



**DRUMMOND**  
DRUMMOND GOLD LIMITED



## Quarterly Activities Report

### Drummond Gold Limited

ABN 98 124 562 849

ASX: DGO

Shares on issue 519,021,975

#### Directors:

Chairman Eduard Eshuys

Director Brice Mutton

Director Ross Hutton

Company Secretary Michael Ilett

#### Address:

27 General Macarthur Place  
Reidbank Qld 4301

#### Contact:

Eduard Eshuys

Executive Chairman

Drummond Gold Limited

Telephone: + 61 7 3381 5368

www.drummondgold.com.au

## For quarter ended 31 March 2015

### Exploration Activities:

The Company has commenced the process of reinvigoration as a consequence of:-

- ✓ Making tenement applications totaling 66 square kilometers in the Kalgoorlie Terrane of the Eastern Goldfields Western Australia; and
- ✓ Entering into a research agreement with CODES the Australian Research Council Centre of Excellence in Ore Deposits at the University of Tasmania to research and discover sediment hosted gold deposits in Australia.

### Corporate Activities:

- ✓ On 9 February 2015 the Company announced that it had completed the sale of its interest in the all the issued capital of Mt Coolon Gold Mines Pty Ltd (MCGM) to GBM Resources Limited (ASX: GBZ) ("GBM") subject to regulatory and statutory approvals;
- ✓ On 26 March 2015 the Company's shareholders approved the sale of MCGM to GBM; and
- ✓ On 13 April 2015 the Company announced the completion of the sale of MCGM to GBM for the contact price of \$850,000 and 50 million fully paid ordinary shares in the capital of GBM that remains in voluntary escrow for a period of 12 months.

## Exploration Activities

### **Black Flag Beds Sediment Hosted Gold Exploration, Eastern Goldfields, Western Australia**

The Company has applied for 3 sediment hosted gold target areas in the Eastern Goldfields of Western Australia; at Mt Edwards, Black Flag and Ora Banda South West. The projects cover the Black Flag Beds in the Kalgoorlie Terrane of the Eastern Goldfields Superterrane.

#### Mt Edwards

The Mt Edwards is a single exploration licence application, consisting of 9 contiguous sub blocks (26.4km<sup>2</sup>), located to the east of the Coolgardie – Norseman highway, approximately 15km north of the township of Widgiemooltha. The tenement extends westwards from the western shore of Lake Lefroy and covers metasediments and volcanics of the Black Flag Beds, ranging from subcrop / saprolite in the north to colluvium in the south. The regionally significant north south trending Zuleika Shear is located 1.0 to 1.5 km east of the tenement.

#### Black Flag

The Black Flag is a single exploration licence application, consisting of 6 contiguous sub blocks (17.8km<sup>2</sup>), to the west of the Kalgoorlie – Menzies highway, approximately 20km North West of Kalgoorlie. The tenement extends eastwards from the White Flag Lake and covers colluvium, lake sediment and eolian sands. Bedrock geology consists of metasediments and volcanics of the Black Flag Beds forming the eastern limb of a regional anticline, with the fold axis located approximately 2.0km to the west of the tenement.

#### Ora Banda South West

The Ora Banda South West consists of 11 contiguous prospecting licences (21.8km<sup>2</sup>) approximately 7.0km south west of the township of Ora Banda. The project covers a folded sequence of metasediments and volcanics of the Black Flag Beds abutting the Kurrawang Formation sedimentary sequence to the south west and the layered gabbroic Orinda Sill to the north east. The regionally significant Zuleika Shear Zone is located approximately 4.0km to the south west of the project. Surface geology consists of colluvium and alluvium with limited subcrop to the north east.

#### Current Activity

Research of open file past exploration data and analysis of geochemical and geophysical surveys are now in progress to identify drilling targets specifically for sediment hosted gold mineralisation similar to the Invincible Gold Deposit located on the shore of Lake Lefroy near St Ives south of Kalgoorlie. Refer to figure 1 below for the map of the tenements.

