

Quarterly Activities Report for the Quarter Ended 31 December 2015

Greenfield Gold Exploration Activity

- ✓ DGO Gold Limited ("DGO" or 'the Company) continues to implement its sediment hosted gold greenfield exploration strategy supported by the research conducted at CODES at the University of Tasmania over the past decade.
- ✓ Exploration tenement applications covering 191km² located 100 kilometers north of Meekatharra in Western Australia have been made over the Johnson Cairn and Juderina Formations, which are prospective for sediment hosted gold and base metal mineralisation within the Proterozoic Yerrida Basin of Western Australia.
- ✓ A further 35km² of tenure has been applied for at Mt Edwards in the Eastern Goldfields of WA during the quarter, resulting in a total of 882km² of tenure under application or grant across Western Australia and South Australia.
- ✓ The presence of gold in soils and in shallow drilling has been confirmed at Ora Banda, Black Flag and Mt Edwards respectively in the Eastern Goldfields and at Mallina south of Whim Creek in the Pilbara of Western Australia in the review of past exploration data and activity.

Corporate Activities:

- ✓ Completion of a share placement for 215,000 fully paid ordinary shares to the directors or their nominees at an issue price of \$0.30 per share.
- ✓ Completion of a share placement for 392,000 fully paid ordinary shares under the Share Purchase Plan at an issue price of \$0.25 per share.
- ✓ Held the Annual General Meeting with all resolutions approved by the show of hands
- ✓ Changed auditors from Deloitte Touche Tohmatsu to BDO Audit Pty Ltd.
- ✓ Application is being prepared for AusIndustry registration for the 2015 research and development undertaken on sediment hosted gold deposits.
- ✓ Company continues to hold 50 million fully paid ordinary in GBM Resources Limited and 212,766 fully paid ordinary shares in Talisman Mining Limited.
- ✓ The has 5,190,268 fully paid ordinary shares on issue

EXPLORATION ACTIVITIES STRATEGY

DGO is implementing its greenfield exploration strategy of using sediment hosted gold deposit (SHGD) analogues of world class gold deposits and the peak ages of gold deposition to target Australian sedimentary basins. This strategy is supported by the research conducted over the past decade at CODES at the University of Tasmania, which 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.

Some of the World's largest gold deposits, such as Witwatersrand in South Africa, The Carlin Trend deposits in Nevada, USA and Sukhoi Log in Eastern Russia are sediment hosted. DGO believes that Australian gold exploration has not been previously focused on sediment hosted gold mineralisation and or deposits.

DGO has commenced securing land holdings in key target areas in Western Australia and South Australia and is in the process of researching and reviewing past exploration data for these areas. This research will be used to identify drill ready targets, with exploration priorities determined by the identification of drill targets.

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 areas identified by the CODES research.

During the quarter 22km² of tenure (Ora Banda South West) was granted in the Kalgoorlie region and applications have been lodged for a further 35km² in the Kalgoorlie region and for 191km² in the Yerrida Basin of Western Australia. DGO now has 22km² of granted tenure and a total of 860km² under application across Western Australia and South Australia covering some of the high priority targets identified by the CODES research. See Table 1 for a full listing of tenement applications.

SEDIMENT HOSTED GOLD AND BASE METALS, YERRIDA BASIN OF WA

DGO has applied for two exploration licences totaling 191km² that combined, cover in excess of 25km of strike of the Johnson Cairn and Juderina Formations that are highly prospective for sediment hosted gold and base metal mineralisation within the Proterozoic Yerrida Basin. The exploration licence applications are located approximately 100km north of Meekatharra in Western Australia. See Figure 1 below.

The Juderina Formation consists of sandstone, shale, siltstone, conglomerate and chert and is overlain by the shale and siltstone of the Johnson Cairn Formation. The Geological Survey of Western Australia (GSWA) estimate that the geological age of these formations range from 1600 to 2500Ma, the "right" age for the occurrence of sediment hosted gold mineralisation as indicated by the research by CODES at the University of Tasmania. The Juderina Formation overlies the basement Archaean granites to the west and south west of the tenements. The Narracoota Volcanics, part of the Bryah sedimentary basin separated from the Yerrida Basin Juderina and Johnson Cairn Formations by the deep seated Goodin Fault, occur to the east and north of the tenements. The Narracoota Volcanics host Sandfire Resources' DeGrussa Copper

Gold Mine and Sandfire Resources/Talisman Mining's recent Monty copper gold discovery.

