

ASX

ANNOUNCEMENT

21 March 2024

Diatreme advances NSP's EIS, port planning

- Draft EIS Terms of Reference for Diatreme's Northern Silica Project progressing with Office of Coordinator General
- All EIS specialist studies contractors engaged and studies progressing on schedule
- Water sampling and background assessment programs continued uninterrupted throughout wet season
- Cape Flattery Port export infrastructure studies noted within EIS process.

Emerging silica sands developer, Diatreme Resources Limited (ASX:DRX) has further progressed over the last quarter the Environmental Impact Statement ("EIS") process for its flagship Northern Silica Project ("NSP") in Far North Queensland, as it advances through the necessary permitting and approvals for the critical minerals project.

ENVIRONMENTAL IMPACT STATEMENT (EIS) UPDATE

The NSP was gazetted by the Queensland Government as a 'Coordinated Project' on 12 January 2024. This major milestone recognised the NSP's unique characteristics, including its strategic significance to local communities and the State, and its infrastructure and approval requirements. The status also establishes the environmental approvals process, including an EIS (as detailed below).

The EIS will be guided by a Terms of Reference ("ToR") currently being prepared by the Queensland Office of the Coordinator General ("OCG"). It is expected the draft ToR will be released by the OCG for public comment early in the second quarter of this year.

Diatreme will be invited to comment on the draft ToR prior to its release for public comment for the statutory period (20 business days). The draft ToR will set out the EIS' study requirements, including the scope and detail of investigations, surveys and impact analysis that must be carried out before the project is formally assessed and decided. This includes environmental as well as social, heritage and economic studies.

The OCG will consider submissions made during the public comment period and then issue a final ToR for the NSP.

EIS Studies Progress

Diatreme has made significant progress in the last quarter regarding its EIS studies for the NSP, which it expects will culminate with lodging the draft EIS with the OCG at the end of 2024.

Recent action and progress includes:

- Appointment of all technical consultants has now been completed across all of the required scopes of work identified:
 - Umwelt – Cultural Heritage and Social Impact Assessments.
 - BMT – Aquatic Ecology, Coastal Environment Assessment, Climate Change Assessment and Surface Water & Flooding Assessment.
 - EMM Consulting – Groundwater Assessment and Soils Impact Assessment.
 - Engeny – Air & Greenhouse Gas Technical Assessment, Transport Assessment, Noise and Vibration, Progressive Rehabilitation and Closure Plan (PRCP).
 - KPMG – Economic Impact Assessment.
 - Biosphere - Terrestrial Ecology Assessment.
 - LatStudios – Landscape and Visual Impact Assessment.
- Baseline technical reporting is currently being completed, which will be followed by Impact Assessment reporting.
- Social impact baseline assessment.
- Transport engineering and roadworks assessment.
- Review of mine development sequencing and links to progressive rehabilitation.
- Preliminary design of mine site infrastructure and concept design of proposed offshore structures.
- Installation of groundwater bores and commencement of groundwater monitoring.
- Commencement of surface water monitoring in local creeks and nearshore marine areas.
- Offshore wave and current data collection.
- Dry season aquatic ecology surveys of lakes, wetlands and creeks.
- Initial terrestrial ecology surveys of the mine site and key infrastructure locations.
- Landscape and visual amenity field surveillance and baseline.
- Air quality and greenhouse gas emission modelling.

This is in addition to ongoing engagement occurring between Diatreme and the relevant Native Title Parties, local community and stakeholders in the Hope Vale region and with key regulatory agencies at both the State and Commonwealth level.

