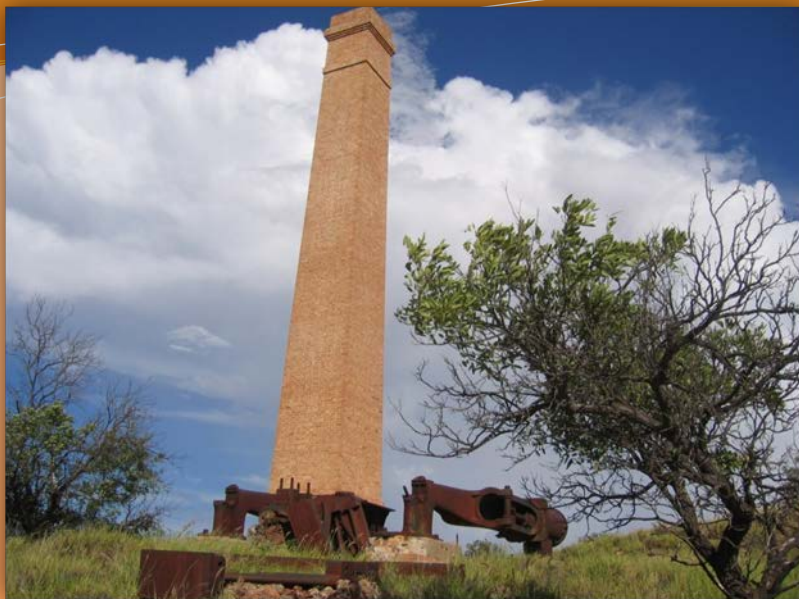




DRUMMOND
DRUMMOND GOLD LIMITED



Quarterly Activities Report

Drummond Gold Limited

ABN 98 124 562 849

ASX: DGO

Shares on issue 519,021,975

Directors:

Chairman Eduard Eshuys

Director Ross Hutton

Director and Company

Secretary Michael Ilett

Address:

27 General Macarthur Place
Redbank Qld 4301

Contact:

Eduard Eshuys

Executive Chairman

Telephone: + 61 7 3381 5368

www.dgogold.com.au

For quarter ended 30 June 2015

Gold Exploration Activities

- ✓ The research conducted for the Company by CODES of the University of Tasmania has resulted in the identification of 10 (ten) high priority targets in Australia with potential for sediment hosted gold deposits.
- ✓ Exploration tenement applications have been made in Western Australia and South Australia where vacant land coincided with the sediment hosted gold deposit targets identified by CODES.
- ✓ Research of open file past exploration data has confirmed the presence of gold in soils and shallow drilling at Ora Banda and Mt Edwards prospects respectively in the Eastern Goldfields of Western Australia.
- ✓ The Ora Banda, Mt Edwards and Black Flag prospects are located where prospective Black Flag Group sediments are covered by shallow overburden.

Corporate Activities:

- ✓ On 13 April 2015 Drummond Gold Limited announced the completion of sale of its interest in the all the issued capital of MCGM to GBM Resources Limited (GBM).
- ✓ The total consideration was for a cash component of \$850,000 and 50 million fully paid ordinary shares in the share capital of GBM that remains in voluntary escrow for a period of 12 months.
- ✓ The Board has decided to call a shareholders meeting to seek shareholder approval to consolidate the capital of the company from 100 shares to 1 share, change the name of the company to DGO Gold Limited; and approve a placement of fully paid ordinary shares to Eduard Eshuys and Ross Hutton.
- ✓ The Notice of General Meeting for this shareholder meeting is currently being prepared.

EXPLORATION ACTIVITIES

STRATEGY

Exploration activities have focused on completing the first phase of sediment hosted gold deposits (SHGD) research at CODES at the University of Tasmania. The research has focused on identifying districts in which SHGD's could occur in rocks in Australia that are of comparable geologic age to those of SHGD elsewhere in the world.

The comparable age models are the Witwatersrand Gold deposit of South Africa of +3000MA age, the Sukhoi Log gold deposit of Eastern Russia at 540-650MA age and the Carlin Trend deposits Nevada USA 430±20MA age.

Ten high priority targets areas have been identified by CODES which include sedimentary rocks of one of the above geological ages and in which favorable geological structures have been identified by past geological mapping and airborne geophysical surveys. Where land is available for exploration licence applications in the target areas identified applications are being made.

