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15 October 2014

Dear Shareholder,

On behalf of the Board of Directors of Drummond Gold Limited ("the Company"), I invite you to the Annual General Meeting to be held at 11am (Brisbane time) on Thursday 20 November 2014, at the Auditoriums, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane.

Attached is the Notice of Annual General Meeting.

The Notice of Annual General Meeting provides for ordinary business, being the consideration of the Financial reports and Remuneration report, and the re-election of Mr. Brice Mutton as a Director. It also details special business being an approval of a placement of shares to certain directors. These directors have agreed to subscribe for shares at 0.3 cents per share as outlined in the Notice of Annual General Meeting.

The capital previously provided by RCF and Cairnglen Investments in conjunction with the Research and Development Income Tax Refund of \$398,780 was used as working capital to allow the Company to manage its existing projects and to continue to identify and evaluate new opportunities, particularly but not exclusively, for gold and copper occurrences in Australia that may represent future major discoveries.

Overheads and administration costs of the Company have been reduced in line with its exploration activity as the Company embarks on a new strategy over the next twelve months. The Company continues to evaluate its Drummond Basin Assets including seeking joint venture farm in partners for its existing tenements.

During the past twelve months, the Board has evaluated a number of gold and base metal assets and opportunities in Australia that were either introduced to the Company or identified by us, but as yet we have not uncovered an opportunity attractive enough and within our capabilities to close on.

It is clear that in the current market, and considering the uncertainties surrounding the resource industry, that for Drummond to go forward, innovative thinking and the application of innovative technology is required within the budget constraints that exist today.

I can ensure you that the Board is determined, in spite of the unsure circumstances, to progress your Company.

The Board of Directors recommend that you vote in favour of the resolutions as outlined in the Notice of Annual General Meeting so that we can continue to implement the new strategy.

Thank you for your interest and support. I look forward to your attendance at the Annual General Meeting to be held at 11am (Brisbane time) on Thursday 20 November 2014 at the Auditoriums, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, at which a further presentation of our activities will be provided

Yours faithfully

Drummond Gold Limited

A handwritten signature in black ink, appearing to be 'E. Eshuys', written in a cursive style.

Eduard Eshuys
Chairman



Notice of annual general meeting

Drummond Gold Limited ACN 124 562 849

Notice is given that the annual general meeting of Drummond Gold Limited ACN 124 562 849 (**Company**) will be held at:

Location	Auditoriums, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000
Date	Thursday, 20 November 2014
Time	11 am (Brisbane time)

Ordinary business

Financial reports

To receive and consider the Company's financial reports and the reports of the Directors and the auditor for the financial year ended 30 June 2014.

Resolution 1 - Remuneration report

- 1 To consider and, if in favour, pass the following resolution under section 250R(2) Corporations Act:

'That the remuneration report of the Directors for the financial year ended 30 June 2014 be adopted.'

Note: This resolution will be decided as if it were an ordinary resolution, but under section 250R(3) Corporations Act the vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2— Re-election of Mr Brice Mutton as a Director

- 2 To consider and, if in favour, pass the following resolution as an ordinary resolution:

'That Brice Mutton who retires by rotation under rule 16.1 of the Constitution, and being eligible, be re-elected as a Director of the Company.'

Note: Information about the candidate appears in the Explanatory Memorandum.

Special business

Resolution 3 – Approval of issue of placement shares to a related party: Resource Surveys Pty Ltd ATF Resource Surveys Super Fund

- 3 To consider, and if in favour, to pass the following resolution as an ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 43,333,333 fully paid ordinary shares at an issue price of \$0.003 (0.3 cents) per share, issued under a placement to Resource Surveys Pty Ltd ATF Resource Surveys Super Fund, a related party of the Company by virtue of Mr. Eduard Eshuys, who is a director of the Company, being a

director and beneficiary, on the terms described in the Explanatory Memorandum accompanying this Notice'.

Note: If approval is obtained under Listing Rule 10.11, approval is not required under Listing Rule 7.1, as set out in the explanatory memorandum.

