

ASX ANNOUNCEMENT

24 April 2019

Tick Hill sale to Berkut completed


- **Sale of non-core Tick Hill Gold Project to ASX-listed Berkut Minerals Limited (ASX:BMT) completed a week ahead of schedule following early completion of conditions precedent in Heads of Agreement (HOA)**
- **Consideration comprises 7,211,539 fully paid ordinary shares in BMT, which following recent BMT share price increases are currently valued at \$937,500 (@ \$0.13 per share) at settlement (up \$375,000 since signing of HOA)**
- **Issued shares are subject to 12-month escrow period and further settlement terms include immediate replacement of Diatreme's associated tenement bonds, totaling \$336,844**
- **Deal gives DRX shareholders significant shareholding in BMT (7.51% post settlement) and exposure to upside in BMT's Australian gold assets in WA and QLD.**

Emerging mineral and silica sands miner Diatreme Resources Limited (ASX:DRX) announced today the early completion of the sale of its Tick Hill Gold Project near Mount Isa, QLD to Berkut Minerals Limited (ASX:BMT), giving Diatreme nearly \$1 million of Berkut shares (at current prices) and exposure to Berkut's attractive portfolio of gold assets in western and eastern Australia.

Under the now completed HOA with Berkut (refer ASX announcement 12 March 2019), Diatreme agreed to the sale of its three related mining tenements (ML7094, ML7096 and ML7097) and associated mining information to a Berkut nominee. Consideration for the sale was the issue of 7,211,539 fully paid ordinary shares to Diatreme in BMT, valued at that time at \$562,500 @ \$0.078 per share, with the shares subject to voluntary escrow for a 12-month period from their expected date of issue. Diatreme holds immediately post settlement 7.51% of the issued capital of Berkut.

Following a successful company restructure and various asset acquisitions, including the Tick Hill assets, the value of the BMT shares as at settlement date (23 April 2019) has significantly increased, being valued at \$937,500 (at \$0.13 per share), amounting to a significant windfall for DRX shareholders.

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BMT will also, as a condition of settlement and title transfer, replace existing tenement environmental bonds held by the regulatory authority (Queensland’s Department of Natural Resources Mines and Energy) totalling \$336,844. These bonds are currently supported by cash equivalent security (\$336,844) deposited by Diatreme, which will be refunded to Diatreme on discharge.

Following settlement completion, Diatreme’s joint venture with Superior Resources Limited (**Superior**) (ASX:SPQ) concerning Tick Hill has also been terminated.

Welcoming the completion of the sale, Diatreme’s CEO, Neil McIntyre, said the win-win deal had already delivered increased value for shareholders.

“We are delighted by the early completion of this agreement a week ahead of schedule. Already, Diatreme shareholders have benefitted from the increase in the value of Berkut shares, which have risen by \$375,000 since the HOA was signed,” Mr McIntyre said.

“We are confident of further benefits from this deal, as our shareholding in Berkut provides exposure to a suite of gold assets in western and eastern Australia, managed by an experienced and focused team at Berkut, and in view of the high Australian dollar gold price.”

He added: “The value created from this conversion into BMT shares will help enormously as we drive value in our emerging Galalar Silica Project in North Queensland, which together with our Cyclone Zircon Project offers the potential for a market re-rating of Diatreme in 2019.”

Neil McIntyre
Chief Executive Officer

Greg Starr
Chairman

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