

DRUMMOND GOLD

FULL SPEED AHEAD FOR GOLD EXPLORER

Drummond Gold is a gold and base metals company focused on growth through an intensive exploration program and a targeted acquisition strategy.

OPERATING IN THE well-known Drummond Basin in Central Queensland and around the former gold mining centre of Mt Coolon, the company is striving to get into production as early as possible and is keen to be re-rated as a gold producer in the near future.

Drummond Gold listed on the Australian Securities Exchange last December and plans to boost its current 272,000 ounce JORC-compliant gold resource over the next 12 months with a highly focused and targeted drilling campaign.

The company's resource was increased by 33% through successful exploration in 2006-07 of four mining leases and exploration tenements extending over 808 square kilometres, with applications for a further 1892sq.km of exploration tenements.

According to the company's new managing director, Doug Grewar, the Drummond Basin is an "outstanding address" that hosts Pajingo and other significant epithermal style deposits.

He told *RESOURCESTOCKS* Drummond Gold's strategic lease holdings in the area differentiate the Brisbane-based company from other gold mining players of its size.

"Drummond Gold has mining leases over two old mines with advanced, drill-ready and highly prospective targets surrounding

these old mines," Grewar said.

The projects surround the rural town of Mt Coolon, 250km west of Mackay in the Bowen Shire. Mt Coolon was built to service the first mining companies in the area in the 1920s and remains the only town in the central Drummond Basin, while Charters Towers and Collinsville lie just to the north.

The company plans to invest more than \$4 million in exploration during 2008. The company's 12 project areas and its prospects all have gold and base metal anomalism. Prospect maturity extends from numerous prospects requiring targeted field work through to a key number of advanced projects ready for drill-out.

The more advanced prospects and projects are the Mt Coolon (Koala) mine, the Glen Eva mine and prospects, the Eugenia prospect, TPM Skarn prospect, Conway prospect, Badlands prospects and Mt Manaman prospects.

Drummond will be targeting epithermal bonanza vein and bulk low-grade gold deposits as well as testing the known base metal potential on its tenements, chairman John Dunlop said.

"Some encouraging drilling results were reported, including wide drill intercepts of gold mineralisation plus silver-lead-zinc at Badlands, and copper-gold mineralisation

confirmed at TPM," he said.

"At the same time, metallurgical test results have revealed the very high levels of gold that can be recovered at Eugenia, where our largest currently known gold resource is located."

This year, the company plans to complete a scoping study for a central treatment plant to process ore from proposed mines in the immediate region. The company has initiated a study of a 30,000-50,000oz per year central treatment plant to be located at Mt Coolon. Drummond has engaged Ausenco to produce the study, which is due in September.

As part of its strategy of transforming from explorer to emerging producer, Drummond Gold appointed Grewar as managing director in May, Dunlop said.

"Our aim is to get into early gold production and strengthen our management team.

"The company has a clear strategy to move from exploration to production and needed to secure an executive with the required skills. We have now appointed a managing director with a strong construction and production background who can not only make this happen, but in an efficient and cost effective way.

"Doug Grewar is a leading mining industry executive with more than 20 years experience in mining and construction materials. His background at a senior level in major companies as well as in smaller enterprises has prepared him very well for his new role at Drummond."

Grewar held senior positions with Downer EDI, Macmahon Holdings and CSR Readymix before taking up his role at Drummond.

Broadly speaking, Drummond's

"Our aim is to get into early gold production and strengthen our management team."

DOUG GREWAR
MANAGING DIRECTOR
DRUMMOND GOLD





Geologists walking the magnetics survey.

original exploration budgets will be adhered to, with spending reflecting the timing effects of delays caused early this year by one of the most severe wet seasons in Queensland in 50 years.

Despite these recent setbacks with the weather, the company is planning significant developments to its 2008 exploration program.

The exploration base in the township at Mt Coolon has been expanded and will be the operating headquarters for the company's exploration team.

Spearheading the 2008 exploration program, diamond drill rigs have started work at Conway and Eugenia and will relocate to Mt Coolon (Koala) and Mt Manaman shortly.

A highly experienced geophysical IP contractor has also been retained to survey several of the company's mines and advanced projects, including Mt Coolon (Koala) mine, Glen Eva mine, Eugenia prospect, Badlands prospect and Conway prospect.

The company has been offered grant of the consolidated Mt Coolon group of tenements for a further five years. This includes an amended environmental management plan allowing access for drilling at Eugenia.

Drilling will continue, funded by Queensland Government's smart mining collaborative drilling initiative (CDI) grants, on the major Mt Manaman IR Gold exploration target and at the Badlands prospect.

The acquisition of the Conway project from Newcrest was completed early in 2008 with follow-up drilling of high-grade intercepts undertaken in the June Quarter of 2008.

The company has secured a 10-year extension of its Glen Eva mining lease where high-grade vein mineralisation is open at depth.

Drummond's metallurgical testwork has so far produced promising results.

High gold recoveries (oxides of 97.7%) at Eugenia, Drummond's largest gold resource, have been recorded and testwork for recovery of copper, gold and magnetite is underway at TPM.

The company is in good financial shape and, as at the end of May, Drummond Gold boasted a strong cash position with \$5 million in its coffers.

"Drummond's existing gold resource, range of projects, high-quality exploration tenements and committed board and team of employees provide the opportunity to build a significant mining company," Grewar added.

RS

DRUMMOND GOLD AT A GLANCE



4 months ending June 30, 2008

HEAD OFFICE

Suit 8
60 Macgregor Terrace
Bardon Qld 4065
Ph: +61 7 3367 2144
Fax: +61 7 3367 2165
Email:
drummond@drummondgold.com.au
Web: www.drummondgold.com.au

DIRECTORS

John Stuart Ferguson Dunlop
Ross Hutton, Andrew Vigar
Brice Mutton, Doug Grewar

MARKET CAPITALISATION

\$5 million (at press time)

MAJOR SHAREHOLDERS

Andrew James Vigar 23.2%
Ross Clive Hutton 18.95%
Mt Coolon Holdings 13.94%