



SCOTGOLD

RESOURCES LIMITED

DECEMBER 2008 QUARTERLY REPORT

SCOTGOLD RESOURCES LIMITED

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HIGHLIGHTS

DRILLING

- **2000m diamond drilling program commenced at Cononish, with two holes completed and third commenced**
- **Best results include 1.95m (intersection width) @ 5.6 g/t Au and 24.05 g/t Ag**

SCOPING STUDY

- **Draft study available shortly.**

METALLURGICAL TESTWORK

- **Samples received at test facility and testwork program finalised, including testwork for potential underground processing plant.**

Overview

Scotgold Resources Limited (“Scotgold”, “the Company”) (**ASX:SGZ**) is exploring for gold and base metals in the SW Grampians area of Scotland. As its core asset the Company has 100 per cent ownership of the Cononish gold and silver project at Tyndrum, approximately 90 kilometres north of Glasgow.

The Company continued its planned **2000m drilling program**, initially aimed at delineation of additional resources within the quartz vein system which hosts the gold and silver at Cononish, as well as within adjacent quartz veins. Two holes were completed and a third commenced before inclement weather conditions interrupted drilling for the year.

The Company has commissioned a ‘**scoping study**’ to determine the viability of mining the currently delineated Cononish deposit under prevailing economic conditions. Completion of this study will represent an important milestone towards progressing the Cononish project towards production

1. DRILLING AT CONONISH

The 2000m diamond drilling program commenced in September 2008 to target possible down-dip and strike extensions to the existing JORC compliant resource report completed by Snowden Mining Industry Consultants Limited (Snowden).

To date, two drill holes CON 11b and CON 27 have been successfully completed and final assay results have been received. Scotgold recently requested Snowden to comment on the significance of these initial results.

First Diamond Drillhole (CON 11b)

This diamond drillhole, reported in November, 2008; from initial assays intersected 1.95m (intersection width) @ 5.6 g/t Au and 24.05 g/t Ag with an estimated true width of 1.38m. Final results identified further low-grade mineralisation in the direct hanging wall of the vein. This gives a weighted average intersection of 3.1m @ 3.9 g/t Au and 25.07 g/t Ag, with an estimated true width of 2.2m. The drill hole had a final depth of 277m. The intersection is located about 10m below the existing resource envelope and indicates a possible down dip extension of the vein

From (m)	To (m)	Downhole Intersection (m)	Est.True thickness (m)	Fire assay Au g/t	Screen Fire assay Au g/t	Ag g/t
248.00	249.15	1.15	0.8	0.8	1.27	26.80
249.15*	251.1	1.95	1.38	5.6	5.6	24.05

Snowden considers CON 11b to be an encouraging intersection, characterised by typical Cononish geology and mineralogy, with a strong vein width and robust gold and silver grades.

The photograph below shows part of the alteration zone and breccia / quartz vein intersection in Con 11b



Second Diamond Drillhole (CON 27)

The second diamond drill hole, CON 27, was terminated at a depth of 379m, and intersected a 17m thick alteration zone at a depth of about 140m below the existing resource envelope. The final result for the selected mineralised intersection is shown below:

From (m)	To (m)	Downhole Intersection (m)	Est. True Thickness (m)	Fire assay Au g/t	Screen Fire assay Au g/t	Ag g/t
357.5	360.5	3.0	1.5	0.43	0.4	1.70

Snowden comments regarding Con 27 were: “Despite the low grade, the intersection is broadly characteristic of typical Cononish geology and mineralogy. Whilst it does not represent a strong quartz vein structure with economic gold grades per se, it provides some proof of gross geological continuity at depth.”

“This is a single deep intersection (Con 27) and as such can only be fully evaluated when the other deep holes are completed”

“This initial drilling programme at Cononish has been successful in defining the gross geological continuity of the Main Vein zone beneath the central resource section to 140 m.”

