DIATREME Resources

ASX ANNOUNCEMENT

11 April 2024

Diatreme's offer for Metallica Minerals Limited now open for acceptance and completion of despatch of Bidder's Statement

For personal use only

Diatreme Resources Limited (ASX: DRX) (**Diatreme** or the **Company**) refers to its previous announcements in relation to its takeover bid for all of the ordinary shares in Metallica Minerals Limited (ASX: MLM) (**Metallica**), under which Metallica shareholders would receive 1.3319 ordinary shares in Diatreme (**Diatreme Shares**) for each ordinary share in Metallica (**Metallica Share**) held by Metallica shareholders on the record date (**Offer**).

Offer now open and Bidder's Statement despatched – Diatreme's Board of Directors unanimously recommends Metallica shareholders ACCEPT THE OFFER

Diatreme is pleased to advise that it has today completed the despatch of the bidder's statement dated 28 March 2024 and first supplementary bidder's statement dated 10 April 2024 (**Bidder's Statement**), which contains the Offer dated 11 April 2024. The Offer is now open for acceptance by Metallica shareholders.

The timetable for the Offer is as follows:

KEY EVENT	TIMING*
Date of the Offer (Offer opens)	11 April 2024
Last date for notice on the status of Offer conditions	17 May 2024
Offer closes (unless extended or withdrawn)	**27 May 2024**

*These dates may vary as permitted under the Corporations Act. Any changes to the above timetable will be announced on ASX and notified on Diatreme's website at www.diatreme.com.au.

Diatreme considers the Offer provides a compelling opportunity to unlock value for the shareholders of both Metallica and Diatreme. A combination of Diatreme and Metallica represents a highly logical regional consolidation of proximate, strategically significant, high quality silica assets in the Cape Flattery region.

Diatreme encourages Metallica shareholders to read the Bidder's Statement for more details about the Offer and about Diatreme. Instructions on how to accept the Offer are contained in the Bidder's Statement and on the acceptance form (which accompanies the Bidder's Statement). Details on how to access the Bidder's Statement are

included in the access letter or email that have been dispatched to Metallica shareholders. **Acceptances must be received by no later than 7:00pm (Sydney time) on 27 May 2024, unless the Offer is extended or withdrawn**.

Any Metallica shareholders with questions about the Offer, should contact their legal, financial or other professional adviser or call the shareholder information line on 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.

Attached, by way of lodgement pursuant to item 8 of section 633(1) of the Corporations Act 2001 (Cth) (**Corporations Act**), is a notice confirming that Diatreme has completed its despatch of the Bidder's Statement (which contains the Offer), together with a copy of the Bidder's Statement, access letters and sample acceptance forms sent to Metallica shareholders.

This market announcement was authorised for release by:

Neil McIntyre
Chief Executive Officer

Greg Starr
Non-executive director

Contact – Mr Neil McIntyre - Ph – +61 (0)7 3397 2222
Website - www.diatreme.com.au
Email - manager@diatreme.com.au

For investor/media queries, please contact:
Anthony Fensom, Fensom Advisory
anthony@fensom.com.au
Ph: +61 (0)407 112 623

About Diatreme Resources Limited

Diatreme Resources Limited (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.

Diatreme also has two other projects, the Cyclone Zircon Project, one of a handful of major zircon-rich discoveries of the past decade in Australia, and is a minority farm-out partner in the Clermont Copper-Gold Project, a copper/gold and graphite exploration project, with Metallica Minerals Limited.

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 Asia Pacific is Diatreme's development partner on its Queensland silica projects portfolio. Sibelco Asia Pacific 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 Asia Pacific made a $13.97 million investment at the corporate level.

For personal use only

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

For personal use only

+61 7 3397 2222

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

diatreme.com.au

For personal use only

Diatreme Resources Limited
ACN 061 267 061

COMPANY NOTICE – SECTION 633(1), ITEM 8 CORPORATIONS ACT 2001 (Cth)

To: ASX Limited

Notice of completion of sending bidder's statement and offers

For the purpose of item 8 of section 633(1) *Corporations Act 2001* (Cth) (**Corporations Act**), Diatreme Resources Limited ACN 061 267 061 (**Diatreme**) hereby gives notice that it has today completed the despatch of its bidder's statement dated 28 March 2024 and supplementary bidder's statement dated 10 April 2024 (**Bidder's Statement**), which contains an offer dated 11 April 2024 (**Offer**), in relation to its off-market takeover bid for all of the ordinary shares in Metallica Minerals Limited ACN 076 696 092 (**Metallica**) to each person who held securities in the bid class as at 7.00pm (Sydney time) on 2 April 2024 (being the date set by Diatreme pursuant to section 633(2) Corporations Act (**Relevant Offerees**), as required by item 6 of section 633(1) Corporations Act.

In accordance with section 110D Corporations Act, despatch has occurred by the following means:

- Metallica securityholders who have provided Metallica with an electronic address for the purposes of receiving electronic copies of securityholder communications have been sent their electronic address and email providing a link to an electronic copy of the Bidder's Statement (**Electronic Letter**); and

- Metallica securityholders who have not provided Metallica with an electronic address for the purposes of receiving electronic copies of securityholder communications have been sent to their registered postal address a letter providing a link to an electronic copy of the Bidder's Statement (**Access Letter**).

A copy of the Electronic Letter and Access Letter sent to Relevant Offerees as required by section 633(1C) Corporations Act (as inserted by ASIC Corporations (Takeover Bids) Instrument 2023/683) is **enclosed** with this notice. A copy of the Bidder's Statement accessible in the link provided in the Electronic Letter and Access Letter (as applicable), together with sample acceptance forms, is also **enclosed** with this notice.

Dated 11 April 2024

Signed for and on behalf of
Diatreme Resources Limited
by:

Tuan Do
Company Secretary

For personal use only

DIATREME RESOURCES LIMITED OFF-MARKET TAKEOVER BID FOR METALLICA MINERALS LIMITED

Dear Metallica securityholder,

We refer to the off-market takeover bid by Diatreme Resources Limited (**ASX: DRX, Diatreme**) under Chapter 6 of the *Corporations Act 2001* (Cth) (**Corporations Act**) for all the fully paid ordinary shares in Metallica Minerals Limited (**ASX: MLM, Metallica**) (**Offer**).

Subject to the terms of the Offer, Metallica shareholders will receive 1.3319 fully paid ordinary shares in Diatreme (**Diatreme Shares**) for each ordinary share in Metallica (**Metallica Share**) held by Metallica shareholders on the record date.

The Offer opened on 11 April 2024 and is scheduled to close at 7.00pm (Sydney time) on 27 May 2024 (unless extended or withdrawn) (**Closing Date**).

IMPORTANT INFORMATION

In accordance with section 110D of the Corporations Act this letter provides instructions as to how you can access the bidder's statement lodged by Diatreme with the Australian Securities and Investments Commission on 28 March 2024, as supplemented by a first supplementary bidder's statement dated 10 April 2024, in connection with the Offer (**Bidder's Statement**).

The Bidder's Statement is being provided to you pursuant to item 6 of section 633(1) of the Corporations Act and sets out the details of Diatreme's Offer, including its terms and benefits you will receive from accepting the Offer. The Bidder's Statement also includes important information about holding securities in Diatreme, including risks associated with Diatreme and the Offer.

We urge you to read all of the Bidder's Statement carefully, and then to **ACCEPT** the Offer as soon as possible.

Where can I access the Bidder's Statement?

Online
The Bidder's Statement can be downloaded by clicking here.

Paper
Request a hard copy of the Bidder's Statement by calling the Metallica Offer Information

Line Monday to Friday, between 8.30am (Sydney time) and 5.00pm (Perth time) on 1300 636 752 (within Australia) and +61 2 8318 7933 (outside Australia), or by email to hello@automicgroup.com.au.

How do I ACCEPT the Offer?

You can ACCEPT the Offer online or by completing and returning your personalised Acceptance Form.

- **Online:** To accept the Offer online, you must log in to **https://investor.automic.com.au/#/home** and follow the instructions below:
  1. click "Register" then select "Metallica Minerals Limited Takeover Offer" from the dropdown list in the Issuer Name Field
  2. enter your Holder Identification Number / Holder Reference. This is shown on the top of your Acceptance Form (refer to the instructions below on how to access a personalised Acceptance Form)
  3. enter your postcode OR country of residence (only if outside Australia)
  4. tick the box "I'm not a robot" and then select "Next"
  5. complete the prompts to set up your username and password details
  6. once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts

- **Complete and return the Acceptance Form:** To accept the Offer using an Acceptance Form, you must complete and sign your personalised Acceptance Form and return it to the address indicated on the form before the Closing Date. A personalised Acceptance Form can be downloaded for viewing and printing by following the instructions below.

- **Contact your controlling participant:** Alternatively, if your Metallica shares are registered in a CHESS holding (such holdings will be evidenced by your Holder Identification Number commencing with an 'X'), you can accept the Offer by instructing your controlling participant (normally your broker) to accept the Offer on your behalf, before the Closing Date.

How do I access an Acceptance Form?

To download your personalised Acceptance Form, follow the instructions below:

1. click on the link of your holder name: **SAM SAMPLE**
2. enter the postcode (Australian address) or select the country (overseas address) relevant to your holding;
3. tick the box next to "I'm not a robot" and click on the "access" button; and
4. click on the download symbol beside the Acceptance Form.

I encourage you to read the Bidder's Statement carefully and in full, and to **ACCEPT the Offer as soon as possible** for the reasons set out in the Bidder's Statement.

If you have any questions in relation to the Offer, please call the please call the Metallica Offer Information Line Monday to Friday, between 8.30am (Sydney time) and 5.00pm (Perth time) on 1300 636 752 (within Australia) and +61 2 8318 7933 (outside Australia).

Yours sincerely

Neil McIntyre
Chief Executive Officer
Diatreme Resources Limited

For personal use only

For personal use only

«Registration_Details_Line_1»
«Registration_Details_Line_2»
«Registration_Details_Line_3»
«Registration_Details_Line_4»
«Registration_Details_Line_5»
«Registration_Details_Line_6»

Diatreme Resources Limited

Unit 8, 55-61 Holdsworth Street
Coorparoo
Queensland 4151, Australia

https://diatreme.com.au/

11 April 2024

Dear Metallica securityholder,

RE: DIATREME RESOURCES LIMITED
OFF-MARKET TAKEOVER BID FOR METALLICA MINERALS LIMITED

We refer to the off-market takeover bid by Diatreme Resources Limited (**ASX: DRX, Diatreme**) under Chapter 6 of the *Corporations Act 2001* (Cth) (**Corporations Act**) for all the fully paid ordinary shares in Metallica Minerals Limited (**ASX: MLM, Metallica**) (**Offer**).

Subject to the terms of the Offer, Metallica shareholders will receive 1.3319 fully paid ordinary shares in Diatreme (**Diatreme Shares**) for each ordinary share in Metallica (**Metallica Share**) held by Metallica shareholders on the record date.

The Offer opened on 11 April 2024 and is scheduled to close at 7.00pm (Sydney time) on 27 May 2024 (unless extended or withdrawn) (**Closing Date**).

IMPORTANT INFORMATION

In accordance with section 110D of the Corporations Act this letter provides instructions as to how you can access the bidder's statement lodged by Diatreme with the Australian Securities and Investments Commission on 28 March 2024, as supplemented by a first supplementary bidder's statement dated 10 April 2024, in connection with the Offer (**Bidder's Statement**).

The Bidder's Statement is being provided to you pursuant to item 6 of section 633(1) of the Corporations Act and sets out the details of Diatreme's Offer, including its terms and benefits you will receive from accepting the Offer. The Bidder's Statement also includes important information about holding securities in Diatreme, including risks associated with Diatreme and the Offer.

We urge you to read all of the Bidder's Statement carefully, and then to **ACCEPT** the Offer as soon as possible.

For personal use only

WHERE CAN I ACCESS THE BIDDER'S STATEMENT?

The Diatreme Bidder's Statement, along with your personalised acceptance form, can be viewed and downloaded by following the steps in one of these options:

I already have an online account with the Automic Share Registry	https://investor.automic.com.au/#/home 1. Select: "Existing Users Sign In". 2. Once you have successfully signed in, click on "Documents and Statements".
I don't have an online account with the Automic Share Registry	https://investor.automic.com.au/#/signup 1. Click "Register" then select "Metallica Minerals Takeover Offer" from the dropdown list in the Issuer Name Field 2. Enter your Holder Identification Number / Holder Reference Number (HIN/SRN) 3. Enter your postcode OR country of residence (only if outside Australia) 4. Tick the box "I'm not a robot" and then select "Next" 5. Once you have successfully signed in, click on "Documents and Statements".

To view the Bidder's Statement and **ACCEPT** the offer online, scan the barcode to the right with your tablet or visit https://investor.automic.com.au/#/signup on your browser and follow these instructions:

1. Click "Register" then select "Metallica Minerals Takeover Offer" from the dropdown list in the Issuer Name Field
2. Enter your Holder Identification Number / Holder Reference (HIN/SRN)
3. Enter your postcode OR country of residence (only if outside Australia)
4. Tick the box "I'm not a robot" and then select "Next"
5. Complete the prompts to set up your username and password details
6. Once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.

The Offer closes at 7:00pm (Sydney time) on 27 May 2024, unless extended or withdrawn as permitted by the Corporations Act.

ENQUIRIES

If you have any queries about the terms of the Offer or how to accept, please call the Metallica Offer Information Line (Monday to Friday, between 8.30am (Sydney time) and 5.00pm (Perth time) on 1300 636 752 (within Australia) and +61 2 8318 7933 (outside Australia).

Neil McIntyre
Chief Executive Officer
Diatreme Resources Limited

DIATREME Resources

BIDDER'S STATEMENT

OFFER BY DIATREME RESOURCES LIMITED

to acquire all of your shares in

METALLICA MINERALS LIMITED

for

1.3319 NEW DIATREME SHARES FOR EACH METALLICA SHARE

DIATREME'S DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU ACCEPT THIS OFFER

The Offer is dated 11 April 2024 and will close at 7:00pm Sydney time on 27 May 2024, unless extended.

Please call 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) if you require assistance with your acceptance between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with it, you should consult your legal, financial or other professional adviser as soon as possible

BROKER	FINANCIAL ADVISERS	LEGAL ADVISERS
Morgans Corporate Limited	KPMG Corporate Finance GRE Capital	McCullough Robertson Lawyers

For personal use only

+61 7 3397 2222

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

diatreme.com.au

Table of contents

Important notices ---------- 3

Key dates ---------- 6

Letter from the Chairman ---------- 7

Why you should accept Diatreme's Offer ---------- 10

1 HOW TO ACCEPT THE OFFER ---------- 18

2 FREQUENTLY ASKED QUESTIONS ABOUT THE OFFER ---------- 19

3 PROFILE OF DIATREME RESOURCES LIMITED ---------- 23

4 INFORMATION ON DIATREME'S SECURITIES ---------- 39

5 PROFILE OF METALLICA MINERALS LIMITED ---------- 43

6 INFORMATION ON METALLICA'S SECURITIES ---------- 47

7 PROFILE OF COMBINED GROUP ---------- 50

8 DIATREME'S INTENTIONS ---------- 57

9 RISKS ---------- 61

10 SOURCES OF OFFER CONSIDERATION ---------- 68

11 TAX CONSIDERATIONS ---------- 69

12 ADDITIONAL INFORMATION ---------- 72

13 DEFINITIONS AND INTERPRETATION ---------- 82

14 APPROVAL OF BIDDER'S STATEMENT ---------- 89

Schedule 1 ---------- 90
Terms of the Offer 90

Schedule 2 ---------- 101
Conditions of the Offer 101

Schedule 3 ---------- 109
Diatreme announcements to ASX since 1 July 2023. 109

For personal use only

Important notices

This Bidder's Statement is given by Diatreme Resources Limited ACN 061 267 061 (**Diatreme** or **DRX**) under part 6.5 Corporations Act (as modified by ASIC Instrument 2023/683) and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your shares in Metallica Minerals Limited ACN 076 696 092 (**Metallica** or **MLM**).

Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with ASIC on 28 March 2024. Neither ASIC nor any of its officers takes any responsibility for the content of this Bidder's Statement.

Date of the Offer

This Bidder's Statement is dated 28 March 2024. It includes an Offer dated 11 April 2024 on the Offer Terms set out in Schedule 1.

Investment decisions

In preparing this Bidder's Statement, Diatreme has not taken into account the individual objectives, financial situation or needs of individual Metallica Shareholders. The information contained in this Bidder's Statement is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Bidder's Statement carefully and in its entirety before deciding whether to accept the Offer and become a shareholder of Diatreme. In particular, in considering the prospects of the Combined Group, you should consider the risk factors that could affect the performance of the Combined Group. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to accept the Offer. Some of the key risk factors that should be considered by prospective investors are set out in Section 9 of this Bidder's Statement. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Bidder's Statement, nor any other person, guarantees the performance of Diatreme, the repayment of capital by Diatreme or the payment of a return on the Diatreme Shares.

Forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements, which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which members of the Metallica Group and the Diatreme Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Diatreme, its Related Bodies Corporate or any of the officers or employees of any of them, nor any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Statements of past performance

This Bidder's Statement includes information regarding the past performance of Diatreme and Metallica. Investors should be aware that past performance should not be relied on as being indicative of future performance.

Disclaimer as to Metallica and Combined Group information

The information on Metallica, Metallica's securities and the Metallica Group contained in this Bidder's Statement has been prepared by Diatreme using publicly available information.

The information in this Bidder's Statement concerning Metallica and the assets and liabilities, financial position and performance, profits and losses and prospects of the Metallica Group, has not been independently verified by Diatreme. Accordingly, Diatreme does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Combined Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Metallica and the Metallica Group, has also been prepared using publicly available information. Accordingly, information in relation to the Combined Group is subject to the foregoing disclaimer to that extent.

Further information relating to Metallica's business may be included in Metallica's Target's Statement which Metallica must provide to Metallica Shareholders in response to this Bidder's Statement.

Value of Diatreme Shares

As Metallica Shareholders are being offered Diatreme Shares as consideration for the Metallica Shares, the implied value of the Offer will vary with the market price of Diatreme Shares. Further information on the Offer Consideration is set out in Section 10 of this Bidder's Statement.

Foreign selling restrictions

Metallica Shareholders should note that the consideration under the Offer is Diatreme Shares, which are shares in an Australian public company listed on the ASX. This Bidder's Statement and Offer have been prepared having regard to Australian disclosure requirements, which may be different from those applicable in other jurisdictions.

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

If you are not an Australian resident taxpayer or are liable for tax outside Australia, you should seek specific tax advice in relation to the Australian and overseas tax consequences of accepting the Offer.

For personal use only

For personal use only

This Bidder's Statement does not constitute an offer of Diatreme Shares in any jurisdiction in which it would be unlawful. In particular, this Bidder's Statement may not be distributed to any person, and the Diatreme Shares may not be offered or sold, in any country outside Australia except to existing Metallica Shareholders to the extent permitted below.

New Zealand

This Bidder's Statement is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other New Zealand law.

The offer of Diatreme Shares is being made to existing shareholders of Metallica in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 and, accordingly, this Bidder's Statement may not contain all the information that a disclosure document is required to contain under New Zealand law.

Cyprus and Germany

This Bidder's Statement has not been, and will not be, registered with or approved by any securities regulator in Cyprus, Germany or elsewhere in the European Union. Accordingly, this Bidder's Statement may not be made available, nor may the Diatreme Shares be offered for sale, in Cyprus or Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Diatreme Shares in Cyprus and Germany is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

United Kingdom

Neither this Bidder's Statement nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Diatreme Shares. The Diatreme Shares may not be offered or sold in the United Kingdom by means of this Bidder's Statement or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA.

This Bidder's Statement is issued on a confidential basis in the United Kingdom to Metallica Shareholders who are "qualified investors" (as defined in the UK Prospectus Regulation) and fewer than 150 other persons. This Bidder's Statement may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Diatreme Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Diatreme.

In the United Kingdom, this Bidder's Statement is being distributed only to, and is directed at, persons:

- who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended ("FPO");
- who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
- to whom it may otherwise be lawfully communicated,

(together "relevant persons").

The investment to which this Bidder's Statement relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Bidder's Statement.

Ineligible Foreign Shareholders and Small Parcel Holders

Metallica Shareholders that are Ineligible Foreign Shareholders or Small Parcel Holders will not be entitled to receive Diatreme Shares under the Offer (unless Diatreme determines otherwise (in its absolute discretion)).

Ineligible Foreign Shareholders and Small Parcel Holders who accept the Offer will have their Offer Consideration sold by the Nominee on the ASX with the net proceeds paid in cash calculated in accordance with clause 5.3 of the terms of the Offer set out in Schedule 1 of this Bidder's Statement.

Privacy

Diatreme has collected your information from the Metallica register of shareholders for the purpose of making this Offer, if accepted, administering acceptances of the Offer in respect of your Metallica Shares and also the issue of any Diatreme Shares as offer consideration. By completing an Acceptance Form or registering to use the Automic Investor Portal, you will also be providing personal information to Diatreme through the Share Registry, which is contracted by Diatreme to manage Acceptance Forms and the acceptance process. Diatreme, and the Share Registry on its behalf, and their agents and service providers may collect, hold, disclose and use that personal information to process your application, service your needs as a shareholder of Diatreme, provide facilities and services that you request and carry out appropriate administration, and for other purposes related to your investment in Diatreme.

Once you become a shareholder of Diatreme, the Corporations Act requires information about you (including your name, address and details of the shares you hold in Diatreme) to be held in a public register. Your information may also be disclosed on a confidential basis to Related Bodies Corporate and external service providers of Diatreme and the Share Registry, to market research companies for analysing Diatreme's shareholder base, and to regulators such as ASIC.

Websites

Both Diatreme and Metallica maintain a website. The Diatreme website is at www.diatreme.com.au. The Metallica website is www.metallicaminerals.com.au.

Information contained in or otherwise accessible through these websites is not part of this Bidder's Statement. All references to these websites in this Bidder's Statement are for information purposes only.

Effect of rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to dollars, $, A$, cents, ¢ and currency is a reference to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of the Diatreme Group or the Metallica Group in respect of which different exchange rates may have been, or may be, used.

Diagrams, maps and data in charts, graphs and tables

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Time

All references to time in this Bidder's Statement are to Sydney, Australia time unless stated otherwise.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 13 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless the context requires otherwise, references in this document to "this Bidder's Statement", "the date of this Bidder's Statement" or similar expressions are references to this Bidder's Statement dated 28 March 2024.

For personal use only

Key dates

Indicative timetable	
Announcement of intention to make takeover bid	16 February 2024
Announcement of revised Conditions	27 February 2024
Announcement of ASX waiver in relation to Listing Rule 10.1 Approval	27 March 2024
Bidder's Statement lodged with ASIC and ASX	28 March 2024
Register Date	7.00pm Sydney time on 2 April 2024
Date of Offer	11 April 2024
Date for notice on status of the Conditions	17 May 2024
Close of Offer Period (unless extended)	7:00pm Sydney time on 27 May 2024

These dates may change as permitted under the Corporations Act. Diatreme will announce any changes to the above timetable to the ASX.

Enquiries

If you are in any doubt how to deal with this document, you should consult your stockbroker, or your legal, financial or other professional adviser.

If you have any questions about the Offer or how to accept it, please call the shareholder information line on 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.

For personal use only

Letter from the Chairman

28 March 2024

Dear Metallica Shareholder

Diatreme Resources Limited's offer to Metallica Minerals Limited shareholders

On behalf of Diatreme Resources Limited ACN 061 267 061 (**Diatreme** or **DRX**), we are pleased to present Diatreme's attractive all-scrip offer to acquire all of your shares in Metallica Minerals Limited ACN 076 696 092 (**Metallica** or **MLM**).

Offer overview

Diatreme is offering you 1.3319 Diatreme Shares for each Metallica Share you hold as at the Register Date (**Offer**).

As at 15 February 2024, being the last trading day before the Offer was first announced by Diatreme and before the price of Metallica Shares and volumes were affected by the Offer:

- Based on Diatreme's closing price of $0.022, the Offer represents an attractive premium of 22.08% to Metallica's closing price of $0.024 on that date.
- Based on Diatreme's 30-day VWAP of $0.0232[1], the Offer represents an implied value of $0.0309 per Metallica Share and attractive premia of:
  - 37.33% to Metallica's 30-day VWAP of $0.0225; and
  - 28.75% to Metallica's closing price of $0.024 on 15 February 2024.

The Offer also extends to any Metallica Shares that come to be in the bid class during the period from the Register Date and the end of the Offer Period due to the conversion or exercise of rights attached to other securities, where those securities exist or will exist as at the Register Date.

Offer rationale

Diatreme is seeking to be a sustainable long-term producer of high quality silica in the Cape Flattery region. The proposed Offer is a logical consolidation step that is expected to create value for all shareholders and stakeholders, including traditional owners, local business and the broader Cooktown and Hopevale communities, while advancing the contribution of the region to global decarbonisation efforts.

Combining the silica assets of our two companies, together with Diatreme's robust balance sheet and world class partner in Sibelco Asia Pacific Pty Ltd (a subsidiary of SCR-Sibelco N.V.), will position the Combined Group to optimally develop a significant portfolio of assets and realise that ambition.

[1] The 30-day VWAP is used given the relatively illiquid trading in both Metallica and Diatreme Shares on the ASX. The VWAP is calculated up to and including 15 February 2024.

For personal use only

About Diatreme

Diatreme is an emerging Australian producer of mineral and silica sands based in Brisbane. Our key projects comprise the Northern Silica Project (**NSP**) and Galalar Silica Sand Project (**GSSP**) in Far North Queensland, which have a combined Mineral Resource of 402Mt (100% basis)[2], and are located next to the world's largest silica sand mine at Cape Flattery. Sibelco Asia Pacific Pty Ltd (**Sibelco Asia Pacific**), a subsidiary of world class global material solutions group SCR-Sibelco N.V. (**SCR-Sibelco**), is Diatreme's joint venture development partner on its silica projects via the Cape Silica Jont Venture. Sibelco Asia Pacific has agreed to provide Diatreme access to its technical and project development expertise, pursue joint product marketing and downstream onshore silica processing opportunities, as well as assistance in securing project finance. Sibelco Asia Pacific has already contributed circa A$49 million (A$35 million into the Cape Silica Joint Venture and A$13.97 million via a strategic placement in Diatreme completed in June 2022).

The NSP is a significant silica development project, which has been designated with 'Co-ordinated Project' status by the Office of the Co-ordinator General in Queensland, a major milestone recognising the NSP's strategic value and importance. Further, the Cape Flattery region has been identified by the Queensland Government as a potential silica critical mineral mining area and export hub of significance, with the purpose to focus on efficiencies in the supply chain, access to infrastructure and pathways to permitting.

The NSP is expected to produce high grade, low iron silica, with a scoping study for the project released in June 2023[3] indicating its potential as a valuable long-life, low cost mining operation of significant scale, with robust economics and within close proximity to existing marine infrastructure. The coping study confirmed Diatreme has a stand alone independent logistics and export solution that is permittable and capable of development. However, Diatreme also continues to explore alternative shared facilities and infrastructure solutions to provide Diatreme alternative solutions and potential other benefits.

Diatreme also has two other projects: the Cyclone Zircon Project, one of a handful of major zircon-rich discoveries of the past decade in Australia, and is a minority farm-out partner in the Clermont Copper-Gold Project, a copper/gold and graphite exploration project, with Metallica.

Diatreme has a highly experienced board and management, with expertise across all stages of project exploration, mine development and project financing together with strong government, regulatory and community engagement credentials. Diatreme's silica resources will contribute to global decarbonisation by providing the necessary high-grade silica for use in the solar photovolatic industry. Diatreme has a strong focus on environmental social governance (**ESG**), working closely with its local communities, traditional owners and all other key stakeholders to ensure the long-term sustainability of our operations, including health, safety and environmental stewardship.

Diatreme is also in a strong financial position to advance its projects, with a total cash and liquids position as at 31 December 2023 of A$10.8 million, with a further A$26.7 million in the Cape Silica Joint Venture, giving a total cash balance of A$30.3 million (equity basis).[4] It is currently not possible to ascertain how Metallica might fund the future advancement of its projects and therefore how Metallica Shareholders who are unable (or unwilling) to participate in any future equity raising can avoid dilution. By accepting the Offer and becoming a shareholder in the Combined Group, Metallica Shareholders may mitigate some of these risks.

[2] 294Mt on an equity basis.
[3] Based on 14 June 2023 Diatreme ASX Release (Positive Scoping Study for Northern Silica Project).
[4] Diatreme cash balance as at 31 Dec 2023 calculated as Diatreme corporate cash balance A$10.8 million *plus* Diatreme 73.2% equity share of CSJV cash A$26.7 million (100% basis). On a 100%, Diatreme has a cash balance of A$37.5 million.

For personal use only

For personal use only

Reasons to Accept the Offer

There are a number of compelling reasons to accept the Offer, including:

1 Highly attractive premium and value for your Metallica Shares.

2 You will benefit from a world class joint venture partner in Sibelco Asia Pacific (also a key shareholder in Metallica who supports the Offer).

3 Underpinned by strong strategic rationale based on logical regional consolidation and potential value creation for all shareholders and stakeholders.

4 You will become a shareholder in a larger, well-funded ASX-listed company with greater market relevance, project financing capacity and optionality while still maintaining exposure to Metallica's assets.

5 Exposure to high quality silica projects and a portfolio of assets across diverse commodities.

6 The Offer provides an opportunity for enhanced liquidity.

7 You may be eligible for CGT roll-over relief.

8 If you do not accept the Offer, you may become a minority Metallica Shareholder.

9 The trading price and liquidity of Metallica Shares may fall if the Offer is not successful.

10 You may not incur brokerage or transfer duty in accepting the Offer.

Key Metallica Shareholder support

Metallica's second largest shareholder, Sibelco Asia Pacific, supports the Offer. Sibelco Asia Pacific, which holds a Relevant Interest in 16.43% of Metallica Shares, has advised that it intends to accept the Offer in respect of all Metallica Shares currently held and subsequently acquired, in the absence of a superior proposal. This support from one of the world's leading materials solutions groups, with silica as a primary focus, together with being Diatreme's partner in the Cape Silica Joint Venture and a substantial Diatreme shareholder, is a strong endorsement of the Offer and its benefits for Metallica Shareholders.

Conditions of the Offer

The Offer is subject to a number of Conditions, including (but not limited to) the Minimum Acceptance Condition and release from the Standstill Undertaking. The terms of the Offer, including the Conditions, are set out in Schedule 1 and Schedule 2 to this Bidder's Statement.

Conclusion

I encourage you to read this Bidder's Statement for more details about the Offer and about Diatreme. The Offer is open for your acceptance until 7:00pm (Sydney time) on 27 May 2024, unless extended. If you wish to accept the Offer, please complete and return the enclosed Acceptance Form or register and lodge your acceptance via the Automic Investor Portal.

If you have any questions about the Offer, please contact your legal, financial or other professional adviser or call the shareholder information line on 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.

Yours sincerely

Wayne Swan
Chairman

Why you should accept Diatreme's Offer

1 The Offer represents a highly attractive premium and value for your Metallica Shares

By accepting the Offer, you will receive 1.3319 Diatreme Shares for each Metallica Share you own, which represents a significant share price premium to Metallica Shareholders.

The all-scrip Offer provides Metallica Shareholders with the ability to retain exposure to Metallica's assets and become a shareholder in the larger Combined Group, while receiving a substantial premium to Metallica's historic trading levels.

As at 15 February 2024, being the last trading day before the Offer was first announced by Diatreme and before Metallica's share price and volumes were affected by the Offer:

- Based on Diatreme's last closing price of $0.022, the Offer represents an attractive premium of 22.08% to Metallica's last closing price of $0.024 on that date.
- Based on Diatreme's 30-day VWAP of $0.0232[5], the Offer represents an implied value of $0.0309 per Metallica Share and attractive premia of:
  - 37.33% to Metallica's 30-day VWAP of $0.0225; and
  - 28.75% to Metallica's closing price of $0.024 on 15 February 2024 (as at 15 February 2024).

The chart below highlights the significant premia being offered to Metallica Shareholders. To receive this attractive value for your Metallica Shares, you should **ACCEPT** the Offer.