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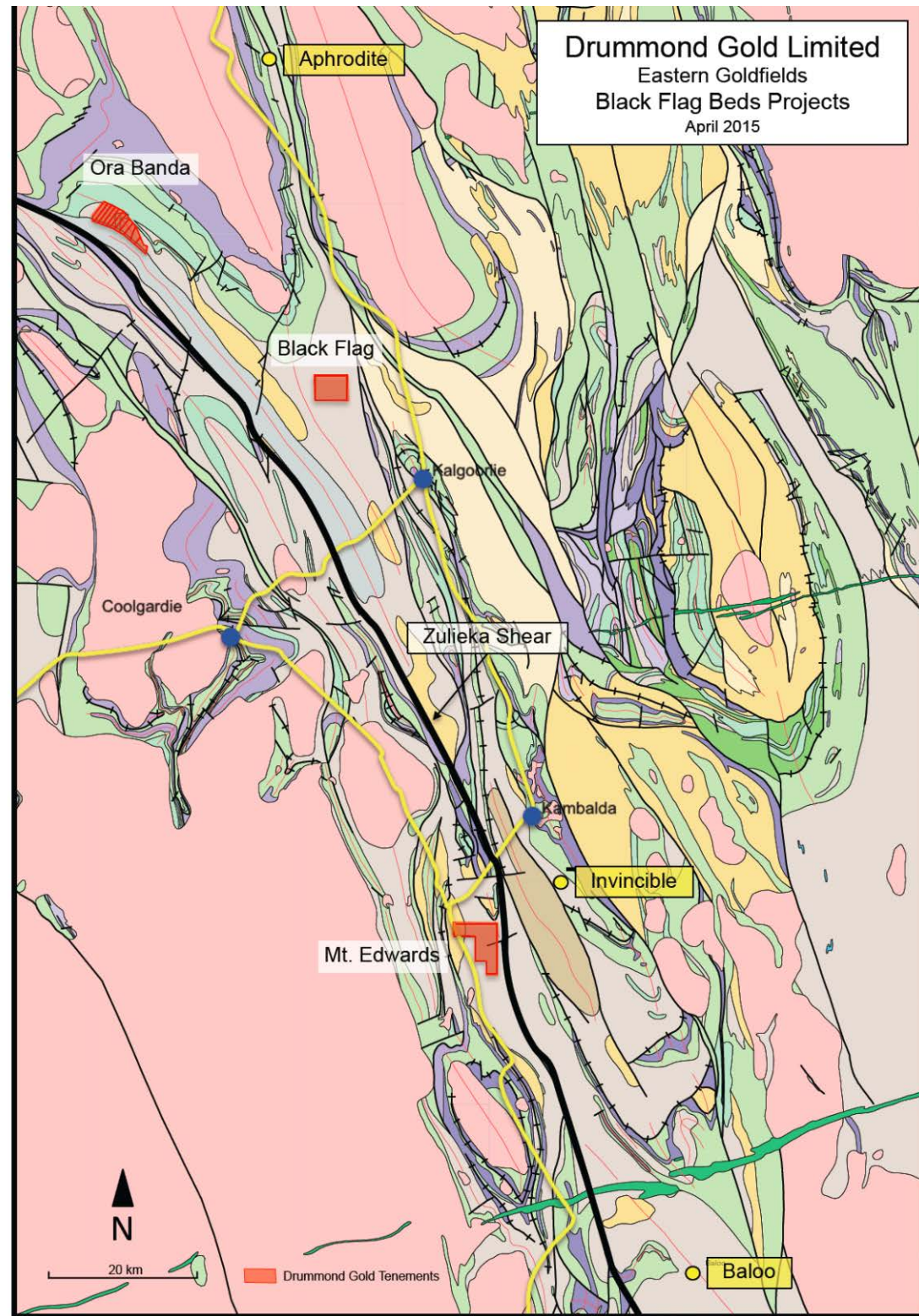


Figure 1 Map of the tenements

## **Research Agreement with Codes for the Discovery of Sediment Hosted Gold Deposits in Australia**

Recent innovative research technology developed in the laser laboratory at CODES, the ARC Centre of Excellence in Ore Deposits and the University of Tasmania has produced a breakthrough in predicting periods during Earth history when gold was at peak concentrations in the oceans. The gold content of the oceans through time is a key factor in developing gold source rocks, which are the building blocks for generating world-class gold deposits in sedimentary basins and greenstone belts.

The research agreement with Codes provides the company with access to this technology and will give the company a leading position in the selection of target areas in Australia for follow-up exploration. The objective in the first three months is to identify target areas with the priority aged rock types that are suitable for gold ore deposit generation. This will be followed by an analytical program, using the CODES laser technology, to identify the best options for ground acquisition.