Subsequently, open file data held at the State Government Department of Mines or equivalent will be researched to identify past exploration activity and results. Neighbouring exploration landholders will be identified and approached to either acquire or joint venture the land to build up a strategic holding in the target area identified by the CODES research. It is anticipated that researching the past exploration data will lead to identification of drill targets.

Applications have been lodged 20 kilometres south of Whim Creek in the Pilbara of Western Australia to date and are in the process of being lodged in South Australia.

SEDIMENT HOSTED GOLD IN THE BLACK FLAG GROUP OF THE EASTERN GOLDFIELDS OF WA

The discovery of Invincible by Gold Fields Australia in 2012 on the edge of Lake Lefroy at Kambalda, St Ives and Baloo by Sirius Resources NL in 2015 has confirmed the prospectivity of the Black Flag Group (BFG) sediments which have largely been ignored in the past, due to the focus of exploration on basalts and dolerites.

Mt Edwards, Ora Banda and Black Flag tenement applications have focused on areas where BFG sediments are covered by overburden or transported younger sediments and consequently remain to be explored. See Figure 1.

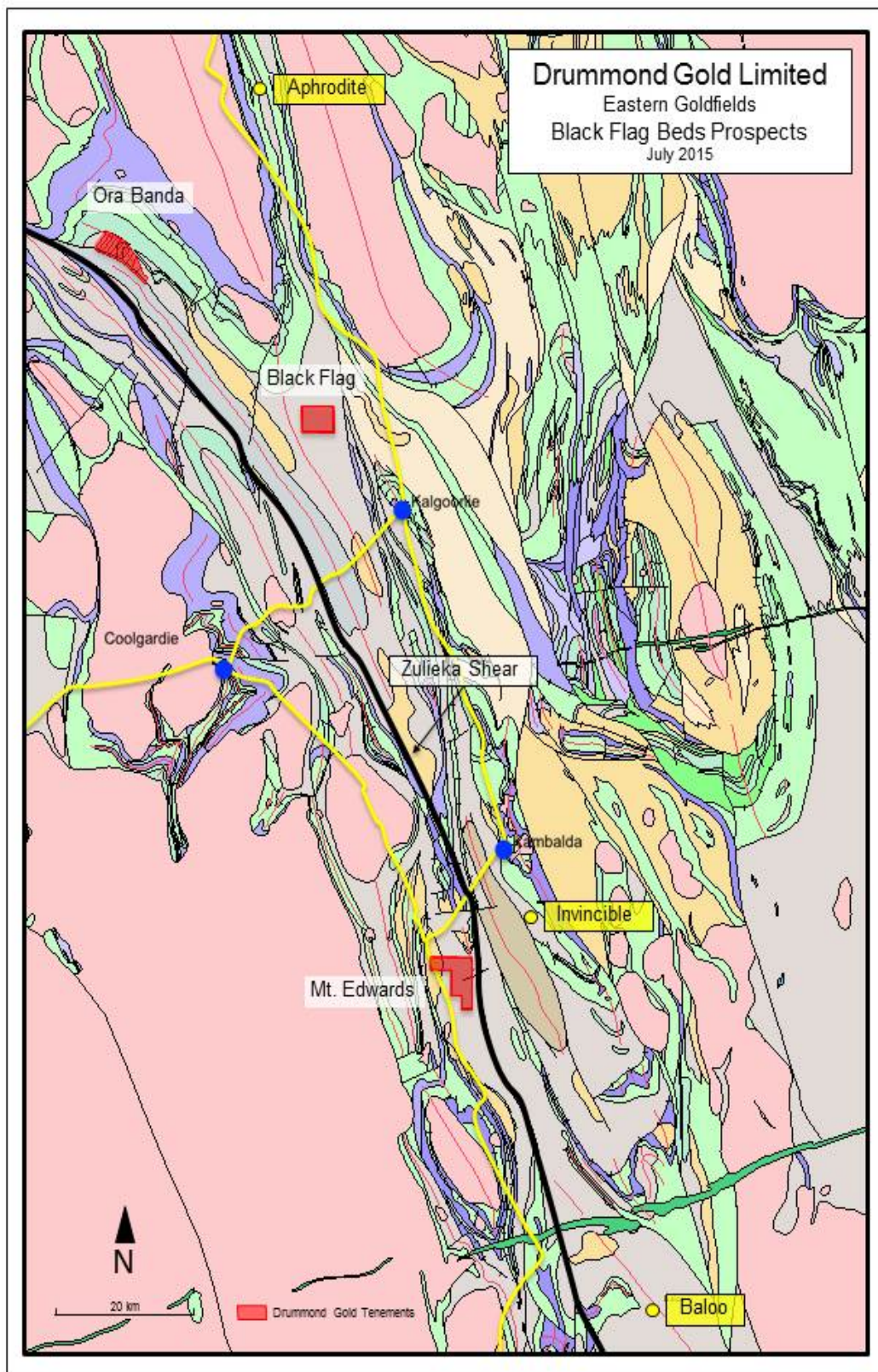


Figure 1: Tenement Applications, Black Flag Beds, Eastern Goldfields

OPEN FILE RESEARCH ACTIVITY MT EDWARDS Southwest of Kalgoorlie

Open file data has confirmed that past exploration has intersected gold mineralisation at the base of the transported cover but has not tested the underlying BFG sediments (See Figure 2 below). Studies of the past geophysical surveys are in progress and will be integrated with the geological data.

