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DRILLING COMMENCES AT MT COOLON, QUEENSLAND

Sullivans Intrusion Related Gold System

Drilling has commenced at Sullivans, located 4 kilometres south of Mt Coolon, west of Mackay, in Queensland.

A soil anomaly over an area of 650 x 250 metres and with values up to 2 g/t gold (see Figure 1) and surface rock chip samples assaying up to 76 g/t gold and 83 g/t silver located to the west of the soil anomaly defines the target area.

Previous shallow reverse circulation drilling in late 2007 by the Company intersected 68 metres at 0.3g/t gold, 1.4g/t silver and 0.3% zinc from a depth of 40 metres to the end of the hole as previously reported in the June 2011 Quarterly (see Figure 2). The results from previous drilling indicate that gold and associated mineralisation is increasing in tenor in a westerly direction (see Figure 2).

The recent reassessment of Sullivans has confirmed that the gold, silver and base metal mineralisation is associated with alteration and fractured stockworks and is typical of an Intrusion Related Gold System similar to Mt Leyshon and Kidston, also in Queensland. Relogging of the drill cuttings has confirmed the presence of sphalerite (zinc sulphides) as the reason for the higher zinc assay values.

Sullivans is an Intrusive Related Gold System (IRGS) within the Drummond Basin sediments and volcanics located adjacent to the polyphase Manaman Granodiorite Complex. The Manaman Granodiorite Complex has been emplaced along a major fault separating the Anakie Basement from the Drummond Basin sediments and volcanics. The presence of elevated gold, silver, arsenic, zinc, lead and cadmium values as intersected in drilling at Sullivans is indicative of IRGS deposits such as Kidston and Mt Leyshon. Sullivans is located in a favourable geological setting that supports it being a highly prospective target.

The drilling programme underway will test underneath the high value surface rock chip samples, down dip to the west of the results intersected in shallow previous drilling.