Resolution 4 – Approval of issue of placement shares to a related party: Mr. Brice Kenneth Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund

4 To consider, and if in favour, to pass the following resolution as an ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 15,000,000 fully paid ordinary shares at an issue price of \$0.003 (0.3 cents) per share, issued under a placement to Mr. Brice Kenneth Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund, a related party of the Company by virtue of Mr. Brice Mutton, who is a director of the Company, being a director and beneficiary, on the terms described in the Explanatory Memorandum accompanying this Notice'.

Note: If approval is obtained under Listing Rule 10.11, approval is not required under Listing Rule 7.1, as set out in the explanatory memorandum.

Resolution 5 – Approval of issue of placement shares to a related party: Sheratan Pty Ltd ATF R & M Superannuation Fund

5 To consider, and if in favour, to pass the following resolution as an ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 15,000,000 fully paid ordinary shares at an issue price of \$0.003 (0.3 cents) per share, issued under a placement to Sheratan Pty Ltd ATF R & M Superannuation Fund, a related party of the Company by virtue of Mr. Ross Hutton who is director of the Company, being a director and beneficiary, on the terms described in the Explanatory Memorandum accompanying this Notice'.

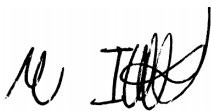
Note: If approval is obtained under Listing Rule 10.11, approval is not required under Listing Rule 7.1, as set out in the explanatory memorandum.

Resolution 6 – Approval of additional capacity to issue shares under Listing Rule 7.1A

6 To consider and, if in favour, to pass the following resolution as a special resolution:

'For the purposes of ASX Listing Rule 7.1A and for all other purposes, shareholders approve the Company having the additional capacity to issue equity securities under Listing Rule 7.1A, on the terms set out in the Explanatory Memorandum.'

BY ORDER OF THE BOARD



Michael Ilett
Company Secretary

10 October 2014

Voting exclusion statement

Listing rules

In accordance with ASX Listing Rules 10.13.6 and 14.11, the Company will disregard any votes cast on the respective resolutions by the following persons:

Resolution 3 – Approval of issue of placement shares to a related party: Resource Surveys Pty Ltd ATF Resource Surveys Super Fund	No votes may be cast on Resolution 3 by Resource Surveys Pty Ltd ATF Resource Surveys Super Fund and any of its Associates including Mr. Eduard Eshuys who is a director of the Company and a director and beneficiary of Resource Surveys Pty Ltd ATF Resource Surveys Super Fund. Any votes cast by such persons will be disregarded.
Resolution 4 – Approval of issue of placement shares to a related party: Mr. Brice Kenneth Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund	No votes may be cast on Resolution 4 by Mr. Brice Kenneth Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund and any of its Associates, including Mr. Brice Mutton who is a director of the Company and a director and beneficiary of Mr. Brice Kenneth Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund. Any votes cast by such persons will be disregarded.
Resolution 5 - Approval of issue of placement shares to a related party: Sheratan Pty Ltd ATF R & M Superannuation Fund	No votes may be cast on Resolution 5 by Sheratan Pty Ltd ATF R & M Superannuation Fund and any of its Associates, including Mr. Ross Hutton who is a director of the Company and a director and beneficiary of Sheratan Pty Ltd ATF R & M Superannuation Fund. Any votes cast by such persons will be disregarded.
Resolution 6 - Approval of additional capacity to issue shares under Listing Rule 7.1A	No votes may be cast on Resolution 6 by a person and any of his or her associates who may participate in the proposed issue and a person and any of his or her associates who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the resolution is passed. As the Company does not know which parties it may approach to participate in any issue, no shareholders' votes will be excluded.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a Director on the proxy form to vote as the proxy decides.

Notes

- (a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form by 11am (Brisbane time) on Tuesday, 18 November 2014.

- (d) A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) The Company has determined under regulation 7.11.37 Corporations Regulations that for the purpose of voting at the meeting or an adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of Shareholders as at 7.00pm (Sydney time) on Tuesday, 18 November 2014.
- (f) If you have any questions on how to cast your votes, please call Michael Ilett on +61 7 3879 4390 during business hours.



