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The Company Announcements Office
Australian Securities Exchange Limited
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SCOTGOLD RESOURCES LIMITED

Cononish Bulk Processing Trial (“BPT”) Update

- **All production circuits now fully commissioned.**
- **Currently ramping up throughput rates.**
- **Concentrate consisting of sulphides and free gold being generated.**
- **Consultants appointed to manage marketing and sale of Scottish gold from BPT.**

Initial Observations:

The Bulk Processing Trial (“BPT”) is now underway. Whilst there is currently insufficient data available to draw definitive conclusions, some early observations can be reported.

- Product assays suggest the feed grade is in line with the expected 7.9g/t Au and 39g/t Ag estimated average for the stockpile.
- As expected, the impact crusher circuit results in a relatively coarse product, with approximately 80% less than 400micron (“p80 400µm”), compared with the final plant comminution circuit which will be designed to achieve p80 150µm.
- At this Particle Size Distribution (“PSD”), the impact crusher is proving very effective at liberating the contained sulphides (which in turn are associated with the majority of the gold content) and approximately 90% of the sulphides are recoverable via the spiral and shaking table circuits.
- It is estimated that approximately 75% of the contained gold (including free gold) reports to the sulphide concentrate, with the balance reporting to the quartz “tail” for future retreatment as part of the final plant design.

- The trial has also shown a separate galena (lead sulphide) rich concentrate is achievable from the shaking table circuit, which positively impacts on future treatment routes for the balance of the sulphides and potentially could form a saleable by-product.
- Further treatment of the concentrate will be undertaken during the BPT and this will ensure sufficient free gold is available to demonstrate the marketability and profitability of hall marked Scottish gold production from Cononish. To this end the Company has appointed The Dragonfly Initiative (a firm of consultants specialising in this area and who have previously assisted Scotgold) to manage this process.

Richard Gray, CEO of Scotgold, commented:

“We are extremely pleased with the way the BPT circuit is performing metallurgically as well as in terms of reliability and ease of operation. The results achieved indicate we may be able to enhance the design of the final full scale (phase II) plant, both in terms of recovery and operating cost. Work has now commenced on the feasibility of a phased development approach, which will benefit from the experience gained in conducting the BPT.”

For further information please contact:

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