

# Diatreme Resources Limited

## Notice of 2016 Annual General Meeting

Notice is given that the Annual General Meeting of the shareholders of **DIATREME RESOURCES Limited ABN 33 061 267 061** ('Company' or '**DIATREME**') will be held at 2.00 pm (Brisbane time) on Thursday 26 May 2016 at the office of the Company, Level 2, 87 Wickham Terrace, Spring Hill, Queensland.

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

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### AGENDA

#### ORDINARY BUSINESS

##### Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report, Auditors' Report, Directors' Declaration, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to and forming part of the Financial Statements for the Company for the financial year ended 31 December 2015.

##### Resolution 1: Remuneration Report

To consider and, if thought fit, pass the following advisory resolution:

**"That the Remuneration Report for the year ended 31 December 2015 (as set out in the Directors' Report) be adopted."**

NB: The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

##### Voting exclusion statement

*A vote on this resolution must not be cast (in any capacity) by or on behalf of any of the following persons:*

- *a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*
- *a Closely Related Party of such member, whether as a shareholder or as a proxy of Key Management Personnel; or*
- *as a proxy by a member of the Key Management Personnel or a Closely Related Party of such a member.*

*However, a person described above may cast a vote on Resolution 1 if:*

- *the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolutions; and*
- *the vote is not cast on behalf of a person described above.*

*If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on Resolution 1 on the proxy form, you will be expressly authorizing the Chairman of the meeting to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of the KMP which includes the Chairman of the meeting.*

*The Chairman of the meeting intends to vote unrestricted proxies in favour of Resolution 1.*

##### Resolution 2: Re-Election of Director – Mr. Yufeng Zhuang

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

**"That Mr. Yufeng Zhuang, who retires by rotation in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company."**

**Resolution 3: Re-Election of Director – Mr. Cheng Wang**

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

**“That Mr. Cheng Wang, who retires by rotation in accordance with the Company’s Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”**

**SPECIAL BUSINESS**

**Resolution 4: Ratification of prior issue of shares**

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

**“That for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 41,666,667 fully paid ordinary shares in the capital of the Company to various sophisticated investors, for the purpose and otherwise on the terms described in the Explanatory Notes, be ratified.”**

**Voting exclusion statement**

*The Company will disregard any votes cast on Resolution 4 by:*

- *a person who participated in the issue; and*
- *an associate of any of those persons.*

*However, the Company need not disregard a vote 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 Chair as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.*

**Resolution 5: Approval of additional 10% placement facility**

To consider and if thought fit, pass the following as a **special resolution**:

**“That pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes approval is given for the Company to issue equity securities up to 10.00% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 over a 12 month period, for the purpose and otherwise on the terms described in the Explanatory Notes, be approved.”**

**Voting Note:**

*If as at the time of the Annual General Meeting, the Company:*

- *is included in the S&P/ASX 300 Index; and/or*
- *has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of greater than AU\$300 million,*

*then this Resolution will be withdrawn.*

**Voting exclusion statement**

*The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the issue of the Shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company need not disregard a vote if:*

- *it is cast by a person as a 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.*

***Please refer to the important information about the appointment of proxies below.***

**By Order of the Board**

**Tuan Do**

Company Secretary

Dated 22 April 2016

## **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 Tuesday 24 May 2016. 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 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

By delivery:

Link Market Services Limited  
Either: 1A Homebush Bay Drive Rhodes NSW 2138, or  
Level 12, 680 George Street Sydney NSW 2000

Online:

Lodging it online at Link's website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website).

(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.

### **Important information concerning proxy votes for Resolution 1**

The Corporations Act now places certain restrictions on the ability of Key Management Personnel (including the chairman of the Meeting) and their Closely Related Parties to vote on resolutions connected with the remuneration of those persons, including where they are voting as proxy for another Member.

To ensure that your votes are counted, you are encouraged to direct your proxy as to how to vote on Resolution 1 by indicating your preference on the proxy form. If you appoint a member of the Company's Key Management Personnel (other than the chairman of the Meeting) or their Closely Related Parties as your proxy and do not direct them how to vote, your votes will not be cast on Resolutions 1.

If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on Resolution 1 on the proxy form, you will be expressly authorizing the Chairman of the meeting to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of the KMP which includes the Chairman of the meeting.

The Chairman of the meeting intends to vote unrestricted proxies in favour of Resolution 1.

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

### **Special Resolution**

Resolution 5 is a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

# DIATREME RESOURCES LIMITED (ACN 061 267 061)

## Explanatory Notes

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These Explanatory Notes have been prepared for the information of members in connection with the business to be conducted at the Annual General meeting of Diatreme Resources Limited to be held at the Registered Office of the Company, Level 2, 87 Wickham Terrace, Spring Hill, Qld, on Thursday 26 May 2016 at 2.00 pm.

