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DIATREME Resources

DIATREME RESOURCES | ASX:DRX

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 June 2024

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ASX RELEASE

30 July 2024

Quarterly Activities Report

For the period ended 30 June 2024

This announcement was authorised for release by the Board.

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Chief Executive Officer

Wayne Swan
Chairman

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CORPORATE

Diatreme announced on 16 February 2024 its conditional intention to make a takeover bid for all of the ordinary shares in Metallica Minerals Limited (ASX:MLM). On 28 March 2024, Diatreme released its bidder's statement. On 11 April 2024 the Company advised that it had completed the despatch of the bidder's statement and first supplementary bidder's statement. A second supplementary bidder's statement was announced on 17 April 2024 and a third statement on 8 May 2024, together with a response to MLM's target statement on 8 May 2024. Post-quarter, on 24 July 2024 Diatreme announced it had acquired a relevant interest in more than 90% of MLM shares, with the offer closing on 6 August 2024. Planning is underway for the compulsory acquisition of the remaining MLM shares. (Refer Note – page 14).

Diatreme's Annual General Meeting was held in Brisbane on 23 May 2024, with all resolutions passed on a poll.

Post-quarter, Greg Starr resigned as a Director of Diatreme, following his appointment to the Board of MLM as Managing Director.

During the quarter the Company made total payments of $208k to related parties, comprising $74k of director fees, and $134k for specialist marketing consultancy, community engagement, risk management and corporate advisory services to related parties of three directors of the Company.

The Company's cash and liquids position as at 30 June 2024 totalled **$7.7M** (not including a further **$21.7M** in the silica projects J/V), giving total cash of **$29.4m.** Diatreme also rolled over a drawn debt facility, with the remaining $1 million extended to 30 May 2025.

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QUARTERLY HIGHLIGHTS

Northern Silica Project

- Significant upgrade to NSP's Mineral Resource, including 17% increase in Indicated Resource and maiden 49.5 Mt Measured Resource
- Draft EIS Terms of Reference received from Office of Coordinator General
- EIS and infrastructure studies advancing
- Negotiation protocol and Cultural Heritage Management Agreement signed with Walmbaar Aboriginal Corporation RNTBC, representing the Dingaal Clan

Clermont Copper/Gold Project

- Diatreme to re-evaluate project, with potential gold and graphite targets

Cyclone Zircon Project

- Discussions continuing with potential development partners
- Further works planned on-site, including bulk sampling drilling

COMING SEPTEMBER QUARTER 2024 ACTIVITIES

Diatreme's operational focus for the September quarter 2024 comprises the following:

FNQ silica sand projects

Northern Silica Project (NSP)

- Receive Final Terms of Reference for the Northern Silica Project Environmental Impact Statement and commence drafting of EIS document.
- Continue impact assessments for various studies and continue environmental monitoring and baseline assessment studies within the EIS framework.
- On site exploration drilling to commence for the 2024 exploration program, focusing on extensional and infill drilling at the Si2 dune complex located within and around the NSP, adjacent to the Cape Flattery Silica Mines (CFSM) operation.
- Ongoing negotiations for a Part User agreement with Ports North for elements of the Cape Flattery port.
- Review and report outcomes from bulk testwork and metallurgical characterisation undertaken during H1 2024; commence further bulk metallurgical testwork on the Si2 resource.
- Continue advancement of the NSP's Pre-Feasibility Study and maiden Ore Reserves.
- Continue engagement with the local community and related programs.
- Further discussions and negotiations regarding establishment of a mining project agreement for the NSP with Hopevale Congress Aboriginal Corporation (RNTBC), Walmbaar Aboriginal Corporation (RNTBC), affected native title holders and the broader Hope Vale community.

Cyclone Zircon Project

- Continue discussions with potential development partners, both domestic and international, to secure the best outcome for Diatreme shareholders amid continued strong demand and constrained supply of zircon and titanium products.
- Further works planned on-site, including a bulk sampling drilling program to enable further metallurgical assessment of the deposit's amenability to latest processing technologies and to reconfirm DFS modelling.
- Further examination of use of a separated company vehicle to facilitate potential "asset spin out" to a new listed entity.

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NORTHERN SILICA PROJECT

Mineral Resource upgrade

On 17 April 2024, Diatreme announced a significant upgrade to the estimated Si2 Mineral Resource at the NSP, highlighting the critical mineral project's potential amid an accelerating solar energy boom.

Diatreme has advanced the NSP significantly, with results from the 2023 infill drilling program delivered in late February 2024, through to Particle Size Distribution results arriving in late March 2024, and a deposit scale bulk density program completed in early April 2024. Each phase was designed to enhance the precision of Resource modelling and to improve project confidence.

The latest data has shown an increase in both the estimated Mineral Resource categories, with the inclusion of a maiden Measured Resource of 49.5 Mt, as well as increasing the size of the Indicated Resource to 120.5 Mt (up 17% from the previous estimate). Diatreme's total low iron, high purity silica sand resource base exceeds 402 Mt, an extremely strategic and highly valuable resource that is well positioned to supply the fast-growing solar PV market.

