



DIATREME RESOURCES LIMITED

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Company Announcement Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Compliance with Listing Rule 10.11

On 21 September 2017 Diatreme Resources Limited (ASX: DRX, the “**Company**”) announced the completion of a capital raising program pursuant to which the Company issued 75,000,000 fully paid ordinary shares and 75,000,000 unlisted options. These securities were issued to various sophisticated investors and shareholders, including 20,000,000 shares and options which were issued to Mr Yufeng Zhuang (a director) and 5,000,000 shares and options which were issued to Hua Rong Holding Pty Ltd, an entity associated with Mr Andrew Tsang (a director). The Company lodged with ASX Appendix 3Y Change in Directors Interest Notices for Mr Zhuang and Mr Tsang notifying the changes in their interests on 21 September 2017 and 25 September 2017 respectively.

The issue of the 25,000,000 shares (“**Placement Shares**”) and 25,000,000 unlisted options (“**Placement Options**”) to Mr Zhuang and Hua Rong Holding Pty Ltd occurred without prior shareholder approval, resulting in an inadvertent breach of ASX Listing Rule 10.11.

Following consultations with the ASX, the Company will address this issue by cancelling, for no consideration, the Placement Options and will seek shareholder approval at an extra-ordinary general meeting of the Company for the buy-back and cancellation of the Placement Shares at their issue price. At this meeting the Company will also seek shareholder approval, in accordance with the requirements of the Listing Rules and the *Corporations Act 2001* (Cth), for the issue to Mr Zhuang and Hua Rong Holding Pty Ltd of the same number of shares and unlisted options on the same terms as Placement Shares and Placement Options.

The Company will issue a Notice of Extraordinary General Meeting in the near future, and presently anticipates the Meeting will be held in the second half of March 2018.

The breach of Listing Rule 10.11 was inadvertent and unintentional and the Company has taken steps to ensure that such a breach is not repeated in the future.

Yours faithfully

Tuan Do
Company Secretary