

# ASX ANNOUNCEMENT

5 August 2021

## Diatreme agrees farm-out on Clermont Copper/Gold Project

- Farm-out of Clermont Copper/Gold Project agreed with Metallica Minerals (ASX:MLM), with Metallica to spend minimum of \$300,000 before 31 December 2021 to earn 25% interest in Clermont Copper/Gold Project in Central Qld
- Metallica may spend additional \$700,000 no later than 12 months after 31 December 2021 to earn additional 26% interest in project; after spending this amount, Metallica has right to sole fund the first \$1 million of JV expenditure to earn additional 24% interest
- Should Diatreme and Metallica make decision to mine, Diatreme to be granted 1% NSR royalty
- Agreement secures additional exploration potential for Diatreme at nil cost from a non-core asset, with focus on advancing flagship Galalar Silica Project in North Qld.

Emerging silica sands developer and explorer, Diatreme Resources Limited (ASX:DRX) announced today a binding Memorandum of Understanding (MOU) with Metallica Minerals Limited (ASX:MLM) for the Company's Clermont Copper/Gold Project (EPM 17968). The agreement is subject to Metallica undertaking and being satisfied in its sole discretion with its due diligence concerning the project (30 day period with provisions for extension).

Situated near Clermont, Central Queensland, the Clermont project (EPM 17968) is prospective for porphyry and stratabound bulk tonnage copper/gold deposits along with mesothermal gold deposits. The project area covers numerous prospects, including the Rosevale Project and the historic Peak Downs copper mine.

Welcoming the agreement, Diatreme's CEO Neil McIntyre said: "Clermont is a highly prospective project that has potential for the discovery of copper and gold deposits, having hosted historic copper mines.

"Metallica has considerable in-house expertise in large-scale, porphyry style deposits and will ensure we maximise the value of this non-core project for the benefit of our shareholders, while allowing us to focus on developing our flagship Galalar Silica Project."

**AUSTRALIAN SANDS. UNIVERSAL DEMAND.**

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## MOU Agreement

Under the terms of the MOU, Metallica has the sole and exclusive right to earn:

- (a) a 25% interest in the Project by sole funding exploration expenditure of \$300,000 by 31 December 2021 (**Minimum Commitment Date**); and
- (b) an additional 26% interest in the Project by sole funding exploration expenditure of an additional \$700,000 (**Further Commitment Amount**) by no later than 12 months after the Minimum Commitment Date (**Further Commitment Date**), (the **Earn-in Requirement**). The period to the Further Commitment Date is the **Earn-in Period**. Should there be unforeseen delays which affect the ability of Metallica to meet these commitments by the relevant time, the dates may be extended to reflect those delays.

Should Metallica wish to withdraw from the farm-in prior to funding the Further Commitment Amount, Diatreme will have the right to purchase Metallica's 25% interest and any associated mining data for \$200,000.

With effect on and from Further Commitment Date, Diatreme and Metallica will form an unincorporated joint venture for the purpose of exploration of the Project. Diatreme and Metallica will negotiate the terms of the joint venture agreement which will include the usual provisions for a formal exploration joint venture agreement and will provide that all decisions will be made by simple majority vote, other than for tenement relinquishment which will be unanimous.

Upon Metallica meeting the Earn-in Requirement, Metallica may elect to sole fund the first \$1 million of joint venture expenditure to earn an additional 24% interest in the Project (to give it an aggregate joint venture interest of 75%) (**Sole Funding Period**). Following the end of the Sole Funding Period (or if Metallica does not elect to sole fund), the parties will contribute to expenditure in the proportions of their joint venture interest.

During the Earn-in Period, Metallica must keep the Project in good standing.

If Diatreme and Metallica make a decision to mine, the parties will establish a development and mining joint venture (**Development Joint Venture**) and will negotiate the terms of a joint venture agreement which will include the usual provisions for a formal development and mining joint venture. If Diatreme elects to contribute to development, Diatreme will be granted a 1% NSR royalty for the duration of the Development Joint Venture and Metallica will have an option to buy out the royalty at any time for fair market value. A wholly owned subsidiary of Metallica will manage the Development Joint Venture.

Diatreme has provided Metallica with representations, warranties and indemnities usual for an agreement of this kind.



