

ASX

ANNOUNCEMENT



**Diatreme
Resources
Limited**

ABN: 33 061 267 061

ASX:DRX 



SHARE PURCHASE PLAN – SHAREHOLDER OFFER

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
Ian Reudavey – Chief Geologist
Tuan Do – Company Secretary

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

Diatreme Resources Ltd Contact:
Neil McIntyre – Chief Executive
Phone: +61 7 3397 2222

Share Registry:
Link Market Services Limited
Level 15, ANZ Building
324 Queen Street, Brisbane, Q 4000

4 October 2017

Dear shareholder

On behalf of the Board of Diatreme Resources Limited (ASX:DRX), I am pleased to offer you the opportunity to participate in a Share Purchase Plan (SPP) to help fund the advancement of our key value-adding projects.

Offer Highlights

- Share Purchase Plan (SPP) targeting funding for key Company projects, offering shareholders the opportunity to capitalise on anticipated growth in market value
- **Cyclone Zircon Project** now advancing further towards potential mine development with completion of bankable feasibility study (BFS) eyed following memorandum of agreement (MOU) being signed with China ENFI Engineering Corporation (ENFI)
- Exploration underway at **Cape Bedford Silica/Heavy Minerals Project**, with initial results expected in late October
- Potential further joint venture eyed for **Tick Hill Gold Project**, amid high Australian dollar gold price
- Positive pricing environment for heavy minerals, with major producers raising prices and industry forecasters pointing to constrained supply.

This offer comes amid an increasingly favourable outlook for heavy mineral sands, and with recent significant progress at our flagship Cyclone Zircon Project and advances at the Cape Bedford and Tick Hill projects that have positioned the Company for substantial growth in market value.

The potential for upside is highlighted by Beer & Co.'s recent research report, a copy of which is available via our website.

The following provides an update on our key projects, how the funds will be used and details concerning the SPP for your consideration.

As stated in the offer highlights above, Diatreme has made significant project advances in recent months that have been welcomed by investors. Your support is crucial in ensuring the recent gains translate into further increases in market value for the benefit of all shareholders.

Cyclone Zircon Project – on fast track to development

Our flagship Cyclone project in Western Australia is on the fast track to development, thanks to the support of one of China's largest mining groups.

In September, Diatreme announced the signing of a non-binding memorandum of understanding (MOU) with ENFI for the completion of Cyclone's BFS.

Importantly, ENFI also agreed to support Diatreme in sourcing potential project equity or joint venture parties from within its extensive network, as well as facilitating engagement with Chinese banking consortia to assemble the necessary project financing for the mine's construction.

ENFI is backed by Metallurgical Corporation of China, one of China's largest state-owned enterprises involved in the mining services sector and is a wholly owned subsidiary of the China Minmetals Group.

This support from such a substantial company in the world's biggest resource consumer is extremely significant. It is a huge step forward for Cyclone, potentially the largest undeveloped zircon project in the world-class Eucla Basin.

The MOU signed with ENFI is set to be replaced with a binding heads of agreement (HOA) by November. Under the final terms, ENFI is expected to undertake the high-level engineering design and planning required to determine final project costings, implementation and economics for this company-making project.

Subject to results of the BFS and the securing of necessary project financing, Cyclone's construction and development is expected to progress rapidly, leading to the development of a new, profitable mining operation before the end of the decade.

Recent moves by major mineral sands producers to raise prices, and commentary by industry researchers TZMI pointing to a growing supply gap point to a favourable development window for Cyclone, which is expected to generate significant jobs and other economic benefits for the community and substantial wealth for shareholders.

These are exciting times for Diatreme shareholders and we look forward to delivering on the project's potential for your benefit.

Fortunately for shareholders, Diatreme has assembled an attractive project pipeline that along with Cyclone offers the opportunity for further growth in market value.

Cape Bedford – exploration momentum builds

Located adjacent to the world's largest operating silica mine, the Cape Bedford project in North Queensland is seen offering significant exploration potential for high quality silica along with heavy minerals such as zircon, rutile and ilmenite.

Earlier this year, Diatreme executed a Conduct and Compensation Agreement with the traditional owners, which was followed by a Cultural Heritage Agreement.

An exploration drill rig was subsequently mobilised to site with exploration activity underway, targeting a world-class deposit. With exploration results expected in late October, we are hopeful of rapidly progressing this project amid a favourable pricing environment.

