

26 August 2015

Dear Option Holder

Scotgold Resources Limited – Rights Issue

As announced on 26 August 2015, Scotgold Resources Limited (**Company**) will undertake a pro-rata non-renounceable rights issue (**Rights Issue** or **Offer**) of fully paid ordinary shares in the capital of the Company (**New Shares**) on the basis of one (1) New Shares for every ten (10) existing shares held at the record date of 4 September 2015 (**Record Date**), together with one (1) free attaching unlisted option per New Share subscribed (**Options**). The Options are exercisable at £0.01 pence on or before 30 September 2017.

The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 26 August 2015

Shares under the Rights Issue will be offered at 1.3 cents per New Share. The maximum number of New Shares which may be issued under the Rights Issue is 113,539,247 to raise approximately \$1,476,010 (before expenses, based on the current capital structure of the Company). The maximum number of Options which may be issued is 113,539,247.

The use of funds of the Offer are detailed below. For the purposes of detailing the use of funds raised under the Prospectus, it is assumed no Options are exercised between the date of the Prospectus and the Record Date.

Proceeds of Offer	25% Subscription (\$)	50% Subscription (\$)	80% Subscription (\$)	Full Subscription (\$)
Cononish Project Development Costs*	130,000	270,000	450,000	570,000
Costs of issue	55,240	56,500	57,720	58,540
Working Capital	183,763	411,505	673,088	847,470
Total	369,003	738,005	1,180,808	1,476,010

Notes: The above table is a statement of current intentions as at the date of the Prospectus.

As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Directors reserve the right to alter the way funds are applied on this basis.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on the Record Date.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue. The full terms and conditions of the Options are set out in the Prospectus.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for New Shares to be allotted and to be entered on the Company's register of members on or before 5:00pm (WST) on the Record Date.

To exercise your options and thereby participate in the Rights Issue, you will need to deliver the following to the Company at 24 Colin Street West Perth WA 6005:

- (a) A notice of exercise of options (attached to this letter);
- (b) An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
- (c) Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to Scotgold Resources Limited – Shae Issue Account

To ensure that your new shares are allotted prior to the Record Date, the above must be received by the Company **no later than 2 September 2015**. If received after this date, allotment of new shares prior to the Record Date cannot be assured.

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

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or the Company, on +61 8 9222 5850.

P J Newcomb
COMPANY SECRETARY