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The Companies Announcements Office
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Scotgold re-commences drilling at Cononish Gold and Silver Project

Diamond drill program recommenced at Cononish to:

- Infill areas of Inferred resource within the existing JORC resource
- test high grade gold targets inside adit but not included in JORC resource, including quartz vein with historic intersections averaging 30.5 g/t gold and with assays values up to 119.9 g/t gold

Summary

Scotgold Resources Ltd (ASX:SGZ) has resumed drilling at the Cononish Gold and Silver project in Scotland. The objectives of the program are two-fold:

- 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
- to 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 JORC Mineral Resource.

An initial program of three NQ size diamond drill holes will be drilled from surface in 2009, consisting of one hole into the existing JORC Resource to be followed by a further two holes into the recently identified 'eastern extension'.

Subject to weather conditions, the resource classification drilling will continue in early 2010 when a further seven NQ holes are planned for drilling within the JORC envelope.

The NQ drilling will also target 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).

During the same period a program of 12 short AQ size diamond drill holes will be drilled from within the Cononish adit. 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.



Cononish JORC Mineral Resource – Report Pending

In June 2008 Snowden Mining Industry Consultants completed an independent JORC compliant resource report for the Company’s Cononish Gold and Silver Project (Table 1 and Figure 1).

Table 1: JORC compliant Mineral Resource Statement prepared by Snowden Mining Consultants Ltd.

Classification	Tonnes (t)	Grade (g/t)		Ounces (oz)	
		Gold	Silver	Gold	Silver
Measured	53,000	17.9	75.0	31,000	128,000
Indicated	63,000	10.1	42.2	20,000	85,000
Inferred	285,000	11.2 (11-16)	41.0	103,000	376,000
Total	401,000	11.9	45.7	154,000	589,000

Note: Incorporating the grade range, the Inferred Mineral Resource is estimated to lie between 101,000 oz Au and 147,000 oz Au for a combined (Measured, Indicated and Inferred Resources) gold resource of between 152,000 oz and 198,000 oz Au at a 3.5 g/t Au cut-off.

Scotgold believes that there is scope to define further resources close the Cononish mine, subject to appropriate studies. Dr Simon Dominy, Executive Consultant with Snowden Mining Industry Consultants Limited, previously noted “based on our experience of the Cononish vein system, we believe that there is an Exploration Target around the mine of between 0.5 Mt to 1.0 Mt at a grade of between 10 g/t Au to 15 g/t Au for up to 320,000 oz Au. Much of this potential is based on the along strike and down dip extensions of the Cononish vein, but there are indications that other reefs are present in the area too. At this stage, such figures are highly conceptual and there is no guarantee that further exploration will define additional resources.”

In October 2009 Scotgold engaged Snowden to review the historic data to determine the extent to which it complies with the JORC (2004) guidelines and whether, using this data, additional resources could be added to the May 2008 Mineral Resource estimates. A report is due shortly.

Cononish Resource Drilling Program

An infill drilling program is 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.

