

Diatreme Resources Ltd

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Diatreme Resources advances Cyclone Zircon Project with China talks, DFS near completion

Diatreme Resources Ltd (ASX:DRX) has progressed its flagship Cyclone Zircon Project in WA's Eucla Basin following talks in China with potential product buyers and joint venture partners.

The company is on track to complete the project's definitive feasibility study (DFS) in the third quarter of financial year 2018 and will conduct test work on raw ore to show its heavy concentrate characteristics.

Chinese demand for high-grade zircon has boosted development prospects for Cyclone, amid diminishing high-grade supply and rising global demand.

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Diatreme chief executive officer Neil McIntyre said the prospects for the largest undeveloped zircon project in the Eucla Basin had further advanced, as the company continues to work towards eventual mine establishment and production.

He said: "Talks in China with our project partner, China ENFI Engineering, have reaffirmed that Cyclone's DFS is on track for completion by the end of the third quarter.

"These results are expected to reaffirm the project's sound economic fundamentals and its potential for near-term development as one of a handful of new high-grade zircon projects globally."

ENFI has large geological, mining engineering and metallurgical teams as well as significant plant design, procurement and construction capabilities.

Under Diatreme's agreement with ENFI, the mining services company will use its large network within China's state-owned enterprise and banking sectors to assist in sourcing project investors, off-takers and project debt funding.

Potential joint venture processing arrangement

McIntyre continued: "We also took the opportunity to further advance discussions with potential Chinese buyers of an export heavy mineral concentrate (HMC), either through a 'pure' arm's length sale or via tolling arrangements.

"In pursuing the best commercial outcome for the project, we have identified a party in China suitable for a potential joint venture processing arrangement.

"This could entail, subject to negotiation, Diatreme participating directly through cross-ownership in the plant operations and participation in the end product

Price: \$0.01

Market Cap: \$16.11 m

1 Year Share Price Graph



Share Information

Code: DRX

Listing: ASX

52 week High Low
0.029 0.009

Sector: Rare earths & specialist minerals

Website: www.diatreme.com.au

Company Synopsis:

Diatreme Resources Ltd (ASX:DRX) is a Brisbane based, diversified mineral explorer with a portfolio of mineral sands, copper, gold and base metal properties across Australia.

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price realised for its zircon and titanium products."

To facilitate this potential arrangement, Diatreme is now processing via an independent lab a further raw ore sample taken from the first two years' proposed mining path into a heavy mineral concentrate.

This sample will then be forwarded for further testing by the processor in China.

Favourable development environment for zircon projects

Diatreme aims to conclude its arrangements with final HMC product offtake buyers or processing partners following the release of its DFS.

Constrained supply and rising prices for zircon provide a favourable environment for the development of high-grade zircon projects such as Cyclone.

Industry forecaster TZMI expects a structural deficit to widen from 2019, amid an estimated 2.1% compound annual growth rate in demand through to 2021.

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