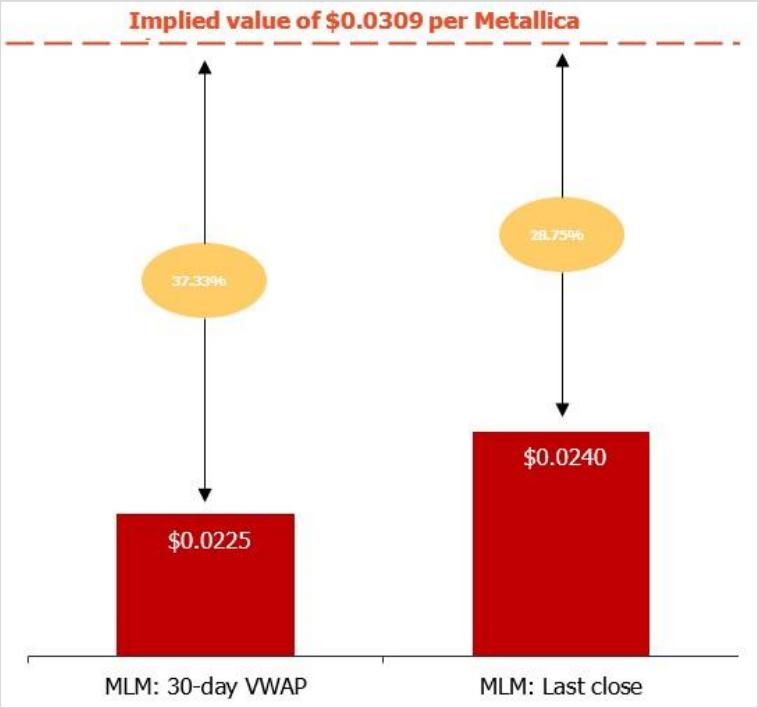


Figure 1: Relevant premium of implied value of Offer Consideration as at 15 February 2024 (chart).[6,7]

[5] The 30-day VWAP is used given the relatively illiquid trading in both Metallica and Diatreme Shares on the ASX. The VWAP is calculated up to and including 15 February 2024.
[6] Sourced from IRESS with last close and VWAP of Metallica Shares as at 15 February 2024.
[7] The implied value of the Offer will fluctuate with the Diatreme share price. Accordingly, if the Diatreme share price falls relative to the Metallica share price, the implied value of the Offer will also fall. Likewise, if the Diatreme share price rises relative to the Metallica share price, the implied value of the Offer will rise.

For personal use only

2 Benefit from a world class joint venture partner in Sibelco Asia Pacific, who has declared its support for this Offer

By accepting the Offer, Metallica Shareholders will benefit from Diatreme's world class and strategically important joint venture partner in Sibelco Asia Pacific. Sibelco Asia Pacific is a subsidiary of SCR-Sibelco, which is one of the world's leading materials solutions groups with silica as a primary focus. Importantly, the principles under the co-operation agreement between Diatreme and Sibelco Asia Pacific include access to Sibelco Asia Pacific's technical and project development expertise, joint product marketing, pursuit of downstream onshore silica processing opportunities, as well as securing project finance. As a junior developer, Diatreme believes that having a joint venture partner of Sibelco Asia Pacific's quality is expected to assist development of the Cape Silica Joint Venture and increase options for project financing in the future on more favourable terms in a challenging equity market environment.

Sibelco Asia Pacific has already contributed A$35 million into the Cape Silica Joint Venture and its future support extends to joint product marketing, pursuing onshore silica processing downstream opportunities and assistance in accessing project finance. Sibelco Asia Pacific has also contributed A$13.97 million via a strategic placement in Diatreme completed in June 2022. The Combined Group will benefit from SCR-Sibelco's established global networks from its 150 years of international operations and pre-eminence in global high purity silica markets and supply.

For personal use only

For personal use only

3 The Offer is underpinned by strong strategic rationale based on logical regional consolidation and potential value creation for all shareholders and stakeholders

Diatreme considers the Offer provides a compelling opportunity to unlock value for both sets of shareholders. A combination of Diatreme and Metallica represents a highly logical regional consolidation of proximate, strategically significant, high quality silica assets in the Cape Flattery region. This region has been identified as a potential silica critical minerals hub to focus on efficiencies in the supply chain, access to infrastructure and pathways to permitting.

Both Diatreme's NSP and Metallica's Cape Flattery Silica Project (**CSP**) have been designated as a 'Co-ordinated Project' under Queensland's *State Development and Public Works Organisation Act 1971* (QLD) by the Office of the Co-ordinator General in Queensland. The Combined Group, as a single point of market focus and regulatory engagement, is expected to streamline the necessary approvals processes, including environmental impact studies, discussions with affected native title holders and infrastructure access negotiations.

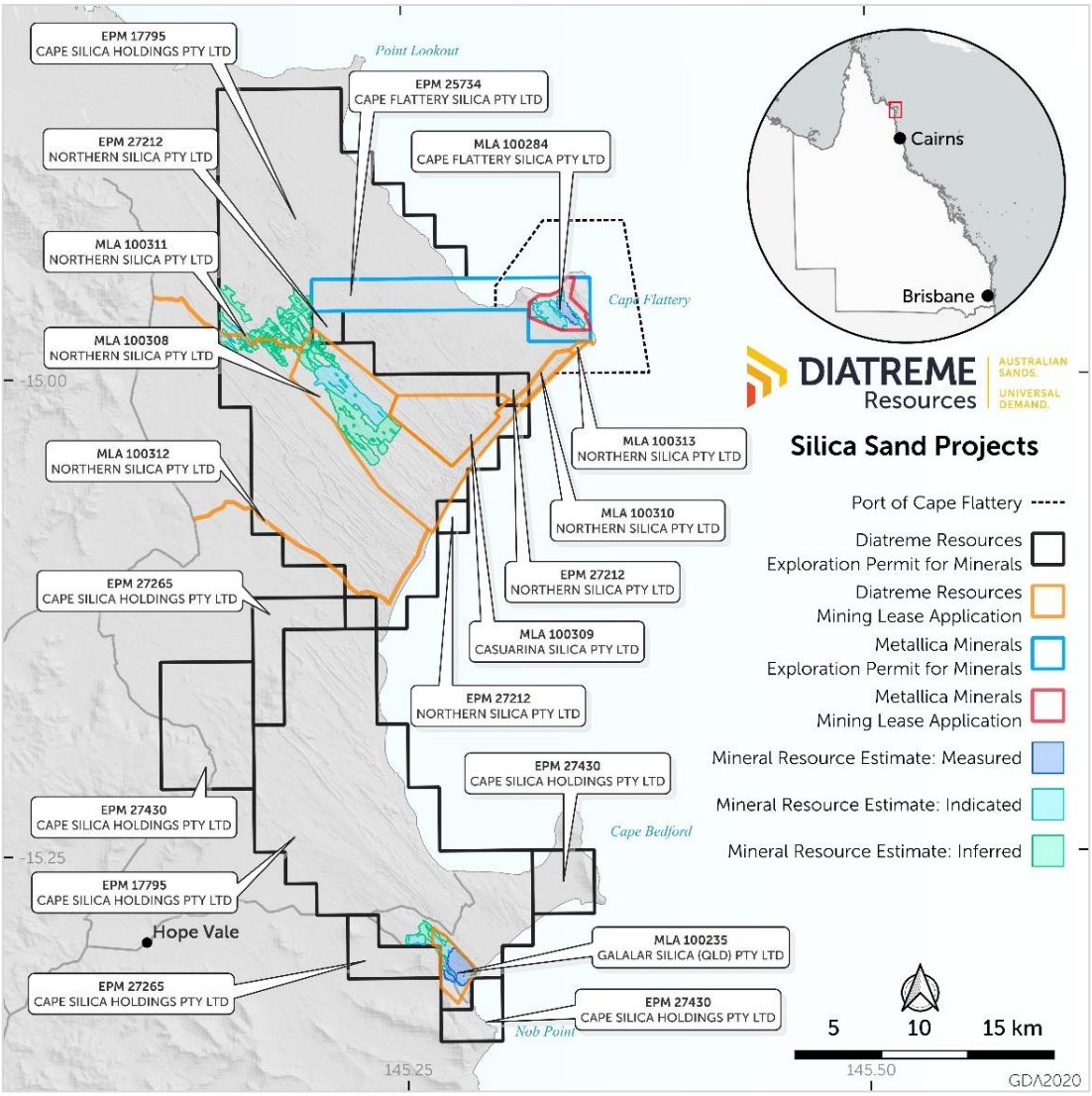


Figure 2: Regional setting of proposed projects of Diatreme and Metallica (map).

Both the NSP and the GSSP are substantial, high-quality assets, with the NSP being Diatreme's principal focus. The NSP scoping study released in June 2023[8] (**NSP Scoping Study**) indicated the potential for a low cost, long life mining operation of significant scale, with robust economics, clear permittable pathway to development within the designated area of the Cape Flattery Port and within close proximity of existing marine infrastructure. Some of the key findings included:

- post-tax net present value (**NPV**) of A$829 million;
- internal rate of return (**IRR**) of 33% (pre-tax);
- life of mine net revenue of A$9.78 billion;
- initial capex of A$356m for the 3Mtpa production case and an additional A$179m to increase production to 5Mtpa, resulting in total capex of A$535 million, with 6 year payback period; and
- 25 year mine life.

The NSP currently has an expected delivery timeframe of first shipment in the second half of 2026 (subject to timely advancement through Queensland State and Federal Government permitting and approval process).

The Combined Group would have a globally significant resource base and multi-strategic project pipeline, together with a financially strong joint venture partner in Sibelco Asia Pacific, thereby providing:

- development optionality, including staging of asset development and mine and transport scheduling to maximise project economics;
- integration opportunities that remove duplication between the projects; and
- scalability, including allowing for economies of scale in infrastructure planning and utilisation,

whilst increasing targeted mine life and potentially reducing development risk.

It is expected to better position the Combined Group to accelerate first production (with Diatreme's current access to capital and the expected approvals efficiencies) and bring forward the local and regional benefits of employment, commercial opportunities and royalties, and accordingly increase shareholder value.

The combination of Diatreme and Metallica could also lead to potential savings and synergies[9] via:

- more efficient and less costly permitting, development, offtake and project financing processes;
- improved bargaining power in relation to shipping and transportation costs, infrastructure, equipment and other key regional stakeholders and service providers;
- potential operational, offtake and marketing efficiencies; and
- removing duplication of support infrastructure, staffing, ASX listing costs and corporate overheads. Based on historical expenditure only, this is estimated at approximately A$1.45 million per annum.

[8] Based on 14 June 2023 Diatreme ASX Release (Positive Scoping Study for Northern Silica Project).
[9] There is no guarantee or assurance given that some or all of these potential savings and synergies will be achieved or that any assumptions underlying them are correct. Please refer to the "Important Notice and Disclaimer" section for important cautionary information in relation to forward-looking statements.

For personal use only

For personal use only

4 Opportunity to be a shareholder in a larger, well-managed and well-funded entity with greater market relevance and also retain exposure to Metallica's assets and the future development of a strategic silica province

The Offer provides Metallica Shareholders the opportunity to become a shareholder in a significantly larger Combined Group. On successful completion of the Offer, Metallica Shareholders would hold approximately 25.5% of the Combined Group.[10] This would create a leading ASX-listed silica sands company with a pro-forma market capitalisation of approximately A$110 million[11] a significant combined mineral resource base of 356Mt[12] and pro-forma cash of approximately A$33 million.[13] Metallica Shareholders will retain and increase their exposure to high quality and strategic silica sands projects at a time of rising demand for solar PV and global decarbonisation.

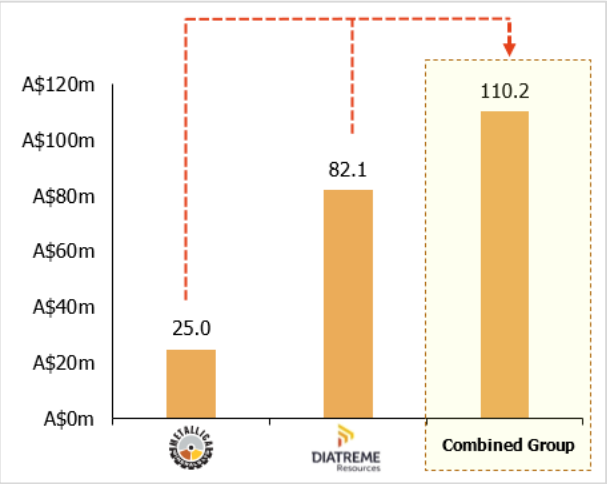


Figure 3: Metallica, Diatreme and Combined Group market capitalisation as at 27 March 2024 (chart).

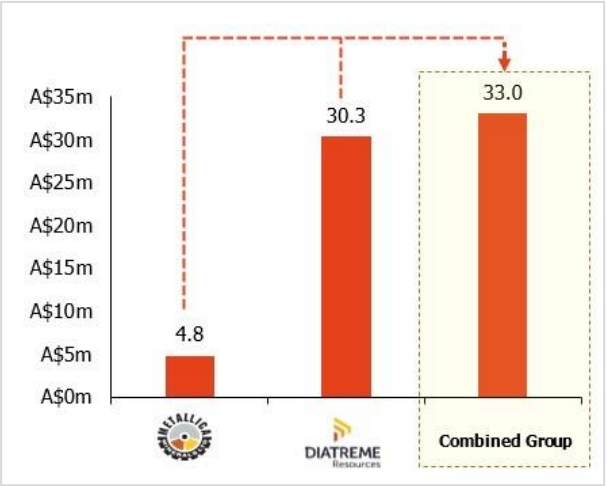
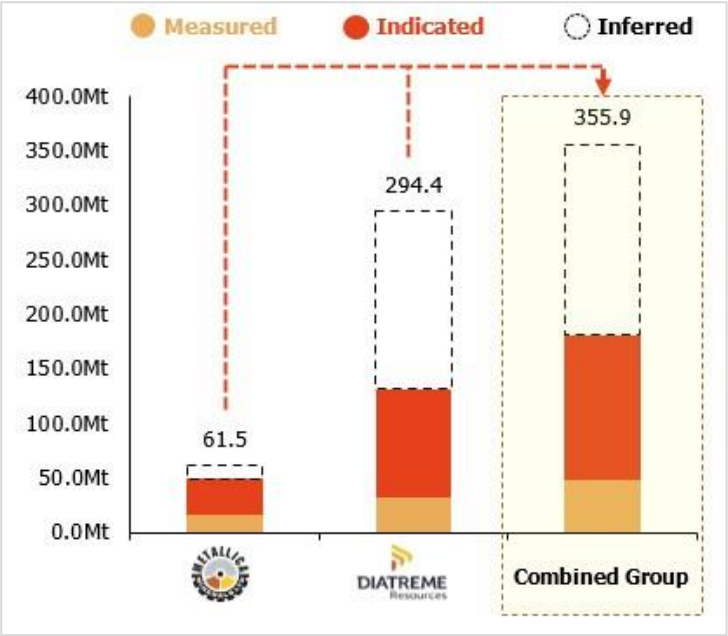


Figure 4: Metallica, Diatreme[14], and Combined Group[13] cash position as at 31 December 2023 (chart).

[10] Assumes 1,278,522,671 new Diatreme Shares (on an undiluted basis) are issued to Metallica Shareholders based on 1.3319 Diatreme Shares issued for each Metallica share assuming 100% acceptance of the Offer.
[11] Combined Group market capitalisation based on Diatreme pro-forma shares on issue of 5,008,281,797 and Diatreme's share price of $0.0220 as at 27 March 2024.
[12] Combined Group Mineral Resource are presented on an equity ownership basis. The Combined Group's Mineral Resource is 464Mt on an 100% ownership basis.
[13] Combined Group has a cash balance of A$33.0 million as at 31 Dec 2023 calculated as Diatreme corporate cash balance of A$10.8 million *plus* Metallica corporate cash balance of A$4.8 million *plus* Diatreme 73.2% equity share of CSJV cash $26.7 million (100% basis) *less* assumed transaction costs of A$2.1 million.
[14] Diatreme cash balance as at 31 Dec 2023 calculated as Diatreme corporate cash balance of A$10.8 million *plus* Diatreme 73.2% equity share of CSJV cash of A$26.7 million (100% basis).

For personal use only



Combined Group Mineral Resources [15]				
	Metallica	Diatreme		Combined Group
		GSSP	NSP [16]	
(100% basis)				
Measured (Mt)	16.1	43.1	-	59.2
Indicated (Mt)	33.2	23.1	113.3	169.6
Inferred (Mt)	12.2	9.2	213.4	234.8
Total resources (Mt)	61.5	75.5	326.7	463.7
(Equity basis)				
Measured (Mt)	16.1	31.6	-	47.7
Indicated (Mt)	33.2	16.9	82.9	133.1
Inferred (Mt)	12.2	6.7	156.2	175.2
Total resources (Mt)	61.5	55.2	239.1	355.9

Figure 5: Mineral Resources of Metallica, Diatreme and the Combined Group (chart and table). Note the chart shows the Mineral Resources of Diatreme, Metallica and the Combined Group on an equity basis (not 100%).

By accepting the Offer, you will become part of a well-funded, financially strong company with a proven and experienced board and management team. As at 31 December 2023, Diatreme had a corporate cash position of A$10.8 million and a further A$26.7 million (100% basis) in the Cape Silica Joint Venture. Accordingly, post a detailed review, Diatreme is well placed to consider the appropriate development activities for the combined silica assets and the Clermont Copper-Gold Project.

It is anticipated the Combined Group, with increased scale, improved investor appeal, a strong balance sheet and a world class joint venture partner would have improved investor appeal (further information on the Combined Group is set out in Section 7 of this Bidder's Statement). It is therefore expected to have an enhanced ability to raise equity capital, be less dilutive to

[15] Diatreme and Metallica resources figures have been obtained from Diatreme's ASX announcement on 13 March 2023 and 9 November 2021, and Metallica's ASX announcements on 3 March 2023 and 15 November 2023.
[16] Northern Silica Project resources include Western Resource Area.

shareholders and have better access to export agency, private sector and government project financing, including NAIF which is an important source of competitive, long tenure debt funding for resources projects in Northern Australia.

It is currently not possible to ascertain how Metallica is expected to fund the future development of its projects and therefore how Metallica Shareholders who do not, or are unable to, participate in any future equity raising may avoid dilution. By accepting the Offer and becoming a shareholder in the Combined Group, Metallica Shareholders may mitigate some of these risks.

5 Exposure to high quality silica projects and a portfolio of assets across diverse commodities

By accepting the Offer, Metallica Shareholders will gain exposure to the high quality NSP. This is a project of significant scale and strategic value.

Bench top metallurgical testing results appropriate for the scoping study have confirmed the project's ability to produce a world class silica sand product at 99.9% SiO_2, meeting the requirements for high-end glass and solar panel glass manufacturing.

Diatreme is currently undertaking a resource upgrade which includes reclassification of Mineral Resources and a declaring of Ore Reserves at NSP as part of its definitive feasibility study process.

In addition, Metallica Shareholders will gain (or increase) exposure to a number of other high-quality assets within the Diatreme portfolio:

- the GSSP – this is a further substantial, high-quality silica asset in the Cape Flattery region;
- the Cyclone Zircon Project – located in Western Australia's Eucla Basin, it has received all primary project approvals required and is one of the few major zircon-rich discoveries in Australia of the past decade; and
- the Clermont Copper-Gold Project – located in central Queensland, in relation to which Diatreme has a farm-in agreement with Metallica (with Metallica already owning a 51% interest and the ability to earn up to a 75% interest by meeting certain further expenditure obligations).

Having a range of projects across several different commodities provides Diatreme with significant shareholder value creation and realisation optionality, in which accepting Metallica shareholder can also participate.

Please refer to Section 3 for further information in relation to each of these projects.

6 There is opportunity for enhanced liquidity

Metallica Shares are relatively illiquid. It is anticipated that the Combined Group, with increased scale, greater market relevance and improved investor appeal, will have better liquidity than either Metallica or Diatreme individually.

7 You may receive CGT rollover relief for the Offer Consideration

You may be eligible for capital gains rollover relief (subject to individual shareholder circumstances) if Diatreme is able to acquire at least 80% or more of all Metallica Shares.

Each Metallica Shareholder's tax position is different. A summary of the general Australian income tax, transfer duty and GST implications for Metallica Shareholders who accept the Offer is set out in Section 11. However, Metallica Shareholders should not rely on the summary in Section 11 in substitution for specific advice on their own affairs.

For personal use only

8 If you do not accept the Offer, you may become a minority holder in Metallica

If all Conditions under the Offer are fulfilled or waived, you will become a minority shareholder in Metallica, unless Diatreme is successful in reaching the compulsory acquisition threshold. This may have adverse implications for your shareholding in Metallica, including lower levels of liquidity and potentially making it more difficult for you to sell your Metallica Shares at prevailing price levels.

9 The trading price and liquidity of Metallica Shares may fall if the Offer is not successful

While there are many factors that will influence the market price of Metallica Shares, in the event the Offer is not successful, or in the absence of a Competing Proposal, the price of Metallica Shares on ASX may fall below its current trading price and liquidity on those shares may also be reduced.

10 You may not incur brokerage or transfer duty in accepting the Offer

If you accept the Offer and your Metallica Shares are registered in an Issuer Sponsored Holding in your name, you will not incur brokerage on the acceptance of the Offer or transfer of your Metallica Shares to Diatreme pursuant to the Offer.

If you accept the Offer and your Metallica Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Metallica Shares are registered in the name of a stockbroker, bank, custodian, or other nominee, you should ask your Controlling Participant (usually your stockbroker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

If you sell your Metallica Shares on the ASX, rather than accepting the Offer, you may incur brokerage charges (and, potentially, GST on those charges).

You will not be required to pay any transfer duty on the disposal of your Metallica Shares under the Offer or on the acquisition of Diatreme Shares under the Offer.

For personal use only

1 HOW TO ACCEPT THE OFFER

1.1 ISSUER SPONSORED HOLDINGS

If you hold your Metallica Shares in an Issuer Sponsored Holding, you will need to either complete, sign and return the Acceptance Form accompanying this Bidder's Statement or give your acceptance via the Automic Investor Portal in accordance with the instructions on that form and deliver any form or send it by post so that it is received by the Share Registry before the end of the Offer Period.

1.2 CHESS HOLDINGS

If you hold your Metallica Shares in a CHESS Holding, you may accept the Offer by one of the following methods:

- Instruct your Controlling Participant (for example, your stockbroker) to initiate acceptance of the Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules.
- Complete, sign and send the Acceptance Form accompanying this Bidder's Statement directly to your stockbroker or Controlling Participant.
- Complete, sign and return the Acceptance Form or give your acceptance via the Automic Investor Portal in accordance with the instructions on the Acceptance Form or as set out in clause 4.6 of the Offer Terms in Schedule 1 so that Diatreme is authorised to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

In accepting the Offer, you must ensure that you allow for sufficient time for your instruction to be acted upon before the end of the Offer Period.

1.3 CONTROLLING PARTICIPANTS

If you are a Controlling Participant, you will need to initiate acceptance of the Offer under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

1.4 INSTITUTIONAL ACCEPTANCE FACILITY

Diatreme reserves the right to introduce an institutional acceptance facility in respect of the Offer. If Diatreme does so, it will announce details of the facility in a supplementary Bidder's Statement.

For personal use only

For personal use only

2 FREQUENTLY ASKED QUESTIONS ABOUT THE OFFER

Question	Answer
What is the Offer?	Diatreme is making an offer to acquire all Metallica Shares on the terms set out in this Bidder's Statement. You may only accept this Offer in respect of all of the Metallica Shares that you hold.
What will you receive if you accept the Offer?	If you accept the Offer, you will be issued 1.3319 new Diatreme Shares for each Metallica Share you own (subject to the Conditions being fulfilled or waived). If you are entitled to receive a fraction of a Diatreme Share, the number of Diatreme Shares you are entitled to under this Offer is rounded up to the next whole number of Diatreme Shares if it is 0.5 or more, and rounded down to the nearest whole number if it is less than 0.5.
How long is the Offer open for?	The Offer opens on 11 April 2024 and is scheduled to close at 7:00pm (Sydney time) on 27 May 2024 (unless extended).
What are the conditions of the Offer?	The Offer is subject to the following Conditions: (a) the Minimum Acceptance Condition; (b) the Listing Rule 10.1 Condition; (c) release of the Standstill Undertaking; (d) the Metallica Options Condition; (e) the FIRB condition; (f) no regulatory action; (g) no prescribed occurrences; (h) no regulated event; (i) no material adverse change; (j) no materially inaccurate public information; (k) no exercise of rights under certain agreements or arrangements; (l) no material acquisitions, disposals or commitments; (m) no Competing Proposal; and (n) the Minimum Bid Price Condition. This is only a summary of the Conditions, which are set out in full in Schedule 2. Diatreme may choose to waive certain Conditions in accordance with the Offer Terms in Schedule 1.
Do I have to pay brokerage or stamp duty on acceptance?	If you accept the Offer and your Metallica Shares are registered in an Issuer Sponsored Holding in your name, you will not incur brokerage on the acceptance of the Offer or transfer of your Metallica Shares to Diatreme pursuant to the Offer. If you accept the Offer and your Metallica Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Metallica Shares are registered in the name of a stockbroker, bank, custodian, or other nominee, you should ask your Controlling Participant (usually your stockbroker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

For personal use only

Question	Answer
What should I do?	If you choose to accept the Offer, you should: (a) read this Bidder's Statement in full; (b) read Metallica's Target's Statement in full (when issued); (c) consult your stockbroker, or financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer; and (d) accept the Offer in the manner described in Section 1, clause 4 of the Offer Terms in Schedule 1, or as set out in the Acceptance Form. If you have any queries about the Offer or the method available to you to accept the Offer, you may also call the shareholder information line on 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.
How do I accept the Offer?	The Offer may only be accepted for all of your Metallica Shares. The manner in which you accept the Offer depends on whether you hold your Metallica Shares in an Issuer Sponsored Holding, a CHESS Holding, or if you are a Controlling Participant. Full details on how to accept the Offer are set out in Section 1 of this Bidder's Statement, clause 4 of the Offer Terms in Schedule 1 and in the Acceptance Form. **For CHESS Holdings** you should instruct your Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period. **For Issuer Sponsored Holdings** you may complete, sign and return the Acceptance Form or lodge your acceptance via the Automic Investor Portal in accordance with the instructions on the Acceptance Form. Return the Acceptance Form to the address indicated on the form so that it is received before the end of the Offer Period. **Mailing and delivery addresses** The mailing and delivery addresses for completed Acceptance Forms are as follows: The mailing address is: **Automic Registry Services** **Metallica Minerals Limited Takeover** **GPO Box 5193** **Sydney NSW 2001** Alternatively, you may deliver the Acceptance Form and any associated documents to: **Automic Registry Services** **Metallica Minerals Limited Takeover** **Level 5, 126 Phillip Street** **Sydney, New South Wales**

For personal use only

Question	Answer
If I accept the Offer, when will I receive consideration for my Metallica Shares?	Provided that the necessary transfer documents accompany your Acceptance Form, you will be issued Diatreme Shares within one month of the later of: (a) the date you accept the Offer; and (b) the date the Offer becomes unconditional. In any event, you will be issued the Offer Consideration within 21 days after the Offer closes (assuming all Conditions are fulfilled or waived).
What if I am an Ineligible Foreign Shareholder or Small Parcel Holder?	Ineligible Foreign Shareholders and Small Parcel Holders that accept the Offer will not receive Diatreme Shares. Rather, the Diatreme Shares that Ineligible Foreign Shareholders and Small Parcel Holders would have been entitled to receive will be issued to, and sold by, a Nominee and the net proceeds attributable to each Ineligible Foreign Shareholder or Small Parcel Holder will be paid to them by cheque in Australian dollars drawn on an Australian bank account. Ineligible Foreign Shareholders and Small Parcel Holders should read Section 12.8 and clause 2.2 of the Offer Terms in Schedule 1, which provide further information for Ineligible Foreign Shareholders and Small Parcel Holders about the Nominee sale process. Diatreme's determination as to whether a Metallica Shareholder is an Ineligible Foreign Shareholder or Small Parcel Holder is final. Depending on the Ineligible Foreign Shareholder's particular circumstances, a portion of the Offer Consideration may be withheld by Diatreme and paid to the Commissioner of Taxation on account of foreign resident capital gains withholding tax. See Section 11.5 for further information.
What rights will my Diatreme Shares have?	The Diatreme Shares issued under the Offer will be fully paid and will rank equally for dividends and other rights with existing Diatreme Shares. A detailed explanation of the rights and liabilities attaching to Diatreme Shares is set out in Section 4.5.
Will my Diatreme Shares be listed on ASX?	On the date of this Bidder's Statement, Diatreme applied to ASX for quotation of the Diatreme Shares to be issued under the Offer on the official list of ASX. Quotation of the Diatreme Shares to be issued under the Offer will not be automatic but will depend on ASX exercising its discretion to admit them to the official list. However, Diatreme is already admitted to the official list of ASX and ordinary shares in Diatreme (being the same class and on the same terms as those to be issued under the Offer) are already quoted.
What happens if I do not accept the Offer?	If you do not accept the Offer, you will remain a Metallica Shareholder and will not be issued Diatreme Shares. However, if Diatreme becomes entitled to compulsorily acquire your Metallica Shares, it intends to do so. If this occurs, Diatreme will advise you about the process to claim the Offer Consideration for your Metallica Shares but at a later date than you would have received it if you had accepted the Offer.

Question	Answer
What are the tax implications of accepting the Offer?	A general description of the taxation treatment for certain Australian resident Metallica Shareholders accepting the Offer is set out in Section 11. You should not rely on that description as advice for your own affairs. You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your Metallica Shares. Metallica Shareholders should be aware that if Diatreme does not acquire ownership of 80% of Metallica Shares, then rollover relief will not be available to Metallica Shareholders for the portion of the capital gain that is made (if any) from the receipt of Diatreme Shares as consideration.
What are the significant risks of the Offer?	You should carefully consider the risk factors that could affect the performance of Diatreme and the Combined Group before deciding whether to accept the Offer. Many of these risks are outside the control of Diatreme and its Directors and cannot be mitigated. A summary of the key risks is set out in Section 9.
What happens if I exercise my Metallica Options?	The Offer extends to Metallica Shares that are issued before the end of the Offer Period on the exercise of Metallica Options. If you exercise your Metallica Options, you can accept the Offer for the Metallica Shares received from the exercise of those Options.

For personal use only

3 PROFILE OF DIATREME RESOURCES LIMITED

3.1 OVERVIEW

Diatreme is an emerging Australian producer of mineral and silica sands based in Brisbane. The Company's key projects comprise the Northern Silica Project and Galalar Silica Project in Far North Queensland, located next to the world's largest silica sand mine at Cape Flattery.

Diatreme's silica resource base interest is 402Mt (100% basis)[17] across its Far North Queensland projects, one of the largest high-grade silica sand resources in Australia.

The NSP has a large mineral resource base of 235Mt (100% basis).[18] The NSP Scoping Study indicates the potential targeted production rate of 5Mtpa could be sustained for 25 years. Metallurgy tests indicate a high purity, low iron silica product, likely to be highly suitable for solar panel manufacturers' sheet glass requirements. Diatreme is currently progressing its pre-feasibility study for the NSP and advancing the regulatory approval process.

In relation to the GSSP, a Maiden Ore Reserve estimate (JORC 2012) was announced in November 2021, comprising 32Mt, sufficient for an estimated 18 years of initial operations (at 1.65Mt ore processed per annum). The total JORC Mineral Resource is estimated at 75Mt. A pre-feasibility study was released in November 2021 that demonstrated a robust project for stakeholders. Bench top metallurgical testing and bulk testwork results have confirmed the project's ability to produce a world class silica sand product at 99.9% SiO_2, meeting the requirements for high-end glass and solar panel manufacturing.

In Western Australia's Eucla Basin, Diatreme's Cyclone Zircon Project, which has recevied all primary project approvals, is one of a few major zircon-rich discoveries in Australia of the past decade.

Diatreme also has a farm-out agreement with Metallica regarding its Clermont Copper-Gold Project in central Queensland, under which Metallica can earn up to a 75% interest by meeting certain expenditure obligations.

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

Sibelco Asia Pacific, a subsidiary of global material solutions group SCR-Sibelco, is Diatreme's joint venture development partner on its silica projects portfolio in Northern Queensland. Sibelco Asia Pacific completed its first tranche investment (A$11 million) in December 2022 to acquire a 9.99% interest in the Cape Silica Joint Venture, with a second investment tranche completed in October 2023 (A$24 million) taking its total interest to 26.8%, with the balance (73.2%) held by Diatreme. Sibelco Asia Pacific has also contributed A$13.97 million via a strategic placement in Diatreme completed in June 2022.

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

[17] 294Mt on an equity basis.
[18] 172Mt on an equity basis.

