

ASX

ANNOUNCEMENT



CYCLONE PROJECT AGREEMENT SIGNED WITH THE SPINIFEX PEOPLE

Diatreme Resources Limited is an Australian based diversified mineral explorer with significant projects in WA, VIC and QLD.

The Company seeks to develop the Cyclone Zircon Deposit in WA, through a joint venture arrangement, and conducts exploration over a number of project areas prospective for heavy mineral sands, silica sand, copper and gold.

The Board and senior personnel exhibit wide experience, ranging through the exploration, development and financing phases of resource project management.

Australian Securities Exchange
Codes: DRX, DRXO

Board of Directors – Non-Executive
William Wang - Chairman
Andrew Tsang
Daniel Zhuang

Executive:
Neil McIntyre – Chief Executive
Tuan Do – Chief Financial Officer
Ian Reudavey – Chief Geologist

Joint Company Secretaries:
Leni Stanley
Tuan Do

Key Projects:
• Cyclone Zircon Project
• Clermont Copper Project
• Cape Bedford Silica/HMS Project
• Tick Hill Gold Project

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17 November 2014

HIGHLIGHTS

- **Lost Sands Pty Ltd (“Lost Sands”) a subsidiary of Diatreme Resources Limited (“Diatreme”)(ASX:DRX) signs Project Agreement (“Agreement”) with traditional owners, the Spinifex People over the Cyclone Zircon Project, Eucla Basin, WA.**
- **Agreement paves way for grant of Cyclone Project Mining Lease from WA Government and is an important milestone in the eventual development of a heavy mineral sands mine.**

Western Australia’s Eucla Basin is now a step closer to hosting a valuable new heavy mineral sands (HMS) mine with the potential to host over 100 jobs following the signing of a project agreement between Lost Sands and traditional owners, the Spinifex People, for the company’s flagship Cyclone Zircon Project.

Following a signing ceremony held on site on 15th November 2014 at Tjuntjuntjara, Western Australia, Lost Sands has executed the Cyclone Zircon Project Native Title and Mining Agreement (and ancillary documentation) with the Pila Nguru (Aboriginal Corporation) (RNTBC) representing the Spinifex People, the traditional owners of the land containing the project.

The agreement allows Western Australia’s Department of Mines and Petroleum to grant the Cyclone Project Mining Lease, and ultimately, for Diatreme and its commercial partner Perpetual Mining Ltd is an important step closer in the planning, permitting and commercial studies process necessary to develop the Cyclone mine.

Diatreme’s Chief Executive Officer, Neil McIntyre said the agreement was a major milestone in the project’s development, generating benefits that would endure long beyond the mine’s potential operational life.

“Diatreme is committed to generating economic opportunities for the communities where we operate and this agreement provides an enormous boost to the Spinifex People. Diatreme expects the mine will create around 100 jobs in both the construction and operational stages, and we have committed to a medium term target of recruiting at least a fifth of our operational workforce from the local Indigenous community” Mr McIntyre said.

“The agreement also provides for direct cash compensation payments, contracting opportunities to tender on various mine contracts and vocational benefits through direct employment on the project and traineeships. In addition, an educational trust fund will support the Spinifex People’s education and training activities and a number of cultural initiatives are also planned.”

Mr McIntyre congratulated the PNAC and all parties involved with the negotiation of the Project Agreement, which provides a template for positive community engagement based on a robust economic model.

“I would like to publicly thank the Spinifex People for their participation shown throughout the negotiation process in ensuring a productive and beneficial agreement. Diatreme looks forward to this relationship strengthening further as we progress the project through further regulatory and commercial stages and ultimately towards the establishment of mining operations,” he said.

The agreement with the Spinifex People follows Diatreme’s expansion of the Cyclone Zircon Project through the acquisition of the Cyclone Extended Heavy Mineral Resource (refer ASX announcement 11 November 2014).

“The latest research shows a positive outlook for mineral sands demand, with end users increasingly seeking independent supply sources from reliable producers such as Australia. Cyclone is one of the world’s best undeveloped zircon deposits and we are focused on the de-risking process in order to jointly work with our cornerstone partners to develop this project for the benefit of all stakeholders,” said Diatreme’s Chairman, William Wang.

About the Cyclone Zircon Project

Discovered in 2007, the Cyclone Zircon deposit is located along the Barton shoreline within the Wanna Lakes area of the northern Eucla Basin, 25 kilometres from Western Australia’s state border with South Australia and 220 kilometres north of the transcontinental railway.

Based on the acquisition of the Cyclone Extended Heavy Mineral Resource (refer ASX announcement 11 November 2014) the Cyclone Project’s JORC resource will comprise 223 million tonnes at 2.1% heavy minerals (containing 4.6 million tonnes HM).

A Definitive Feasibility Study is underway and further project specific commercial and operational enhancement studies, with Cyclone representing potentially the largest undeveloped zircon project in the Eucla Basin.

Neil McIntyre
CEO

Competent Person Statement

The information in this report, insofar as it relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ian Reudavey, who is a full time employee of Diatreme Resources Limited and a Member of the Australian Institute of Geoscientists. Mr Reudavey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of 'The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Reudavey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.