Explanatory memorandum

Drummond Gold Limited ACN 124 562 849

Introduction

This explanatory memorandum is provided to the shareholders of Drummond Gold Limited ACN 124 562 849 (**Company**) to explain the resolutions to be put to the shareholders at the annual general meeting to be held at the Auditoriums, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000 on Thursday, 20 November 2014 at 11am (Brisbane time).

The Directors recommend shareholders read the accompanying notice and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Ordinary Business

Financial reports

- 1 The Corporations Act requires that the Director's Report, Financial Report and the Auditor's Report be laid before Shareholders at the Meeting.
- 2 The Company's Annual Report (which includes the reports to be laid before the Meeting) was released to ASX on 30 September 2014 and is available on the Company's website (www.drummondgold.com.au). Apart from the matters involving remuneration of the Company's Key Management Personnel which is the subject of Resolution 1, a vote of Shareholders on these reports is not required at the Meeting. However, Shareholders will be given a reasonable opportunity to raise questions and make comments on these reports at the Meeting.
- 3 Shareholders may also submit written questions to the Company's auditor, Deloitte Touche Tohmatsu, if the question is relevant to the content of the Audit Report, or the conduct of its audit of the Company's Annual Report for the year ended 30 June 2014. Relevant written questions for the auditor must be delivered by 5.00pm (Brisbane time) on Friday, 14 November 2014. Please send any written questions for Deloitte Touche Tohmatsu to Mr. Stephen Tarling, Deloitte Touche Tohmatsu, GPO Box 1463, Brisbane, Queensland, 4001.

Resolution 1: Remuneration report

- 4 The Corporations Act requires the Remuneration Report to be put to the vote of shareholders for adoption. The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Directors take the vote into account in setting the Company's remuneration strategy.
- 5 The Remuneration Report is included in the Directors' Report section of the Company's Annual Report and deals with the remuneration of the Company's Key Management Personnel. Please contact the Company Secretary, Mr Michael Ilett on + 61 7 3879 4390 if you wish to receive a copy of the Company's Annual Report. The Annual Report is also available on the Drummond Gold website (www.drummondgold.com.au).

- 6 The Remuneration Report:
- (a) explains the Board's policy for determining the nature and amount of remuneration of the Company's Key Management Personnel;
 - (b) explains the relationship between the Board's remuneration policy and the Company's performance;
 - (c) sets out remuneration details for each member of the Company's Key Management Personnel; and
 - (d) details and explains any performance conditions applicable to the remuneration of the Company's Key Management Personnel.
- 7 A reasonable opportunity will be provided for shareholders to ask questions about or make comments on the Remuneration Report at the Meeting.

Voting on resolution 1

- 8 The Company will disregard votes cast on Resolution 1 by any member of the Company's Key Management Personnel or their Closely Related Parties whose remuneration is included in the Remuneration Report, unless that person does so as proxy appointed in writing which specifies how the proxy is to vote on the resolution.
- 9 However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:
- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
 - (b) the person is the Chair of the Meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.
- 10 The Chairman intends to vote all available proxies in favour of Resolution 1. If you appoint a director or member of the key management personnel as your proxy for this resolution, you MUST direct your proxy how to vote; otherwise your vote will not be counted. Follow the instructions on the proxy form to direct your proxy how to vote.

Resolution 2: Re-election of Mr Brice Mutton as a Director

- 11 Rule 16.1 of the Constitution provides that one third of the Directors (other than the Managing Director) must retire at the end of each annual general meeting. In accordance with Rule 16.1 of the Constitution, Brice Mutton retires at the end of this Meeting. Brice Mutton, being eligible, presents himself for re-election.

Mr. Brice K. Mutton BSc (Appl Geology) UNSW, FAusIMM, FAIG, MSEG (Non-Executive Director)

- 12 Brice, aged 63, is a geologist with over 30 years' experience in the resources industry, from exploration to mining and corporate management. Brice gained 20 years' experience in a range of positions with MIM Group Holdings. He was Chief Geologist at Hilton and Mount Isa Mines from 1988 to 1992. He was Executive

