

ASX

ANNOUNCEMENT

6 August 2018

ROLLOVER OF CONVERTIBLE NOTE

Diatreme Resources Limited (ASX: DRX) (“**Diatreme**” or “**Company**”) is pleased to advise it has reached a highly satisfactory arrangement with the holder of the convertible note facility that was due for repayment on the 31st of July 2018 (“**maturity date**”).

The original convertible note commenced on the 30th of July 2015 (“**commencement date**”) and the key terms were:

- \$3 million total facility, drawn in lots of \$500,000.
- Interest rate of 5.20% per annum payable by half yearly instalments in arrears.
- Term of 36 months from commencement date.
- 50% (\$1.5 million) to be converted to ordinary shares of Diatreme at \$0.020 at maturity date.
- 50% (\$1.5 million) to be repaid by Diatreme at maturity date.


(Note: original convertible note facility was fully drawn by 2 May 2017).

The terms of the new (rollover) convertible note facility are as follows:

- \$1,500,000 will be converted to shares of Diatreme at \$0.020 per share after the maturity date of 31 July 2018.

The Company will seek shareholder approval for the issue of these shares at a specially convened General Meeting. Timing for this General Meeting will be advised as soon as practicable by the Company.

- All accrued interest, which totals \$372,299 as at 31 July 2018, shall be converted to ordinary shares in Diatreme at the prevailing share price at the date of actual conversion.

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- The remaining balance of \$1,500,000 shall be extended from the maturity date for a further period of 24 months (“**new maturity date**”), with the remaining balance to be repaid in full at the new maturity date subject to negotiation between the parties, and
 - Interest shall accrue at the rate of 5.20% per annum payable quarterly in arrears on the remaining balance of \$1,500,000.

The directors wish to thank the convertible noteholder for their continued support and the favourable extension terms provided to the Company.

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