

ASX

ANNOUNCEMENT



ABN: 33 061 267 061

ASX:DRX 



DIATREME EYES TICK HILL GOLD ASSETS AS OPTION EXERCISED WITH MIM

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

The Company seeks to develop the Cyclone Zircon Deposit in WA, through a joint venture arrangement, and conducts exploration over a number of project areas prospective for heavy mineral sands, silica sand, copper and gold.

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, DRXO

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

Executive:
Neil McIntyre – Chief Executive
Tuan Do – Chief Financial Officer
Ian Reudavey – Chief Geologist

Joint Company Secretaries:
Leni Stanley
Tuan Do

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

Diatreme Resources Ltd contact:
Neil McIntyre – Chief Executive
Phone: +61 7 3832 5666
Fax: +61 7 3832 5300

Share Registry:
Link Market Services Limited
Level 15, ANZ Building
324 Queen Street, Brisbane, Q 4000

7 November 2014

Diatreme Resources Limited (ASX:DRX) will explore the potential for new high-grade gold mineralisation near Queensland's famous mining district of Mount Isa after gaining a 100% stake in three Mining Leases from Mount Isa Mines Limited (MIM).

One of the highest grade gold deposits in Australia's recent gold producing history, the Tick Hill Gold Deposit was mined in the 1990s by Carpentaria Gold Pty Ltd, a subsidiary of MIM Holdings, producing 513,333 ounces of gold from 705,000 tonnes of ore at a recovered grade of 22.6 g/t gold (source: MIM Holdings) before mining ceased in 1995.

Pursuant to the 2004 Tick Hill Option and Sale Agreement with MIM, DRX has now exercised that option via an Implementation Deed which will result in the assignment to DRX of a 100% interest in three granted Mining Leases (MLs 7094, 7096 and 7097), located 110km southeast of Mount Isa in northwest Queensland (Figure 1).

This final assignment and transfer of interest also satisfies certain conditions precedent for the commencement of the DRX Farm-In and Joint Venture Agreement with Superior Resources Limited (ASX:SPQ) over the Tick Hill Gold Project (refer ASX announcement dated 11 August 2011).

Under the agreement, Superior Resources has the right to earn a 50% interest in the project by:

- Completing \$750,000 of exploration expenditure, including substantial drilling;
- Making a payment to DRX of \$100,000; and
- Lodging 50% of the Queensland Government security bond on the tenements.