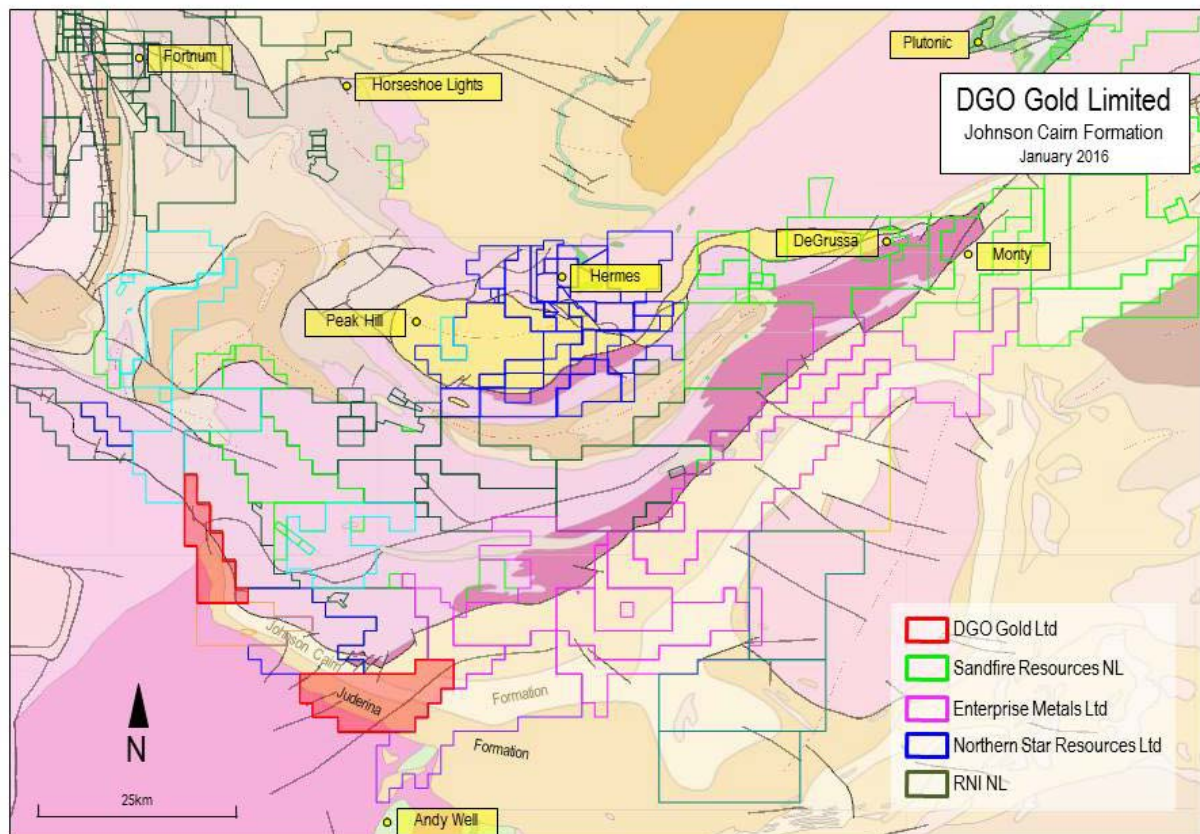


Figure 1: Tenement Applications, Location Diagram, Yerrida Basin

Recent exploration by Enterprise Metals Limited testing SEDEX style targets about 65km to the north east of the tenements, as reported to the ASX on 24 December 2015, has identified anomalous levels of base metals and pathfinder elements associated with sulphides hosted in carbonaceous shales interpreted to be Johnson Cairn Formation. Long intervals of sediment hosted, laminated and massive / semi massive largely pyritic sulphides were intersected in the drilling.

Other exploration by Enterprise Metals Limited as reported to the ASX in October 2013 identified a series of multi element geochemical anomalies broadly coincident with airborne SPECTREM (EM) bedrock conductors 15 – 25km east of DGO's eastern exploration licence application. These anomalies appear to be associated with the Johnson Cairn Formation.

The abundance of pyrite mineralisation in the carbonaceous shales of the Johnson Cairn Formation as intersected by the Enterprise Metals Limited drilling as described above is regarded by DGO as an important indicator of the prospectivity of the Johnson Cairn Formation

In addition the Geological Survey of Western Australia database indicates a number of base metal prospects immediately to the north of the company's eastern exploration licence application. The database also indicates a gold prospect within the Juderina Formation in DGO's western exploration licence application and a number of gold

prospects and alluvial gold occurrences associated with the Juderina Formation within the tenement abutting the western exploration licence application. See Figure 2 below. The compilation and review of all past exploration data for the two DGO exploration licence applications, plus the surrounding areas, is underway.

