Extension of debt facility

Diatreme arranges extension of July 2020 maturing $1.5 million debt facility for further 16 months

Emerging silica and mineral sands miner Diatreme Resources Limited (ASX:DRX) announced today an agreement to extend an existing $1.5 million debt facility (Debt Facility).

The Convertible note facility with a debt component was first announced to ASX on 19 May 2015 and the debt component is currently due for repayment on 31 July 2020.

Key terms of the original facility comprised:

- $3 million total facility, drawn in lots of $500,000;
- Interest rate of 5.2% per annum payable by half yearly instalments in arrears;
- Term of 36 months from commencement date;
- 50% ($1.5 million) to be converted to ordinary shares of Diatreme at $0.02 at maturity date;
- 50% ($1.5 million) to be repaid by Diatreme at maturity date.

(Note: the original convertible note facility was fully drawn by 2 May 2017 and relevant shares were issued after maturity date (in October 2018 pursuant to shareholder approval) and the debt component ($1.5 million) was further extended to mature on 31 July 2020).

Under the new agreement there is an extension to the loan facility for a further 16 months from the current maturity date (31 July 2020) to 30 November 2021.

Key terms of the extended debt facility comprise:

- Interest rate shall at current maturity date (31 July 2020) be revised from 5.2% to 7.0% payable quarterly in arrears;
- Loan extension period is 16 months from maturity date of 31 July 2020 to 30 November 2021;
- At the new maturity date of 30 November 2021, the parties will negotiate in good faith at that time to further extend or repay the loan facility;
• The loan facility remains unsecured and can be repaid at any time by the Company without any early repayment fee.

The Directors wish to thank the lender (Ms Jie Wu), an unrelated party, for her continued support and the favourable extension terms provided to the Company.

Welcoming the agreement, Diatreme’s CEO Neil McIntyre said: “This is a key step concerning Diatreme’s capital management which protects shareholder value and is particularly important amid the current extremely volatile financial markets.”

“Diatreme is continuing to advance its silica and mineral sands projects, with the recent resource upgrade at our Galalar Silica Project highlighting its potential and our Cyclone Zircon Project continuing to advance towards development as one of a handful of recent high-grade zircon discoveries.”

“Despite global events such as the coronavirus outbreak, we remain confident of our outlook for the year ahead and look forward to delivering even more value to shareholders.”

Authorised for release by:

**Neil McIntyre**  
Chief Executive Officer

**Greg Starr**  
Chairman

Contact – Mr Neil McIntyre - Ph – 07 33972222  
Website - diatreme.com.au  
E-mail - manager@diatreme.com.au