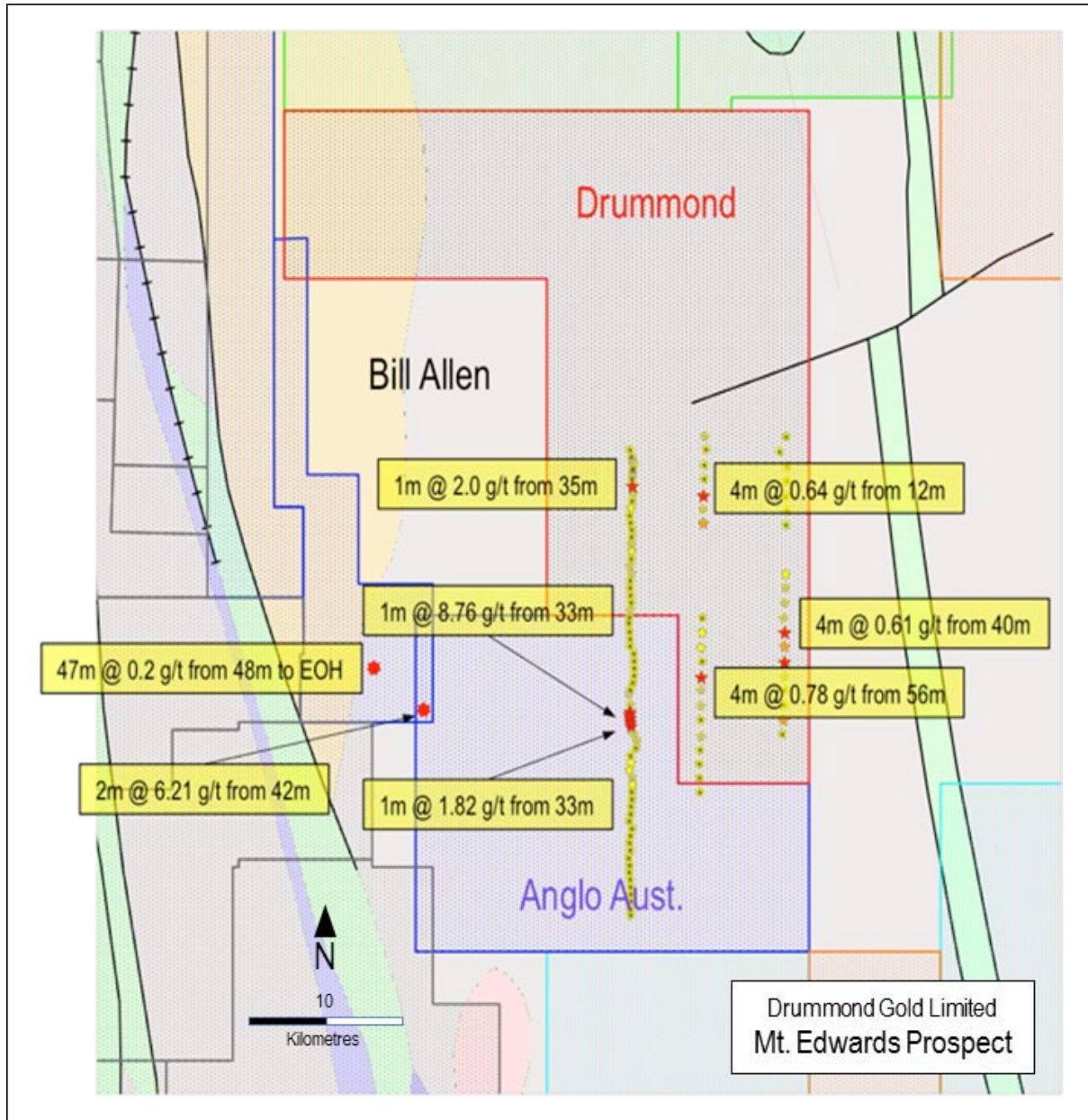


Figure 2: Mt Edwards, Tenement Application and Past Exploration Results

ORA BANDA Northwest of Kalgoorlie

Initial open file research has confirmed gold geochemical anomaly on the Company's tenement applications and on adjacent land held by others there is gold mineralization in shallow drilling either associated with the cover rocks or the underlying BFG sediments (See Figure 3 below). Open file research is continuing.