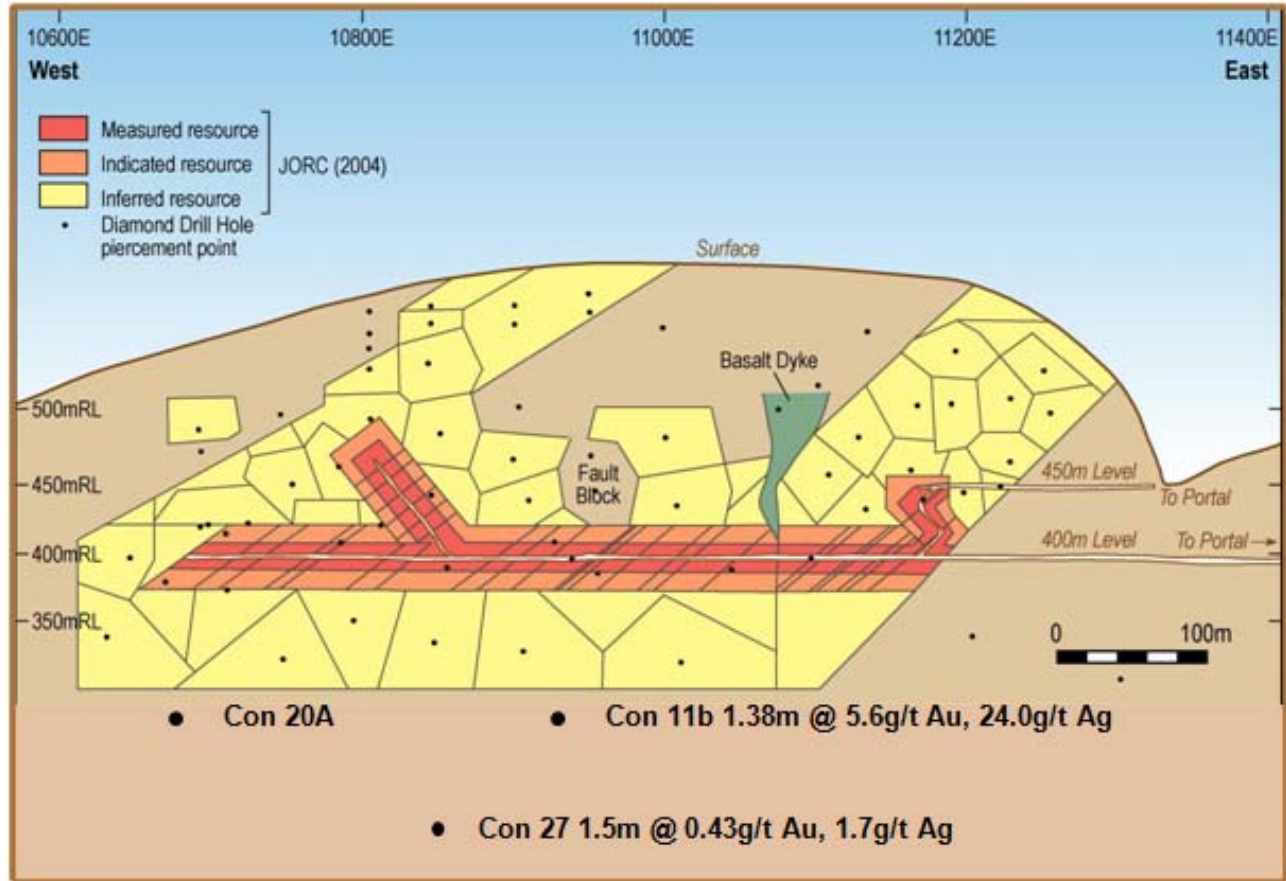
The photo below shows part of the alteration zone, the quartz vein and vein breccia intersection



Third Diamond Drillhole (CON 20A)

Due to severe weather conditions in Scotland, drilling of the third diamond drill hole CON 20A was halted in mid December at a downhole depth of 97.8m. The estimated target depth is approximately 212m and drilling is planned to be recommence as soon as weather conditions improve.

The position of these holes in relation to the existing resource envelope is shown in the following diagram.



These drill holes, with a combined depth to date of 754m, are part of a continuing 2000m program and detailed in previous announcements and can be viewed on the Scotgold website www.scotgoldresources.com

2. SCOPING STUDY

The Company appointed AMC Consultants Ltd (AMC), an internationally recognised mining consultancy, to conduct an independent Scoping Study at the Cononish gold and silver project. The study commenced during the third week of September 2008 and is progressing well and a draft report is expected shortly.

The purpose of the Scoping Study is to examine the economic viability of the Cononish project. It will also assess the impact of additional potential resources in the Cononish area, which are the

target of Scotgold's current drilling program, as well as at other potential prospects in the area. The results of the study will assist Scotgold in formulating a comprehensive development strategy for Cononish and surrounding potential 'satellite' prospects.

The study is being conducted principally by AMC's UK office, with assistance from GBM Minerals Engineering Consultants (metallurgical / processing) and Dalgleish Associates (planning and environmental).

3. METALLURGICAL TESTWORK

As previously reported, Scotgold are in the process of commissioning a metallurgical testwork program. Gekko Systems Pty of Ballarat Australia have received a 300 kg sample of Cononish material and have proposed testwork which aims to examine potential improvements to the gravity recovery of gold and also to investigate recovery of sulphide material by gravity processes in order to reduce the flotation footprint. The testwork will also consider the applicability of Gekko's Python system, a modular type processing plant designed to be located underground. It is envisaged use of such system would have considerable economic advantage and significantly reduce the environmental footprint of the project.

Chris Sangster
Managing Director / Chief Executive Officer
30th January 2009

Competent Persons Statement:

The information in this report that relates to Exploration Results is based on information compiled by Mr David Catterall, SANCASP (Pr Sci Nat), MIMMM, GSSA.. Mr Catterall is employed by MSA Geosciences Pty Ltd who provide exploration services 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