These Explanatory Notes form part of and should be read in conjunction with the accompanying Notice of Annual General Meeting.

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### **Consider the Company's Annual Report**

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 31 December 2015 is placed before Shareholders for discussion. No voting is required for this item.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at [www.diatreme.com.au](http://www.diatreme.com.au)

### **Resolution 1: Remuneration Report**

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution.

The Remuneration Report is set out in the Directors' Report section of the 2015 Annual Report.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

Section 250R(2) of the Corporations Act requires the Company to propose a resolution that the Remuneration Report be adopted. The vote on this resolution is advisory only and does not bind the Directors or the Company. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director and CEO as applicable) must be put up for re-election.

The vote on the Remuneration Report contained in the Company's 2014 Annual Financial Statements was passed with the support of more than 75% of votes thus a spill resolution will not be required in the event that 25% or more of votes that are cast are against the adoption of the 2015 Remuneration Report. However, in the event that 25% or more of votes that are cast are against the adoption of the 2015 Remuneration Report, shareholders should be aware that if there is a 'no' vote of 25% or more at the same resolution at the following year's Annual General Meeting the consequences are that it may result in the re-election of the Board.

### ***Proxy Restriction***

Key Management Personnel (KMP) and their proxies and Closely Related Parties are restricted from voting on a resolution (Voting Restriction) put to Shareholders that the remuneration report of the Company be adopted.

The Voting Restriction does not apply where:

- (a) the Chairman or any other KMP is appointed in writing (by a Shareholder who is not a KMP or a closely related party of a KMP) as a proxy with specific instructions on how to vote on a resolution to adopt the remuneration report of the Company; or

- (b) the Chairman is appointed in writing (by a Shareholder who is not a KMP or a Closely Related Party of a KMP) as a proxy with no specific instructions on how to vote on a resolution to adopt the remuneration report, where the Shareholder provides express authorisation for the Chairman to vote on the resolution.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the resolutions the subject of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act and Listing Rules

*The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors or the Company.*

**Resolution 2: Re-Election of Mr Yufeng Zhuang as a Director**

Mr Zhuang was appointed as a director of the Company on 1 August 2013 and in accordance with the Constitution of the Company, Mr Zhuang will retire at the Annual General Meeting and being eligible, offers himself for election.

Details of Mr. Zhuang's experience and qualifications are set out in the section "Directors' Report" within the Annual Report.

*The Directors recommend that the resolution be passed.*

**Resolution 3: Re-Election of Mr Cheng Wang as a Director**

Pursuant to the Constitution of the Company, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third, except the Managing Director, are required to retire by rotation at each Annual General Meeting. Additionally, under ASX Listing Rule 14.4, a Director must not hold office without re-election past the third annual general meeting following the director's appointment, or three years whichever is longer. A Director who retires in accordance with these provisions is eligible for re-election.

Mr. Wang has been a director of the Company since May 2011. He retires by rotation in accordance with the Constitution of the Company, but being eligible, offers himself for re-election.

Details of Mr. Wang's experience and qualifications are set out in the section "Directors' Report" within the Annual Report.

*The Directors recommend that the resolution be passed.*

**Resolution 4: Ratification of prior issue of shares**

This Resolution seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of a total of 41,666,667 Shares to sophisticated investor Mr. Longqian Zhuang (who is an exempt investor and is not a related party of the Company). These shares from part of the placement as announced to ASX on 8 December 2014.

ASX Listing Rule 7.1 provides that a company must not, subject to 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 the previous issue of securities made pursuant to ASX Listing Rule 7.1 (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 ratifying the prior issue of 41,666,667 Shares to Mr. Longqian Zhuang, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity without the requirement to obtain prior shareholder approval.

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

- (a) The number of securities previously issued was 41,666,667 Shares;
- (b) The issue price of the Shares was \$0.012 (1.2 cents) 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. Longqian Zhuang, who is an exempt investor and is not a related party of the Company;
- (e) Funds raised by the issue of the shares were used to fund the Company's project activities and for working capital;

- (f) A voting exclusion statement is contained in the Notice of General Meeting.

*The Directors recommend that the resolution be passed.*

**Resolution 5: Approval of additional 10% placement facility**

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 5 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 5 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period set out below.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (set out below).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

**Regulatory Requirements**

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

a) Minimum Issue Price

Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue two classes of quoted Equity Securities, namely Shares and Options.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the Equity Securities are issued; or
- the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

b) Dilution

As at the date of this Notice of Annual General Meeting, the Company has 809,967,559 Shares on issue. If Shareholders approve Resolution 5, the Company will have the capacity to issue approximately 80,996,756 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

**(A x D) – E**

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- 1) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- 2) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- 3) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4;
- 4) less the number of fully paid ordinary shares cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below (in the case of Options, only if the Options are exercised) to the extent Shareholders do not receive any Equity Securities under such issues. There is a risk that:

- the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of Annual General Meeting.