Assistant to the CEO, MIM Holdings from 1992 to 1994, Deputy General Manager, MIM Petroleum Exploration 1995 to 1996 and General Manager Exploration Support MIM Exploration from 1996 to 1998. During this time he represented MIM and industry associations nationally and internationally. In between periods with MIM from 1979 to 1983 he worked on major mining and civil engineering projects in Australasia with Snowy Mountains Engineering Corporation and Golder Associates. He was Managing Director of Giants Reef Mining from 1998 to 2000. More recently he has consulted to the resources industry through Brice Mutton & Associates. During the past three years Brice has also serviced as Non-Executive Director of Cusesta Coal Limited (27 September 2003 to date) and Non-Executive Director of Apex Minerals Limited (Receivers and Managers Appointed)(In Liquidation) from 19 April 2012 to 30 April 2013.

- 13 Brice was appointed as Executive Director of Exploration from 5 April 2007 until 31 May 2008. He provided consulting services as Exploration Manager from 1 June 2008 to 12 September 2008, becoming a Non-Executive Director on the 13 September 2008. From 1 August 2013, Brice has been the registered Senior Site Executive (SSE) for the Company's Mining Leases and exploration tenements, and is responsible for the management of the field operations at its Mt Coolon base. Brice is a member of the Remuneration and Nomination Committee and Audit Committees.

Special Business

Resolutions 3, 4 and 5: Information relating to shares to be issued to Directors and other related parties under the placements

Background

- 14 Under ASX Listing Rule 10.11, shareholder approval is required for the issue of equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.
- 15 The Board has formed the view that in relation to the issue of Shares to Directors and other related parties under Resolutions 3, 4 and 5 that shareholder approval under section 208 of the Corporations Act is not required, as the exceptions in section 210 of the Corporations Act apply. The Board has formed this view because the issue price of the shares exceeds the closing price of the shares of \$0.002 (0.2 cents) on ASX on 10 October 2014.
- 16 In compliance with the information requirements of Listing Rule 10.13, members are advised of the following particulars in relation to the allotment and issue of shares under Resolutions 3, 4 and 5:

The date by which the entity will issue the securities:	The securities will be issued within one month of the date of the Annual General Meeting at which the approval is obtained.
Issue price of the securities and a statement of the terms of the issue:	The Shares are to be issued pursuant to a placement agreement between the Company and Directors whereby subject to the Company obtaining Shareholder approval in accordance with Listing Rule 10.11, each of the parties will subscribe for shares at a price of \$0.003 (0.3 cents) per share. Shares issued pursuant to resolutions 3, 4 and 5 will rank equally with all other shares on issue in the Company and be quoted on ASX.
The intended use of funds raised:	Funds raised will be used for exploration activities and working capital purposes.

Resolution 3: Approval of issue of placement shares to a related party: Resource Surveys Pty Ltd ATF Resource Surveys Super Fund

- 17 Resource Surveys Pty Ltd ATF Resource Surveys Super Fund (**Resource Surveys**) is a related party of the Company by virtue of Mr. Eduard Eshuys, who is a director of the Company, being a director and beneficiary and controlling Resource Surveys. Prior shareholder approval is therefore required for the issue of shares to him or his related entities under Resolution 3.
- 18 In compliance with the information requirements of Listing Rule 10.13, members are advised of the following particulars in relation to the allotment and issue:

Name of allottee/s:	Resource Surveys Pty Ltd ATF Resource Surveys Super Fund.
The maximum number of securities to be issued:	43,333,333 Shares.
A statement of the relationship between the person and the director (or responsible entity) that requires the approval be obtained	Mr. Eduard Eshuys is a director of the Company and, as a director and beneficiary of Resource Surveys Pty Ltd ATF Resource Surveys Super Fund. Mr. Eshuys controls Resource Surveys.

- 19 The Shares proposed to be issued to Mr. Eshuys (or an entity he controls) as well as the effect of the issue on his Relevant Interests and Voting Power in the Company is set out below:

Director	Shares to be issued	Current holding	Holding after issue
Eduard Eshuys (Executive chairman)	43,333,333 Shares.	31,327,322 Shares representing voting power of approximately 6.82%.	74,660,655 Shares representing voting power of approximately 14.02%.

Why is shareholder approval required?

