DRUMMOND
DRUMMOND GOLD LIMITED

ABN 96 124 562 849

Principal office:
Suite 8, 60 Macgregor Terrace
Bardon Qld 4065
Australia

Postal address:
P.O. Box 844
Paddington Qld 4064
Australia

Telephone: + 61 7 3367 2144
Facsimile: + 61 7 3367 2165
Email: drummond@drummondgold.com.au
Website: www.drummondgold.com.au

7 October 2011

ELECTION TO EARN 51% INTEREST IN THE MOUNT CANNINDAH PROSPECT

Drummond Gold Limited ('the Company or Drummond") has met its Threshold Expenditure Requirements under the Joint Venture Agreement ("Agreement") with Planet Metals Limited ("Planet"). The Company has made an election under the Agreement to earn a 51% interest in the Mt Cannindah Tenements. Drummond has met the initial Threshold Expenditure Requirements of $750,000, having spent $1,352,000 to date, with the additional $602,000 contributing to the next earn in period.

Drummond is currently undertaking a revised Mineral Resource Estimate for Mount Cannindah, the current estimate being 7.5Mt at 1% Cu and 0.4g/t Au (Golders, 2008).

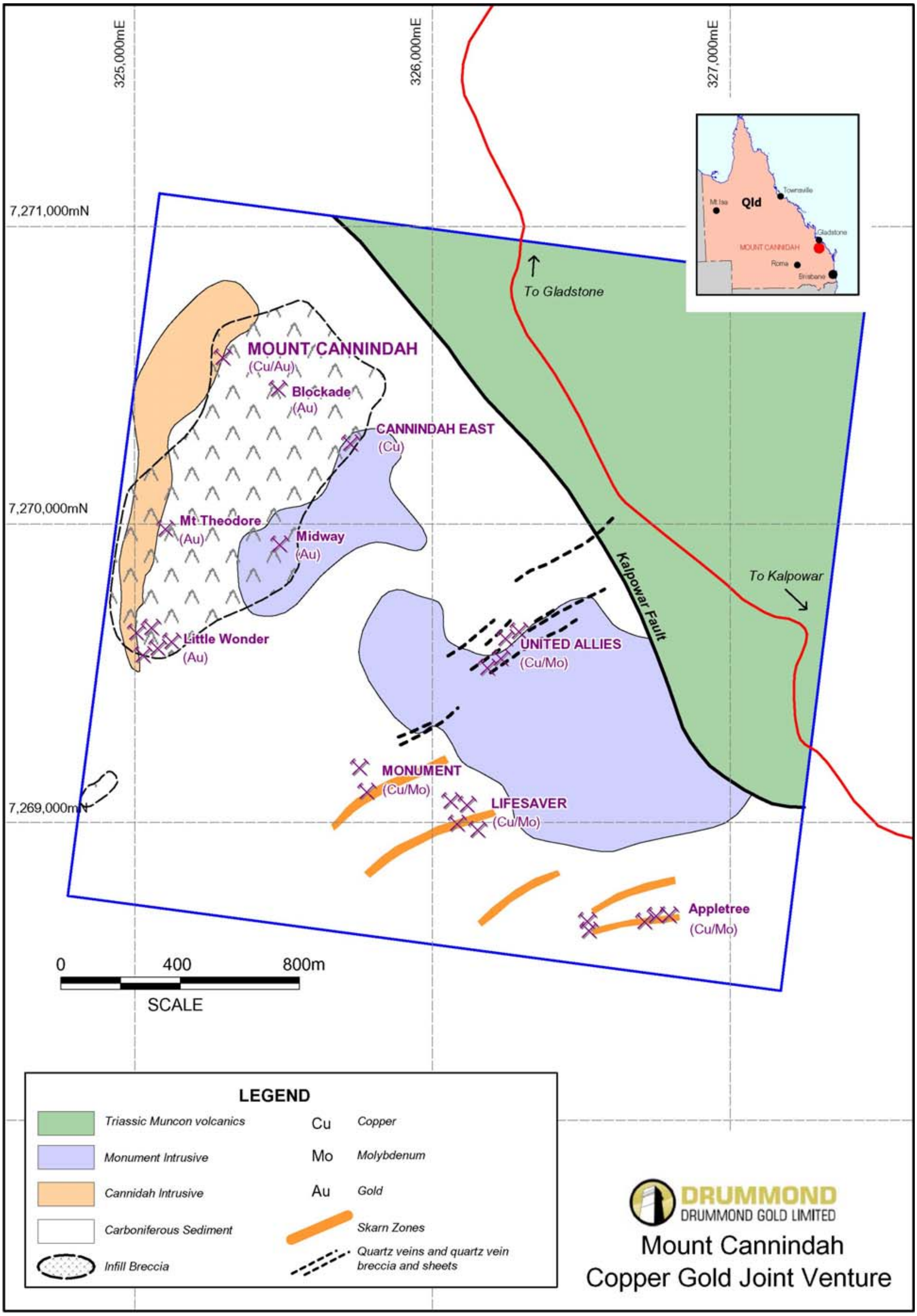
Drummond has been assessing historic exploration data for the Mount Cannindah tenements and has recognised high grade, near surface gold, copper and molybdenum mineralisation including:

- 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 like 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.
- 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.

Our next phase of exploration will be to assess other targets within the tenements for follow up with drilling.

Yours faithfully

EDUARD ESHUYS
EXECUTIVE CHAIRMAN



Mount Cannindah Copper Gold Joint Venture

The data in this report that relates to Exploration Results, the accuracy and quality of data forming the basis of all resource estimates, and the interpretation of mineralisation at Mount Cannindah 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.

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, who was 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.