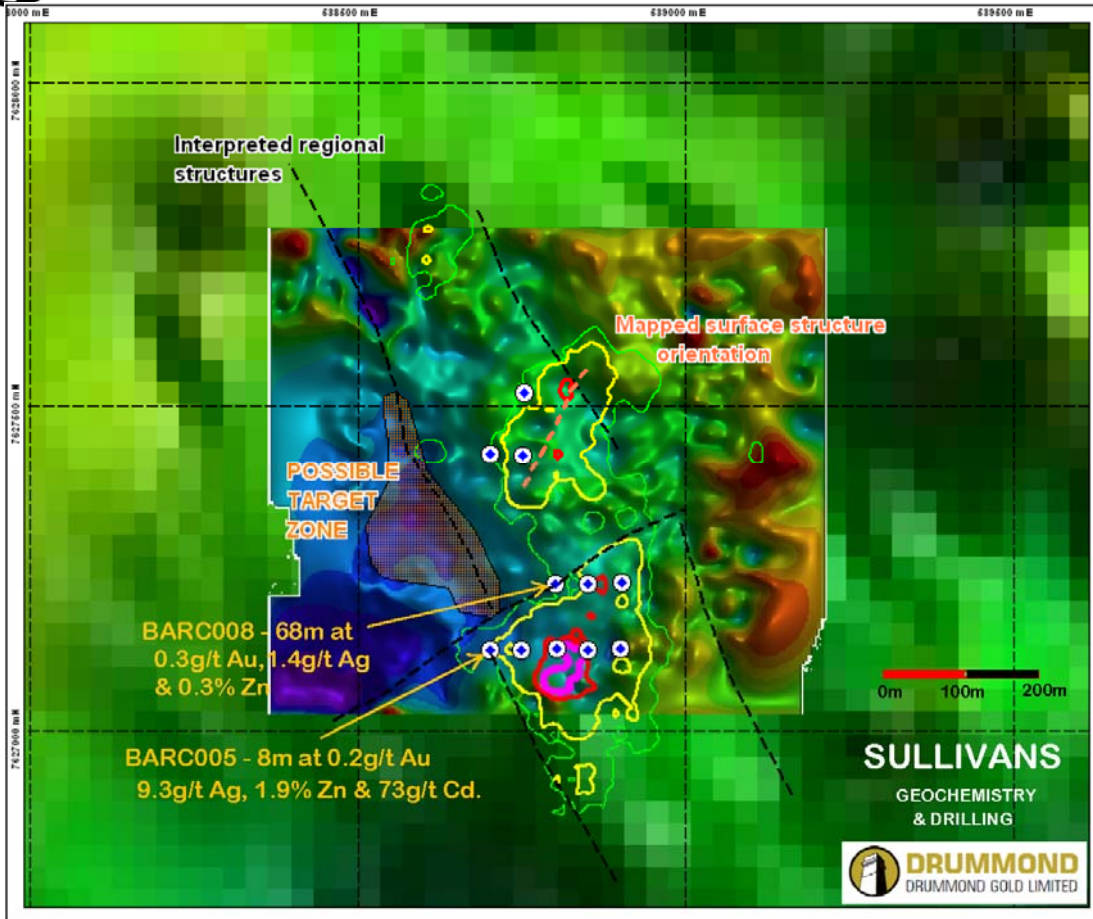


Figure 1. Sullivans soil geochemistry contours and previous drilling.

