



Companies Announcement Office  
Australian Securities Exchange  
Level 4, 20 Bridge Street  
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## **\$2 MILLION FARM-IN COMMITMENT FOR THE CYCLONE ZIRCON PROJECT**

Diatreme Resources Limited (“Diatreme”) is pleased to confirm that negotiations have resulted in an agreement in principle for Perpetual Mining Holding Limited (“PMHL”), a Hong Kong based company associated with existing major shareholders, Messrs Z Zhuang, C Zhuang and Q Lin, to invest \$2.0M directly into the Cyclone Zircon Project (“Project”) to earn an initial 6% equity.

Letters of Intent have been exchanged by the parties and a Heads of Agreement is being drafted to reflect the conditions of the conduct of the Farm-In and joint venture.

PMHL have expressed an intention to undertake further co-operation over the Project beyond the initial interest subject to progress and results relating to three significant Project milestones, detailed below:

- (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.

Including placement funds totaling \$1.6M, as announced on 23 July 2013, a total of \$3.6M (extra to the \$1.8M held as of 30 June 2013) will now be directed toward advancing the Project. Currently, water supply, minesite access and the granting of mining tenements represent the main risk factors to be resolved.

PMHL will provide funds in installments, as per agreed budgets and work plans, following expenditure of the \$1.6M placements funds on the Project.

The injection of welcome funds to progress the Project is seen as a vote of confidence in the Cyclone Zircon Deposit and in the future of the heavy mineral sands sector and zircon in particular.

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