Diatreme Resources Limited
ABN: 33 061 267 061

ASX

ANNOUNCEMENT

ASX:DRX

CAPE BEDFORD DRILLING SET TO COMMENCE

30th June 2017

- **Diatreme mobilising drill rig and support equipment to Cape Bedford Silica/Heavy Minerals Project**
- **World-class silica sand province targeted, with potential for heavy minerals to be assessed**

Emerging mineral sands miner Diatreme Resources Limited (ASX:DRX) announced today plans to commence drilling at its Cape Bedford Silica/Heavy Minerals Project (EPM 17995) in North Queensland, testing the potential for a high-quality deposit near the world's biggest silica mine.

A Company-owned drill rig and related support equipment is being mobilised to site, ahead of the anticipated start of an exploration drilling program in late July.

The move follows January's signing of a compensation and conduct agreement (CCA) with the traditional owners, the Hopevale Congress Aboriginal Corporation, allowing for the sharing of potential economic benefits from the project (refer ASX announcement 18 January 2017).

Located approximately 200km north of Cairns, the tenement encompasses an area of over 485 sq km which is considered highly prospective for high quality silica sand and potentially contained heavy minerals (HM).

Diatreme's CEO, Neil McIntyre said: "The Cape Bedford tenement completely surrounds the world's largest silica sand operation, Mitsubishi Corporation's Cape Flattery mine, providing us with a good understanding of its potential prospectivity, both regionally and within our tenement area.

"Following a cultural heritage approval process of the exploration areas targeted, we are aiming to commence drilling by late July. By targeting known historic high quality silica occurrences we are hopeful of identifying potentially a world-class deposit."

Diatreme Resources Limited is an Australian based diversified mineral explorer with significant projects in WA and QLD.

The Board and senior personnel exhibit wide experience, ranging through the exploration, development and financing phases of resource project management.

Australian Securities Exchange
Codes: DRX

Board of Directors Non-Executive
William Wang - Chairman
Andrew Tsang
Daniel Zhuang

Executive:
Neil McIntyre – Chief Executive
Ian Reudavey – Chief Geologist
Tuan Do – Company Secretary

Key Projects:
• Cyclone Zircon Project
• Tick Hill Gold Project
• Cape Bedford Silica/HMS Project
• Clermont Copper Project

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Share Registry:
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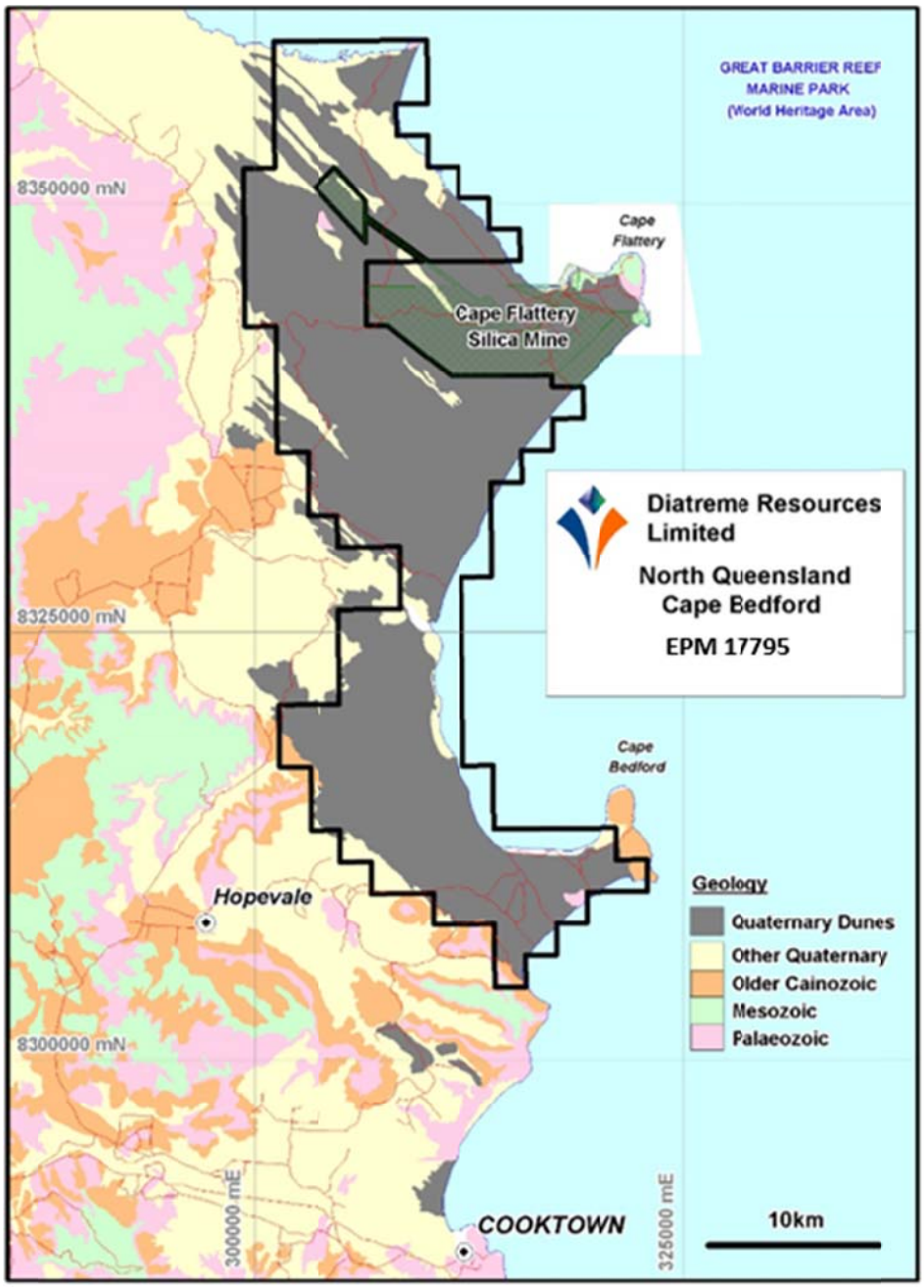
Previous Tenement Sampling

Six grab samples of silica sand were collected during previous reconnaissance site visits to the dunefield at Cape Bedford. All samples were submitted for HM analysis and the two samples (D1686, D1687) that displayed visible HM mineralisation subsequently returned HM assays of 3.3% HM and 1.6% HM, respectively. Together with the observation of HM slicks on some of the exposed beaches, this suggests that HM mineralisation may be present at several locations within the tenement.

The silica "float" fraction of the reconnaissance grab samples was then submitted for XRF analysis, and all reported ≥99.8% SiO_2 with low levels of Fe_2O_3 (average 0.014%) and Al_2O_3 (average 0.043%). This preliminary work confirms the potential of the widespread silica sand dune material to generate high-quality silica sand (refer ASX announcement 18 January 2017).



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Mr McIntyre added: “Diatreme has been actively engaged in discussions with potential project participants for Cape Bedford concerning both product offtake and direct project participation. Based on this interest, we are confident of developing this into another key project for our portfolio, including our flagship Cyclone Zircon Project, which are set to benefit from an environment of rising mineral sands prices and constrained supply.”

For further information, please contact:

Neil McIntyre, CEO

Competent Person Statement

The information in this report, insofar as it relates to Exploration Results is based on information compiled by Mr Ian Reudavey, who is a full time employee of Diatreme Resources Limited and a Member of the Australian Institute of Geoscientists. Mr Reudavey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of ‘The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Reudavey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.