



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

23 July 2013

COMPANY FUNDING UPDATE

SHARE PLACEMENTS

Diatreme Resources Limited (**Diatreme**) is pleased to announce that it has received firm commitments, subject to Australian regulatory requirements, to subscribe for placements totaling 80,000,000 ordinary fully paid shares (**New Placement Shares**) (to rank equally in all respects with existing shares) at A\$0.02 (two cents) per share to raise gross proceeds of A\$1,600,000. The New Placement Shares represent approximately 15.8% of Diatreme's current issued share capital at a price which reflects a significant premium to the Company's current 30 day VWAP and the existing share price.

The placements, to new and existing sophisticated investor shareholders, have been negotiated on the basis that the funding is directed toward the advancement of feasibility studies over the Cyclone Zircon Project (**Project**). The placements follow on from the placement of 22,000,000 shares at two cents per share announced on 16 May 2013 and which awaits a response from the Foreign Investment Review Board notification process before allotment.

The New Placement Shares will be subject to a voluntary escrow period of 12 months, except when overridden by requirements of the Corporations Act 2001 (Cth) and application for their quotation will be made to ASX Limited once the placements are finalised.

CYCLONE ZIRCON PROJECT FUNDING

Diatreme is conducting negotiations with an interested party to secure substantial funding, by way of a Farm-In, over the Project. Initial funds through such an arrangement would be directed toward achievement of three significant milestones, currently being pursued, under the feasibility studies. These are:



- (a) The locating and securing of suitable water supplies for future mining operations.
- (b) The approvals required for development of a road transport corridor between Forrest and the Cyclone Deposit.
- (c) The approvals required for the grant of MLA 69/141 and associated miscellaneous licences as required.

Water supply, minesite access and the granting of mining tenements represent the main risk factors to be resolved over the Project. These also serve as critical milestones for a joint venture and for project financing.

BOARD REPRESENTATION

On 24 June 2013, Diatreme was notified of an association of shareholders between Messrs Z Zhuang, C Zhuang and Q Lin, a group of Chinese investors who hold approximately 19.8% of the Company. To reflect their association, significant investment and ongoing corporate commitments, non-executive representation on the Board has been requested. This matter is being addressed and the market will be informed in due course once an appointment is made.

A handwritten signature in black ink, appearing to read 'A J Fawdon', with a long horizontal flourish extending to the right.

Anthony J Fawdon
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