- 20 Listing Rule 10.11 requires the approval of shareholders before securities can be issued to a related party. A director is a 'related party' for the purposes of Listing Rule 10.11. Resource Surveys is a related party for the reasons set out in paragraph 18.
- 21 If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

What majority of votes is required?

- 22 A majority of shareholders is required to pass each of these resolutions.

Who can vote on these resolutions?

- 23 All shareholders can vote other than Resource Surveys and any of its associates.

- 24 Associates as defined in the Corporations Act, include:
- (a) any person who is a Director or Secretary;
 - (b) a related body corporate of the person or a Director or Secretary of a related body corporate;
 - (c) any person with whom a party has an agreement, arrangement or understanding whether or not formal, in writing or enforceable:
 - (i) because of which one of those persons has or will have power to exercise control or substantially influence the exercise of voting power attached to securities for the purpose of controlling or influencing the composition of the board or the conduct of its affairs;
 - (ii) under which one of those persons will or may acquire or be required by the other to acquire securities in which the other has a relevant interest;
 - (iii) under which one of those persons may be required to dispose of securities at the other's discretion; or
 - (iv) is acting in concert with the party or proposing to become associated with them;
 - (d) a partner or de facto partner or child (including exnuptial or adoptive).

Resolution 4: Approval of issue of placement shares to a related party: Mr. Brice Kenneth Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund

- 25 Mr. Brice Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund is a related party of the Company by virtue of Mr. Mutton, who is a director of the Company, being a trustee and beneficiary. Prior shareholder approval is therefore required for the issue of shares to him or his related entities under Resolution 4.
- 26 In compliance with the information requirements of Listing Rule 10.13, members are advised of the following particulars in relation to the allotment and issue:

Name of allottee/s:	Mr. Brice Kenneth Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund
The maximum number of securities to be issued:	15,000,000 Shares.
A statement of the relationship between the person and the director (or responsible entity) that requires the approval be obtained	Mr. Brice Mutton is a director of the Company and, is a trustee and beneficiary of Mr. Brice Kenneth Mutton and Mrs. Gai Mutton ATF the Brice Mutton Superannuation Fund.

- 27 The Shares proposed to be issued to Mr. Mutton (or an entity he controls) as well as the effect of the issue on his Relevant Interests and Voting Power in the Company is set out below:

Director	Shares to be issued	Current holding	Holding after issue
Brice Mutton (Non executive director)	15,000,000 Shares.	10,138,947 Shares representing voting power of approximately 2.21%.	25,138,947 Shares representing voting power of approximately 4.72%.

Why is shareholder approval required?

- 28 Listing Rule 10.11 requires the approval of shareholders before securities can be issued to a related party. A director is a 'related party' for the purposes of Listing Rule 10.11. Mr. Mutton is a related party for the reasons set out in paragraph 26.
- 29 If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

What majority of votes is required?

- 30 A majority of shareholders is required to pass each of these resolutions.

Who can vote on these resolutions?

- 31 All shareholders can vote other than Mr. Mutton and any of his associates.
- 32 Associates as defined in the Corporations Act, include:
- (a) any person who is a Director or Secretary;
 - (b) a related body corporate of the person or a Director or Secretary of a related body corporate;
 - (c) any person with whom a party has an agreement, arrangement or understanding whether or not formal, in writing or enforceable:
 - (i) because of which one of those persons has or will have power to exercise control or substantially influence the exercise of voting power attached to securities for the purpose of controlling or influencing the composition of the board or the conduct of its affairs;
 - (ii) under which one of those persons will or may acquire or be required by the other to acquire securities in which the other has a relevant interest;
 - (iii) under which one of those persons may be required to dispose of securities at the other's discretion; or
 - (iv) is acting in concert with the party or proposing to become associated with them;
 - (d) a partner or de facto partner or child (including exnuptial or adoptive).

Resolution 5: Approval of issue of placement shares to a related party: Approval of issue of placement shares to a related party: Sheratan Pty Ltd ATF R & M Superannuation Fund

33 Sheratan Pty Ltd ATF R & M Superannuation Fund is a related party of the Company by virtue of Mr Ross Hutton, who is a director of the Company and a director and beneficiary of the superannuation fund. Prior shareholder approval is therefore required for the issue of shares to him or his related entities under Resolution 5.

