

24 December 2010

## **DRUMMOND GOLD ANNOUNCES FARM IN TO MOUNT CANNINDAH COPPER-GOLD PROJECT**

Drummond Gold Limited (DGO) is pleased to announce that an agreement has been reached to farm in to Mount Cannindah.

Mount Cannindah is a large gold bearing porphyry copper-gold system with a number of highly prospective exploration targets and has a Mineral Resource Estimate at 0.5% Cu cut-off of 7.47Mt at 0.97% Cu, 0.38g/t Au and 15g/t Ag, of which 5.57Mt at 0.95% Cu, 0.41g/t Au, and 16g/t Ag are in the Measured Resource category and 1.86Mt at 1.0% Cu, 0.30g/t Au, and 14g/t Ag are in the Inferred Resource category (Golder Associates Pty Ltd, 2008).

Initially, Drummond is committed to spending \$750,000 by September 2011 to assess the potential of Mount Cannindah (at which time Drummond can elect to withdraw from the earn in). Drummond can then earn up to 75% in the project through expenditure of a further \$6M within four years and nine months of signing the earn in agreement.

Mount Cannindah is located approximately 100 kilometres south of Gladstone, Queensland, and comprises nine Mining Leases and two Exploration Permits (covering 100km<sup>2</sup>). The main focus of previous exploration has been the Mount Cannindah resource target where broad zones of copper-gold mineralisation have been intersected through drilling to 380 metres below surface. Potential exists to further extend this mineralisation at depth.

The potential for higher grade gold mineralisation is indicated by the gold intersections of 3m at 14.8g/t (from 197m in QMCMDD021) and 5m at 8.1g/t (from 155m in QMCMRC003) that appear to overprint the broader copper-gold mineralisation. Several other copper-gold and copper-molybdenum targets have been recognised in the immediate area and require drilling to determine their potential.

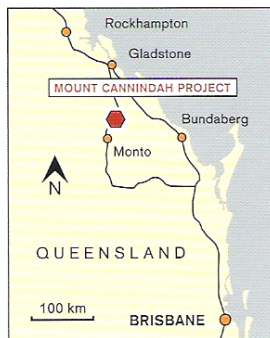
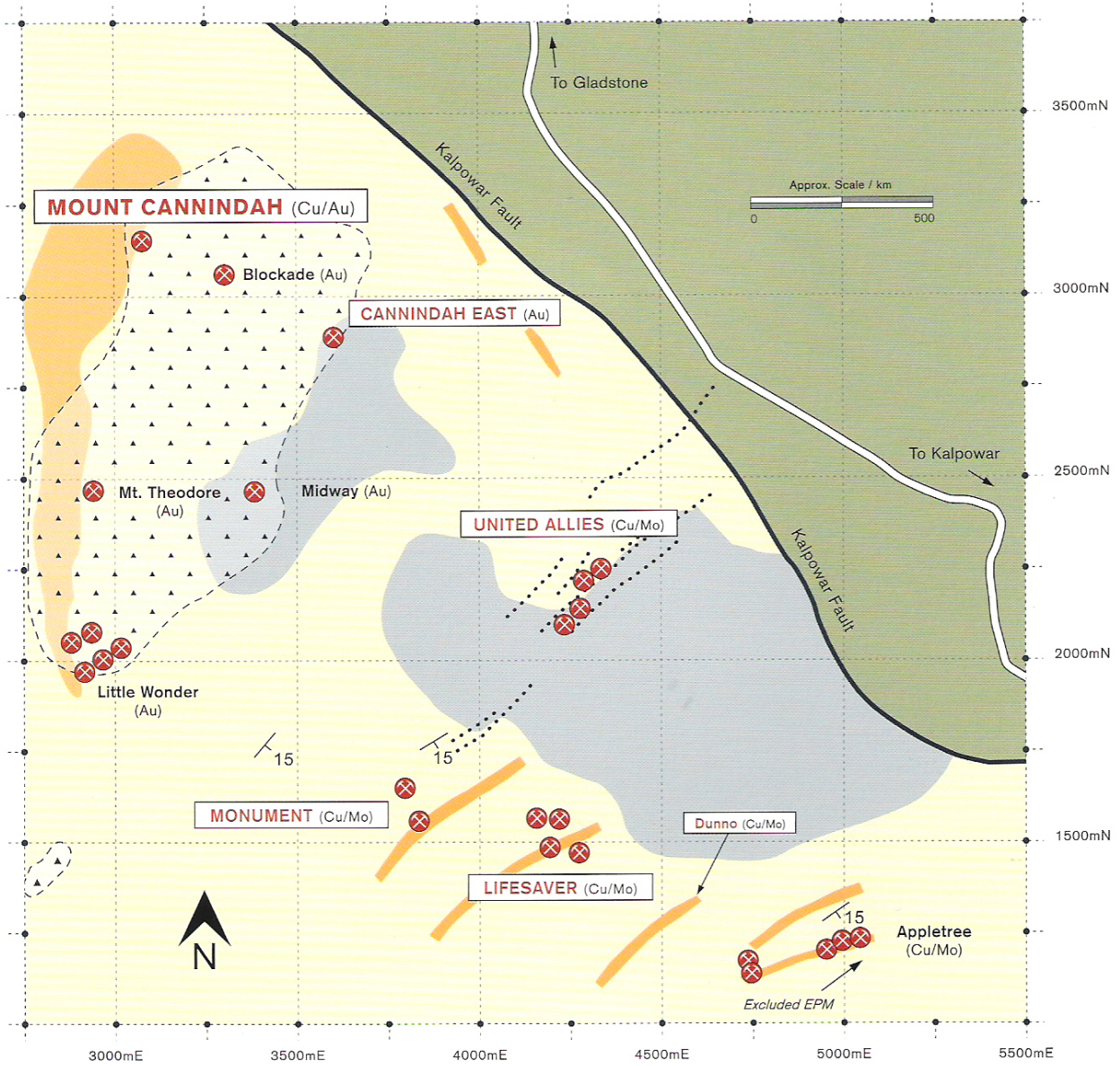
Planet Metals Limited, the vendor, has compiled a comprehensive database of historic drilling, geophysical and geochemical data which will allow Drummond to quickly define drilling targets.

Drummond considers there is considerable potential at Mount Cannindah to increase the current resource base.



Eduard Eshuys  
Executive Chairman

# Mount Cannindah Project - Geology



## LEGEND

- |  |                           |           |  |
|--|---------------------------|-----------|--|
|  | Triassic Muncon volcanics | <u>Cu</u> | Copper   |
|  | Monument Intrusive        | <u>Mo</u> | Molybdenum                                       |
|  | Cannindah Intrusive       | <u>Au</u> | Gold   |
|  | Carboniferous Sediments   |           | Skarn zones                                      |
|  | Infill breccia            |           | Quartz veins and quartz vein breccias and sheets |

Technical information contained in this report has been 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.

Technical information relating directly to the Mount Cannindah resource estimate was compiled and/or supervised by Mr Andrew Border and Dr Andrew Richmond, both of whom are members of the Australian Institute of Mining and Metallurgy (AusIMM). Dr Richmond, a full time employee of Golder Associates Pty Ltd was responsible for the resource block model and estimation. Mr Border was a full time employee of Planet Metals Limited and was responsible for all other aspects of the mineral resource estimate. Both Mr Border and Dr Richmond have sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Border and Dr Richmond consent to the inclusion of this information in the form and context in which it appears in this report.