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DRUMMOND IDENTIFIES GOLD WITH SILVER/LEAD/ZINC MINERALISATION AT BADLANDS PROSPECT, MT COOLON

The Directors of Drummond Gold Limited (Drummond or the Company) are pleased to announce wide drill intercepts of gold mineralisation from first past drilling at the Badlands prospect in the Drummond Basin near Mt Coolon in North Queensland. Of the 11 holes drilled, 9 intersected gold with polymetallic silver/lead/zinc mineralisation.

The results, detailed in Table 1 below, include the following near-surface down-hole intervals:

BARC005 – 4m (from 51m) @ 0.3 g/t gold, 17 g/t silver and 3.36% zinc

BARC008 – 22m (from 87m) @ 0.7 g/t gold and 1.5g/t silver

including – 5m (from 103m) @ 1.7 g/t gold and 4 g/t silver

BARC011 – 2m (from 106m) @ 6.5 g/t gold, 18.3 g/t silver, 0.7% lead and 3.0% zinc

- The Badlands results follow confirmation of copper/gold mineralisation at the TPM magnetite skarn prospect last month.
- They also follow last year's increase in Drummond's total gold Resource to 272,000 oz contained in two former mines (Koala and Glen Eva) and one extension project (Eugenia) all being near Mt Coolon. Badlands is not included in current resources.

Announcing the Badlands results, Drummond Managing Director Mr Andrew Vigar, said:

- **"Badlands is conveniently located only 4km from Mt Coolon town (see figure 1) in the vicinity of which Drummond plans to construct a Central Treatment Plant, subject to a positive feasibility study;**
- **"Badlands has a strong gold in soils anomaly 700m by 150m, which is considered to be a significant aerial extent;**
- **"This first pass drilling program has highlighted wide gold intercepts associated with polymetallic silver, lead and zinc mineralisation;**
- **"The area is highly prospective for extensions and further discoveries."**

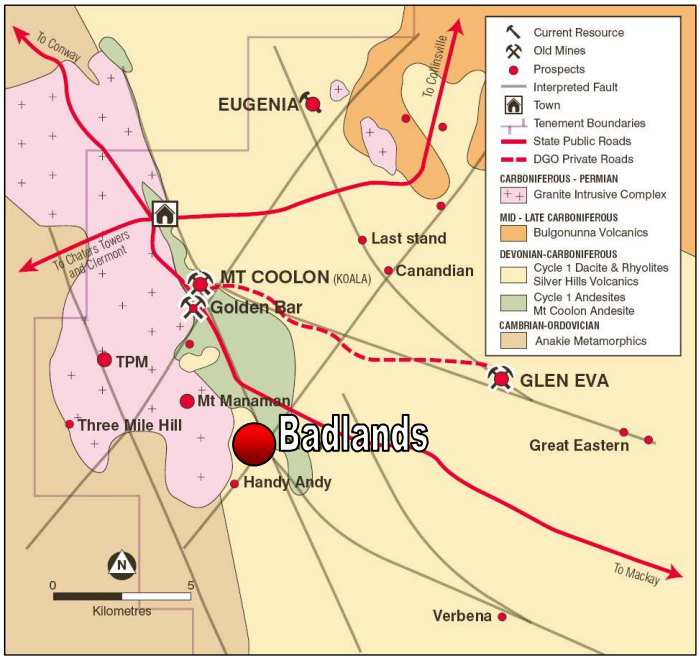

Figure 1 Prospects and geology in the immediate Mt Coolon area

SUMMARY OF RESULTS

The 2007 drilling program was designed as a wide spaced, first pass program to test the main area of mineralisation identified in work by ACM between 1989 and 1992. Soil geochemistry and geology mapping by Drummond in 2007 had confirmed the presence of gold mineralisation at Badlands.