For personal use only

Diatreme's market capitalisation as at 27 March 2024 was approximately A$82.1 million. The company's total cash and liquids position as at 31 December 2023 totalled A$10.8 million, with a further A$26.7 million in the Cape Silica Joint Venture, giving a total cash balance of A$30.3 million (equity basis).[19]

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

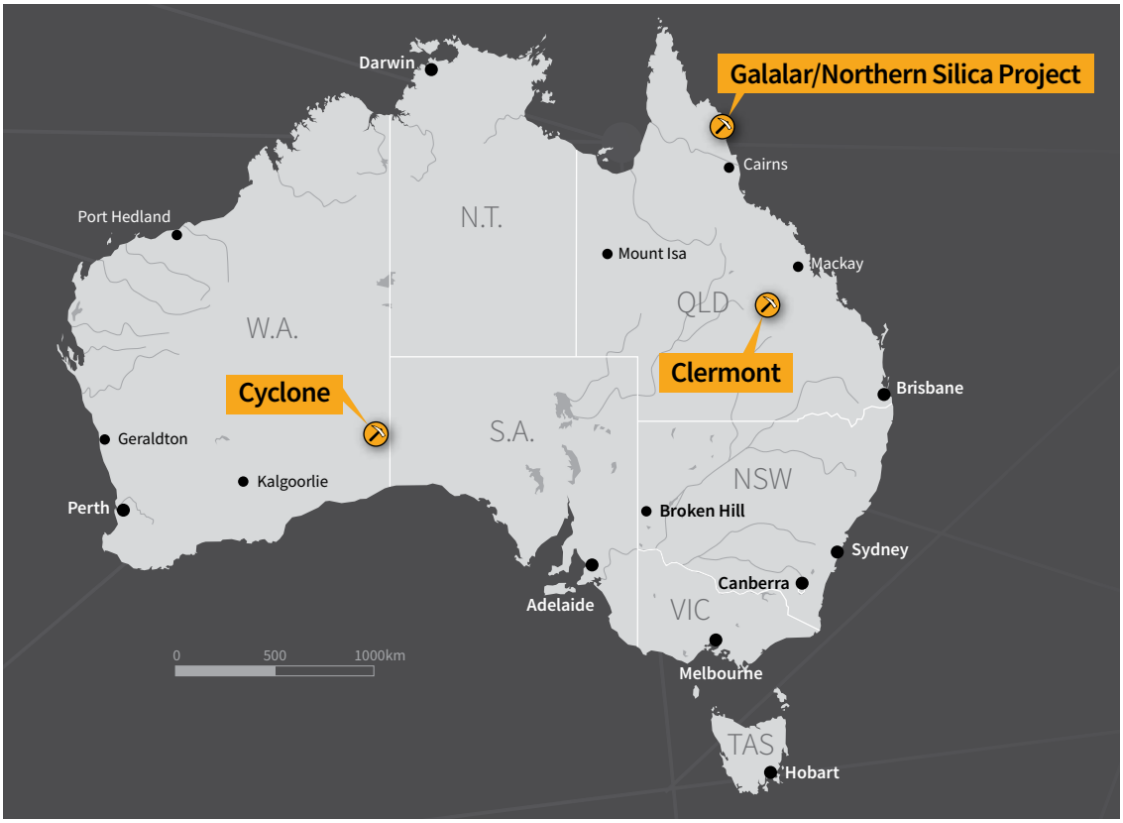


Figure 6: Location of Diatreme's assets (map).

3.2 PRINCIPAL ACTIVITIES OF DIATREME

Diatreme's principal activity is the exploration and development of its silica mineral exploration tenements in Australia, with one of the largest high purity silica exploration land packages in Australia, covering an area of circa. 591 sq km in Queensland's Eastern Cape York region, around 200km north of Cairns.

Diatreme currently holds four mineral exploration permits which cover the large Quaternary sand dune field stretching between Cape Bedford/Nob Point in the south to Cape Flattery/Point Lookout in the North, part of which is currently being mined by Cape Flattery Silica Mines Pty Ltd, a subsidiary of Mitsubishi Corporation, and is the world's largest silica sand mining operation.

Further details in relation to Diatreme's projects are set out in Sections 3.3 to 3.6 below.

[19] Diatreme cash balance as at 31 Dec 2023 calculated as Diatreme corporate cash balance A$10.8 million *plus* Diatreme 73.2% equity share of CSJV cash A$26.7 million (100% basis). On a 100% basis, Diatreme has a cash balance of A$37.5 million.

For personal use only

3.3 NORTHERN SILICA PROJECT, FAR NORTH QUEENSLAND

3.3.1 Overview and scoping study

Diatreme's NSP is situated in the Hope Vale Aboriginal Shire near Cape Flattery, Far North Queensland, and in close proximity to the existing operations of Cape Flattery Silica Mines and the Cape Flattery Port.

NSP is one of the world's largest deposits of high purity silica sands, with a silicon dixodie (**SiO_2**) purity of greater than 99% and low iron content of less than 120ppm, a critical criterion for solar panel glass manufacturers. The proposed project at NSP is a greenfield open cut mining operation with onsite processing facilities that will produce a saleable silica sand product.

Recognising the importance of local communities and traditional owners of the area, Diatreme places a high priority on engaging with the Hope Vale community and the traditional owners of the land, including the Dingaal, Dharrpa, Nguurruumungu, Gulaal and Thanil clans. The project aims to provide important jobs and business development opportunities directly to these local communities, fostering a strong relationship and contributing to regional economic growth.

The NSP is poised to become a leading supplier of low-cost, premium quality 'low iron' silica sand product, catering to the rapidly expanding photovoltaic glass markets. The NSP Scoping Study indicates a potential target production rate of 5Mtpa that could be sustained for 25 years. Metallurgy tests have shown that the high purity silica product produced is highly suitable for solar panel manufacturers' sheet glass requirements.

The NSP Scoping Study highlighted the potential for a valuable long life mining operation of significant scale, low cost, robust economics with a clear permittable pathway to development within the designated area of the Cape Flattery Port and in close proximity to existing marine infrastructure (see Section 3.3.2 below for additional detail). The key results of the NSP Scoping Study included:

- post-tax NPV of A$829 million;
- IRR of 33% (pre-tax);
- life of mine net revenue of A$9.78 billion;
- total capex of A$535 million, with a 6 year payback period; and
- 25 year mine life.

The initial target production is set at 3Mtpa of silica sand, with a production expansion to 5Mtpa of silica after the first two years of operation. The NSP is expected to consist of the following components:

- camp and administration infrastructure area;
- mine extraction areas and associated mine infrastructure area;
- processing plant and industrial area;
- slurry pipeline, dewatering facility and stockpile area;
- site access road from Mount Webb – Wakooka Rd; and
- product transport conveyor and port infrastructure at Port of Cape Flattery for transhipment operations during the early years followed by a direct loadout facility.

For personal use only

3.3.2 Export solutions and use of Cape Flattery Port

In developing the export methodology within the NSP Scoping Study 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-reliance and independence from the incumbent port operator Cape Flattery Silica Mines (**CFSM**), wholly owned by Mitsubishi Corporation) and assumes no access to its export outloading stream.

Diatreme, CFSM and the Far North Queensland Ports Corporation (**Ports North**) (the Queensland government-owned port authority) have entered into a tripartite deed of access which allows Diatreme, its employees and contractors to access Ports North's leasehold and freehold land parcels to undertake environmental monitoring and surveys. Additionally, the deed also provides for access to existing port infrastructure to support part-facility user agreement investigations regarding the NSP under agreed conditions.

Through negotiation of a partial user agreement with the Ports North, Diatreme will look to create and construct its own loading option for product from the NSP within the port precinct by construction of an independent outloading stream, transship its product to a moored vessel located at the existing wharf and then load by use of geared vessels from barge to ocean going vessels (55,000 tonne OGV's) for product export. This agreement does not require negotiation with CFSM; however, scheduling of vessels at berth once production and shipping commences will require negotiation with CFSM.

Moving forward, Diatreme remains optimistic that a negotiated outcome with all relevant stakeholders can be facilitated, allowing open access to all port infrastructure. This is expected to result in the following positive outcomes for the NSP:

- significantly decrease in capex due to reduced marine infrastructure spend;
- condensed timeline to production and first export of NSP product;
- reduced environmental disturbance; and
- more efficient environmental impact statement (**EIS**) process.

The development would substantially increase the export capacity of PV grade critical mineral silica sand from the existing port precinct.

3.3.3 Additional key information

On 13 July 2023, Diatreme signed a non-binding memorandum of understanding with Flat Glass Group Co Ltd (**FLAT**) to negotiate and potentially facilitate long-term binding offtake arrangements for the supply of photovoltaic grade, high purity low iron silica from the NSP for FLAT's glass manufacturing operations in China.

On 6 December 2023, Diatreme announced a maiden resource estimate for the NSP's Western Resource Area (**WRA**) comprising of 92Mt of high-purity silica sand, which may be incorporated into the NSP mine plan in the future. The Company continues to focus its resource on developing the NSP project. Future exploration and resource definition programs will be designed to determine the economics of establishing WRA as a potential satellite operation to the NSP.

Diatreme has advanced its engagement with the Hope Vale community, signing a memorandum of cooperation with Hope Vale Aboriginal Shire Council aimed at maximising local economic benefits from the NSP.

On 15 January 2024, the NSP was designated with 'Co-ordinated Project' status under the *State Development and Public Works Organisation Act 1971* (QLD) by the Office of the Co-ordinator General in Queensland. Coordinated project status is a major milestone recognising the NSP's strategic value, including its infrastructure and approval requirements. The status also establishes

For personal use only

the environmental approvals process, including an EIS, which will be assessed and decided through the joint Queensland and Commonwealth Government bilateral agreement.

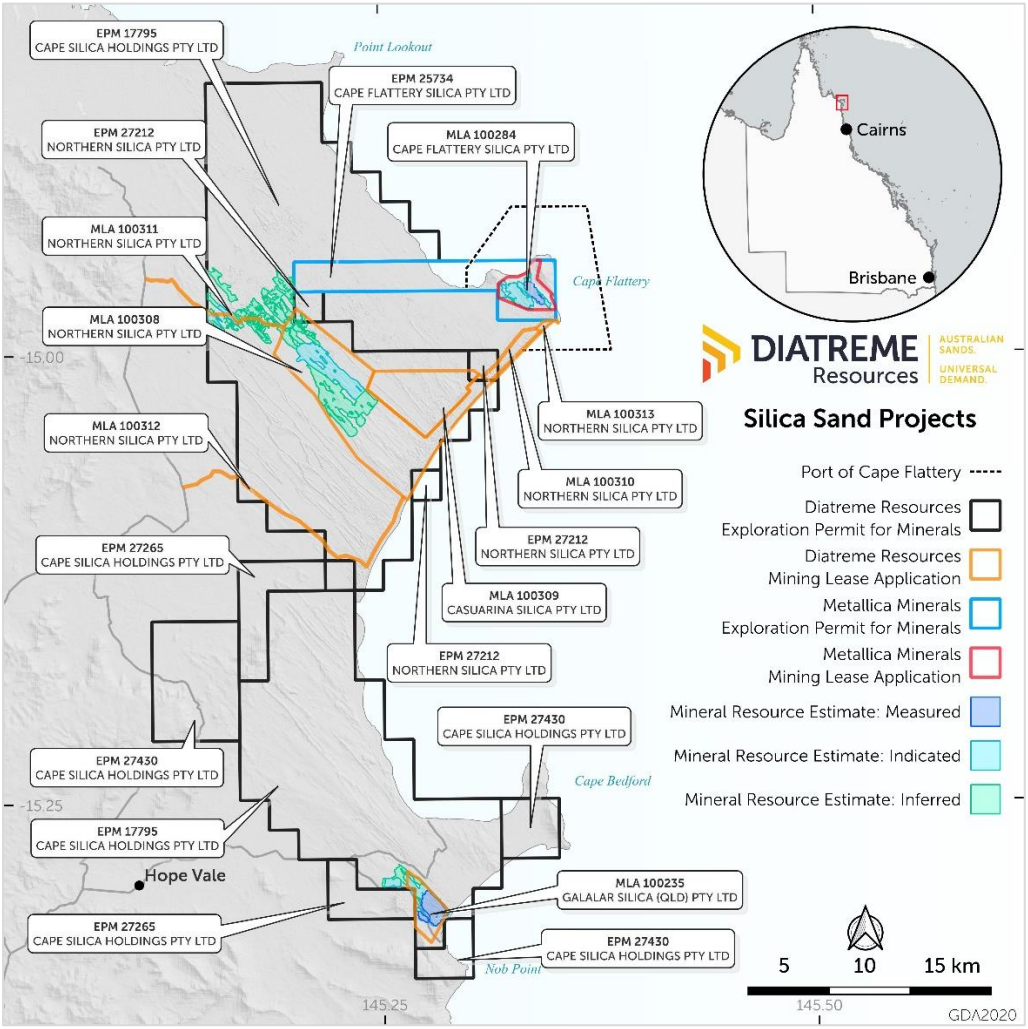


Figure 7: Location of NSP and GSSP, including Metallica's Cape Flattery Silica Project (map).

The NSP is currently expected to commence production in the second half of 2026 (subject to timely advancement through Queensland State and Federal Government permitting and approval processes). Diatreme is targeting to progress the NSP Scoping Study into a pre-feasibility study within three to four months.

Diatreme and its joint venture partner Sibelco Asia Pacific are then planning to advance to a definitive feasibility study involving all necessary technical studies, environmental impact assessments, permits, and approvals required to move to a final investment decision.

For personal use only

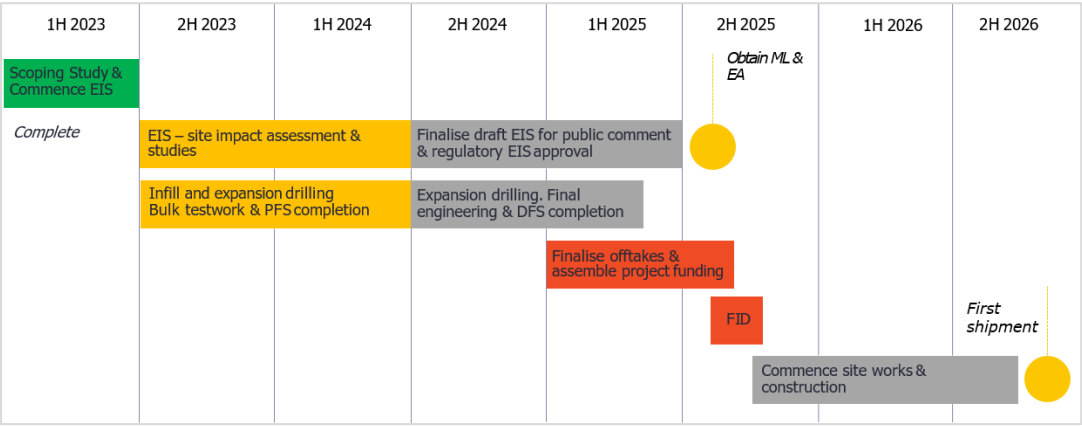


Figure 8: NSP estimated project delivery time line (gantt chart), subject to timely advancement through Queensland State and Federal Government permitting and approval processes.

3.4 GALALAR SILICA SAND PROJECT, FAR NORTH QUEENSLAND

Diatreme is currently focused on its NSP, with the GSSP remaining a key asset subject to future development planning.

A Maiden Ore Reserve estimate (JORC 2012) was announced in November 2021, comprising 32Mt, sufficient for an estimated 18 years of initial operations (at 1.65Mt ore processed per annum). The total JORC Mineral Resource is estimated at 75Mt. A pre-feasibility study was released in November 2021 that demonstrated a robust project for stakeholders.

Bulk testing results have confirmed the project's ability to produce a world class silica sand product at 99.9% SiO_2, meeting the requirements for high-end glass and solar panel manufacturing.

The GSSP continues to remain a strategic and important silica asset of the Company. However, given the NSP's rapid advancement, its much larger scale (resource base) and close proximity to the Port of Cape Flattery clearly evidencing an export pathway, the development of the NSP to eventual mining activity has been given priority.

3.5 CLERMONT COPPER-GOLD PROJECT, CENTRAL QUEENSLAND

The Clermont Copper-Gold Project (located within EPM 1768) is situated around the town of Clermont in Central Queensland. The Project is prospective for porphyry and stratabound bulk tonnage copper/gold deposits along with mesothermal gold deposits.

The three main targets comprise:

- Rosevale Porphyry Corridor, which has potential for porphyry-related copper, gold and molybdenum;
- Structurally controlled gold (vein) mineralisation (western and eastern parts of tenement); and
- VMS-related base metal mineralisation associated with the historic Peak Downs copper mine.

On 5 August 2021, Diatreme announced a farm-out with Metallica under which Metallica could earn a 25% interest in the project by sole funding exploration expenditure of A$300,000 by 31 December 2021.

For personal use only

On 29 April 2022, Metallica announced it had met the expenditure commitments to earn 25% of the project and had made the decision to move to the second stage, increasing its interest to 51% through spending an additional A$700,000 on exploration prior to 27 April 2023.

On 4 July 2023, Metallica announced assay results for the extension to diamond drill hole RDD020 drilled in April and May 2023. Under the terms of the memorandum of understanding with Diatreme, on the completion of this drill hole, Metallica met the expenditure condition to move to a 51% share of the Clermont Copper-Gold Project. Further information is available from Metallica's ASX release dated 4 July 2023.

On 12 October 2023, Metallica elected to earn an additional 24% in the Clermont Copper-Gold Project (to increase its ownership of the project from 51% to 75%), subject to Metallica expending an additional A$1 million on the project under the terms of the farm-out agreement.

On 11 December 2023, Metallica announced that drilling had commenced at the Leo Grande Graphite Gold Project, located within EPM 17698.

On 19 February 2024, Metallica announced the assay results for five reverse circulation holes (LGRC055 to LGRC059) drilled at the Leo Grande prospect on EPM 17968 in December 2023. A total of 301m were drilled. The holes drilled by Metallica were "twins" of holes drilled by Plutonic in 1989 and 1990.

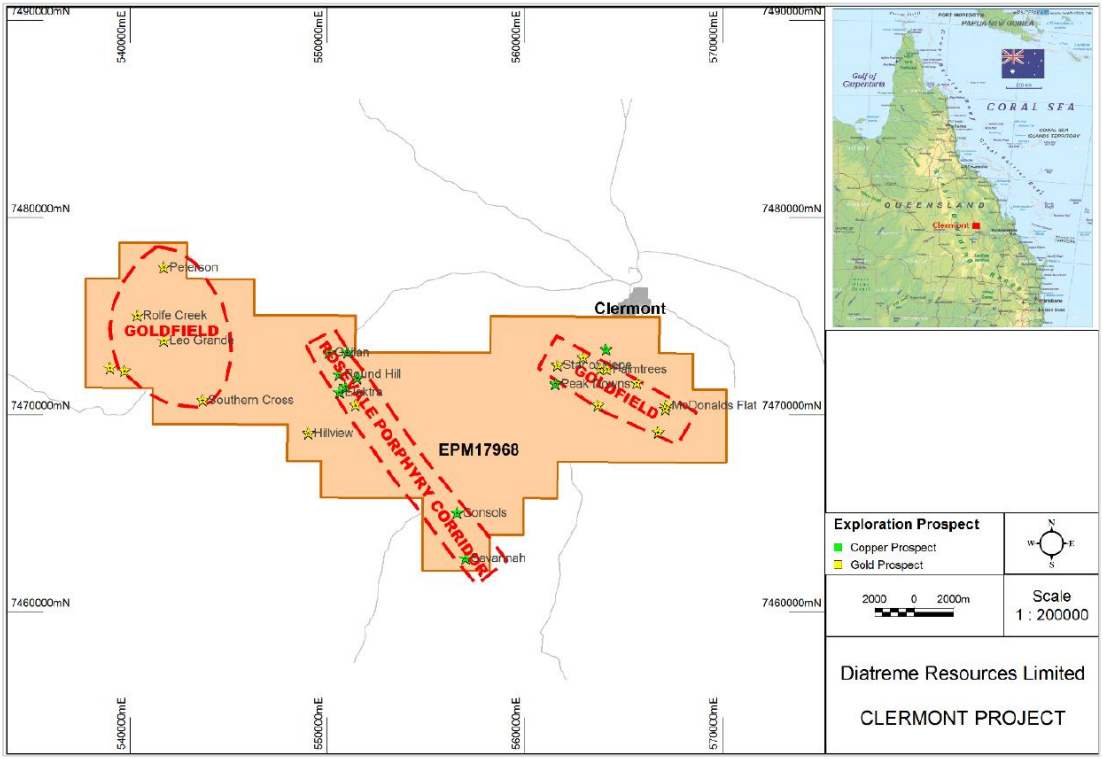


Figure 9: Location of Clermont Copper-Gold Project (map).

For personal use only

3.6 CYCLONE ZIRCON PROJECT, WESTERN AUSTRALIA

Discovered in 2007, the project is located along the Barton shoreline within the Wanna Lakes area of the northern Eucla Basin, 25 kilometres from Western Australia's state border with South Australia and 220km north of the transcontinental railway.

The Cyclone deposit occurs within adjoining tenements M69/141 (**Cyclone**), held by Diatreme's wholly owned subsidiary, Lost Sands Pty Ltd, and R69/1, (**Cyclone Extended**), held by Diatreme directly.

In November 2014, Western Australia's Department of Mines and Petroleum granted a Mining Lease for the project (within ML69/141), which followed the signing of a project agreement with the traditional owners, the Pila Nguru Spinifex People. In January 2017, the project received final ministerial consent, allowing for the development of a mineral sands mine and associated infrastructure.

In April 2017, Diatreme updated the Cyclone Mineral Resource estimate to 203Mt at 2.3% heavy minerals (**HM**) (1% HM cut-off grade) containing 4.70Mt of HM.[20]

In January 2018, Diatreme signed Cooperation and Consulting Services agreements with leading mining services company China ENFI Engineering Corporation (**ENFI**), for the completion of Cyclone's definitive feasibility study. ENFI, which is backed by one of the world's largest mining groups, China Minmetals, also agreed to use its network within China's state-owned enterprise and banking sectors to assist in sourcing potential project investors, offtakers and project debt funding.

In November 2018, Diatreme released a positive definitive feasibility study for the Cyclone project. The results were based on life of mine production of 1.94Mt of heavy mineral concentrate (**HMC**), containing 936kt zircon and producing 772kt of zircon final product.

Diatreme has continued to engage with a range of parties to unlock shareholder value from this project. Talks are advancing and Diatreme anticipates a number of opportunities for Cyclone's development, with both domestic and international interest in this high-grade zircon project.

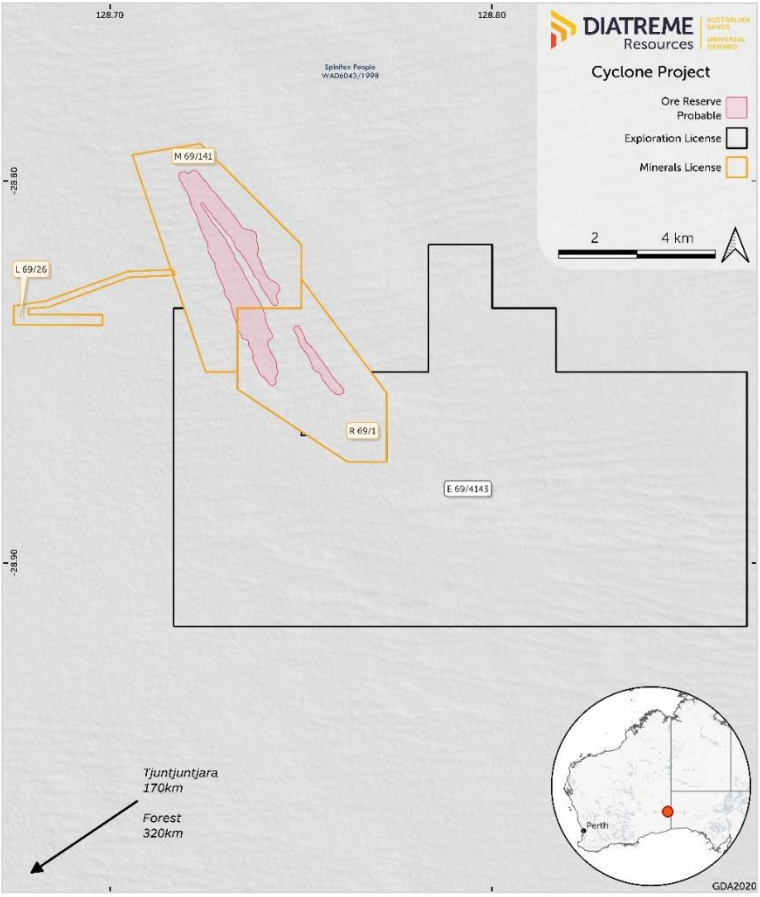


Figure 10: Location of Cyclone Project (map).

[20] Refer to Diatreme ASX announcement dated 27 April 2017.

For personal use only

3.7 MINERAL RESOURCES STATEMENT

3.7.1 NSP and GSSP

Diatreme's total NSP and GSSP Mineral Resource estimates (100% basis) is set out below:

(100% basis)	Mineral Resource Category	Silica sand (Mt)	Silica sand (Mm^3)	Cut-off SiO_2 (%)	SiO_2 %	Fe_2O_3 %	TiO_2 %	LOI %	Al_2O_3 %	Total %	Density (t/m^3)
GSSP	Measured [21]	43.1	26.95	98.5	99.21	0.09	0.11	0.16	0.13		1.60
GSSP	Indicated [21]	23.1	14.45	98.5	99.16	0.09	0.13	0.24	0.10		1.60
GSSP	Inferred [21]	9.2	5.76	98.5	99.10	0.11	0.16	0.27	0.11		1.60
GSSP	**Sub Total**	**75.5**	47.16	98.5	99.18	0.09	0.12	0.20	0.12		1.60
NSP (Si2)	Indicated	103.0	65.00	98.5	99.31	0.10	0.14	0.13	0.09	99.83	1.60
NSP (Si2)	Inferred	132.0	82.00	98.5	99.27	0.11	0.15	0.13	0.12	99.90	1.60
NSP (Si2)	**Sub Total**	**235.0**	147.00	98.5	99.29	0.11	0.15	0.13	0.11	99.87	1.60
NSP (WRA)	Indicated	10.3	6.44	98.5	99.20	0.15	0.24	0.06	0.02	99.84	1.60
NSP (WRA)	Inferred	81.4	50.88	98.5	99.38	0.09	0.15	0.06	0.10	99.90	1.60
NSP (WRA)	**Sub Total**	**91.7**	57.31	98.5	99.36	0.10	0.16	0.06	0.09	99.89	1.60
Combined	Total	**402.0**		98.5							

Figure 11: Total Resource Estimate Galalar, Si2 (NSP) & Western Resource Area (table).

Diatreme's total GSSP Ore Reserves estimates (100% basis) is set out below:

(100% basis)	Ore Reserve Category	Silica Sand (Mt)	Silica Sand (Mm^3)	Cut-off SiO_2 (%)	Waste (Mt)	SiO_2 %	Fe_2O_3 %	TiO_2 %	LOI %	Al_2O_3 %	Density (t/m^3)
GSSP	Probable Ore Reserves	32.5	20.33	98.5	0.04	99.20	0.08	0.11	0.16	0.13	1.60

Figure 12: Probable Ore Reserves, GSSP (table).

[21] Mineral Resource estimate current as of 13 September 2021.

For personal use only

3.7.2 Cyclone

Cyclone's Mineral Resource is set out below:

Category (100% basis)	HM cut-off %	Material Mt	HM %	HM Mt	Slime %	OS %	Head Grade						Zircon
							Zircon %	Rutile %	Leuco %	HiTi %	Alt Ilm %	Si TiOx %	Kt
Measured	2.0	69	3.7	2.58	3.6	3.8	1.06	0.11	0.24	0.88	0.45	0.82	735
Measured	1.5	102	3.1	3.14	3.9	4.4	0.88	0.09	0.20	0.73	0.38	0.67	896
Measured	1.0	156	2.4	3.81	4.2	5.0	0.69	0.07	0.16	0.58	0.30	0.53	1,079
Indicated	2.0	13	3.2	0.41	3.8	4.4	0.66	0.07	0.18	1.06	0.55	0.60	83
Indicated	1.5	24	2.5	0.60	4.1	5.0	0.52	0.05	0.12	0.84	0.41	0.46	123
Indicated	1.0	48	1.9	0.89	4.4	5.1	0.38	0.04	0.09	0.62	0.30	0.34	183
Total	2.0	82	3.6	2.99	3.6	3.9	1.00	0.10	0.23	0.91	0.47	0.79	818
Total	1.5	126	3.0	3.75	3.9	4.5	0.81	0.08	0.18	0.75	0.38	0.63	1,019
Total	**1.0**	**203**	**2.3**	**4.70**	**4.2**	**5.0**	**0.62**	**0.06**	**0.14**	**0.59**	**0.30**	**0.49**	**1,262**
Mineral Assemblage							**27%**	**3%**	**6%**	**26%**	**13%**	**21%**	

Figure 13: Cyclone Mineral Resource estimate summary (table).

Cyclone's Mineral Resource by domain is set out below:

Cyclone Mineral Resource estimate by domain													
Strand domain													
Measured	1.0	18	6.0	1.08	3.0	2.9	1.74	0.17	0.40	1.42	0.68	1.42	311
Indicated	1.0	1	6.3	0.08	2.8	3.5	1.35	0.14	0.40	1.79	1.03	1.32	18
Total	**1.0**	**19**	**6.1**	**1.17**	**3.0**	**2.9**	**1.71**	**0.17**	**0.40**	**1.44**	**0.71**	**1.42**	**328**
Strand Mineral Assemblage							**28%**	**3%**	**7%**	**24%**	**12%**	**23%**	
Beach domain													
Measured	1.0	110	2.1	2.28	4.3	4.7	0.57	0.06	0.14	0.49	0.29	0.43	631
Indicated	1.0	35	1.8	0.65	4.5	3.8	0.35	0.03	0.09	0.63	0.35	0.31	123
Total	**1.0**	**145**	**2.0**	**2.93**	**4.3**	**4.5**	**0.52**	**0.05**	**0.13**	**0.52**	**0.31**	**0.40**	**754**
Beach Mineral Assemblage							**27%**	**3%**	**6%**	**26%**	**13%**	**21%**	
Nearshore domain													
Measured	1.0	28	1.6	0.44	4.6	7.8	0.49	0.06	0.05	0.42	0.08	0.36	137
Indicated	1.0	11	1.4	0.16	4.2	9.4	0.38	0.04	0.04	0.47	0.06	0.30	43
Total	**1.0**	**39**	**1.5**	**0.60**	**4.5**	**8.3**	**0.46**	**0.05**	**0.05**	**0.43**	**0.07**	**0.34**	**179**
Nearshore Mineral Assemblage							**30%**	**3%**	**3%**	**28%**	**5%**	**22%**	

Figure 14: Cyclone Mineral Resource estimate by resource domain (table).

For personal use only

3.8 DIRECTORS

The directors of Diatreme are set out below:

3.8.1 Wayne Swan – Chairman and Non-Executive Director

Mr Swan was appointed a Non-Executive Director and Chairman of Diatreme Resources in November 2021.

One of only two Australian Treasurers to be named "Finance Minister of the Year" by Euromoney magazine, Mr Swan enjoyed a lengthy career in Australian federal politics, serving as Treasurer of Australia from 2007 to 2013 and Deputy Prime Minister of Australia from 2010 to 2013.

Since retiring from Parliament in 2019, Mr Swan has served as national president of the Australian Labor Party, Director of Stanwell Corporation, and Chairman of CBUS (Australia's leading superannuation fund for the building, construction, and allied industries).

His qualifications include a BA(Hons) (University of Queensland).

3.8.2 Gregory Starr – Non-Executive Director

Mr Starr is a highly experienced corporate leader in the resources sector, with around three decades of executive management experience across a number of Australian and International companies. Through corporate services company Tearum Advisors Pty Ltd, Mr Starr provides Non Executive and Executive Director services and Executive support services to emerging through to listed companies.

Mr Starr has extensive corporate leadership skills and strong financial and business planning capabilities. He has a Bachelor of Business from the University of Technology Sydney, and holds a Certified Practicing Accountant (CPA) qualification.

He was appointed a Non-Executive Director of Diatreme Resources on 31 May 2018.

3.8.3 Michael Chapman – Non-Executive Director

Mr Chapman previously served as the Chief Operating Officer of White Energy Company (ASX:WEC), following a similar role at Felix Resources, with previous employment at a range of operations across Australia and Indonesia and in commodities spanning coal, iron ore, copper and nickel.

