

28 October 2011

Dear Shareholder,

The strategy to create value for the Company and you, the shareholders, has two principle components which are:

- success through the discovery of a world class gold and or copper deposit in Australia by the company itself; and
- the early identification of the discovery of world class deposits by others.

The exploration discovery route for world class gold and copper deposits in Australia is based on the following simple concepts:

- to discover substantial extensions to deposits that have either mined in the past or have only partially explored along strike and at depth; and
- to explore and drill for different styles of gold and copper mineralisation under shallow cover rocks in strongly endowed existing mineral provinces.

The early identification of a discovery by others will be through monitoring public company and others announcements and reports with analysis and evaluation of these reports. This early identification, analysis and evaluation may create opportunities for the Company.

The Company's exploration in the Drummond Basin, Queensland has thus been strategically directed at substantially increasing the mineral resources at the Yandan joint venture and at Mt Coolon (Koala), Sullivans and Eugenia.

The drilling at Yandan, 44km west of Mt Coolon, was unsuccessful in achieving our aims and objectives and, as a consequence, the company withdrew from the joint venture.

The Mt Coolon (Koala) epithermal style lode mineralisation is similar to that at Pajingo at the northern end of the Drummond Basin. Pajingo produced 2.3M ounces at an average grade of 12.2g/t gold. The Koala Mine produced 180,000 ounces at an average grade of 18.4 g/t to a depth of 120 metres. Drilling is underway to test the down plunge and shallow depth extensions of the Koala mineralisation as highlighted in our June 2011 Quarterly Report released on July 27, 2011.

Sullivans, an Intrusive Related Gold System, 4 kilometres south of Koala is a polymetallic gold, silver, and lead-zinc prospect identified by anomalous surface results of up 76.2 g/t gold, 83.2 g/t silver, 3.3% lead and 0.8% zinc, over an area of 1200m by 700m. Drilling to date has confirmed the presence of extensive alteration with a best result of 68m @ 0.3 g/t gold, 1.45 g/t silver and 0.3% zinc from a depth of 40m, as reported previously. The system is potentially large with careful analysis of results required prior to further drilling.

Eugenia is located six kilometres northeast from Mt Coolon. Past drilling has identified a near surface Inferred Mineral Resource Estimate of 180,000 ounces of gold (4.4m tonnes @ 1.3 g/t). This gold mineralisation dips shallowly to the west and may be strata bound. The down dip and along strike extent will be tested by the next drilling programme. Several higher grade zones including in 2m @ 31.3 g/t gold from a depth of 42m and 2m @ 22.5 g/t gold from a depth of 150m appear also to be strata bound. Drilling last occurred at Eugenia in August 2008.

Our recent drilling at Mount Cannindah focused on extending the Mineral Resource Estimate as reported previously with limited success. Elsewhere at Mount Cannindah, widespread near surface copper-gold-molybdenum mineralisation has been intersected by past drilling on a number of nearby related prospects including:

- at United Allies, intersections including 40.23m at 0.6% Cu and 245g/t Mo from surface, 13.72m at 1.4% Cu from 1.5m and 8m at 2% Cu from 19.8m have been returned over an area of 350m by 250m. Only four holes have been drilled to depths greater than 40m in this area;
- at Monument – Lifesaver, drilling along a one kilometre trend has returned intersections including 53.3m at 0.5% Cu and 95g/t Mo from surface and 45m at 0.4% Cu and 241g/t Mo from 1m. Most holes in this area are less than 60m depth; and
- at Cannindah East drilling returned values including 36m at 8.7g/t Au (including 2m at 112.6g/t Au) from 2m, 24m at 2.3g/t Au from 4m and 34m at 7.4g/t Au from surface.

