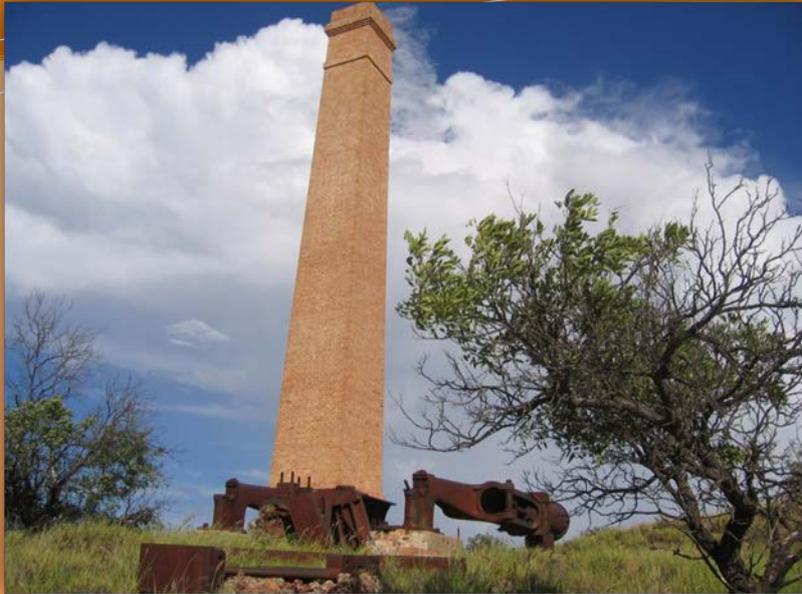




DRUMMOND
DRUMMOND GOLD LIMITED



Quarterly Activities Report

Drummond Gold Limited

ABN 98 124 562 849

ASX: DGO

Shares on issue 459,021,975

Directors:

Chairman Eduard Eshuys

Director Brice Mutton

Director Ross Hutton

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Contact:

Eduard Eshuys

Executive Chairman

Drummond Gold Limited

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For quarter ended 31 March 2014

Exploration Activities:

Mt Coolon – Drummond Basin (Central Queensland)

- ✓ Review work and further modelling continued on the epithermal Eugenia Gold Resource (EPM 15902) towards enabling a new up-graded gold resource to be undertaken. Efforts also focused on sourcing and validating historic drilling results to facilitate QC/QA.
- ✓ Review continued on the Bimurra Prospects (EPM 7259) aimed at establishing a new and comprehensive drill database, where a historical (non-JORC) gold resource was reported by previous owners. The Company was formally advised that the former MDL 22 “Bimurra” had lapsed into EPM 7259 allowing the system of epithermal gold prospects for first time since its discovery in 1928, to come under one ownership.
- ✓ Evaluation continued on the Sullivans “Intrusion-related gold system” Prospect (EPM 15902) with a focus on the base metal anomalism which is now known to be more extensive. Ongoing work includes vectoring for gold, further sampling, analysis and testwork.
- ✓ Limited review recommenced on the TPM Copper-Gold Skarn Prospect. Past exploration has only partially tested Lode 3 for copper mineralisation of four known lode outcrops along 6km of strike. Much of the strike however, also occurs under shallow cover requiring further exploration.
- ✓ No fieldwork was undertaken during the Quarter due to the tight company and industry funding position.

Corporate Activities:

- ✓ On 6 March 2014 Drummond Gold Limited and Mt Coolon Gold Mines Pty Ltd received income tax refunds for the 2013 financial year and interest totaling \$400,053 relating to the Federal Governments’ Research and Development Tax Concession Scheme.
- ✓ The Company continues to review options to progress its advanced gold exploration resources and prospects, which includes possible Joint Venturing, partial or full divestment of assets.

Exploration Activities

Review continued during the Quarter of all the Company's Gold Resources and on selected Prospects on its core EPM 15902 and EPM 7259 tenements, located approximately 200km west of Mackay and centred on Mt Coolon.

