

## DRUMMOND VENTURES ENTERS INTO LETTER OF INTENT TO COMPLETE QUALIFYING TRANSACTION WITH ELTON RESOURCES

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Vancouver, British Columbia, September 9, 2024, Drummond Ventures Corp. (TSXV: DVX.P) (“**Drummond**”) is pleased to announce that it has entered into a non-binding letter of intent dated September 9, 2024 (the “**LOI**”) with Elton Resources Corp. (“**Elton**”), a corporation incorporated under the laws of the Province of British Columbia, pursuant to which Drummond and Elton propose to complete a three cornered amalgamation, whereby a wholly-owned subsidiary of Drummond will amalgamate with Elton under the provisions of the *Business Corporations Act* (British Columbia) (the “**Proposed Transaction**”), and which is expected to result in the reverse take-over of Drummond by Elton, and constitute the “Qualifying Transaction” (as defined in Policy 2.4 – *Capital Pool Companies* (“**Policy 2.4**”) of the TSX Venture Exchange (the “**Exchange**”)) of Drummond. The Proposed Transaction is not expected to constitute a non-arm’s length qualifying transaction or a related party transaction pursuant to the policies of the Exchange.

Elton is a private exploration stage mining issuer focused on the exploration of the Darnley Bay Gravity Anomaly (the “**Darnley Bay Project**”) located in the Northwest Territories, Canada (the “**Darnley Bay Project**”). Elton acquired the rights to explore the Darnley Bay Project from Generation Mining Limited (TSX: GENM) (“**Generation**”) pursuant to an asset purchase agreement dated December 20, 2022, as amended, between Generation and Elton (the “**APA**”). Elton further entered into a letter of agreement dated December 23, 2022 with the Inuvialuit Regional Corporation and the Inuvialuit Land Corporation, which owns the lands underlying the Darnley Bay Project in fee simple absolute pursuant to the *Western Arctic (Inuvialuit) Claims Settlement Act* (Canada), which provided Elton with a concession to explore, assess, mine and conduct certain other mining activities in respect of the Darnley Bay Project.

Following completion of the Proposed Transaction, Drummond (the “**Resulting Issuer**”) shall carry out the business of Elton and is expected to be listed on the Exchange as a Tier 2 mining issuer.

### The Proposed Transaction

Pursuant to the LOI, prior to the closing of the Proposed Transaction (the “**Closing**”), it is anticipated that Drummond will complete a stock split (the “**Split**”) in respect of its issued and outstanding common shares (“**Drummond Shares**”) on a 2:1 basis such that, immediately following the Split, there shall be 10,250,000 post-Split Drummond Shares issued and outstanding. Additionally, all outstanding incentive stock options of Drummond shall be surrendered for cancellation without any consideration.

Immediately prior to the Closing, and excluding securities issued pursuant to the Financing (as defined below), it is expected that Elton will have approximately 50,000,000 common shares (“**Elton Shares**”) and up to 2,000,000 incentive stock options of Elton (“**Elton Options**”) issued and outstanding.

In connection with the Proposed Transaction, it is expected that Elton shall complete one or more concurrent private placements of flow-through and non-flow-through subscription receipts of Elton (together, the “**Subscription Receipts**”) in such combinations, on such terms and amounts as may be determined by Elton in its sole discretion for aggregate gross proceeds of no less than \$10,000,000 (the “**Financing**”).

Pursuant to the APA, among other things, the aggregate purchase price for the rights acquired by Elton in respect of the Darnley Bay Project is \$1,000,000 in cash, of which \$150,000 has been paid and \$850,000 will be paid to Generation immediately at or following Closing, and the number of Elton Shares equal of the greater of the number that is (A) a fraction, the numerator of which is \$4,000,000 and the denominator of which shall be the price at which the Financing is effected, and (B) 16% of the total number of issued and outstanding common shares of the Resulting Issuer (“**Resulting Issuer Shares**”), as determined on a fully diluted basis, immediately following the Closing.

Pursuant to the LOI, as consideration for the acquisition of all of the outstanding securities of Elton, holders of issued and outstanding Elton Shares (including Elton Shares issued on conversion of any Subscription Receipts) will receive one (1) post-Split Drummond Share for each one (1) Elton Share (the “**Exchange Ratio**”) held immediately prior to Closing. Additionally holders of any convertible securities of Elton, including, without limitation, Elton Options and any Elton Share purchase warrants issued pursuant to the Financing, if and as applicable, will exchange their securities for securities to acquire post-Split Drummond Shares at the Exchange Ratio. The final structure of the Proposed Transaction is subject to the receipt of tax, corporate and securities law advice by both Drummond and Elton.

Following Closing, Drummond shall change its name to “Elton Resources Corp.” or such other name as may be determined by Elton.

Pursuant to the terms of the LOI, until the earlier of (a) the execution of a binding definitive agreement in respect of the Proposed Transaction (the “**Definitive Agreement**”) and (b) the termination of the LOI in accordance with its terms, subject to extension by mutual written agreement, Drummond and Elton agree to refrain from, directly or indirectly, other than in connection with the Proposed Transaction (i) soliciting, initiating, encouraging, engaging in or responding to any inquiries, submissions, proposals or offers regarding any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of material assets, recapitalization, reorganization, liquidation, sale or issuance of a material number of treasury securities (except upon the due exercise of convertible or exchangeable securities outstanding on the date of the LOI) or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities or any type of similar transaction involving it, other than with Elton or Drummond, as applicable (each, an “**Alternative Transaction**”), (ii) encouraging or participating in any discussions or negotiations regarding any Alternative Transaction, (iii) agreeing to, approving or recommending an Alternative Transaction, or (iv) entering into any agreement related to an Alternative Transaction.

