



Company Announcement Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

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Tick Hill Gold Project Joint Venture Mining Lease No's 7094, 7096 & 7097

Diatreme Resources Limited (ASX:DRX) is pleased to announce that it has reached agreement with Superior Resources Limited (ASX:SPQ) to farm out the Tick Hill Gold Project, comprising granted Mining Lease No's 7094, 7096 and 7097, located 110km southeast of Mount Isa in northwest Queensland (Figure 1).

DRX and SPQ will now proceed to draw up a formal agreement reflecting the agreed terms.

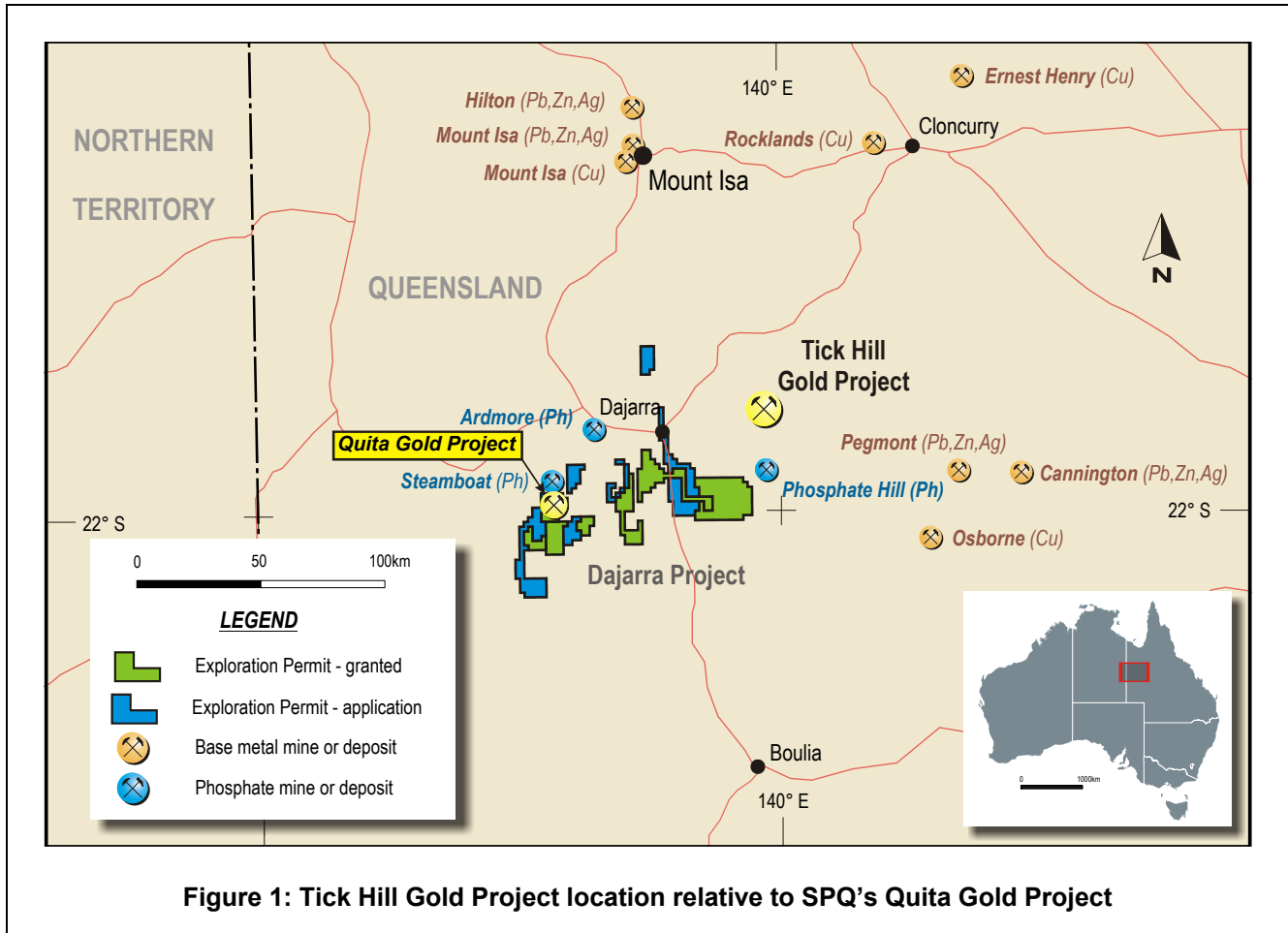
DRX has existing rights to the Tick Hill Gold Project under an Option and Sale Agreement with Mount Isa Mines Limited (ISA) and is currently in the process of executing its option and assuming ownership of the project.

The agreement between DRX and SPQ gives SPQ the right to earn a 50% interest in the project by:

- Completion of \$750,000 of exploration including substantial drilling;
- Payment to DRX of \$100,000; and
- Lodgment of 50% of the government security bond on the tenements (\$150,000).

The agreement is conditional upon the completion of a number of administrative matters, including the renewal of the mining leases (currently in progress), the transfer of the mining leases from ISA to DRX (in progress), an acceptable environmental authority relating to exploration over the mining leases and SPQ agreeing to ISA's retained rights to a royalty on gold production from the mining leases and on ISA's rights to downstream process, on commercial terms, any copper produced from the area.

ISA's retained royalty on gold produced from the mining leases 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.



The Tick Hill Gold Project is comprised of three granted mining leases (ML7094, 7096 & 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 (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 program to be completed by SPQ 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 drill areas containing the possible offset extension of the mined shoot.



Additional exploration to be completed by SPQ 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 DRX continuing its high priority pre-feasibility studies over the Cyclone Zircon Project, the joint venture divestment of a 50% interest in the Tick Hill Gold Project to SPQ, an experienced operator in Northwest Queensland, is seen as a sound move in a period of strengthening gold prices. The Company retains an important presence in the base metals market sector through its Clermont, Gilbert River and Anabama projects.

Tony Fawdon
Executive Chairman/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 company personnel under the supervision of Mr David Jelley, who is a full time employee of Diatreme Resources Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Jelley 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jelley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.