



Company Announcement Office
ASX Limited
20 Bridge Street
Sydney, NSW 2000

Monday 22 March 2010

Maldon Gold Project

Drummond Gold Limited (ASX Code: DGO) (Drummond Gold or the Company) has decided not to proceed with the acquisition of the Maldon Gold Project in Victoria. The Company will continue to maintain its focus on exploration of its significant gold assets to increase current gold Resources in the Drummond Basin of central Queensland.

Announcing the decision, Drummond Gold Managing Director Doug Grewar said that whilst working closely with its corporate advisors, and following an extended period of negotiation with the capital markets in Australia and North America, the Company received a number of proposals to meet the funding requirement of the acquisition agreement and finance the project. However, none of the proposals received was considered to be beneficial, nor in the best interests of the shareholders of the Company.

Mr Grewar said:

“Whilst the acquisition of the Maldon Gold project was based on a sound and compelling strategy to accrete value to the Company and its shareholders, the funding arrangements available to the Company were not acceptable.

Considering the high quality of our gold assets, owned by, and available to the Company in the Drummond Basin, the Company will maintain its focus on the exploration programs at those advanced projects.

After significant study and definition to improve our targets and vectors in the Drummond Basin we are poised to begin our drilling schedule this year

“Mt Coolon and Yandan present excellent opportunities for the Company to increase the size of existing gold Resources and accelerate progress towards early gold production status.”

Phase 1 of the 2010 exploration program comprises three diamond drill holes at Yandan to follow up last year’s high grade results at the East Hill discovery, and a number of drill holes in the Mt Coolon (Koala) area testing extensions to the historic high grade mine over coincident geophysical anomalies.

Drummond Gold has approximately 600,000 oz gold Resources under management at Yandan and Mt Coolon.

Under a Share Sale Agreement reached between Drummond Gold and Alliance Resources Limited (Alliance), Drummond would acquire Maldon Resources Pty Ltd, a wholly owned subsidiary of Alliance and owner of the Maldon Gold Project. The agreement was subject to conditions precedent, one of which was the completion of a \$3 million capital raising, for which the cut-off date was 19 March 2010. Drummond Gold is now considering a smaller capital raising, the details of which will be announced shortly, to meet the ongoing funding requirements of the Company’s exploration in the Drummond Basin.

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
	Total	305	1.6	15,800	231	5.5	40,400				604	3.5	67,200	
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
	Total							4,416	1.3	178,200	4,416	1.3	178,200	0.5
Glen Eva	Underground below pit				132	7.8	33,200	21,000	5.9	4,000	154	7.5	37,200	3.0
	Total	305	1.6	15,800	363	6.3	73,600	4,506	1.3	193,100	5,174	1.7	283,000	

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	
	Total							4,100	2.4	308	4,100	2.4	308	

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 please contact:

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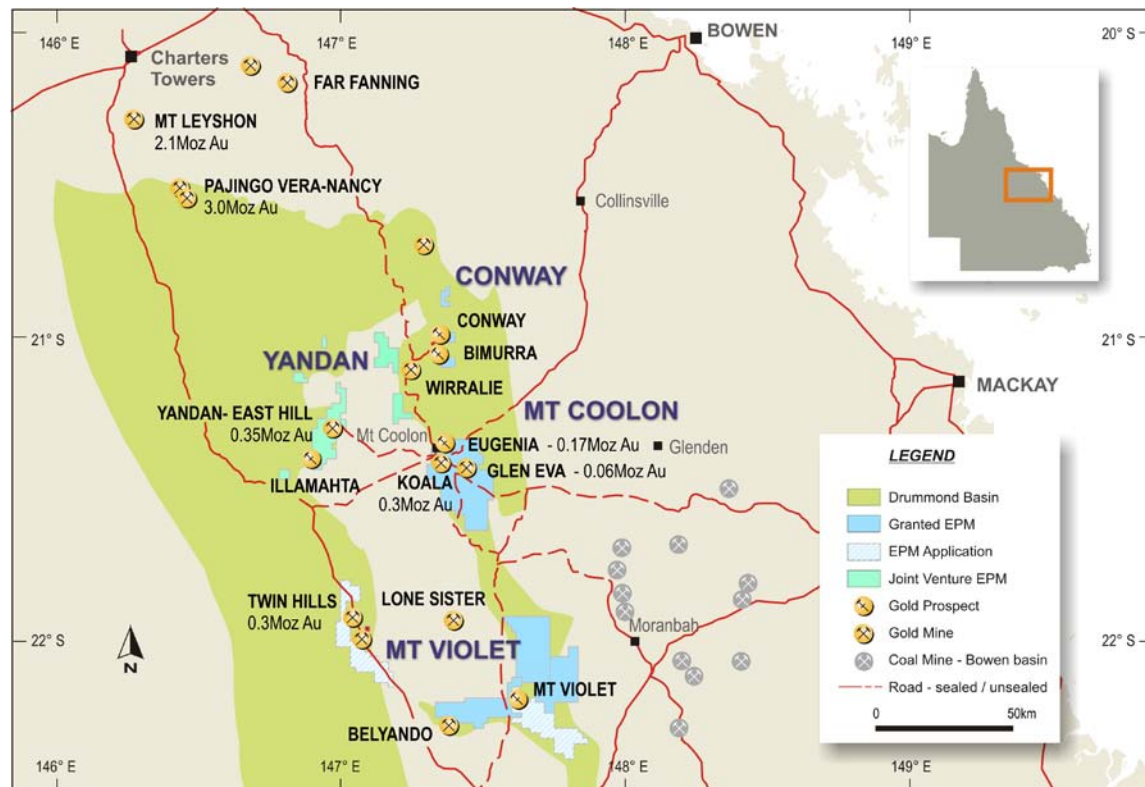
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About Drummond Gold

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.