34 In compliance with the information requirements of Listing Rule 10.13, members are advised of the following particulars in relation to the allotment and issue:

Name of allottee/s:	Sheratan Pty Ltd ATF R & M Superannuation Fund
The maximum number of securities to be issued:	15,000,000 Shares.
A statement of the relationship between the person and the director (or responsible entity) that requires the approval be obtained	Mr. Ross Hutton is a director of the Company and is a director and beneficiary of the Sheratan Pty Ltd ATF R & M Superannuation Fund.

35 The Shares proposed to be issued to Sheratan Pty Ltd ATF R & M Superannuation Fund as well as the effect of the issue on its Relevant Interests and Voting Power in the Company is set out below:

Director	Shares to be issued	Current holding	Holding after issue
Ross Hutton (Non executive director)	15,000,000 Shares.	23,442,420 Shares representing voting power of approximately 5.11%.	38,442,420 Shares representing voting power of approximately 7.22%.

Why is shareholder approval required?

36 Listing Rule 10.11 requires the approval of shareholders before securities can be issued to a related party. A director is a 'related party' for the purposes of Listing Rule 10.11. Sheratan Pty Ltd ATF R & M Superannuation Fund is a related party for the reasons set out in paragraph 34.

37 If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

What majority of votes is required?

38 A majority of shareholders is required to pass each of these resolutions.

Who can vote on these resolutions?

39 All shareholders can vote other than Mr. Hutton and any of his associates.

40 Associates as defined in the Corporations Act, include:

- (a) any person who is a Director or Secretary;

- (b) a related body corporate of the person or a Director or Secretary of a related body corporate;
- (c) any person with whom a party has an agreement, arrangement or understanding whether or not formal, in writing or enforceable:
 - (i) because of which one of those persons has or will have power to exercise control or substantially influence the exercise of voting power attached to securities for the purpose of controlling or influencing the composition of the board or the conduct of its affairs;
 - (ii) under which one of those persons will or may acquire or be required by the other to acquire securities in which the other has a relevant interest;
 - (iii) under which one of those persons may be required to dispose of securities at the other's discretion; or
 - (iv) is acting in concert with the party or proposing to become associated with them;
- (d) a partner or de facto partner or child (including exnuptial or adoptive).

Resolution 6: Approval of additional capacity to issue shares under Listing Rule 7.1A

- 63 ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring shareholder approval. Under Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and have a market capitalisation of \$300 million or less) can issue a further 10% of the Company's share capital in 12 months on a non pro-rata basis if shareholder approval is obtained at the Company's Annual General Meeting.
- 64 The Company is an eligible entity for the purposes of Listing Rule 7.1A.
- 65 The number of equity securities which may be issued, or that the Company may agree to issue, under the approval sought by Resolution 6 is calculated in accordance with the following formula:

(A X D) – E

Where:

- (i) **A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement to issue:
 - (A) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (B) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
 - (C) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
 - (D) less the number of fully paid ordinary shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating the Company's 15% placement capacity.

- (ii) **D** is 10%;
- (iii) **E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

66 At the date of this notice, the Company has on issue 459,021,975 Shares; therefore, as at the date of this notice, the Company has the capacity to issue:

- (a) 68,853,296 equity securities under Listing Rule 7.1 (15%); and
- (b) 45,902,197 under Listing Rule 7.1A (10%).

67 Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of Listing Rule 7.3A the Company provides the following information:

Minimum price at which the equity securities may be issued	The issue price of each share must be no less than 75% of the volume weighted average price for the shares calculated over the 15 trading days on which trades in that class were recorded immediately before: (a) the date on which the price at which the securities are to be issued, is agreed; or (b) if the securities are not issued within five trading days of the date in paragraph (a), the date on which the securities are issued.
Risk of economic and voting dilution	An issue of shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include: (a) the market price for shares may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and (b) the equity securities may be issued at a price that is at a discount to the market price for the shares on the issue date. Under Listing Rule 7.3A.2, a table describing the notional possible dilution based upon various assumptions as stated, is set out below.
Date by which the Company may issue the securities	The period commencing on the date of the annual general meeting (to which this notice relates) at which approval is obtained and expiring on the first to occur of the following: (a) the date which is 12 months after the date of the annual general meeting at which approval is obtained; and (b) the date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2. The approval under Listing Rule 7.1A will cease to be valid if holders of the Company's ordinary securities approve a transaction under Listing Rule 11.1.2 or 11.2.
Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration (the Company will release to the market a valuation of the non-cash consideration before the issue of shares)	It is the Board's current intention that any funds raised under an issue of securities will be applied towards the identification and evaluation of opportunities with potential for copper and gold, working capital purposes and the Company's exploration on the Mt Coolon Tenements. The Company reserves the right to issue shares for non-cash consideration, including for payment of service or consultancy fees and costs.
Details of the Company's allocation policy for issues under approval	The Company does not currently know the nature of the capital raising which may be conducted under Listing Rule 7.1A (if any). No allocation policy has therefore been determined. The Company's allocation policy will be dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to factors including but not limited to the following: (a) any alternative methods of raising funds that are available to

	the Company and the Company's determination regarding the best method for raising funds; (b) the effect of the issue of the Listing Rule 7.1A shares on the control of the Company; (c) the financial situation of the Company; and (d) advice from corporate, financial and broking advisers (if applicable). The allottees under the Listing Rule 7.1A facility have not been determined as at the date of this notice of meeting but may include existing substantial shareholders and new shareholders who are not related parties or associates of a related party of the Company.
Previous approvals under Listing Rule 7.1A	Approval was previously obtained at the 2012 Annual General Meeting and 2013 Annual General Meeting, on 14 November 2012 and 15 November 2013 respectively.

Information under Listing Rule 7.3A.6(a)

- 68 The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities issued in the prior 12 month period	188,333,333
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	79.90%

Information under Listing Rule 7.3A.6(b)

- 69 The tables below set out specific details for each issue of equity securities that have taken place in the 12 month period preceding the date of the Annual General Meeting.

Date of issue	21 November 2013
Number issued	33,333,333
Class and type of equity security	Ordinary fully paid shares
Summary of terms	Fully paid ordinary shares issued for nil cash consideration in lieu of payment of Directors' Fees of \$58,333.30 and Executive Chairman's salary of \$41,666.70. The issue price is \$0.003 (0.3 cents) per share.
Names of persons who received securities or basis on which those persons were determined	Mr. Eduard Eshuys, Mr. Ross Hutton and Mr. Brice Mutton or their nominees
Price	\$0.003 (0.3 cents) per share
Discount to market price (if any)	25% discount to market at the time of placement.

<i>For non-cash issues</i>	
Non-cash consideration paid	\$100,000 in lieu of Directors' Fees of \$58,333.30 and the Executive Chairman's salary of \$41,666.70.
Current value of that non-cash consideration	\$66,667 at market value of \$0.002 (0.2 cents) per share at time of closing on 19 September 2014.

Date of issue	21 November 2013
Number issued	155,000,000
Class and type of equity security	Ordinary fully paid shares
Summary of terms	Fully paid ordinary shares issued under a Placement, ranking equally with all other fully paid ordinary shares on issue
Names of persons who received securities or basis on which those persons were determined	Resource Capital Fund V.L.P.
Price	\$0.002
Discount to market price (if any)	50% discount to market at time of placement.
<i>For cash issues</i>	
Total cash consideration received	\$350,000
Amount of cash consideration spent	\$350,000
Use of cash consideration	Working capital
Intended use for remaining amount of cash (if any)	Working capital
<i>For non-cash issues</i>	
Non-cash consideration paid	Not applicable
Current value of that non-cash consideration	Not applicable

Information under Listing Rule 7.3A.2

- 70 The table below shows the dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary securities for variable "A" calculated under the formula in Listing Rule 7.1A(2) as at the date of this notice.
- 71 The table shows two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting.

