

ASX

ANNOUNCEMENT



CYCLONE PROJECT ADVANCES ENVIRONMENTAL APPROVALS

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

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

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

Executive:
Neil McIntyre – Chief Executive
Tuan Do – CFO & Co. Secretary
Ian Reudavey – Chief Geologist

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

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23 May 2016

- **Draft endorsed environmental conditions received from WA Environmental Protection Authority (EPA) for Cyclone Zircon Project's proposal, including mining operation, related infrastructure and haul road to Forrest**
- **Final approvals expected by June as project de-risking nears final completion.**

Diatreme Resources Limited (ASX:DRX) announced today its subsidiary Lost Sands Pty Ltd has received from Western Australia's EPA draft endorsed conditions relating to the Cyclone Zircon Project's environmental approvals, marking a major milestone in the development of a new mineral sands mine in WA's Eucla Basin.

Following receipt of these draft terms (received 20th May 2016) Lost Sands has five working days to comment on matters related to the report, following which the EPA will prepare a final report for the WA Environment Minister for the grant of the licence. Subject to further evaluation, Diatreme expects this process to conclude by late June.

"Project environmental approval would mark the final step in our flagship project's de-risking process, which has included securing an agreement with the traditional owners, the award of a Mining Lease, identification of suitable water supplies and the expansion of the project's projected mining life following the acquisition of the adjacent Cyclone Extended Heavy Mineral Resource," said Diatreme's CEO, Neil McIntyre.

"Diatreme's investors have shown strong support for this project, and with the approvals process now nearing completion we are confident of securing the extra investment necessary to kick-start this valuable new mineral sands mine for the benefit of all stakeholders."

Environmental licensing

The environmental license, when approved, specifically allows the Cyclone project to undertake the following activities: ***“Develop and operate the Cyclone Mineral Sands Mine, including open cut pits, mining and processing infrastructure, airstrip, accommodation camp, bore fields and haul road construction from the mine site to the Forest rail siding.”***

As part of the EPA assessment, Diatreme may comment on the draft conditions by 30 May 2016 on matters of fact, technical issues and implementation only, with the EPA’s Chairman to consider any comments from the Company before finalising the recommended conditions for inclusion in the EPA’s final report.

For further information, please contact:



Neil McIntyre, CEO

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.

Following the acquisition of the Cyclone Extended Heavy Mineral Resource, the Cyclone Project’s JORC Mineral Resource (Measured and Indicated) has been estimated at comprising 211 million tonnes at 2.3% heavy minerals (1% cut-off grade) containing 4.8 million tonnes HM (refer ASX announcement 9 April 2015). This includes Measured Resource of 156Mt at 2.4% HM and Indicated Resource of 55Mt at 1.8% HM (both at 1% HM cut-off grade).

In November 2014, Western Australia’s Department of Mines and Petroleum granted a Mining Lease (ML69/141) for the project, which followed the signing of a Project Agreement with the traditional owners, the Spinifex People.

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

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.