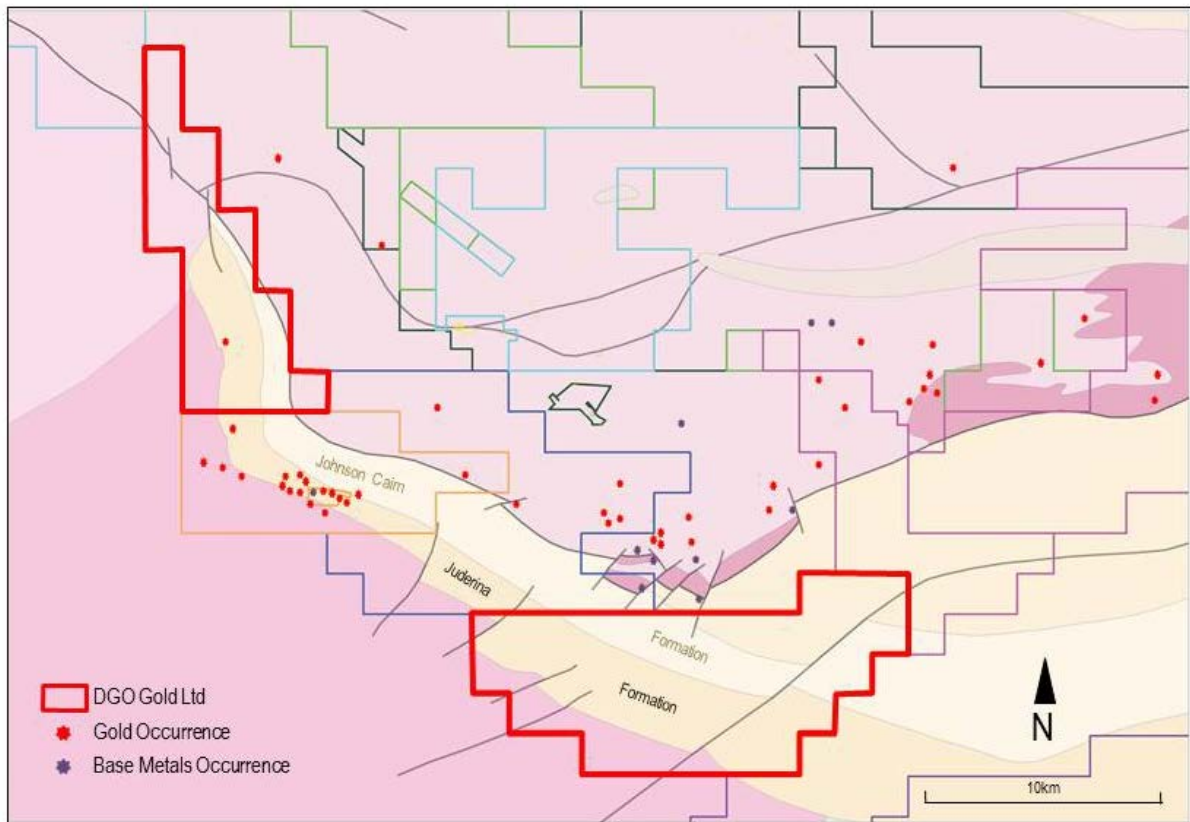


Figure 2: Tenement Applications, Mineral Occurrences, Yerrida Basin

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.

DGO has established land holdings at Mt Edwards, Ora Banda and Black Flag, with application for tenements in areas where BFG sediments are largely covered by overburden or transported younger sediments and consequently remain to be effectively explored. During the quarter the Ora Banda tenements, consisting of 11 Prospecting Licences, were granted and an additional exploration licence application was lodged adjacent to the regionally significant Zuleika Shear at Mt Edwards (See Figure 3 below).

Review of open file data over the applications at Black Flag has identified an anomalous gold zone, defined from broad spaced lines of predominantly shallow aircore drilling, that extends to the NNW for over 3.0km of strike, with limited follow up aircore / RC /

diamond drilling having been completed. The majority of intersections occur in saprolite above black flag bed sediments, with zones of up to 60m of clay / saprolite cover.

At Mt Edwards open file data has confirmed that past exploration intersected gold mineralisation at the base of transported cover but has not tested the underlying BFG sediments.

