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**DRUMMOND GOLD ANNOUNCES DRILLING PROGRAM TO INCREASE RESOURCES  
AT HISTORIC YANDAN AND MT COOLON**

Drummond Gold Limited (Drummond or the Company) announces phase one of the 2010 exploration drilling program designed to increase the 600,000 oz gold Resources under management at Yandan and Mt Coolon in the Drummond Basin of central Queensland.

The program is scheduled to begin in early March subject to site access following cessation of the wet season, with three diamond holes at Yandan to follow up last year's high grade drill results at the East Hill discovery. This will be followed by two diamond holes plus RC drilling for the Mt Coolon (Koala) area.

Announcing the program, Drummond Gold Managing Director Doug Grewar, said:

"Last year's drilling successes at Yandan and geophysical work at Mt Coolon confirms our confidence in these historic gold producing sites.

"With the new program we aim to build on the results of our successful exploration work in 2009 which pointed to the high potential for

- defining an economic orebody at East Hill, Yandan,
- identifying an early production opportunity at the existing Koala mine workings, and
- the discovery of additional mineralisation north and south of Koala."

Drummond envisages the development of two hubs of operation, in central Queensland and central Victoria, where the Company plans to acquire the Maldon Gold Project and begin early gold production during 2010, subject to a current capital raising.

**East Hill, Yandan** (Drummond can earn 51%)

East Hill currently has an Inferred Resource estimate of 4.1 Mt @ 2.4 g/t gold for 308,000 oz gold.

Drummond is engaged in an initial \$1 million exploration program at Yandan. Drilling in 2009 was aimed at determining the continuity of high grade mineralisation for potential underground mining. The results confirmed continuity of the east-west trend of lower grade mineralisation with intersections of

- 13m at 5.91 g/t gold (EHRCD003)
- 12.3m at 2.25 g/t gold (EHRCD006)
- 4m at 3.94 g/t gold (EHRCD006) and
- 4m at 12.82 g/t gold (EHRCD007).

High grade intersections of

- 2m at 15.54 g/t gold (EHRCD001)
- 0.9m at 99.4 g/t gold (EHRCD003)
- 3m at 20.92 g/t gold (EHRCD003)
- 1.3m at 10.6 g/t gold (EHRCD006) and
- 1m at 13.65 g/t gold (EHRCD006)

are associated with a second oblique zone of mineralisation.

The high grade Drummond results confirm earlier Straits Resources high grade drilling intersections including:

- 1m at 64.5 g/t gold (YAN005)
- 1m at 28.05 g/t gold (YAN011)
- 3.85m at 55.87 g/t gold (YAN022)
- 1.4m at 82.36 g/t gold (YAN022) and
- 2m at 19.48 g/t gold (YAN032)

Although high grade intersections were returned from this drilling (see Table 1), a new geological interpretation indicates that the broader, continuous east-west lower grade envelope of mineralisation is cross-cut by high grade epithermal quartz veining. The high grade vein orientation is highly oblique to the previous drilling orientation, and therefore has not been adequately drill tested.

Drummond plans to drill three deep diamond holes to a nominal depth of 400m, to determine the density and extent of the high grade veins at an orientation perpendicular to the vein trend. Due to the highly elevated gold presence and the high coincidence of intersections of the narrow high grade veins at East Hill with most holes encountering at least one high grade vein, it is hoped that the veins are of sufficient density for underground mining. The planned drilling will also test the southern strike extent of the high grade veins. If successful, further drilling will be undertaken to increase the current East Hill Resource.

More than 365,000 oz gold was produced at Yandan during the 1990's.

#### **Mt Coolon (Koala) (Drummond 100%)**

Recent geological studies by Drummond staff and consultants, in conjunction with ground geophysical surveys completed during 2008, have delineated several targets in the immediate Koala Mine area that warrant drill testing. The structural setting of the Golden Bar workings, located to the southwest of Koala, and interpretation of geophysical data indicates that the Koala mineralisation may be part of a far larger system that has not been tested to date. Diamond and RC drilling has been planned to test the two highest priority targets at the Tower and Koala South prospects.

The highest priority target is the Tower anomaly, located immediately to the northeast of the Koala Resource and considered to be a likely extension of the same mineralisation system. The Tower anomaly is defined by an aeromagnetic low of over 1,000m extent that is coincident with a broad IP resistive anomaly, possibly reflecting the extension of the Koala quartz vein system at depth. A weaker chargeable response is also present that may relate to disseminated pyrite recognised in outcrop in rhyolite and which may be indicative of alteration associated with underlying mineralisation. No previous drilling has been completed to test the target. Two diamond holes to a nominal 400m depth are planned to determine the nature of the magnetic low and coincident IP/resistivity anomalies.

