

# Diatreme Resources Limited

ABN 33 061 267 061

## Notice of a General Meeting of Shareholders

To be held at the office of the Company, Level 2, 87 Wickham Terrace, Spring Hill, Qld,  
30 September 2014 at 10:30 am

The details of the resolutions contained in the Explanatory Memorandum accompanying this Notice of General Meeting should be read together with and form part of this Notice of General Meeting.

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### Business

#### RESOLUTIONS:

##### 1. RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

***“That for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 50,000,000 fully paid ordinary shares and 25,000,000 attaching options to Ms. Chenxia Zhou, a sophisticated investor, for the purpose and otherwise on the terms described in the Explanatory Memorandum, be ratified.”***

#### ***Voting Exclusion Statement:***

*The Company will disregard any votes cast on Resolution 1 by:*

- *Ms Chenxia Zhou; and*
- *any of her associates.*

*However, the Company need not disregard a vote on Resolution 1 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

##### 2. RATIFICATION OF PRIOR ISSUE OF SHARES.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

***“That for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 27,700,000 fully paid ordinary shares to Mr. Ngai Tse, a sophisticated investor, for the purpose and otherwise on the terms described in the Explanatory Memorandum, be ratified.”***

#### ***Voting Exclusion Statement:***

*The Company will disregard any votes cast on Resolution 2 by:*

- *Mr. Ngai Tse; and*

- any of his associates.

*However, the Company need not disregard a vote on Resolution 2 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

### **3. APPROVAL OF PROPOSED ISSUE OF PLACEMENT.**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

***“That for the purposes of Listing Rule 10.11 and for all other purposes, the proposed issue of up to 34,000,000 Placement shares and 17,000,000 attaching options to Ms. Lai You, a related party of Mr. Andrew Tsang, a Director of the Company, for the purposes and on the terms described in the Explanatory Memorandum, be approved.”***

#### ***Voting Exclusion Statement:***

*The Company will disregard any votes cast on Resolution 3 by:*

- *Ms. Lai You;*
- *Andrew Tsang, a director of the company;*
- *A person who is to receive securities in relation to the entity, if the resolution is passed; and*
- *any associate of any of the above.*

*However, the Company need not disregard a vote on Resolution 3 if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By Order of the Board of Directors,

**Leni Stanley**  
Company Secretary

Dated 26 August 2014

## ***Voting and Proxies***

### **1. Voting**

Diatreme Resources Limited (DRX) has determined in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that for the purposes of voting at the Meeting securities will be taken to be held by those persons recorded on the Company's share register as at 7:00pm (Sydney time) on 28 September 2014. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If you have any queries on how to cast your votes then telephone Ms. Leni Stanley on 07 3221 6022 or Mr. Tuan Do on 07 3832 5666 during business hours.

### **2. Proxies**

(a) Any member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his or her stead.

(b) If a shareholder appoints more than one proxy, the appointment of the proxy may specify the proportion or number of that shareholder's votes that each proxy may exercise. If the appointment does not specify the proportion or the number of the shareholder's votes each proxy may exercise, each proxy may exercise one half of the votes.

(c) Where a shareholder appoints more than one proxy neither proxy is entitled to vote on a show of hands.

(d) A proxy need not be a shareholder of DRX.

(e) To be effective, DRX must receive the completed Proxy Form and, if the form is signed by the shareholder's attorney, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 48 hours before the commencement of the meeting. Proxy Forms and other documentation may be lodged at the registered office of the Company or as follows:

By posting, delivery or facsimile:	Diatreme Resources Limited Share Registry C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Facsimile: (02) 9287 0309
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By delivery:	Level 15, 324 Queen Street Brisbane QLD 4000
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Online:	<a href="http://www.investorcentre.linkmarketservices.com.au">www.investorcentre.linkmarketservices.com.au</a> Login to the Link website using the details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online voting facility, security holders will need their "Holder Identifier" (Security Holder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).
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(f) Proxies given by corporate shareholders must be executed in accordance with their constitutions, or under the hand of a duly authorised officer or attorney.

(g) If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting as he or she thinks fit.

(h) If a shareholder appoints the Chairman of the meeting as the shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that shareholder for that item.

**NOTE: APPOINTMENT OF PROXY FORM IS ENCLOSED**

# Diatreme Resources Limited

ABN 33 061 267 061

## EXPLANATORY MEMORANDUM

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**This Explanatory Memorandum has been prepared for the information of shareholders in relation to the business to be conducted at the general meeting of Diatreme Resources Limited ("DRX") to be held at the registered office of the Company, Level 2, 87 Wickham Terrace, Spring Hill, Qld, 30 September 2014 at 10:30am**

On 28 July 2014, DRX announced that it was undertaking the following placements to sophisticated investors:

- 50,000,000 fully paid ordinary shares in the Company at an issue price of 1.2 cents with 25,000,000 attaching options which are exercisable at 2 cents each and expire on 30 June 2016, raising \$600,000 before costs; and
- 27,700,000 fully paid ordinary shares in the Company at an issue price of 1.1 cents per share raising \$304,700 before costs.

