

Scotgold Resources Limited

March 2010 Quarterly Report

Company Overview

Scotgold Resources Limited ("Scotgold" or the "Company") 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. Scotgold is quoted on both the ASX and AIM.

Highlights:

- **EXPLORATION TARGET DEFINED AT BEINN UDLAIDH**
 - Exploration target of between 0.57Mt to 5.7Mt between 1- 2g/t Au defined at Beinn Udlaidh
 - Wide intersections of highly anomalous gold values recorded in recent drilling - best interval of 6.99 g/t gold and 40.24 g/t silver
 - High gold grades in rock chips continue with 8.9 g/t gold and 5.1 g/t silver in breccia pipe and 16.7 g/t gold and >200 g/t silver in quartz breccia vein
- **CONONISH INFILL / EASTERN EXTENSION DRILLING RESULTS**
 - 9.84 g/t Au, 41.6 g/t Ag over 2.05 m (infill hole 09-01)
 - 7.84 g/t Au, 12.2 g/t Ag over 3.60 m (hole EA 02 in eastern extension zone)
- **RESOURCE INCREASE FOR CONONISH**
 - The total inventory now stands at 163,000 ounces of gold and 596,000 ounces of silver
- **PLANNING APPLICATION SUBMITTED FOR CONONISH GOLD AND SILVER PROJECT**
- **SUCCESSFUL AIM ADMISSION**
 - Scotgold's ordinary shares admitted to the AIM market of the London Stock Exchange on 24 February 2010, following a placing to raise £704,000 (AU\$1.2M)

BEINN UDLAIDH

AQ drilling results

Following identification of significant breccia-hosted gold-silver mineralisation at the Company's Beinn Udlaidh prospect, located five kilometres north northwest of its 100% owned high grade Cononish Gold and Silver Project, Scotgold undertook a drilling programme during the last quarter of 2009 to test a number of the identified breccia pipes.

The Company drilled seven short AQ holes into six of the nineteen breccia pipes identified to date. Assay results are shown in Table 1, and drill statistics are shown in Appendix A.

The initial 'discovery hole' BEBULB1 into pipe BU1 is also included in Table 1 for reference.

	Pipe BU 01		Pipe BU 20		Pipe BU 15		Pipe BU 05		Pipe BU 16		Pipe BU11		Pipe BU 11		Pipe BU 01	
	BUAQ10		BUAQ11		BUAQ15		BU AQ 05		BU AQ 13		BU AQ 11-2		BU AQ 11-1		Ben UL B	
	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t
Whole intersection	0.21	1.31	0.28	1.30	0.12	0.34	0.13	0.22	0.09	3.47	0.07	0.08	0.02	0.05	1.45	8.91
Over (m)	17		16		16.5		16		16		15.5		15.5		12	
Selected	0.26	1.59	0.52	2.60	0.20	0.64	0.21	0.45	0.20	10.49	0.28	0.32	0.07	0.25	1.45	8.91
Over (m)	14		8		7.5		8		5		3		3		12	
Best	1.50	8.38	6.99	40.24	0.55	1.24	1.03	<0.5	1.28	49.75	1.06	1.90	0.15	0.50	12.31	78.66
Over (m)	0.5		0.5		0.5		0.5		0.5		0.5		0.5		0.5	
Samples	34		32		33		32		32		31		31		24	
No samples > 0.1 g/t Au	23		5		11		13		5		4		2		20	
%age anomalous (+0.1g/t Au)	68%		16%		33%		41%		16%		13%		6%		83%	
No samples > 1.0 g/t Au	1		1		0		1		1		1		0		7	
Comment	Last 3m in lamprophyre								Hole collared in psammite				Predominantly lamprophyre		'Discovery Hole'	

Table 1: Summary and analysis of recent AQ drilling results at Beinn Udlaidh

Scotgold considers the high number of anomalous values (>0.1g/t Au) in five of the most recent holes within the short (in relation to pipe size) interval sampled to be **highly encouraging** especially given the high grade rock and boulders samples discovered nearby (up to 359 g/t gold and 2,520 g/t silver), the limited drilling and the number of other breccia bodies in the area which have had no drill testing or sampling,.

It should be noted that these are narrow (2.7 cm diameter) short holes and have been drilled into potentially large mineralised bodies. As such, they are testing limited portions of large structures which are often known to show zonation in mineralisation in both horizontal and vertical extents.

