acceptance Forms until 5.00pm WST on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

1.10 Issue and Dispatch

The expected dates for issue of Securities offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 1.3 of this Offer Document.

It is the responsibility of applicants to determine the allocation prior to trading in the New Shares. Applicants who sell Securities before they receive their holding statements will do so at their own risk.

1.11 ASX Listing

Application has been made to the ASX for quotation of the New Shares. The fact that ASX may grant official quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription. Issues of New Shares under the Offer will only be made after permission for their quotation on the ASX has been granted.

1.12 CHESS

The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.13 Overseas Eligible Shareholders

The Offer is only available for acceptance by Eligible Shareholders. This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Eligible Shareholders resident outside Australia, New Zealand and the United Kingdom should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

1.14 Taxation Implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax advisor in connection with subscribing for Securities under this Offer Document.

1.15 Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 3 of this Offer Document.

1.16 Enquiries concerning Offer Document

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting Computershare Investor Services Pty Ltd by telephone on (08) 9323 2000

Enquiries relating to this Offer Document should be directed to the Company by telephone on (08) 9428 2950, by fax on (08) 9428 2955 or by email to sgz@scotgoldresources.com

1.17 Governing law

This Offer Document and the contracts formed on acceptance of the Entitlement and Application Forms are governed by the laws applicable in Western Australia. Each applicant for New Shares and Additional New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

1.18 Entire agreement

The terms contained in this Offer Document constitute the entire agreement between the Company and you as to the Offer and your participation in it to the exclusion of all prior representations, undertakings and agreements between the Company and you.

2 ACTION REQUIRED BY SHAREHOLDERS

2.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document.

You may participate in the Offer as follows;

- a) if you wish to accept your Entitlement in full:
 - i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form; or
- b) if you only wish to accept part of your Entitlement:
 - i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form: and
 - ii) attach your cheque for the appropriate monies (at 5 cents per New Share); or
- c) if you wish to accept your Entitlement in full and apply for Shortfall Shares:
 - i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - ii) attach your cheque for the appropriate monies (at 5 cents per New Share); or
- d) if you do not wish to accept any part of your Entitlement, you are not obliged to do anything.

2.2 London Stock Exchange (AIM) Shareholders

As CREST sponsored members you must apply via your CREST sponsor.

Detailed instructions will be sent to your CREST sponsor by Computershare UK.



2.3 Form of Payment

All cheques must be drawn on an Australian Bank or Bank Draft made payable in Australian currency to “Scotgold Resources Ltd Share Issue” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form, together with your cheque, must be forwarded to:

By Mail
Scotgold Resources Limited
Computershare Investor Services Pty Ltd
Locked Bag 2508
Perth, WA 6001

In Person
Scotgold Resources Limited
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

Those who elect to pay via BPAY must follow the instructions for BPAY set out in the Entitlement and Acceptance Form. Investors who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be received no later than 5.00pm (WST) on the Closing Date. Please note that payment via BPAY must be made by no later than 4.00pm WST on 23 August 2011. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company will treat Eligible Shareholders as applying for as many New Shares and Additional New Shares as their payment will pay for in full, subject to any scale-back it may determine to implement in respect of the Additional New Shares. Amounts received by the Company in excess of the Entitlement of an Eligible Shareholder (“Excess Amount”) may be treated as an application to apply for as many Additional New Shares by that Eligible Shareholder as the Excess Amount will pay for in full.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

3 RISK FACTORS

3.1 General

The Securities offered under this Offer Document should be considered speculative because of the nature of the Company's business.

Whilst the Directors recommend that Shareholders take up their Entitlement, there are however numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Securities will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. However, the summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

3.2 Cononish Planning Application

In August 2010 Scotgold's application for planning for the establishment of a gold mine at Cononish was narrowly refused by Loch Lomond and the Trossachs National Park and the Company subsequently lodged an appeal against that refusal with the Department of Planning and Environmental Appeals in November 2010.

Following the continued progress of discussions between the National Park Authority and Scotgold the Company decided to withdraw its appeal against the National Park Authority's refusal of planning permission and focus on a reapplication for planning permission. The reapplication was submitted on 19 July 2011.

Investors should be aware that there is a risk that in the event that planning permission is never given then the development of the Company's Cononish project may not be able to proceed.

3.3 General Economic Climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on opening costs, commodity prices and stock market prices. The Company's future revenues and Share price may be affected by these factors, as well as by fluctuations in the price of gold or other minerals, which are beyond the Company's control.

3.4 Operational Risks

The business of mining and mineral exploration, development and production by its nature contains significant risks. The business depends on, amongst other things, successful exploration and identification of mineral reserves, security of tenure, the availability of adequate funding, satisfactory performance of mining operations, good industrial relations and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances, mineral reserves and geotechnical considerations.

3.5 Sharemarket Conditions

The market price of the Company's Securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular.

3.6 Environment Risks

Mining is an industry which has become subject to increasing environmental responsibility and liability. The potential liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

3.7 Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Offer Document. Therefore, the Securities offered pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital of the market value of the Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

4 DEFINED TERMS

Additional New Shares has the same meaning given at section 1.5 of this Offer Document

Applicant refers to a person who submits an Entitlement and Acceptance Form

Application refers to the submission of an Entitlement and Acceptance Form

ASIC means the Australian Securities and Investments Commission

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited

Closing Date means 5.00pm WST on 23 August 2011

Company means Scotgold Resources Limited (ACN 127 042 773)

Corporations Act means the Corporations Act 2001(Cth)

Directors means the directors of the Company

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date with a registered address in Australia, New Zealand or United Kingdom or who are otherwise eligible to take up the Offer

Entitlement means the entitlement to subscribe for New Shares under this Offer, and Entitlements has a corresponding meaning

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document

Listing Rules means the Listing Rules of the ASX

New Share means a new Share proposed to be issued pursuant to this Offer

Offer means the offer of Securities offered under this Offer Document

Offer Document means this Offer Document dated 22 July 2011

Opening Date means 8 August 2011

Optionholder means a holder of options

Options means an option to acquire a Share

Record Date means 5.00 pm WST on 4 August 2011

Securities means the New Shares offered under this Offer Document

Share means an ordinary fully paid share in the capital of the Company

Shortfall means those Securities under the Offer not applied for by Shareholders under their Entitlement

Shortfall Offer means the offer for the Shortfall on the terms set out in Section 1.5

Shareholder means a holder of Shares

Underwriting means agreement to take up shortfall after allocations as set out in Section 1.5

WST means Australian Western Standard Time