The below table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of fully paid ordinary securities the Company has on issue. The number of fully paid ordinary securities on issue may increase as a result of issues of fully paid ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" In Listing Rule 7.1A.2		10% Voting Dilution		
		\$0.007	\$0.013	\$0.020
		50% decrease in Market Price	Market Price	50% increase in Market Price
<b>Current Variable "A"</b>  <b>809,967,559 Shares</b>	Shares issued	80,996,756 New Shares	80,996,756 New Shares	80,996,756 New Shares
	Funds raised	\$526,479	\$1,052,958	\$1,579,437
<b>50 % increase in current Variable "A"</b>  <b>1,214,951,339 Shares</b>	Shares issued	121,495,134 New Shares	121,495,134 New Shares	121,495,134 New Shares
	Funds raised	\$789,718	\$1,579,437	\$2,369,155
<b>100% increase in current Variable "A"</b>  <b>1,619,935,118 Shares</b>	Shares issued	161,993,512 New Shares	161,993,512 New Shares	161,993,512 New Shares
	Funds Raised	\$1,052,958	\$2,105,916	\$3,158,873

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
- No Options are exercised into Shares before the date of issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.



- The market price is 1.3 cents, being the closing price of the Shares on ASX on 13 April 2016.

c) Issue Period

If Shareholders approve Resolution 5, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- the date that is 12 months after the date of the Annual General Meeting; and
- the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue and allot Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period. Accordingly, the approval given if this Resolution is passed will cease to be valid on the earlier of 26 May 2017 or the date on which holders of the Company's ordinary securities approve a transaction under Listing Rule 11.1.2 or 11.2.

d) Purpose of Issues

The Company may seek to issue the Equity Securities for the following purposes:

- non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued and increased production, exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

e) Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issues in which existing security holders can participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the Additional 10% Placement Facility have not been determined as at the date of this Notice of Annual General Meeting but may include existing Shareholders and/or new Shareholders, who are not Related Parties or associates of a Related Party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the Additional 10% Placement Facility will be the vendors of the new assets or investments.

f) Information under Listing Rule 7.3A.6(a):

Equity securities issued in the prior 12 month period	218,516
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	0.03%

**Information under Listing Rule 7.3A.6(b):**

The tables below set out specific details for each issue of equity securities that have taken place in the 12 month period preceding the date of the Annual General Meeting.

Date	Number of equity securities	Type of equity security	Summary of terms	Names of recipients	Issue price of equity securities and discount to market price (if any)	If issued for cash – the total consideration received, and what it was spent on	Amount of cash consideration spent	Intended use for remaining amount of cash	If issued for non-cash consideration – a description of the consideration and the current value of the consideration
4 March 2016	104,668	Listed options	Exercise listed options	Various	Options each have an exercise price of 2 cents and an expiry date of 11/03/16.	\$2,093 Funding of the Company's project activities and for working capital	\$2,093	N/A	N/A
11 March 2016	113,848	Listed options	Exercise listed options	Various	Options each have an exercise price of 2 cents and an expiry date of 11/03/16.	\$2,227 Funding of the Company's project activities and for working capital	\$2,227	N/A	N/A

## **Voting Exclusion**

The Company will disregard any votes cast on Resolution 5 by any person who may participate in the issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 5 by such person if:

- a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b) the person is the chairman of the Annual General Meeting acting 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.

At the date of this Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed allottees of any Equity Securities under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded.

## **Recommendation**

*The Directors believe that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further Equity Securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 5.*

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# Diatreme Resources Limited

ABN 33 061 267 061

## LODGE YOUR VOTE



### ONLINE

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



### 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

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

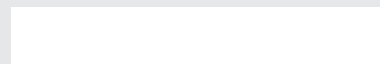
I/We being a member(s) of Diatreme Resources Limited and entitled to attend and vote hereby appoint:

### 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 you are appointing as your proxy



or 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 act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **2:00pm on Thursday, 26 May 2016 at Level 2, 87 Wickham Terrace, Spring Hill, Queensland (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolution 1:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

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 ☒

#### Resolutions

1 Remuneration Report

For Against Abstain\*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Approval of additional 10% placement facility

For Against Abstain\*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Re-Election of Director – Mr. Yufeng Zhuang

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Re-Election of Director – Mr. Cheng Wang

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Ratification of prior issue of shares

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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\* 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.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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 PRX1601C

## HOW TO COMPLETE THIS SHAREHOLDER 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 PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### 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 **2:00pm on Tuesday, 24 May 2016**, 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 MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### 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  
  
or  
  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**