Diatreme has already received significant investor interest in Cape Bedford and we are confident of capitalising on the project's potential for the benefit of shareholders.

Tick Hill's golden prospects

Tick Hill was one of the highest grade gold deposits in Australia's recent gold producing history, located in the famous Mount Isa mining region.

High gold prices, particularly in Australian dollar terms, have seen a number of gold explorers rewarded with gains in market value in 2017 and Tick Hill represents an attractive opportunity in such an environment.

Following Diatreme's metallurgical and other studies previously conducted with our joint venture partner, Superior Resources, we have sought the opportunity to further advance this project.

Fortunately, the project has attracted further investor interest from a number of parties, and we are confident of exploiting this project's golden potential with an injection of additional funding.

Together with our flagship Cyclone project, the exploration upside from Cape Bedford and the opportunity at Tick Hill, Diatreme has some highly attractive projects that offer substantial upside for shareholders' benefit.

Use of Funds

Your company is determined to protect shareholder value and as such the funds raised from the SPP will be applied only to our maximum value projects, comprising Cyclone, Cape Bedford and Tick Hill, as well as essential working capital.

Diatreme has become a far leaner and fit for purpose organisation in recent times, having substantially restructured our exploration portfolio and reduced administrative costs to reflect changed market and industry conditions.

With the mining cycle now turning favourably again, now is the time for us to advance our key projects, while maintaining a keen focus on maximising the value of shareholder funds.

SPP Details

We invite you to review the attached SPP document thoroughly in conjunction with publicly available information relating to the Company which is available from the ASX and from the Company's website (www.diatreme.com.au).

Under the SPP Eligible Shareholders can subscribe for additional Shares, up to a maximum of A\$15,000 worth, without paying brokerage or stamp duty. If appropriate, the SPP may also provide the opportunity for Eligible Shareholders to increase their holding into more than a marketable parcel.

The total number of Shares on issue at 4 October 2017 is 951,732,679. The Offer document will be dispatched on Monday, 9th October 2017 and will remain open until 5:00pm (Sydney time) on Friday, 27th October 2017.

The Offer price is \$0.013 (1.3 cents) per Share, representing an approximate 20 % discount to the volume weighted average closing price for the Company's shares over the five trading days immediately prior to and including the Record Date.

Participation in the Offer is optional and is only open to Eligible Shareholders who are registered as holders of shares in Diatreme Resources Limited at 7:00pm (Sydney time) on Tuesday, 3rd October 2017 (Record Date) and whose registered address is in Australia or New Zealand. The rights of shareholders to participate under this SPP are not transferable.

Full details of the Offer and how to participate are contained within the attached SPP document.

Following our recent gains in market value, and with an improving outlook for the resource sector in fiscal 2018, we are confident of securing maximum value from these funds for the benefit of all shareholders.

On behalf of the Board, I recommend this SPP for your careful consideration and thank you again for your continued support.

Yours sincerely



William Wang
Non-executive Chairman



DIATREME RESOURCES LIMITED
ABN 33 061 267 061

SHARE PURCHASE PLAN 2017

OFFER BOOKLET

An invitation to shareholders of Diatreme Resources Limited to purchase additional fully paid ordinary shares in Diatreme Resources Limited under the terms and conditions of this Share Purchase Plan

Indicative Timetable

Event	Date	Description
Record date	3 October 2017 7.00pm (Sydney time)	Eligible shareholders determined
Announcement date	4 October 2017	Share Purchase Plan announced
Dispatch date	9 October 2017	Offer Document dispatched
Opening date	9 October 2017	SPP Opens
Closing date	27 October 2017	SPP Closes
Issue date	31 October 2017	Shares Issued under SPP
Quotation commences	6 November 2017	Shares issued under SPP expected to commence quotation on ASX

This is an important document and should be read in its entirety.

The Share Purchase Plan provides Eligible Shareholders with the opportunity to purchase additional Diatreme Resources Limited shares without brokerage and transaction costs.

The Share Purchase Plan does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder. Accordingly, before making a decision whether or not to subscribe for Shares in the Share Purchase Plan, you should consult your financial or other professional adviser.