A comprehensive geological review is underway to determine the relationship between the large number of mineralisation occurrences at Mount Cannindah. Within an area of four square kilometres are the Mount Cannindah Porphyry copper-gold-silver, Cannindah East vein gold, Monument, Lifesaver and Appletree copper-molybdenum skarns, the United Allies stockwork vein copper-molybdenum mineralisation and a number of smaller historic gold and copper workings, all of which are related to the Monument Intrusive Complex and all with significant drill intersections as noted above. The outcome of this study will assist in prioritising and planning further drilling.

At Bendigo the quest for the discovery of world class sediment hosted gold mineralisation is being pursued with the aid of recent academic research results being applied to the detailed geological understanding of the Bendigo Region. It is expected that a discovery of this style of mineralisation will require drilling through shallow cover. We are currently approximately halfway through our first pass shallow drilling program to test beneath the cover rocks at Bendigo.

Thank you for your interest and support and I look forward to your attendance at the Annual General Meeting to be held at 3pm on Tuesday 29 November 2011, at Auditoriums, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane at which a further presentation of our exploration activities will be provided. Please find enclosed the Notice of Meeting and Explanatory Memorandum.

Yours faithfully
Drummond Gold Limited

A handwritten signature in black ink, appearing to read 'E. Eshuys', written over a faint horizontal line.

Eduard Eshuys
Chairman

The data in this report that relates to Exploration Results and the interpretation of mineralisation at Eugenia, Koala, Mt Cannindah, Sullivans (formerly Badlands) and Bendigo are based on information compiled by Mr. Erik Norum who is a Member of The Australasian Institute of Geoscientists and who has sufficient experience 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr. Norum is a full-time employee of Drummond Gold Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.



Notice of annual general meeting

Drummond Gold Limited ABN 96 124 562 849

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	Tuesday 29 November 2011
Time	3.00pm (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 2011.

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 2011 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.

Re-election of Mr Ross Hutton as a Director

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

'That Ross Hutton 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.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'M Ilett'.

Michael Ilett
Company Secretary

28 October 2011

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 3.00pm (Brisbane time) on Sunday 27 November 2011.
- (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) If you have any questions on how to cast your votes call Michael Ilett on +61 7 3367 2144 during business hours.

Voting entitlements

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the meeting are those who are registered as Shareholders on Monday, 28 November 2011 at 7.00pm (Sydney time). Accordingly, transactions registered after that time will be disregarded in determining entitlement to attend and vote at the Meeting.

Voting restrictions

In accordance with section 250R(4) Corporations Act, the Company will disregard votes cast on resolution 1 by a member of the Company's Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member, subject to certain limited exceptions where a person is appointed to vote as proxy under section 250R(5) and 250BD Corporations Act.



Explanatory memorandum

Drummond Gold Limited ABN 96 124 562 849

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 Auditoriums, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000 on Tuesday 29 November 2011 at 3.00pm (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 16 September 2011 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 2011. Relevant written questions for the auditor must be delivered by 5.00pm (Brisbane Time) on Tuesday 22 November 2011. Please send any written questions for Deloitte Touche Tohmatsu to the address listed in the instructions for completion of proxy form attached to this notice of annual general meeting.

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 3367 2144 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, unless that person does so as proxy appointed in writing which specifies how the proxy is to vote on the resolution.
- 9 Consequently, any proxies given to the Chairman will not be cast by the Chairman on resolution 1 unless the Shareholder marks the relevant box on the proxy form directing the Chairman to vote in accordance with his stated voting intention, or otherwise in accordance with the direction on the proxy form.
- 10 The Chairman intends to vote all available proxies in favour of resolution 1.
- 11 The Directors recommend you vote in favour of adopting the Remuneration Report.

Resolution 2: Re-election of Mr Ross Hutton as a Director

- 12 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, Mr Ross Hutton retires at the end of this Meeting. Mr Ross Hutton, being eligible, presents himself for re-election.

