



**DRUMMOND**  
DRUMMOND GOLD LIMITED

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27 July 2011

## **WITHDRAWAL FROM HEADS OF AGREEMENT FOR THE YANDAN PROJECT**

Drummond Gold Limited (Drummond or the Company) has formally withdrawn from the Heads of Agreement for the Farm In and Joint Venture with Straits Gold Pty Ltd a subsidiary of Straits Resources Limited for the Yandan Project.

Under the terms of the Heads of Agreement, the Company had the right to earn a 51 per cent interest in the Yandan Project by spending \$3 million within 3 years by May 2012 and by assuming 51 percent of the environmental bonds and associated liabilities.

As the result of withdrawing from the Heads of Agreement, Drummond will have no residual interest in the Yandan Project. It is advised that the carrying value of Exploration and Evaluation Assets of approximately \$2.3 million relating to the Yandan Project in the Company's group financial statements will be required to be written off.

Yours faithfully

**MICHAEL ILETT**  
**COMPANY SECRETARY**