

IN THE BLACK

with John Beveridge

Little white flowers could lead to bouquets

GEOLOGISTS are not renowned for their botanical expertise but Diatreme Resources executive chairman Tony Fawdon has become adept at spotting little white flowers.

"I don't know what they are but we call them copper flowers," said Tony, who with his geological team has noticed that the flowers proliferate near outcropping copper-rich rocks.

While the flowers have been an interesting pointer, the volcanically altered rocks they fringe in Diatreme's Clermont project in Queensland have revealed four strong copper, gold and molybdenum targets that are now awaiting further testing by drill rigs, hopefully to be provided by partner Antofagasta Minerals.

While the Queensland rocks have taken centre stage recently, the main asset within Diatreme is its Cyclone mineral sands deposit just over the South Australian border in Western Australia.

Mineral sands stocks have gone through a terrific boom followed by a horrible crash and Diatreme is no exception as its shares scour new lows but even at current lower zircon prices Cyclone looks like a robust project.

Unlike many potential mineral sands mines it is zircon rich and low in clay contaminants, leading to easy and low cost recoveries and high value production.

A pre-feasibility study identified 770,000 tonnes of zircon which has been independently valued at \$300 million, with a payback period of 2.1 years and an internal rate of return of 32 per cent.

Diatreme's market capitalisation is a minute fraction of that, with the market obviously factoring in the potential for dilution, time slippage and the need to raise more capital as it aims for production in 2015.

Diatreme will need more funding to get to that stage but it is opportunity rich and with any luck could attract some joint venture partners for some of its other drill-ready projects.

It is a high risk stock but with zircon demand still firm to make Chinese sinks

and tiles and the possibility that the flowers lead to a Queensland discovery, it is a speculative buy.

VICTORIA has a very proud history as a gold mining state but with our operating gold mines now in foreign hands, how does an investor get a piece of the action?

The answer is Navarre Minerals, which is pursuing the theory that the marvellously productive Bendigo gold fields — which produced 22 million ounces of gold — could have a nearby cousin.

Located 40 kilometres north of Bendigo along the same controlling fault line, the Bendigo North prospect has already identified 29 lines of quartz reef targets, many of which have already been confirmed as housing gold.

The big question now is how much gold, which is difficult to work out given Victoria's nuggety quartz style of mineralisation, but a recent diamond hole that identified gold grades as high as 28.6 grams per tonne is very promising.

The old timers used to follow the quartz reefs underground to maximise their earnings and reduce the amount of digging but as Navarre chief executive Geoff McDermott points out, if Bendigo was discovered today it would have been one large open pit mine.

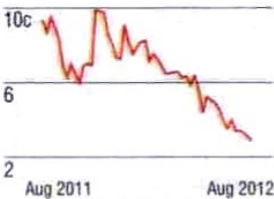
He is hoping to prove that in real life as drilling continues to uncover gold bearing reefs. It is going to take some time to assemble the geological model, do conceptual mining studies and go through the economics of a potential open pit mine, but Bendigo North arguably has the best chance of becoming Victoria's newest emerging gold field and the speculative buy on Navarre is maintained.

THE retail sector might be weak but mall developer and owner Westfield Group doesn't seem to be feeling much of the pain. Still a buy, particularly for the strapped retail tenants who need a high-yielding hedge.

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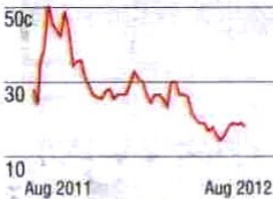


DIATREME RESOURCES



HIGH	10c
LOW	2.9c

NAVARRE MINERALS



HIGH	50c
LOW	15c