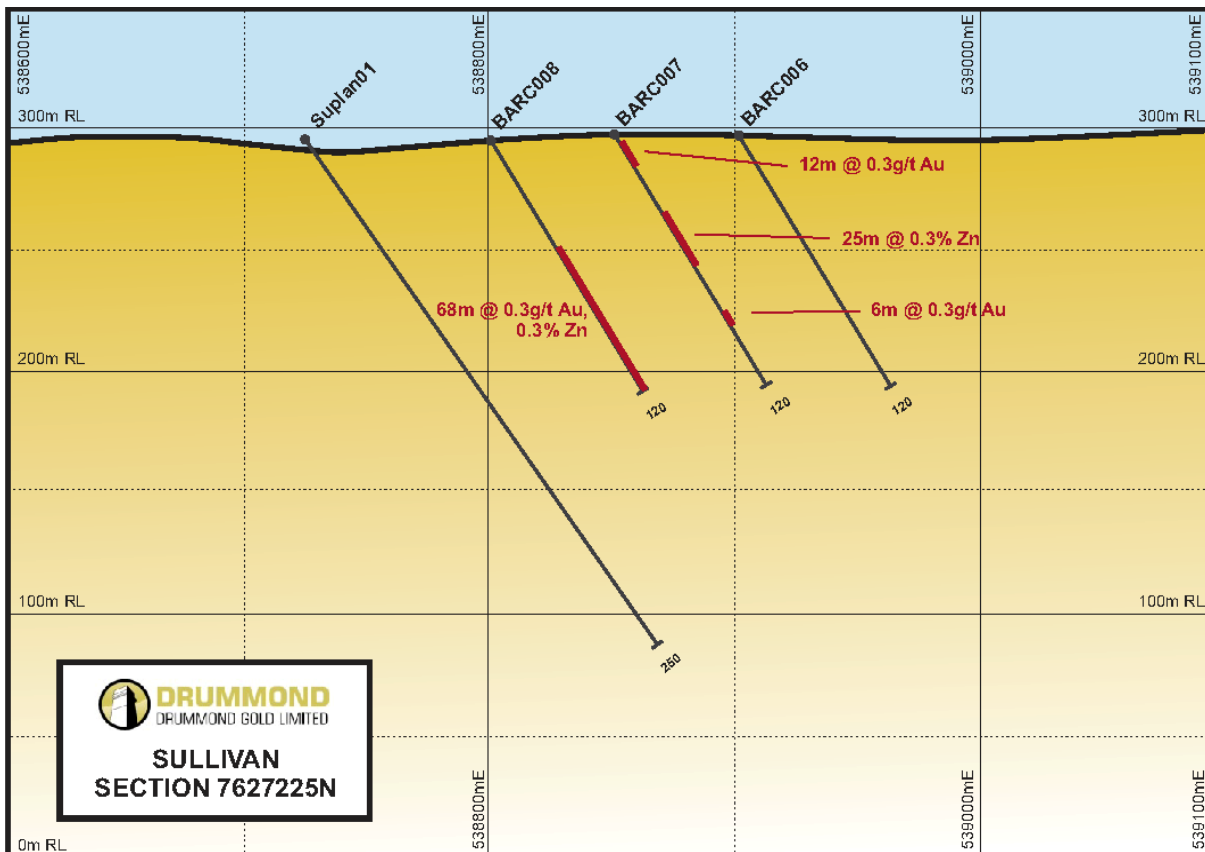


Figure 2. Sullivans section 7627225N

Koala High Grade Mine Target

The Koala Mine was worked by underground methods during the 1930's, producing 180,000oz gold at an estimated grade of 18.4g/t Au over one kilometre extent to a depth of 120 metres. Open pit mining during the 1990's produced a further 45,000oz Au at 5.3g/t Au. Koala has similarities to Pajingo and Cracow continental margin style epithermal deposits in Queensland, both greater than 3 million ounce gold deposits.

Epithermal systems such as Koala are renowned for hosting repeat zones of high grade mineralisation along strike and also associated with linking structures to the main zone. At the Pajingo ore body, located at the northern end of the Drummond Basin, mineralisation has been defined over a 4 kilometre strike extent and has repeat shoots of less than 500m length which host ore zones of 550,000oz Au at 14.4g/t Au (Vera) and 734,000oz Au at 11.2g/t Au (Vera South) from a total production to May 2009 of 2.3Moz Au at 12.2g/t Au (from Conquest Mining website).

Four diamond holes are to be drilled at Koala during the coming Quarter to test for depth extensions and repetitions to known mineralisation (refer to Figure 3). The drilling of Koala will occur in conjunction with that at Sullivans. Drilling in the past has only been to a vertical depth of 250 metres below surface.