Mr Chapman's qualifications include a NSW Open Cut Coal Mine Manager's Certificate and a Qld Metalliferous Mine Manager's Certificate. He is fluent in English and Bahasa Indonesian.

He was appointed a Non-Executive Director of Diatreme Resources on 1 August 2020.

3.8.4 William Wang – Non-Executive Director

Mr Wang has an MBA from The Chinese University of Hong Kong. Having worked across most provinces in China and understanding Chinese politics and government systems, he has developed wide business connections within China.

Since domiciled in Australia, he has been active for over 20 years with Australian companies including directorships with Jupiter Mines Limited and Gulf Alumina Limited.

He was appointed a Non-Executive Director of Diatreme Resources on 26 May 2011.

For personal use only

3.8.5 Karalyn Keys – Non-Executive Director

An experienced company director, Ms Keys has a strong board and financial background. Her financial experience includes previous roles as a trustee director at Cbus Super (est. $54 billion under management), energy provider Powerlink and asset manager United Super Asset Management and as a director of the Australian Institute of Superannuation Trustees.

Her advocacy work includes having served as chair of peak women's organisation Women in Super, an NPO dedicated to improving women's retirement outcomes, together with being a director and principal consultant of KTL Collective, which works to build coalitions for meaningful change in First Nations communities.

Ms Keys has worked closely with Indigenous communities, including serving for six years as a National Campaign Director and prior to that as the National Indigenous Officer at the Australian Council of Trade Unions.

She was appointed a Non-Executive Director of Diatreme Resources on 19 July 2023.

3.9 SENIOR MANAGEMENT

The members of senior management of Diatreme are set out below:

3.9.1 Neil McIntyre – Chief Executive Officer

Mr McIntyre is a highly experienced mining executive, with over 30 years of senior management experience at ASX-listed and other mining companies across Australia and the Pacific region, together with significant investment banking experience.

Commencing in investment banking, his career included eight years as Managing Director of Pacific Capital Limited in Papua New Guinea, a boutique merchant bank owned at that time by NM Rothschild and Sons Australia Ltd, and several major PNG pension and superannuation funds which provided corporate and commercial advisory services with specialist expertise in the mining, petroleum and natural resource sectors.

He has held positions as Chairman, Executive Director, Director Finance and Non-Executive Director in various listed and unlisted minerals and petroleum exploration companies regionally.

Mr McIntyre is a Member of the Australian Institute of Company Directors and in 2003 was made an ordinary member of the Civil Division of The Order of The British Empire ("MBE") for services to Commerce, Finance and Forestry in Papua New Guinea.

3.9.2 Tuan Do – Chief Financial Officer and Company Secretary

A long-serving member of Diatreme's leadership team, Mr Do has over 30 years' practical financial and management experience in a diverse range of industries, including the resources sector.

This experience has involved all areas of financial reporting, treasury management, capital raisings, mergers and acquisitions, and establishment of systems and procedures.

He has a degree in Commerce & Business Administration and is a member of Chartered Accountants Australia and New Zealand.

For personal use only

3.9.3 Alastair Bauer – General Manager, Development Projects

An accomplished executive, Mr Bauer has more than a decade's experience in the resources sector, with a focus on driving project development including approvals, budgeting, design, construction and operations.

Previous roles include serving as General Manager/COO of a number of miners operating across Queensland and the Northern Territory for private and listed companies on the ASX and TSXV. His experience includes delivering major project expansions, restarting mines and spearheading their development.

In addition to his operational expertise, Mr Bauer has demonstrated skills in project acquisition, including conducting due diligence, financial assessment and deal structuring.

3.9.4 Robyn Bartlett – General Manager, Community & Social Performance

With over 15 years of legal expertise in the resources sector, Ms Bartlett specialises in native title, cultural heritage management agreements, and Indigenous land use agreements.

Her deep roots in Far North Queensland and Cape York, combined with extensive local knowledge and hands-on experience, provide her with invaluable insights into the complexities surrounding remote communities in the region.

As an Executive Officer of an Indigenous land trust, Ms Bartlett gained a strong understanding of implementing agreements and fostering meaningful partnerships. She has also advised Indigenous clients and mining companies in relation to cultural heritage issues.

With her blend of legal expertise, community engagement, and strategic thinking, Ms Bartlett is a highly effective advocate for responsible and sustainable development. Her qualifications include a Bachelor of Laws from James Cook University and company director's course from the Australian Institute of Company Directors.

3.9.5 Chris Wicks – General Manager, Commercial

Mr Wicks is a highly accomplished executive in the commercial management of export-focused, heavy haul infrastructure. He has developed a proven track record in developing and delivering high-value commercial arrangements while driving supply chain innovation.

Previous experience includes serving as General Manager for export facilities North Queensland Export Terminal and the Adani Abbot Point Terminal, while he has also driven commercial operations at Asciano, Pacific National and other organisations.

Mr Wicks' broad exposure to resources, regulation, and the transport/logistics sectors empowers him to navigate complex landscapes and forge strategic partnerships, focusing on collaboration to deliver long-term value.

His qualifications include a Bachelor of Business Administration at Queensland University of Technology and the Executive program in Corporate Strategy and Managing Change in Complex Organisations at Massachusetts Institute of Technology.

For personal use only

3.10 FINANCIAL PROFILE OF DIATREME

3.10.1 Basis of presentation

The historical information below has been taken from the audited financial statements of Diatreme for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023. The full financial statements for the financial periods ended 31 December 2021, 31 December 2022, and 31 December 2023, including the notes to those financial statements, can be found in the corresponding annual reports or half year reports (as applicable) that are available at https://diatreme.com.au/reports.

The historical financial information set out in this Section is intended to provide an overview of Diatreme's historical financial performance, position and cash flows, it shows the Diatreme on a standalone basis and, accordingly, does not reflect any impact of the Offer. The historical financial information is not intended to provide the level of detail or understanding which is available from a review of the Diatreme's published financial reports (which include the full financial accounts and the notes to those accounts) which are available on the ASX or Diatreme's website.

3.10.2 Historical consolidated statement of financial position

	Audited 31-Dec-23 A$000	Audited 31-Dec-22 A$000	Audited 31-Dec-21 A$000
Cash	10,772	13,641	6,500
Trade & other receivables	314	563	161
Other Current Assets	-	-	-
Current Assets	**11,086**	**14,204**	**6,662**
Investment in Joint Venture	38,948	25,117	-
Property, plant & equipment	694	581	254
Right-of-use assets	216	29	88
Exploration & evaluation assets	15,540	15,364	26,095
Other assets	47	38	38
Non-Current Assets	**55,446**	**41,130**	**26,474**
Total Assets	**66,532**	**55,334**	**33,136**
Trade & other payables	1,044	967	713
Borrowings	1,525	-	1,518
Lease liabilities	96	32	58
Provisions	103	9	8
Current Liabilities	**2,768**	**1,008**	**2,297**
Borrowings	-	1,509	-
Lease liabilities	125	-	32
Provisions	68	70	46
Non-Current Liabilities	**193**	**1,580**	**78**
Total Liabilities	**2,961**	**2,588**	**2,375**
Net Assets	**63,571**	**52,746**	**30,761**
Issued capital	93,638	93,638	76,965
Reserves	1,017	559	225
Accumulated losses	(31,084)	(41,450)	(46,429)
Total Equity	**63,571**	**52,746**	**30,761**

For personal use only

3.10.3 Historical consolidated statement of profit or loss and other comprehensive income

	Audited 31-Dec-23 A$000	Audited 31-Dec-22 A$000	Audited 31-Dec-21 A$000
Revenue	456	110	24
Other gains	13,819	8,212	-
Share of joint venture income	12	-	-
Other income	17	70	-
Total revenue and income	**14,304**	**8,392**	**24**
Employee benefit expenses	(1,164)	(1,204)	(858)
Depreciation expenses	(214)	(171)	(101)
Exploration expenditure written off	(21)	-	(17)
Share based payment expense	(458)	(339)	(199)
Other expenses	(1,951)	(1,578)	(887)
Finance costs	(130)	(121)	(111)
Total expenses	**(3,938)**	**(3,414)**	**(2,174)**
Profit/(loss) before income tax	**10,366**	**4,978**	**(2,150)**
Income tax benefit	-	-	-
Net profit/(loss) for the year	**10,366**	**4,978**	**(2,150)**
Other comprehensive income			
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income/(loss) for the year	**10,366**	**4,978**	**(2,150)**

3.10.4 Historical consolidated statement of cash flows

	Audited 31-Dec-23 A$000	Audited 31-Dec-22 A $000	Audited 31-Dec-21 A$000
Cash flows from operating activities			
Receipts in the course of operations	8	17	15
Payments to suppliers and employees	(2,645)	(2,427)	(1,978)
Interest received	420	26	9
Finance costs	(103)	(124)	(193)
Net cash used in operating activities	**(2,320)**	**(2,508)**	**(2,147)**
Cash flows from investing activities			
Payments for property, plant and equipment	(290)	(480)	(203)
Payments for exploration and evaluation assets	(194)	(6,583)	(6,349)
Proceeds from sale of property, plant and equipment	30	108	-
Payments for security deposits	(9)	-	(18)
Net cash used in investing activities	**(462)**	**(6,955)**	**(6,569)**
Cash flows from financing activities			
Proceeds from issue of shares	-	17,756	10,130
Payments for share issue costs	-	(1,089)	(639)
Repayment of lease liabilities	(86)	(63)	(62)
Net cash from financing activities	**(86)**	**16,604**	**9,429**
Net increase in cash and cash equivalents	(2,868)	7,141	712
Cash and cash equivalents at the beginning of the financial year	13,641	6,500	5,788
Cash and cash equivalents at the end of the financial year	**10,772**	**13,641**	**6,500**

For personal use only

3.11 PUBLICLY AVAILABLE INFORMATION

Diatreme Resources Limited is a public company listed on ASX (Code: DRX) and is subject to the continuous and periodic disclosure requirements of the Listing Rules and the Corporations Act. A substantial amount of information on Diatreme is publicly available and may be accessed by referring to DRX on www.asx.com.au.

A list of announcements made by Diatreme to ASX between 1 July 2023 and the date of this Bidder's Statement is set out in Schedule 3. This information may be relevant to your assessment of the Offer. Copies of the announcements are available from ASX.

3.12 FURTHER INFORMATION

Further information about Diatreme can be found on Diatreme's website: www.diatreme.com.au.

For personal use only

For personal use only

4 INFORMATION ON DIATREME'S SECURITIES

4.1 DIATREME'S ISSUED SECURITIES

As at the date of this Bidder's Statement, Diatreme's securities consisted of:

Class	Number on issue
Fully paid ordinary shares	3,729,759,126
Options expiring 26 May 2027 with an exercise price of A$0.025	3,333,334
Options expiring 26 May 2027 with an exercise price of A$0.030	3,333,333
Options expiring 26 May 2027 with an exercise price of A$0.035	3,333,333
Options expiring 27 May 2026 with an exercise price of A$0.025	10,000,002
Options expiring 27 May 2026 with an exercise price of A$0.030	9,999,999
Options expiring 27 May 2026 with an exercise price of A$0.035	9,999,999
Options expiring 25 July 2027 with an exercise price of A$0.035	6,666,666
Options expiring 25 July 2027 with an exercise price of A$0.040	6,666,667
Options expiring 25 July 2027 with an exercise price of A$0.045	6,666,667
Options expiring 08 August 2028 with an exercise price of A$0.035	3,333,334
Options expiring 08 August 2028 with an exercise price of A$0.040	3,333,333
Options expiring 08 August 2028 with an exercise price of A$0.045	3,333,333

4.2 RECENT TRADING IN DIATREME SHARES

Diatreme Shares are quoted on the ASX. Set out below is a table showing relevant trading of Diatreme Shares on the ASX:

Comparative trading price of Diatreme Shares	Price (A$)
VWAP of Diatreme Shares on ASX for the 30 trading days based on the last trading day before the Announcement Date	0.0232
VWAP of Diatreme Shares on ASX for the 60 trading days based on the last trading day before the Announcement Date	0.0238
VWAP of Diatreme Shares on ASX for the 90 trading days based on the last trading day before the Announcement Date	0.0236
Highest trading price of Diatreme Shares on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	0.0280
Lowest trading price of Diatreme Shares on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	0.0190
Closing trading price of Diatreme Shares on ASX on the last trading day before the Announcement Date	0.0220
Closing trading price of Diatreme Shares on ASX on the date prior to lodgement of this Bidder's Statement with ASIC	0.0220

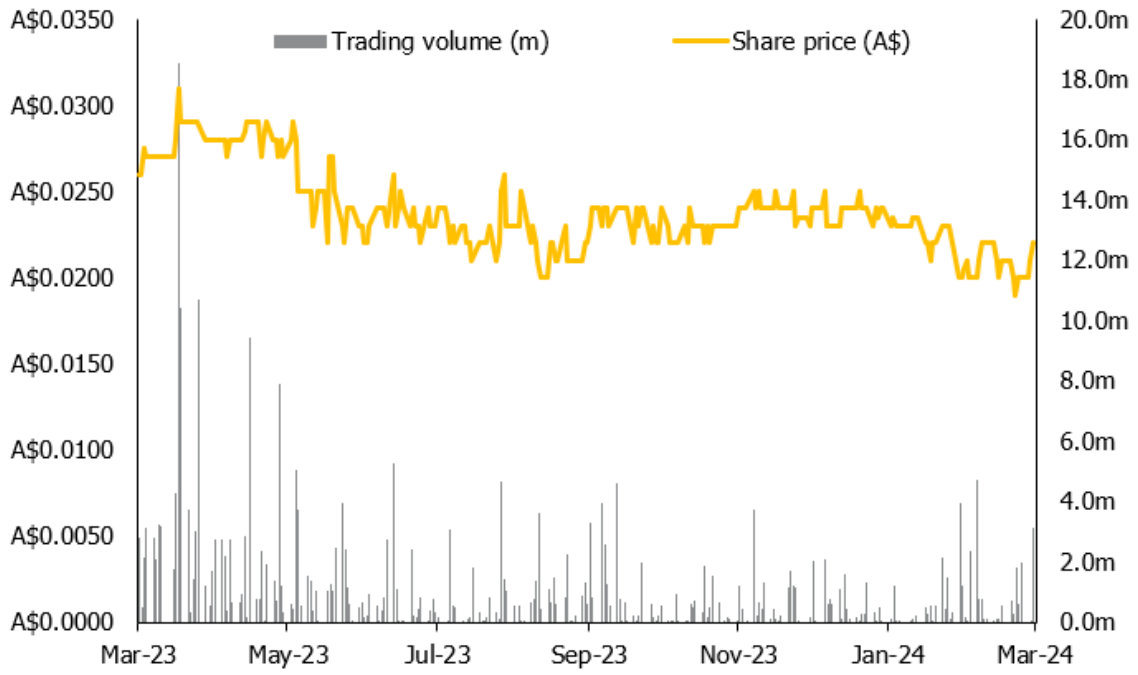


Figure 15: Closing price and trading volume of Diatreme Shares on the ASX over the 12 months prior to the date of this Bidder's Statement (chart).

4.3 DIVIDEND HISTORY

Diatreme has not paid any dividends on Diatreme Shares since its listing.

4.4 SUBSTANTIAL HOLDERS OF DIATREME SHARES

The name of the substantial shareholders in Diatreme and the number of equities securities to which the substantial holder and substantial holder's associates have a Relevant Interest, as disclosed in the substantial holding notices given to ASX as at the date of this document are shown:

Substantial shareholder	Fully paid ordinary shares	Percentage (%)
Ilwella Pty Ltd	784,677,120	21.04%
Sibelco Asia Pacific Pty Ltd	718,819,241	19.27%
Delphi Unternehmensberatung Aktiengesellschaft (includes 2InvestAG and Deutsche Balaton Aktiengesellschaft)	341,307,138	9.15%

4.5 RIGHTS AND LIABILITIES ATTACHING TO DIATREME SHARES

The rights and liabilities attaching to ownership of the Diatreme Shares arise from a combination of Diatreme's constitution, statute, the Listing Rules and general law.

A summary of the significant rights and liabilities attaching to Diatreme's Shares is set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Diatreme Shareholders.

For personal use only

4.5.1 Voting at a general meeting

Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of Diatreme or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Diatreme Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.

4.5.2 Meeting of members

Each Diatreme Shareholder is entitled to receive notice of, attend and vote at meetings of Diatreme and to receive all notices, accounts and other documents required to be sent to Diatreme Shareholders under Diatreme's constitution, the Corporations Act and the Listing Rules.

4.5.3 Dividends

If the Directors determine that a final or interim dividend is payable in respect of Diatreme Shares, it is paid on all Diatreme Shares proportionate to the amount for the time being paid on each Diatreme Share. Dividends may be paid by cash, electronic transfer or any other method as the board determines.

The Directors have the power to capitalise and distribute the whole or part of the amount from time to time standing to the credit of any reserve account or otherwise available for distribution to Diatreme Shareholders. The capitalisation and distribution must be in the same proportions which the Diatreme Shareholders would be entitled to receive if distributed by way of a dividend.

Subject to the Listing Rules, the Directors may pay a dividend out of any fund or reserve or out of profits derived from any source.

4.5.4 Transfer of Diatreme Shares

Diatreme Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the Directors.

The Directors may only decline to register a transfer of Diatreme Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the Listing Rules. If the Directors refuse to register a transfer, Diatreme must, within five Business Days after the transfer is lodged with Diatreme, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of Diatreme Shares when required by the Corporations Act or the Listing Rules.

4.5.5 Issue of further Diatreme Shares

The Directors may allot, issue, grant options in respect of, or otherwise dispose of, further shares in Diatreme on terms as they see fit. However, the Directors must act in accordance with the restrictions imposed by Diatreme's constitution, the Corporations Act, the Listing Rules and any rights for the time being attached to the shares in any special class of those shares.

4.5.6 Winding-up

If Diatreme is wound up, then, subject to any special rights attaching to any class of shares, Diatreme Shareholders will be entitled to participate in any surplus assets of Diatreme in proportion to the amount paid up (or which ought to have been paid up) on their Diatreme Shares when the winding-up begins.

For personal use only

4.5.7 Small parcels

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, Diatreme may refuse to register a transfer where to do so would create a parcel of shares less than a marketable parcel of shares.

4.5.8 Share buy-back

Subject to the provisions of the Corporations Act and the Listing Rules, Diatreme may buy back Diatreme Shares on terms and at times determined by the Directors.

4.5.9 Variation of class rights

Unless otherwise provided by Diatreme's constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:

(a) with the consent in writing of the holders of three-quarters of the issued shares included in that class; or

(b) with the sanction of a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or abrogated, may apply to a court of competent jurisdiction to exercise its discretion to set aside that variation or abrogation.

4.5.10 Dividend reinvestment plan

Diatreme's constitution authorises the Directors, subject to the Listing Rules, to establish and maintain dividend reinvestment plans, whereby any member may elect that dividends payable by Diatreme be reinvested by way of subscription for shares in Diatreme.

4.5.11 Indemnities

To the extent permitted by law, Diatreme may indemnify any officer and former officer of Diatreme or a subsidiary of Diatreme against:

(a) any liability incurred by the person in that capacity (except a liability for legal costs);

(b) legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity; and

(c) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer of Diatreme or a subsidiary, if that expenditure has been approved in accordance with Diatreme's policy,

except to the extent that:

(d) Diatreme is forbidden by law to indemnify the person against the liability or legal costs; or

(e) an indemnity by Diatreme of the person against the liability or legal costs, if given, would be made void by law.

4.5.12 Alteration of Diatreme's constitution

Diatreme's constitution can only be amended by special resolution passed by at least 75% of Diatreme Shareholders present and voting at a general meeting of Diatreme. Diatreme must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

For personal use only

5 PROFILE OF METALLICA MINERALS LIMITED

5.1 DISCLAIMER

The following information on Metallica has been prepared by Diatreme using publicly available information and has not been independently verified. Accordingly, Diatreme does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Metallica in this Bidder's Statement should not be considered comprehensive.

The Corporations Act requires Metallica to provide a Target's Statement to Metallica Shareholders in response to this Bidder's Statement, setting out certain material information concerning Metallica.

5.2 OVERVIEW

Metallica is an Australian resources company listed on the ASX. Metallica's core operations are centered around the exploration and extraction of diverse minerals, with a particular emphasis on high-quality silica sands.

Currently, Metallica is progressing two significant projects. The first is the Cape Flattery Silica Project situated in the Cape Flattery region of Far North Queensland, Australia. Metallica released an updated definitive feasibility study in relation to this project on 15 November, 2023.

The second project is the Clermont Copper-Gold Project. This is at the exploration stage and held through a joint venture between Diatreme (via its subsidiary, Chalcophile Resources Pty Ltd) and Metallica (via its subsidiary, PGE Minerals Ltd). Metallica holds a 51% stake in the Clermont Copper-Gold Project. On 12 October 2023, Metallica elected to earn an additional 24% in the Clermont Copper-Gold Project, increasing its ownership of the project from 51% to 75% by expending an additional A$1 million under the terms of the JV agreement with Diatreme. This project is located near the town of Clermont in central Queensland, Australia.

5.3 DIRECTORS

As at the date of this Bidder's Statement, the directors of Metallica are:

(a) **Theo Psaros** – Executive Chairman;

(b) **Brad Sampson** – Non-Executive Director; and

(c) **Mark Bojanjac** – Non-Executive Director.

5.4 FINANCIAL PROFILE OF METALLICA

5.4.1 Important note on sources of information

Diatreme has relied on the information in financial reports issued by Metallica to prepare the financial information for Metallica contained in this Bidder's Statement. Financial information relating to Metallica has been sourced from its audited financial reports for the years ended 30 June 2021, 30 June 2022 and 30 June 2023, and reviewed financial report for the half year ended 31 December 2023.

Diatreme does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

For personal use only

5.4.2 Historical consolidated statement of financial position of Metallica

	Reviewed 31-Dec-23 A$000	Audited 30-Jun-23 A$000	Audited 30-Jun-22 A$000	Audited 30-Jun-21 A$000
Cash	4,821	7,107	5,260	7,532
Trade & other receivable	0	23	60	46
Current Assets	**4,821**	**7,130**	**5,319**	**7,577**
Property, plant & equipment	94	104	100	11
Right-of-use assets	361	399	476	
Exploration & evaluation assets	11,791	10,382	5,160	1,183
Other assets	67	68	73	48
Non Current Assets	**12,313**	**10,953**	**5,811**	**1,242**
Total Assets	**17,134**	**18,083**	**11,130**	**8,820**
Trade & other payables	417	671	839	382
Lease liabilities	72	69	63	-
Employee benefits	98	94	40	11
Current Liabilities	**587**	**834**	**941**	**393**
Lease liabilities	320	356	425	-
Provisions	4	4	4	-
Non-Current Liabilities	**324**	**360**	**429**	**-**
Total Liabilities	**911**	**1,195**	**1,371**	**393**
Net Assets	**16,223**	**16,888**	**9,759**	**8,426**
Issued capital	63,447	63,293	53,865	50,896
Reserves	679	291	591	220
Accumulated losses	(47,903)	(46,696)	(44,697)	(42,690)
Total Equity	**16,223**	**16,888**	**9,759**	**8,426**

For personal use only

5.4.3 Historical consolidated statement of profit or loss and other comprehensive income of Metallica

	Reviewed 31-Dec-23 A$000	Audited 30-Jun-23 A$000	Audited 30-Jun-22 A$000	Audited 30-Jun-21 A$000
Revenue	-	-	4	49
Other income	-	-	3	220
Interest revenue	92	86	8	8
Total revenue	**92**	**86**	**14**	**278**
Airfares and conferences	(10)	(74)	(38)	(41)
Extraordinary General Meeting costs	-	-	(15)	(6)
Employee benefits expense	(761)	(635)	(857)	(372)
Exploration costs	(56)	(77)	(306)	(280)
Depreciation and amortisation expense	(54)	(111)	(85)	(18)
Listing fees and share register expenses	(55)	(78)	(88)	(97)
Impairment of exploration and evaluation expenditure	-	(635)	-	-
Net loss on disposal of subsidiary and joint operation	-	-	-	(2,050)
Legal fees	(26)	(65)	(36)	(51)
Professional fees	(139)	(266)	(148)	(113)
Rental expenses	(16)	(29)	(41)	(90)
Other expenses	(172)	(345)	(389)	(214)
Finance costs	(9)	(20)	(19)	-
Total expenses	**(1,299)**	**(2,335)**	**(2,022)**	**(3,333)**
Loss before income tax expense	**(1,207)**	**(2,249)**	**(2,007)**	**(3,055)**
Income tax benefit	-	-	-	-
Loss after income tax expense	**(1,207)**	**(2,249)**	**(2,007)**	**(3,055)**
Other comprehensive income				
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	**(1,207)**	**(2,249)**	**(2,007)**	**(3,055)**

For personal use only

5.4.4 Historical consolidated statement of cash flows of Metallica

	Reviewed 31-Dec-23 A$000	Audited 30-Jun-23 A$000	Audited 30-Jun-22 A$000	Audited 30-Jun-21 A$000
Cash flows from operating activities				
Receipts from customers, government grants and other (inclusive of GST)	-	1	9	257
Payments to suppliers and employees (inclusive of GST)	(627)	(1,552)	(1,074)	(1,198)
Interest received	92	86	8	8
Interest paid	(9)	(20)	(19)	-
Net cash used in operating activities	**(544)**	**(1,484)**	**(1,076)**	**(934)**
Cash flows from investing activities				
Payments for property, plant and equipment	(6)	(38)	(110)	(6)
Payments for exploration and evaluation assets	(1,702)	(5,857)	(3,977)	(1,183)
Payments for security deposits	-		(25)	(16)
Receipt for security deposit	-	6	-	-
Sale proceeds - HMS plant and tenements	-	-	-	330
Proceeds from disposal of subsidiary and joint operation	-	-	-	42
Net cash used in investing activities	**(1,708)**	**(5,889)**	**(4,113)**	**(833)**
Cash flows from financing activities				
Proceeds from issue of shares	-	9,883	3,044	7,001
Payments for share issue costs	-	(600)	(75)	(500)
Repayment of lease liabilities principle	(34)	(63)	(52)	-
Net cash from financing activities	**(34)**	**9,220**	**2,917**	**6,500**
Net increase in cash and cash equivalents	(2,286)	1,847	(2,272)	4,734
Cash and cash equivalents at the beginning of the financial year	7,107	5,260	7,532	2,798
Cash and cash equivalents at the end of the financial year	**4,821**	**7,107**	**5,260**	**7,532**

5.5 PUBLICLY AVAILABLE INFORMATION

Metallica is a public company listed on ASX (Code: MLM) and is subject to the periodic and continuous disclosure requirements of the Listing Rules and the Corporations Act. A substantial amount of information on Metallica is publicly available and may be accessed by referring to MLM on www.asx.com.au.

5.6 FURTHER INFORMATION

Further information about Metallica can be found on Metallica's website: www.metallicaminerals.com.au.

For personal use only

6 INFORMATION ON METALLICA'S SECURITIES

6.1 METALLICA'S ISSUED SECURITIES

According to documents provided by Metallica to ASX, as at the date of this Bidder's Statement, Metallica's issued securities consisted of:

Class	Number on issue
Fully paid ordinary shares	959,923,922
Options with various exercise prices expiring at various dates	33,000,000

6.2 RECENT TRADING IN METALLICA SHARES

Metallica Shares are quoted on the ASX. Set out below is a table showing relevant trading of Metallica Shares on the ASX:

Comparative trading price of Metallica Shares	Price (A$)
VWAP of Metallica Shares on ASX for the 30 trading days based on the last trading day before the Announcement Date	0.0225
VWAP of Metallica Shares on ASX for the 60 trading days based on the last trading day before the Announcement Date	0.0253
VWAP of Metallica Shares on ASX for the 90 trading days based on the last trading day before the Announcement Date	0.0247
Highest trading price of Metallica Shares on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	0.0330
Lowest trading price of Metallica Shares on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	0.0200
Closing trading price of Metallica Shares on ASX on the last trading day before the Announcement Date	0.0240
Closing trading price of Metallica Shares on ASX on the date prior to lodgement of this Bidder's Statement with ASIC	0.0260

For personal use only

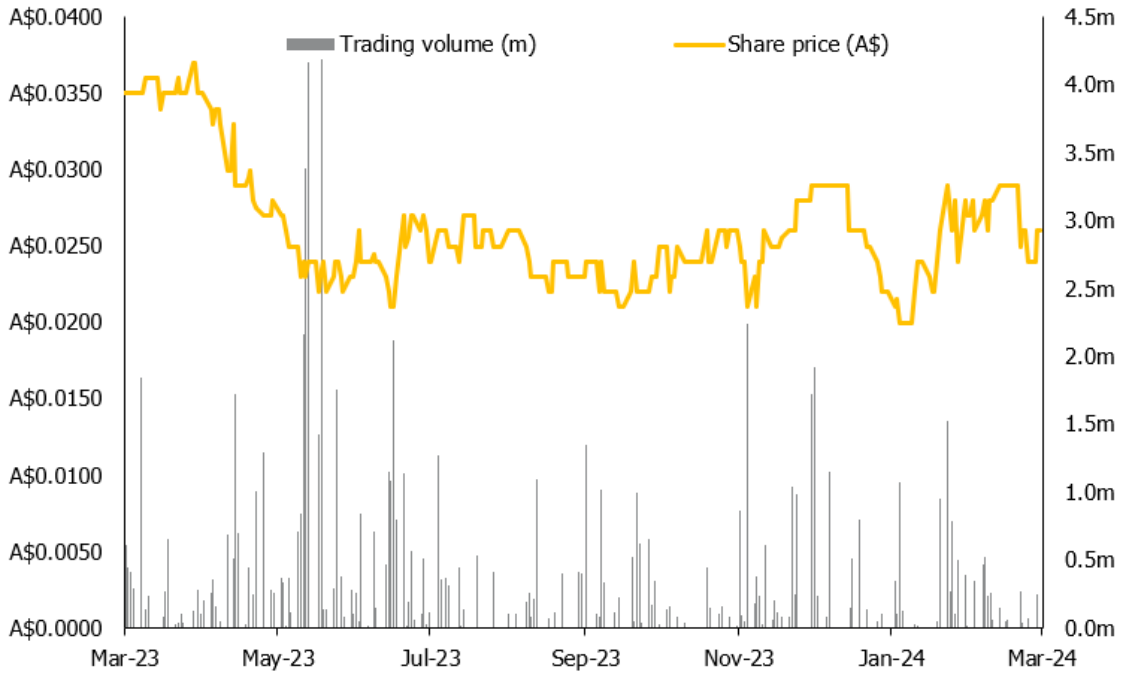


Figure 16: Closing price and trading volume of Metallica Shares on the ASX over the 12 months prior to the date of this Bidder's Statement (chart).

6.3 DIVIDEND HISTORY

Metallica has not paid any dividends on its shares since its listing.

6.4 SUBSTANTIAL HOLDERS OF METALLICA SHARES

The name of the substantial shareholders in Metallica and the number of equities securities to which the substantial holder and substantial holder's associates have a Relevant Interest, as disclosed on page 55 of the Annual Report for Metallica released to ASX on 11 October 2023:

Substantial shareholders	Fully paid ordinary shares	Percentage (%)
Ilwella Pty Ltd	231,451,245	24.11%
Sibelco Asia Pacific Pty Ltd	157,024,617	16.36%
Sparta AG	92,046,350	9.59%

6.5 METALLICA'S EQUITY INCENTIVE PLAN

Metallica Shareholders approved the adoption of an employee equity incentive plan at the company's annual general meeting held on 22 November 2023, the terms and conditions of which are summarised in schedule 3 to the notice of annual general meeting released to the ASX on 11 October 2023.

6.6 DIATREME'S INTERESTS IN METALLICA SHARES

As at the date of this Bidder's Statement and the date immediately before the first Offer was sent, Diatreme did not hold a Relevant Interest in Metallica Shares or other Metallica securities.

6.7 DIATREME'S DEALINGS IN METALLICA SHARES

Diatreme and its associates have not acquired or disposed of Metallica Shares during the period of four months before the date of this Bidder's Statement.

For personal use only

6.8 NO COLLATERAL OR OTHER BENEFITS

(a) During the four month period before the date of this Bidder's Statement, neither Diatreme nor any associate of Diatreme gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other, or an associate of the other person, to:

(i) accept the Offer; or

(ii) dispose of Metallica Shares,

and which is not offered to all holders of Metallica Shares under the Offer.

(b) During the period from the date of this Bidder's Statement to the date of the Offer, neither Diatreme nor any associate of Diatreme will give, or offer to give, or agree to give a benefit to another person which is likely to induce the other, or an associate of the other person, to:

(i) accept the Offer; or

(ii) dispose of Metallica Shares,

and which is not offered to all holders of Metallica Shares under the Offer.