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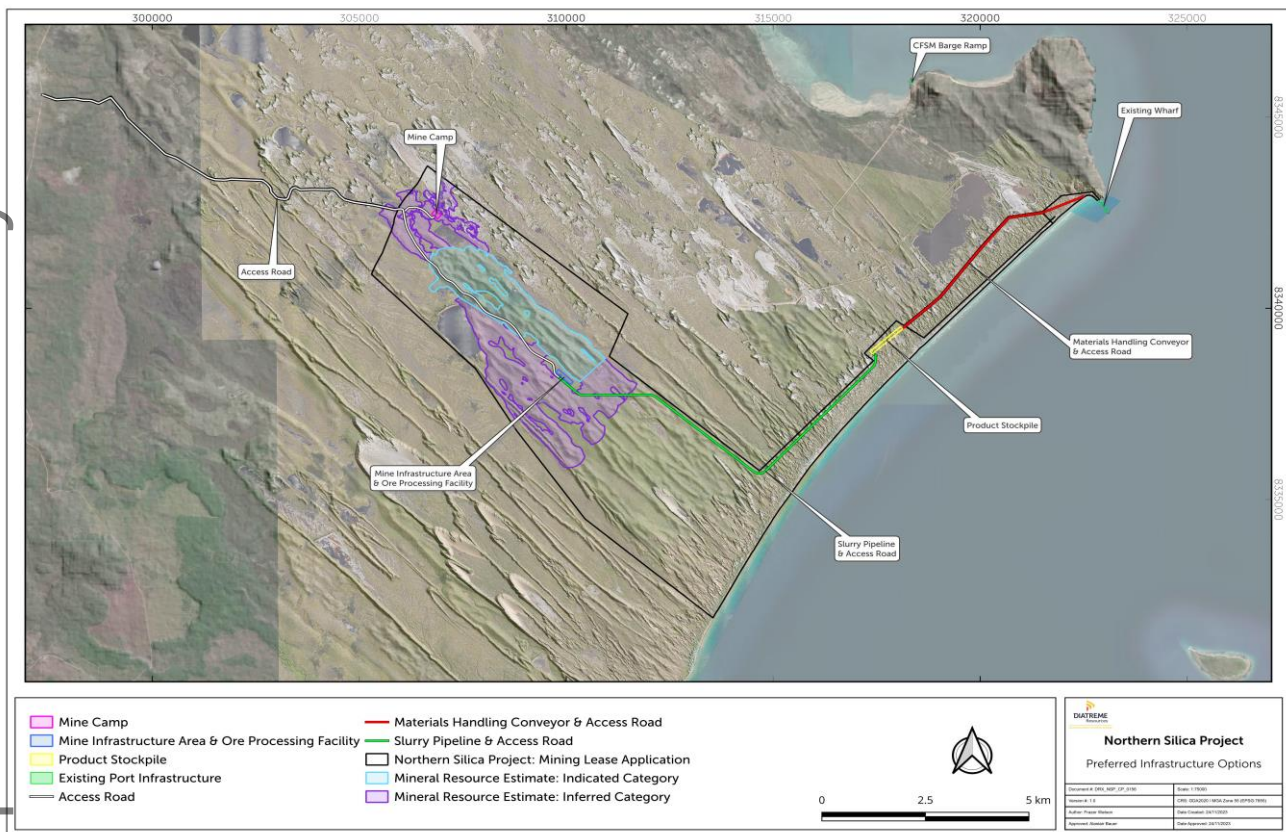


Figure 1: Northern Silica Project, Far North Queensland

NSP Logistics and Port Access Options

In developing its export methodology for the use of Cape Flattery strategic port land and marine infrastructure, Diatreme has used an underpinning commercial rationale and development strategy, which is self-reliant and independent from the incumbent port operator Cape Flattery Silica Mines ("**CFSM**" - wholly owned by Mitsubishi).

It is important to note that the EIS process allows examination of alternative export arrangements within the process including different access configurations. This informs and guides the future approval process that occurs after the EIS is submitted but prior to a financial investment decision being made. Accordingly, to provide Diatreme with the ability to consider the best possible solution, Diatreme will examine within its EIS studies two principal options in relation to the movement and export of silica product from the NSP which are detailed below.

1. Current Scoping Study Export Methodology – Permittable infrastructure within Cape Flattery Port Area

This option is permittable within existing regulatory guidelines, is wholly within the designated Cape Flattery Port area and would involve the construction of minimal new infrastructure. This would be located in an area that has been used to export silica for decades and would comprise:

- a barge ramp facility operated by Diatreme to the south of the existing Cape Flattery Wharf ("**Wharf**"), which would be used to support initial construction and then for transshipment of silica product to a moored ocean-going vessel ("**OGV**"); and
- a mooring arrangement for the OGV at either newly constructed mooring dolphins or at the existing berth of the Wharf (subject to approval by Far North Queensland Ports Corporation Limited ("**Ports North**").

This solution was fully defined and demonstrated as economic in the NSP Scoping Study (refer ASX release dated 14 June 2023 – "Positive Scoping Study for NSP"). To assist in advancing this solution to support the EIS relevant studies, Diatreme has entered into a licensing agreement to access the Ports North land and the Wharf.

Further, Diatreme is currently negotiating a "Partial Facility User Agreement" with Ports North that would allow mooring of OGV's at the Wharf to allow transhipping and export of silica sand.

2. Alternate Solution – Full Use of existing infrastructure

This solution would involve the use of the existing Port of Cape Flattery marine infrastructure (loading and mooring facilities) which is owned by Ports North but operated by CFSM as the lessee. This option involves no new maritime infrastructure being developed for the NSP, although some minor modification to existing structures on land may be required. Accordingly, this solution is expected to have lower environmental impact and reduced capex.

