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Chalcophile Resources Pty Ltd ABN 41 090 712 217
Regional Exploration Management Pty Ltd ABN 55 093 739 336



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CAPE BEDFORD – MINERAL SANDS Exploration Permit Application

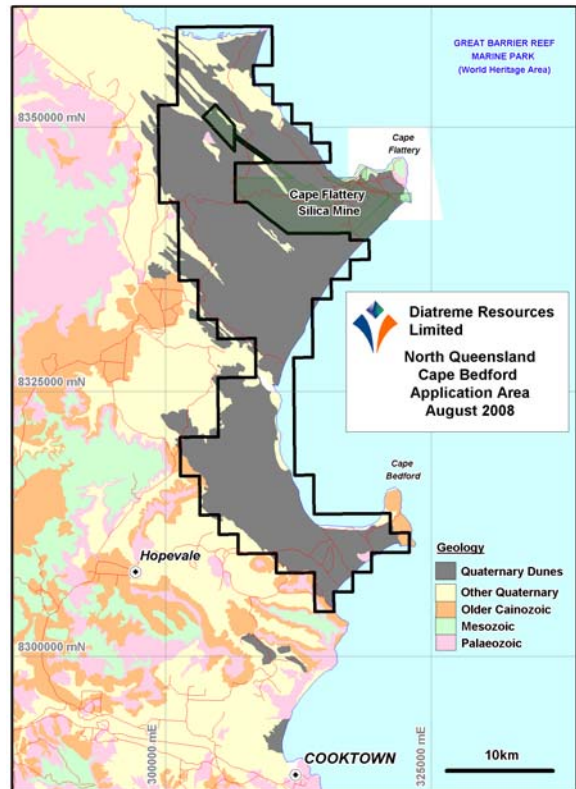
Diatreme has applied for Exploration Permit for Minerals (EPM 17795) covering approximately 544 km² over the Cape Bedford/Cape Flattery area north of Cooktown, north Queensland.

The area is dominated by an extensive Quaternary sand sheet which covers an area of over 500km² and stretches inland from the present coast for approximately 10km and extends 50km from north to south. It is this sand sheet that represent the host for potential heavy mineral sands which have been identified by previous explorers and are present on the modern day beach.

Cape Flattery Silica Mines Pty Ltd runs a very large silica sand mining operation immediately south of Cape Flattery. The exploration permit application surrounds this mining area which has the highest production of silica sand for any mine in the world.

There has been periodic exploration over this area since the 1950's, looking primarily for silica sands, but also testing for other minerals. The majority of exploration to date has been achieved using augers to relatively shallow depths of generally five metres or less. Research into the area describes the general absence of heavy mineral sands from the shallow horizons, which have been the target of silica sands exploration, but heavy minerals have been more commonly located in the deeper horizons including zircon, rutile and ilmenite. These minerals will be the target of exploration once the application is granted.

The new Cape Bedford exploration area represents yet another prospective target for Diatreme's already extensive mineral sands tenement positions, now covering five states of Australia.



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