6.9 NO ESCALATION AGREEMENTS

Neither Diatreme nor any associate of Diatreme has entered into any escalation agreement that is prohibited by section 622 Corporations Act.

For personal use only

7 PROFILE OF COMBINED GROUP

7.1 INTRODUCTION

The profile of the Combined Group will vary depending on the outcome of the Offer. Unless otherwise indicated, the description of the Combined Group in this Section 7 assumes that Metallica is a wholly owned subsidiary of Diatreme. If Diatreme is not entitled to compulsorily acquire Metallica Shares during the Offer Period, some of the benefits that would otherwise accrue to Diatreme if Metallica were to become a wholly owned subsidiary of Diatreme may not be fully realised.

7.2 OVERVIEW OF THE COMBINED GROUP

7.2.1 Overview

If the Offer completes and subject to the assumptions in Section 7.1 above, Metallica Shareholders will become shareholders in a financially stronger company with enhanced scale, and greater anticipated market relevance and trading liquidity. The Combined Group is expected to have:

(a) a pro-forma market capitalisation of approximately A$110 million;[22]

(b) a strong balance sheet of A$33 million;[23]

(c) a multi-asset portfolio of development silica assets with development optionality;

(d) 71Mt of Ore Reserves (equity basis);[24]

(e) 356Mt of Mineral Resources (equity basis);[25]

(f) both NSP and CSP have been designated a 'Co-ordinated Project' by the Queensland Government, with regulatory approvals for the projects to be co-ordated by Queensland's Office of Co-ordinator General;

(g) a joint venture partner with global materials solution leader Sibelco Asia Pacific; and

(h) an experienced and highly qualified board, management and exploration team.

7.2.2 Strategic and operational review

Diatreme intends to undertake a detailed strategic, financial, technical and operational review with respect to Metallica's business including its most recently published definitive feasibility study (refer to Section 8.2.4 for further information).

The outcome of this review has the potential to identify synergies that may result in cost savings for the Combined Group. This includes cost savings in the event that offices are consolidated, corporate and administrative functions are rationalised and staffing duplication is identified.

[22] Combined Group market capitalisation based on Diatreme pro-forma shares on issue of 5,008,281,797 and the price of Diatreme Shares of $0.0220 as at 27 March 2024.
[23] Combined Group has a cash balance of A$33.0 million as at 31 December 2023 calculated as Diatreme corporate cash balance A$10.8 million *plus* Metallica corporate cash balance A$4.8 million *plus* Diatreme 73.2% equity share of CSJV cash $26.7 million (100% basis) *less* assumed transaction costs of A$2.1 million.
[24] 80Mt on 100% basis.
[25] 464Mt on 100% basis.

For personal use only

7.2.3 Effect of the Offer on the Combined Group's silica Mineral Resources and Ore Reserves

If the Offer is successful, the Combined Group will have 356Mt of silica Mineral Resources (equity basis).[26] As detailed in this Bidder's Statement:

(a) Diatreme has a silica Mineral Resource of 294Mt (equity basis)[27] and 24Mt of reserves (equity basis);[28] and

(b) Metallica has a silica Mineral Resource of 62Mt (equity basis) and 47Mt of Ore Reserves (equity basis).

Aggregating the reported silica Mineral Resources and Ore Reserves of Diatreme and Metallica gives a combined silica Mineral Resources of 356Mt (equity basis) and 71Mt of Ore Reserves (equity basis). The Combined Group Mineral Resources Ore Reserves is set out below:

Combined Group Mineral Resources [29]				
	Metallica	**Diatreme**		**Combined Group**
		GSSP	**NSP [30]**	
(100% basis)				
Measured (Mt)	16.1	43.1	-	59.2
Indicated (Mt)	33.2	23.1	113.3	169.6
Inferred (Mt)	12.2	9.2	213.4	234.8
Total resources (Mt)	61.5	75.5	326.7	463.7
(Equity basis)				
Measured (Mt)	16.1	31.6	-	47.7
Indicated (Mt)	33.2	16.9	82.9	133.1
Inferred (Mt)	12.2	6.7	156.2	175.2
Total resources (Mt)	61.5	55.2	239.1	355.9

Figure 17: Mineral Resources of Metallica, Diatreme and the Combined Group (table).

Combined Group Ore Reserves [29]				
	Metallica	**Diatreme**		**Combined Group**
		GSSP	**NSP [30]**	
(100% basis)				
Ore Reserves (Mt)	47.0	32.5	-	79.5
(Equity basis)				
Total Ore Reserves (Mt)	47.0	23.8	-	70.8

Figure 18: Ore Reserves of Metallica, Diatreme and the Combined Group (table).

[26] 464Mt on 100% basis.
[27] 402Mt on 100% basis.
[28] 33Mt on 100% basis.
[29] Diatreme and Metallica resource and reserve figures have been obtained from Diatreme's ASX announcement on 13 March 2023 and 9 November 2021, and Metallica's ASX announcements on 3 March 2023 and 15 November 2023.
[30] Northern Silica Project resources include Western Resource Area.

For personal use only

7.2.4 Combined Group capital structure

Under the Offer, Diatreme is proposing to issue Diatreme Shares to Metallica Shareholders in consideration for their Metallica Shares. The actual number of Diatreme Shares on issue at completion of the Offer is subject the level of acceptances of the Offer and the number of Metallica Shares issued upon exercise of any Metallica Options during the Offer Period.

The potential effect of the Offer on Diatreme's capital structure, assuming Diatreme acquires 100% of Metallica (assuming Metallica Options are not exercised during the Offer Period) is as follows:

Structure of the Combined Group	Numbers held by Diatreme Shareholders	Numbers held by Metallica Shareholders	Total for Combined Group[31]
Diatreme Shares	3,729,759,126	1,278,522,671	5,008,281,797
Options	70,000,000	33,000,000	70,000,000
Total	3,799,759,126	1,311,522,671	5,078,281,797
Diluted percentage	74.8%	25.2%	100.0%
Undiluted percentage	74.5%	25.5%	100.0%

7.2.5 Substantial holders of the Combined Group

Based on the information known to Diatreme at the date of this Bidder's Statement, the table below summarises the substantial shareholders of the Combined Group assuming that Diatreme acquires 100% of the Metallica shares (assuming the Metallica Options are not exercised during the Offer Period) under the Offer:

Name	Diatreme Shares held at completion of the Offer	Current voting power in Diatreme	Voting power following completion of the Offer
Ilwella Pty Ltd	1,092,947,033	21.0%	21.8%
Sibelco Asia Pacific Pty Ltd	927,960,328	19.3%	18.5%
Delphi Unternehmensberatung Aktiengesellschaft (includes 2InvestAG and Deutsche Balaton Aktiengesellschaft)	341,307,138	9.2%	6.8%

[31] Assumes that no MLM Options are exercised. Refer to Section 10.2.

For personal use only

7.3 PRO FORMA BALANCE SHEET ASSUMING DIATREME ACQUIRES 100 PERCENT OF METALLICA

7.3.1 Summary of information

The information included in this Section 7 is pro forma financial information for the Combined Group comprising Diatreme and Metallica as at 31 December 2023 and assuming Diatreme acquires 100% of Metallica. The unaudited pro forma combined balance sheet of the Combined Group as at 31 December 2023 (**Pro Forma Balance Sheet**) presented below has been produced with reference to the audited financial reports for Diatreme and reviewed financial reports for Metallica as at 31 December 2023, adjusted to account for subsequent events deemed material to the Combined Group.

The financial information reflects the latest publicly available information for Metallica that is capable of being compared.

The pro forma financial information does not represent what the Combined Group would look like on a consolidated basis, since it is not possible to produce this information from publicly available information. No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated. However, the Pro Forma Balance Sheet does reflect the issue of new Diatreme shares to Metallica Shareholders, and other adjustments required as a result of this Offer.

The Pro Forma Balance Sheet is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Combined Group after completion of the Offer. In addition, the Pro Forma Balance Sheet is presented in a summary format and does not contain all the disclosures required under the Corporations Act.

Financial information relating to Metallica has been sourced from its reviewed financial reports for the half year ended 31 December 2023. Diatreme has relied on the information in financial reports issued by Metallica to prepare the financial information for Metallica contained in this document.

Diatreme does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Diatreme has not had access to the directors, management or staff of Metallica or to any working papers, accounting records or other documents in relation to Metallica for the purposes of preparing this financial information. Therefore, it has not been possible to independently verify any of the financial information relating to Metallica used in this document, for providing pro forma financial information.

The pro forma financial information presented in this Section should also be read in conjunction with the risks set out in Section 9, other information contained in this Bidder's Statement and the accounting policies of Diatreme and Metallica as disclosed in their most recent financial reports.

7.3.2 No forward looking financial statements

This document does not provide revenue or profit projections for the Combined Group. Diatreme does not believe that it has reasonable grounds to include revenue or profit forecasts in this Bidder's Statement. Diatreme believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading for Metallica Shareholders.

For personal use only

7.3.3 Pro Forma Balance Sheet

	Audited DRX 31-Dec-23 A$000	Reviewed MLM 31-Dec-23 A$000	Pro-forma Adjustments A$000	Ref Notes	Pro-forma Consolidated 31-Dec-23 $000
Cash	10,772	4,821	(2,100)	(a)	13,494
Trade & other receivable	314	-			314
Total Current Assets	**11,086**	**4,821**	**(2,100)**		**13,807**
Investment in joint venture[32]	38,948	-			38,948
Property, plant & equipment	694	94			788
Right-of-use assets	216	361			576
Exploration & evaluation assets	15,540	11,791	11,905	(b)	39,236
Other assets	47	67			115
Total Non-current Assets	**55,446**	**12,313**	**11,905**		**79,663**
Total Assets	**66,532**	**17,134**	**9,805**		**93,470**
Trade & other payables	1,044	417			1,461
Borrowings	1,525	-			1,525
Lease liabilities	96	72			168
Employee benefits	-	98			98
Provisions	103	-			103
Total Current Liabilities	**2,768**	**587**	**-**		**3,355**
Lease liabilities	125	320			445
Provisions	68	4			72
Total Non-Current Liabilities	**193**	**324**	**-**		**517**
Total Liabilities	**2,961**	**910**	**-**		**3,872**
Net Assets	**63,571**	**16,223**	**9,805**		**89,599**
Issued capital	93,638	63,447	(33,520)	(c) (d)	121,765
Reserves	1,017	679	(679)	(d)	1,017
Accumulated losses	(31,084)	(47,903)	45,803	(a) (d)	(33,184)
Total Equity	**63,571**	**16,223**	**9,805**		**89,598**

[32] Includes cash in the Cape Silica Joint Venture.

For personal use only

7.4 PRO FORMA ADJUSTMENTS AND TRANSACTION ASSUMPTIONS

The following key assumptions have been made in producing the Pro Forma Balance Sheet:

General

The pro forma information has been prepared using the Australian International Financial Report Standards and reflects the accounting policies of Diatreme . It has not been audited. Amounts presented have been rounded.

The pro forma information has been prepared by aggregating the balance sheets of Diatreme and Metallica as at 31 December 2023.

The pro forma information excludes the impact of general trading and other non-recurring transactions which have occurred since 31 December 2023, but are not considered to materially impact the financial position presented in the Pro Forma Balance Sheet.

Metallica acquisition

Financial information about Metallica has been obtained from publicly available sources. Diatreme is not aware of any events subsequent to the Metallica balance date of 31 December 2023 which would materially alter the Pro Forma Balance Sheet.

The Pro Forma Balance Sheet assumes the acquisition of Metallica by Diatreme had been completed by that date. The actual date of the acquisition will be at a later date. AASB 3 'Business Combinations' states that the acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at Metallica fair values at that date. Accordingly, Diatreme will assess the fair value of identifiable net assets of Metallica on completion of the acquisition.

The Pro Forma Balance Sheet is based on the assumption that the fair value of assets and liabilities of Metallica are equal to their book value. A full purchase price allocation exercise will be undertaken post acquisition, and the fair value of the assets will be more accurately assessed at that time. This will not impact on the valuation of the business, but may impact the classification between tangible, identifiable intangible assets and goodwill.

Identifiable intangible assets recognised on acquisition may need to be amortised over the period of their economic benefit to the Combined Group and those amortisation charges will reduce future reported earnings. Due to limited public information available on Metallica , it is not possible for Diatreme to identify all of the intangible assets and consequent amortisation charges at this stage.

For fair value accounting purposes, each Diatreme Share issued under the Offer (as Offer Consideration) is assumed to have an issue price of $0.0220[33] (being the closing price of Diatreme Shares on ASX on the trading day immediately before the Announcement Date). The actual fair value of Diatreme Shares to be issued under the Offer is determined by the market price of Diatreme Shares at the actual date of acquisition of Metallica.

The accounting policies of Diatreme and Metallica are similar and consistent in all material aspects.

[33] Based on Diatreme share price of $0.0220 at 1.3319 for each Metallica Share.

For personal use only

Pro Forma Adjustments

For the purposes of the Pro Forma Balance Sheet as presented above, the following adjustments have been made as referenced in the notes column:

(a) Both Metallica and Diatreme will incur transaction costs as a result of the Offer. The transaction costs have been estimated at a combined A$2,100,000.

(b) The Pro Forma Balance Sheet is based on the assumption that the fair value of assets and liabilities of Combined Group are equal to their book value. The difference between the book value of these assets and liabilities and the purchase consideration at the acquisition date has been assumed to relate to exploration and evaluation assets.

(c) Issuance of Diatreme shares.

(d) Derecognition of Metallica equity items.

Prospective financial information of the Combined Group

Diatreme has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information on the Combined Group. The Diatreme board has concluded that a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the effect that variations in key inputs may have on future earnings performance, and therefore it would be misleading to provide forecast financial information.

For personal use only

For personal use only

8 DIATREME'S INTENTIONS

8.1 INTRODUCTION AND IMPORTANT NOTE

This Section 8 sets out Diatreme's current intentions for:

(a) the continuation of Metallica's business;

(b) any major changes to be made to Metallica's business, including any redeployment of the fixed assets of Metallica;

(c) the future employment of the present employees of Metallica; and

(d) compulsory acquisition of Metallica Shares and the potential removal of Metallica from the official list of the ASX.

The intentions set out in this Section 8 represent the current intentions of Diatreme in relation to Metallica and have been formed following a review of facts, information and circumstances about Metallica that were publicly available at the date of this Bidder's Statement. Diatreme has not conducted, nor had access to the necessary information to conduct, due diligence on Metallica.

The review conducted by Diatreme did not provide Diatreme with sufficient facts, information and circumstances necessary to finally determine its intentions for Metallica. Diatreme will only reach final decisions in light of material facts and circumstances at the relevant time and following completion of the review of Metallica as set out below. As such, statements set out in this Section 8 are statements of current intention only which may change as new information becomes available or circumstances change.

Where intentions set out in Sections 8.3 and 8.4 below refer to Diatreme acquiring Metallica Shares after the Offer Period, these intentions are subject to Diatreme having obtained the consent of Metallica to do so under the Standstill Undertaking or Diatreme having otherwise been released from the Standstill Undertaking. The intentions set out in Section 8.2 assume that the Condition relating to the Standstill Undertaking has been fulfilled.

8.2 INTENTIONS UPON ACQUISITION OF 90% OR MORE OF METALLICA SHARES

Subject to all Conditions being fulfilled or waived, if Diatreme acquires a Relevant Interest in 90% or more of Metallica Shares, it will become entitled to proceed to compulsory acquisition of outstanding Metallica Shares in accordance with Part 6A.1 of the Corporations Act. In this circumstance, Diatreme's intentions are set out in this Section 8.2.

8.2.1 Compulsory acquisition of Metallica Shares and removal from the official list

If it becomes entitled to do so, Diatreme intends to compulsorily acquire any outstanding Metallica Shares under section 661B Corporations Act.

In those circumstances, Diatreme is also entitled to acquire Metallica Shares issued after the Offer closes but before the compulsory acquisition notice is given (under section 661A(4)(b) of the Corporations Act) and on exercise of the Metallica Options, up to six weeks after the notices are given (under section 661A(4)(c) of the Corporations Act).

Metallica Shareholders should consult their legal advisers for a determination of their legal rights with respect to any compulsory acquisition.

After conclusion of the compulsory acquisition process, Diatreme intends to procure that Metallica be removed from the official list of ASX.

8.2.2 Amend the Metallica constitution

Diatreme intends to amend the constitution of Metallica to reflect its status as a wholly owned subsidiary of Diatreme and will seek to convert Metallica from a public company to a proprietary company.

8.2.3 Directors

Diatreme intends to replace all members of the Metallica Board, the board of each Metallica Group Member, and the board of any company on which Metallica has nominee directors, with Diatreme nominee directors.

Those nominees have not yet been identified by Diatreme, but it is expected that they will be drawn predominantly from the current directors and management of Diatreme. Profiles for each of the Directors of Diatreme are set out in Section 3.8.

8.2.4 Operations review

Following the close of the Offer, it is Diatreme's intention to undertake a further detailed strategic, financial, technical and operational review of the operations, assets, structure and employees of Metallica, with a view to integrating Metallica's operations into Diatreme's operational and corporate structure. During the detailed review, Diatreme will focus on a number of specific areas, including (but not limited to):

(a) Review the Metallica exploration database and expenditure requirements and integration with Diatreme's exploration activities.

(b) Review of Metallica's silica assets, including a full review of all aspects of the Metallica definitive feasibility study (**DFS**) dated 17 July 2023 and the update to the DFS dated 15 November 2023, with specific focus on resource (geology and metallurgy), economics, capex and opex (in particular in relation to the proposed expansion from 1.45Mtpa to approximately 3Mtpa), infrastructure, logistics, product transportation (maritime solution), environmental, native title mining project agreement status and associated permits. Diatreme notes Metallica has stated that the update to the DFS was prepared by Metallica management with targeted support from Turner & Townsend JukesTodd, and based on parameters that formed the basis of the DFS. This review will inform the decision by Diatreme as to the best pathway to develop the Metallica silica sands assets, including potential inclusion of those assets in the Cape Silica Joint Venture and the associated timing.

(c) Potential closure of the Metallica head office in Brisbane and integration of the activities of certain employees from this office into Diatreme's Brisbane office and at Diatreme's operations where appropriate. Diatreme's current intention is to retain certain employees for a transition period to ensure continuity, while assessing a longer-term integration plan. Integration of roles may involve some employee redundancies. Any employees that are made redundant as a result of the Offer would be paid their full entitlements at law and in accordance with their employment contracts.

This review may result in the modification of some of Metallica's existing projects and activities. Only upon completion of the detailed review, and in light of all material facts and circumstances will Diatreme finally determine its intentions for the assets of the Combined Group and will take the appropriate action as it considers desirable to achieve optimum integration and synergies and maximise value for all shareholders. This will include an objective analysis of the economics for both the NSP and Metallica's project, assessing pathways to development, likelihood of timely approvals from regulatory authorities, availability of and capacity to finance, and determining an appropriate order of development.

For personal use only

8.3 INTENTIONS UPON ACQUISITION OF BETWEEN 50.1% AND 90% OF METALLICA SHARES

This Section 8.3 sets out Diatreme's current intentions if, by virtue of acceptance of the Offer, it was to gain effective control of Metallica by acquiring a Relevant Interest in at least 50.1% of Metallica Shares but was not entitled to proceed to compulsory acquisition of the outstanding Metallica Shares.

8.3.1 Compulsory acquisition

If Diatreme does not become entitled to compulsorily acquire Metallica Shares under section 661B of the Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under part 6A.2 of the Corporations Act in the future. Diatreme intends to exercise that power over the Metallica Shares if it becomes entitled to do. Refer also to Section 8.3.6 below.

8.3.2 ASX listing

Diatreme intends, subject to satisfying the relevant preconditions, to remove Metallica from the official list of the ASX. In relation to the removal of Metallica from the official list of the ASX, ASX guidance indicates that the usual conditions that the ASX would expect to be satisfied in order for it to approve the removal of Metallica from the official list in the context of a successful takeover bid include:

(a) at the end of the Offer, Diatreme owns or controls at least 75% of the Metallica Shares and the Offer has remained open for at least two weeks after Diatreme attained ownership or control of at least 75% of the Metallica Shares; and

(b) the number of Metallica Shareholders (other than Diatreme) having holdings with a value of at least $500 is fewer than 150, and in such case, the ASX will not usually require Diatreme to obtain Metallica Shareholder approval for Metallica's removal from the official list of the ASX.

In addition, the ASX may approve an application for Metallica to be removed from the official list of the ASX with shareholder approval and, where such removal is sought later than one month after the close of the Offer, Diatreme would be entitled to vote on the resolution approving the removal.

If Metallica is removed from the official list of the ASX, there may be risks related to remaining as a minority shareholder in Metallica. These include reduced or non-existent liquidity if Metallica Shareholders wish to sell their Metallica Shares.

8.3.3 Directors

Depending on the level of ownership achieved, it is Diatreme's intention to replace some or all of the members of the Metallica Board and, where possible, the members of the board of each Metallica Group Member and any company on which Metallica has nominee directors, with Diatreme nominee directors. No decision has been made at this stage about the identity of the proposed nominees to the Metallica Board or which current Metallica Directors would be removed. Diatreme expects that each of its nominees will exercise their own independent judgment and skill when it comes to operational, financial and business decisions relating to Metallica. Diatreme's only influence will be through its position as a majority shareholder in Metallica. Diatreme would ensure that there remains strong independent board representation in those circumstances.

Diatreme would consider (but not necessarily comply with) the recommendations in the ASX Corporate Governance Principles and Recommendation when determining the composition of the Metallica Board.

For personal use only

8.3.4 Intentions generally

If, following the close of the Offer, Metallica becomes a controlled entity but not a wholly owned subsidiary of Diatreme, it is the present intention of Diatreme to procure that the new Metallica Board implements the objectives and goals outlined in Section 8.2.4 to the extent possible and appropriate and considered to be in the best interests of Metallica Shareholders as a whole.

8.3.5 Limitations on intentions

To the extent that Metallica is not a wholly owned subsidiary of Diatreme and there are minority shareholders of Metallica, Diatreme intends to ensure that the Diatreme nominees appointed to the Metallica Board will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority shareholder approval may prevent the particular objective being achieved.

8.3.6 Further acquisition of Metallica Shares

Diatreme may, at some later time, acquire further Metallica Shares in a manner consistent with the Corporations Act and any other applicable laws; for example, as a result of acquisitions of Metallica Shares in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act.

8.4 INTENTIONS UPON ACQUISITION OF LESS THAN 50% OF METALLICA SHARES

Diatreme reserves its right to declare the Offer free from the Minimum Acceptance Condition (including certain other Conditions). However, it has made no decision as to whether it will do so. This Section describes Diatreme's intentions if it were to declare the Offer free from the Minimum Acceptance Condition and if Metallica does not become a controlled entity of Diatreme.

In that circumstance, Diatreme will endeavour to implement its intentions as it has outlined in Section 8.3 (including Section 8.2.4) to the extent to which it is able to do so, subject to the limitations identified above. Diatreme's current intention is to continue to hold any Metallica Shares acquired with a view to maximising returns for Diatreme's Shareholders (this may result in Diatreme and its associates acquiring additional shares, to the extent permitted by law).

For personal use only

9 RISKS

Metallica Shareholders will receive Diatreme Shares as consideration under the Offer. Therefore, Metallica Shareholders should be aware of the following key risks that may affect the performance of the Combined Group and the value of Diatreme Shares. Before deciding whether to accept the Offer, you should read this entire Bidder's Statement carefully.

9.1 SPECIFIC BUSINESS RISKS ASSOCIATED WITH DIATREME AND THE COMBINED GROUP

Set out below are examples of risks associated with Diatreme. In determining these risks, the Directors have concentrated on risks attaching specifically to an investment in Diatreme as compared to risks of the mining and exploration industry and Metallica, to which Metallica Shareholders are already exposed.

9.1.1 Adequacy of funding and additional requirements for capital

The Cape Silica Joint Venture has forecast project capital expenditure for the 12 months ended 31 December 2024 of approximately A$16.5 million and as at 31 December 2023 the joint venture had a cash balance of A$26.7 million. As a result, it is expected that approximately A$10 million will be available to the joint venture at the end of the 12 month period ending 31 December 2024.

After planned expenditure separate to the joint venture, Diatreme will have estimated corporate cash of A$8 million as at 31 December 2024.

Subject to further review, Diatreme does not anticipate requiring additional funding over the next 12 months to undertake the projected capital expenditure program for Diatreme's existing projects. If Diatreme does require additional funding, there can be no guarantee that Diatreme will be able to source funding on commercially acceptable terms. Sibelco Asia Pacific has not provided any binding commitment to Diatreme in respect of any future funding or financial for its projects, including in respect of the Cape Silica Joint Venture, and there is no guarantee that Sibelco Asia Pacific or SCR-Sibelco will do so.

Diatreme has been unable to make an assessment of the funding arrangements in relation to Metallica's projects based on publicly available information. Diatreme will undertake a detailed assessment of these arrangements as part of its operational review (refer Section 8.2.4 above).

9.1.2 Commodity price and exchange rate volatility

The revenue the Combined Group intends to derive primarily through the sale of high purity silica sand will expose the Combined Group to commodity price and exchange rate risk.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Combined Group. Such factors include the supply and demand for commodities, forward selling activities, technological advancements and other macro-economic factors. If the Combined Group achieves development success which leads to viable production, its financial performance will be highly dependent on the prevailing commodity prices and exchange rates.

9.1.3 Mineral Resource and Ore Reserve Estimates and Classification

Current and future Mineral Resource and Ore Reserve estimates for Diatreme's projects are estimates only and are expressions of judgment based on knowledge, experience and industry practice. In addition, by their very nature, Mineral Resource and Ore Reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. No assurances can be given that any particular level of recovery of high purity silica sand or other mineralisation will in fact be realised.

For personal use only

For personal use only

9.1.4 Operational risks

The operations of the Combined Group may be affected by various factors, including:

(a) failure to locate or identify mineral deposits at a project;

(b) failure to achieve predicted grades in exploration and mining;

(c) operational and technical difficulties encountered in mining;

(d) insufficient or unreliable infrastructure, such as power, water and transport;

(e) difficulties in commissioning and operating plant and equipment;

(f) mechanical failure or plant breakdown;

(g) unanticipated metallurgical problems which may affect extraction costs;

(h) adverse weather conditions;

(i) industrial disputes and unexpected shortages;

(j) delays or unavailability of third party service providers;

(k) delays in procuring, or increases in the costs of consumables, spare parts, plant and equipment; and

(l) other incidents beyond the control of the Combined Group.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. These factors are substantially beyond the control of the Combined Group. If any eventuate, they may have an adverse effect on the financial performance of the Combined Group.

9.1.5 Silica industry

The silica market, not unlike other specialist industrial commodity markets, is opaque in terms of price discovery, with no centralised pricing reference point. Pricing is typically determined through direct negotiation between the buyer and seller and by that nature can be subject to significant variation dependent on silica purity, the product's end use and any buyer specific required specifications. There is considerable variation in observed pricing dependent on silica purity.

9.1.6 Infrastructure

The development of the projects of the Combined Group requires access to significant infrastructure including access to and use of port facilities. Establishment of new and use of existing infrastructure on commercially acceptable terms (particularly road and port) is an essential component to Diatreme's project development plans. This includes current access for exploration and pre-development activities and forward plans for development of the silica projects, with a particular focus on the NSP. There is no guarantee the Combined Group will be entitled to access that infrastructure whether by commercial negotiation, third party access or other regulatory outcome.

9.1.7 Native title

In Australia, the *Native Title Act 1993* (Cth) (**Native Title Act**) recognises and protects the rights and interests of Aboriginal and Torres Strait Islander People in land and waters according to their traditional laws and customs. As such, native title may have an impact upon the Combined Group's existing operations and future plans, as there are areas in relation to existing tenements (and those in which it may acquire an interest in the future) over which native title rights and interests exist. However, provided the Native Title Act is complied with, exploration, development and production may proceed. Importantly, compliance will ordinarily take the form of an agreement with the relevant native title holders. Finally, in the absence of compliance with the Native Title Act, the exploration, development or production activities may be delayed or precluded.

Separately, the Combined Group will also need to comply with the *Aboriginal Cultural Heritage Act 2003* (Qld) which requires heritage survey work and monitoring to be undertaken ahead of the commencement of relevant exploration, development and production activities.

9.1.8 Dependence on key personnel

The Combined Group's success depends on the continued services of Diatreme's key personnel. Due to management's experience and the important role they have taken in developing Diatreme's mining, business and financial plans, the Combined Group could be adversely affected if any of them ceased to actively participate in the management of Diatreme or ceased employment entirely. The impact of such loss would be dependent upon the replacement employee's quality and time of appointment. There is no guarantee that the key personnel of Diatreme will be successful in their objectives despite their considerable experience and previous success.

Diatreme may use external contractors or service providers for many of its activities, and as such the failure of any current or proposed contractors, subcontractors or other service providers to perform their contractual obligations may negatively impact the business of the Combined Group. Diatreme cannot guarantee that such parties will fulfil their contractual obligations and there is no guarantee that Diatreme would be successful in enforcing any of its contractual rights through legal action. Further, the insolvency or managerial failure by any such contractors or other service providers may pose a significant risk to the Combined Group's operating and financial performance and financial position.

Diatreme believes this risk is likely to be mitigated by the joint venture with Sibelco Asia Pacific, which provides the Cape Silica Joint Venture with access to the skills and expertise of Sibelco's personnel and technical support.

9.1.9 Competition risk

The industry in which the Combined Group is involved is subject to domestic and global competition. Although Diatreme considers that it undertakes all reasonable due diligence in its business decisions and operations, Diatreme has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Combined Group's projects and business.

9.1.10 Regulatory risk

The Combined Group must meet regulatory requirements that are subject to continual review, including inspection by regulatory authorities. Failure by the Combined Group to continuously comply with regulatory requirements (including, without the Combined Group, in relation to mining, prospecting, rehabilitation, permitting and licencing requirements, industrial relations, environment, waste disposal, land use, royalties, native title, land access, mine safety and occupational health) or failure to take satisfactory corrective action in response to adverse inspection could result in enforcement actions. Diatreme operates in a regulated environment with the potential for significant penalties for non-compliance with applicable laws and regulations. The Combined Group's future growth prospects are reliant on its ability to extract

For personal use only

and sell product and any regulatory change, event or enforcement action which would restrict those activities could have a material impact on the Combined Group's growth and future financial performance. Amendments to current law and regulations governing operations or more stringent implementation of laws and regulations could have an adverse impact on the Combined Group, including increases in expenses, capital expenditure and costs. The impact of future regulatory and legislative change upon the business of the Combined Group cannot be predicted.

Approvals, licences and permits required to comply with such laws may, in some instances, be subject to the discretion of government officials and, in some cases, the local community. No assurance can be given that the Combined Group will be successful in obtaining or maintaining any or all of the various approvals, licences and permits. To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Combined Group may be curtailed or prohibited from continuing or proceeding with mining, development and/or exploration activities. There can be no assurance that the costs involved in retaining or obtaining such approvals will not exceed those estimated by Diatreme.

Mining operations can be subject to public and political opposition. Opposition may include legal challenges to exploration and development permits, political and public advocacy, electoral strategies, media and public outreach campaigns and protest activity, all which may delay or halt development or expansion. For example, native title claims on any existing or future tenements held by the Combined Group may potentially impact its operations and future plans.

9.1.11 Environmental, health, safety and permitting risks

The Combined Group's operations, including future mining and processing operations, and exploration activities are subject to laws and regulations governing the protection and management of the environment, water management, waste disposal, worker health and safety, mine development and rehabilitation and the protection of endangered and other special status species.

Diatreme is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Combined Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Combined Group to incur significant expenses and undertake significant investments which could have material adverse effect on the Combined Group's business, financial condition and performance.

Diatreme has implemented health, safety and community initiatives at its sites to manage the health and safety of its employees, contractors and members of the community. While these control measures are in place there is no guarantee that these will eliminate the occurrence of incidents which may result in personal injury or damage to property. In certain instances, such occurrences could give rise to regulatory fines, civil liability and/or criminal liability.

The Combined Group's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with the Combined Group's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Combined Group's operations, including its ability to continue operations.

For personal use only

9.1.12 Litigation

The Combined Group could be exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Any litigation, arbitration, proceeding or criminal or government prosecution of a material nature in which the Combined Group or its subsidiaries are directly or indirectly involved could divert management time and have a material impact on the business or financial position of the Combined Group. As at the date of this Bidder's Statement, Diatreme is not aware of any material disputes or litigation being undertaken.