ACM had noted gold mineralisation hosted in quartz-feldspar porphyritic rhyolite. Drilling of 15 shallow RC holes is reported by ACM although only two have been accurately located by Drummond. Narrow (<2cm) quartz stringers outcrop along limited strike lengths of <10m and are orientated dominantly at 300° and to a lesser degree 45°. ACM identified the Pb-As association (but not the Zn) and concluded that the lack of epithermal-style vein textures indicate the mineralisation is of a higher temperature porphyry-related style, which was not their target.

The Drummond 2007 drill program consisted of 11 RC holes inclined at -60 degrees to the east to examine the mineralisation in more detail and confirmed earlier drill results. Holes were targeted on and beyond areas identified by previous drilling and/or areas of anomalous gold soil geochemistry.

Of the 11 holes drilled, all holes intersected mineralisation of which 9 holes included values over 0.3 ppm Au or 0.3% Zn (see Table 1 below). The mineralisation is polymetallic, also containing Ag and Pb.

Mineralisation has now been identified over a strike length of 700m, a width of 150m (see figure 2) and at vertical depth up to 80m. The higher grade intersections as currently identified appear to be associated with two zones striking at about 40° within the overall zone trending north-south. The mineralisation extends well beyond the area tested in the 2007 drilling program (see figure 2) and will be further evaluated in 2008.

Weathering is strong and extends to about 60m below surface.

Drummond will be conducting preliminary petrologic and metallurgical test-work.

The Badlands prospect is still at the early stages of evaluation and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in determination of a Mineral Resource. Drummond is highly encouraged by the results to-date and work is already underway to better define the extent of the mineralisation.

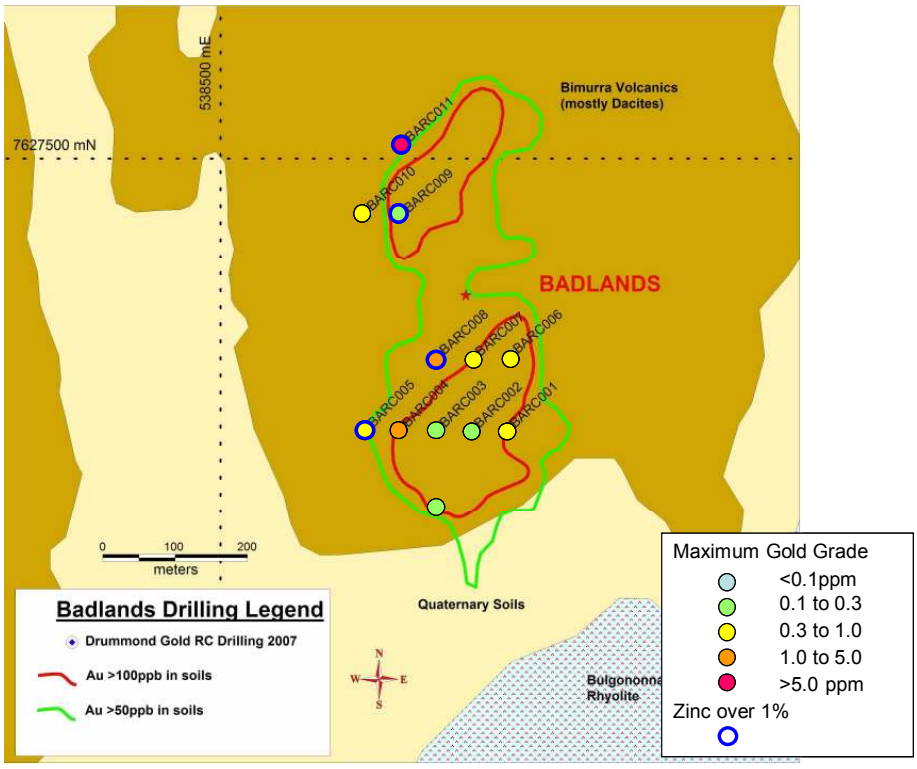

Figure 2 Plan of Badlands prospect showing geology, soil anomaly, drilling and mineralisation.

