

# ASX ANNOUNCEMENT

23 January 2019

## Corporate advisers appointed to advance Cyclone's development

- **Diatreme appoints corporate advisory firm, Blackbird Partners, to support management's progression of Cyclone Zircon Project's successful development**
- **Blackbird has significant experience structuring mineral sands projects, including third party project entry, financial modelling and advice on offtake strategy and development.**


Emerging mineral sands miner Diatreme Resources Limited (ASX:DRX) announced today the appointment of specialist corporate advisers Blackbird Partners, with the aim of ensuring maximum shareholder benefit from the Company's flagship Cyclone Zircon Project in Western Australia.

The appointment of Blackbird follows last year's positive DFS for Diatreme's flagship project (refer ASX announcement 15 November 2018), which showed positive after-tax financial results, including an estimated NPV of A\$113 million, an internal rate of return of 27% and capital payback within three years, with an estimated mine life exceeding 13 years.

Following the release of the successful DFS, Diatreme has commenced the process of engagement with potential development partners with the assistance of study authors China ENFI Engineering Corporation (ENFI) under the terms of the "Cooperation and Consulting Services" agreement signed with Diatreme (refer ASX announcement 11 January 2018), with a goal of securing major development partner(s) as soon as possible.

In addition to ENFI's assistance, Australia-based Blackbird have now been engaged to provide independent specialist corporate and financial advisory services to Diatreme to facilitate and optimise commercial outcomes from the project's development and the work being undertaken by ENFI.

Diatreme's Chairman, Mr Greg Starr said Blackbird offered the necessary experience and industry knowledge to ensure a successful outcome for shareholders.



“Following the recent release of Cyclone’s DFS undertaken by ENFI Engineering and their ongoing assistance in sourcing potential project investing parties, we identified the need to appoint a specialist corporate advisory firm with experience in the heavy minerals sector to ensure we achieve the best commercial and financial outcome for Diatreme from the development, joint venture or sale of Cyclone,” Mr Starr said.

“We have identified the Blackbird team as eminently suitable for this task and look forward to their assistance in transitioning the project through these final stages and unlocking its value for the benefit of all stakeholders.”

### **Blackbird’s Mandate**

Blackbird has been appointed to manage a structured, formal process to undertake and progress a detailed scope of work focused on assembling strategic third party interest for the funding and development of the Cyclone project.

This includes detailed assessment and evaluation of future offers for participation in the project via direct investment, joint venture or project sale including sourcing, structuring and pricing of potential debt or similar structured financial instrument to ensure the economic development model and returns are optimised for Diatreme shareholders.

Blackbird will also further assist Diatreme with relevant parties through to financial close.

Blackbird’s Nick Martin said: “Blackbird is delighted to work with Diatreme as it progresses the Cyclone Zircon Project’s development. We look forward to playing an integral part in assessing and implementing the best financial plan for the Company.”

Diatreme’s CEO, Neil McIntyre added: “This latest initiative for Cyclone reflects our determination to advance the project’s development as quickly as possible, as recommended by ENFI, taking advantage of the market opportunity for high-grade zircon.

“Together with our recent progress at the Galalar Silica Project in North Queensland, which has been proven capable of producing premium-grade silica, we anticipate a successful year ahead for Diatreme in delivering increased shareholder value.”

Diatreme will continue to keep shareholders and other stakeholders informed throughout this process.

**Neil McIntyre**  
Chief Executive Officer

**Greg Starr**  
Chairman

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### About Blackbird Partners

Blackbird is a private independent and specialist corporate adviser to the mining sector. In particular, Blackbird is focused on assisting junior to mid-tier companies develop new mines across a wide range of commodities and global locations. Blackbird’s team is comprised of senior mining industry and banking professionals who collectively bring extensive track records in project finance and development, mergers and acquisitions plus strategic advice ([www.blackbirdpartners.net](http://www.blackbirdpartners.net)).

### About 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.

In November 2014, Western Australia’s Department of Mines and Petroleum granted a Mining Lease (M69/141) for the project, which followed the signing of a Project Agreement with the traditional owners, the Spinifex People. In January 2017, the project received final ministerial consent allowing for the development of a mineral sands mine and associated infrastructure.