9.1.13 Taxation

Changes to corporate income tax, import duties, property tax, excise tax, withholding tax or any other applicable taxation legislation or policies may adversely affect the Combined Group's financial profitability, net assets and cash flow and the returns to investors. The recoupment of taxation losses accrued by Diatreme from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in relevant jurisdictions. There is no guarantee that Diatreme will satisfy all these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cashflows of the Combined Group.

9.1.14 Climate change

Diatreme recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon world.

9.2 TRANSACTION SPECIFIC RISKS

9.2.1 Less than 100 % ownership

It is possible that Diatreme may not acquire all Metallica Shares under the Offer. The impact upon Diatreme of acquiring less than 100% will depend upon the final level of ownership acquired. However, the existence of minority shareholders in Metallica could have an impact on Diatreme's intentions regarding Metallica (refer to Sections 8.2 to 8.4).

9.2.2 Assumed financial information for Metallica

There is a risk that the publicly available financial information provided by Metallica and utilised by Diatreme in formulating the Offer and preparing this Bidder's Statement is not materially correct.

9.2.3 Assumed technical information for Metallica

There is a risk that the publicly available technical information provided by Metallica and utilised by Diatreme in formulating the Offer and preparing this Bidder's Statement is not materially correct.

For personal use only

For personal use only

9.2.4 Taxation risks

Diatreme cannot give advice on the tax consequences of the Offer, which will depend on the specific circumstances of each Metallica Shareholder. Section 11 sets out general information on the tax considerations associated with the Offer.

A criteria for the availability of CGT rollover relief is that Diatreme increases its holding of Metallica Shares to at least 80% as a result of the Offer. There is a risk that Diatreme will not receive sufficient acceptances under the Offer to meet this criterion and CGT rollover relief may not be available to Metallica Shareholders.

Diatreme will notify all Metallica Shareholders if it receives sufficient acceptances to satisfy this requirement.

9.2.5 Reporting risks

Diatreme has assumed that Metallica has met all of its reporting obligations and that disclosures made by it are true in all material respects and are not misleading in any material respects.

9.2.6 Dilution risks

As the consideration payable for the Offer consists fully of Diatreme Shares, the interests of existing Diatreme Shareholders (which may include Metallica Shareholders following completion of the Offer) will be diluted to some degree.

9.3 GENERAL RISKS

9.3.1 Economic conditions

Diatreme's funding position, financial performance, operations and ability to execute its strategy is impacted by a variety of general economic, political, social and business conditions, both domestic and global, which are outside of Diatreme's control. In addition to commodity prices and currency fluctuations (see below risks), factors that have potential to impact Diatreme's business include inflation, interest rates, supply and demand for goods and services, wage costs, industrial disruption and other general economic factors. Deterioration in any of these conditions could have an adverse impact on Diatreme's financial position and/or financial performance.

9.3.2 Share market conditions

The price at which Diatreme Shares trade on ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlooks and changes in the supply of, and demand for, mining and exploration industry securities.

The market for Diatreme Shares may also be affected by a wide variety of events and factors including variations in Diatreme's operating results, recommendations by securities analysts, and the operating and trading price performance of other listed mining and exploration industry entities that investors consider to be comparable to Diatreme. Some of these factors could affect Diatreme's share price regardless of Diatreme's underlying operating performance.

9.3.3 Liquidity

There can be no guarantee that there will continue to be an active market for Diatreme Shares or that the price of Diatreme Shares will increase. There may be relatively few buyers or sellers of Diatreme Shares on ASX at any given time, particularly in times of stock market turbulence or negative investor sentiment. This may affect the volatility of the market price of Diatreme Shares. It may also affect the prevailing market price at which Diatreme Shareholders are able to sell their Diatreme Shares. It may result in Diatreme Shareholders wishing to sell their Diatreme Shares in circumstances where they may receive considerably less than the price paid for them.

9.3.4 General mining and exploration sector risk

As with any enterprise conducting business in the mining and exploration sector, there are risks outside the control of Diatreme that will affect Diatreme's business. These risks include, but are not limited to, those associated with:

(a) abnormal stoppages in production or delivery due to factors such as industrial disruption, infrastructure access, environmental hazards, major equipment failure or accident;

(b) unforeseen adverse geological, drilling and extraction conditions or technical difficulties and/or changes to predicted resource quality;

(c) disruptions to supply of personnel, equipment and transport due to industry competition;

(d) the state of supply and demand for resources in Australian and overseas markets and the effect on prices;

(e) risk relating to changes in government regulations (including those relating to environmental taxes, industrial relations, field developments, restrictions on operations (such as those relating to noise, dust or water) and climate change) and government imposts such as royalties, transportation charges and taxes;

(f) claims made by persons living in close proximity to projects or who hold overlapping/affected interests in the land the subject of a tenement, such as freehold landowners and Native Title holder; and

(g) contract default by contractors, co-venturers or major customers.

For personal use only

10 SOURCES OF OFFER CONSIDERATION

10.1 OFFER CONSIDERATION

The consideration for the acquisition of Metallica Shares under the Offer is to be satisfied by the issue of Diatreme Shares. The Offer Consideration is 1.3319 new Diatreme Shares for each Metallica Share held by Metallica Shareholder on the Record Date.

The number of Diatreme Shares to be issued will depend on the number of Metallica Shares that Diatreme acquires under the Offer.

The calculations in this Section on the maximum consideration to be paid by Diatreme assume that, as a result of the Offer, Diatreme acquires all Metallica Shares on issue at the date of this Bidder's Statement. When calculating the Offer Consideration, Diatreme will round the number of Diatreme Shares to be issued to the nearest whole number of shares, where the fraction is half or more, rounded up, otherwise the fraction will be disregarded.

10.2 MAXIMUM NUMBER OF DIATREME SHARES

The maximum number of Diatreme Shares which are required to be issued under the Offer if acceptances are received for all the Metallica Shares on issue at the date of this Bidder's Statement is approximately 1,278,522,672 (excluding rounding adjustments).

If all Metallica Option holders convert their Metallica Options into Metallica Shares before the end of the Offer Period and accept the Offer, an additional 43,952,700 Diatreme Shares would be required to be issued (excluding rounding adjustments).

Diatreme Shares issued under the Offer are exempt from Listing Rule 7.1 (which prohibits issues exceeding 15% of an ASX-listed company's share capital in any 12 month period). Accordingly, Diatreme has the capacity to issue the maximum number of Diatreme Shares that may be required under the Offer.

10.3 OTHER COSTS

Diatreme will fund its transaction costs in connection with the Offer using existing cash reserves.

For personal use only

11 TAX CONSIDERATIONS

11.1 INTRODUCTION

The following is a summary of the potential Australian income tax consequences generally applicable to a Metallica Shareholder who disposes of Metallica Shares under the Offer. This summary is based on the income tax law and practices in effect on the date of this Bidder's Statement.

The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every Metallica Shareholder.

In particular the summary is only applicable to Metallica Shareholders that are Australian residents for income tax purposes and hold their Metallica Shares on capital account for income tax purposes. This summary does not apply to Metallica Shareholders that hold their Metallica Shares in the course of a business of trading or dealing in securities. The summary does not apply to Metallica Shareholders who acquired their Metallica Shares as part of an employee share scheme operated by Metallica.

All Metallica Shareholders are advised to seek independent professional advice about their particular circumstances and non-resident Metallica Shareholders should seek their own advice on the Australian and foreign taxation consequences of any sale of their Metallica Shares.

11.2 CGT CONSEQUENCES ON THE DISPOSAL OF METALLICA SHARES

In the absence of CGT rollover relief (see below), a Metallica Shareholder that accepts the Offer and whose Metallica Shares are subsequently transferred to Diatreme, is taken to have disposed of their Metallica Shares for Australian capital gains tax (**CGT**) purposes. Shareholders make a capital gain equal to the amount by which the Offer consideration exceeds the cost base that the Metallica Shareholder has for their Metallica Shares. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount is included in the Metallica Shareholder's taxable income.

A Metallica Shareholder will alternatively make a capital loss equal to the amount by which the reduced cost base of the Metallica Shares exceeds the Offer consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

Cost base of Metallica Shares generally

The cost base of Metallica Shares would generally be equal to the amount the relevant Metallica Shareholder paid to acquire the Metallica Shares which includes certain incidental costs of the acquisition (such as brokerage).

11.3 CGT DISCOUNT

Any Metallica Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

(a) the Metallica Shares were acquired at least 12 months before disposal to Diatreme;

(b) the Metallica Shareholder did not choose to index the cost base of their Metallica Shares;

(c) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain; and

For personal use only

(d) the Metallica Shareholder has not made the capital gain under an agreement made by it within 12 months of acquiring the Metallica Shares.

The CGT discount allows a Metallica Shareholder who is an individual or the trustee of a trust to discount the capital gain by 50% and include 50% of the capital gain in the taxable income of that individual or the net income of that trust.

A Metallica Shareholder that is a complying superannuation entity may discount the capital gain by 33⅓% and include 66⅔% of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a Metallica Shareholder that is a company.

11.4 CGT ROLLOVER

Where Diatreme acquires 80% or more of the Shares in Metallica, a Metallica Shareholder may be eligible to choose for CGT rollover relief to apply to their disposal of Metallica Shares under the scrip for scrip rules so that any CGT payable on the disposal is deferred. Whether the rollover is available depends on the individual circumstances of each Shareholder. Also, if the Diatreme Offer becomes unconditional and Diatreme does not receive acceptances for 80% or more of the Shares in Metallica and acquires those Shares, the rollover relief will not be available.

If a Metallica Shareholder is eligible and chooses to apply the scrip for scrip rules, Diatreme Shares received by the Metallica Shareholder should have a cost base equal to the cost base of the original Metallica Shares. The cost base will be relevant in determining any future CGT liability on the subsequent disposal of the Diatreme Shares.

In certain circumstances, it may be necessary for Diatreme to make a joint election with Metallica Shareholders in order for CGT rollover relief to apply. To the extent a joint election is necessary for rollover relief to apply then, at the request of the Metallica Shareholder and provided the Metallica Shareholder has informed Diatreme in writing of the cost base of their Metallica Shares, Diatreme will make the joint election.

Also, Diatreme will not make any choice or election under the CGT rollover provisions to prevent Metallica Shareholders from obtaining CGT rollover relief.

If Diatreme does not obtain 80% or more of the Metallica Shares under the Offer, no Metallica Shareholder who disposes of their Metallica Shares under the Offer will be eligible for CGT rollover relief and the general CGT consequences outlined in sections 11.2 and 11.3 above will need to be considered by the Metallica Shareholder.

Further, if a Metallica Shareholder does not qualify for CGT rollover relief or does not choose to obtain CGT rollover relief, the general CGT treatment outlined in sections 11.2 and 11.3 above will need to be considered by the Metallica Shareholder.

11.5 FOREIGN RESIDENT CGT WITHHOLDING

The Foreign Resident CGT Withholding (**FRCGW**) provisions place obligations on the purchaser of inter alia, non-portfolio (10% or greater) shareholdings in a company whose principal assets are taxable Australian property (which includes Australian mining assets) but only where the market value of that shareholding is $750,000 or more. Whilst referred to as applying to acquisitions from 'foreign residents' the obligations need to be considered for both resident and foreign resident shareholders in Metallica.

Where Diatreme considers it may have obligations under the FRCGW regime, it will contact the Metallica Shareholder to provide them with an opportunity to seek a Clearance Certificate or make a Variation Application if they are entitled to do so.

For personal use only

11.6 TRANSFER DUTY AND GST

Metallica Shareholders who dispose of their Metallica Shares under the Offer are not expected to incur any Australian transfer duty or be subject to GST on that disposal.

11.7 OBTAIN YOUR OWN TAXATION ADVICE

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, Diatreme does not accept any responsibility for tax implications for individual Metallica Shareholders.

Diatreme is not a registered tax agent under the *Tax Agent Services Act 2009* (Cth) and cannot provide tax advice to specific Metallica Shareholders. Metallica Shareholders should obtain tax advice from a registered tax agent or taxation lawyer on the consequences of accepting the Offer.

For personal use only

12 ADDITIONAL INFORMATION

12.1 DIATREME IS A DISCLOSING ENTITY

As Diatreme is offering Diatreme Shares as consideration for the acquisition of Metallica Shares, the Corporations Act requires that this Bidder's Statement includes all information that would be required for a prospectus for an offer of Diatreme Shares under sections 710 to 713 of the Corporations Act. Diatreme does not need to issue a separate prospectus for the offer of the Diatreme Shares as the offer occurs under a takeover bid.

Diatreme is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act that is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Diatreme is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Diatreme's securities.

Diatreme Shares have been quoted on ASX during the 12 months before the date of this Bidder's Statement. For this reason, Diatreme is only required to disclose information in this Bidder's Statement that would usually be required where its shares have been continuously quoted securities.

In general terms, where Diatreme's shares are continuously quoted securities, the prospectus is only required to contain information on the effect of the Offer on Diatreme and the rights and liabilities attaching to the Diatreme Shares. It is not necessary to include general information on all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company unless that information has been excluded from a continuous disclosure notice in accordance with the Listing Rules and it is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of those matters and the rights and liabilities attaching to the Diatreme Shares.

Information that is already in the public domain is not reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete. Diatreme, as a disclosing entity under the Corporations Act, states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with ASIC (not being documents referred to in section 1274(2)(a) of the Corporations Act) in relation to Diatreme may be obtained from, or inspected at, an ASIC office; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:

    (i) the annual financial report for Diatreme for the 12 months ended 31 December 2022 (being the annual financial report most recently lodged by Diatreme with ASIC before lodgement of this Bidder's Statement with ASIC);

    (ii) any half-year financial report lodged with ASIC by Diatreme after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC;

    (iii) annual financial statements for Diatreme for the 12 months ended 31 December 2023; and

    (iv) all continuous disclosure notices given by Diatreme after the lodgement of Diatreme's annual financial report for the 12 months ended 31 December 2022 with ASIC and before the lodgement of this Bidder's Statement with ASIC.

For personal use only

If you would like to receive a copy of any of these documents or publications, please contact Diatreme's bid information line between 8.30am (Sydney time) and 5.00pm (Perth time) on 1300 636 752 (Australia only) or +61 2 8318 7933 (outside Australia) Monday to Friday.

Copies of all documents lodged with ASIC in relation to Diatreme can be inspected at the registered office of Diatreme during normal office hours. A list of announcements made by Diatreme on ASX between 1 July 2023 and the date of this Bidder's Statement appears in Schedule 3.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and is information that a Metallica Shareholder or a professional adviser to a Metallica Shareholder would reasonably require for the purposes of making an informed assessment of:

(a) the assets and liabilities, financial position and performance, profits and losses and prospects of Diatreme; or

(b) the rights and liabilities attaching to the Diatreme Shares.

None of the information referred to in this Section 12.1 is incorporated by reference into this Bidder's Statement or is included with this Bidder's Statement.

12.2 STATUS OF CONDITIONS

12.2.1 Conditions

The Offer is subject to a number of Conditions being fulfilled or waived, the details of which are set out in Schedule 2. Diatreme will provide updates on any material developments relating to the status of these Conditions through announcements to the ASX.

The date for giving the notice of the status of the Conditions required by section 630(1) of the Corporations Act is 17 May 2024 (subject to extension in accordance with section 620(2) of the Corporations Act if the Offer Period is extended).

Diatreme is not aware of any events or circumstances which would result in the non-fulfilment of the Conditions, other than in respect of the release of the Standstill Undertaking as outlined below and set out in paragraph 3 of Schedule 2.

Some of the Conditions may be waived by Diatreme. If Diatreme decides to waive a Condition, it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

If, at the end of the Offer Period (or in the case of the Condition in paragraph 7 of Schedule 2, at the end of the third Business Day after the end of the Offer Period), the Conditions have not been fulfilled and/or Diatreme has not declared the Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

12.2.2 Listing Rule 10.1 Condition

Listing Rule 10.1 approval

Under Listing Rule 10.1, Ilwella Pty Ltd (**Ilwella**) and Sibelco Asia Pacific is each considered a 'person in a position of influence' as each holds a Relevant Interest in at least 10% of the total votes attaching to Diatreme Shares. Each of Ilwella and Sibelco Asia Pacific also hold a substantial interest in Metallica Shares, being 24.11% and 16.43% respectively. The Metallica Shares held by Ilwella and Sibelco Asia Pacific meet the test for a substantial asset under Listing Rule 10.2, as the value of each holding is more than 5% of Diatreme's total equity interests under Diatreme's full year accounts for the financial year ended 31 December 2023.

For personal use only

As a result, Diatreme would be required under Listing Rule 10.1 to obtain the approval of Diatreme Shareholders for the acquisition of Metallica Shares held by Ilwella and Sibelco Asia Pacific, and the issue of Diatreme Shares to Ilwella and Sibelco Asia Pacific as Offer Consideration under the Offer.

ASX Waiver

On 27 March 2024, Diatreme announced that it had been granted a waiver of Listing Rule 10.1 (subject to the conditions set out in the announcement), permitting Diatreme to acquire the Metallica Shares held by Ilwella and Sibelco Asia Pacific, and issue Diatreme Shares to Ilwella and Sibelco Asia Pacific as Offer Consideration under the Offer, without first obtaining the approval of Diatreme Shareholders (**ASX Waiver**). For the Listing Rule 10.1 Condition to be fulfilled by the end of the Offer Period, the ASX Waiver must remain in full force and effect.

12.2.3 Release of Standstill Undertaking

Diatreme and Metallica are parties to a confidentiality deed dated 30 October 2023 (**Confidentiality Deed**). The Confidentiality Deed contains a standstill undertaking which restricts Diatreme's ability to acquire securities in Metallica without Metallica's consent, which includes the acquisition of Metallica Shares under the Offer (**Standstill Undertaking**).

As announced to ASX on 23 February 2024, Diatreme sought the consent of Metallica under the Standstill Undertaking to acquire Metallica Shares under the Offer, to which Metallica declined to provide the requested consent.

At the appropriate time, Diatreme intends to seek the consent of Metallica under the Standstill Undertaking to acquire Metallica Shares under the Offer (unless Metallica advises Diatreme earlier that the consent will be provided). If Metallica's consent is not forthcoming, Diatreme may make an application to the Takeovers Panel for orders and declarations that Diatreme be released from the Standstill Undertaking under the Confidentiality Deed in order to acquire Metallica Shares under the Offer. Should Diatreme make such application, there is no certainty that such order or declarations will be made by the Takeovers Panel.

If Diatreme becomes entitled to exercise any powers and rights attaching to Metallica Shares before the end of the Offer Period in the manner contemplated under clause 6.9(f) of the Offer Terms, Diatreme will not exercise those rights and powers to the extent it would be in breach of the Standstill Undertaking.

12.3 DATE FOR DETERMINING HOLDERS OF METALLICA SHARES

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) Corporations Act is the Register Date.

12.4 METALLICA OPTIONS

Section 617(2) of the Corporations Act (as extended by ASIC Instrument 2023/683) permits the Offer to extend to Metallica Shares that come to be in the bid class during the period from the Register Date and the end of the Offer Period due to the conversion or exercise of rights attached to other securities, where those securities exist or will exist as at the Register Date.

Diatreme has determined that if a holder of Metallica Options exercises those options, the holder can accept the Offer for the Metallica Shares received from the exercise of those options.

For personal use only

12.5 INDUCING BENEFITS GIVEN DURING PREVIOUS FOUR MONTHS

Except as set out in this Bidder's Statement, neither Diatreme nor any of its Associates has, during the period of four months before the date of the Offer, or in the period commencing on the date of this Bidder's Statement and ending on the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

(a) accept an Offer; or

(b) dispose of Metallica Shares,

which benefit was not offered to all Metallica Shareholders under the Offer.

12.6 REGULATORY MATTERS

12.6.1 ASIC relief – ASIC Instrument 2023/683

ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Diatreme, about the operation of Chapter 6 of the Corporations Act. Diatreme may rely on these instruments.

Diatreme has relied on the modification to section 636(3) of the Corporations Act in paragraph 6(e) of ASIC Instrument 2023/683 to include in this Bidder's Statement, without obtaining specific consents, statements which are made in, or based on statements made in, documents lodged with ASIC and ASX.

As required by ASIC Instrument 2023/683, Diatreme will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to Metallica Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) Metallica Shareholders should contact the shareholder information line on 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.

Additionally, Diatreme will seek to rely on the modification to section 619(3) of the Corporations Act in paragraph 5(c) of ASIC Instrument 2023/683 in relation to the appointment of a nominee in respect of Ineligible Foreign Shareholders and the Small Parcel Holders. Diatreme will cause an entity to be appointed after the date of this Bidder's Statement, to act as the Nominee appointed by Diatreme in relation to the Offer for the sales referred to in Section 12.8 and as set out in clause 5.3 of the Offer Terms.

12.6.2 ASIC relief – ASIC Instrument 2016/72

As permitted by ASIC Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements:

(a) which fairly represent what purports to be a statement by an official person; or

(b) which are a correct and fair copy of, or extract from, what purports to be a public official document; or

(c) which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by ASIC Instrument 2016/72, this Bidder's Statement contains share price trading data sourced from IRESS provided without its consent.

For personal use only

12.6.3 ASIC confirmation – Section 629(1) Corporations Act

On 16 February 2024, Diatreme applied to ASIC for a modification of section 629(1) of the Corporations Act to permit the inclusion of the Listing Rule 10.1 Condition as a defeating condition to the Offer. As a result of further engagement with ASIC following submission of the application, Diatreme withdrew its application for a modification of section 629(1) of the Corporations Act on 26 February 2024 based on confirmations received from ASIC that the modification was not required for Diatreme to include the Listing Rule 10.1 Condition as a defeating condition to the Offer.

12.6.4 ASX confirmation – Listing Rule 11.1

Under Listing Rule 11.1, if an ASX-listed entity proposes to make a significant change to the nature or scale of its activities, it must provide full details to the ASX as soon as practicable. Under Listing Rule 11.1.2, the ASX may require the entity to obtain the approval of its shareholders before making that change, and, under Listing Rule 11.1.3, ASX may require the entity to re-comply with the ASX admission requirements in Chapters 1 and 2 of the Listing Rules.

On 15 February 2024, Diatreme notified the ASX of the proposed Offer, including that the Offer could result in a significant change in the scale of Diatreme's activities based on the financial measures prescribed by ASX in Guidance Note 12 ('Significant Changes to Activities'). ASX has confirmed to Diatreme that, in accordance with ASX's policy and based on information provided to it by Diatreme, Listing Rules 11.1.2 and 11.1.3 do not apply to the Offer. As such, it is not expected that ASX will:

(a) exercise its discretion under Listing Rule 11.1.2 to require Diatreme to obtain shareholder approval for the potential change in scale of its activities as a result of the Offer; or

(b) exercise its discretion under Listing Rule 11.1.3 to require Diatreme to comply with the requirements of Chapters 1 and 2 of the Listing Rules if the Offer results in a significant change in the scale of its activities.

12.6.5 Other regulatory matters

Except as disclosed in this Bidder's Statement, Diatreme is not aware of any other Regulatory Approval which is required for it to acquire control or ownership of Metallica.

12.7 FOREIGN SELLING RESTRICTIONS

No action has been taken to permit a public offer of the Diatreme Shares in any jurisdiction outside Australia.

Based on the information available to Diatreme, Metallica Shareholders in the following jurisdictions will be entitled to receive the Bidder's Statement and have Diatreme Shares issued to them under the Offer subject to any qualifications set out below in respect of that jurisdiction:

(a) Australia;

(b) New Zealand;

(c) Cyprus and Germany, where:

(i) the Metallica Shareholder is a "qualified investor" (as defined in Article 2(e) of the of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union); and

(ii) the number of other Metallica Minerals shareholders in such country is fewer than 150;

For personal use only

(d) the United Kingdom, where:

(i) the Metallica Shareholder is a "qualified investor" (within the meaning of Article 2(e) of the UK Prospectus Regulation) and within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; and

(ii) the number of other Metallica Shareholders is fewer than 150; and

(e) any other person or jurisdiction in respect of which Diatreme reasonably believes that it is not prohibited and not unduly onerous or impractical to issue Diatreme Shares to a Metallica Shareholder with a registered address in such jurisdiction.

No person holding shares on behalf of a beneficial owner resident outside Australia and New Zealand may forward this Bidder's Statement (or any accompanying document) to anyone outside Australia without the consent of Diatreme, except nominees and custodians may forward this Bidder's Statement to, and participate in the Offer on behalf of, any beneficial shareholder whom a nominee or custodian reasonably believes (including having received an investor representation to such effect) that the beneficial shareholder:

(f) if in Cyprus and Germany, is a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union); or

(g) if in the United Kingdom, is:

(i) a "qualified investor" within the meaning of Article 2(e) of the UK Prospectus Regulation; and

(ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

12.8 INELIGIBLE FOREIGN SHAREHOLDERS AND SMALL PARCEL HOLDERS

If you are an Ineligible Foreign Shareholder or Small Parcel Holder you will not be entitled to receive Diatreme Shares as consideration for your Metallica Shares. Instead, Diatreme will:

(a) arrange for the issue to the Nominee of the number of Diatreme Shares to which you and all other Ineligible Foreign Shareholders and Small Parcel Holders would have been entitled but for clause 2.2 of the Offer Terms;

(b) cause the Nominee to offer for sale those Diatreme Shares as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee (at the risk of the Ineligible Foreign Shareholders and Small Parcel Holders); and

(c) pay to you the amount ascertained under the formula in clause 5.3 of the Offer Terms by cheque posted to you at your risk at the last address provided to Diatreme by Metallica by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

Notwithstanding anything else contained in this Bidder's Statement, Diatreme is not under any obligation to spend any money or undertake any action to satisfy itself of the eligibility of Ineligible Foreign Shareholders to receive Diatreme Shares.

For personal use only

12.9 INTERESTS OF DIATREME IN METALLICA SECURITIES

At the date of this Bidder's Statement, Diatreme does not have a Relevant Interest in Metallica Shares or other Metallica securities. Diatreme reserves the right to purchase Metallica Shares outside the Offer at any time during the Offer Period, subject to the Corporations Act and release of the Standstill Undertaking described in Section 12.2 above.

12.10 INTERESTS OF DIATREME'S DIRECTORS

12.10.1 Diatreme

At the date of this Bidder's Statement, Diatreme's Directors had the following Relevant Interests in Diatreme securities (either held directly, held by entities controlled by them or held by entities of which they are directors or held by family members):

Diatreme Director	Diatreme Shares	Diatreme unquoted options
William (Cheng) Wang	6,267,255	10,000,000 Expiring 27/05/2026
Gregory Starr	Nil	10,000,000 Expiring 27/05/2026
Michael Chapman	Nil	10,000,000 Expiring 27/05/2026
Wayne Swan	2,000,000	10,000,000 Expiring 26/05/2027
Karalyn Keys	Nil	10,000,000 Expiring 8/08/2028

12.10.2 Metallica

At the date of this Bidder's Statement, no Director of Diatreme has a Relevant Interest in Metallica Shares or Metallica Options.

12.11 FEES AND BENEFITS PAYABLE TO DIATREME'S DIRECTORS AND ADVISERS

Other than as set out below or elsewhere in this Bidder's Statement, no:

(a) Director or proposed director of Diatreme;

(b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or

(c) promoter of Diatreme,

has, or had within two years before the date of this Bidder's Statement, any interest in:

(d) the formation or promotion of Diatreme;

(e) any property acquired or proposed to be acquired by Diatreme in connection with its formation or promotion or in connection with the issue of Diatreme Shares under the Offer; or

(f) the offer of Diatreme Shares under this Bidder's Statement,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or a proposed director of Diatreme as an inducement to become, or

For personal use only

to qualify as, a Director of Diatreme or to any of those persons otherwise for services rendered by them in connection with the formation or promotion of Diatreme or the offer of Diatreme Shares under this Bidder's Statement.

12.12 INSURANCE AND INDEMNITY

Insurance and indemnity arrangements are in place for officers of Diatreme. To the extent permitted by law, Diatreme indemnifies every person who is or has been an officer against:

(a) any liability to any person (other than Diatreme, related entities or a major shareholder) incurred while acting in that capacity and good faith; and

(b) costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

For this purpose 'officer' means any Director or secretary of Diatreme or any subsidiary of Diatreme. Under the terms of the indemnity, Diatreme must maintain indemnity insurance coverage for a period of seven years after the officer held their position in Diatreme and allow the officer access to certain records after ceasing to hold office in Diatreme for a period of seven years.

12.13 FEES PAYABLE TO ADVISERS

McCullough Robertson has acted as legal adviser to Diatreme in relation to the Offer. The fee for professional services paid or payable to McCullough Robertson as legal adviser to date is approximately $155,000 and McCullough Robertson entitled to receive additional professional fees on a normal basis.

KPMG Corporate Finance has acted as financial adviser to Diatreme in relation to the Offer. The fees for professional services paid or payable to KPMG Corporate Finance as financial adviser to date is approximately $100,000 and further retainer, milestone, and success fees of up to $600,000 could be payable.

GRE Capital has acted as financial adviser to Diatreme in relation to the Offer. The fees for professional services paid or payable to GRE Capital as financial adviser to date is approximately $60,000 in retainer fees and a success fee of up to $150,000 could be payable.

Morgans has acted (and will act) as broker to Diatreme in relation to the Offer. Morgans is entitled to receive professional fees on a normal basis.

12.14 CONSENTS

This Bidder's Statement includes statements which are made in, or based on statements which are made in, documents provided by Metallica or announced on the company announcements platform of ASX by Metallica. No person who has made any of these statements has consented to the statement being included in or accompanying this Bidder's Statement in the form and context in which it is included.

McCullough Robertson has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as legal adviser to Diatreme in respect of the Offer in the form and context in which it is named.

KPMG Corporate Finance has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as financial adviser to Diatreme in respect of the Offer in the form and context in which it is named.

GRE Capital has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as financial adviser to Diatreme in respect of the Offer in the form and context in which it is named.

For personal use only

Morgans has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as broker to Diatreme in respect of the Offer in the form and context in which it is named.

Automic Registry Services has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as registry to Diatreme in respect of the Offer in the form and context in which it is named.

Each of McCullough Robertson, KPMG Corporate Finance, GRE Capital, Morgans and Automic Registry Services:

(a) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

12.15 JORC COMPLIANCE STATEMENTS

12.15.1 Diatreme

The information in relation to the Mineral Resources and Ore Reserves of Diatreme is extracted from the following announcements released by Diatreme to ASX, which also includes the accompanying assumptions, technical parameters and explanatory notes:

Date	Announcement
6 December 2023	New maiden 91.7Mt silica resource at Western Resource Area
13 March 2023	Major silica resource expansion from 124Mt to 235Mt at Si2 deposit
9 November 2021	Galalar Maiden Ore Reserve, PFS delivers substantial boost to new Silica mine
27 April 2017	Quarterly Activities Report
15 June 2016	Cyclone study reaffirms project profitability

At the date of this Bidder's Statement, Diatreme is not aware of any new information or data that materially affects the information included in the original announcement and, in the case of estimates of Mineral Resources or Ore Reserves, considers that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

For personal use only

12.15.2 Metallica

Diatreme has not independently verified the information relating to Metallica's Mineral Resources contained in this Bidder's Statement. Please refer to the following announcements released by Metallica for further details and for the Competent Person's Statement relating to Metallica's Mineral Resource:

Date	Announcement
17 July 2023	Cape Flattery Silica DFS Confirms Excellent Economics
3 March 2023	Maiden Inferred Mineral Resource of 12Mt at 99.15% SiO2, 0.09% Fe2O3 Estimated for Cape Flattery Silica West Project

12.16 EXPIRY DATE

No Diatreme Shares will be issued on the basis of the Offer contained in this Bidder's Statement after the date that is 13 months after the date of this Bidder's Statement.

12.17 OTHER MATERIAL INFORMATION

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

(a) material to the making of a decision by a Metallica Shareholder whether or not to accept an Offer; and

(b) known to Diatreme,

and has not previously been disclosed to Metallica Shareholders.