## **Clermont Project**

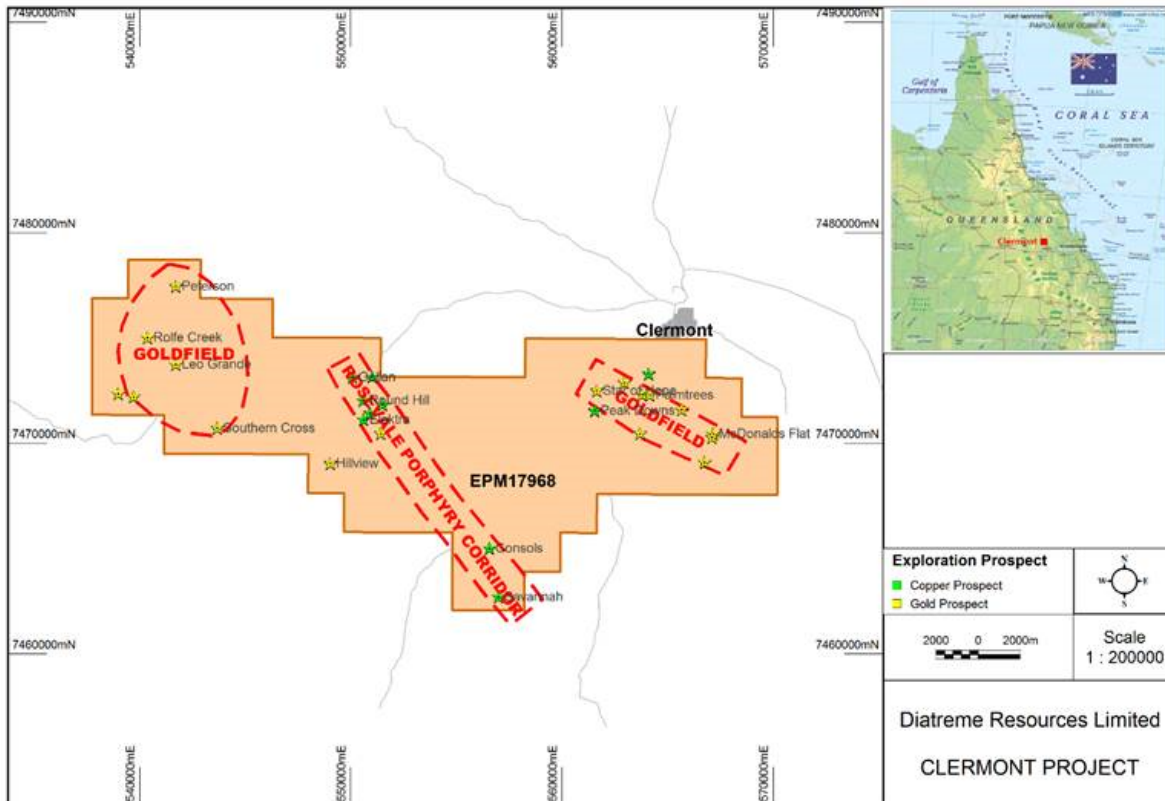
The Clermont Copper/Gold Project (EPM 17968) consists of 80 sub-blocks, (approximately 240 km<sup>2</sup>) and is located south of the township of Clermont in Central Queensland. The project is held by Chalcophile Resources Pty Ltd, a 100% owned subsidiary of DRX and was granted in October 2015 for a period of five years. It was subsequently renewed for an additional five years, expiring in October 2025.

The project area lies within the Anakie Inlier of east-central Queensland and contains known gold and copper mineralisation. There are three main targets within the EPM, which will be assessed during Metallica's due diligence phase to determine how prospective each target is and whether copper or gold resources can be identified at the target areas which can then be progressed rapidly to JORC status.

The three targets are:

- The Rosevale Porphyry Corridor (RPC) which has the potential for porphyry related copper, gold and molybdenum (central part of the EPM) .
- Structurally controlled gold (vein) mineralisation (Western and Eastern part of EPM 17968)
- VMS related base metal mineralisation associated with the historic Peak Downs copper VMS deposit)

The Clermont Copper/Gold Project has attracted international investor interest previously, including a farm-in agreement with Antofagasta Minerals Australia Pty Ltd executed in 2013 (refer ASX release 18 January 2013).



**Figure 1: Clermont Copper/Gold Project**

This announcement was authorised for release by:

**Neil McIntyre**  
Chief Executive Officer

**Greg Starr**  
Chairman

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## **About Diatreme Resources**

Diatreme Resources (ASX:DRX) is an emerging Australian producer of mineral and silica sands based in Brisbane. Our key projects comprise the Galalar Silica Project in Far North Queensland, located next to the world's biggest silica sand mine, together with the Cyclone Zircon Project in Western Australia's Eucla Basin, considered one of a handful of major zircon-rich discoveries of the past decade.

For more information, please visit [www.diatreme.com.au](http://www.diatreme.com.au)