

ASX

ANNOUNCEMENT

11 February 2021

Diatreme advances community engagement, value-add for Galalar

- **Community consultation meeting held at Hope Vale, Queensland, as Diatreme continues community engagement for Galalar Silica Project**
- **Townsville site visits undertaken as part of research into potential value-add from downstream processing/manufacturing in Queensland**
- **Talks progressing with potential offtake partners amid continued strong demand for high quality silica sand product from Asia's fast-growing solar PV industry.**

Emerging mineral and silica sands developer and explorer, Diatreme Resources Limited (ASX:DRX) announced today further progress at its Galalar Silica Project in North Queensland as it works to develop a new silica sand mine for the benefit of all stakeholders.

Following the recent opening of a community office in Hope Vale, Diatreme has stepped up its community engagement activities in the local region. The Company recently hosted a broad-based community consultation meeting in Hope Vale as part of the social impact assessment process (SIA), supported by independent specialist consultancy Coffey Ltd.

The meeting was well attended by representatives of Hopevale Congress Aboriginal Corporation (RNTBC), affected native title holders including regional clan groups and interested town residents. Additional meetings were also held in Cairns, for members of the Hope Vale community who reside in the Cairns region, and with a neighbouring clan group that may be affected by the project.

Diatreme's CEO Neil McIntyre commented: *"We welcome the frank and open feedback and the opportunity to update the community on our project's progress and proposed development plans. We understand that a social licence to operate must be earned through full engagement and these forums provide us with early feedback on genuine community concerns, allowing such issues to be addressed early in the project's development."*

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DIATREME RESOURCES LIMITED | ABN 33 061 267 061 | ASX:DRX

+61 7 3397 2222

Unit 8, 55-61 Holdsworth St
Coorparoo, Qld, 4151

diatreme.com.au



Hopevale Aboriginal Congress Chairman Mr Willie Gordon also commented following the meeting: *“We thank the community for their participation and Diatreme for their excellent presentation. There are many positive benefits for the affected native title holders and broader Hope Vale community from this mining project, including jobs, revenue and economic opportunities.*

“However, we must carefully listen and act upon community feedback and concerns raised so the development is sensitively undertaken and in its planning and practical implementation minimises any potentially adverse community impacts.”

The SIA process forms a key component of the project’s environmental impact statement (EIS) studies and is designed to assess project impacts on native title holders, community members, and residents from Hope Vale and Cooktown and regionally.

Based on the Office of the Coordinator-General’s SIA guidelines, the assessment is to consider community and stakeholder engagement; workforce management; housing and accommodation; local business and industry procurement; and health and community wellbeing.

As part of this process, the EIS must describe:

- the existing social environment of communities that are potentially impacted by the project
- the potential social impacts (both positive and negative) of the project, as well as how they will be managed and monitored
- how the project will contribute to enhancing the sustainability of these communities.

The SIA is to be accompanied by a Social Impact Management Plan that details proposed mitigation and management.

Downstream opportunities

While Diatreme remains focused on Galalar’s permitting and approval process, the Company is also evaluating potential opportunities for downstream processing or manufacturing to add further value to the project’s premium quality silica product.

Following the community meetings in Hope Vale, with assistance from Queensland’s Department of Regional Development, Manufacturing and Water and the Townsville City Council, Diatreme undertook various site visits in Townsville, a regional industrial development hub.



The site visits examined potential available land and supporting infrastructure (access to power, water, gas etc) for future potential downstream processing or manufacturing opportunities to value add.

The Company is actively examining this potential for a portion of its currently planned mine product, a low iron (sub 100 ppm Fe) silica product, to undertake a further beneficiation process. This would likely be through a hot acid immersion process to produce an ultra-low iron (sub 50ppm Fe levels) silica product used in high-end, high value electronics manufacturing and other specialist uses.

In conjunction with this initiative, the Company has consulted with various parties considering establishing onshore glass manufacturing operations to supply the solar panel market and who require reliable supply of the high-quality photovoltaic grade silica used as direct feed product for the solar panel sheet glass manufacturing process. The Company will update the market as these discussions progress.

Diatreme continues to engage with a range of potential offtake and other parties to maximise the value of the Galalar project for the benefit of all stakeholders.