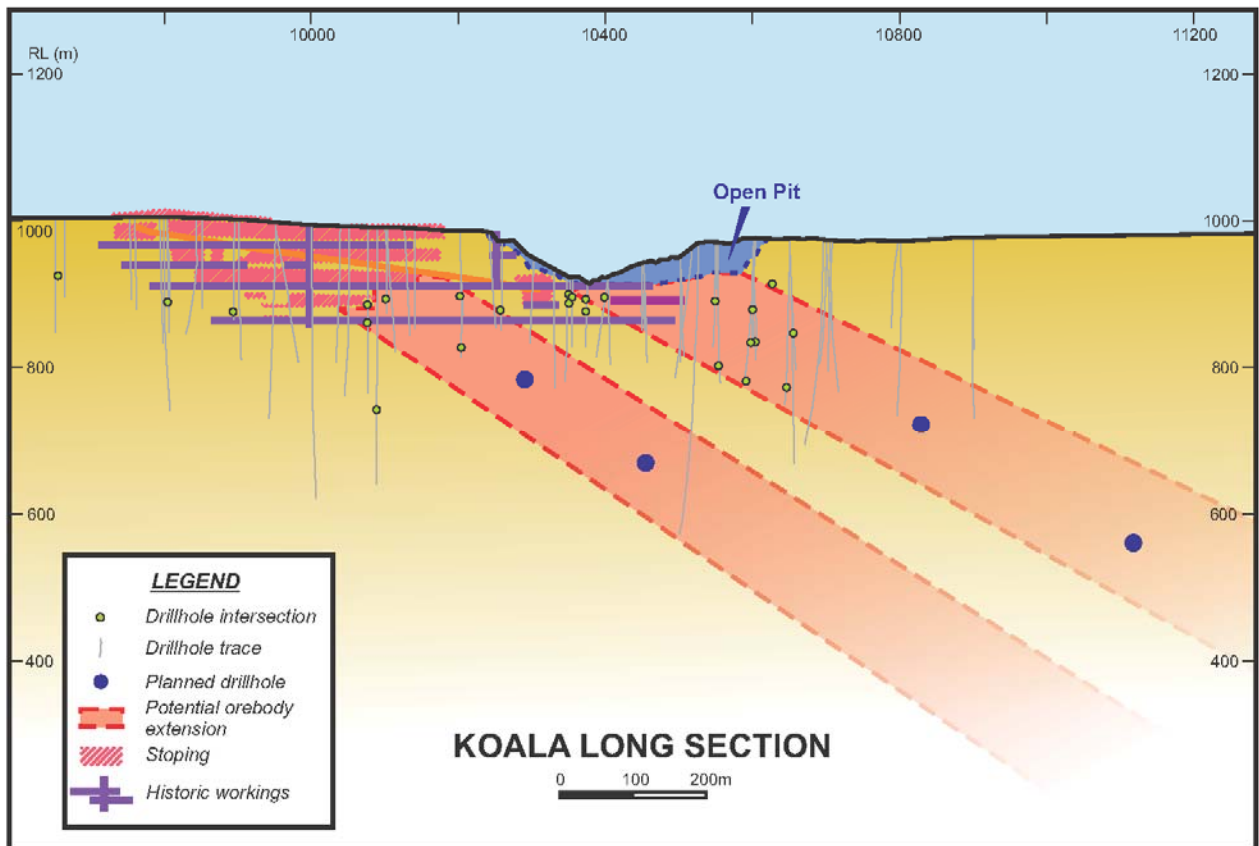


Figure 3. Koala long section and proposed drill holes.

Bendigo Region Exploration

Wide spaced drilling programs approved by the appropriate regulatory authorities will be conducted along road verges in the Woodvale, Apollo and Break O'Day target areas (see Figure 4). This drilling will be to a depth of 70-100 metres and is to test for the potential for black shale sediment hosted gold mineralisation under shallow soil cover in geologically structural favorable locations adjacent to regional faults.

Drummond Gold is exploring for disseminated gold mineralisation associated with gold enrichment of pyrite hosted by black shales, particularly in areas of shallow cover. Exploration by previous explorers at Bendigo has focused on narrow high grade quartz vein associated gold mineralisation. Although numerous historic workings have been documented within the exploration leases no systematic exploration has been undertaken by previous companies, with only a few areas covered by surface geochemistry and only one drillhole completed outside the mining lease in the past 15 years. Work by the Centre of Excellence in Ore Deposits (CODES), University of Tasmania, at Bendigo Mine has shown the black shale units have potential to contain sediment hosted gold based on work they have undertaken on similar systems worldwide. It should be noted that there has been no previous exploration at Bendigo for sediment hosted gold mineralisation.

Work by the Company in conjunction with CODES on drill core has confirmed the potential for the Break O'Day black shale units to contain sediment hosted gold mineralisation. The initial field work has involved geochemistry to test prospective black shale stratigraphy along strike from areas of known mineralisation.

Based on favourable stratigraphy associated with known gold mineralisation and interpretation from aeromagnetic and gravity data of trap sites, the Woodvale, Apollo and Break O'Day areas have been recognised as initial targets for drilling.

The drilling is scheduled to commence prior to the end of the September 2011 Quarter. Bendigo Region Exploration is by way of a Farm-In. The company has been granted an extension to November 30 to meet a \$500,000 expenditure commitment.

Mount Cannindah

Drummond Gold is exploring the Mount Cannindah area for large scale Porphyry-style copper-gold mineralisation. The project was previously held by MIM and Newcrest who, through drilling, tested the Mount Cannindah mineralisation and nearby copper-molybdenum skarn style mineralisation. The skarn mineralisation, which appears to be related to the Mount Cannindah Porphyry mineralisation, has only been tested to shallow depths (generally less than 100m) by drilling.

The drilling recently completed by Drummond Gold has extended the mineralisation along strike and at depth, intersecting zones of 23m at 0.4% Cu, 0.2g/t Au and 6.4g/t Ag and 17m at 0.4% Cu, 0.2g/t Au and 9.9g/t Ag as previously reported (refer to Figure 5). Geological consultants Hellman&Schofield are currently updating the Mineral Resource Estimate for Mount Cannindah.

