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Scotgold Resources Ltd
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SCOTGOLD RESOURCES LIMITED

Initial Structural Study and Database review on Scotgold's Cononish and Grampian Gold Projects highlights 11 significant prospects within Study area, including 2 comparable to Cononish.

Highlights

- Structural Study completed and used with existing data to develop a prospectivity map for gold in the Cononish / Glen Orchy option area, comprising approximately 250 km² out of 4,100 km² in total under option.
- 6 highly prospective targets are identified within 2.5 km of the Cononish Gold and Silver Project
- 5 further highly prospective targets are outlined within study area.
- The study has highlighted the Beinn Udlaidh and Arrivain areas in particular as having prospectivity at least comparable to the Cononish deposit and further exploration work for these is being prioritised accordingly.
- Further work now planned to expand the collection of structural data and coverage of the prospectivity map regionally.
- The study also indicates that structural analysis will be a key tool for the identification of "pay shoots" within the Cononish deposit and therefore is expected to assist with future resource expansion at depth and on strike.

Results of Structural Study

In June 2015, Scotgold Resources Ltd engaged the services of Dr. Pablo Gumiel and Dr. Monica Arias, of Consulting de Geología y Minería, S.L., to conduct a structural study and initial analysis of Scotgold's extensive Geographic Information System (GIS) database covering the Grampian Gold project.

The study aimed initially to develop a structural model, focussed on the Cononish deposit, to improve the understanding of the evolution of gold / silver mineralisation in the Tyndrum area. The study then combined the extensive existing geochemical database with structural data from Drs Gumiel and Arias' recent fieldwork, using new analytical techniques to assess various aspects of prospectivity and develop an initial prospectivity map.

The prospectivity map uses techniques that take account of a number of geological parameters identified in the study as critical to potential economic mineralisation, including:

- High grade rock outcrop data
- Fracture density
- Typology (characteristics) of the vein structures / systems
- Other GIS based data

Through 3 Dimensional (3D) geological and GIS modelling, a preliminary prospectivity map was then developed for the study area to identify areas of high priority using a weighted gridding method.

Based on the resulting prospectivity map, the study has identified a series of high priority targets, with 6 being located within a 2.5 km radius of Cononish, including 2 outside the Loch Lomond and Trossachs National Park (LLTNP). A further 5 have been identified within the studied area, all of which are outside the LLTNP.

Close to the Cononish deposit, Coire Nan Sionnach and Kilbridge are highlighted as highly prospective, along with two further parallel anomalies between the Cononish deposit and Coire Nan Sionnach.

Outside this area, the map has re-highlighted the Beinn Udlaidh and Arrivain areas in particular as important targets for ongoing exploration. Based on the ranking in the study, the map shows the area to have a prospectivity at least comparable if not higher than the Cononish deposit.

In addition, Glen Orchy (River Vein and Tom a Chro), Sron Garbh and Coire Chailein are indicated to have a high ranking warranting further exploration.

Detail from the Study Area Prospectivity map can be found at Scotgold's website www.scotgoldresources.com under ASX announcements

The study has distinguished a number of high priority vein systems / structures from those less likely to carry economic mineralisation and indicates the high potential for Cononish style mineralisation in the Glen Orchy option area. Further work is planned for these targets during 2016 and will include applying the techniques used in this study to veins / structures in the highly prospective areas, in addition to traditional exploration techniques.

CEO Richard Gray said 'It is very encouraging that this study has identified prospects comparable to Cononish and outside the LLTNP. Should these ultimately be successfully advanced to a planning stage as hoped, the invaluable experience we have gained through working with LLTNP will facilitate a more timely process. It is also encouraging that the study has cost effectively unlocked value in the extensive database Scotgold now has over this area and should result in more focused and cost effective exploration programs in the future, hopefully leading to a fast tracking of new exploration discoveries. Armed with this new tool, we look forward to continuing our field activities over these priority areas in 2016'.

Study background

Dr. Gumiel is an expert in structural geology and the structural control of mineral deposits, with over 38 years' experience in research and mining exploration. Dr. Arias has over 15 years' experience as a specialist in database management of geological and mining data, Geographical Information Systems (GIS) and 3D geological modelling.

An illustration showing the Study area in relation to Scotgold option areas can be found at Scotgold's website www.scotgoldresources.com under ASX announcements

Their initial work has focussed around the Cononish deposit and Glen Orchy option area due to the high volume of data within this region. The study used the Cononish deposit as a test case given the gold content and therefore, prospectivity of the deposit is known. Some veins believed to have little or no gold mineralisation, such as the Mother Vein, were also studied for comparison to ensure the veracity of the gold prospectivity map.

The preliminary gold prospectivity map uses a weighted overlay tool considering a number of key attributes deemed to determine prospectivity. The final result is a combined raster map weighted according to the established geological ore-controls relating to the Cononish deposit and indicating areas of significant interest.

Drs. Gumiel & Arias state 'this preliminary prospectivity map has been generated using a knowledge driven model, based on the established geological ore-controls of the Cononish Au-Ag deposit translated into mappable criteria. This type of model is suitable for exploration terrains with limited number of deposits available for statistical assessment, as is the case of the Cononish area. Areas that fulfil the majority of the geological criteria are highlighted as being the most prospective.'

The prospectivity map, while developed initially for the exploration in the Glen Orchy option area, is expected to be applicable to other parts of the Grampian Gold project area; however, further refinement may be required to take account of differing possible deposit styles. Data coverage relating to the key criteria in parts of the licence areas is insufficient at this stage to generate similar prospectivity maps and immediate regional exploration efforts will focus on acquiring that data to enable development of a similar prospectivity map to guide early stage exploration.

An illustration showing the Initial Prospectivity Map of Study Area Study can be found at Scotgold's website www.scotgoldresources.com under ASX announcements

In addition, the study conducted an initial multi element analysis and correlation of the wider regional stream sediment program that Scotgold has been conducting over the past four years. The analysis uses the Concentration Area (C-A) fractal method to distinguish background levels and anomalous areas of interest. This analysis is ongoing as further results from the program are added. A number of highly anomalous areas have been identified over the five option areas and infill sampling is continuing to refine the model.

Forward Looking Statements

This announcement contains certain statements that may constitute "forward looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.

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 2012 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.

Note: No new exploration results are presented in this release

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