GEOLOGY AND MINERALISATION

Badlands is defined by a high order >100ppb and often >1.0ppm Au soil anomaly hosted in predominantly rhyodacitic epiclastics. The size and tenor of the anomaly is very significant. The coincidence and association of elevated base metals such as Pb and Zn in conjunction with elevated As is typical of the upper levels of typical rhyolite associated sheeted vein and breccia systems. An example of this is Mt Wright. The long direction in these systems is down. Further to the south on adjacent ground held by Avonlea, a similar system with flow banded pyritic rhyolite and elevated base metals is also observed.

Minor andesite was observed in outcrop. Evidence for well defined flow banded rhyolitic sub volcanic intrusive dykes(?) exists along the bounding eastern fence line. The strike of this elongate ridge approaches 020 magnetic.

Alteration of variable intensity (depending upon host lithology) is typically illite / sericite with minor silica carbonate and weak pyrite (at depth). Alteration intensity may be controlled by primary host rock porosity.

Evidence for geological structures is tenuous but exists in the form of vertical fracturing / volcanic layering on the southern drill-line as well as well defined elongate ridges caused but increased silica fracture percentage. Weak pyrite carbonate silica fracture stockworks are developed along these ridges. High order rock chip results have been returned along strike from these features.

The interpreted exposed level of Badlands is relatively high in the intrusive related spectrum with only weak brecciation observed along some rhyolite bearing structures. Further evidence for this prospectivity is suggested by the scattered gold results observed in the old ACM drill data. In prospects such as Mt Wright and Pretoria Hill, well developed base metal rich veining frequently develops as semi sheeted vein sets enveloping the mineralised body in the upper levels.

Drilling completed by Drummond in 2007 shows broad intercepts of Au with a tendency for the Au grade to increase to the west as is shown in figure 2. Cross sections suggest that the volcanic sequence dips to the west at a shallow to moderate dip. All drill holes have anomalous Ag.

Observational data based on the available information to date suggests that this system has strong geological and geochemical features akin to Mt Wright – Mt Leyshon. These deposits are typically developed as breccia pipes but in the case of Kidston, mineralisation is associated with sheeted veins within a pre existing breccia pipe. Other similar systems include Ravenswood (complex vein), Far Fanning, Mt Success (breccia / vein), Red Dome (skarn – breccia – intrusive) Croydon, Gilberton and Middle Ridge (sheeted vein). These systems are genetically related to felsic fractionated sub volcanic intrusive activity and can be classed as Intrusion Related Gold Deposits.

Importantly, these systems show a large diversity in style and mineralisation form. They are characteristically zoned on a 100m to 500m basis on both vertical and lateral scales. All of these deposits have well defined surface geochemical expressions and are frequently polymetallic in nature with significant amounts of base metals in some cases (eg Mt Leyshon – Zn reflecting the direct felsic association).

GEOPHYSICS

A detailed ground-magnetics program was conducted by Drummond in 2007. Examination of the data highlights a large NW trending structure which has a large magnetically suppressed region immediately to the west of the soil gold anomalies. In addition to this, the soil anomalies appear to be controlled by this and other adjacent second order features as is shown below.

This deposit style is most typically associated with magnetite destruction. At Badlands, drill data shows an increasing metal content towards the defined magnetic low to the immediate west of the gold soil geochemistry anomaly. This is a similar trend to other North Queensland IRG systems.

2007 DRILLING PROGRAM

The drilling program was designed as a wide spaced, first pass program to confirm the tenor of mineralisation found in soil and rock-chip samples and earlier drilling. To help identify the style of mineralisation and define the overall limits in relation to the soil geochemistry anomaly.

The program consisted of 11 vertical RC holes spaced 50m apart located along drill lines spaced each 100m along the central axis of known mineralisation. All holes were angled to the east at -60 degrees.

The intersections in Table 1 are all down-hole intervals. The orientation of the mineralisation is not known at this time as this is a first-pass drilling program. True widths, when sufficient information is available to allow calculation, are expected to be less than the down-hole intervals quoted here.