Diamond core from Mount Cannindah has been reviewed by an experienced Research Fellow from CODES, UTAS, who has confirmed the alteration assemblages observed in both the host rocks, breccias and intrusions are consistent with this being a porphyry-related deposit. Drummond Gold is integrating high level research with past exploration data to assess potential and determine drilling targets at its projects. An experienced geological consultant will be employed to review all past data generated for the Mount Cannindah Project to assist in defining further exploration targets within the underexplored tenement holding surrounding the Mount Cannindah Deposit.



Eduard Eshuys
Executive Chairman

23 August 2010

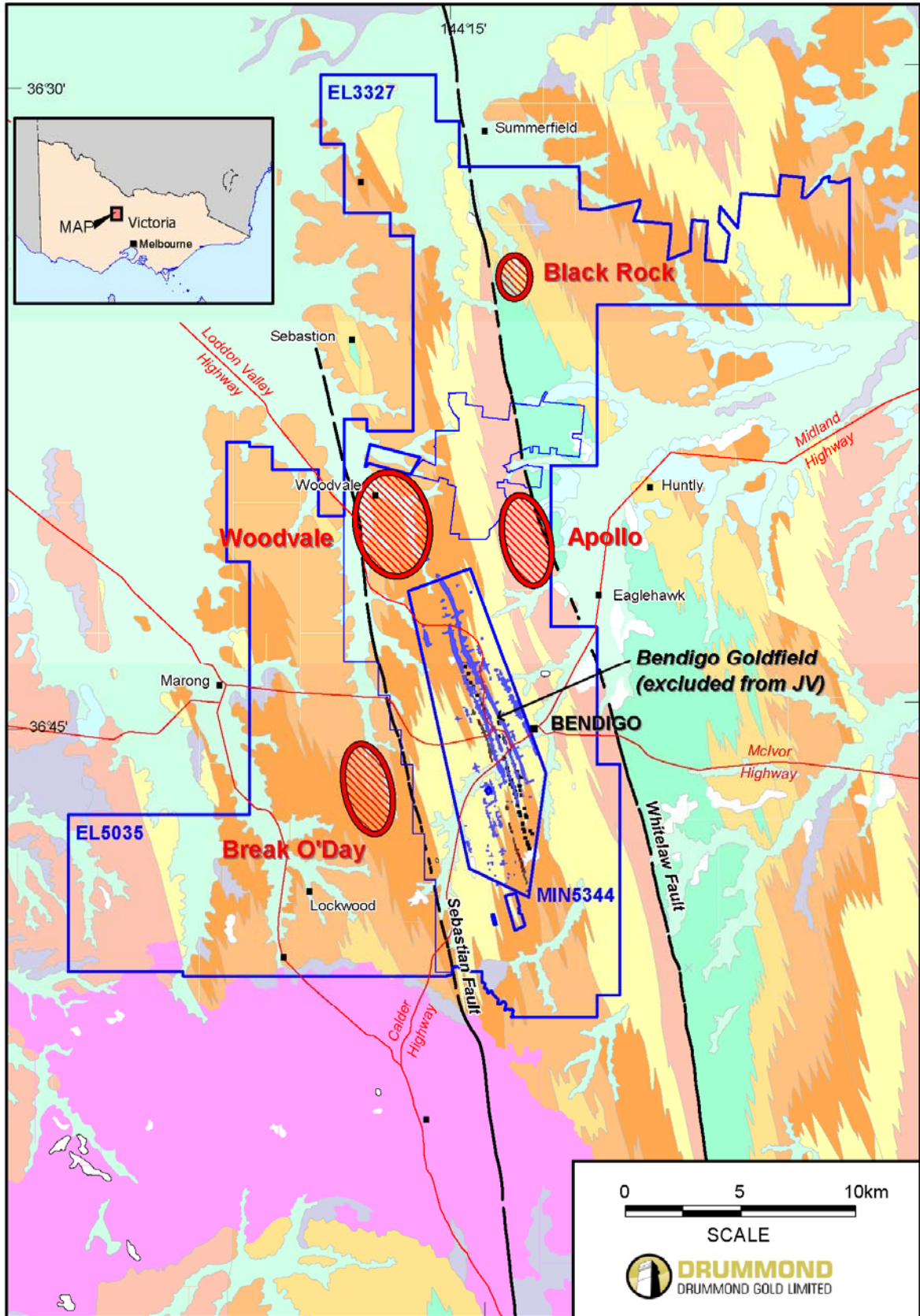


Figure 4. Bendigo drilling target locations.