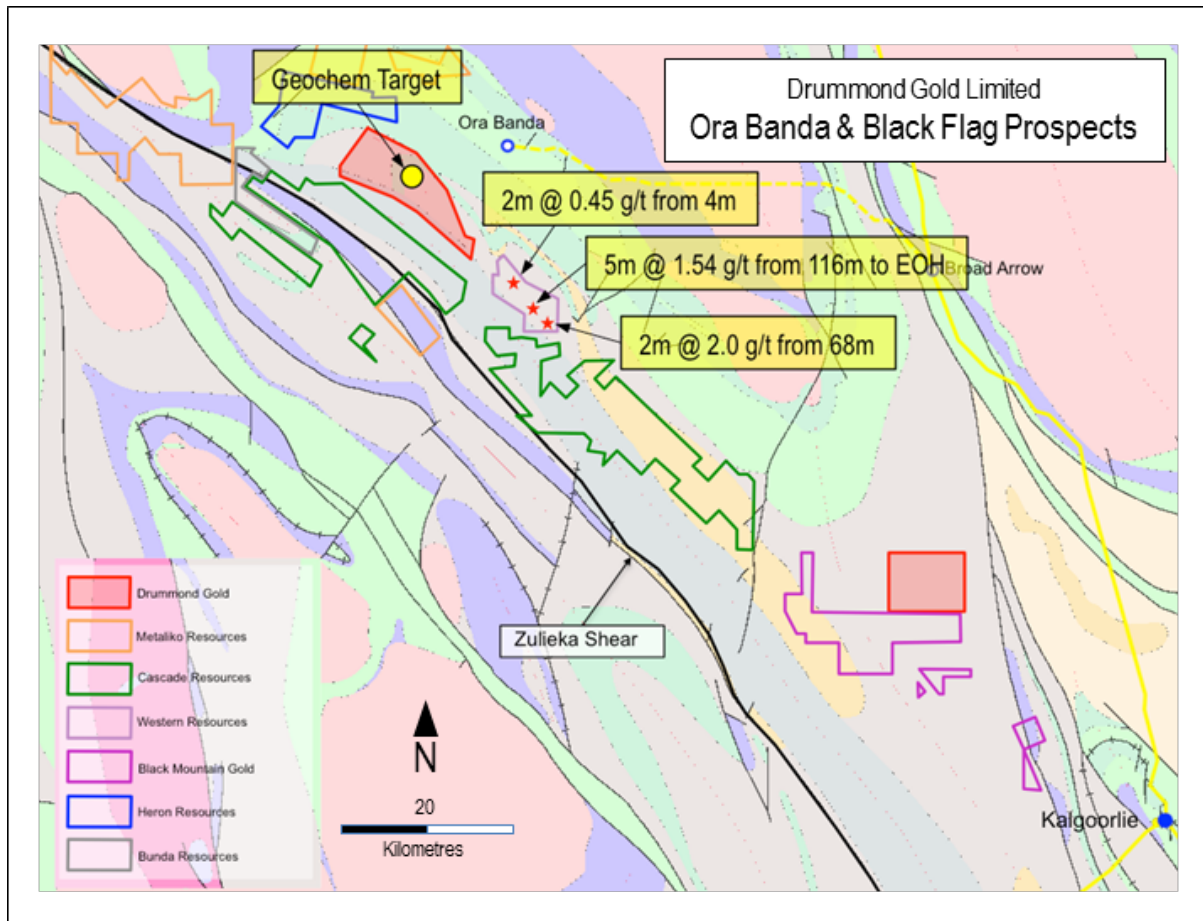


Figure 3: Ora Banda, Tenement Applications and Past Exploration Results

CODE TARGETS

MALLINA, Geological age Analogue of Witwatersrand of South Africa

The Mallina Exploration Licence applications are located approximately 20km south of Whim Creek in the Pilbara of Western Australia (See Figure 4 below).

The Mallina targets are anticlinal structures of the Mallina Formation and Constantine sandstone which are geological age analogues of the Witwatersrand gold deposits of South Africa.

Open file research of past exploration activities within the target areas has commenced.

