

Details of the Acquisition of Maldon Resources Pty Ltd by Drummond Gold Limited

Drummond Gold (ASX "DGO" or "The Company") has previously advised the market of its intention to acquire the Maldon Project ("Maldon") from Alliance resources Limited (ASX "AGS" or "Alliance") in the following announcements.

6 May 2009	Heads of Agreement
23 June 2009	Heads of Agreement Update
21 July 2009	Quarterly Activities Report
31 July 2009	Notice of Extraordinary General Meeting
14 August 2009	Update on Maldon Gold Project
17 August 2009	Further Update on Maldon Gold Project
7 September 2009	Update on Maldon Gold Project
21 September 2009	Shareholder Update
30 September 2009	Annual Report to Shareholders
15 October 2009	Maldon Gold Project Agreement Signed

The Company advises that it is currently preparing a Notice of Meeting for an Extraordinary Meeting of Shareholders at which shareholders will have the opportunity to vote for or against the acquisition of the Maldon Project. With this notice shareholders will receive an Independent Expert's Report prepared for shareholders which itself will include detailed information and summaries about the project. It is expected that the Extraordinary General Meeting will be scheduled for a date in January 2010.

Maldon Gold Resources

The Company, as part of its ongoing due diligence commissioned independent geological consultants to prepare a JORC compliant Mineral Resource for the Alliance South Deposit at Maldon. The Inferred Mineral Resource of approximately 180,000 ounces is set out in

the table below. Further details of the independent consultant's conclusions will be included in a technical report which the Company proposes to release with the notice of meeting for the Extraordinary General Meeting scheduled for January 2010.

Maldon Gold Resources 31 October 2009

Mine	Location	Estimated Gold Resource and Category									Total			cut-off
		Measured			Indicated			Inferred			'000t	Au g/t	'000oz	Au g/t
		'000t	Au g/t	'000oz	'000t	Au g/t	'000oz	'000t	Au g/t	'000oz				
Alliance South	West Zone							287	12.0	110	287	12.0	110	na
Alliance South	East Zone							186	12.0	72	186	12.0	72	na
Total								473	12.0	182	473	12.0	182	na

The data in this report that relates to Mineral Resources for the Alliance South Deposit is based on information evaluated by Mr TG Summons who is a Member of The Australian Institute of Geoscientists (MAIG) and Mr MV McKeown who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). These people have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and are each qualified to act 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 Summons is an associate of Mining One Pty Ltd, and Mr Mc Keown is an employee of Mining One Pty Ltd and they consent to the inclusion in the report of the Mineral Resource in the form and context in which it appears.

Maldon Gold Project

The town of Maldon, 30km south-west of Bendigo, is a historically significant gold field having produced in excess of 1.75 million ounces of gold at an average grade of 28 g/t. The project proposed to be acquired by Drummond includes major mine development work aimed at bringing the Alliance South gold lode into production. A fully maintained decline is positioned 220 metres below surface and extends 1772 metres alongside the Alliance South reef system. The project will be acquired by Drummond acquiring all the issued share capital of Alliance Resource's subsidiary, Maldon Resources Pty Ltd. The assets of Maldon Resources Pty Ltd ("Maldon Resources") are the Maldon Gold Project and residential premises in Victoria, including the following:

- the mining tenements held by Maldon Resources being Exploration Licence 3422, Exploration Licence 5177 and Mining Licence 5146;
- a residential property at 37 Reef Street in the town of Maldon, Victoria;
- a number of buildings located on the tenements;
- a tailings dam located on the tenements; and
- plant and equipment including a fully operational CIL gold processing plant, furniture, fittings, computer equipment and field equipment.

If shareholders approve the Maldon Acquisition and the acquisition proceeds, the Company intends to proceed immediately with the required 50 metre development of the decline and establish the short crosscut drive required to reach the lode so that trial mining can commence.

Facilitating early production at the Maldon Gold Project is the fully operational CIL gold processing plant which is also included in the Project. The plant has been tolling gold bearing material supplied by third parties and, like the mine, is under full care and maintenance and ready for production.