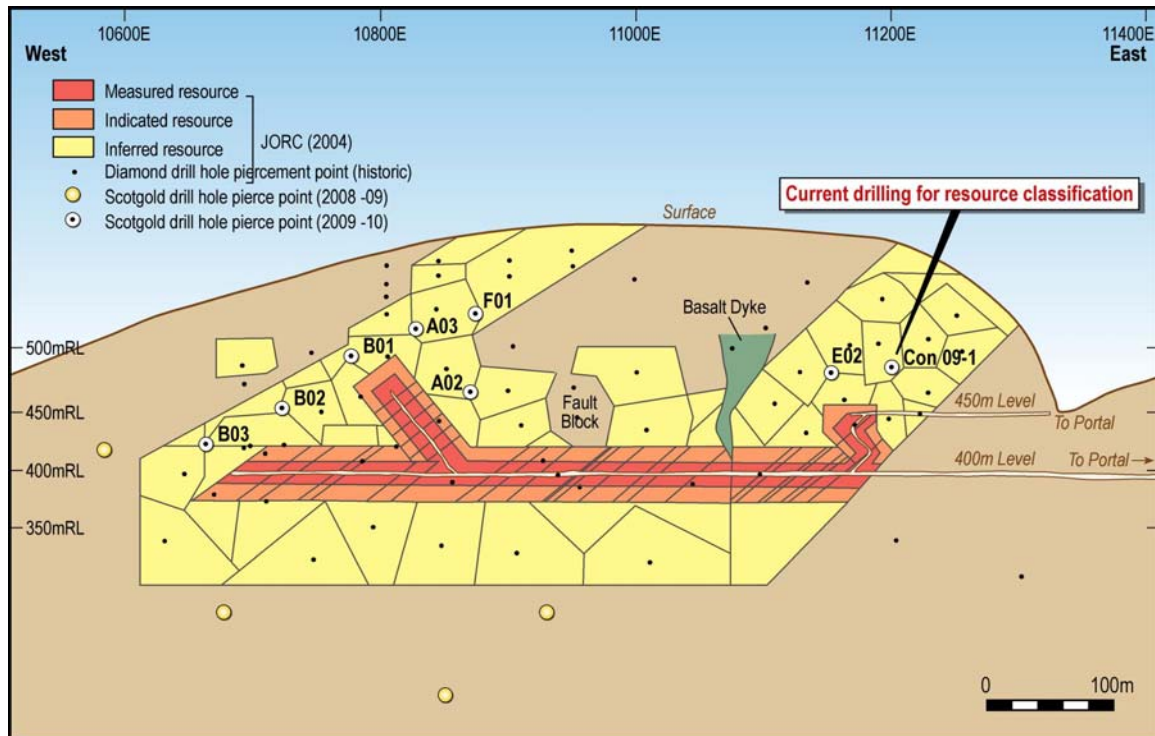


Figure 1: Long section of Cononish Gold/Silver Deposit showing location of diamond drill holes planned for 2009-10 for in relation to current JORC categories

A program for eight NQ diamond holes (1000m) has been laid out, with the first hole to be drilled this year and the balance to be completed in early 2010. The location of the proposed holes is shown in Figure 1.

The NQ program is being carried out using the Company's Explorer Plus MD3 diamond drill rig. The rig is capable of reaching a depth of 450m NQ core, which is well within the range of planned holes for the Company's 2009-10 drilling program (see photo 1).

Eastern Extension Drilling Program

Scotgold recently announced that, as a result of a review of historical exploration data, additional high gold mineralisation had been identified east of the existing JORC resource boundary (see Figure 2).

NQ Drill Program:

Two NQ holes (EA 1 and 2) will be drilled from surface will target the potential down dip continuation of the mineralisation encountered in surface trenches (T83: 16.12 g/t Au over 2.10 metres and T92: 2.24 g/t Au over 0.60 metres), surface drill hole 88-17 (73.10 g/t Au over 1.77 metres) and underground holes UG 89 – 01 (12.35 g/t Au over 1.49 metres) and UG 89 – 04 (13.50 g/t Au over 0.20 metres and 5.85 g/t Au over 0.78 metres).