This option would be subject to a user agreement (including all commercial terms) being agreed with CFSM and Ports North. Independent capacity assessments undertaken by Diatreme indicate the exporting capacity of the Port of Cape Flattery (“PCF”) is significantly underutilised. The PCF currently exports 3-3.5 million tonnes of silica per annum solely from the operations of CFSM. Diatreme estimates its actual capacity if efficiently operated at 8-9 million tonnes per annum, with no additional significant infrastructure required. Earlier leases between CFSM and Ports North required the Port to have a minimum capacity to export up to 6 million tonnes of silica per annum.

The Coordinated Project status of the NSP and current contemplation by the Queensland State Government to designate Cape Flattery as a critical minerals zone will assist to ensure a whole of Government solution is reached for future export operations at the PCF, including arrangement for any additional infrastructure and maritime shipping.

Diatreme will continue to engage with CFSM and the various State agencies to achieve the optimal solution for development of the NSP, pushing for efficient utilisation of the State’s Port infrastructure allowing free open market access to maximise the benefits to all Queenslanders.

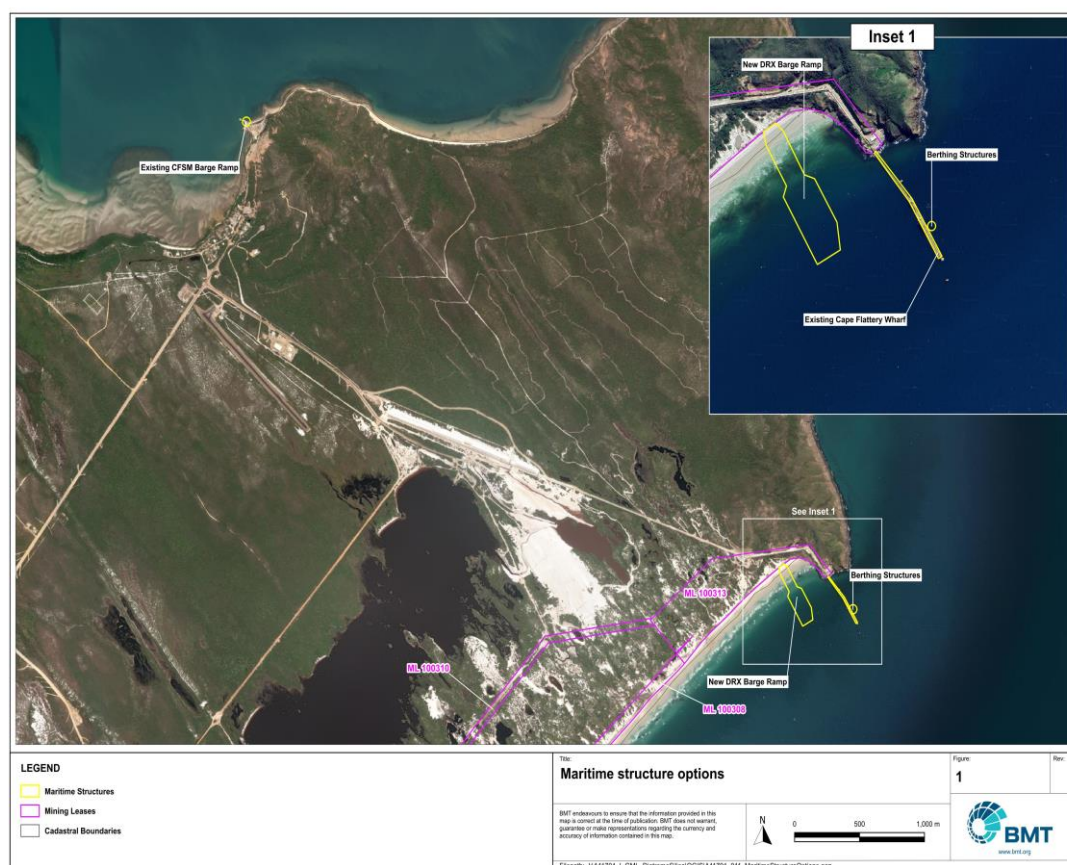


Figure 2: NSP Marine Options – Cape Flattery Port

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.

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.

Global material solutions group Sibelco is Diatreme's development partner on its Queensland silica projects portfolio. Sibelco has completed a two tranche investment of \$35 million taking its total project interest to 26.8%, with the balance (73.2%) held by Diatreme. In addition, Sibelco made a \$13.97 million investment at the corporate level.

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:

- Diatreme NSP declared a Coordinated Project – 15 January 2024
- Northern Silica Project development advances – 9 October 2023
- NSP granted Project of Regional Significance status – 3 August 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.

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