The Company continues to review all historical work and develop extensional targets on epithermal-style deposits which hold the Company's key Gold Resources at the former Mt Coolon (Koala) and Glen Eva Gold Mines, and, the Eugenia Prospect, which totals 283,000 ounces (Table 1). All three deposits lie within a 13km radius of Mt Coolon. For typical epithermal deposits, all three deposits significantly lack testing of strike extensions and on associated fault structures. Only the oxide zones have been sufficiently explored at the Glen Eva Mine and at the Eugenia Prospect.

Specific review work included continued 3D modelling and exploration review on the Eugenia Deposit which has a current Inferred Resource of 4,416,000t at 1.3g/t Au for 178,000oz of gold.

The Bimurra Prospects (EPM 7259) located approximately 40km north of Mt Coolon were for the first time since their discovery in 1928 and subsequent small scale mining, recently consolidated into one tenure and one ownership. A number of nearby related prospects, including the core former MDL 22 (now EPM 7259), are part of a wider epithermal deposit system. The system is known to extend over an area by at least 6km by 3kms.

The Bimurra deposit system has only been intensely explored for oxide sources and due to previously competing ownership has been incompletely explored along its extensions, associated structures and at depth. A small oxide gold resource (non-JORC) has been variously reported. Work during the Quarter continued to source and consolidate all historical exploration.

In addition to the known epithermal resources and prospects, exploration review continued on nearby pluton-related mineralisation styles associated with the Manaman Granodiorite complex immediately south and southwest of Mt Coolon, namely the Sullivans Propsect, an interpreted Intrusion-related gold system, and, on the TPM Copper-Gold Skarn Prospect (Figure 1).

At Sullivans, work focused on further 3D modelling, statistical analyses and vectoring for the mineralisation style, metal zoning, ore potential and recovery.

No fieldwork was undertaken during the Quarter.

Eugenia Prospect

The Eugenia Propsect and Gold Resource is located approximately 6km NE of Mt Coolon. The current Inferred Resource by H&S Consultants (H&S) for Eugenia stands at a total of 4,416,000t at 1.3g/t Au for 178,200oz gold at a 0.5g/t Au cut off. Only the oxide

zone has been explored intensively and potential exists to expand this resource along strike and at depth with additional drilling.

Work for the Quarter continued to focus on the Surpac 3D Eugenia resource model by H&S. The ongoing review has identified a number of data gaps on the near margins of the model (oxide and sulphide zones) where data spacing is poor. Sufficient previous and new work has been located and generated to warrant undertaking an updated model and to progress to a new upgraded resource estimate on completion of the work.

Significantly, the model highlights a poorly defined sub-vertical NNW trending sulphide zone towards the base of the current model, interpreted as a possible feeder zone, but is characterised by a lack of drilling. This trend aligns with the main linears clearly visible in the magnetics and extending to several of the area targets identified. In summary, the areas indicate clear scope to potentially increase the extent of the currently known deposit limits with further drilling.

Bimurra Prospects

Review work continued and limited field work was undertaken on the Bimurra epithermal system which is located within the southern subblock portion of EPM 7259. The centre of the system was formerly covered by Mineral Development Lease (MDL22) which has now lapsed. Bimurra Deposit itself was discovered in 1928. The former Bimurra MDL area has been intensely explored since 1980 until 2003, however, much of this work has been mainly near surface and at shallow depths. A small gold resource (non-JORC) has been variously reported.

It is recognised that the Bimurra System is part of a large epithermal mineralised cell that extends well outside the MDL as strong structurally defined strike linears extending to the north east, referred to as Bimurra East Prospect and the southwest, referred to as Ramillies West Prospect, all within EPM 7259. The alteration system covers an area greater than 20km².

As the tenure has been tightly and long held by several previous explorers, efforts for the Quarter were successful in locating and sourcing much past data. Drummond Gold is continuing to re-assess the entire mineralised system which has included a geophysical review and will now focus on all new data received.