This innovative research to date has identified 7 large scale sediment hosted gold targets in Australia with emphasis on Western Australia and South Australia which are now being further researched in terms of past exploration activity and current land availability. Once this work is completed advice on location will be provided.

CODES established in 1989, is a world leader in research on the genesis of gold and basemetal deposits. CODES research scientists have won a number of international awards for research excellence and innovation related to mineral exploration

The scientific basis for the research for sediment hosted gold deposits is

The pyrite database developed over the past 10 years at CODES has identified when oceans were enriched in gold and other metals;

Gold deposition models indicate that gold in sediment hosted gold deposits is sourced from sedimentary host rocks; and

Identification of gold enriched sedimentary basins thus should lead to the discovery of gold deposits within those basins in geologically favorable structural positions.

The research study is being led by Professor Ross Large whose brief bio can be found in Appendix A.

### **Corporate Update**

On 13 April 2015 Drummond Gold Limited announced the completion of sale of its interest in the all the issued capital of MCGM to GBM Resources Limited. The total consideration under the contract is a cash component of \$850,000 and 50 million fully paid ordinary shares in the capital of GBM that remains in voluntary escrow for a period of 12 months.



Eduard Eshuys  
EXECUTIVE CHAIRMAN

## **Appendix A – Ross Large’s background details.**

Ross Large is a Distinguished Professor of Geology and the recent past Director of CODES, the ARC Centre of Excellence in Ore Deposits. Ross gained his BSc(Hons) from the University of Tasmania in 1969, PhD from University of New England in 1973 and undertook a CSIRO Postdoctoral Fellowship at University of Toronto in 1974. For ten years Ross worked in mineral exploration in Northern Territory, Queensland and Tasmania. In 1984 he joined the University of Tasmania, and five years later established CODES as a National Key Centre jointly funded by the Australian Research Council, University of Tasmania, the Mining Industry and the State Government. Under his leadership CODES has grown to become recognized as one of the top ore deposit research centers in the world, with a current research staff of 40 geoscientists, 80 postgraduate students, and operating budget of around \$11 million pa.

His research has involved close collaboration with the global mining industry to determine the geological and geochemical factors that control the genesis of, and exploration for, stratiform sediment- and volcanic-hosted gold and base metal mineral deposits. Recently he has developed an interest in the history of trace elements in the ocean and their relationship to ore deposits through time. Ross has gained a number of awards for his research, including the 1983 SEG Lindgren Award, 1989 AusIMM Presidents Award, 2005 Haddon King Medal, 2010 SEG Silver Medal and the 2011 BJ Skinner Award.

## 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")

31 March 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(35)	(335)
(b) development	-	-
(c) production	-	-
(d) administration	(139)	(434)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded	-	269
1.7 Other (research and development tax offset)	-	-
<b>Net Operating Cash Flows</b>	<b>(174)</b>	<b>(499)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (deposits received)	50	100
<b>Net investing cash flows</b>	<b>50</b>	<b>100</b>
1.13 Total operating and investing cash flows (carried forward)	(124)	(399)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(124)	(399)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	180
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)	(2)	(2)
	<b>Net financing cash flows</b>	(2)	178
	<b>Net increase (decrease) in cash held</b>	126	(221)
1.20	Cash at beginning of quarter/year to date	146	241
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter (i)</b>	20	20

(i) It is noted that the Company completed the sale of Mt Coolon Gold Mines Pte Ltd in April 2015 for cash consideration of \$850,000 and 50 million fully paid ordinary shares in the capital of GBM that remains in voluntary escrow for a period of 12 months.

**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'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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

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### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	20
4.2 Development	-
4.3 Production	-
4.4 Administration	145
<b>Total</b>	<b>165</b>

### 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'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	20	20
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>20</b>	<b>20</b>

### 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		

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**Appendix 5B**  
**Mining exploration entity quarterly report**

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6.2 Interests in mining tenements acquired or increased

	Nil		
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### 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 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	519,021,975	519,021,975	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

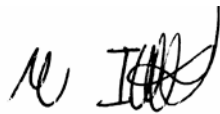
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**Appendix 5B**  
**Mining exploration entity quarterly report**

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: .....Date: 30/ 04 /2015  
 (Company Secretary)

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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