The second high priority target, Koala South, is a structural target defined by a magnetic low of similar orientation to the Koala mineralisation, and located between Koala and Golden Bar (see Figure 1). Three RC holes to a nominal 150m depth have been planned to determine the gold potential of the structure. Targets such as Koala South indicate potential for the discovery of near surface mineralisation under thin sequences of alluvial cover in areas that have been previously not received adequate exploration investigation.

The Mt Coolon (Koala) deposit is a classic epithermal - bonanza gold vein system with analogies similar to Cracow and Pajingo. It was successfully mined by Gold Mines of Australia in the 1930's by underground methods and more recently the northern part by open pit methods by Ross Mining NL. A total of 226,460 oz gold was produced historically from underground and open cut mining at Koala.

**Table 1. East Hill high grade intersections.**

HOLE_ID	MGA EAST	MGA NORTH	AZIMUTH (MGA)	DIP	FROM	TO	WIDT H (m)	GRADE (g/t Au)
EHRCD001	497676	7644897	360	-60	215.4	216.4	2.0	15.54
EHRCD003	497654	7644956	360	-65	209.3	209.5	0.2	18.70
					223	225	2.0	9.96
					275.1	276.3	1.2	9.17
					291.1	292	0.9	99.4
					295.1	296	0.9	16.05
					311	314	3.0	20.92
EHRCD005	497677	7644936	360	-60	177	178	1.0	6.68
EHRCD006	497596	7644918	360	-60	276.7	278	1.3	10.60
					341	342	1.0	13.65
EHRCD007	497677.	7644933	360	-60	309	310	1.0	44.40
					315	316	1.0	43.00
YAN001	497660	7645034	360	-60	259.17	259.85	0.68	33.30
					336.6	337.2	0.6	23.30
YAN005	497615	7644890	360	-60	303.5	303.8	0.5	84.40
					305.7	306	0.3	64.50
					308.7	309.2	0.5	50.60
					317.6	318	0.4	104.00
					361.5	362	0.5	27.20
					369	370	1.0	64.50
YAN010	497660	7645264	180	-60	335.5	338	2.5	247.9
YAN011	497575	7644890	360	-60	274.6	275.3	0.7	67.30
					310.7	311.1	0.4	241.0
					321.9	322.4	0.5	139.0
					325.9	326.3	0.4	71.10
					333.6	334.6	1.0	28.05
YAN017	497535	7644890	360	-60	276.6	277.2	0.6	25.50
					291.2	291.6	0.6	40.10
					299.3	299.7	0.4	50.90
YAN022	497655	7644875	360	-60	336.8	338	1.2	22.63
					349.5	350.9	1.4	82.36
					360.55	364.4	3.85	55.87
YAN023	497695	7644915	360	-60	282.3	282.8	0.5	18.55
YAN032	497627	7645050	078	-60	204	206	2.0	19.48
YAN036	497695	7644960	360	-60	302.6	303	0.4	22.20
					311.7	312.4	0.7	35.90
					350.2	350.8	0.5	18.70