Exploration Target Potential at Beinn Udlaidh

Scotgold has confirmed an Exploration Target at Beinn Udlaidh of between 0.57 and 5.7 Mt at a grade of between 1 and 2 g/t Au.

Limited drilling to date at the Beinn Udlaidh breccia pipefield has confirmed anomalous gold grades. Economic gold grades encountered in breccia hosted mineralisation may lie in the range of 1.0g/t to 2.0g/t based on similar style occurrences elsewhere in the world. Breccia hosted mineralisation may show zonation and include higher grade zones.

The basis for the tonnage potential is the current mapped area of individual pipe outcrops to a depth of between 10m (observed / drilled) to 100m, using a specific gravity of 2.65 and a 'complexity factor' of 70%. It is noted that breccia pipes can extend to depths greater than 100m.

Investors should note that the potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

CONONISH INFILL / EASTERN EXTENSION DRILLING RESULTS

Scotgold resumed drilling at the Cononish Gold and Silver Project in Scotland in October 2009.

The objectives of the programme are to:

- infill a portion of the existing Inferred Mineral Resource at Cononish as a part of the Company's ongoing programme to advance the project to production; and
- 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 previously existing Mineral Resource.

The drilling programme also targets mineralisation outside the previously defined 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).

A programme of 12 short AQ size diamond drill holes are planned from within the Cononish adit to test for possible extensions to the identified mineralisation in the eastern part of the adit outside the existing 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 and also possible 'off adit' intersections on the Cononish vein.

Results from four holes, Hole 09 – 01 (resource infill), holes EA – 01, EA – 02 and UG EA 03 (potential resource extension) have been received and are shown in the table below. Drill hole statistics are shown in Appendix B.

All distances are measured in metres.

Hole	From (m)	To (m)	Downhole intersection (m)	Est. true thickness (m)	Au g/t	Ag g/t
09 – 01	103.95	106.00	2.05	1.98	9.84	41.6
Including	105.10	105.60	0.50	0.48	12.65	74.5
	105.60	106.00	0.40	0.38	14.88	46.0
EA 01	49.30	51.25	1.95	1.69	2.97	2.3
Including	49.30	49.85	0.35	0.30	8.65	2.9
	51.10	51.25	0.15	0.13	14.91	17.1

EA 02	60.40	64.00	3.60	2.25	7.84	12.20
(Including)	60.40	60.65	0.25	0.18	28.35	16.6
	63.00	64.00	1.00	0.72	15.67	33.8
EA UG 03	1.00	3.00	2.00	2.00	2.28	2.1
(including)	2.50	3.00	0.50	0.50	5.16	3.6

- **Infill drilling into Inferred Resource:**

Hole 09 – 01 was drilled into the existing Inferred Resource on the eastern side of the mine.

- **Potential Resource Extension Drilling – ‘Eastern Extension’**

Hole EA 01 was drilled into the recently announced ‘eastern extension’ to intersect the vein 30m below drillhole UG 89 – 04.

Hole EA 02 was drilled approximately 30m down dip of hole EA 01.

Hole EA UG 03 was drilled to intersect the possible strike extension of the high grade vein encountered near the adit entrance.

Scotgold views the results in the eastern extension holes as particularly encouraging and indicating the existence of a further possible significant payshoot which support Scotgold’s opinion that the eastern extension may host significant additional resources.

RESOURCE UPDATE

As a result of further investigations and exploration by Scotgold during 2008 - 2009, Snowden Mining Industry Consultants Ltd (‘Snowden’) was asked to undertake an update on the Cononish resource.

The revised resource estimate for Cononish is shown below and gives a total metal inventory of **163,000 oz Au and 596,000 oz Ag**.

Cononish Main Vein Gold Mineral Resources (reported at a 3.5 g/t Au cut-off).

Reported using the 2004 JORC Code (JORC, 2004). Tonnages and contained ounces rounded to the nearest 1,000 t or 1,000 oz. Grade rounded to the nearest 0.1 g/t Au. The Inferred Resource grade is reported with a grade range to indicate the likely upside due to the information effect.

Classification	Tonnes (t)	Grade (g/t)	Ounces (oz)
		Gold	Gold
Measured	53,000	17.9	31,000
Indicated	73,000	10.2	24,000
Inferred	311,000	10.8 (10 – 16)	108,000

Scotgold Note: Incorporating the grade range, the Inferred Mineral Resource is estimated to lie between 100,000 oz Au and 160,000 oz Au. It should be noted that any upside may not exist or it may only be present in a portion of the resource.