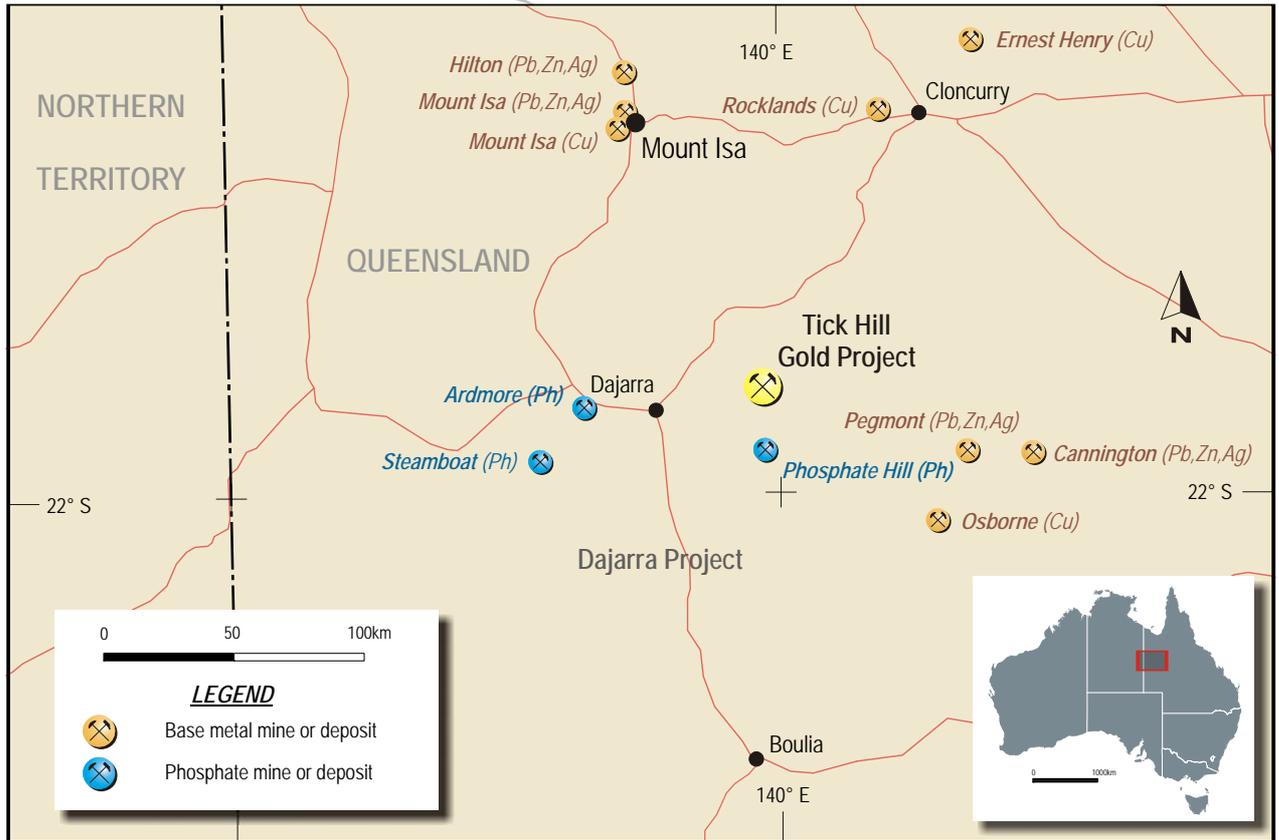


Figure 1: Tick Hill Gold Project location

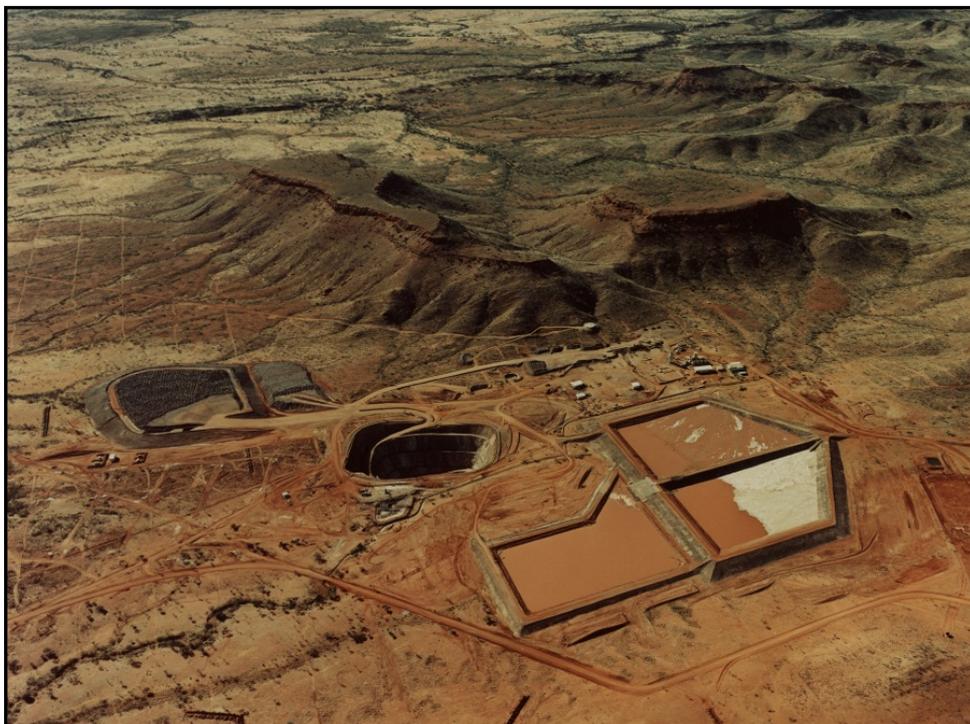


Figure 2: Tick Hill Gold Project Mining Operations – circa 1993

Post completion of the assignment, MIM will retain a royalty on gold produced from the mining leases which is set at a variable rate dependent on the annual grade of gold produced from mining. The royalty applies initially to gold produced above 5g/t Au and then, after total payment of royalties of \$5M, to gold produced above 10g/t Au. A separate royalty rate applies to gold produced from tailings resulting from previous mining.

Welcoming the agreement, Diatreme's Chief Executive Officer Neil McIntyre said: "This agreement has given Diatreme's diversified mineral portfolio a substantial boost, given the project's gold producing history. Diatreme will now work closely with Superior Resources to define a high-grade gold resource similar to that previously mined at Tick Hill.

This acquisition adds to the company's valuable project pipeline which encompasses the zircon-rich Cyclone Zircon Project and other heavy minerals, copper and gold, creating the potential for substantial growth in shareholder value."

About Tick Hill

The Tick Hill Gold Project comprises three granted Mining Lease No's 7094, 7096 and 7097, each with an area of 130ha for a total area of 390ha.

The Tick Hill Gold Deposit was mined between 1991 and 1995 by Carpentaria Gold Pty Ltd (a subsidiary of MIM Holdings Limited) for the production of 513,333 ounces of gold from 705,000 tonnes of ore at a recovered grade of 22.6 g/t gold (source: MIM Holdings Limited – Annual Reports). This makes it one of the highest grade gold deposits in Australia's recent gold producing history.

Previous mining at Tick Hill was by an open pit with an underground mine beneath the open pit. Access to the underground mine was via a decline. A blind-bored vertical shaft which connected to the decline at depth was used for ventilation and as a mine escape route. Both the decline and vertical shaft were capped by concrete at the completion of mining but both are expected to be recoverable if required for further mining. Mine workings are currently flooded.

The prime purpose of the exploration drilling program to be completed by SPQ/DRX is to define a high-grade gold resource similar to that previously mined by Carpentaria Gold Pty Ltd.

SPQ has identified a fault near the bottom of the previously mined gold shoot with the possibility that the gold shoot may exist at depth in an offset position from the previously mined area. SPQ will initially concentrate its drilling focus on areas containing the possible offset extension of the mined shoot.

Further additional exploration to be completed by SPQ/DRX includes assessment of other potentially gold bearing areas within the mining leases, testing of the tailings from the previous mining to determine if these contain sufficient gold to warrant reprocessing, assessment of potential alluvial resources and investigation of the grade of the old mine dumps - with particular focus on short term opportunities to facilitate positive revenue generation.



Neil McIntyre
CEO

Competent Person Statement

The information in this report, insofar as it relates to Exploration Results and Mineral Resources 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.