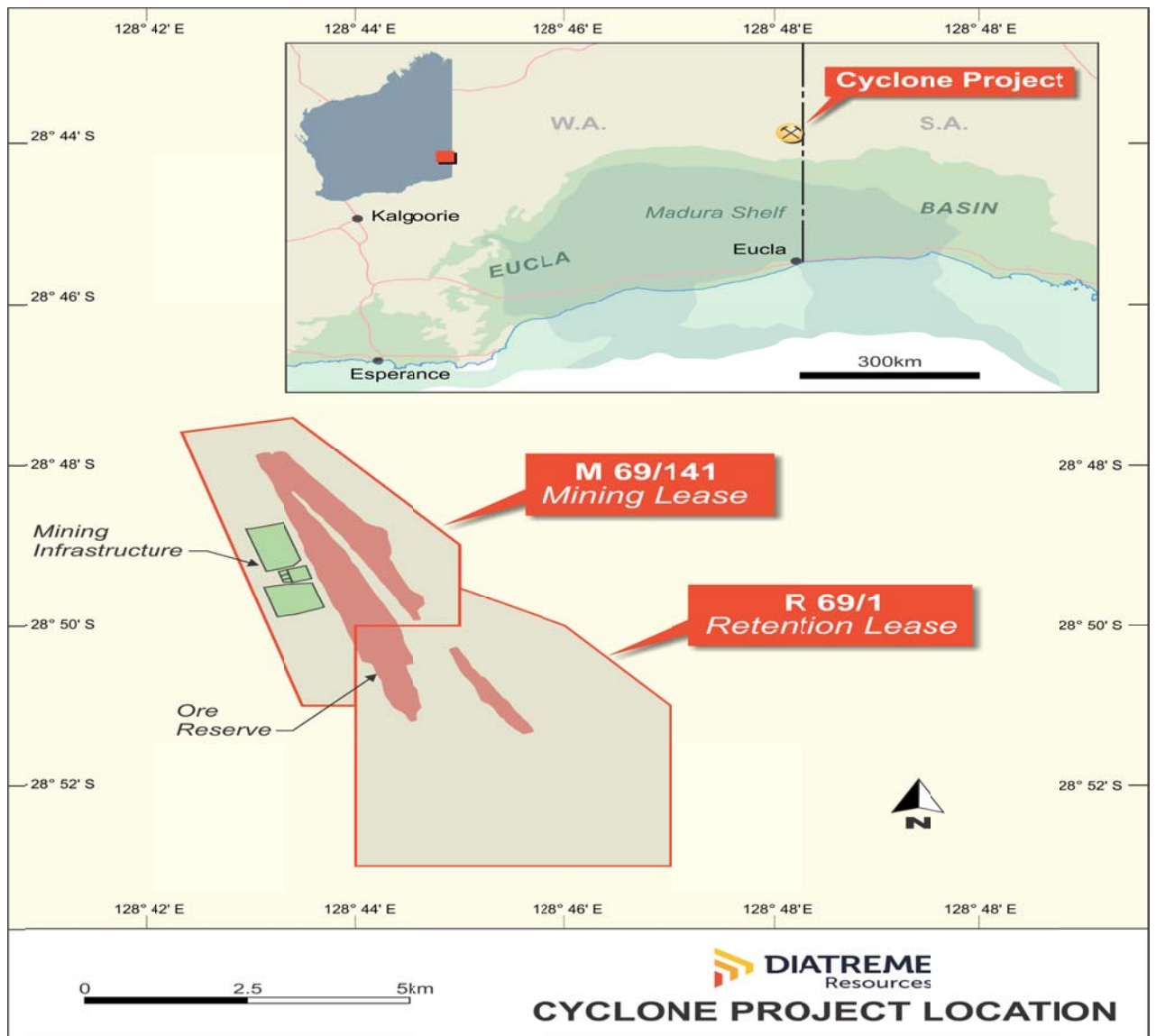
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A Definitive Feasibility Study was completed in November 2018 by China ENFI Engineering Corp., part of the leading China Minmetals group, reaffirming Cyclone's potential as the largest undeveloped zircon project in the world-class Eucla Basin (refer map below).

Figure 1: Cyclone Project Location



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