This document is not a prospectus or other disclosure document under the Corporations Act.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS

TERMS AND CONDITIONS

1. SPP

- (a) This SPP is an invitation to Eligible Shareholders made by Diatreme Resources Limited (**Diatreme**) to subscribe for fully paid ordinary shares in Diatreme (**New Shares**) at the Issue Price (refer to clause 5) per New Share.
- (b) The minimum application amount under the SPP is \$1,000.
- (c) The amount an Eligible Shareholder can apply for will be restricted to a cumulative total of \$15,000.
- (d) The SPP is conducted under ASIC Class Order CO09/425. The instrument grants relief from the requirement to prepare a prospectus for the offer of New Shares under the SPP.
- (e) You are not obliged to accept or otherwise participate in the SPP. Participation is optional.
- (f) The SPP is made to each Eligible Shareholder on the same terms and conditions.
- (g) The offer under the SPP is non-renounceable, which means that you may not transfer your right to apply for New Shares under the SPP to any other person.

2. Closing Date

The SPP is scheduled to close at 5:00pm (Sydney time) on 27 October 2017.

Diatreme reserves the right to change the closing date of the SPP.

No late applications will be accepted.

3. Eligible Shareholders

- (a) You are eligible to participate in the SPP (**Eligible Shareholder**) if you were a registered holder of fully paid ordinary shares in Diatreme (**Shares**) at 7:00pm (Sydney time) on 3 October 2017 (**Record Date**) whose address in the security register of Diatreme is in Australia or New Zealand, unless:
 - (i) you hold Shares on behalf of another person who resides outside Australia or New Zealand and do not hold Shares in any other capacity;
 - (ii) you are resident in the United States or acting for the account or benefit of a person resident in the United States; or
 - (iii) you are ineligible to participate in the SPP because of the aggregate limit explained in clause 7.
- (b) This SPP does not constitute an offer in any jurisdiction in which or to any person to whom it would be unlawful to make such an offer. Diatreme reserves the right to reject any acceptance which it believes comes from a person who is not an Eligible Shareholder.
- (c) (**Single Holders**) If you are the only registered holder of Shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for New Shares up to a maximum aggregate value of \$15,000.
- (d) (**Joint Holders**) If you are recorded with one or more other persons as the joint holder of Shares, that joint holding is considered to be a single registered holding for the purposes of the SPP. Subject to the conditions of eligibility as set out in this clause 3, the joint holders are entitled to participate in the SPP in respect of that single holding only. The certification under clause 9 by one of the joint holders will be effective in respect of the other joint holder(s). If the same joint holders receive more

Diatreme Resources Limited 2017 Share Purchase Plan

than one offer under the SPP due to multiple registered holdings, the joint holders may only apply for New Shares up to a maximum aggregate value of \$15,000.

- (e) **(Custodians)** If you are a custodian within the definition of “Custodian” in ASIC Class Order CO09/425 and you are a registered holder of Shares on behalf of another person (**Beneficiary**) and you apply to acquire New Shares on behalf of the Beneficiary, you must certify in writing Diatreme a number of matters relating to such beneficiaries (**Custodian Certificate**).
- (f) If you are a Custodian, please contact Diatreme Resources Limited, on +61 7 3397 2222 for the Custodian Certificate required under these SPP terms and conditions.
- (g) If you are a Custodian and you hold shares or interests jointly on behalf of two or more persons, the \$15,000 limit applies jointly in relation to those persons as if you hold the shares or interests on behalf of a single person.
- (h) **(Trustees and Nominees)** If you hold Shares as a trustee or nominee for another person, but are not a Custodian as defined above, you cannot participate a Beneficiary in the manner described above. In this case, the rules for multiple single holders (as above) will apply.
- (i) Nominees and other registered holders of Shares that are acting on behalf of a person in the United States or any other country outside Australia and New Zealand, must not:
 - (i) send this document or any other document relating to the SPP to any person in the United States or any other country outside Australia and New Zealand; or
 - (ii) purport to exercise rights under this offer on behalf of a person in the United States or any other country outside Australia and New Zealand.

4. Making an application for New Shares

- (a) Applications under the SPP may only be made for the following amounts:

Total investment	\$1,000	\$2,000	\$5,000	\$10,000	\$15,000
New Shares issued	76,923	153,846	384,615	769,231	1,153,846

- (b) Eligible Shareholders are not permitted to acquire more than \$15,000 worth of New Shares in aggregate, even if you receive more than one SPP Application Form (**Application Form**) or hold Shares in more than one capacity, e.g. if you are both a sole and joint holder of Shares (**Aggregate SPP Participation**).