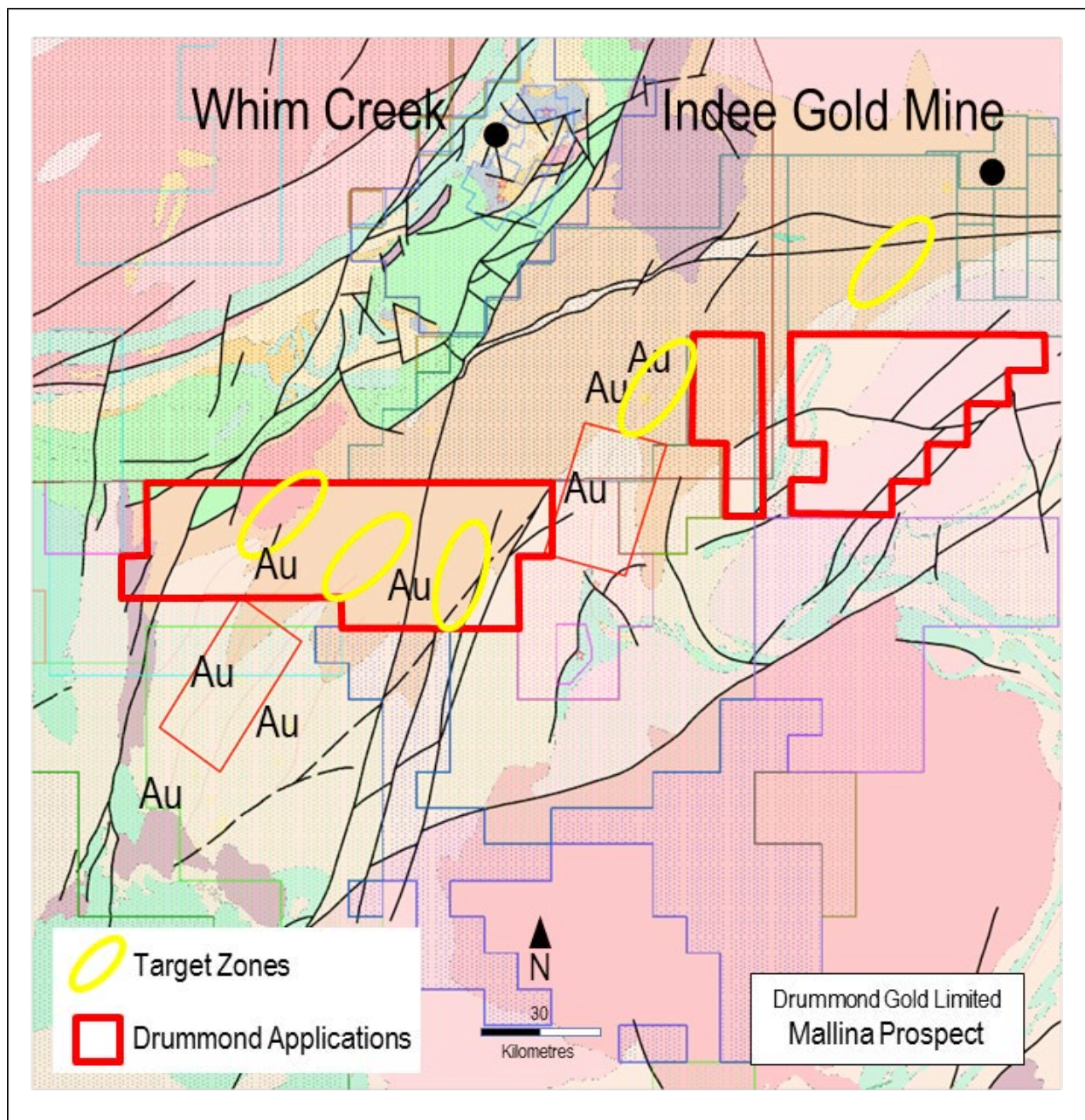


Figure 4: Mallina, Tenement Applications and Target Zones

CORPORATE

On 13 April 2014 the Company announced the completion of the sale of its interest in the all the issued capital of Mt Coolon Gold Mines Pty Ltd to GBM Resources Limited ((ASX: GBZ) "GBM") as approved by the DGO shareholders at the General Meeting of Shareholders held on 26 March 2015.

The total consideration under the contract is a cash component of \$850,000 and 50 million fully paid ordinary shares in the capital of GBM that remains in voluntary escrow for a period of 12 months. As the result of the sale Drummond Gold Limited holds approximately Drummond holds 8.96% of the issued capital of GBM. The Company's holdings have a current market value of \$1 million based on the market price of GBM shares of 2 cents per share at 27 July 2015.

On 20 July 2015 Brice Mutton resigned as a non-executive director and Michael Ilett was appointed as a Director.

The Board intends calling a shareholders' meeting to seek shareholder approval to:-

- consolidate the capital of the company from 100 shares to 1 share;
- change the name of the company to DGO Gold Limited; and
- approve a placement of fully paid ordinary shares to Mr. Eduard Eshuys and Mr. Ross Hutton

A Notice of General Meeting is currently being prepared and will in due course be released to the market. The Board has decided, subject to the regulatory requirements, to facilitate transactions for the sale of unmarketable parcels and initiate a share purchase plan for shareholder if the share consolidation is approved by the shareholders.



Eduard Eshuys
EXECUTIVE CHAIRMAN

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Drummond Gold Limited

ABN

96 124 562 849

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (12 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(49)	(384)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(216)	(650)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded	-	269
1.7	Other (research and development tax offset)	-	-
Net Operating Cash Flows		(263)	(762)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (sale of Mt Coolon Gold Mines Pty Ltd)	700	800
Net investing cash flows		700	800
