

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
Code: DRX

Board of Directors - Non-Executive:
William Wang - Chairman
Andrew Tsang
Daniel Zhuang

Executive:
Neil McIntyre – Chief Executive
Tuan Do – CFO & Co. Secretary
Ian Reudavey – Chief Geologist

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 3832 5660

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

20 June 2016

The Directors of Diatreme Resources Limited (“the Company”) are pleased to offer you the opportunity to participate in a Share Purchase Plan (“SPP”) to support the advancement of our key value-adding projects.

The SPP is being undertaken at a time when our flagship Cyclone Zircon Project and the Tick Hill Gold Project are reaching critical stages if we are to unlock their value for the benefit of all shareholders.

Cyclone Zircon Project

Your company’s flagship Cyclone Zircon Project is now close to obtaining the last key approval in the “de-risking” process before development. This process identified key project risks including locating a suitable water source, securing support from the traditional owners for a successful mining agreement, obtaining a mining lease, expanding the mineable total resource base through the acquisition of Image Resources Ltd’s adjacent tenement areas, Cyclone Extended, and obtaining environmental approvals for the development and operation of the Cyclone Mineral Sands mine including all ancillary infrastructure and mine access roads.

As per our recent ASX announcement (23rd May 2016) Diatreme has now received the draft endorsed conditions from the Environmental Protection Agency (EPA) in Western Australia relating to the Cyclone Zircon Project’s environmental approvals. The EPA following receipt of comments from Diatreme complete the report and final recommendations for approval terms submitting the document to the W.A Environment Minister for his final consent. The final steps in this process should be completed by late June.

The terms outline the conditions for approval to “Develop and operate the Cyclone Mineral Sands Mine , including open cut pits, mining and processing infrastructure, airstrip , accommodation camp , bore fields and haul road construction from the mine site to the Forest rail siding”. This approval will be a major achievement for a company of Diatreme’s size and has taken considerable time, effort and resources, which we now intend to capitalise on.

When armed with this environmental approval along with our other key licences and consents, your company will be in a better position to finalise the remaining aspects of a Definitive Feasibility Study (DFS) and secure the necessary project financing and offtake partners that will allow Cyclone to progress through to production. We anticipate considerable progress in these specific matters during the second half of 2016.

Importantly, the outlook for the zircon-rich mine has been boosted thanks to analyst forecasts of rising zircon prices and a predicted zircon supply deficit within three years, making new projects such as Cyclone vital for the industry’s development. New product applications, including the use of mineral sands in 3-D printing technologies, are also set to boost demand in the near-term.

With your support, Diatreme is focused on pushing forward with considerable diligence and application to bring this project to a successful outcome, creating value for shareholders and economic benefits for all stakeholders, including new employment opportunities for the local Indigenous community.

Tick Hill Gold Project

One of Australia’s historically richest gold mines, Tick Hill has potential to deliver value for Diatreme shareholders in an environment of high Australian dollar gold prices.

In February, your company announced a maiden Mineral Resource for the tailings material at the former mine near Mount Isa, Qld, estimated at containing 22,000 oz gold (Au). Preliminary scoping studies have indicated this is commercially viable as a standalone, gold recovery operation processing the tailings over a 20-month period using a standard CIP/CIL circuit.

Together with our joint venture partner Superior Resources Ltd, it is also our intention to examine the potential within the old mine workings for further remnant gold and examine through targeted exploration the potential for the discovery of a main ore body extension of similar size to the original 500,000 oz Au ore body.

Your company intends to use part of the funding from the SPP to prepare the final commercial case for this project, thereby allowing project equity funding and external debt financing options to be explored with interested parties, as we advance with the establishment of tailings reprocessing operations.

Other Potential Value-Adding Projects

Over the past two years, your company has adjusted to market and industry conditions by rationalizing our previously extensive tenement holdings. The company has relinquished a number of tenements seen not having the potential to add value, thereby reducing carried exploration obligations and significant carried tenement and corporate overhead costs.

