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29 October 2013

FINANCE NEWS NETWORK INTERVIEW WITH EXECUTIVE CHAIRMAN

Following on from the successful Mining 2013 Conference held in Brisbane last week, Diatreme Resources Limited (ASX:DRX) is pleased to advise that the Company's Executive Chairman/CEO, Mr Tony Fawdon, has been interviewed by the Finance News Network. Mr Fawdon discusses developments across the Company's diversified Australian portfolio of mineral sands, copper, gold and base metal projects. The interview web browser link is provided below:

<https://www.finnewsnetwork.com.au/MediaCenter/MediaCenter.aspx?Site=FNN325>

TRANSCRIPTION OF FINANCE NEWS NETWORK INTERVIEW WITH DIATREME RESOURCES LIMITED (ASX:DRX) EXECUTIVE CHAIRMAN AND CEO, TONY FAWDON.

Lelde Smits: Hello I'm Lelde Smits for the Finance News Network and joining me today from Diatreme Resources (ASX:DRX), is its Executive Director and CEO, Tony Fawdon.

Tony Fawdon: Thank you very much.

Lelde Smits: Diatreme Resources holds mineral sands gold copper and base metal assets across Australia. Could you explain what the rationale is behind developing such a diverse portfolio?

Tony Fawdon: Well the only way that an explorer can counter against the movement of commodity prices, is to hedge. And the only way we can hedge is actually to be diversified in different minerals.

Lelde Smits: Your wholly-owned Cyclone Zircon Project in Western Australia was discovered in 2007. What has been identified so far?

Tony Fawdon: We've discovered one of the best underdeveloped zircon deposits in the world. We've got 97 million tonnes at 2.5 per cent heavy minerals, of which about half of that is zircon. So it's a very, very valuable deposit.

Lelde Smits: At what stage is the project now, and could you talk us through the timeline you've put on executing your strategy?

Tony Fawdon: Where we are, we've just finished the second environmental surveys for flora and fauna. They're the first in the region, so governments are looking at it with great interest, because no-one has ever done a flora and fauna survey in those areas. We're getting the licensing done on the haul road, which is going to be 240 kilometres long and that will finish down in Forrest on the Trans line, which will become our transport link. So all that's happening now, we expect to see all the licences starting to fall into place in about 18 months.



Lelde Smits: Diatreme Resources recently secured funding for the Cyclone Project. Where exactly have you decided to allocate the Funds?

Tony Fawdon: Those funds will be used for the water drilling, or be used for the licensing and be used for the licencing of the haul road. And once we've finished that, then basically we finalise those three milestones. And because of the high level of confidence in the engineering and the metallurgy of the deposit, which we've done copious amounts of work on; it's now at a probable reserve, so it's very high level of confidence. So the Chinese would be very interested, once we've de-risked it, to come in and fund it.

Lelde Smits: Now Tony, you also mentioned Chinese interest in the project. Have you received any early expressions of interest at this stage?

Tony Fawdon: Certainly our shareholders are high net worth industrialists in Southeast China, in Fujian. And they're a large network, what they would like to see is we set up the concentration plant at the mine. We produce a 98.5 per cent concentrate, take it to a port, send it to China and we build a mineral separation plant in China, which then separates all the different minerals. And then they want us to be involved in the downstream, so that we produce parts for Boeing, nuclear power stations and ceramics. So if this comes to fruition, it's going to make us a very valuable company.

Lelde Smits: Looking at your Clermont Gold Project located in central Queensland. Drilling recommenced last month and what has occurred since?

Tony Fawdon: We drilled under an IP, which is an Induced Polarization anomaly. We went through, we're still looking at the assays, so went through I believe somewhere around 140 metres of copper mineralisation. It was low grade and we obviously didn't hit the main zone. There's a lot of copper over a very wide area, which has a source somewhere and within that two by one kilometre zone, we drilled 20 holes. In some places there're hundreds of metres and a kilometre between holes. So we've got a lot more drilling to do there to find it.

Lelde Smits: Moving to your Cape Bedford heavy mineral sands project, also located in Queensland. What is unique about the project and what are your plans for advancing it?

Tony Fawdon: OK. In terms of its uniqueness, it's very unique because it's the biggest resource of silica sand in the world and it surrounds the Cape Flattery operation, which Mitsubishi own. In terms of why we're there, it's serendipity because we were chasing the heavy mineral sands underlying the silica sand, but the Aboriginal Corporation at Hopevale wants us to mine that sand. So since then, we've had about four or five major companies around the world, interested in getting involved in mining those and processing that sand.

Lelde Smits: Finally Tony, as we enter the final quarter of 2013, how would you like to position the Company into the next year?

Tony Fawdon: In terms of next year, I want to be in a position where we've got funding for some of our bigger projects, and we can start to bring them on-stream towards mining. We've got about four or five projects and commodities that we're pushing forward, all of them are very exciting. And it obviously is exciting, because we've got a lot of people who want to fund it.

Lelde Smits: Tony Fawdon thank you for the update to Diatreme Resources.

Tony Fawdon: Thank you very much indeed.

END OF TRANSCRIPT

For further information, please contact Tony Fawdon or David Hall on (07) 3832 5666 or visit www.diatreme.com.au.

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