The issue of these fully paid ordinary shares and attaching options were completed on 1 August 2014 and 11 August 2014 utilising the Company's 15% placement capacity under Listing Rule 7.1 and the additional 10% placement capacity under Listing Rule 7.1A, which was approved by shareholders at the Company's 2014 Annual General Meeting held on 28 May 2014.

On 28 July 2014, DRX also announced it had received a firm commitment from Ms. Lai You, who is a related party of Mr. Andrew Tsang, a Director of the Company for a placement of 34,000,000 ordinary fully paid shares at 1.2 cents per share with 17,000,000 attaching options exercisable at 2.0 cents and expiring 30 June 2016.

Funds raised under all the above placements are to be used in the Company's project activities and for working capital.

The General Meeting seeks shareholder ratification of the two prior issues of shares and options as well as shareholder approval to issue shares and options to a related party of Mr Andrew Tsang, a Director.

ASX Listing Rule 7.1 provides that a company must not, unless permitted under Listing Rule 7.1A or specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify a previous issue of securities made pursuant to ASX Listing Rules 7.1 and/or 7.1A (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

By obtaining shareholder approval for the issue of the shares under resolutions 1 and 2, the Company will be assisted in retaining its ability to issue up to 25% of its capital (in aggregate) within a 12 month period, thus enabling it to take advantage of any capital raising opportunities in the near future.

## **RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS**

Under resolution 1 the Company seeks ratification for the purposes of ASX Listing Rule 7.4 of the prior issue of 50,000,000 fully paid ordinary shares at an issue price of 1.2 cents per share and 25,000,000 attaching options to Ms. Chenxia Zhou, a sophisticated investor, raising \$600,000 (before costs). The shares and options were issued by the Company without disclosure under part 6D.2 of the Corporations Act 2001 (Cth). The terms and conditions of the options are set out in Appendix "A".

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- a) The number of securities previously issued was 50,000,000 Shares and 25,000,000 unlisted free attaching options;
- b) The issue price of the Shares was \$0.012 (1.2 cent) per Share;
- c) The securities issued were fully paid ordinary Shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary Shares; and unlisted options exercisable at 2 cents each expiring 30 June 2016. The shares issued upon the exercise of the options will rank equally with the Company's existing listed fully paid ordinary Shares;
- d) The Shares and Options were issued to sophisticated investor Ms. Chenxia Zhou;
- e) Funds raised by the issue of the shares were used for Company's project activities and for working capital;
- f) A voting exclusion statement is contained in the Notice of General Meeting.

**All Directors unanimously recommend that you vote in favour of Resolution 1.**

## **RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES**

Under resolution 2 the Company seeks ratification for the purposes of ASX Listing Rule 7.4 of the prior issue of 27,700,000 fully paid ordinary shares at an issue price of 1.1 cents per share to Mr. Ngai Tse, a sophisticated investor, raising \$304,700 before costs). The shares were issued by the Company without disclosure under part 6D.2 of the Corporations Act 2001 (Cth).

Of the total of 27,700,000 shares which were placed to Mr. Ngai Tse, 14,847,961 were issued under ASX Listing Rule 7.1 and 12,852,039 were issued under ASX Listing Rule 7.1A.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- a) The number of securities previously issued was 27,700,000 Shares;
- b) The issue price of the Shares was \$0.011 (1.1 cent) per Share;
- c) The securities issued were fully paid ordinary Shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary Shares;
- d) The Shares were issued to sophisticated investor Mr. Ngai Tse;
- e) Funds raised by the issue of the shares were used for Company's project activities and for working capital;
- f) A voting exclusion statement is contained in the Notice of General Meeting.

**All Directors unanimously recommend that you vote in favour of Resolution 2.**

**RESOLUTION 3 – APPROVAL OF PROPOSED ISSUE OF PLACEMENT SHARES AND OPTIONS**

ASX Listing Rule 10.11 provides that, subject to specified exceptions, a listed company must not issue securities to a related party without shareholder approval.

Under resolution 3 the Company seeks shareholder approval under ASX Listing Rule 10.11 to issue up to 34,000,000 fully paid ordinary shares at an issue price of \$0.012 per share plus 17,000,000 unlisted free attaching options exercisable at 2.0 cents each expiring on 30 June 2016 to Ms Lai You, a sophisticated investor, to raise a total of up to \$ 408,000 (before costs). The Terms and Conditions of the Options are set out in Appendix “A”.