This refocus in our exploration portfolio, from 29 tenements in 2014 to just 11 today, has proved crucial in freeing up funds for key projects, while still maintaining an attractive project pipeline. An example of this is

the Cape Bedford tenement (currently under application) in North Queensland, which is located next to the world's largest high quality silica mine as well as an existing export port facility.

Use of Funds

Your company is determined to protect its shareholder value and as such the funds raised from the SPP will be applied only to the maximum value projects. This will comprise progressing Cyclone's DFS, negotiating with potential project investment partners, conducting further commercial studies on Tick Hill leading to joint gold recovery operations for near-term cash flow, and also undertaking limited exploration on carefully selected mineral sands/metalliferous projects, including Cape Bedford; as well as for essential working capital.

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 20 June 2016 is 809,967,559.

The Offer document will be dispatched on Thursday, 23rd June 2016 and will remain open until 5:00pm (Sydney time) on Friday, 8th July 2016.

The Offer price is \$0.011 (1.1 cents) per Share, representing an approximate 10 % 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 (AEST) on Friday, 17th June 2016 (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.

On behalf of the Board, I recommend this SPP for your careful consideration and thank you again for your continued support. In an environment where "green shoots" have been sighted for the mining sector, now is the right time to advance our key projects and capitalise on the opportunities to generate increased shareholder value.

Yours sincerely

William Wang
Chairman

Attachment: Diatreme Resources Limited 2016 Share Purchase Plan

Competent Person Statement

The information in this report, insofar as it relates to Ore Reserves is based on information compiled by Mr Phil McMurtrie, who is a director of Tisana Pty Ltd (a consultant to Diatreme Resources Limited), and a Member of the Australasian Institute of Mining and Metallurgy. Mr McMurtrie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of 'The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McMurtrie consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



DIATREME RESOURCES LIMITED
ABN 33 061 267 061

SHARE PURCHASE PLAN 2016

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 | 17 June 2016 7.00pm Sydney time (AEST) | Eligible shareholders determined |
| Announcement date | 20 June 2016 | Share Purchase Plan announced |
| Dispatch date | 23 June 2016 | Offer Document dispatched |
| Opening date | 23 June 2016 | SPP Opens |
| Closing date | 8 July 2016 | SPP Closes |
| Issue date | 13 July 2016 | Shares Issued under SPP |
| Quotation commences | 18 July 2016 | 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 8 July 2016.

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 (AEST)) on 17 June 2016 (**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 2016 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 3832 5666 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 | 90,909 | 181,818 | 454,545 | 909,090 | 1,363,636 |

- (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 \$0.011 (1.1 cent).
- (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 10% to the volume weighted average price of the past 5 trading days prior to announcement, and a 10% premium to the closing price on the record date of 17 June 2016.
- (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 2016 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 242,990,268 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 2016 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 2016 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 13 July 2016. 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 | 17 June 2016 7.00pm Sydney time (AEST) | Eligible shareholders determined |
| Announcement date | 20 June 2016 | Share Purchase Plan announced |
| Dispatch date | 23 June 2016 | Offer Document dispatched |
| Opening date | 23 June 2016 | SPP Opens |
| Closing date | 8 July 2016 | SPP Closes |
| Issue date | 13 July 2016 | Shares Issued under SPP |
| Quotation commences | 18 July 2016 | 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 131 678.

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



Diatreme Resources Limited

ABN 33 061 267 061

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 554 474
From outside Australia: +61 1300 554 474
ASX Code: DRX
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Record Date: 17 June 2016

Offer Opens: 23 June 2016

Issue Price per Share: A\$0.011

Offer Closes
5:00pm (Sydney time): 8 July 2016

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 8 July 2016. 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 number 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.



Billers Code: [XXXXXX]

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

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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.

- A. 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.
- B. 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 number 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.
- C. 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):

☐

90,909 Shares
A\$1,000 OR

☐

181,818 Shares
A\$2,000 OR

☐

454,545 Shares
A\$5,000 OR

☐

909,090 Shares
A\$10,000 OR

☐

1,363,636 Shares
A\$15,000

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 8 July 2016. 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 Offer Information Line on 1300 131 678 if calling within Australia or +61 1300 131 678 if calling from outside Australia.