Drilling was conducted by a contractor using 4½ inch face-sampling reverse circulation hammer drill, samples were collected each metre down-hole, split and sent to ALS Chemex laboratories in Townsville for analysis using a general ICP multi-element scan, and fire assay gold.

Using a cut-off 0.3 ppm Au or 0.3% Zn Cu as a cut-off value, the intervals from the 2007 drilling program may be summarised as follows.

Table 1 Badlands prospect 2007 drill program and significant intersections

Hole_ID	Location		Drill	Final	At Collar		Intersections > 0.3 ppm Au or 0.3% Zn						
	Amg_N	Amg_E	Type	Depth	Azimuth	Dip	From	To	Width	Au	Ag	Pb	Zn
	GDA94			m	GDA94		m	m	m	ppm	ppm	%	%
BARC001	7627124.6	538898.8	REVC	120	92.6	-60	16	17	1	0.30	1.10	0.01%	0.05%
BARC001	and						109	111	2	0.25	4.50	0.21%	0.39%
BARC002	7627124.3	538849.7	REVC	120	92.1	-61.5	Mineralised but no intervals over 0.3 ppm Au, max 1m@0.26 ppm Au						
BARC003	7627124.8	538801.9	REVC	120	91.6	-61	Mineralised but no intervals over 0.3 ppm Au, max 1m@0.26 ppm Au						
BARC004	7627124.5	538749.2	REVC	120	90.6	-60	18	22	4	1.09	5.63	0.04%	0.04%
BARC004	and						49	51	2	0.34	2.75	0.04%	0.43%
BARC005	7627123.5	538701.7	REVC	120	90.6	-60	2	5	3	0.47	1.07	0.01%	0.07%
BARC005	and						51	55	4	0.33	16.95	0.03%	3.36%
BARC006	7627226.4	538901.4	REVC	120	91.6	-60	35	37	2	0.37	4.15	0.26%	0.06%
BARC007	7627224.2	538851.2	REVC	120	89.6	-60	4	5	1	0.97	6.10	0.06%	0.00%
BARC007	and						8	9	1	0.31	3.90	0.03%	0.00%
BARC007	and						15	16	1	0.75	1.30	0.06%	0.01%
BARC007	and						40	44	4	0.02	0.50	0.01%	0.76%
BARC007	and						89	90	1	0.95	0.40	0.01%	0.01%
BARC008	7627224.4	538800.3	REVC	120	90.6	-60	15	16	1	0.85	2.50	0.06%	0.25%
BARC008	and						40	56	16	0.11	2.17	0.03%	0.69%
BARC008	and						87	109	22	0.68	1.52	0.00%	0.11%
BARC008	including						103	108	5	1.74	3.90	0.01%	0.25%
BARC009	7627424.5	538750.1	REVC	120	90.6	-60	109	113	4	0.15	3.85	0.03%	0.99%
BARC010	7627425.2	538700.2	REVC	120	90.6	-60	40	46	6	0.43	8.37	0.10%	0.21%
BARC011	7627521.2	538752.3	REVC	120	90.6	-60	106	108	2	6.46	18.30	0.74%	3.04%

DISCUSSION

The 2007 Badlands Drilling program has confirmed the existence of wide zones of gold associated with polymetallic silver, lead and zinc mineralisation. The extent and continuity of the higher grade intercepts is yet to be defined. The deposit is considered by Drummond to be in the Intrusion Related Gold category with affinities to deposits of similar age and style in North Queensland, such as Mt Leyshon, Mt Wright, Kidston and Red Dome.

The mineralisation is deeply weathered to about 60m vertical depth and remains open along strike. The area remains open to targeting of primary mineralisation under cover and at depth.

The Badlands prospect is still at the early stages of evaluation and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in determination of a Mineral Resource.

OUTLOOK

Drummond is planning to follow-up these results with the following work:-

Mapping and Rock Chip – Geological mapping at surface in detail, along with rock-chip sampling. Geological mapping and sampling will focus on subtle structures and high order geochemical results of elements such as Ag and Au to better target drilling.