For personal use only

For personal use only

13 DEFINITIONS AND INTERPRETATION

13.1 DEFINITIONS

In this Bidder's Statement:

Term	Definition
Acceptance Form	means the form of acceptance and transfer accompanying this Bidder's Statement.
Accounting Standards	means: (a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a) above.
Announcement Date	means 16 February 2024, being the date of announcement of Diatreme's intention to make the Offer.
ASIC	means the Australian Securities and Investments Commission.
ASIC Instrument 2015/1068	means ASIC Corporations (Minimum Bid Price) Instrument 2015/1068.
ASIC Instrument 2016/72	means ASIC Corporations (Consents to Statements) Instrument 2016/72.
ASIC Instrument 2023/683	means ASIC Corporations (Takeover Bids) Instrument 2023/683.
Associates	has the meaning given to that term by section 12 Corporations Act as if section 12 of the Corporations Act included a reference to this document.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
ASX Settlement Operating Rules	means the settlement rules of ASX Settlement Pty Limited ABN 49 008 504 532, the body which administers the CHESS system in Australia), a copy of which is available at www.asx.com.au.
Authorisation	means: (a) an approval, authorisation, consent, declaration, exemption, notarisation, licence, quota, permit or waiver, however described, and any condition attaching to it; (b) in the context of anything that could be prohibited or restricted by law if a Regulatory Authority acts in any way within a specified period.

For personal use only

Term	Definition
Bidder's Statement	means this document, being the statement of Diatreme under part 6.5, division 2 of the Corporations Act relating to the Offer.
Business Day	means a business day as defined in the Listing Rules.
Cape Flattery Silica Project or **CFS**	means the project wholly owned by Cape Flattery Silica Pty Ltd (a wholly owned subsidiary of Metallica) the CFS Tenement.
Cape Silica Joint Venture or **CSJV**	means Cape Silica Holdings Pty Ltd ACN 659 896 189, being the incorporated joint venture between Diatreme (73.2% ownership) and Sibelco Asia Pacific (26.8% ownership) in respect of the development of the NSP, GSSP and WRA.
CFS Tenement	means EPM 25734, and includes ML 100284.
CHESS	means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.
CHESS Holding	means a holding of Metallica Shares on the CHESS subregister of Metallica.
Combined Group	means Diatreme and each of its Subsidiaries (including the Metallica Group) which will exist as a result of the takeover bid as constituted by the Offer, should the takeover proceed to its conclusion and Diatreme be entitled to proceed to compulsory acquisition.
Competing Proposal	means a transaction which, if completed, would cause a person other than Diatreme to: (a) acquire a Relevant Interest in more than 50% of Metallica Shares; (b) acquire Control of Metallica; or (c) acquire all or a substantial part of Metallica Group's business, assets or undertaking (including any CFS Tenement or interest in a CFS Tenement).
Condition	means each of the conditions of the Offer set out in Schedule 2.
Confidentiality Deed	means the confidentiality deed dated 30 October 2023 between Diatreme and Metallica.
Control	has the meaning given in section 50AA of the Corporations Act.
Controlling Participant	in relation to a Metallica Shareholder's Metallica Shares, has the same meanings as in the ASX Settlement Operating Rules.
Corporations Act	means *Corporations Act 2001* (Cth).
Diatreme or **DRX**	means the bidder, Diatreme Resources Limited ACN 061 267 061.
Diatreme Share	means a fully paid ordinary share in the capital of Diatreme.
Directors	means the directors of Diatreme.
Encumbrance	means any one or more of the following:

Term	Definition
	(a) any interest, right or power that in substance secures payment or performance of any obligation, for example a mortgage, charge or security interest under the *Personal Property Securities Act 2009* (Cth); (b) any preferential or adverse interest of any kind; (c) a right to buy or use assets, for example a hire purchase agreement, option, licence, lease or agreement to purchase; (d) a right to set-off or right to withhold payment of a deposit or other money; (e) an easement, restrictive covenant, caveat or similar restriction over property; (f) an agreement to create any of the items referred to in paragraphs (a) to (e) above or to allow any of those items to exist; or (g) a notice under section 255 *Income Tax Assessment Act 1936* (Cth), subdivision 260 A in schedule 1 *Taxation Administration Act 1953* (Cth) or any similar legislation.
EPM	means an Exploration Permit Minerals granted by the Queensland State Government.
Galalar Silica Sand Project or **GSSP**	means the project wholly owned by the Cape Silica Joint Venture located within MLA 100235.
GRE Capital	means GRE Capital Pty Ltd ACN 655 587 509.
GST	has the meaning it has in the GST Act.
GST Act	means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
Ilwella	Ilwella Pty Ltd ACN 003 220 371.
Ineligible Foreign Shareholder	means a Metallica Shareholder whose address on the Metallica share register is: (a) in a jurisdiction outside Australia or its external territories, New Zealand, Cyprus, Germany or the United Kingdom; or (b) in a jurisdiction that Diatreme determines (in its absolute discretion) that it would be unlawful, unduly onerous and/or unduly impracticable to make the Offer to that Metallica Shareholder in the relevant jurisdiction and to issue Diatreme Shares to that Metallica Shareholder on completion of the Offer, and is unlawful for the Metallica Shareholder to accept the Offer under the laws of the relevant jurisdiction.
IRR	means internal rate of return.
Issuer Sponsored Holding	means a holding of Metallica Shares on Metallica's issuer sponsored subregister.
JORC Code	means the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).
KPMG Corporate Finance	KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd.

For personal use only

For personal use only

Term	Definition
Listing Rule 10.1 Approval	has the meaning given in paragraph 2(a) of Schedule 2.
Listing Rule 10.1 Condition	means the Condition set out in paragraph 2 of Schedule 2.
Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Metallica or **MLM**	means the target company, Metallica Minerals Limited ACN 076 696 092.
Metallica Board	means the board of directors of Metallica.
Metallica Directors	means the current directors of Metallica.
Metallica Group	means Metallica and each of its Subsidiaries, and each being a **Metallica Group Member**.
Metallica Option	means: (a) the unlisted options over Metallica Shares under the ASX code MLMAS; and (b) any other securities convertible into or that confer a right to be issued Metallica Shares.
Metallica Options Condition	means the Condition set out in paragraph 4 of Schedule 2.
Metallica Shareholder	means a registered holder of Metallica Shares.
Metallica Shares	means fully paid ordinary shares in the capital of Metallica.
Mineral Resources	has the meaning given in the JORC Code.
Minimum Acceptance Condition	means the Condition set out in paragraph 1 of Schedule 2.
Minimum Bid Price Condition	means the Condition set out in paragraph 14 of Schedule 2.
Morgans	means Morgans Corporate Limited ACN 010 539 607.
Mt	means million tonnes.
Mtpa	means million tonnes per annum.
NAIF	means Northern Australian Infrastructure Fund.
Nominee	means an entity to be appointed by Diatreme after the date of this Bidder's Statement with the prior approval of ASIC.
North Silica Project or **NSP** or **Si2**	means the project wholly owned by the Cape Silica Joint Venture located within MLA100308, and underlying EPM17795 and EPM27212.
NPV	means net present value.
Offer or **Offers**	means the offer by Diatreme to acquire Metallica Shares as set out in the Offer Terms of this Bidder's Statement.
Offer Consideration	means 1.3319 new Diatreme Shares for each Metallica Share.

Term	Definition
Offer Period	means the period commencing on 11 April 2024 and ending at 7:00pm Sydney time on 27 May 2024, or any later date to which the Offer is extended.
Offer Terms	means the terms of the Offer set out in Schedule 1 to this Bidder's Statement.
Ore Reserves	has the meaning given in the JORC Code.
Participant	means an entity admitted to participate in the Clearing House Electronic Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.
Pro Forma Balance Sheet	means the pro forma combined balance sheet of the Combined Group referred to in Section 7.3 of this Bidder's Statement.
PV	means photovoltaic.
Register Date	means 2 April 2024, being the date set by Diatreme under section 633(2) Corporations Act.
Regulatory Authority	means any government or any public, statutory, governmental (including a local government), semi-governmental or judicial body, entity, department or authority and includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange.
Related Entity	means in respect of and entity, a second entity that: (a) Controls the first entity; (b) is under the Control of the first entity; or (c) is under the Control of a third entity that also Controls the first entity.
Relevant Interest	has the meaning given to that term in the Corporations Act.
Rights	means all accretions, rights or benefits of whatever kind attaching to or arising from Metallica Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Metallica or any of its Subsidiaries.
SCR-Sibelco	means SCR-Sibelco N.V.
Share Registry	means Automic Registry Services (or Automic Pty Ltd ACN 152 560 814).
Sibelco Asia Pacific	means Sibelco Asia Pacific Pty Ltd ACN 092 916 811.
Small Parcel	means a parcel of Diatreme Shares having a value of less than $500 based on the highest closing price of Diatreme on the ASX during the period from the date of this Bidder's Statement until the earlier of the end of the Offer Period and five ASX trading days before the first day on which Diatreme must provide the Offer Consideration under the Offer.

For personal use only

Term	Definition
Small Parcel Holder	means a Metallica Shareholder who would be entitled to receive a total number of Diatreme Shares as consideration under the Offer which constitutes a Small Parcel.
Standstill Undertaking	has the meaning given in Section 12.2.
Subsidiaries	has the meaning given to that term by Section 9 Corporations Act.
Superior Proposal	means a Competing Proposal that: (a) is actually proposed or offered; and (b) in the determination of the Metallica Board, acting reasonably and in good faith and satisfying its fiduciary and statutory duties (on advice from its financial and legal advisers): (i) would be likely to be completed substantially in accordance with its terms; and (ii) if completion of that Competing Proposal occurred, it would result in a transaction more favourable to Metallica Shareholders than the Offer; and that determination has been communicated by written notice to Diatreme and Diatreme has not matched or bettered the Competing Proposal within two Business Days of receipt of that notice.
Takeover Transferee Holding	has the same meaning as in the ASX Settlement Operating Rules.
Target's Statement	means the target's statement, to be prepared by Metallica in response to this Bidder's Statement.
VWAP	means the volume weighted average price of a security.
Western Resource Area or **WRA**	means the project wholly owned by the Cape Silica Joint Venture located within EPM17795.

13.2 INTERPRETATION

In this Bidder's Statement, unless the context otherwise requires:

(a) headings are for convenience and do not affect the interpretation;

(b) words or phrases defined in the Corporations Act have the same meaning in this Bidder's Statement;

(c) a reference to a section is a reference to a section of this Bidder's Statement;

(d) a singular word includes the plural and vice versa;

(e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(f) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;

For personal use only

(g) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

(h) a references to dollars, $, A$, cents, ¢ and currency is a reference to the lawful currency of Australia; and

(i) a reference to a Condition being waived, or to the waiver of a Condition, is to Diatreme freeing the Offer and any contract resulting from acceptance of the Offer from that Condition in accordance with section 650F of the Corporations Act.

For personal use only

14 APPROVAL OF BIDDER'S STATEMENT

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the Directors of Diatreme on 28 March 2024.

Signed for and on behalf of Diatreme, by:

Wayne Swan
Chairman
Diatreme Resources Limited

For personal use only

Schedule 1

Terms of the Offer

1 Offer

1.1 Diatreme offers, to each holder of Metallica Shares at 7.00pm (Sydney time) on the Register Date, to acquire all of your Metallica Shares together with all the Rights attaching to them on the terms set out in this Schedule 1. The Offer extends to any person who is able during the Offer Period to give good title to Metallica Shares and has not already accepted an Offer for those Metallica Shares.

1.2 This Offer extends to all Metallica Shares that:

(a) exist at the Register Date; and

(b) are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, any Metallica Options.

1.3 By accepting this Offer, you undertake to transfer to Diatreme not only the Metallica Shares to which the Offer relates but also all the Rights attached to the Metallica Shares.

1.4 If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Metallica Shares, then:

(a) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to that other person in respect of those Metallica Shares;

(b) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to you in respect of any other Metallica Shares you hold to which the Offer relates; and

(c) the Offer will be deemed to have been withdrawn immediately at that time.

1.5 Diatreme Shares issued under this Offer will rank equally in all respects with Diatreme Shares on issue at the Register Date.

1.6 This Offer is dated 11 April 2024.

2 Offer Consideration

2.1 Subject to clause 2.2 of this Schedule 1, the consideration under the Offer is 1.3319 new Diatreme Shares for each Metallica Share you own.

Ineligible Foreign Shareholders and Small Parcel Holders

2.2 If at the time this Offer is made to you, you are an Ineligible Foreign Shareholder or Small Parcel Holder, you will not be entitled to receive Diatreme Shares as consideration for your Metallica Shares. Instead, you will receive a cash amount calculated under clause 5.3 of this Schedule 1.

Fractional entitlements

2.3 If you accept the Offer and are entitled to receive a fraction of a Diatreme Share, the number of Diatreme Shares you are entitled to under this Offer is rounded up to the next whole number of Diatreme Shares if it is 0.5 or more, and rounded down to the nearest whole number if it is less than 0.5. If Diatreme reasonably believes that you have manipulated your holding of Metallica

For personal use only

Shares to take advantage of rounding up, then any fractional entitlement is aggregated or rounded down to the next whole number of Diatreme Shares.

3 Offer Period

The Offer will remain open for acceptance during the period commencing on 11 April 2024 and ending at 7:00pm (Sydney time) on 27 May 2024, unless it is withdrawn or extended under the Corporations Act.

4 How to accept this Offer

All of your holding

4.1 This Offer is for all of your Metallica Shares.

Acceptance procedure for Metallica Shareholders

4.2 The acceptance procedure will depend on whether your Metallica Shares are in a CHESS Holding or an Issuer Sponsored Holding.

If you hold your Metallica Shares in a CHESS Holding

4.3 You must comply with the ASX Settlement Operating Rules.

4.4 If you are a sponsored CHESS holder of Metallica Shares, to accept the Offer you must:

(a) instruct your Controlling Participant to initiate acceptance of the Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules;

(b) complete, sign and send the accompanying Acceptance Form directly to your stockbroker or Controlling Participant; or

(c) record your acceptance in the Automic Investor Portal; or

(d) complete and sign the Acceptance Form and mail or deliver it to the address below and authorise Diatreme to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf,

in such time that your instruction can successfully be relayed to your Controlling Participant and acted on or before the end of the Offer Period.

If you hold your Metallica Shares in an Issuer Sponsored Holding

4.5 If your Metallica Shares are in an Issuer Sponsored Holding, then to accept this Offer you may either:

(a) record your acceptance in the Automic Investor Portal; or

(b) complete, sign and return the accompanying Acceptance Form in accordance with the instructions on it and deliver it or send it by post so that it is received by the Share Registry,

in such time that your instruction can successfully be acted on or before the end of the Offer Period.

For personal use only

Recording your acceptance of the Offer through the Automic Investor Portal

4.6 The Automic Investor Portal can be accessed at https://investor.automic.com.au/#/home. To accept the Offer via the Automic Investor Portal:

(a) click "Register" then select "Metallica Minerals Takeover Offer" from the dropdown list in the Issuer Name Field;

(b) enter your Holder Number (HIN or SRN) as shown on the top of your holding statement;

(c) enter your postcode OR country of residence (only if outside Australia);

(d) tick the box "I'm not a robot" and then select "Next" ;

(e) complete the prompts to set up your username and password details; and

(f) once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.

If you are a Controlling Participant

4.7 If you are a Controlling Participant, initiate acceptance under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

Mailing and delivery addresses

The mailing and delivery addresses for completed Acceptance Forms are as follows.

The mailing address is:

Automic Registry Services
Metallica Minerals Limited Takeover
GPO Box 5193
Sydney NSW 2001

Alternatively you may deliver the Acceptance Form and any associated documents to:

Automic Registry Services
Metallica Minerals Limited Takeover
Level 5, 126 Phillip Street
Sydney, New South Wales

Acceptance Form

4.8 The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer for your Metallica Shares.

Power of attorney, deceased estate

4.9 When accepting this Offer, you must also forward for inspection:

(a) if the Acceptance Form is signed by an attorney, the power of attorney; and

(b) if the Acceptance Form is signed by the executor of a will or the administrator of the estate of a deceased Metallica Shareholder, the relevant grant of probate or letters of administration.

For personal use only

When acceptance is complete

4.10 Acceptance of this Offer will not be complete until the completed acceptance has been received at or via one of the addresses or methods described above and the requirements of this clause have been met, provided that:

(a) Diatreme may in its sole discretion waive any or all of those requirements at any time; and

(b) where those requirements have been complied with for some but not all of your Metallica Shares, Diatreme may, in its sole discretion, deem your acceptance of this Offer complete in respect of those Metallica Shares for which the requirements have been complied with but not in respect of the remainder.

4.11 If your Acceptance Form is returned by post it must be received before the end of the Offer Period.

5 Issue of Offer Consideration

When Offer Consideration is issued

5.1 Subject to the Offer Terms and the Corporations Act, if you accept the Offer and all of the Conditions are fulfilled or waived, Diatreme will procure that the Offer Consideration is issued to you for your Metallica Shares under the Offer at the earlier of:

(a) one month after the date you accept the Offer or if at the time of your acceptance the Offer is subject to a Condition, one month after the Offer becomes unconditional; or

(b) 21 days after the end of the Offer.

Allotment of Diatreme Shares

5.2 The obligation of Diatreme to issue and allot any Diatreme Shares to which you are entitled will be satisfied by Diatreme:

(a) entering your name on the register of members of Diatreme; and

(b) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in the Diatreme register of members at 7.00pm (Sydney time) on the Register Date, an uncertified holding statement in your name. If your Metallica Shares are held in joint name, an uncertified holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Metallica's register of members at 7.00pm (Sydney time) on the Register Date.

Payments to Ineligible Foreign Shareholders and Small Parcel Holders

5.3 If you accept the Offer and you are an Ineligible Foreign Shareholder or Small Parcel Holder:

(a) Diatreme will arrange for the issue to the Nominee of the number of Diatreme Shares to which you and all other Ineligible Foreign Shareholders and Small Parcel Holders would have been entitled under the Offer but for clause 2.2 of this Schedule 1;

(b) Diatreme will cause the Nominee to offer for sale the Diatreme Shares as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee (at the risk of the Ineligible Foreign Shareholders and Small Parcel Holders);

For personal use only

(c) Diatreme will cause the Nominee to pay to you the amount calculated under the following formula:

$$\frac{\text{Net Proceeds of Sale x Your Diatreme Shares}}{\text{Total Nominee Diatreme Shares}}$$

where:

(i) **Net Proceeds of Sale** means the amount which is received by the Nominee upon the sale of all Diatreme Shares under this clause 5.3 less brokerage and other sale expenses;

(ii) **Your Diatreme Shares** means the number of Diatreme Shares which would, but for clause 2.2 of this Schedule 1, have been issued to you under the Offer;

(iii) **Total Nominee Diatreme Shares** means the total number of Diatreme Shares issued to the Nominee under this clause 5.3;

(d) you will be paid your share of the proceeds of this sale in Australian currency;

(e) payment will be made by cheque posted to you at your risk at the last address provided to Diatreme by Metallica by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail; and

(f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Withholding

5.4 If any amount is required under any Australian law or by any Regulatory Authority to be withheld from any Offer Consideration otherwise payable to you under the Offer and paid to a Regulatory Authority, or retained by Diatreme out of any consideration otherwise payable to you under the Offer, the payment or retention by Diatreme of that amount will constitute full discharge of Diatreme's obligation to pay that amount of Offer Consideration to you.

Where additional documents are required

5.5 Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney), if the documents are given:

(a) with your acceptance, Diatreme will provide the consideration in accordance with clause 5.1 of this Schedule 1;

(b) after acceptance and before the end of the Offer Period and the Offer is subject to a Condition at the time that Diatreme is given the documents, Diatreme will provide the consideration by the end of whichever period ends earlier:

(i) within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and

(ii) 21 days after the end of the Offer Period;

(c) after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that Diatreme is given the documents, Diatreme will provide the consideration by the end of whichever period ends earlier:

(i) one month after Diatreme is given the document; and

(ii) 21 days after the end of the Offer Period; or

For personal use only

(d) after the end of the Offer Period, Diatreme will provide the consideration within 21 days after the documents are given, but if at the time Diatreme is given the documents, the contract resulting from your acceptance of the Offer is still subject to one or more of the Conditions, Diatreme will provide the consideration within 21 days after that contract becomes unconditional.

5.6 If you do not give Diatreme the required additional documents within one month after the end of the Offer Period, Diatreme may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

Where Diatreme is entitled to any Rights

5.7 If Diatreme becomes entitled to any Rights on acceptance of this Offer, you must give Diatreme all documents that Diatreme needs to give Diatreme title to those Rights. If you do not give those documents to Diatreme, or if you have received the benefit of those Rights, Diatreme will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Diatreme) of those Rights.

Payment to be mailed by cheque

5.8 Payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as agreed by Diatreme) in Australian currency. Cheques will be sent to the address last provided to Diatreme by Metallica by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

Clearances for offshore residents

5.9 If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

6 Conditions of the Offer

Conditions

6.1 This Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the Conditions.

Nature of Conditions

6.2 Each of the Conditions set out in each paragraph and subparagraph of Schedule 2:

(a) constitutes and will be construed as a separate, several and distinct condition;

(b) is a condition subsequent; and

(c) until the expiration of the Offer Period will be for the benefit of Diatreme alone and may be relied upon only by Diatreme.

Conditions apply to multiple events

6.3 Where an event occurs that would mean at the time the event occurs a Condition would not be fulfilled, each Condition affected by that event becomes two separate conditions on identical terms except that:

(a) one of them relates solely to that event; and

(b) the other specifically excludes that event.

For personal use only

6.4 Diatreme may declare the Offer free under clause 6.5 from either of those conditions without declaring it free from the other and may do so at different times. This clause may apply any number of times to a Condition (including a condition arising from a previous operation of this clause).

Effect of breach or non-fulfilment

6.5 The breach or non-fulfilment of any of the Conditions does not prevent a contract arising to acquire your Metallica Shares resulting from your acceptance of this Offer. If at the end of the Offer Period, in respect of any Condition:

(a) Diatreme has not declared the Offers (and they have not become) free from that Condition; or

(b) that Condition has not been fulfilled,

all contracts resulting from the acceptance of the Offers and all acceptances that have not resulted in binding contracts are void. In that case, Diatreme will return the Acceptance Form together with all documents to the address shown in the Acceptance Form.

Diatreme may decide Offer is free from all or any of the Conditions

6.6 Diatreme may at any time at its sole discretion but in compliance with section 650F and section 630(1) of the Corporations Act, declare the Offers and any contract resulting from acceptance of the Offer free from all or any of the Conditions by written notice to Metallica and the ASX:

(a) in the case of the Condition in paragraph 7 of Schedule 2, not later than the third Business Day after the end of the Offer Period; and

(b) in the case of all other Conditions, not less than seven days before the end of the Offer Period.

Date for giving notice on status of Conditions

6.7 The date for giving a notice on the status of the Conditions as required by section 630(1) Corporations Act is the date seven days before the end of the Offer Period, subject to variation under section 630(2) of the Corporations Act if the Offer Period is extended.

Effect of acceptance

6.8 Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, unless:

(a) by the end of the Offer Period, the Conditions have not all been fulfilled or waived in which case, this Offer will automatically terminate; and

(b) the circumstances set out in section 650E of the Corporations Act apply.

6.9 By accepting the Offer in accordance with these Offer Terms, you will be deemed to have:

(a) irrevocably accepted this Offer (and each variation of this Offer) in respect of all your Metallica Shares despite any difference between that number and the number of Metallica Shares shown in the Acceptance Form;

(b) irrevocably authorised Diatreme to alter the Acceptance Form on your behalf by:

(i) inserting correct details of your Metallica Shares;

(ii) filling in any blanks remaining on the Acceptance Form; and

For personal use only

(iii) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Metallica Shares to Diatreme;

(c) represented and warranted to Diatreme, as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to Diatreme:

(i) you have paid to Metallica all amounts which are due for payment for your Metallica Shares;

(ii) all of your Metallica Shares are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and

(iii) you have full power and capacity to sell and transfer those Metallica Shares;

(d) granted to Diatreme and each of its Directors power of attorney to sign any document or do any thing on your behalf necessary to cause Metallica to issue a replacement share certificate for those Metallica Shares;

(e) agreed to:

(i) do anything necessary to ratify any act taken or purported to be taken by Diatreme or any of its Directors under the power of attorney granted by clause 6.9(d) of this Schedule 1; and

(ii) indemnify Diatreme and each of its Directors in respect of that act;

(f) on this Offer or any takeover contract becoming unconditional, until the earlier of the withdrawal of your acceptance under section 650E of the Corporations Act or the end of the Offer Period, irrevocably appointed Diatreme or any nominee of Diatreme as your attorney to exercise all your powers and rights attaching to your Metallica Shares including (without limitation) to requisition, convene, attend and vote at all general meetings of Metallica or appoint a proxy or proxies to attend and vote on your behalf at that meeting, where the passing or defeat of any resolution before the meeting might adversely affect the likelihood of the Offer being successful and to do so in a way which would prevent that effect arising;

(g) on this Offer or any takeover contract becoming unconditional, irrevocably appointed Diatreme or any nominee of Diatreme as your attorney to exercise all your powers and rights attaching to your Metallica Shares including (without limitation):

(i) to requisition, convene, attend and vote at all general meetings of Metallica or appoint a proxy or proxies to attend and vote on your behalf at that meeting; and

(ii) sign all documents and resolutions relating to your Metallica Shares, and generally to exercise all powers and rights which you may have as a Metallica Shareholder and perform actions as may be appropriate to vest good title in your Metallica Shares in Diatreme;

(h) agreed that in exercising the powers conferred by the power of attorney in clause 6.9(f) of this Schedule 1, Diatreme is entitled to act in the interests of Diatreme;

(i) agreed not to attend or vote in person at any general meeting of Metallica or to exercise or purport to exercise any of the powers conferred on Diatreme or its nominee in clause 6.9(f) of this Schedule 1;

For personal use only

(j) agreed to accept the Diatreme Shares, to which you have become entitled by acceptance of this Offer, subject to the constitution of Diatreme and have authorised Diatreme to place your name on the register of members for those Diatreme Shares; and

(k) if your Metallica Shares are in a CHESS Holding and you sign and return the Acceptance Form, irrevocably authorised Diatreme:

(i) to instruct your Controlling Participant to initiate acceptance of this Offer for your Metallica Shares under the ASX Settlement Operating Rules; and

(ii) to give any other instructions in relation to your Metallica Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and that Controlling Participant;

(l) subject to all the Conditions being fulfilled or waived, irrevocably authorised Diatreme (and any nominee) to transfer ownership of your Metallica Shares, including transmitting a message in accordance with rule 14.17 of the ASX Settlement Operating Rules to transfer your Metallica Shares to Diatreme's Takeover Transferee Holding, or transfer of your Issuer Sponsored Holding by master transfer, regardless of whether Diatreme has issued or paid the consideration due to you under the Offer;

(m) agreed, subject to the Conditions being fulfilled or waived (even though Diatreme has not yet paid the consideration due to you under the Offer), to execute all such documents, transfers and assurances, and do all such acts, matters and things that Diatreme may consider necessary or desirable to convey your Metallica Shares registered in your name and Rights to Diatreme.

Withdrawal

6.10 Diatreme may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

Variation

6.11 Diatreme may vary this Offer in accordance with the Corporations Act.

7 Acceptances by transferees and nominees

Who may accept the Offer

7.1 During the Offer Period:

(a) any person who is able to give good title to a parcel of Metallica Shares may accept (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to that person; and

(b) any person who holds one or more parcels of Metallica Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:

(i) each of those parcels; and

(ii) any parcel they hold in their own right.

Holding shares

7.2 A person is taken to hold Metallica Shares if the person is the holder of those Metallica Shares.

For personal use only

Holding shares on trust or as a nominee

7.3 A person is taken to hold Metallica Shares on trust for, as nominee for, or on account of, another person if that person:

(a) is entitled to be registered as the holder of Metallica Shares; and

(b) holds the interest in the Metallica Shares on trust for, as nominee for, or on account of, that other person.

Effective acceptance

7.4 An acceptance of an Offer under clause 7.1(b) of this Schedule 1 is ineffective unless:

(a) the person who holds on account of another person, gives that other person written notice stating that the Metallica Shares consist of a separate parcel; and

(b) the acceptance specifies the number of Metallica Shares in that parcel.

Notice of acceptance

7.5 A notice under clause 7.4(a) of this Schedule 1 must be made in writing.

7.6 A person may, at the one time, accept for two or more parcels under clause 7.6 of this Schedule 1 as if there had been a single offer for a separate parcel consisting of those parcels.

8 Other matters

Notices and other communications

8.1 Subject to the Corporations Act, a notice or other communication given by Diatreme to you in connection with this Offer is deemed to be duly given if it is in writing and:

(a) is delivered at your address as recorded on the register of members of Metallica last supplied to Diatreme; and

(b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at that address.

Return of documents

8.2 If:

(a) this Offer is withdrawn after your Acceptance Form has been sent to Diatreme, but before it has been received; or

(b) for any other reason Diatreme does not acquire the Metallica Shares to which your Acceptance Form relates,

Diatreme will procure that your Acceptance Form together with all other documents provided by you with the Acceptance Form, are destroyed.

9 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Offers and all transfer duty payable for a transfer of Metallica Shares for which Offers are accepted, will be paid by Diatreme.

For personal use only

10 Official quotation of Diatreme Shares

10.1 Diatreme has been admitted to the official list of ASX and shares of the same class as those to be issued as consideration under the Offer have been granted official quotation by ASX.

10.2 An application was made on the date of this Bidder's Statement to ASX for the granting of official quotation of the Diatreme Shares to be issued. However, official quotation is not granted automatically on application.

10.3 In accordance with section 625(3) of the Corporations Act, the Offer and any contract that results from your acceptance of it is subject to the further condition that:

(a) an application is made to the ASX within seven days of the start of the Offer Period for admission to official quotation by the ASX of the Diatreme Shares to be issued under the Offer; and

(b) permission for admission to official quotation by the ASX of the Diatreme Shares to be issued under the Offer is granted no later than seven days after the end of the Offer Period.

This condition is not a defeating condition for the purposes of the Corporations Act and is not of the same nature as the Conditions. The Offer cannot be freed of this condition and subsequently no statements made by Diatreme can be taken to waive this condition. If this condition is not fulfilled, any contract resulting from your acceptance of the Offer will be automatically void.

10.4 Diatreme cannot guarantee, and does not represent or imply, that Diatreme Shares will be listed on the ASX following their issue.

11 Governing law

11.1 This Offer and any contract resulting from your acceptance of this Offer are governed by the laws of Queensland.

For personal use only

Schedule 2

Conditions of the Offer

1 Minimum acceptance

Before the end of the Offer Period, Diatreme has a Relevant Interest in at least 50.1% of Metallica Shares (by number).

2 Listing Rule 10.1 Condition

Before the end of the Offer Period, Diatreme having received:

(a) the approval of Diatreme Shareholders for the purpose of Listing Rule 10.1 for the acquisition of the Metallica Shares held by Ilwella and Sibelco Asia Pacific (and issue of the Offer Consideration for each Metallica Share held by Ilwella and Sibelco Asia Pacific, to Ilwella and Sibelco Asia Pacific as consideration under the Offer) (**Listing Rule 10.1 Approval**);

(b) a waiver from ASX to permit the acquisition by Diatreme of the Metallica Shares held by Ilwella and Sibelco Asia Pacific (and issue of the Offer Consideration for each Metallica Share held by Ilwella and Sibelco, to Ilwella and Sibelco as consideration under the Offer) without first obtaining the Listing Rule 10.1 Approval; or

(c) a notice or confirmation from ASX that Diatreme is not required to obtain the Listing Rule 10.1 Approval,

and the Listing Rule 10.1 Approval, or the waiver, notice or confirmation from ASX (as applicable) remains in full force and effect, has not expired under the Listing Rules at the end of the Offer Period, and Diatreme has not received notice to the contrary.

3 Release of the Standstill Undertaking

Before the end of the Offer Period:

(a) Diatreme receives:

(i) written consent from Metallica under the standstill provision of the Confidentiality Deed to the acquisition of Metallica Shares under the Offer; or

(ii) a written confirmation, release or waiver, as the case may be, from Metallica that the provisions of the Confidential Deed will not be breached by reason of Diatreme acquiring any Metallica Shares under the Offer; or

(b) the Takeovers Panel makes orders and declarations that Diatreme is no longer restrained under the Confidentiality Deed from acquiring Metallica Shares under the Offer.

4 Metallica Options

Before the end of the Offer Period:

(a) each Metallica Option has expired;

(b) each Metallica Option has been exercised by the holder or has otherwise converted into a Metallica Share; or

For personal use only

(c) each holder of a Metallica Option has agreed in writing with Diatreme to:

(i) forfeit the Metallica Option;

(ii) transfer the Metallica Option to Diatreme; or

(iii) exchange the Metallica Option for similar securities in Diatreme in consideration for the cancellation or forfeiture of the Metallica Option.

