

ASX ANNOUNCEMENT

18 August 2022

MOU signed with Ports North on Northern Silica Project

- Memorandum of Understanding (MOU) signed with Far North Queensland Ports Corporation (Ports North), the relevant port authority for Cape Flattery Port
- Agreement positions Diatreme to advance export of high-grade silica product from emerging Northern Silica Project (NSP)
- Diatreme well placed to advance technical and commercial studies and regulatory approvals for NSP, amid continued demand growth from fast-growing solar PV industry.

Emerging silica sands developer and explorer, Diatreme Resources Limited (ASX:DRX) has advanced its emerging Northern Silica Project (NSP), signing a Memorandum of Understanding (MOU) with government-owned corporation Far North Queensland Ports Corporation (Ports North). Ports North is the relevant port authority for the Port of Cape Flattery, currently used by Cape Flattery Silica Mines for the export of its silica product.

The MOU will spur the development of Diatreme's second high-grade silica project as the Company progresses further resource drilling, feasibility studies and traditional owner negotiations for the NSP. Significantly, the MOU outlines key terms of co-operation to advance and facilitate exports from the NSP via the state-owned port.

The agreement follows Diatreme's recent lodgement of two Mining Lease Applications (MLA's) and four Infrastructure MLA's for its Northern Silica Development, located near the Port of Cape Flattery (refer ASX release 5 July 2022).

Welcoming the agreement, Diatreme's CEO Neil McIntyre said: *"This is another key milestone for Diatreme as we work to unlock the export market for our high-grade silica product from our Far North Queensland projects.*

"Getting our high-grade silica product to market is crucial and we look forward to working closely with Ports North to achieve this through the Port of Cape Flattery.



MOU Outline

Diatreme has completed initial project concept studies and investigations and intends to undertake further development investigations in connection with its NSP, which currently has proven reserves in excess of 124mt (refer ASX release 10 January 2022).

Whilst non-binding, the MOU facilitates the exchange of commercially sensitive project information between the parties and enables Diatreme to access key senior executives from Ports North to facilitate effective planning, project design, establishment of key capital cost parameters and related matters.

Ports North is a government-owned corporation as defined in the Government Owned Corporations Act 1993 (Qld). It is charged with the administrative, managerial and operational responsibilities for the Port of Cape Flattery, pursuant to section 274A, Transport Infrastructure Act 1994 (Qld) and the Transport Infrastructure (Ports) Regulation 2016 (Qld).

The NSP involves the establishment and operation of a high-grade silica sand mining operation, with the ability to export product via vessels utilising the port. The project may involve trans-shipping and/or direct loading of bulk carrier vessels and the construction and operation offshore structures. The precise location and layout of supporting infrastructure is yet to be finalised.

MOU Facilitation Activities

Ports North and Diatreme will share information and conduct studies as agreed to progress the NSP. These activities will include but are not limited to the following:

- onshore and offshore infrastructure;
- access to land – onshore and offshore, including seabed leases;
- commercial agreements;
- shipping activities and ship simulation studies;
- review of any required government approvals documentation.

Diatreme looks forward to working with Ports North to release the economic and social benefits of the project for the benefit of its shareholders, the people of Queensland and particularly the regional communities in which it operates, including Traditional Owners.



Diatreme Queensland Projects

Diatreme is advancing the NSP and Galalar Silica Project in parallel, allowing for the development of two high-grade silica sand mining operations. Diatreme's ESG principles govern its delivery of low impact projects, aligned to Australia's 2022 Critical Minerals Strategy, which recognises the importance of silica in the rapid transition to lower global carbon emissions.

The latest advances by Diatreme follow the announcement of a strategic partnership with global material solutions company, Sibelco (refer ASX release 27 June 2022). The two partners have agreed on a joint venture to develop the Galalar Silica Project and Northern Silica Project, supported by a significant initial investment from Sibelco of \$35 million, subject to regulatory approvals.