Cononish Main Vein Silver Mineral Resources (reported at a 3.5 g/t Au cut-off).

Reported using the 2004 JORC Code (JORC, 2004). Tonnages and contained ounces rounded to the nearest 1,000 t or 1,000 oz.

Classification	Tonnes (t)	Grade (g/t)	Ounces (oz)
		Silver	Silver
Measured	53,000	75.0	128,000
Indicated	73,000	43.1	101,000
Inferred	285,000	40.1	367,000

Snowden notes that there is resource potential in the eastern adit zone and **that the estimation of additional Mineral Resources is likely once further drilling is complete.**

Snowden has 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.”

PLANNING APPLICATION FOR CONONISH MINE

Following detailed re-assessment of the Cononish project and its environmental impacts carried out in the second half of 2009, Scotgold lodged its application for revision and extension to the current planning application on 25 January 2010. The application was subsequently validated and accepted and the parties signed a non-legally binding processing agreement which indicates a decision date of 7 June 2010, with final notices shortly thereafter. The Company continues to work closely with all relevant agencies to ensure that any concerns that are raised prior to the decision date are addressed to the satisfaction of all parties.

The application was prepared with the assistance of Scotgold’s planning and environmental consultants, Dalgleish Associates. Dalgleish Associates is a well established consultancy based in Scotland, specialising in resource (minerals and renewable energy) projects in the United Kingdom with considerable expertise in the Scottish system.

Specialised technical input regarding the application was provided by Scotgold’s tailings consultants AMEC Earth and Environmental (UK), Cantab Consulting, Vibrock Ltd (ground vibration and noise consultants) and Rathmell (archaeological studies).

The application envisages a development along the same scales as previously proposed, including the establishment of an underground mine with associated processing and tailings management facilities and infrastructure associated with the project and concurrent restoration of the site. Scotgold believes the application to contain many improvements to the previously permitted development and to be in line with currently accepted ‘best practice’.

As part of the pre-application consultation process under Scottish planning law, the Company subsequently held three ‘public’ meetings. A presentation was made to the local Community

Council and Strathfillan Community Development Trust and two public 'open days' were held in Tyndrum, which is the nearest town to the proposed mine and the Company would like to thank the local community for their ongoing support for the application.

The Company continues to update its technical and financial studies relating to the Cononish project development in order to be in a position to make a production decision post planning.

AIM ADMISSION

The Company's ordinary share capital was admitted to trading on the AIM Market of the London Stock Exchange ("AIM") under TIDM code **SGZ** on 24 February 2010.

Scotgold's share capital has been listed on the Australian Stock Exchange since January 2008 where it has traded under the same market code, **SGZ**.

In conjunction with the AIM admission, the Company raised approximately £704,000 (AUD1.2 million) before expenses through a placing of 15,300,000 new Ordinary Shares at 4.6 pence per ordinary share (the "Placing"). The total number of ordinary shares in issue on commencement of trading on AIM was 117,306,762. Westhouse Securities Limited is acting as the Company's AIM nominated adviser and broker.

The net proceeds of the Placing are being used by the Company to progress the development towards production of its high grade Cononish Gold and Silver Project and continue its exploration programme on a number of identified targets surrounding Cononish and across its wider licence area.

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Competent Person's 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 Limited. 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 and Exploration Results is based on information compiled by EurGeol Dr S C Dominy FAusIMM (CP), FGS (CGeol), 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.

GLOSSARY OF GEOLOGICAL TERMS

ADIT	a type of entrance to an underground mine which is horizontal or nearly horizontal.
APPIN GROUP	the oldest subgroup of the Dalradian Supergroup, c. 4 km thick, made up of quartzites, pelitic and limestone units.
AQ	nominal diamond drill core diameter of 27mm.
ARGYLL GROUP	a subgroup of the Dalradian Supergroup, c. 9km thick, made up of tillites, quartzites, pelitic and psammitic units.
ASSAY	a procedure to determine the proportions of metal in an ore or to test an ore or mineral for composition, weight, purity etc.
AZIMUTH	the angle of horizontal difference, measured clockwise, of a bearing from a standard direction, as from north or south.
BASE METALS	more common chemically active metals, e.g. copper, lead, tin, zinc etc.
BEDROCK	the solid rock lying beneath superficial material such as gravel or soil.
BRECCIA	a rock composed of angular fragments of minerals or rocks in a matrix (cementing material), that may be similar or different in composition to the fragments.