5 FIRB condition

Before the end of the Offer Period:

(a) Diatreme is not required to obtain from the Treasurer (or the Treasurer's delegate) under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) a written notice stating that, or to the effect that, the Australian Commonwealth Government does not object to Diatreme acquiring all the Metallica Shares under the Offer (**FIRB Approval**);

(b) if Diatreme is required to obtain FIRB Approval, the Treasurer (or the Treasurer's delegate) has provided the FIRB Approval without condition (other than the conditions set out in the list of 'standard' tax conditions set out in Section D of FIRB Guidance 12 – Tax Conditions dated 9 July 2021); or

(c) by reason of the elapse of time, the Treasurer (and each of the Treasurer's delegates) ceases to be empowered to make any order or decision under Division 2 of Part 3 of the FATA in respect of the acquisition of all the Metallica Shares under by Diatreme under the Offer.

6 No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

(a) no preliminary or final decision, order or direction is made or issued by any Regulatory Authority (other than any FIRB Approval);

(b) no action, proceeding or investigation is announced, commenced or threatened by any Regulatory Authority; and

(c) no application is made to any Regulatory Authority (other than by Diatreme or any associate of Diatreme),

in consequence of or in connection with the Offer which restrains, prohibits, impedes or otherwise adversely affects the making of the Offer, the acquisition of the Metallica Shares by Diatreme, the rights of Diatreme in respect of the Metallica and the Metallica Shares or materially restrains, prohibits, impedes or otherwise adversely affects the continued operation of the businesses of any Metallica Group Member (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act).

7 No prescribed occurrences

Between the Announcement Date and the date that is three Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences happen:

(a) Metallica converts all or any of its shares into a larger or smaller number of shares;

(b) any Metallica Group Member resolves to reduce its share capital in any way;

For personal use only

(c) any Metallica Group Member:

(i) enters into a buy-back agreement; or

(ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or s257D(1) of the Corporations Act;

(d) any Metallica Group Member:

(i) issues shares;

(ii) grants an option over shares; or

(e) agrees to make such an issue or grant such an option,

in each case to a person other than a Metallica Group Member, other than in respect of the issue of any Metallica Shares following the exercise or conversion of any Metallica Options that Metallica has publicly disclosed the existence of before the Announcement Date;

(f) any Metallica Group Member:

(i) issues securities or other instruments convertible into shares or debt securities; or

(ii) agrees to issue securities or other instruments convertible into shares or debt securities,

in each case to a person other than a Metallica Group Member;

(g) any Metallica Group Member disposes of, or agrees to dispose of, the whole or a substantial part of its business or property;

(h) any Metallica Group Member charges, or agrees to charge, the whole or a substantial part of its business or property;

(i) any Metallica Group Member resolves that it be wound up;

(j) the making of an order by a court for the winding up of any Metallica Group Member;

(k) any Metallica Group Member executing a deed of company arrangement;

(l) the appointment of a liquidator or provisional liquidator of any Metallica Group Member;

(m) an administrator of any Metallica Group Member being appointed under sections 436A, 436B or 436C of the Corporations Act; and

(n) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of any Metallica Group Member.

8 No regulated event

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following events happen:

(a) any Metallica Group Member makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);

For personal use only

(b) any Metallica Group Member:

(i) materially increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;

(ii) accelerates the rights of any of its directors or employees to compensation or benefits of any kind; or

(iii) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract which, at the Announcement Date of this document, is in place and the details of which have been publicly disclosed by a Metallica Group Member),

other than in the ordinary course of business, as a result of contracted arrangements that are consistent with past practice and in effect before the Announcement Date;

(c) any Metallica Group Member:

(i) enters into any contract or commitment involving revenue or expenditure by the Metallica Group of more than $500,000 over the term of the contract or commitment;

(ii) terminates or amends in a material manner any contract material to the conduct of the Metallica Group's business or which involves revenue or expenditure of more than $500,000 over the term of the contract;

(iii) waives any material third party default where the financial impact on the Metallica Group will be in excess of $500,000; or

(iv) accepts a settlement or compromise of a material matter (relating to an amount in excess of $500,000) for less than the full compensation due to the Metallica Group;

(d) any Metallica Group Member does any of the following in respect of any CFS Tenement which any Metallica Group Member holds or has any right title or interest in:

(i) relinquishes, sells or disposes of any interest or creates any Encumbrance over any of the CFS Tenements;

(ii) takes any action or omits to take any action that results in or may reasonably be expected to result in a breach of the terms any of the CFS Tenements or any environmental authority relating to any of the CFS Tenements; or

(iii) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the CFS Tenements or any environmental authority relating to any of the CFS Tenements;

(e) any Metallica Group Member varies or waives its rights in any materially adverse respect, or terminates, cancels, surrenders, forfeits or allows to lapse or expire (without renewal on terms and conditions that are no less favourable to the Metallica Group) any material licence, lease or Authorisation (including a CFS Tenement) (or a number of licences, leases or Authorisations (including CFS Tenements) which, when taken together, are material to the conduct of the business of the Metallica Group as a whole);

(f) any Metallica Group Member enters into a transaction or arrangement which, if completed, would result in a Third Party being entitled to, acquire any legal, beneficial or economic interest in production from the Metallica Group Member's current or future operations or right to sell or market production (other than an agreement with Diatreme);

For personal use only

(g) any Metallica Group Member commencing business activities not already carried out as at the Announcement Date, whether by way of acquisition or otherwise other than in the ordinary course of business;

(h) any Metallica Group Member enters into or agrees to enter into any agreement, contract, lease, joint venture, partnership, farm-in agreement, management agreement, royalty agreement, marketing agreement, off-take agreement or other arrangement or instrument (including a commitment to contribute to exploration, appraisal, development or other costs and expenditure if a call or other demand is made upon it), which:

(i) materially affects the ability of any Metallica Group Member to freely market its share of the resource from the CFS Tenements;

(ii) imposes obligations or liabilities on any Metallica Group Member of at least $500,000; or

(iii) restricts the ability of any Metallica Group Member or any person who controls Metallica from engaging in or competing with any business in any place;

(i) any Metallica Group Member increasing the aggregate level of its borrowings by any amount or entering into any swap, option, futures contract, forward commitment or other derivative transaction;

(j) any Metallica Group Member gives or agrees to give any Encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;

(k) any Metallica Group Member postpones the payment of trade creditors or accelerates the collection of trade debtors, in each case having regard to the policies applied for such payment and collection in the 12 months prior to the Announcement Date other than in the ordinary course of business;

(l) any Metallica Group Member undertakes or agrees to undertake capital expenditure in excess of $100,000 in aggregate;

(m) any Metallica Group Member provides financial accommodation (irrespective of what form of financial indebtedness that accommodation takes) in excess of $100,000;

(n) any Metallica Group Member takes or omits to take action which results in a breach of law material to the Metallica Group Member;

(o) any Metallica Group Member, adopts a new constitution or modifies or repeals its constitution or a provision of it;

(p) any Metallica Group Member enters into or resolves to enter into a transaction with any related party of Metallica as defined in section 228 of the Corporations Act; or

(q) any Metallica Group Member does anything that results in a taxable gain for the Metallica Group by either causing a subsidiary to cease being a subsidiary of Metallica or causing Metallica, or a subsidiary of Metallica to cease being a consolidated group,

other than an event:

(r) as reasonably required by applicable law or by any Regulatory Authority; or

(s) as disclosed in an announcement by Metallica to ASX, or publicly available document lodged with ASIC, in the 12 months prior to the Announcement Date.

For personal use only

9 No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no occurrence of an event, change, condition, matter or thing, or disclosure or announcement of information by any Metallica Group Member, or that becomes known to Diatreme, concerning any such event, change, condition matter or thing (each a Specified Event) which, whether individually or when aggregated with all such Specified Events:

(a) diminishes or could reasonably be expected to diminish:

(i) Metallica's JORC Code compliant Mineral Resources estimate in respect of the Cape Flattery Silica Project by 10% or more from the position publicly disclosed by Metallica prior to the Announcement Date; or

(ii) the consolidated net assets of the Metallica Group by 10% or more (by reference to the consolidated net assets contained in Metallica's audited financial statements for the financial year ended 30 June 2023);

(b) have a material effect on the CFS Tenements, including the status or terms of (or rights attaching to) the CFS Tenements, or the ability of the owner of the CFS Tenements to exploit them;

(c) has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Metallica Group taken as a whole;

other than any Specified Event that arises from or in connection with:

(d) the Offer;

(e) facts and circumstances disclosed in an announcement by Metallica to the ASX, or a publicly available document lodged with ASIC, in the 12 months prior to the Announcement Date;

(f) a change on or after the Announcement Date in:

(i) Australian or international economic conditions, credit markets, or capital markets (including changes in interest rates);

(ii) the industry in which Metallica operates;

(iii) laws (including any statute, ordinance, rule, regulation, the common law and equitable principles) or the interpretation, application or non-application of any laws by any Regulatory Authority; or

(iv) Accounting Standards;

(g) any war, act of terrorism, civil unrest or similar event occurring on or after the Announcement Date;

(h) any act of God, lightning, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide, adverse weather conditions occurring on or after the Announcement Date;

(i) the portion of any event, matter change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which the Metallica Group's insurers have agreed to pay; or

(j) costs and expenses associated with the Offer,

For personal use only

provided that, in the case of exceptions paragraphs9(c), 9(g) and 9(h), such Specified Event does not affect Metallica in a manner that is materially disproportionate to the effect on other companies of a similar size operating in the same industry as Metallica and, for the avoidance of doubt, in the event Metallica is affected materially disproportionately by such Specified Event, the financial impact of such Specified Event will be taken into account for the purposes of this definition only to the extent that the financial impact on Metallica is in excess of the proportionate financial impact of the Specified Event on other companies of a similar size operating in the same industry as Metallica.

10 No materially inaccurate public information

Between the Announcement Date and the end of the Offer Period (each inclusive), neither of the following occurs:

(a) Diatreme becomes aware; or

(b) Metallica publicly discloses (whether in an announcement to ASX or in its Target's Statement (or a Supplementary Target's Statement)),

that:

(c) any document filed or lodged by or on behalf of any Metallica Group Member with ASX or ASIC:

  (i) contains a statement which is incorrect or misleading in any material respect; or

  (ii) from which there is a material omission; or

(d) without limiting paragraph (c) above:

  (i) Metallica's JORC Code compliant Mineral Resources estimates in respect of the Cape Flattery Silica Project; or

  (ii) any financial result or metric stated in an annual report or half-year report in respect of the Metallica Group,

  that was filed or lodged by or on behalf of a Metallica Group Member with ASX or ASIC was materially misstated.

11 No exercise of rights under certain agreements or arrangements

If between the Announcement Date and the end of the Offer Period (each inclusive) any person:

(a) is entitled to exercise, or will as a result of the Offer, the acquisition of Metallica Shares by Diatreme, or removal of Metallica from the official list of ASX if the Offer is successful become entitled to exercise; or

(b) purports to exercise, states an intention to exercise (whether or not that intention is stated to be a final decision), or asserts the ability to exercise,

any right under any provision of any agreement or other arrangement to which any Metallica Group Member is a party or to which any Metallica Group Member or any of its assets or businesses may be subject, which results in, or could result in:

(c) any moneys borrowed by a Metallica Group Member being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date provided for in such agreement or arrangement;

For personal use only

(d) any such agreement or arrangement that imposes or may impose obligations or liabilities on any party of more than $500,000 in total or that is otherwise material to the business of the Metallica Group being terminated or modified or not renewed or the performance of any obligations under any such agreement or arrangement being accelerated; or

(e) any assets of any member of the Metallica Group, including any interest of any Metallica Group Member in any body corporate, trust, joint venture or other entity, being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions, or any contractual arrangement relating to any such asset or interest, being terminated or modified,

that person gives the relevant Metallica Group Member and Diatreme in writing a binding, irrevocable and unconditional release or waiver of that right.

12 No material acquisitions, disposals or commitments

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following events occurs, are announced or become known to Diatreme:

(a) any Metallica Group Member acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than $500,000, other than in the ordinary course of business;

(b) any Metallica Group Member disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest therein) for an amount, or in respect of which the book value is, in aggregate, greater than $500,000, other than in the ordinary course of business; and

(c) any Metallica Group Member enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, management agreement or commitment which would require expenditure, or the foregoing of revenue, by any Metallica Group Member of an amount which is, in aggregate, more than $500,000, other than in the ordinary course of business.

13 No Competing Proposal

Between the Announcement Date and the end of the Offer Period (each inclusive), no Competing Proposal is made or announced by a Third Party or is otherwise received by Metallica.

14 Minimum bid price

No requirement arises under section 621(3) of the Corporations Act (as modified by ASIC Instrument 2015/1068) to increase the Offer Consideration as a result of a fall in the value of a Diatreme Share after the Announcement Date.

For personal use only

Schedule 3

Diatreme announcements to ASX since 1 July 2023.

Date	Announcement
27 March 2024	Update on conditions to takeover bid for MLM
21 March 2024	Diatreme advances EIS and port planning for NSP
14 March 2024	Full Year Statutory Accounts
13 March 2024	Presentation to Brisbane Mining Investor Conference
27 February 2024	Update in relation to takeover bid for MLM
26 February 2024	Update on preliminary conditions to takeover bid for MLM
23 February 2024	Update in relation to takeover bid for MLM
19 February 2024	MLM: Diatreme Intention to make takeover Offer for Metallica
16 February 2024	Conditional intention to make a takeover bid for MLM
30 January 2024	Quarterly Activities Report
30 January 2024	Appendix 5B Cash Flow Report
15 January 2024	Diatreme NSP declared a Coordinated Project
3 January 2024	Becoming a substantial holder
6 December 2023	New Maiden 91.7Mt Silica Resource Western Resource Area
20 November 2023	Cooperation agreement signed with Hope Vale Shire Council
16 November 2023	Presentation to Noosa Mining Conference
30 October 2023	Quarterly Activities Report
30 October 2023	Appendix 5B Cash Flow Report
17 October 2023	Sibelco completes early $24M 2nd tranche investment in JV
9 October 2023	Northern Silica Project development advances
3 October 2023	Presentation at QEC Critical Minerals Investment Showcase
29 August 2023	Half Year Accounts
10 August 2023	Notification regarding unquoted securities - DRX
10 August 2023	Change of Director's Interest Notice
3 August 2023	NSP granted Project of Regional Significance status
27 July 2023	Appendix 5B Cash Flow Report
27 July 2023	Quarterly Activities Report
20 July 2023	Initial Director's Interest Notice
20 July 2023	Appointment of New Director
20 July 2023	Presentation to Noosa Mining Conference
13 July 2023	Offtake MOU for Northern Silica Project
5 July 2023	Further drilling completed at Clermont (EPM17968)

For personal use only

Corporate directory

Company

Diatreme Resources Limited
Unit 8
55-61 Holdsworth Street
COORPAROO QLD 4151
+61 7 3397 2222
www.diatreme.com.au

Directors

Wayne Swan – Non-Executive Chairman
Gregory Starr – Non-Executive Director
Michael Chapman – Non-Executive Director
William Wang – Non-Executive Director
Karalyn Keys – Non-Executive Director

Legal Advisers

McCullough Robertson Lawyers
Level 11
66 Eagle Street
BRISBANE QLD 4000
+61 7 3233 8888
www.mccullough.com.au

Financial Advisers

KPMG Corporate Finance
Level 11
80 Ann Street
BRISBANE QLD 4000
+61 7 3233 3111
www.kpmg.com.au

GRE Capital
C/- 11/232-234 Churchill Avenue
SUBIACO WA 6008

Broker

Morgans Corporate Limited
Level 29
123 Eagle Street
BRISBANE QLD 4000
+61 7 3334 4888
www.morgans.com.au

Share Registry

Automic Registry Services
Level 5
126 Phillip Street
SYDNEY NSW 2000
Australia: 1300 636 752
Overseas: +61 2 8318 7933
www.automicgroup.com.au

For personal use only

Diatreme Resources Limited
ACN 061 267 061

«Registration_Details_Line_1»
«Registration_Details_Line_2»
«Registration_Details_Line_3»
«Registration_Details_Line_4»
«Registration_Details_Line_5»
«Registration_Details_Line_6»

Return your Form:

To Your Controlling Participant:
Return this from directly to your stockbroker

By Mail:
Automic Group
GPO Box 5193
Sydney NSW 2001

For all enquiries:

Phone:
(within Australia) 1300 636 752
(outside Australia) +61 2 8318 7933

Email: hello@automic.com.au

Takeover Acceptance Form – CHESS Sub-register

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period, being 27 May 2024 (unless extended or withdrawn by the Bidder).

For personal use only

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer (**Offer**) by Diatreme Resources Limited ACN 061 267 061 (**Diatreme** or **Bidder**) to purchase all of your fully paid ordinary shares **(Shares**) in Metallica Minerals Limited ACN 076 696 092 (**Metallica**), the terms of which are set out in the Bidder's Statement dated 28 March 2024 as replaced or supplemented (**Bidder's Statement**). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the Metallica shareholding represented by the details printed above and overleaf.

Registration name and Offer details

The consideration for your Shares will be paid to the name(s) as they appear on the Metallica register, as provided to the Bidder. The current address recorded on the Bidder's copy of the Metallica register is printed above and overleaf. If you have recently bought or sold Shares your holding may differ from that shown. If you have already sold all your Shares, do not complete or return this form.

Step 1: Accept the Offer

Only sign and return this form if you wish to accept the Offer for all of your Shares.

As your Shares are in a CHESS Holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want the Bidder to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise the Bidder and Share Registry to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you represent and warrant to the Bidder, as set out in clause 6.9(c) of Schedule 1 of the Bidder's Statement, that both at the time of acceptance and at the time the transfer to the Bidder of your Shares is registered:

- you have paid to Metallica all amounts which are due for payment for your Metallica Shares;
- all of your Metallica Shares are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
- you have full power and capacity to sell and transfer those Metallica Shares.

You should allow sufficient time for your Controlling Participant or the Bidder to initiate the acceptance of the Offer on your behalf. Neither the Bidder nor Share Registry will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

Step 2: Signing instructions

Individual: Where your Shares are in one name, the Metallica Shareholder must sign.

Joint holding: Where your Shares are in more than one name, all of the Metallica Shareholders must sign.

Power of Attorney: Where signing under a Power of Attorney (**POA**), you must attach an original certified copy of the POA to this form.

Companies: Where your Shares are in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

- a sole director and a company secretary OR a sole director (if no company secretary exists), OR
- two directors, OR
- a director and a company secretary.

Overseas companies: Where your Shares are in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Step 3: Contact Details

Entering contact details is not compulsory but will assist us if we need to contact you.

If you have any queries about the terms of the Offer or how to accept, please call the Metallica Offer Information Line (Monday to Friday, between 8.30am and 5.00pm (Sydney time) on 1300 636 752 (within Australia) and +61 2 8318 7933 (outside Australia).

Turn over to complete the form

Acceptance Form

TAKEOVER OFFER FOR SHARES IN METALLICA MINERALS LIMITED

Registered Holder Details

«Registration_Details_Line_1»
«Registration_Details_Line_2»
«Registration_Details_Line_3»
«Registration_Details_Line_4»
«Registration_Details_Line_5»
«Registration_Details_Line_6»

Your Holding

[BARCODE 3 of 9]

Holder Identification Number (HIN):
«HIN»

For your security keep your HIN confidential.

Number of Metallica Shares held as at 7:00pm (Sydney time) on 2 April 2024 (Register Date)

«XXX»

By accepting the Offer for all of your shares, you are accepting the Offer for all of your Shares as recorded by the Bidder as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 1 - Accept the Offer

Option A: Online acceptance (recommended)

Visit https://investor.automic.com.au/#/home

To accept the Offer online, simply scan the barcode to the right with your tablet or visit https://investor.automic.com.au/#/signup on your browser and register.

Please follow these instructions:

1. Select "Metallica Minerals Takeover Offer" from the dropdown list in the Issuer Name Field
2. Enter your Holder Number (HIN) as shown on the top of this letter
3. Enter your postcode OR country of residence (only if outside Australia)
4. Tick the box "I'm not a robot" and then select "Next"
5. Complete the prompts to set up your username and password details

Once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.

Option B: Paper acceptance

This section must be completed if you are NOT accepting the Offer online.

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of all of your Shares. Your form must be received before the Offer closes. **Please ensure you tick the box below.**

☐ **Accept for ALL Shares –** 1.3319 Diatreme Shares for each Metallica Share, subject to the terms and conditions of the Offer, as set out in the Bidder's Statement.

For personal use only

STEP 2 - Signatory of Metallica Shareholder(s)

I/We accept the Offer made by the Bidder for the number of my/our Shares stated above and I/we agree to be bound by the terms and conditions of the Offer and transfer the accepted number of my/our Shares as per the above instruction.

Individual or Metallica Shareholder 1	Individual or Metallica Shareholder 2	Individual or Metallica Shareholder 3
Sole Director and Sole Company Secretary/ Sole Director (cross out titles as applicable)	**Director**	**Director/Company Secretary (cross out titles as applicable)**

STEP 3 - Contact Details

Contact Name:	Contact Daytime Telephone:	Date
		/ /

Privacy Notice

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

Diatreme Resources Limited
ACN 061 267 061

Return your Form:
By Mail
Automic Group
GPO Box 5193
Sydney NSW 2001

For all enquiries:
Phone:
(within Australia) 1300 636 752
(outside Australia) +61 2 8318 7933

Email: hello@automic.com.au

«Registration_Details_Line_1»
«Registration_Details_Line_2»
«Registration_Details_Line_3»
«Registration_Details_Line_4»
«Registration_Details_Line_5»
«Registration_Details_Line_6»

Takeover Acceptance Form – Issuer Sponsored Holders

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period, being 27 May 2024 (unless extended or withdrawn by the Bidder).

For personal use only

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer (**Offer**) by Diatreme Resources Limited ACN 061 267 061 (**Diatreme** or **Bidder**) to purchase all of your fully paid ordinary shares (**Shares**) in Metallica Minerals Limited ACN 076 696 092 (**Metallica**), the terms of which are set out in the Bidder's Statement dated 28 March 2024 as replaced or supplemented (**Bidder's Statement**). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to your Shares represented by the details printed above and overleaf.

Registration name and Offer details

The consideration for your Shares will be paid to the name(s) as they appear on the Metallica register, as provided to the Bidder. The current address recorded on the Bidder's copy of the Metallica register is printed above and overleaf. If you have recently bought or sold Shares your holding may differ from that shown. If you have already sold all your Shares, do not complete or return this form.

Step 1: Accept the Offer

Only sign and return this form if you wish to accept the Offer for all of your Shares.

By signing this form, you represent and warrant to the Bidder, as set out in clause 6.9(c) of Schedule 1 of the Bidder's Statement, that both at the time of acceptance and at the time the transfer to the Bidder of your Shares is registered:

- you have paid to Metallica all amounts which are due for payment for your Metallica Shares;
- all of your Metallica Shares are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
- you have full power and capacity to sell and transfer those Metallica Shares.

Step 2: Signing instructions

Individual: Where your Shares are in one name, the Metallica Shareholder must sign.

Joint holding: Where your Shares are in more than one name, all of the Metallica Shareholders must sign.

Power of Attorney: Where signing under a Power of Attorney (**POA**), you must attach an original certified copy of the POA to this form.

Companies: Where your Shares are in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

- a sole director and a company secretary OR a sole director (if no company secretary exists), OR
- two directors, OR
- a director and a company secretary.

Overseas companies: Where your Shares are in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Step 3: Contact Details

Entering contact details is not compulsory but will assist us if we need to contact you.

If you have any queries about the terms of the Offer or how to accept, please call the Metallica Offer Information Line (Monday to Friday, between 8.30am and 5.00pm (Sydney time) on 1300 636 752 (within Australia) and +61 2 8318 7933 (outside Australia).

Turn over to complete the form

Acceptance Form

TAKEOVER OFFER FOR SHARES IN METALLICA MINERALS LIMITED

Registered Holder Details

«Registration_Details_Line_1»
«Registration_Details_Line_2»
«Registration_Details_Line_3»
«Registration_Details_Line_4»
«Registration_Details_Line_5»
«Registration_Details_Line_6»

Your Holding

[BARCODE 3 of 9]

Securityholder Reference Number (SRN):
«SRN»

For your security keep your SRN confidential.

Number of Metallica Shares held as at 7:00pm (Sydney time) on 2 April 2024 (Register Date)

«XXX»

By accepting the Offer for all of your Shares, you are accepting the Offer for all of your Shares as recorded by the Bidder as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 1 - Accept the Offer

Option A: Online acceptance (recommended)

Visit https://investor.automic.com.au/#/home

To accept the Offer online, simply scan the barcode to the right with your tablet or visit https://investor.automic.com.au/#/signup on your browser and register.

Please follow these instructions:

1. Select "Metallica Minerals Takeover Offer" from the dropdown list in the Issuer Name Field
2. Enter your Holder Number (SRN) as shown on the top of this letter
3. Enter your postcode OR country of residence (only if outside Australia)
4. Tick the box "I'm not a robot" and then select "Next"
5. Complete the prompts to set up your username and password details

Once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.

Option B: Paper acceptance

This section must be completed if you are NOT accepting the Offer online.

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of all of your Shares. Your form must be received before the Offer closes. **Please ensure you tick the box below.**

☐ **Accept for ALL Shares –** 1.3319 Diatreme Shares for each Metallica Share, subject to the terms and conditions of the Offer, as set out in the Bidder's Statement.

For personal use only

STEP 2 - Signatory of Metallica Shareholder(s)

I/We accept the Offer made by the Bidder for the number of my/our Shares stated above and I/we agree to be bound by the terms and conditions of the Offer and transfer the accepted number of my/our Shares as per the above instruction.

Individual or Metallica Shareholder 1	Individual or Metallica Shareholder 2	Individual or Metallica Shareholder 3
Sole Director and Sole Company Secretary/ Sole Director (cross out titles as applicable)	**Director**	**Director/Company Secretary (cross out titles as applicable)**

STEP 3 - Contact Details

Contact Name:	Contact Daytime Telephone:	Date
		/ /

Privacy Notice

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

DIATREME Resources

First Supplementary Bidder's Statement

in relation to the Offer by

DIATREME RESOURCES LIMITED

ACN 061 267 061

to purchase all of your ordinary shares in

Metallica Minerals Limited

ACN 076 696 092

for 1.3319 Diatreme Shares for each Metallica Share that you own

For personal use only

This document is important and requires your immediate attention.

If you are in any doubt about how to deal with this document or the Offer, you should contact your legal, financial or other professional adviser as soon as possible.

+61 7 3397 2222

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

diatreme.com.au

First Supplementary Bidder's Statement

1 Introduction and important notices

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the first supplementary bidder's statement (**First Supplementary Bidder's Statement**) issued by Diatreme Resources Limited ACN 061 267 061 (**Diatreme**) in relation to its off-market takeover bid for all the ordinary shares in Metallica Minerals Limited ACN 076 696 092 (**Metallica**).

This First Supplementary Bidder's Statement supplements, and should be read together with, Diatreme's bidder's statement dated 28 March 2024 (**Original Bidder's Statement**).

Unless the context requires otherwise, terms defined in the Original Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement.

A copy of this First Supplementary Bidder's Statement was lodged with ASIC on 10 April 2024. Neither ASIC nor any of its officers takes any responsibility for the content of this First Supplementary Bidder's Statement.

2 Institutional Acceptance Facility

Section 1.4 of the Original Bidder's Statement states that Diatreme reserves the right to introduce an institutional acceptance facility in respect of the Offer.

Diatreme has now established an institutional acceptance facility under which sophisticated or professional investors (within the meaning of section 708 of the Corporations Act) that hold or beneficially own at least 20,000,000 Metallica Shares (**Eligible Institutional Shareholders**) can lodge Acceptance Forms to an institutional facility agent with directions to the institutional facility agent to accept the Offer when all Conditions are or capable of being fulfilled or waived (**Acceptance Facility**). Metallica Shareholders who are not Eligible Institutional Shareholders will not be able to participate in the Acceptance Facility.

Diatreme encourages all Metallica Shareholders to accept the Offer without delay but recognises there may be certain Metallica Shareholders who may be unable or unwilling to accept the Offer (for example, by reason of their investment mandates) until the Offer becomes or is declared unconditional. The Acceptance Facility has therefore been established to provide Eligible Institutional Shareholders with the ability to register their support for the Offer and their intention to accept the Offer before the Offer becomes or is or capable of being declared unconditional.

Diatreme has appointed Automic Markets Pty Ltd ABN 54 137 305 527 AFSL No. 517703 to act as acceptance facility agent and operator in relation to the Acceptance Facility (**Facility Operator**).

Before making a decision whether or not to participate in the Acceptance Facility, Eligible Institutional Shareholders are encouraged to consult with their financial, legal or other professional adviser.

For personal use only

For personal use only

In summary, the Acceptance Facility will operate in the following way:

(a) An Eligible Institutional Shareholder who wishes to participate in the Acceptance Facility must provide to the Facility Operator duly completed and executed documentation appointing the Facility Operator as the acceptance facility collection agent, together with a signed Acceptance Form and/or direction to its custodian, nominee or trustee (**Custodian Direction**), if applicable, to accept the Offer (each, **Acceptance Instructions**).

(b) The Facility Operator will hold the Acceptance Instructions as an acceptance collection agent only and will not acquire a Relevant Interest in any of the Metallica Shares that are the subject of the Acceptance Instructions. Whilst Acceptance Instructions lodged with the Facility Operator will demonstrate the intention of the relevant Eligible Institutional Shareholder to accept the Offer, they will not constitute acceptances of the Offer while they are held by the Facility Operator.

(c) Eligible Institutional Shareholders who lodge Acceptance Instructions with the Facility Operator will have directed the Facility Operator to deliver the Acceptance Instructions as formal acceptances of the Offer once Diatreme provides written notice (**Confirmation Notice**) to the Facility Operator that:

    (i) Diatreme has declared the Offer free of all Conditions; or

    (ii) Diatreme will declare the Offer free of all Conditions no later than the time that all Acceptance Instructions received under the Acceptance Facility are validly processed or implemented (as appropriate).

(d) Diatreme will not provide the Confirmation Notice to the Facility Operator unless the Minimum Acceptance Precondition has been satisfied. For this purpose, the **Minimum Acceptance Precondition** is that the sum of:

    (i) the number of Metallica Shares in which Diatreme has a Relevant Interest; and

    (ii) the number of Metallica Shares in respect of which Acceptance Instructions have been received under the Acceptance Facility (as advised by the Facility Operator to Diatreme),

    is at least 50.1% of Metallica Shares (by number); and

    (iii) the Offer is otherwise unconditional.

(e) Immediately after the Facility Operator receives a Confirmation Notice from Diatreme, the Facility Operator must deliver:

    (i) the Acceptance Forms to Diatreme or the Share Registry in accordance with the instructions on the relevant Acceptance Forms; and

    (ii) all Custodian Directions to the relevant custodians, nominees or trustees.

(f) Diatreme is under no obligation to provide a Confirmation Notice to the Facility Operator.

(g) Eligible Institutional Shareholders retain all Rights in relation to, and full control over, their Metallica Shares and are able to withdraw their Acceptance Instructions at any time prior to the Facility Operator receiving the Confirmation Notice.

(h) Notwithstanding paragraph (d) above, Diatreme reserves the right to declare the Offer free from all Conditions at any time (subject to the Corporations Act), irrespective of the number of acceptances held by Diatreme, or the number of Metallica Shares that are the subject of Acceptance Instructions held by the Facility Operator.

A copy of the documentation underlying the Acceptance Facility may be requested from the Facility Operator by email to IAF@automicgroup.com.au.

By 8.30am (Sydney time) on each Business Day (or at any other time upon request from Diatreme), the Facility Operator will notify Diatreme of the number of Metallica Shares in respect of which Acceptance Instructions have been received as at 7.00pm the previous day. Diatreme will disclose details of the number of Metallica Shares the subject of the Acceptance Instructions held in the Acceptance Facility to the ASX and Metallica by 9.30am (Sydney time) on the Business Day following movement of 1% in the aggregate of Diatreme's Relevant Interest in Metallica and the votes attached to Metallica Shares the subject of the Acceptance Facility.

3 Consent of Automic Markets Pty Ltd

Automic Markets Pty Ltd has given and has not, before the lodgement of this First Supplementary with ASIC, withdrawn its written consent to being named in this this First Supplementary Bidder's Statement as Facility Operator and agent for the Acceptance Facility established by Diatreme in respect of the Offer in the form and context in which it is named.

4 Further information

Metallica Shareholders who have any questions in relation to the Offer should contact their stockbroker, or legal, financial or other professional adviser or call the shareholder information line on 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.

5 Approval of First Supplementary Bidder's Statement

This First Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the Directors of Diatreme.

Dated 10 April 2024

Signed for and on behalf of
Diatreme Resources Limited
by

Wayne Swan
Chairman

For personal use only