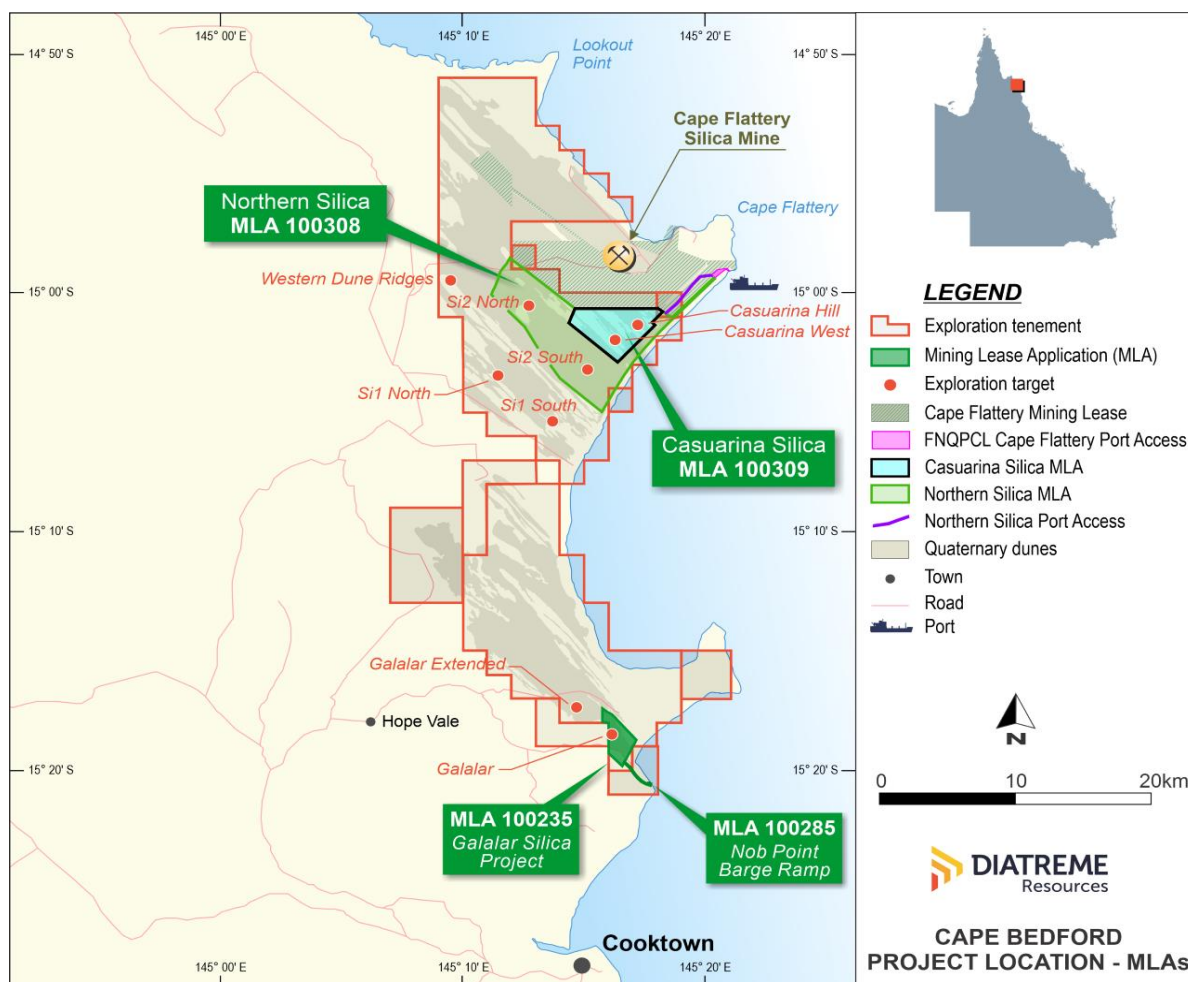


Figure 2: Cape Bedford project location showing MLA's



This announcement was authorised for release by the Board of the Company:

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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 Galalar Silica Project and Northern Resource 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.

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 Traditional Owners 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



References to previous ASX releases

This announcement contains references to the following ASX releases:

- Quarterly Activities Report – 29 July 2022
- Mining Lease Application lodged for Northern Silica Project – 5 July 2022
- Transformational strategic partnership and placement – 27 June 2022
- Resource grows to 200Mt across high-grade silica projects – 17 March 2022
- Diatreme expands Northern Resource Project exploration – 23 February 2022
- Diatreme discovers 2nd major high-grade silica deposit – 10 January 2022

Forward-looking statements

This document may contain forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as “seek”, “indicate”, “target”, “anticipate”, “forecast”, “believe”, “plan”, “estimate”, “expect” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. Indications of, and interpretations on, future expected exploration results or technical outcomes, production, earnings, financial position and performance are also forward-looking statements.

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.

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