5. Issue Price of New Shares under the SPP

- (a) The price per New Share on offer under the SPP (**Issue Price**) will be \$0.013 (1.3 cents).
- (b) The current Share price can be obtained from the ASX website (www.asx.com.au) (ASX code: DRX) and is listed in the financial and business section of major daily newspapers circulated in Australia.
- (c) The Issue Price represents a discount of 20% to the volume weighted average price of the past 5 trading days prior to announcement, and a 19% discount to the closing price on the record date of 3 October 2017.
- (d) You agree to pay the Issue Price for each New Share calculated under clauses 5(a) and 7(b).
- (e) You acknowledge that the market price of Shares may rise or fall between the date of this SPP, the date of calculation of the Issue Price and the date that New Shares are allotted to you under the SPP (**Issue Date**) and that the effect of this is that the Issue

Diatreme Resources Limited 2017 Share Purchase Plan

Price you pay for the New Shares may exceed the market price of New Shares on the Issue Date.

6. Scale back

- (a) Diatreme does not intend to issue more than 285,519,804 New Shares under the SPP.
- (b) Diatreme reserves the right to allot fewer New Shares than an Eligible Shareholder applies for under the SPP, or no New Shares. Any determination by the Directors in respect of any scale back will be final.
- (c) If a scale back occurs, Diatreme will refund the balance of application monies, without interest, following allotment by way of cheque to the applicant's registered address.

7. Applying for Shares under the SPP

- (a) If you are an Eligible Shareholder and wish to participate in the SPP, you must follow the instructions on the Application Form and:
 - (i) make payment by BPAY[®] equivalent to the value of the parcel of New Shares you wish to apply for, using the information provided on the Application Form; or
 - (ii) complete the Application Form and provide a cheque or money order made payable to "Diatreme Resources Limited", delivered to the Share Registry,so that payment is received by the Share Registry by 5:00pm (Sydney time) on the Closing Date. Payments must be denominated in Australian dollars.

SHARE REGISTRY

Postal delivery	Hand delivery
Diatreme Resources Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001	Diatreme Resources Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 <i>(Please do not use this address for mailing purposes)</i>

- (b) If you apply for New Shares, you will apply for a specified value, rather than a specified number of New Shares. Subject to clause 7(c), Diatreme will divide the parcel value that you select by the Issue Price in order to determine the number of New Shares for which you have applied (rounded down to the nearest whole number of New Shares). Any balance of monies sent by you that is remaining as a result of rounding will be refunded to you except where the amount is less than \$2.00 (or an amount advised by Diatreme).
- (c) Eligible Shareholders who receive more than one offer under the SPP (for example because they hold Shares in more than one capacity) may apply on different Application Forms for New Shares, but may not apply for New Shares with an aggregate value of more than \$15,000.
- (d) Diatreme may accept or reject your application for New Shares, either in whole or in part, at its absolute discretion. For example, Diatreme may reject your application in circumstances such as the following (among others):
 - (i) it appears that you are applying to purchase a number of New Shares that will mean that your Aggregate SPP Participation will exceed \$15,000;

Diatreme Resources Limited 2017 Share Purchase Plan

- (ii) your Application Form is incorrectly completed, incomplete or otherwise determined by Diatreme to be invalid;
- (iii) your cheque is dishonoured or the cheque or money order that you enclose with your Application Form is not made out for the amount corresponding to the value of the parcel of New Shares for which you have applied;
- (iv) your Application Form is received after the Closing Date; or
- (v) Diatreme believes you are not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements).

Late or otherwise incomplete or invalid payments will be refunded to you.

- (e) You should be aware that your own financial institution may implement earlier cut off times with regards to electronic payment, and you should therefore take this into consideration when making payment.
- (f) The lodgement of the Application Form with the application monies, or the remittance of funds via BPAY[®] will constitute the Eligible Shareholder's offer to subscribe for shares on the terms and conditions of this SPP. Once an application has been made, it cannot be revoked. No notice of acceptance of the application will be provided.

8. Shortfall

The offer under the SPP is not underwritten. To the extent that there is a shortfall in the subscription for New Shares under the SPP (**Shortfall**), the Directors reserve the right to place any New Shares under the Shortfall at their absolute discretion at a price no less than the price of New Shares offered under the SPP, to the extent that any such placement of New Shares under the Shortfall can be made having regard to Listing Rule 7.1.