Next steps are to complete a validated electronic database of all historical surface geochemical and drill hole data towards developing a 3D model for target generation and further exploration, including a possible resource estimation.

Sullivans Prospect

The Sullivans Prospect (previously named Badlands) located 6km south of Mt Coolon, has strong indications of Intrusion Related Gold System (IRGS) style mineralisation including strong geochemical and geophysical features akin to the multi-million ounce Mt Wright - Mt Leyshon style gold bearing deposit systems, both located approximately 100km to the north.

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The Sullivans Prospect was initially defined as an exploration target by a high order >100ppb and often 1.0g/t gold in soil anomaly over an area of 650m by 250m. The coincidence of elevated base metal values such as lead and zinc in conjunction with elevated arsenic is typical of upper levels of rhyolite associated sheeted-vein and breccia systems.

Importantly, the Sullivans Prospect is located within 2km of the Manaman Granodiorite Complex, a polyphase biotite-hornblende granodiorite to medium grained granite and diorite that has been intruded by numerous porphyry and rhyolite dykes. The granitoid body (in red on image) has been emplaced along a 5 kilometre extent of the Anakie-Drummond Basin contact, a major regional N-S district fault (Figure 1).

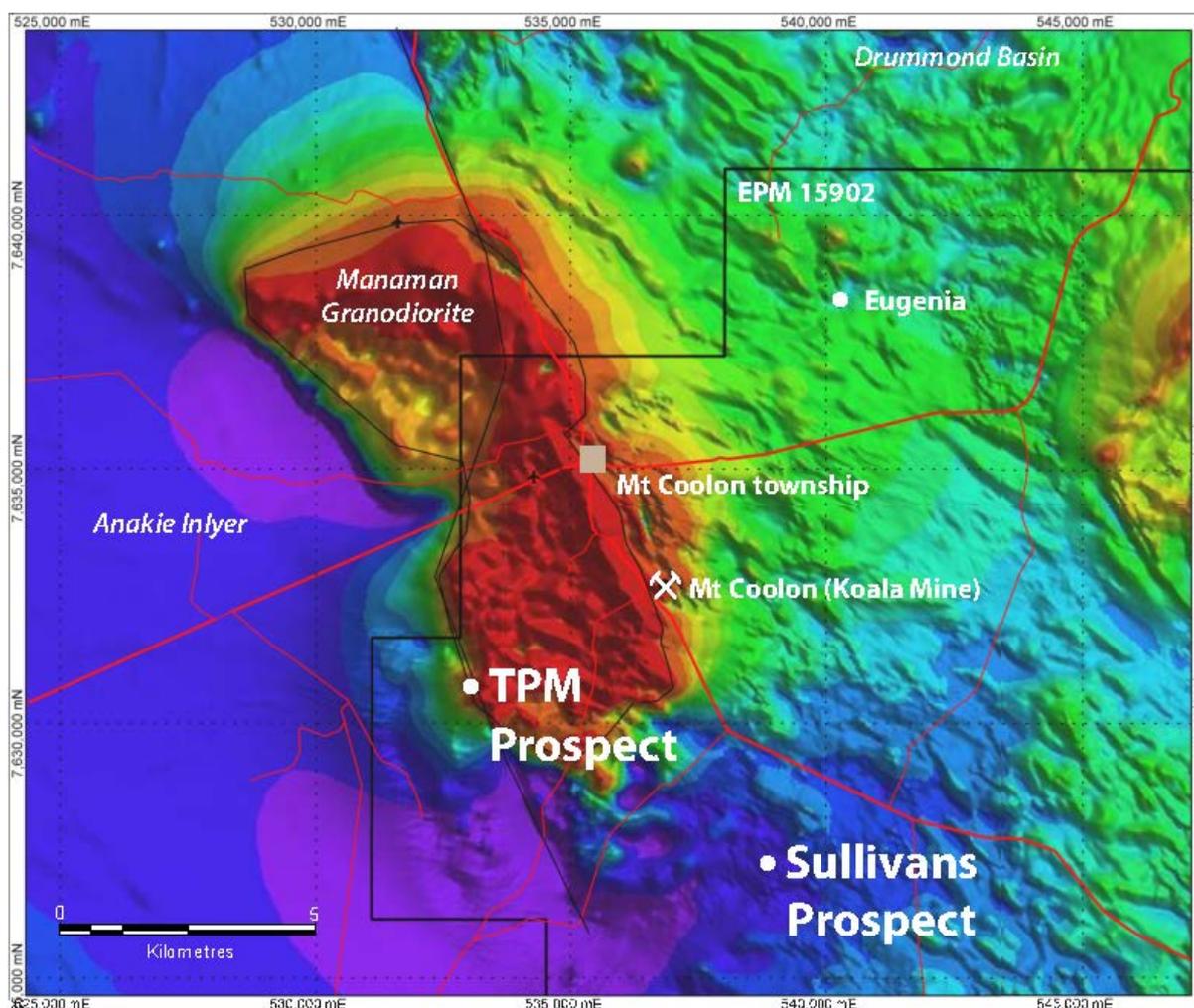


Figure 1: Mt Coolon - Key Prospect Locations on Helimag Image.

Work during the Quarter focused on updating the model of mineralisation style, metal zoning and ore potential based on the re-logging of 6 of the RC holes – the three deep holes (SURC001-003) completed in 2011 and three adjacent holes on each of the sections (BARC005, 008, 010). The company engaged the specialised assistance of consultant Gregg Morrison – Klondike Geological Services to undertake the work. The chips were

logged from first principles for lithology, alteration assemblage and mineralisation assemblage and style. The critical metal associations were also interpreted from existing data and interpretation.