### **Conditions Precedent**

The completion of the Proposed Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to (i) the negotiation and execution of the Definitive Agreement, (ii) the receipt of shareholder approval for the Proposed Transaction (including the Split and the reconstitution of the board of directors of Drummond) to the extent as required by applicable law and policies of the Exchange, (iii) the filing with the applicable securities regulatory authorities of a filing statement or information circular regarding the Proposed Transaction including the requisite technical reports and financial statements so required, and (iv) the receipt of conditional approval from the Exchange for the Proposed Transaction and the listing of the Resulting Issuer Shares upon completion of the Proposed Transaction. There can be no assurance that the Proposed Transaction will be completed on the terms proposed above or at all.

### **Insiders of the Resulting Issuer**

Upon completion of the Proposed Transaction, it is anticipated that all of the current directors and officers of Drummond will resign. The board of directors of the Resulting Issuer is expected to consist of five nominees: Carson Phillips (Chairman), Michael Galego, a director to be appointed by Generation, and two (2) other directors appointed by Elton. The senior management of Elton shall become the management of the Resulting Issuer, with Carson Phillips as Chief Executive Officer and other members of management to be appointed in due course.

#### *Carson Phillips, Age 41, Proposed Director and Chief Executive Officer of the Resulting Issuer*

Carson Phillips is a mining executive with over a decade of experience with a focus on precious metals. He was also an initial founder and director of Ecuador Gold & Copper Corp. (TSXV: EGX) which was subsequently acquired by Lumina Gold Corp. (TSXV: LUM) in 2016 for C\$70 million. Carson has a degree in Business Administration from the University of British Columbia (Okanagan) as well as a degree in International Business from Hogeschool Zeeland in the Netherlands. Mr. Phillips has also completed a Master of Engineering in Mine Economics & Finance from the University of British Columbia in 2014.

*Michael Galego, Age 45, Proposed Director of the Resulting Issuer*

Mr. Galego is an executive, lawyer and corporate director with extensive M&A and corporate finance experience. Mr. Galego is currently CEO of Apolo Capital Advisory Corp. and sits on the board of directors of several public and private companies. Mr. Galego has been the co-founder of several businesses, including ICC Labs, Terrace Global, LNG Energy Group and several other TSX Venture Exchange listed companies. Mr. Galego was previously the CEO of the Stronach Group, Agricultural Division and an advisor to Mr. Frank Stronach. Mr. Galego was named to Lexpert's Top 40 Under 40 and is a member of the Institute of Corporate Directors and the TSXV Ontario Local Advisory Committee. Mr. Galego is a graduate of York University (Hons. B.A.) and the University of Windsor (LL.B).

**Halt**

Trading in the Drummond Shares has been halted in accordance with the policies of the Exchange and are expected to remain halted until such time as all required documentation in connection with the Proposed Transaction has been filed with and accepted by the Exchange and permission to resume trading has been obtained from the Exchange.

**Sponsorship**

Sponsorship of a Qualifying Transaction (as such term is defined in Policy 2.4) is required by the Exchange unless a waiver from the sponsorship requirement is obtained. Drummond intends to apply for a waiver from sponsorship for the Proposed Transaction. There is no assurance that a waiver from this requirement will be obtained.

**Finder's Fee**

Upon Closing of the Proposed Transaction, a finder's fee in the amount of \$20,000 will be payable to Core Connections Ltd., an arm's length party to both Drummond and Elton.

**About Drummond Ventures Corp.**

Drummond was incorporated under the *Business Corporations Act* (British Columbia) on March 28, 2018, and is a Capital Pool Company (as such term is defined in Policy 2.4) listed on the Exchange. Drummond has no commercial operations and no assets other than cash.

**Further Information**

This is an initial press release. Drummond and Elton plan to issue additional press releases, including a comprehensive news release in accordance with the policies of the Exchange providing further details in respect of the Proposed Transaction, additional background information regarding the other proposed directors and officers of the Resulting Issuer, the Definitive Agreement, and other material information as it becomes available.

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*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

This press release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to the Exchange acceptance and, if applicable pursuant to the Exchange requirements, majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Drummond should be considered highly speculative.

The Exchange has in no way passed upon the merits of the Proposed Transaction and has not approved or disapproved of the contents of this news release.

### **Cautionary Note Regarding Forward-Looking Information**

This press release contains statements which constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of Drummond and Elton with respect to future business activities and operating performance. Forward-looking information is often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions and includes information regarding: expectations regarding whether the Proposed Transaction will be consummated and whether the Financing will be completed, including whether conditions to the consummation of the Proposed Transaction and completion of the Financing will be satisfied, and the timing and terms for completing the Proposed Transaction and Financing.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect management of Drummond and Elton’s expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although Drummond and Elton believe that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the combined company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability to consummate the Proposed Transaction and/or Financing; the ability of Elton meet its obligations under its material agreements; the ability to obtain requisite regulatory and other approvals and the satisfaction of other conditions to the consummation of the Proposed Transaction and/or Financing on the proposed terms and schedule; investor demand and interest in the Financing; the potential impact of the announcement or consummation of the Proposed Transaction and/or Financing on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the

financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the Proposed Transaction and/or Financing. This forward-looking information may be affected by risks and uncertainties in the business of Drummond and Elton and market conditions.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Drummond and Elton have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Drummond and Elton do not intend, and do not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.