

ASX ANNOUNCEMENT

3 August 2023

NSP granted ‘Project of Regional Significance’ status

- Diatreme’s Northern Silica Project (NSP) deemed ‘Project of Regional Significance’ by Queensland Government Department of Regional Development, Manufacturing and Water (DRDMW)
- Decision highlights economic and social importance regionally of new high purity silica project for Far North Queensland
- Diatreme continuing to advance regulatory approval process, following positive Scoping Study for long-term supply of high-grade silica products from NSP to global solar photovoltaic (PV) market.

Emerging silica sands developer and explorer, Diatreme Resources Limited (ASX:DRX) has received another important regulatory boost for its emerging Northern Silica Project (NSP), with the Far North Queensland project officially designated as a “Project of Regional Significance” by the Queensland Government’s Department of Regional Development, Manufacturing and Water (DRDMW) pursuant to the Cape York Water Resources Plan (2019).

The designation by Queensland’s DRDMW confirms the NSP’s important economic and social impact for the future of the region.

The ruling allows Diatreme to apply in the future for a water entitlement for the NSP from the 25,000 megalitres of unallocated water held in the strategic reserve for *Cape York’s Water Plan (2019)*. This water may be acquired at a price decided by the Chief Executive and is available for the life of the project. Diatreme will be required to demonstrate that the proposed water take complies with *Cape York’s Water Plan (2019)* outcomes and the *Cape York Water Management Protocol (2019)*.

Water planning for Cape York seeks to achieve a balance between economic, social, cultural, and environmental outcomes, including facilitating economic development, supporting the economic aspirations of First Nations communities and protecting environmental values and water quality.

The designation follows the NSP being determined a “controlled action” under the Federal Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) via a referral from the Federal Department of Climate Change, Energy, the Environment and Water (DCCEEW). This allows for the project to be assessed through a single Environmental Impact Statement (EIS) process, addressing both State and Federal requirements (refer ASX release 16 June 2023). Diatreme is methodically advancing the EIS process, with draft Terms of Reference expected to be released for public comment during Q3 2023.

Welcoming the Queensland Government’s decision, Diatreme’s CEO Neil McIntyre said: *“We are delighted to receive this designation, which is an important regulatory vote of confidence in our Northern Silica Project (NSP) and its economic and social significance for the region, particularly the local communities of Hope Vale/Cooktown.”*

“The NSP has the potential to become a highly valuable, long-term source of training and employment opportunities, investment, community development and other economic benefits. The potential for long-term supply of high-grade silica as a critical mineral means NSP has an important role to play in the world’s energy transition to clean energy sources.”

“We look forward to working closely with all key stakeholders and the Queensland Government to deliver this important community and economically vital critical minerals project for the future of Far North Queensland.”

The NSP’s Scoping Study showed the potential for a valuable long life mining operation, with a potential production rate of 5 million tonnes per annum capable of being sustained for 25 years, supplying high-grade silica products to the solar PV and specialty glass market. The study estimated a net present value of \$1.4 billion (pre-tax, 8% discount), with a pre-tax internal rate of return of 33% (refer ASX release 14 June 2023).

The Queensland Government’s “Queensland Critical Minerals Strategy” has identified silica sand as a key critical mineral for the state, supporting Queensland’s ability to deliver the critical minerals needed for the world’s net-zero emissions future. The strategy highlights the potential for the creation of a silica critical minerals hub around the Cape Flattery area to facilitate and fast-track development of a mineral vital to the solar power industry.

Supporting the NSP’s development, Diatreme has signed a MOU with a leading global manufacturer of photovoltaic (PV) grade glass used in solar panel manufacturing (refer ASX release 13 July 2023). The MOU also includes the potential for the establishment of PV glass manufacturing in Australia, amid calls from the Australian Prime Minister for domestic manufacturing to support the fast-growing solar energy industry.

This announcement is authorised for release by the Board.

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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 Northern Silica Project and Galalar Silica Sand Project in Far North Queensland, located next to the world's biggest silica sand mine at Cape Flattery.

In Western Australia's Eucla Basin, Diatreme's 'shovel-ready' Cyclone Zircon Project is considered one of a handful of major zircon-rich discoveries of the past decade.

Global material solutions group Sibelco are Diatreme's development partner on its silica projects portfolio in Nth Qld. Sibelco completed in December 2022 its first tranche investment (\$11m) holding a 9.99% interest, with a second investment tranche due by December 2023 (\$24m) taking their total project interest to 26.8% at completion.

Diatreme has an experienced Board and management, with expertise across all stages of project exploration, mine development and project financing together with strong community engagement skills.

Diatreme's silica sand resources will contribute to global decarbonisation by providing the necessary high-grade silica for use in the solar PV industry. The Company has a strong focus on ESG, working closely with its local communities and all other key stakeholders to ensure the long-term sustainability of our operations, including health, safety and environmental stewardship.

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

ASX releases referenced for this release:

- Quarterly Activities Report – 27 July 2023
- Offtake MOU for Northern Silica Project – 13 July 2023
- NSP permitting pathway progresses with EPBC referral – 16 June 2023
- Positive Scoping Study for Northern Silica Project – 14 June 2023

Diatreme confirms that it is not aware of any new information or data that materially affects the information included in the original releases and that all material assumptions and technical parameters underpinning the estimates in the original releases continue to apply and have not materially changed. Diatreme confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original releases.