Key outcomes/conclusions are:

All holes seem to be in the same lithological unit – a feldspar > quartz (biotite) crystal lithic tuff. The alteration is divided into three mappable facies a) propylitic, b) sericitic and c) phyllic. The mineralisation also has three facies a) discrete crystalline quartz veins with pyrite and arsenopyrite +/- chalcopyrite, sphalerite, b) discrete carbonate veins with dispersed sulphides (sphalerite, galena chalcopyrite), and c) disseminated pink-buff carbonate locally with fine sulphides (sphalerite, galena +/- chalcopyrite).

Multi-element geochemical data has been collected for all the BARC and SURC holes but not the BRC holes (by a previous company). The overall element suite can be divided into three groups:

- A core suite of metals typical of hydrothermal systems: Au, Ag, As, Bi, Cu, Fe, Mn, Mo, Pb, S, Sb, W, Zn,
- Other metals of interest: B, Ba, Be, Cd, Co, Cr, Hg, Ni, P, Sc, Te, Th, Tl, U, V, and,
- Silicate elements of interest for alteration: Al, Ca, Ga, K, La, Mg, Na, Sr, Ti.

There is consistent enrichment of the following hydrothermal system metals in the drilled area:

Mn, Zn, As, Ag, Au (Bi, Cu, Pb)

Using a correlation chart for the main metallic elements and a Z-score to normalise enrichment, separate analyses by the company has identified the main metal associations which can be simplified to the following unique associations:

Mn, Sb, As; Pb Au; Zn Bi; Cu Ag.

This metal association is suggestive (Morrison) of a polymetallic pluton-level partly-evolved magmatic hydrothermal system using the methodology of Morrison & Blevin (1997, AMIRA project P425). The presence of consistently anomalous Bi indicates a felsic magmatic system and the association of Au with Pb, Bi, Zn, Cu and As is consistent with a granodiorite composition of associated intrusion which is similar to Mt Leyshon for overall metallogenic character but not for the inferred level of emplacement. Further modelling and evaluation is proposed and is continuing.