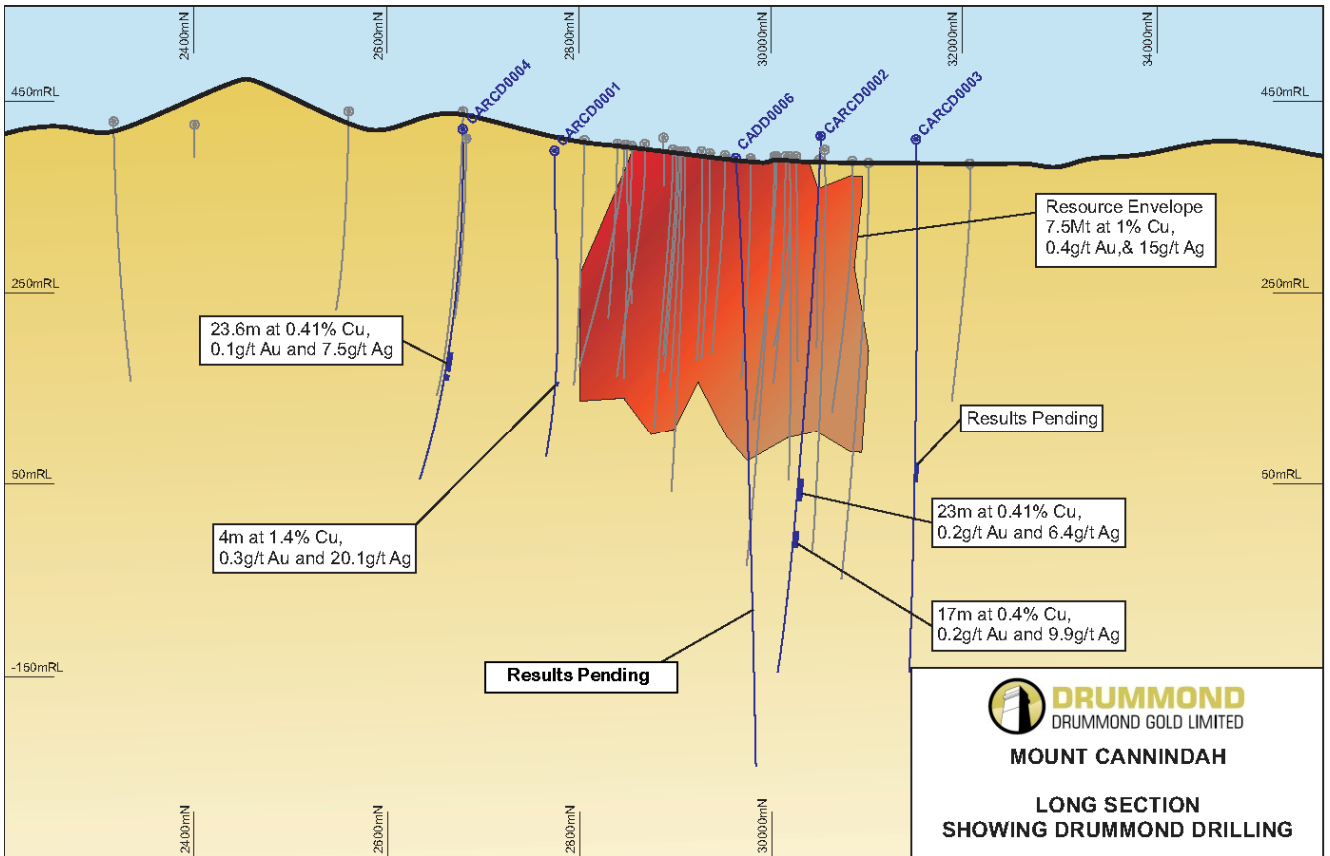


Figure 5. Mount Cannindah Long Section.