9. Certification by Eligible Shareholders and Custodians

- (a) If you submit a BPAY[®] payment or complete and return an Application Form together with a cheque or money order:
 - (i) you acknowledge that you are an Eligible Shareholder;
 - (ii) you irrevocably and unconditionally agree to the Terms and Conditions and the terms of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the SPP or these Terms and Conditions;
 - (iii) you acknowledge that your application is irrevocable, unconditional and cannot be withdrawn once returned;
 - (iv) you certify that the aggregate of the application price for the following does not exceed \$15,000:
 - 1. New Shares under the SPP the subject of your application;
 - 2. any other New Shares or interests under the SPP or any Shares or interests in the class of shares issued that you acquired under any similar arrangement in the 12 months before the date of your application;
 - 3. any other New Shares or interests in the class of shares issued which you have instructed a Custodian to acquire on your behalf under the SPP; and
 - 4. any other Shares or interests in the class of shares issued to a Custodian under an arrangement similar to the SPP in the 12 months before the date of your application as a result of an instruction given by you to the Custodian or another Custodian and which resulted in you holding beneficial interests in the shares or interests in the class,

Diatreme Resources Limited 2017 Share Purchase Plan

even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;

- (b) If you are a Custodian, you make additional representations that you either:
 - (i) hold an Australian financial services licence that:
 - 1. covers the provision of a custodial or depository service (as defined by section 766E of the Corporations Act; or
 - 2. includes a condition requiring you to comply with the requirements of ASIC Class Order CO13/763; or
 - (ii) are exempt from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service under:
 - 1. paragraph 7.6.01(1)(k) or paragraph 7.6.01(1)(na) of the *Corporations Regulations 2001* (Cth);
 - 2. ASIC Class Order CO05/1270 to the extent that it relates to ASIC Class Order CO03/184;
 - 3. ASIC Class Orders CO03/1099, CO03/1100, CO03/1101, CO03/1102, CO04/829 or CO04/1313;
 - 4. an individual instrument of relief granted by ASIC in terms similar to one of the Class Orders referred to in paragraph (iii) above;
 - 5. paragraph 911A(2)(h) of the Corporations Act; or
 - (iii) are otherwise a Custodian as defined in Class Order CO09/425 and that you have provided a Custodian Certificate to Diatreme;
- (c) you authorise Diatreme to correct minor errors in your Application Form and to complete the Application Form by inserting any missing minor information;
- (d) you accept the risk associated with any refund that may be sent to your address or to your nominated bank account as shown on Diatreme's share register;
- (e) you acknowledge that no interest will be paid on any application monies held pending the allotment of the SPP Shares or subsequently refunded to you for any reason;
- (f) you acknowledge that Diatreme and the Share Registry have not provided any investment advice or financial product advice, and that none of them has any obligation to provide this advice in relation to your consideration as to whether or not to participate in the SPP;
- (g) you acknowledge that Diatreme (and each of its officers and agents) is not liable for any consequences of the exercise or non-exercise of its discretions referred to in the SPP;
- (h) you acknowledge that the SPP Shares have not, and will not be, registered under the US Securities Act of 1933 or the securities law of any other jurisdiction outside Australia or New Zealand and, accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (i) you agree not to send the SPP or any other material relating to the SPP to any person in the United States or any other country outside Australia and New Zealand;
- (j) you acknowledge that Diatreme may at any time irrevocably determine that your application is valid, in accordance with the terms and conditions of the SPP, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (k) you are responsible for any dishonour fees or other costs that Diatreme may incur in presenting a cheque or money order for payment that is dishonoured; and
- (l) if two or more persons are recorded in Diatreme's register of members as jointly holding Shares or interest in Diatreme, they are taken to be a single registered holder

and a certification given by any of them is taken to be a certification given by all of them.

10. Issue of New Shares

Diatreme will not be obliged to allot New Shares and the applicant will not be entitled to receive or be issued New Shares until the Board resolves to allot the New Shares.

New Shares under the SPP will be allotted and issued on or about 31 October 2017. After all New Shares have been allotted, Diatreme will promptly make application to ASX Limited for the New Shares to be admitted to quotation.