An independent economic study (refer ASX release 8 April 2020) estimated the project has the potential to create up to 110 full-time equivalent jobs and inject up to \$42 million into the region during its operation. Affected native title holders will have a 12.5% project stake, ensuring the traditional owners gain a direct economic benefit from the project's development.

Diatreme's latest project activities follow its announcement last month of plans to conduct further exploration, with the aim of expanding Galalar's resource. The exploration program is planned to commence following the end of the wet season (refer ASX release 25 January 2021).

In November 2020, Diatreme announced the receipt of the final terms of reference for the project's environmental studies. A draft EIS is now underway, with Diatreme targeting receiving the necessary environmental approvals and Mining Lease in the fourth quarter of 2021 and potential first production in 2022.

Diatreme's Mr McIntyre added: *"We are working as hard as we can to deliver the best project possible for the people of North Queensland. Demand for Galalar's product continues to rise on the back of the solar energy boom and with the clean energy revolution accelerating, our project has the right product at the right time."*



This announcement was authorised for release by:

Neil McIntyre

Chief Executive Officer

Greg Starr

Chairman

Contact – Mr Neil McIntyre - Ph – 07 3397 2222

Website - diatreme.com.au

E-mail - manager@diatreme.com.au

For media queries, please contact:

Anthony Fensom, Republic PR (anthony@republicpr.com.au; Ph +61 (0)407 112 623)

About Diatreme Resources

Diatreme Resources (ASX:DRX) is an emerging Australian producer of mineral and silica sands based in Brisbane. Our key projects comprise the Galalar Silica Project in Far North Queensland, located next to the world's biggest silica sand mine, together with the Cyclone Zircon Project in Western Australia's Eucla Basin, considered one of a handful of major zircon-rich discoveries of the past decade.

For more information, please visit www.diatreme.com.au





About Galalar Silica Project

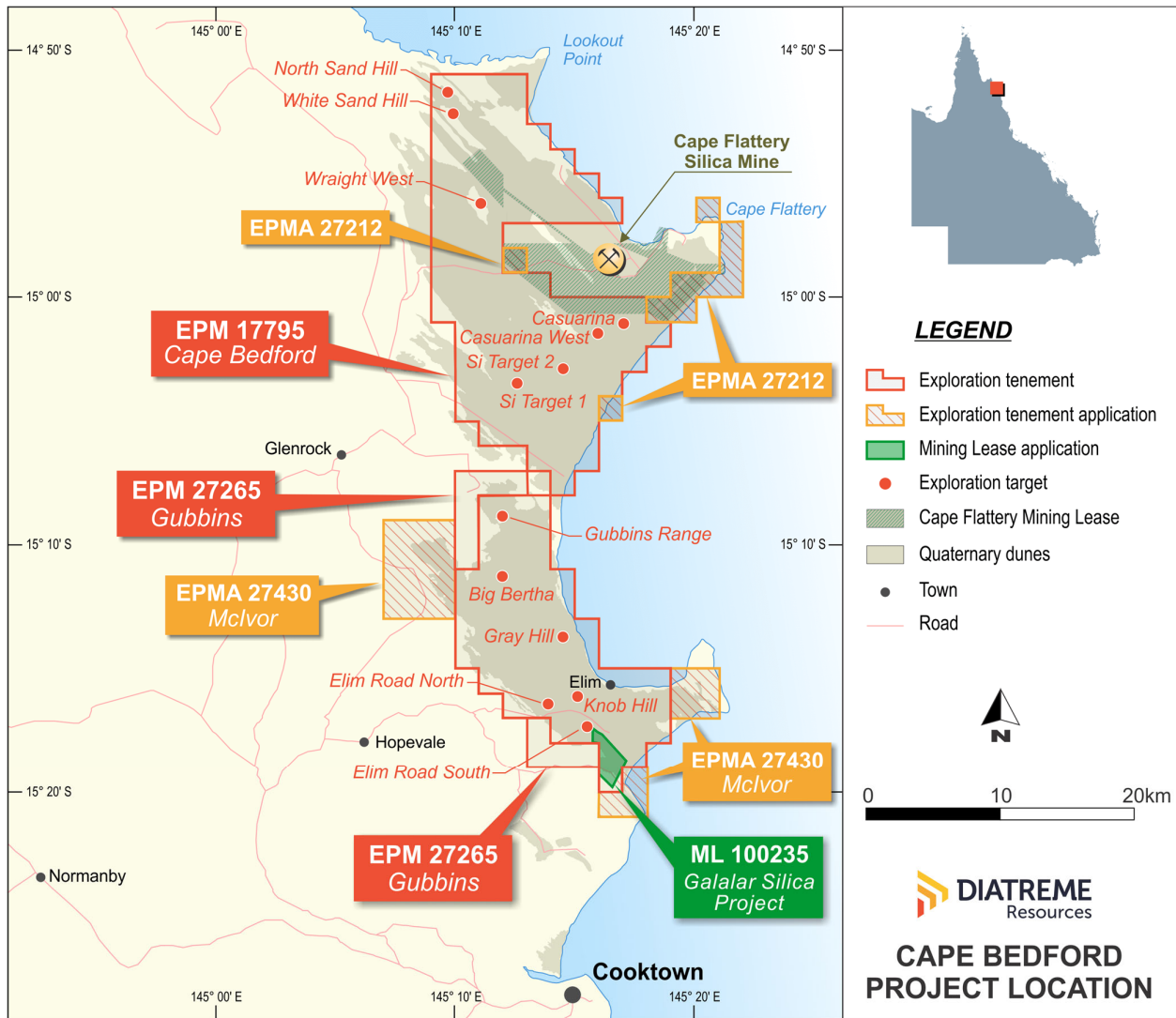
Located around 200km north of Cairns and 20km north of the port of Cooktown, the Galalar Silica Project (EPM 17795) lies within the same sand dune system and in close proximity to the world's largest operating silica sand mine at Cape Flattery. The Cape Flattery silica sand product is recognised as a global benchmark for quality silica sand and is widely used for industrial purposes throughout Asia.