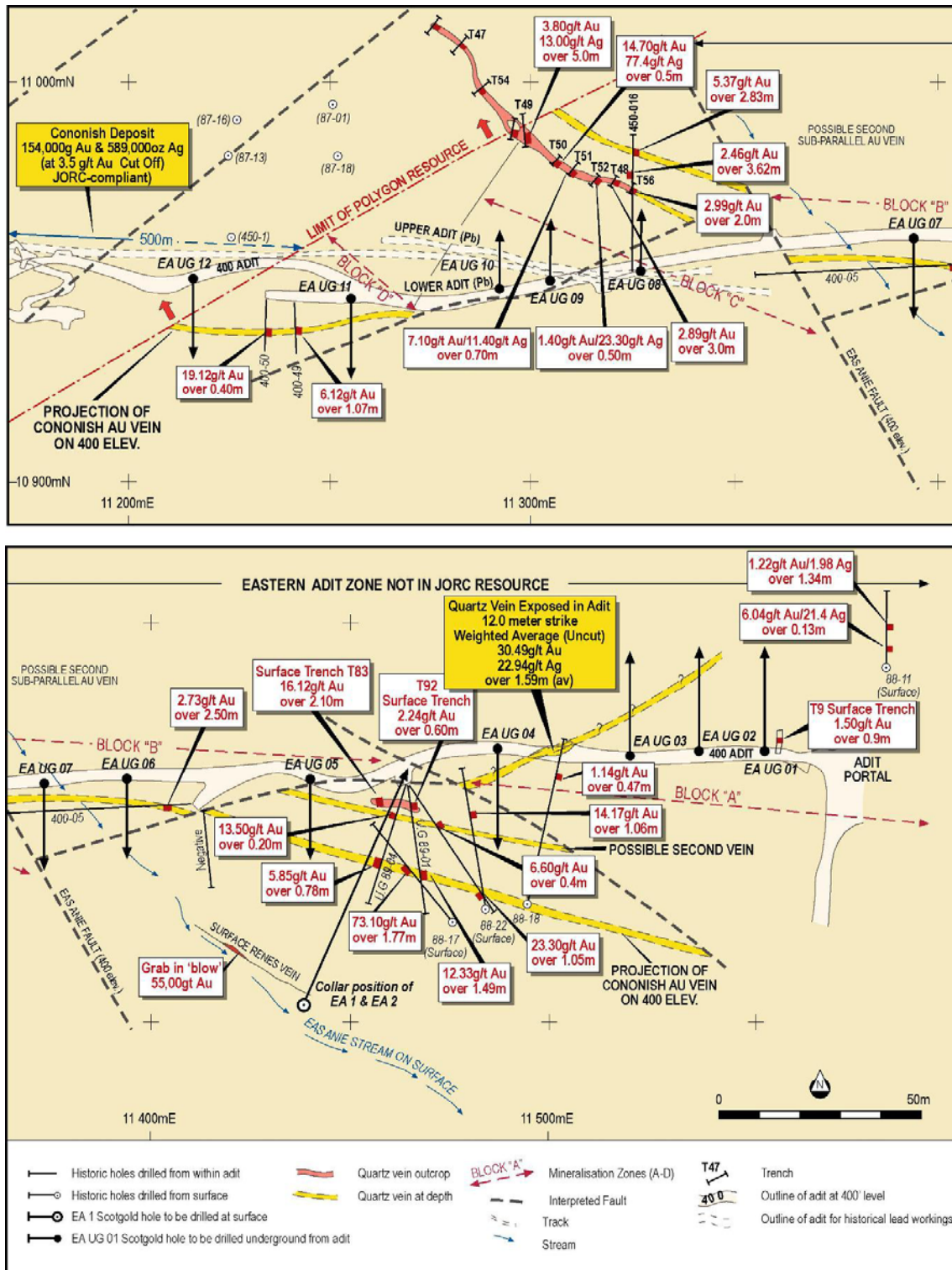


Figure 2: Mineralised area at Cononish east of JORC envelope showing collar and direction of proposed NQ and AQ diamond drill holes for 2009-10

Table 2: Assays of face samples collected in 1989 from high grade quartz vein near adit portal and the target of AQ diamond drilling by Scotgold in 2009-10

Distance of face from portal (m)	Sample number	Sample width (m)	Gold (g/t)	Silver (g/t)
66.8	22281	0.4	16.7	15.5
	22282	1.4	39.0	37.9
68.4	22286	0.5	6.7	6.4
	22287	0.9	61.6	41.3
	22288	0.6	9.0	10.1
70.1	22292	0.2	85.9	90.2
	22293	0.5	59.8	36.7
	22294	1.1	4.3	6.6
72.1	22296	0.15	64.3	84.0
	22297	0.3	119.9	97.2
	22298	1.1	8.5	6.7
73.8	22401	0.6	80.7	68.3
	22402	0.6	7.2	12.2
75.9	22405	0.1	19.7	20.9
	22406	1.1	3.9	5.6

AQ Diamond Drill Program:

Of particular interest to Scotgold is the high grade vein which is exposed over a 12 metre strike length inside the adit, about 60 metres west of the portal. Ennex International plc, the initial owners and operators of the Cononish project, took samples across the rock face about every two metres as the adit was driven in 1989. Assays of these samples are listed in Table 2, with gold grades ranging from 4.3 to 119.9 g/t Au. The weighted average of the systematic sampling across the vein gave an uncut grade average of 30.49 g/t Au and 22.94 g/t Ag over an average width of 1.59 metres.

It is reasonable to assume that the high grade quartz vein extends some distance east-northeast and west-southwest into the country rock. The first four holes (EA UG 01 – 04) of a program of 12 short AQ holes to be drilled from inside the adit (Figure 2) will target the lateral extensions of this vein.

The AQ drilling will be undertaken using an electrically-operated, hand held rig which was developed jointly by Scotgold and Priority Drilling during 2009 (see photo 2).

Results of the drill programs will be released as they come to hand.

Chris Sangster

Managing Director and Chief Executive Officer



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.

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.

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Photo 1: Drilling at Cononish using Scotgold's Explorer Plus MD3 diamond drill rig