Mr. Ross C. Hutton B. Eng (Min), MAusIMM (Non-Executive Director)

- 13 Ross, aged 63, is a mining engineer with over 40 years' experience in the minerals industry ranging from mining to project management in technical and executive management roles. He has worked in corporate and consultative roles managing activities from feasibility studies to operations both in Australia and internationally. He was appointed Non-Executive Director on 5 April 2007. Ross has been a director of Kagara Limited since July 2003 and Mungana Goldmines Limited since 15 January 2010. Ross is the chairman of the Company's audit committee and the remuneration and nomination committee.
- 14 The Directors recommend you vote in favour of the re-election of Mr Ross Hutton.

Enquiries

- 15 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 844
Paddington Qld 4064
Australia

Telephone: + 61 7 3367 2144 (during business hours)

Facsimile: + 61 7 3367 2165

Email: michael@drummondgold.com.au

Definitions

A number of capitalised terms are used throughout this notice of meeting and explanatory memorandum. 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.
Constitution	means the constitution of the Company.
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	the listing rules of ASX.
Meeting	means the annual general meeting, which is the subject of this notice.
Remuneration Report	mean the remuneration report of the Directors (which is contained in the Company's annual general report) for the financial year ended 30 June 2011.
Shares	means ordinary fully paid shares in the issued capital of the Company.
Shareholder	means a holder of Shares.

Proxy form

Drummond Gold Limited ABN 96 124 562 849



All correspondence to:

Drummond Gold Limited
PO Box 844, Paddington, Qld 4065 Australia
Telephone + 61 7 3367 2144
Facsimile +61 7 3367 2165

Section 1: Name and address of member

Mark this box with 'X' if you have made any changes to your address details and make the correction above.
Shareholders sponsored by a broker should advise their broker of any changes.

Section 2: Appointment of proxy

I, being a member of the Company and entitled to attend and vote appoint

the Chairman of the meeting
(mark with an 'X')

OR

Write here the full name of the person or body corporate you are appointing if this person is **someone other than** the Chairman of the meeting.

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the meeting, as my proxy to attend, to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit), and to act generally on my behalf, at the annual general meeting of the Company to be held at Auditoriums, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000 on Tuesday 29 November 2011 at 3.00 pm (Brisbane time) and at any adjournment of that meeting.

Important note for resolution 1:

If the Chairman of the Meeting is your proxy (or becomes your proxy by default) and you have not directed your proxy how to vote on resolution 1, the Chairman will not cast your vote on resolution 1 and your votes will not be counted in computing the required majority on a poll, unless you mark the box below, directing the Chairman to vote in accordance with his stated voting intention. You can direct the Chairman how to vote on resolution 1 by either marking the box in Section 3 or by marking this box (in which case the Chairman will vote in favour of resolution 1).

By marking this box, I acknowledge that the Chairman may exercise my proxy even though resolution 1 is connected directly or indirectly with the remuneration of the Company's Key Management Personnel and/or even if the Chairman has an interest in the outcome of a resolution and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest. By marking this box, I direct the Chairman of the meeting to vote in accordance with his stated voting intention on resolution 1 (except where I have indicated differently in Section 3 below).

The Chairman intends to vote all available proxies in favour of the resolutions (including resolution 1)

Section 3: Voting instructions

Voting directions to proxy – please mark to indicate your directions.

Resolution 1 – Directors' remuneration report

Resolution 2 – Re-election of Mr Ross Hutton as a Director

For	Against	Abstain*	Discretion
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular item, you are directing your proxy **not** to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

You acknowledge that the Chairman may exercise your proxy even if he or she has an interest in the outcome of the resolution, and that votes cast by him or her, other than as proxy holder, would be disregarded because of that interest.

The Chairman intends to vote all undirected proxies in favour of the resolutions.

Section 4: Signing by member

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1

Sole Director and Sole Secretary

Member 2 (if joint holding)

Director/Company Secretary (delete one)

Member 3 (if joint holding)

Director

Please provide the information below in case we need to contact you.