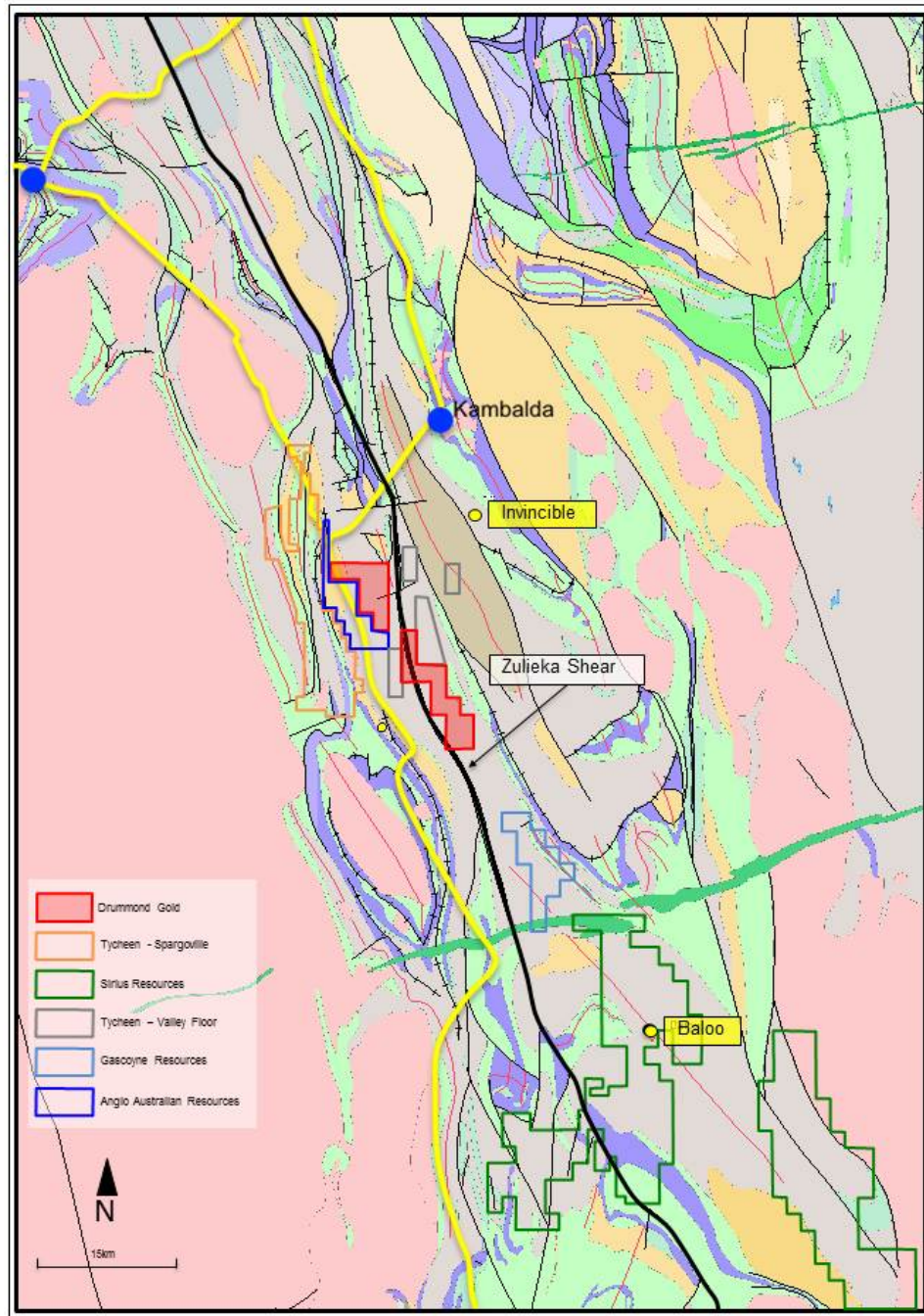


Figure 3: Tenement Locations, Mt Edwards, Black Flag Beds, Eastern Goldfields

SOUTH AUSTRALIAN SUKHOI LOG ANALOGUE CODES TARGETS

Exploration licence applications at Mt Barker and Dawson in South Australia, which cover a combined area of 331km², have been recommended for grant (see Figure 4

below). These applications coincide with sediment hosted gold deposit targets identified by CODES consisting of anticlinal structures within geological sequences which are age analogues of the giant Sukhoi Log deposit in eastern Russia.

There is known gold mineralisation in the vicinity of both Mt Barker and Dawson. Compilation and review of available past exploration data within the target areas has commenced.

