



## DIATREME RESOURCES LIMITED

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ASX : DRX

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5<sup>th</sup> August 2014

### **SHAREHOLDER UPDATE: NEW DIRECTION AND NEW FOCUS FOR DIATREME RESOURCES LIMITED**

#### **Highlights:**

- **Cyclone Zircon Project: Flagship project ticks boxes for investors**
- **Strategic review of project pipeline to maximise shareholder value**
- **Shareholders re-engaged as Diatreme cuts costs and prepares for growth**

Dear Shareholder,

I am writing to thank you for your support and update you on the recent changes at Diatreme Resources, which have laid the foundations for our company's future growth.

Following July's board and management restructure, Diatreme now has a new leadership team committed to minimising corporate costs and maximising shareholder value.

Importantly, the new team led by Chairman, William Wang and myself as Acting Managing Director, includes highly experienced technical staff which together can drive Diatreme's future as an emerging force in heavy mineral sands production.

Diatreme's focus is now squarely on our flagship Cyclone Zircon Project, which based on the prefeasibility study, has the potential to become a long-lasting source of wealth for all stakeholders.

The medium-term outlook for zircon is highly favourable for the development of this project, which is now starting to tick all the boxes for investors as shown by our successful recent capital raising.



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With funds provided by our joint venture partner Perpetual Mining Holding Limited of Hong Kong, we have already achieved the milestone of securing suitable water supplies at Cyclone Project area and are now pushing forward with road transport and other approvals as well as a mining agreement with traditional owners, the Pila Nguru People, and leading to grant of the mining lease

Diatreme is committed to working closely with the Indigenous community to deliver the benefits of this project, which will be an important source of new jobs as well as mining royalties and exports for Australia.

According to recent broker research, both zircon and rutile prices are forecast to rise in the year ahead, and the long-term outlook is strong due to Asia's continued industrialisation. The Cyclone mine is expected to come into production during a period of constrained global supply, giving the project a valuable head start and with potential for further expansion.

Meanwhile, Diatreme has developed a strong pipeline of exploration projects across Australia and the company is determined to extract maximum value, such as through joint ventures or strategic divestment. The company's ability to attract major resource companies to its projects has previously been demonstrated at the Clermont Copper-Gold Project in Queensland, and we are receiving increasing inquiries from such companies given the lack of recent exploration by the majors.

Diatreme's review of the exploration projects is designed to focus the company on areas both geographically and geologically that add genuine value and can be efficiently managed from our existing locations, using our in-house project assessment and examination methodology. As a proven explorer, Diatreme is confident of maintaining a strong project pipeline which can deliver continued growth in shareholder value.

Shareholder support is vital for Diatreme's future and it was pleasing to note the participation of our major shareholders in the company's recent capital raising. We are keenly aware of current market conditions and the need for shareholder funds to be focused on eventual mining activities, with corporate overheads minimised.

Mining is a cyclical industry and having gone through previous cycles, we are confident that an upturn is ahead given recent improved forecasts for global economic growth. With a proven flagship project, a solid project pipeline and experienced board and management, Diatreme has all the ingredients in place to benefit from the recovery.



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Thank you again for your loyal support and commitment to our company, as we work together for a prosperous future.

Yours Sincerely

**Neil McIntyre**  
**Acting Managing Director**