



Drummond Gold Limited
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Update – Drummond’s Agreement to Progress the Maldon Acquisition

Further to the announcement of the 14 August 2009, Drummond Gold Limited (Drummond or the Company – ASX code: DGO) is pleased to advise key terms and Conditions Precedent agreed with Alliance Resources Limited (Alliance – ASX code: AGS) upon which the acquisition of the Maldon Gold Project will proceed.

The transaction has been agreed subject to the following conditions being satisfied:

- A satisfactory Independent Expert’s Report undertaken by Drummond which is expected to be completed by the end of the month;
- Further due diligence by Drummond on Maldon Resources Pty Ltd;
- The finalisation of agreed transaction documentation which is imminent;
- Final board approvals of both AGS and DGO;
- The current board of DGO remains substantially the same following the Extraordinary General Meeting of DGO members scheduled for 4 September 2009;
- A sufficient capital raising program to support the Maldon Operations and to fund DGO activities in the Drummond Basin;
- Statutory approvals being either secured or in place;
- Drummond shareholder approval at a future General Meeting of members; and
- AGS shareholding would be subject to escrow provisions.

Drummond is progressing its due diligence on Maldon and is currently finalising the appointment of the Independent Expert to produce its report. The Company has initiated discussions with its financial advisors to begin a capital raising program and will advise the market in due course.

For further details on this announcement please contact

Doug Grewar
Managing Director



About Drummond Gold

Drummond Gold Limited is a gold and base metals company focussed on growth through exploration success and acquisition with an early production strategy. The Company operates in the well-known Drummond Basin of Central Queensland around the former gold mining centre of Mt Coolon and at nearby Yandan where it is earning a majority interest. The Company is also pursuing the potential for early gold production by considering the acquisition of the Maldon gold project in Victoria.