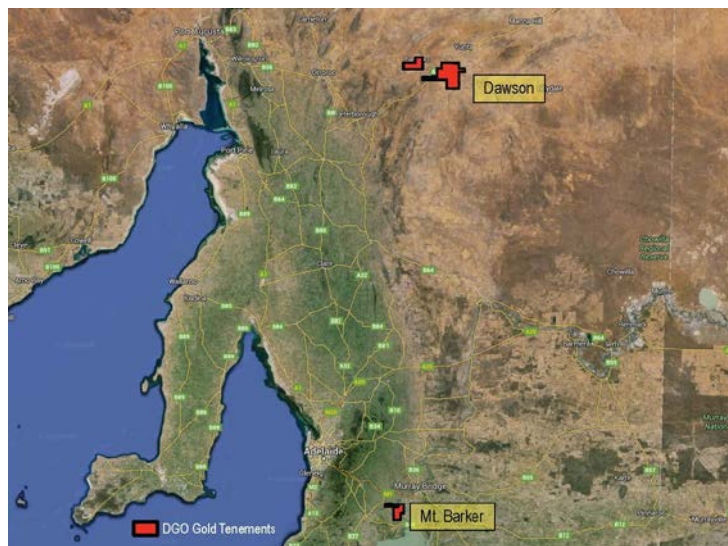


Figure 4: South Australian Tenement Applications

Outlined in table 1 below is list of tenements granted and under application.

	Tenements - Granted	Tenements - Applications	Area (km2)
Western Australia			
Mt Edwards	P24/4946 - 4956	E15/1465, 1488	61
Ora Banda			22
Black Flag		E24/197	18
		P24/4986 - 4992	14
		E47/3327 - 3329	245
Mallina Johnson Cairn		E51/1729, 1730	191
Sub-Total			551
South Australia			
Mt Barker		2015/00157	56
Dawson		2015/00156	275
Sub-Total			331
TOTAL			882

Table 1: DGO Tenement Summary

CORPORATE

On 14 October 2015 DGO completed a share placement of a total of 215,000 fully paid ordinary shares at an issue price of \$0.30 (30 cents) per share to the directors or their nominees pursuant to the approval by shareholders at the General Meeting held on 17 September 2015.

On 13 November 2015 DGO completed a share placement of a total of 392,000 fully paid ordinary shares at an issue price of \$0.25 (25 cents) per share to shareholders who applied for shares pursuant to the Share Purchase Plan dated 26 October 2015 ("SPP Placement").

On 24 November 2014 DGO held its Annual General Meeting and all the resolutions were approved by a show of hands.

On 26 November 2015 the Company announced the resignation of Deloitte Touche Tohmatsu as auditor and the appointment of BDO Audit Pty Ltd as auditor.

Application is being prepared for AusIndustry registration of 2015 research and development work undertaken with CODES at the University of Tasmania on sediment hosted gold deposits for an income tax offset claim

The Company continues to hold 50 million fully paid ordinary in GBM Resources Limited and 212,766 fully paid ordinary shares in Talisman Mining Limited.

At the date of this report there are 5,190,268 fully paid ordinary shares on issue.

A handwritten signature in black ink, appearing to read 'E. Eshuys', with a stylized flourish at the end.

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")

December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(67)	(78)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(179)	(370)
1.3	Dividends received	-	1
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded	-	-
1.7	Other (research and development tax offset)	-	-
Net Operating Cash Flows		(246)	(447)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments (i)	-	(100)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	32
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (sale of Mt Coolon Gold Mines Pty Ltd)	-	-
Net investing cash flows		-	(68)
1.13	Total operating and investing cash flows (carried forward)	(246)	(515)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(246)	(515)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	163	163
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)	(16)	(16)
	Net financing cash flows	147	147
	Net increase (decrease) in cash held	(99)	(368)
1.20	Cash at beginning of quarter/year to date	188	457
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	89	89

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	102
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The payment for equity investment of \$100,000 represents the purchase of 212,766 Talisman Mining Limited shares.

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

Nil

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.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities	-	-

+ See chapter 19 for defined terms.

3.2	Credit standby arrangements	-	-
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Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	30
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	80

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'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	89	188
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	89	188

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		Nil		
6.2 Interests in mining tenements acquired or increased	P 24/4946 P 24/4947 P 24/4948 P 24/4949 P 24/4950 P 24/4951 P 24/4952 P 24/4953 P 24/4954 P 24/4955 P 24/4956	All prospecting licences for Ora Banda South West	Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil	100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%

+ 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	5,797,268	5,797,268	N/A	N/A
7.4	Changes during quarter				
	(a) Increases through issues	215,000	215,000	\$0.30	\$0.30
	(b) Decreases through returns of capital, buy-backs	392,000	392,000	\$0.25	\$0.25
		-	-	-	-
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 (totals only)	-	-	-	-
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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: 22/ 01 /2016

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.

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+ See chapter 19 for defined terms.