The review of the wider Sullivans Prospect area previously highlighted gold anomalism far wider than previously considered, although large areas are blinded by younger Mid-Tertiary and Quaternary cover units. The widespread anomalism highlights the wider potential of the Sullivans and Manaman Granodiorite area for other large intrusion-related gold systems targets.

TPM Copper-Gold Skarn Prospect

The TPM Prospect lies approximately 5km south-southwest of the small township of Mt Coolon, central Queensland (Figure 1). Mineralisation is associated with a weathered magnetite skarn tentatively interpreted as a near surface roof pendant perched on the western flank of the Carboniferous Manaman Granodiorite. Work during the quarter focused on reviewing historical work and Drummonds 2007 drilling program.

The Prospect coincides with the Manaman Granodiorite and Anakie Inlier - Drummond Basin contact, a major regional north northwest striking linear interpreted from magnetic surveys. Mineralisation can be traced north northwest discontinuously for 3.5km along the Manaman Granite/Ukalunda contact. Mineralising fluids have preferentially altered calcareous units of the basal "Cycle 1" package of the Drummond Basin (Ukalunda Beds).

Ironstone was first reported in 1921 by government geologist Jensen whilst undertaking regional investigations of the Mount Coolon gold fields with subsequent exploration carried out by Theiss Peabody Mitsui (1969), hence the TPM prospect name, followed by CRA (1998), Keela Wee (1988) and CML (1992) and Drummond Gold (2007).

Thiess-Peabody-Mitsui investigated the iron-rich TPM skarns for magnetite suitable as heavy media in coal washing. Mapping identified four lodes. Drilling of Lode 3 only, encountered in addition to magnetite, oxidized copper mineralisation in most holes. A small copper resource (non JORC) was calculated for the Lode 3 at the time. However, the small volume of magnetite present, and quality, was considered to be uneconomic.

Drummond Gold completed a preliminary drilling program over the TPM prospect in 2007. The program was designed as a wide spaced, first pass program to test the main outcrop of magnetite skarn identified in work by earlier explorers. This earlier work had noted that copper mineralisation occurred both within the magnetite skarn and the enclosing calc-silicate hornfels but had not been investigated beyond the target magnetite (Lode 3).

Of the 25 holes drilled by Drummond, 12 holes intersected copper mineralisation over a strike length of 400m and a width of 40m -100m and a true thickness varying from 4m to 28m. The best intersections (previously reported from -60 degree declined RC holes) were:

- 33m @ 1.0% Cu from 16m downhole below surface,
- 25m @ 0.9% Cu from 3m downhole below surface, and
- 16m @ 1.0% Cu From 6m downhole below surface.

TPM skarn exploration has only tested Lode 3 (of 4 known lodes) by drilling over an 800m strike extent. Review and investigation indicates that Lode 3 has not been fully explored with further work required to determine the local extent of mineralisation and relationship with structure and host unit orientation. The local prospect is interpreted to be open north, south, east and west in the immediate vicinity.

Further, investigation at the TPM Prospect needs to be expanded to include outcropping iron stone Lodes 1, 2 and 4 as well as the regional western Manaman Granodiorite strike extent together with the Drummond Basin/Anakie Inlier contact.

Outlook

Only limited field work will be conducted again during the Quarter to keep expenditure at a minimum but at the same time meet regulatory requirements and tenement management related matters. It is not intended to conduct any significant field work prior to 30 June 2014.

However, substantial past expenditure on the company's Drummond Basin Prospects is a safeguard to minimising current expenditure while maintaining the tenements in good standing for future activity. A large proportion of the Queensland Government rents and rates have been paid and are current through to September 2014

The Company continues preliminary discussions with others for the sale or joint venturing of the Company's Drummond Basin assets. No agreements have been entered into but parties are continuing with their due diligence of the Company and its assets. The Directors see this process as an important step to refresh the Company's assets.

A number of opportunities to acquire or joint venture have also been evaluated with particular emphasis on gold, copper and zinc exploration opportunities in Australia are being sought.