1.13	Total operating and investing cash flows (carried forward)	437	38

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	437	38
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	180
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	(2)
	Net financing cash flows	-	178
	Net increase (decrease) in cash held	437	216
1.20	Cash at beginning of quarter/year to date	20	241
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter (i)	457	457

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'ooo
1.23 Aggregate amount of payments to the parties included in item 1.2	169
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Nil

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter the Company completed the sale of its previously owned 100 per cent subsidiary Mt Coolon Gold Mines Pty Ltd. As part of the consideration the Company also received 50 million fully paid ordinary shares in the share capital of GBM Resources Limited that remain in voluntary escrow until 12 April 2016.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	30
4.2 Development	-
4.3 Production	-
4.4 Administration	110
Total	140

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	457	457
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	457	457

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPM 7259 EPM 15902 ML 1029 ML 1085 ML 1086 ML 10227	Previously owned Previously owned Previously owned Previously owned Previously owned Previously owned (see not 2.1)	100% 100% 100% 100% 100% 100%	Nil Nil Nil Nil Nil Nil
6.2 Interests in mining tenements acquired or increased		Nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

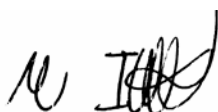
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	-	-	-	-
7.2	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	519,021,975	519,021,975	N/A	N/A
7.4	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	-	-	<i>Exercise Price</i> -	<i>Expiry date</i> -
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)	-	-	-	-
------	---	---	---	---	---

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company Secretary)

Date: 30/ 07 /2015

Print name: Michael J Ilett

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.