The Company's proposed timetable for acquiring the Maldon Gold Project, including the approval of Drummond Gold Limited shareholders, and developing the Alliance South mine could enable it to commence gold production at the Maldon Gold Project within the first 6 months of operation.

The directors believe that the Maldon Gold Project offers the Company an opportunity for a rapid pathway to production and cash flow in the gold sector. The project is in an advanced state with modern mine infrastructure including the fully permitted CIL treatment plant and fully maintained mine access. An acquisition as advanced as the Maldon Gold Project which has the opportunity to raise the profile and status of Drummond Gold Limited to an Australian gold producer is rare and the Company has been fortunate to successfully negotiate its purchase at a price the directors consider reflects excellent value.

Raising capital for exploration activities has become difficult due to the change in financial markets over the last 18 months. Companies who offer near term production and cashflow opportunities are more likely to achieve success in capital raising activities. The Maldon Gold Project offers the Company the potential to move quickly into production, generate cashflow and enhance its attractiveness to investors. The Maldon Gold Project, with its potential to generate positive cash flows, may provide the Company with surplus cash to fund its highly prospective Drummond Basin exploration activities. The Company intends to continue its existing program of exploration at Mt Coolon and Yandan.

The directors believe the Maldon Gold Project will add new dimension and substantially builds on the assets of the Company. If the acquisition of the Maldon Gold Project proceeds, the Company will establish two gold mining or exploration hubs on the east coast of Australia, one based in Central Queensland, the other in Victoria. The Maldon Gold Project base with its CIL treatment plant has the potential to grow substantially with its excess treatment capacity through the toll treatment or purchase of third party ore, the scheduling of new headings and mine production from the Maldon Gold Project, or through future add on acquisitions.

Details of the Maldon Purchase Agreement

The terms of the Maldon Purchase Agreement can be summarised as follows:

- The Company will issue 88,400,000 Shares as consideration for the acquisition (it is expected that both Alliance Resources Limited and Abbotsleigh Proprietary Limited will obtain a relevant interest in these shares);
- Completion is subject to:
 - Shareholders approving resolutions at an EGM scheduled in early 2010; and
 - Drummond Gold Limited completing a capital raising of at least \$3 million on or before 15 January 2010. Drummond Gold Limited intends to fulfil this condition by raising capital under the Rights Issue;
- Alliance must ensure that Maldon refrains from incurring certain liabilities or expenditure and from terminating or altering the terms of existing contracts;

- Alliance must inform the Company of any material change to the value of Maldon;
- Drummond Gold Limited must pay to Alliance, the costs of maintaining the Maldon Gold Project for the period from 30 November 2009 until completion;
- if there is a material adverse change in the value of Maldon or the Shares to be issued to Alliance, the parties must meet to negotiate a revised purchase price. If the parties cannot agree, an independent accountant may be appointed who has the ability to finally determine the matter. If there is a change in the number of shares to be issued, Drummond Gold Limited will be required to seek further shareholder approval;
- Alliance must ensure Maldon pays all trade debts due and payable at completion and must ensure Maldon is released from all intercompany loans;
- Drummond Gold Limited is required to replace the existing environmental bonds and must ensure Maldon remits those bonds to Alliance. Those bonds amount to approximately \$470,000. The Company has been informed by the relevant government department that this bond liability is likely to be increased to approximately \$714,000. Drummond Gold Limited will be responsible for paying any increase in the environmental bond required;
- Drummond Gold Limited must ensure Maldon refrains from terminating existing employees and certain contracts for a period of six months from completion;
- Alliance provides certain warranties to Drummond Gold Limited in relation to Maldon and its existing tenements and an indemnity in relation to a breach of warranty or tax liability; and
- Drummond Gold Limited warrants that it is not aware of any breach of the warranties given by Alliance.

For further information 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 planning early gold production through the proposed acquisition of the Maldon gold project in Victoria.