Soil Geochemistry Extension - Extension of the soil surveys to include the anomalous outlying regions.

Geophysics – IP survey to better define targets below the base of weathering. Lines should cross the entire system.

Drilling – Testing at depth. Deep drilling to depths of 300 to 400m targeting subsurface structures and the use of multielement geochemistry.

Metallurgical testing - testing for recovery of gold plus/minus silver/lead/zinc. Estimation of bulk densities for each ore type.

Yours Faithfully

Andrew Vigar – Managing Director
Drummond Gold Limited

DRUMMOND
DRUMMOND GOLD LIMITED

OVERVIEW OF THE COMPANY

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.

Drummond already has a gold Resource that was increased through successful exploration in 2006/07 by 33% to 272,000 oz (see Table below), four mining leases and exploration tenements extending over 808 km^2 and applications for a further 1892 km^2 of exploration tenements. In 2008/09, the Company plans to further increase the gold Resource through intensive exploration and, if successful, instigate a feasibility study into mining at Mt Coolon and the building of a central treatment plant to process ore from proposed mines in the immediate region.

The Company is well funded having completed an oversubscribed IPO in December 2007, and is led by experienced mining industry directors and executives – Chairman John Dunlop, MD Andrew Vigar, Executive Director Brice Mutton and Non-Executive Director Ross Hutton.

Drummond Gold Resources 31 December 2007

Mine or Deposit	Location	Resource Category									Total			cut-off
		measured			indicated			inferred						
		t	Au g/t	Au oz	t	Au g/t	Au oz	t	Au g/t	Au oz	t	Au g/t	Au oz	Au g/t
Koala	Ross Pit Deepening	27,000	3.69	3,203	60,300	3.55	6,878	41,025	3.90	5,143	128,325	3.69	15,224	1.0
	Ross Pit Extension	16,748	3.55	1,911	13,750	2.88	1,275	1,815	2.14	125	32,313	3.19	3,311	1.0
	Hectorina Pit	13,265	2.94	1,253	17,551	6.98	3,936	386	2.22	28	31,202	5.20	5,216	1.0
	Underground Extension				140,164	8.40	37,836	60,480	7.61	14,796	200,644	8.16	52,631	5.0
	Tailings from 1930's				218,400	1.61	11,305				218,400	1.61	11,305	0.0
	Total	**57,013**	**3.47**	**6,367**	**450,165**	**4.23**	**61,230**	**103,706**	**6.03**	**20,090**	**610,884**	**4.46**	**87,687**	
Eugenia	in whittle pit - direct mill				384,736	3.49	43,120	152,466	3.22	15,779	537,202	3.41	58,899	1.3
	in whittle pit - heap leach				138,494	0.97	4,306	32,520	1.05	1,102	171,014	0.98	5,408	0.7
	outside pit				502,261	1.55	25,093	921,021	2.39	70,748	1,423,282	2.09	95,841	0.7
	Total				**1,025,491**	**2.20**	**72,519**	**1,106,007**	**2.46**	**87,629**	**2,131,498**	**2.34**	**160,148**	
Glen Eva	Underground below pit				**72,023**	**8.88**	**20,562**	**18,090**	**7.13**	**4,147**	**90,113**	**8.53**	**24,709**	5.0
Total		**57,013**	**3.47**	**6,367**	**1,547,679**	**3.10**	**154,311**	**1,227,803**	**2.83**	**111,867**	**2,832,495**	**2.99**	**272,545**	

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Andrew Vigar, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Vigar is a full-time employee of the Company and has sufficient experience which is 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'. Mr Vigar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Drummond Gold Limited

ABN 98 124 562 849

ASX : DGO

Shares on issue – 63.3 million
December 2009 options (unlisted) – 9.325 million
July 2010 options (unlisted) – 9.325 million

CASH

As at 31 December 2007
$6.5 million, no debt

For further information Contact:
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