



Australian Securities Exchange Announcement

2nd June 2017

Binding Agreement Signed for Acquisition of Blom Diamonds

HIGHLIGHTS

- Binding agreement signed for acquisition of 74% interest in Blom Diamonds
- Tychean to become a unique vertically integrated investment vehicle encompassing the full value chain of diamond exploration/production, trading, beneficiation, cutting and polishing
- Transaction structure to significantly align both parties' interests

Tychean Resources Limited (ASX:TYK) ("**Tychean**" or "the **Company**") announces today that it has signed a binding agreement with Ernest Blom, to acquire a 74% interest in Blom Diamond Cutting Works Pty Ltd, Ernest Blom Diamonds CC and Mons Montis Diamonds CC (together, "**Blom Diamonds**"), an established South Africa-based diamond company. The acquisition is a culmination of significant efforts in securing a cornerstone project, which will subsequently transform Tychean into a vertically integrated diamond-focused company.

Final Transaction Terms

Tychean proposes to acquire a 74% equity interest in Blom Diamonds on the following basis:

1. 68,450,000 Tychean shares to be issued to Mr Blom following transaction completion
2. Performance shares in the capital of Tychean convert upon the satisfaction of the following milestones:
 - a. Milestone 1 - 433,516,667 Tychean shares upon achieving EBITDA of ZAR 19,615,312 (AUD 2,008,669*) for the financial year ending 30 June 2018
 - b. Milestone 2 - 433,516,667 Tychean shares upon achieving EBITDA of ZAR 22,152,739 (AUD 2,268,510*) for the financial year ending 30 June 2019
 - c. Milestone 3 - 433,516,667 Tychean shares upon achieving EBITDA of ZAR 25,539,031 (AUD 2,615,279*) for the financial year ending 30 June 2020

*Based on current exchange rates

About Blom Diamonds

Blom Diamonds is a well-established business with a proven track record accumulated over 38 years and a profitable operation that will provide a cash underpin to Tychean and distinguish it from the host of competitor exploration companies. Based in South Africa, Blom Diamonds currently engages in the trading, beneficiation, cutting and polishing of diamonds.

Ernest Blom Diamonds CC commenced business in 1978 and trades in rough diamonds on the South African markets as well as in other African countries. The company is a large-scale buyer of rough diamonds at both tenders and at the mines and utilises an extensive sales network from South Africa to the major diamond centres around the world. Blom Diamond Cutting Works Pty Ltd started business in 1986 whereby a state of the art factory facility in Johannesburg utilises the latest equipment for the polishing of diamonds as well as digital analysing software to maximise weight recovery, purity and clarity of cut stones. Polished diamonds are sold using sales outlets in all the major diamond centres.

Mr Blom is a third generation member of a South African diamond family who travelled from Holland to South Africa where they co-founded the diamond cutting industry. Since its creation, the group has grown significantly and is well positioned to take full advantage of future growth opportunities. Mr Blom is currently President of the World Federation of Diamond Bourses and Economic Diplomatic Advisor to Belgium in South Africa. Following transaction completion, it is proposed that Mr Blom will become CEO of Tychean.

Growth Opportunities – Vertical Integration

Mr Blom has an international profile of high standing which provides access to a global network of diamond projects whilst Dr Kevin Wills, an existing Director of Tychean, has extensive experience in diamond exploration and development including being a member of the team responsible for the discovery of the famous Argyle diamond mine in Western Australia. Tychean will have the necessary experience to combine the full value chain of diamond exploration, production, trading, beneficiation, cutting and polishing, in turn creating a vertically integrated investment vehicle. Tychean notes that the value add by cutting and polishing company-produced diamonds would be in the vicinity of 20% to 30%.

The transaction is subject to any final due diligence, regulatory approvals and formal approval by Tychean shareholders.

For more information, please contact:

Mr Ernest Blom
Proposed CEO
Tychean Resources Limited
ernie@blomdiamonds.com

Mr Duncan Gordon
Executive Director
Adelaide Equity Partners
dgordon@adelaideequity.com.au