

ASX

ANNOUNCEMENT



EXPLORATION BOOST FOR CAPE BEDFORD

24th June 2016

- **Diatreme Resources secures 5-year exploration permit for Cape Bedford / Cape Flattery sand dune field in North Qld.**
- **Cape Bedford EPM 17795 surrounds the Cape Flattery silica mine operations and has clear exploration potential for both silica sand and heavy mineral sand mineralisation**
- **Finalisation of a negotiated agreement with traditional landholders will allow immediate exploration access.**

Diatreme Resources Limited (ASX:DRX) announced today it has been awarded by the Queensland Government a five-year exploration permit for its Cape Bedford Silica/Heavy Minerals Project, opening the door to an exploration program near the world's largest silica mine.

The Cape Bedford EPM17795 lies some 40km north of Cooktown and covers the majority of the Cape Bedford – Cape Flattery dunefield, surrounding the Cape Flattery silica sand mining operations. Extensive silica sand has been identified by previous exploration, and Diatreme plans to follow-up previous reports of HM occurrences.

The EPM grant should facilitate the conclusion of negotiations with the Hopevale Congress concerning a Conduct and Compensation Agreement, which will ensure the traditional owners share in the potential economic benefits of this new project.

Diatreme's CEO Neil McIntyre said: "This is a major development in the exploration of a potentially valuable new mineral sands mine in North Queensland, adding to our attractive HM portfolio which includes our flagship Cyclone Zircon Project. We are determined to advance this project as quickly as possible to deliver increased shareholder value and new jobs and investment for North Queensland."

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
Tuan Do – CFO & Co. Secretary
Ian Reudavey – Chief Geologist

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

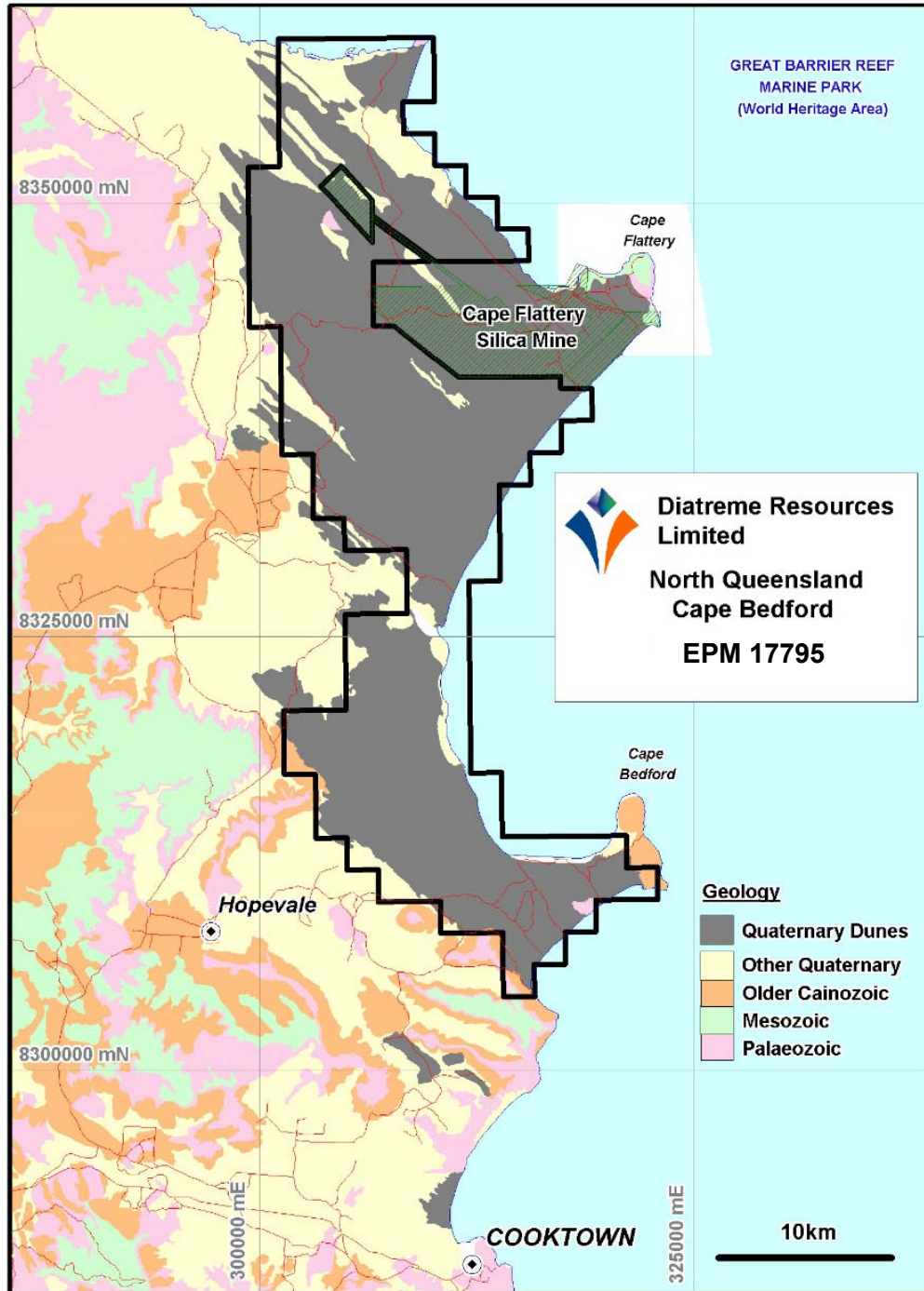
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Link Market Services Limited
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About the Cape Bedford Silica/Heavy Minerals Project