Improved geological understanding of the formation of large gold and mineralisation systems in Australia are likely to lead to new frontiers in exploration for those commodities similar to the new geological sciences which lead to new discoveries in the 1980-1990s.

It could be expected that existing gold and base metal prospects could represent the window into these large mineral systems once the geological history and structures of these prospects are placed in the context of the better understanding.

This exploration strategy is low cost but with high leverage and will require a disciplined approach of the application of the exciting geological research results which have been coming to the fore in recent times. Australia by any standards has low sovereign risk.

Corporate Update

On 6 March 2014 Drummond Gold Limited and Mt Coolon Gold Mines Pty Ltd received income tax refunds for the 2013 financial year and interest totalling \$400,053 relating to the Federal Governments' Research and Development Tax Concession Scheme.

At the date of this report there are 459,021,975 fully paid ordinary shares on issue.



Eduard Eshuys
EXECUTIVE CHAIRMAN

Table 1. Mt Coolon Gold Resources - 30 June 2010.

Mine	Location	Resource Category									Total			cut-off
		Measured			Indicated			Inferred						
		000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	
Koala	Hectorina Pit				15	2.6	1,300				15	2.6	1,300	None
	Underground Extension				205	5.9	39,600	62	5.3	10,600	267	5.7	49,300	3.0
	Tailings	305	1.6	15,800	11	1.6	500	6	1.5	300	322	1.6	16,700	None
	Total	305	1.6	15,800	231	5.5	40,400				604	3.5	67,200	
Eugenia	in whittle pit - direct mill							428	1.5	20,800	428	1.5	20,800	0.5
	outside pit							3,988	1.2	157,500	3,988	1.2	157,500	0.5
	Total							4,416	1.3	178,200	4,416	1.3	178,200	0.5
Glen Eva	Underground below pit				132	7.8	33,200	21,000	5.9	4,000	154	7.5	37,200	3.0
	TOTAL	305	1.6	15,800	363	6.3	73,600	4,506	1.3	193,100	5,174	1.7	283,000	

Notes: Mt Coolon Gold Resources - 30 June 2010.

The data in this resource report that relates to Mineral Resources for the Eugenia, Glen Eva and Koala Deposits is based on information evaluated by Mr. Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) 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. Tear is a full-time employee of H & S Consultants Pty Ltd, Brisbane and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Exploration Results

The data in this report that relates to Exploration Results, the accuracy and quality of data and the interpretation of mineralisation in the Drummond Basin at Mt Coolon, Central Queensland, are based on information compiled by Mr Brice Mutton who is a Fellow of The Australasian Institute of Mining & Metallurgy 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 Mutton is a Non-executive Director of Drummond Gold Ltd and an industry consultant via Brice Mutton & Associates Pty Ltd, and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (9 months) \$A'ooo
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(122)	(361)
(b) development	-	-
(c) production	-	-
(d) administration	(61)	(270)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes refunded	-	-
1.7 Other (research and development tax offset)	399	399
Net Operating Cash Flows	217	(231)
Cash flows related to investing activities		
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	44	44
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (refund from deposits)	-	11
Net investing cash flows	44	55
1.13 Total operating and investing cash flows (carried forward)	261	(176)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	261	(176)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	380
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)	(5)	(35)
	Net financing cash flows	(5)	345
	Net increase (decrease) in cash held	256	169
1.20	Cash at beginning of quarter/year to date	83	170
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	359	359

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	26
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Consultancy Fees.

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

+ See chapter 19 for defined terms.

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	60
4.2 Development	-
4.3 Production	-
4.4 Administration	96
Total (item(i) below)	156

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	359	83
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	359	83

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		
6.2	Interests in mining tenements acquired or increased	Nil		

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Appendix 5B
Mining exploration entity quarterly report

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 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	459,021,975	459,021,975	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
(a) Increases through issues				
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <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 Debentures <i>(totals only)</i>	-	-	-	-

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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:
(Company Secretary)

Date: 30/ 04 /2014

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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+ See chapter 19 for defined terms.

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