

ASX Announcement

16th September 2011

ASX Code: SGZ

Company Overview

Scotgold Resources Limited is a gold exploration and development company with projects in the Grampian region of Central Scotland. The company's assets include the Cononish gold and silver deposit and exploration licences covering 3,200km² of central Scotland.

Fast Facts

Shares in issue:	189M
Share price:	A\$0.054
Market capitalisation:	A\$10.2M
Last quarter Cash in hand:	\$1.0M

Board of Directors

Chris Sangster	Chief Executive Officer
John Bentley	Non-Executive Chairman
Shane Sadleir	Non-Executive Director
Phillip Jackson	Non-Executive Director

Major Shareholdings

Kenglo One	9.18%
Shane Sadleir	7.64%
Chris Sangster	3.25%

Company Contacts

Scotland

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Planning application update

Planning application update for Cononish Gold and Silver Project

- Formal consultation period ended
 - No objection to planning application from Scottish Environmental Protection Agency ("SEPA")
 - Scottish Natural Heritage ("SNH") raise a 'technical' objection, but indicate that it is capable of being resolved through the application of suitable conditions
- Continued wide support for application
- National Parks Authority (NPA) Board hearing targeted for late October

Scotgold Resources Limited ("Scotgold" or "the Company") (ASX:SGZ) (AIM:SGZ) is pleased to provide an update regarding its revised application for planning permission for the Cononish Gold and Silver Project.

Scotgold submitted its revised application for planning permission for the Cononish Gold and Silver project on 17th July 2011 and is delighted that widespread support has been registered from a range of national and local organisations as well as individuals including local residents, politicians, academia and Scottish based jewellers. These comments can be viewed on the NPA website link shown below.

Chris Sangster, Chief Executive Officer of Scotgold commented "The company has worked hard on the revised application to ensure it was responsive to the objections raised from our original application. We are pleased that from the major statutory consultees, SEPA has raised no objection whilst SNH note that their own objection can be overcome through conditions or with detailed commitments. We look forward to further progressing the application".



The revised application incorporates a significant reduction in the scale of the Tailings Management Facility (afforded by a commitment to underground disposal, post the creation of a suitable underground void) and a revised form for this Facility, in order to minimize the visual impact on the landscape.

Input from other independent specialists in the fields of restoration, landscape and socio-economics were incorporated in the application in order to address points of concern raised by the National Parks Authority in their decision on the previous application and the Company believes that the revised application presents further environmental benefits above those previously proposed.

The project is expected to deliver 52 direct jobs in the area and make a significant contribution to the local and national economy.

Formal responses to the application have now been received by the NPA from statutory and other consultees.

SEPA has raised no objection to the application.

SNH have raised a 'technical' objection regarding mitigatory works proposed by Scotgold as part of the Greater Cononish Glen Management Plan (native wood regeneration on part of the Ben Lui Special Area of Conservation). They have however indicated in their response, that it is capable of being resolved providing certain requirements are met relating to the application of suitable conditions to ensure avoidance of sensitive mire habitats by the mitigatory works proposed.

The application will again be determined by the full Board of the NPA and the last week of October is targeted as a possible date for the hearing.

Consultee responses and comments on the application can be viewed on the NPA website link:

<http://eplanning.lochlomond-trossachs.org/OnlinePlanning/caseFile.do?category=application&caseNo=2011/0166/MIN>

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Managing Director

For further information please contact:

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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.

Background

1 Scotgold Resources

- Scotgold Resources is a mining exploration and development company listed on the Australian Securities Exchange in January 2008 and the AIM market of the London Stock Exchange in the UK in February 2010.
- The Company was formed with its sole focus on exploring for gold and silver in Scotland, with the already identified Cononish Gold and Silver as its core asset and the delivery of Scotland's first commercial gold mine.
- Scotgold acquired the Cononish Gold and Silver Project in 2007 and has been working towards bringing the project to production in conjunction with its ongoing exploration efforts at Cononish and in the south west Grampians.
- In January 2010 Scotgold lodged a planning application to revise and extend planning permission for the mine as the extant permission had lapsed. The application was narrowly refused by the Loch Lomond and the Trossachs Board in August 2010, despite overwhelming community support, and the Company lodged an appeal with Scottish Ministers in November 2010.
- Following positive discussions with the Park's Authority regarding the main issues / concerns raised in the refusal (landscape and visual impact), Scotgold submitted a Proposal of Application Notice in December 2010 indicating their intention to reapply. Following further discussions with the Park's Authority in early 2011, the Company decided to withdraw its appeal in April 2011 and focus its efforts on the revised proposals in the new application.
- In April 2011 Scotgold announced that it had accepted an offer of a Regional Selective Assistance (RSA) grant from economic development agency, Scottish Enterprise, of up to £600,000 for the establishment of mine facilities and job creation, conditional on the firm obtaining planning permission.
- In July 2011 Scotgold submitted its reapplication for planning permission

2. Cononish Gold and Silver Project

- The Cononish Gold and Silver project consists of the establishment of a small underground mining operation with associated processing facilities and infrastructure. In production, it is estimated the mine would produce around 20,000ozs of gold and 80,000 ozs of silver annually.
- A scoping study on the Cononish Project completed by Australian Mining Consultants Ltd (AMC) in mid 2009 indicated positive returns using a gold price of US\$ 720 / oz (GBP£450 /oz). At the current gold price of around US\$ 1800 / oz (GBP £1100 / oz), the Project has the potential to generate significant cashflows for the Company. Based on this 2009 study, at a gold price of US\$ 1270 / oz (GBP£800 / oz), the Project would generate around US\$ 87 million (GBP £55 million) free cashflow over its lifetime. Scotgold is in the process of updating this study prior to a production decision, subject to obtaining planning permission.