- 72 Table 1 below also shows two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the market price on 19 September 2014.
- 73 Table 2 below also shows two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the market price on 19 September 2014 on the basis that the shareholders have approved the issue of 73,333,333 Shares to the Directors under resolution 3, 5 and 5.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.001 50% decrease in issue price	\$0.002 issue price	\$0.004 100% increase in issue price
Current Variable A 459,021,975 shares	10% Voting Dilution	45,902,197 shares	45,902,197 shares	45,902,197 shares
	Funds raised	\$45,902.20	\$91,804.40	\$183,608.79
50% increase in current Variable A 688,532,963 shares	10% Voting Dilution	68,853,296 shares	68,853,296 shares	68,853,296 shares
	Funds raised	\$68,853.30	\$137,706.59	\$275,413.18
100% increase in current Variable A 918,043,950 shares	10% Voting Dilution	91,804,395	91,804,395	91,804,395
	Funds raised	\$91,804.40	\$183,608.79	\$367,217.58

Table 1

- 74 Table 1 has been prepared on the assumptions set out below.
- The Company issues the maximum number of shares available under the 10% Listing Rule 7.1A approval.
 - No options are exercised to convert into shares before the date of the issue of the shares available under Listing Rule 7.1A.
 - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - The table does not show an example of dilution that may be caused to a particular shareholder by reason of a share issue under Listing Rule 7.1A, based on that shareholder's holding at the date of the meeting.
 - The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - The issue of shares under Listing Rule 7.1A consists only of ordinary shares in the Company.
 - The issue price is \$0.002, being the closing price of the shares on ASX on 10 October 2014.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.001 50% decrease in issue price	\$0.002 issue price	\$0.004 100% increase in issue price
Adjusted Variable A 532,355,308 shares	10% Voting Dilution	53,235,530	53,235,530	53,235,530
	Funds raised	\$53,235.53	\$106,471.06	\$212,942.12
50% increase in Adjusted Variable A 798,532,963 shares	10% Voting Dilution	79,853,296	79,853,296	79,853,296
	Funds raised	\$79,853.30	\$159,706.59	\$319,413.18
100% increase in Adjusted Variable A 1,064,710,616 shares	10% Voting Dilution	106,471,062	106,471,062	106,471,062
	Funds raised	\$106,471.06	\$212,942.12	\$425,884.25

Table 2

75 Table 2 has been prepared on the assumptions set out below.

- (a) Variable A has been adjusted on the basis that the shareholders have approved the issue of 73,333,333 Shares to the Directors under resolution 3, 4 and 5.
- (b) The Company issues the maximum number of shares available under the 10% Listing Rule 7.1A approval.
- (c) No options are exercised to convert into shares before the date of the issue of the shares available under Listing Rule 7.1A.
- (d) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (e) The table does not show an example of dilution that may be caused to a particular shareholder by reason of a share issue under Listing Rule 7.1A, based on that shareholder's holding at the date of the meeting.
- (f) The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (g) The issue of shares under Listing Rule 7.1A consists only of ordinary shares in the Company.
- (h) The issue price is \$0.002, being the closing price of the shares on ASX on 10 October 2014.

Recommendation

76 The Directors unanimously recommend that Shareholders vote in favour of all the resolutions set out in this notice of meeting.

Enquiries

- 77 Please direct any enquiries in relation to the meeting, the resolutions or this explanatory memorandum to Mr Michael Ilett (Company Secretary) at:

Postal Address:

Company Secretary
Drummond Gold Limited
PO Box 294
Carole Park Qld 4300
Australia

Telephone: + 61 7 3271 6261 (during business hours)
Facsimile: + 61 7 3271 6221

Email: michael@drummondgold.com.au

Definitions

A number of capitalised terms are used throughout this notice of meeting and explanatory memorandum. Capitalised terms in this notice of meeting have the same meaning given to them in the Corporations Act (unless otherwise defined below). Except to the extent the context otherwise requires:

Term	Definition
ASX	means ASX Limited ACN 008 624 691.
Board	means the board of Directors of the Company.
Closely Related Party	has the meaning set out in the Corporations Act.
Company	means Drummond Gold Limited ACN 124 459 396.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of the Company.
Key Management Personnel	has the meaning set out in the Corporations Act.
Listing Rules	means the listing rules of ASX.
Shares	means ordinary fully paid shares in the issued capital of the Company.