Ms. Lai You is an existing shareholder of the Company and currently holds 36,511,080 fully paid ordinary shares in the Company representing 5.20% of the issued share capital of the Company. Ms. Lai You is the mother of Mr. Andrew Tsang, a Director, and is therefore a related party of the Company for the purposes of ASX Listing Rule 10.11.

If resolution 3 is approved Ms. You will hold 70,511,080 ordinary shares, representing 9.57% of the Company's issued share capital (assuming resolutions 1 and 2 are also approved). Also, if resolution 3 is approved, and all the 17,000,000 attaching options are exercised by Ms. Lai You, she would then hold 87,511,080 ordinary shares, representing 11.61% of the Company's issued share capital.

The funds raised will be used for the same purposes set out in Resolutions 1 and 2 above, being the Company's project activities and for working capital.

Under Chapter 2E of the Corporations Act 2001 (Cth), a company must not give a financial benefit to a related party of the company unless an exception applies or unless the company obtains the approval of its Shareholders. One exception is where the transaction to the related party occurs on 'arms length' terms. The Directors have formed the view that shareholder approval under Chapter 2E of the Corporations Act is not required for the issue of shares and options to Ms. Lai You as the shares and options are being issued on the same terms and for the same issue price as those shares and options placed by the Company on 1 August 2014 to an unrelated sophisticated investor.

The securities to be issued will be fully paid ordinary shares having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary Shares; and unlisted options exercisable at 2 cents each expiring 30 June 2016. The shares issued upon the exercise of the options will rank equally with the Company's existing listed fully paid ordinary Shares. The shares and options will be issued as soon as practicable after the Meeting, but in any event, no later than one (1) month after the date of the Meeting.

If approval is given by shareholders under ASX Listing Rule 10.11, then approval is not required under ASX Listing Rule 7.1. This means that the shares issued to Ms. Lai You will not be included in calculating the 15% threshold for the purposes of ASX Listing Rule 7.1.

**All Directors (excluding Mr Tsang) recommend that you vote in favour of Resolution 3.**

## **APPENDIX A – TERMS AND CONDITIONS OF UNLISTED OPTIONS**

- a) Each option shall be issued free for no consideration.
- b) Each option entitles the holder to subscribe for one (1) ordinary share upon payment of the exercise price of 2 cents per option.
- c) The options will lapse at 5.00pm, Brisbane Time on 30 June 2016.
- d) The options will not be listed for official quotation on the ASX.
- e) The options shall not be transferred or assigned by an option holder except that the option holder may at any time transfer all or any of the options to a spouse, family trust, or to a proprietary limited company, all of the issued shares in which are beneficially owned by the option holder or the spouse of the option holder.
- f) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the option.

However option holders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing Shareholders of the company made during the currency of the options, and will be granted a period of at least four (4) business days before books closing date to exercise the options.

- g) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised to the extent necessary to comply with the Listing Rules applying to a reorganization of capital at the time of the re-organisation, but in all other respects the terms of exercise will remain unchanged.
- h) Options may only be exercised by the delivery to the registered office of the Company or the Share Registry of a notice in writing stating the intention of the holder to exercise all or a specified number of the Options; and pay the Exercise Price in full for the exercise of each such Option.
- i) The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within ten (10) business days of the exercise of the options.
- j) Shares allotted pursuant to an exercise of options shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
- k) The Company shall make an application to have those shares allotted pursuant to an exercise of options listed for official quotation by the Australian Securities Exchange.
- l) If there is a pro rata issue (except a bonus issue) to the holders of the underlying securities, the exercise price of the options may be reduced according to the formula set out in Listing Rule 6.22 of the Official Listing Rules of the Australian Securities Exchange.
- m) The options may be exercised at any time until the expiry date.



**By mail:**  
Diatreme Resources Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**By fax:** +61 2 9287 0309



**All enquiries to: Telephone:** +61 1300 554 474



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## PROXY FORM

I/We being a member(s) of Diatreme Resources Limited and entitled to attend and vote hereby appoint:

### STEP 1

### APPOINT A PROXY

☐

**the Chairman  
of the Meeting  
(mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the General Meeting of the Company to be held at **10:30am on Tuesday, 30 September 2014 at the office of the Company, Level 2, 87 Wickham Terrace, Spring Hill, QLD** (the Meeting) and at any postponement or adjournment of the Meeting.

**The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.**

Proxies will only be valid and accepted by the Company if they are signed and received no later than **48 hours before the Meeting**.

Please read the voting instructions overleaf before marking any boxes with an ☒.

### STEP 2

### VOTING DIRECTIONS

#### Resolution 1

Ratification of Prior Issue of Shares and Options

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Resolution 2

Ratification of Prior Issue of Shares

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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#### Resolution 3

Approval of Proposed Issue of Placement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### STEP 3

### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**DRX PRX401**





## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Sunday, 28 September 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**  [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



**by mail:**

Diatreme Resources Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the General Meeting, please bring this form with you.  
This will assist in registering your attendance.**