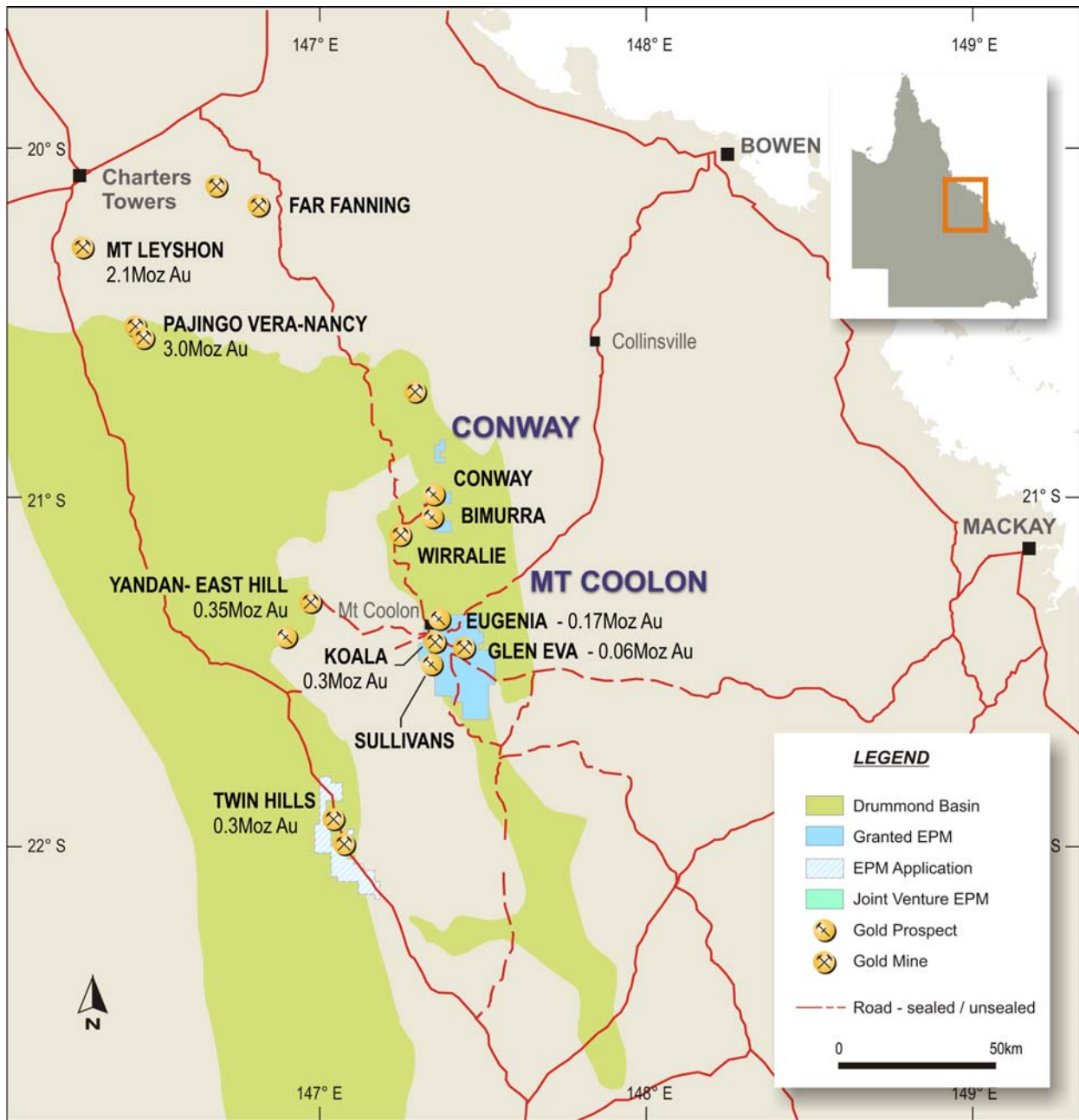


Figure 6. Mt Coolon location plan.

The data in this report that relates to Exploration Results and the interpretation of mineralisation at Koala, Mount Cannindah, Sullivan's (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.