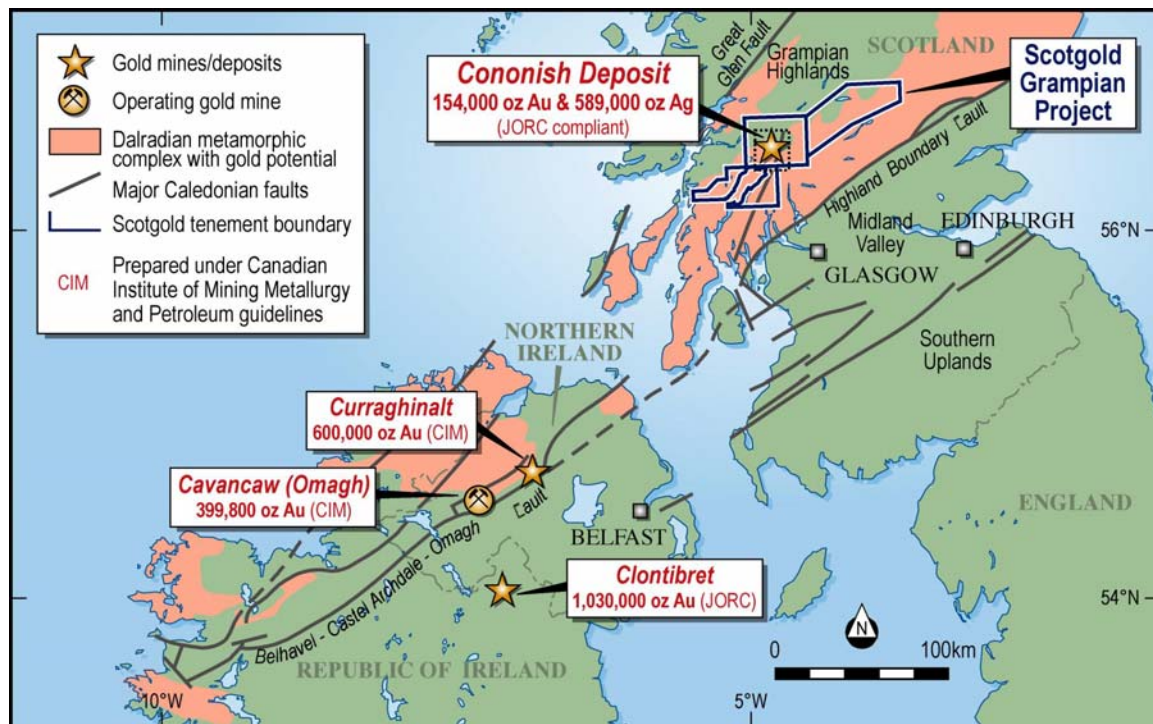


Photo 2: Drilling at Bienn Udlaidh using an electrically-operated, hand held rig developed by Scotgold and Priority Drilling

About Scotgold Resources Limited (ASX:SGZ)

Perth (Western Australia) based Scotgold Resources Limited (ASX:SGZ) was established in 2007 and listed on the ASX in January 2008 with the objective of fast tracking development of the advanced Cononish Gold and Silver Project in Scotland's Grampian Highlands, to become that country's first significant gold producer.

Scotgold's Grampian Gold Project, which incorporates the Cononish Gold and Silver Deposit, covers some of the most prospective areas of the Dalradian geological sequence which has been identified by the British Geological Survey as being highly prospective for both significant gold and base metal deposits.



The Dalradian sequence extends to the south west from Scotland into the north of Ireland where it hosts other gold deposits at Cavancaw (399,800 oz of gold) which has been operating as an open cut mine since 2006, Curraghinalt (600,000 oz of gold) and Clontibret deposit (1,030,000 oz of gold).

To date Scotgold has focused initially on exploration and development of the Cononish Gold and Silver Deposit and has identified a JORC compliant resource of 154,000 oz of gold and 589,000 oz of silver (at 3.5g/t gold cut-off) at that project (see Table 1). Production of gold and silver is expected to begin in 2010/11, based on the positive outcome of a scoping study by the Company which used a long term gold price of US\$720/oz.

Directors and Management:

Scotgold's Directors and management are of Australian and UK origins with a collective 150 years of professional experience in the exploration, production, environmental, legal, financing and administration aspects of the mining industry. They are:

London-based Chairman John Bentley, Scotland-based Director and Chief Executive Officer Chris Sangster, Perth-based non-Executive Directors Shane Sadleir, Phillip Jackson, Adam Davey and Ed Edwards.

Shares and Options:

	Shares Issued	Options Issued *
Total	83,815,852	38,799,204
Quoted on ASX	66,495,744	32,549,204

* 30 cents exercise price, expiry 30 April, 2010):

An additional placement of 18,190,910 shares is subject to shareholder approval at the AGM to be held on 24 November 2009.

Top Ten Shareholders:

Rank	Name	Shares	% of Issued Capital
1	Shane Sadleir	11,582,785	13.8
2	Chris Sangster	4,500,000	5.4
3	Saruman Holdings Pty Ltd	4,439,500	5.1
4	Angela Cusack	2,428,000	2.9
5	Phillip Jackson	1,750,000	2.1
6	IE Properties Pty Ltd	1,715,700	2.1
7	Chaldane Pty Ltd	1,512,250	1.8
8	Medical Corporation Australasia	1,122,517	1.3
9	Tied Nominees Pty Ltd	1,060,000	1.3
10	Mr Jason Khoo	1,000,000	1.2