Holding statements will be despatched shortly after the Allotment Date.

11. Indicative Timetable

Event	Date	Description
Record date	3 October 2017 7.00pm (Sydney time)	Eligible shareholders determined
Announcement date	4 October 2017	Share Purchase Plan announced
Dispatch date	9 October 2017	Offer Document dispatched
Opening date	9 October 2017	SPP Opens
Closing date	27 October 2017	SPP Closes
Issue date	31 October 2017	Shares Issued under SPP
Quotation commences	6 November 2017	Shares issued under SPP expected to commence quotation on ASX

These dates are indicative only. Diatreme may vary the dates and times of this offer or withdraw it without notice. Accordingly, Eligible Shareholders are encouraged to submit their Application Forms as early as possible.

12. Additional Terms of this SPP

The requirements of the Australian Securities and Investments Commission's Class Order CO 09/425 are incorporated into this SPP.

Under that Class Order, the yearly limit that can be raised from a participant in a share purchase plan is \$15,000. Accordingly, no Eligible Shareholder (including through joint holdings, multiple share accounts or any holding in which the Eligible Shareholder may have a beneficial interest) will be issued with shares under this or any other share purchase plan with an application value totalling more than \$15,000 in any consecutive 12 month period.

All New Shares issued under the SPP will rank equally with existing Shares.

The SPP is administered by the Board or Diatreme which may determine in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant, or application, or Shares and the determination of the Board will be conclusive and binding on all participants and other persons to whom the determination relates.

The Board reserves the right to withdraw this SPP and any offer under it at any time prior to the allotment of Shares and to waive strict compliance with any provision of these terms and conditions, to amend or vary these terms and conditions and to suspend or terminate the SPP at any time. If the SPP is withdrawn, all application monies will be refunded without interest.

13. Costs of Participation

There is no brokerage, commissions or other participation costs payable by you in respect of any acquisition of New Shares under this SPP.

14. Risks

Potential investors should consider the risks that could affect Diatreme before deciding to invest. Risk factors include:

- (a) the speculative nature of the investment;
- (b) risks related to general market conditions including exchange rate risk, interest rates, market sentiment and circumstances and conditions which are not within Diatreme's control;
- (c) mining and exploration risks;
- (d) environmental regulation risks;
- (e) regulatory risks in general, including the risk of legislative and regulatory changes, native title and Aboriginal cultural heritage risks;
- (f) commercial risks including transport, power and carbon sale and pricing risk;
- (g) reliance on key management personnel and employees; and
- (h) financing risks.

Potential investors should carefully consider the risks in light of their personal circumstances (including financial and taxation issues) and seek professional advice from their stockbroker, accountant, lawyer or other professional adviser.

15. New Zealand

- (a) The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Diatreme with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).
 - (b) This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.
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16. United States

- (a) This document may not be released or distributed in the United States. The Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States.
 - (b) The Shares may not be taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. The Shares may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.
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17. Queries

If you have any queries concerning the SPP, please call the offer information line phone number: 1300 911 275 (inside Australia) and +61 1300 911 275 (outside of Australia).

Further Information

Please refer to the latest releases on Diatreme's website www.diatreme.com.au.

In addition, information on Diatreme's recent activities is available from the Company's ASX announcements which can be accessed on the ASX website at www.asx.com.au (ASX Code: DRX).

Diatreme Resources Limited

ABN 33 061 267 061

SRN/HIN:

Entitlement Number:

Record Date: 3 October 2017

Offer Opens: 9 October 2017

Offer Closes 5.00pm (Sydney time):	27 October 2017
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SHARE PURCHASE PLAN ("SPP") APPLICATION FORM

How do I apply for Shares under this offer?

- Carefully read the SPP Terms and Conditions accompanying this form.
- Decide on the amount you wish to apply for.
- Pay for the Shares in accordance with the instructions outlined in the Terms and Conditions Booklet and further important instructions on the reverse of this form.
 - Option 1: Paying by BPAY®.
 - Option 2: Paying by Cheque, Bank Draft or Money Order.
- Payments must be in Australian dollars.

PAYMENT OPTIONS

Option 1: Paying by BPAY®

If paying by BPAY®, you do **NOT** need to complete or return the Acceptance Slip attached to this Application Form below. Payment must be received by the Registry by BPAY® by 5.00pm (Sydney time) on 27 October 2017. By paying by BPAY®, you will be deemed to have completed an Application Form for the number of Shares the subject of your Application Payment.