Contact name

Contact day time telephone

____/____/____
Date



Instructions for completion of proxy form

Section 1: Name and address of member

- 1 This is your address as it appears in the register of members of the Company. If this information is incorrect, please mark the box and make the correction on the form. Members sponsored by a broker (in which case your reference number will commence with an 'x') should advise their broker of any changes. **Please note you cannot change the ownership of your shares using this form.**

Section 2: Appointment of proxy

- 2 If you wish to appoint the Chairman of the meeting as your proxy, mark the box. If the person or body corporate you wish to appoint as your proxy is someone other than the Chairman of the meeting, write the full name of that person or body corporate in the space provided. A proxy may be an individual or a body corporate. If you leave this section blank or your named proxy does not attend the Meeting, the Chairman of the meeting will be your proxy. A proxy need not be a member of the Company.
- 3 If you are entitled to cast two or more votes at the general meeting, you are entitled to appoint two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company. Alternatively you may copy this form.
- 4 To appoint a second proxy:
- (a) on each of the first proxy form and second proxy form state the percentage of your voting rights or number of shares applicable to that form (if the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise one half of your votes, and fractions of votes will be disregarded); and
 - (b) return both forms in the same envelope.
- 5 Please mark the second box in Section 2 under the heading 'Important note for resolution 1' if you appoint the Chairman as your proxy and do not direct the Chairman how to vote in Section 3. If you mark this box, you direct the Chairman to vote in favour of resolution 1 and acknowledge that the Chairman may exercise your proxy even if the Chairman has an interest in the outcome of a resolution. Do not mark this box if you have directed the Chairman how to vote in section 3.

Section 3: Voting instructions

- 6 You may direct your proxy how to vote on an item of business by placing a mark in one of the three boxes opposite that item of business. All of your shares will be voted in accordance with your direction unless you indicate a proportion of voting rights on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may decide whether or how to vote on that item (except if the Chairman is your proxy and you have marked the second box in section 2 in which case the Chairman will vote your shares in favour of item 1). If you mark more than one box on an item, your vote on that item will be invalid.

Section 4: Signing by member

- 7 You must sign this form as follows in the spaces provided:

Individual	Where the holding is in one name, the member must sign.
Joint holding	Where the holding is in more than one name, all of the members must sign.
Power of Attorney	To sign under power of attorney, either the power of attorney must have already been lodged with the Company's share registry for notation or the original (or a

	certified copy) of the power of attorney must accompany this document.
Companies	<p>In the following cases, subject to the Constitution, the following person must sign:</p> <p>(a) Australian proprietary company with a sole director who is also the sole company secretary - that person must sign;</p> <p>(b) Australian proprietary company with a sole director and no company secretary - that person must sign;</p> <p>(c) other Australian companies - two directors, or one director and one company secretary must sign; and</p> <p>(d) foreign company - in accordance with the laws of the jurisdiction of incorporation and constituent documents.</p>

Section 5: Lodging of proxy

- 8 To be valid, this proxy form (and the original or a certified copy of any power of attorney under which it is signed) must be received by the Company not later than the time set out below, by mail, hand delivery, or facsimile.

Postal Address:

Company Secretary
Drummond Gold Limited
PO Box 844
Paddington Qld 4064
Australia

Hand delivery:

Suite 8, 60 Macgregor Terrace
Bardon Qld 4065

Facsimile: + 61 7 3367 2165

Last time and date for lodgement*	3.00 pm (Brisbane time) on Sunday 27 November 2011
By mail**	3.00 pm (Brisbane time) on Sunday 27 November 2011
By delivery	3.00 pm (Brisbane time) on Sunday 27 November 2011
By facsimile	3.00 pm (Brisbane time) on Sunday 27 November 2011

* Any proxy form received after that time will not be valid.

** Using the enclosed reply paid envelope.

Section 6: Auditors' address for relevant written questions

- 9 Relevant written questions for the auditor must be received by 5.00 pm (Brisbane time) on Tuesday 22 November 2011. Please send written questions for Deloitte Touche Tohmatsu to the following postal address:

Attention: Mr. Stephen Tarling
Deloitte Touche Tohmatsu
PO Box 1463
Brisbane Qld 4001 Australia