The global silica sand market is seen reaching nearly US\$10 billion in annual revenues by 2022, with a compound annual average growth rate of 7.2% (source: IMARC Group), while the global solar PV glass market is estimated to reach US\$48.2 billion by 2025, up from US\$3.3 billion in 2016 (source: Bizwit Research & Consulting).

An independent economic study has shown the Galalar project's potential to deliver a sizeable economic injection into the Hopevale/Cooktown region, including \$23-\$24 million in the construction phase and up to \$42m in operation, creating up to 110 full-time equivalent jobs and contributing \$1.475m in annual state royalties.

In May 2020, Diatreme announced a total Mineral Resource of 47.5 million tonnes (Mt), with the potential for further expansion (refer ASX release 12 May 2020). Bulk sample testwork has shown the project's ability to produce a premium grade silica product suitable for high-end glass and solar panel manufacturing, with more than 99% silica dioxide and low iron levels of less than 100 parts per million.

Following lodgement of a mining lease application in December 2019 and receipt of final terms of reference for the environmental studies in November 2020, Diatreme is now progressing through various environmental and regulatory approvals towards mining activity.



Galalar Silica Project, North Qld



SILICA - COMPETENT PERSON STATEMENTS

The information in this report that relates to Mineral Resources at the Cape Bedford Project is based on information, geostatistical analysis and modelling carried out by Dale Brown, Mining Engineer, Ausrocks Pty Ltd and a Member of the Australasian Institute of Mining & Metallurgy under the supervision of Brice Mutton, Geologist who is an Associate of Ausrocks Pty Ltd and is a Fellow of the Australasian Institute Of Mining & Metallurgy and a Fellow of The Australian Institute Of Geoscientists.

Brice Mutton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking 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 (The JORC Code).

Brice Mutton consents to the inclusion in the report on the matters based on their information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Exploration targets from the Cape Bedford Project is based on information reviewed and compiled by Mr. Neil Mackenzie-Forbes, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Mackenzie-Forbes is a director of Sebrof Projects Pty Ltd (a consultant geologist to Diatreme Resources Limited). Mr. Mackenzie-Forbes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being 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. Mackenzie-Forbes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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The forward-looking statements in this presentation are based on current interpretations, expectations, estimates, assumptions, forecasts and projections about Diatreme, Diatreme's projects and assets and the industry in which it operates as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. The forward-looking statements are subject to technical, business, economic, competitive, political and social uncertainties and contingencies and may involve known and unknown risks and uncertainties. The forward-looking statements may prove to be incorrect. Many known and unknown factors could cause actual events or results to differ materially from the estimated or anticipated events or results expressed or implied by any forward-looking statements. All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements.

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