If you make a payment by BPAY® and Diatreme Resources Limited receives an amount which is not equal to either A\$1,000, A\$2,000, A\$5,000, A\$10,000 or A\$15,000, Diatreme Resources Limited may round down the dollar amount of Shares that you are applying for to the next lowest parcel at their discretion. Your payment must be for a minimum of A\$1,000.



Biller Code: 717447

Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
© Registered to BPAY Pty Ltd ABN 69 079 137 518

Option 2: Paying by Cheque, Bank Draft or Money Order

If paying by cheque, bank draft or money order, complete and return the Acceptance Slip attached to this Application Form with your Application Payment.

- Tick the box beside the amount you wish to apply for, either A\$1,000, A\$2,000, A\$5,000, A\$10,000 or A\$15,000.
- Enter your cheque, bank draft or money order details. The amount of your Application Payment should be equal to the amount applied for in section A of the Acceptance Slip. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Diatreme Resources Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque, bank draft or money order for an amount that is not equal to either A\$1,000, A\$2,000, A\$5,000, A\$10,000 or A\$15,000, Diatreme Resources Limited may round down the dollar amount of Shares that you are applying for to the next lowest parcel at their discretion. Your payment must be for a minimum of A\$1,000.
- Enter your contact telephone number at which we may contact you regarding your application for Shares, if necessary.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.



**Diatreme
Resources
Limited**
ABN 33 061 267 061

Please detach and enclose with payment

SRN/HIN:

Entitlement Number:



A I/we wish to purchase a parcel of Shares to the dollar amount of (tick one box only):

☐ A\$1,000	OR	☐ A\$2,000	OR	☐ A\$5,000	OR	☐ A\$10,000	OR	☐ A\$15,000
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B Make your cheque, bank draft or money order payable to "Diatreme Resources Limited" and crossed "Not Negotiable"

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$.00

C Telephone Number – Business Hours

Telephone Number – After Hours

Contact Name

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IMPORTANT INFORMATION

1. This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this Application Form, please consult a professional adviser.
2. If you do not wish to purchase additional Shares under this SPP, there is no need to take action.
3. Please ensure you have read and understood the SPP Terms and Conditions and this Important Information, before you make the Application Payment by BPAY® or you submit your Acceptance Slip with your Application Payment.
4. This SPP is non-renounceable. Applications can only be accepted in the name printed on the Application Form.
5. If you are a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] you must complete and submit an additional Schedule that contains additional certifications and details that must be provided ("the Schedule") before your Application will be received. The Schedule can be obtained by contacting the Diatreme Resources Limited SPP Offer Information Line. Applications received by custodians that are not accompanied by the Schedule will be rejected.
6. For applicants that are not required to complete the Schedule, by submitting the Acceptance Slip (with a cheque, bank draft or money order) or making payment by BPAY®, you certify that the aggregate of the Application Payment paid by you for:
 - the parcel of New Shares indicated on this Application Form or BPAY® payment; and
 - any other Shares applied for by you, or which you have instructed a Custodian to acquire on your behalf under the SPP or any other similar arrangement in the 12 months prior to the date of submission of the Acceptance Slip or payment by BPAY® does not exceed A\$15,000.
7. Diatreme Resources Limited reserves the right to make amendments to this Application Form where appropriate.
8. Applicants are not assured of receiving the Shares for which they have applied as Diatreme Resources Limited may scaleback applications in its discretion.

How to Lodge your Acceptance Slip and Application Payment

A reply paid envelope is enclosed for you to return your Acceptance Slip and Application Payment. No postage stamp is required if it is posted in Australia.

Acceptance Slip and the payment for New Shares must be received by the Registry no later than the closing date shown overleaf. If paying by BPAY® you do not need to complete or return the Application Form. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Diatreme Resources Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

or

Hand Delivery

Diatreme Resources Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and Application Payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5.00pm (Sydney time) on 27 October 2017. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Diatreme Resources Limited reserves the right not to process any Acceptance Slips and Application Payments received after the Closing Date.

If you require information on how to complete this Acceptance Slip please contact the Diatreme Resources Limited SPP Offer Information Line on 1300 911 275 if calling within Australia or +61 1300 911 275 if calling from outside of Australia.