BRECCIA PIPE	<p>a mass of breccia, often in an irregular and cylindrical shape, that appears as an iron-stained knob, from several feet to several hundred feet in diameter. Breccia pipes may or may not be silicified. They usually consist of fragments of the host rock (the rock layer they are contained in) cemented together by silica.</p> <p>Breccia-hosted, precious metal deposits occur throughout the world and are known to host very large resources. Examples in Australia are Kidston (4.5 M oz gold), Mt Leyshon (3.5 M oz gold) and Mt Wright (1 M oz gold) all of which are located in North Queensland. Examples in North America are Golden Sunlight in Wyoming (3.8 M oz gold) and Cripple Creek in Colorado (21 M oz gold) which are associated with lamprophyre fields.</p>
CALCAREOUS ROCK	a rock that contains as much as 50% calcium carbonate.
COMPLEXITY FACTOR	a factor applied to the tonnage to indicate uncertainty in the geometric shape at depth
DALRADIAN SUPERGROUP	a succession of Late Precambrian and Cambrian marine sedimentary rocks which have been metamorphosed in parts of Scotland and Ireland. It is typically developed in the high grounds which lie southeast of the Great Glen of Scotland. It is made up of four subgroups the Grampian, Appin, Argyll and Southern Highland groups.
DIAMOND DRILLING	a diamond-studded rotary-drilling bit, used for coring and drilling in very hard rock.
DIP	the angle in degrees between a horizontal plane and an inclined earth feature.
GEOCHEMICAL SURVEYS	the application of methods and techniques of geochemistry to the search for mineral or petroleum deposits.
GRADE	the relative quantity or percentage of mineral content in an ore body.
HIGH GRADE	a high quantity or percentage of mineral content in an ore body.
INCLINATION	See DIP
INDICATED MINERAL RESOURCE	part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. (JORC Code 2004)
INFERRED MINERAL RESOURCE	part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability. (JORC Code 2004)
IP ANOMALY	an anomaly in the 'induced potential', where geophysicists put electrical pulses into the ground and then measure the decay of voltage.
JORC	the Australian 'Joint Ore Reserves Committee' sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

LAMPROPHYRE	ultrapotassic, igneous rock primarily occurring as dykes, lopoliths, laccoliths, stocks and small intrusions. It is an alkaline, silica-undersaturated and ultramafic rock.
LOW GRADE	a low quantity or percentage of mineral content in an ore body.
MEASURED MINERAL RESOURCE	part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity (JORC Code 2004)
METALIFEROUS	containing, yielding, or producing metal or ore.
METASEDIMENT	sediment or sedimentary rock that shows evidence of having been subjected to metamorphism.
MINERALISATION	a process by which valuable minerals are introduced into a rock, resulting in an ore deposit, either actual or potential.
MINERAL RESOURCE	is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. (JORC Code 2004)
PELITES	metamorphosed sediment with a dominantly mudstone/siltstones protolith.
PRECIOUS METALS	naturally occurring metallic chemical element of high economic value, which is not radioactive, commonly part of the platinum group.
PSAMMITES	metamorphosed sediment with a dominantly sandstone protolith.
QUARTZ	crystalline silica, SiO ₂ .
STRIKE	parallel to the direction taken by a structural surface such as a fault or bedding plane as it intersects the horizontal.
VEIN	a tabular or sheet like body of one or more minerals deposited in openings of fissures, joints or faults, frequently with associated replacement of host rock.

Appendix A:

Beinn Udlaidh Drill Statistics

Hole ID	Pipe	Easting	Northing	Depth(m)	Elevation(m)	Azimuth	Inclination
BU AQ 10	BU 1	226647	733868	17	402	233°	-45°
BU AQ 11	BU 20	226708	734040	16	369	270°	-50°
BU AQ 15	BU 15	226724	733968	16.5	380	302°	-50°
BU AQ 5	BU 5	226184	733152	16	452	84°	-50°
BU AQ 13	BU 16	226641	734055	16	355	112°	-50°
BU AQ 11-1	BU 11	225904	732757	15.5	502	70°	-45°

BU AQ 11-2	BU 11	225927	732789	15.5	506	260°	-50°
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Appendix B:

Cononish Drill Statistics

Hole ID	Easting	Northing	Depth(m)	Elevation(m)	Azimuth	Inclination
09 -01	228918	728277	114.8	558	322°	-45°
EA 01	229094	728454	102.0	405	326°	-45°
EA 02	229094	728454	105.5	405	326°	-65°
EA UG 03	229098	728556	16.0	400	316°	0°