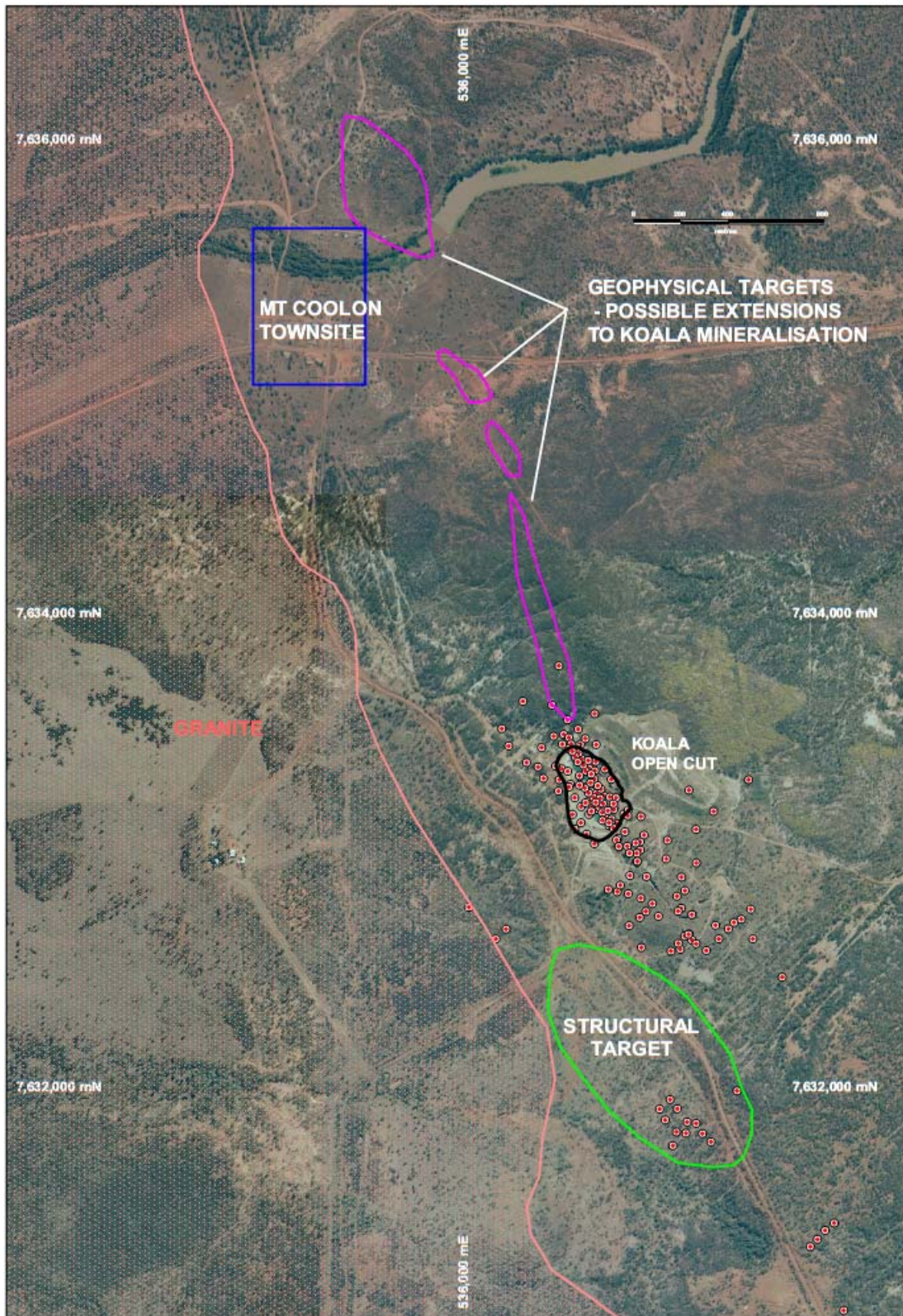


Figure 1. Koala area – location of geophysical and structural targets showing all drill holes greater than 50m depth.

## Drummond Gold Resources 30 September 2009

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	Au g/t
Koala	Hectorina Pit				15	2.6	1,300				15	2.6	1,300	None
	Underground Extension				205	5.9	38,600	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
	<b>Total</b>	<b>305</b>	<b>1.6</b>	<b>15,800</b>	<b>231</b>	<b>5.5</b>	<b>40,400</b>				<b>604</b>	<b>3.5</b>	<b>67,200</b>	
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
	<b>Total</b>							<b>4,416</b>	<b>1.3</b>	<b>178,200</b>	<b>4,416</b>	<b>1.3</b>	<b>178,200</b>	<b>0.5</b>
Glen Eva	Underground below pit				132	7.8	33,200	21,000	5.9	4,000	154	7.5	37,200	3.0
	<b>Total</b>	<b>305</b>	<b>1.6</b>	<b>15,800</b>	<b>363</b>	<b>6.3</b>	<b>73,600</b>	<b>4,506</b>	<b>1.3</b>	<b>193,100</b>	<b>5,174</b>	<b>1.7</b>	<b>283,000</b>	

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 Eugenia, Koala and Glen Eva, 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.

The data in this report that relates to Mineral Resources for the Eugenia, Glen Eva and Koala Deposit 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 Hellman & Schofield Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

## Yandan Gold Resources 30 September 2009

Mine	Location	Estimated Gold Resource and Category									Total			cut-off
		measured			indicated			inferred						
		'000t	Au g/t	'000oz	'000t	Au g/t	'000oz	'000t	Au g/t	'000oz	'000t	Au g/t	'000oz	Au g/t
Yandan	Yandan							4,100	2.4	308	4,100	2.4	308	
	<b>Total</b>							<b>4,100</b>	<b>2.4</b>	<b>308</b>	<b>4,100</b>	<b>2.4</b>	<b>308</b>	

The information in this report that relates to Mineral Resources is based on information supplied by Peter Storey, who is a member of the Australian Institute of Mining and Metallurgy. Mr Storey is a full time employee of Straits Resources Limited and has sufficient experience relevant to the style of mineralisation, 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 Mineral Resources and Ore Reserves". Mr Storey consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.



For further information contact Doug Grewar, Managing Director, +61 7 3367 2144.

### **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.