The Cape Bedford EPM application is located approximately 200km north of Cairns in North Queensland, and covers the extent of a large Quaternary sand dune field, part of which is currently being mined by Cape Flattery Silica Mines Pty Ltd (CFSM), a wholly owned subsidiary of Mitsubishi Corporation. Cape Flattery has operated since 1967 and is the world's largest silica sand mining operation.

The Cape Bedford / Cape Flattery region of north Queensland is dominated by an extensive Quaternary sand mass and dune field that stretches inland from the present coast for approximately 10km and extends 50km from north to south (see figure below).



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The Cape Bedford/Cape Flattery Dune Field is one of several extensive areas of coastal dunes which occur on the tropical east coast of Cape York Peninsula. The dune field covers an area of 700sqkm and contains a variety of constructional and erosional sandy landforms. Active, large parabolic dunes up to 6km in length and over 100m high are notable.

The dune field lies to the east of an upland area consisting mainly of Mesozoic sedimentary rocks with a few outcrops of lower Palaeozoic metamorphics and volcanics. The source sand of the dune field is weathering of Mesozoic sandstone which outcrops widely in the area.

Most exploration has centred on the Cape Flattery area, within the Mining Leases of CFSM, but reconnaissance exploration has been carried out over the entire dunefield in the late 1960's and again in the early 1980's. This exploration confirmed the presence of both silica sand and heavy mineral sands, and Diatreme intends to build on the existing data and initially target those areas (e.g. Nob Point) where prospective silica sand dunes have been identified and access is readily available.

A program of geological / geomorphological mapping, drilling and sample assaying is anticipated to quickly generate silica sand resources. Bulk sample collection will allow process flowsheet development and product quality analysis, with scoping studies then undertaken.

“Cape Bedford has the potential to be a high value project with a readily defined path to development, adding to Diatreme’s project pipeline including the Cyclone Zircon Project in Western Australia and the Tick Hill Gold Project in North Queensland. By focusing on our most attractive projects and concentrating resources on their development, we are in the best position to deliver near-term cash flow for shareholders and make the transition from explorer to miner,” Mr McIntyre said.

For further information, please contact:



Neil McIntyre, CEO