Deposit	JORC Resource Category	Silica Sand (Mt)	SiO_2 (%)	Fe_2O_3 (%)	TiO_2 (%)	Al_2O_3 (%)	LOI (%)
Si2	Measured	49.5	99.33	0.11	0.13	0.11	0.12
	Indicated	120.5	99.32	0.10	0.14	0.10	0.14
	Inferred	65	99.20	0.12	0.17	0.12	0.17
Total		**235**	**99.29**	**0.11**	**0.15**	**0.11**	**0.14**

Table 1: Mineral Resource estimate for Si2

A summary of the Mineral Resource update comprises:

- Increase from 103 Mt to 120.5 Mt in the Indicated category Mineral Resource – up 17%.
- Establishment for the first time of a 49.5 Mt Measured category Mineral Resource.
- Diatreme now has 170 Mt of Measured + Indicated Mineral Resource, of suitable confidence to support mine planning. This provides the foundation for a PFS and Ore Reserve estimation.
- Overall tonnage remains at 235 Mt at the Si2 deposit.
- The results of the recent bulk density testwork have confirmed that the previously assumed density of 1.6 t/m3 is appropriate.
- Particle size distribution confirmed the deposit contains a relatively homogenous distribution of silica sand, suitable for downstream processing into target markets.

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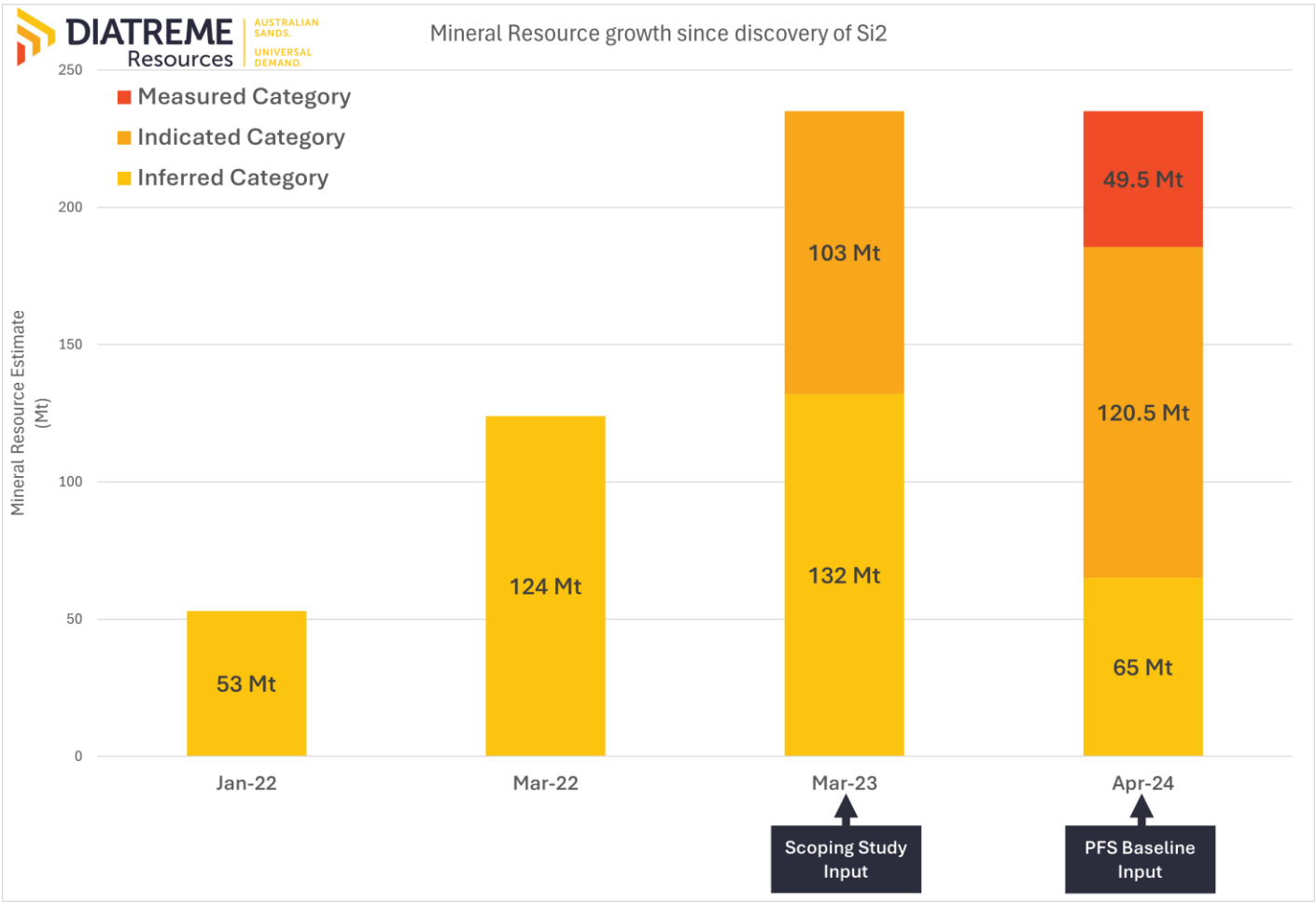

Figure 1: Mineral Resource growth since Si2's discovery

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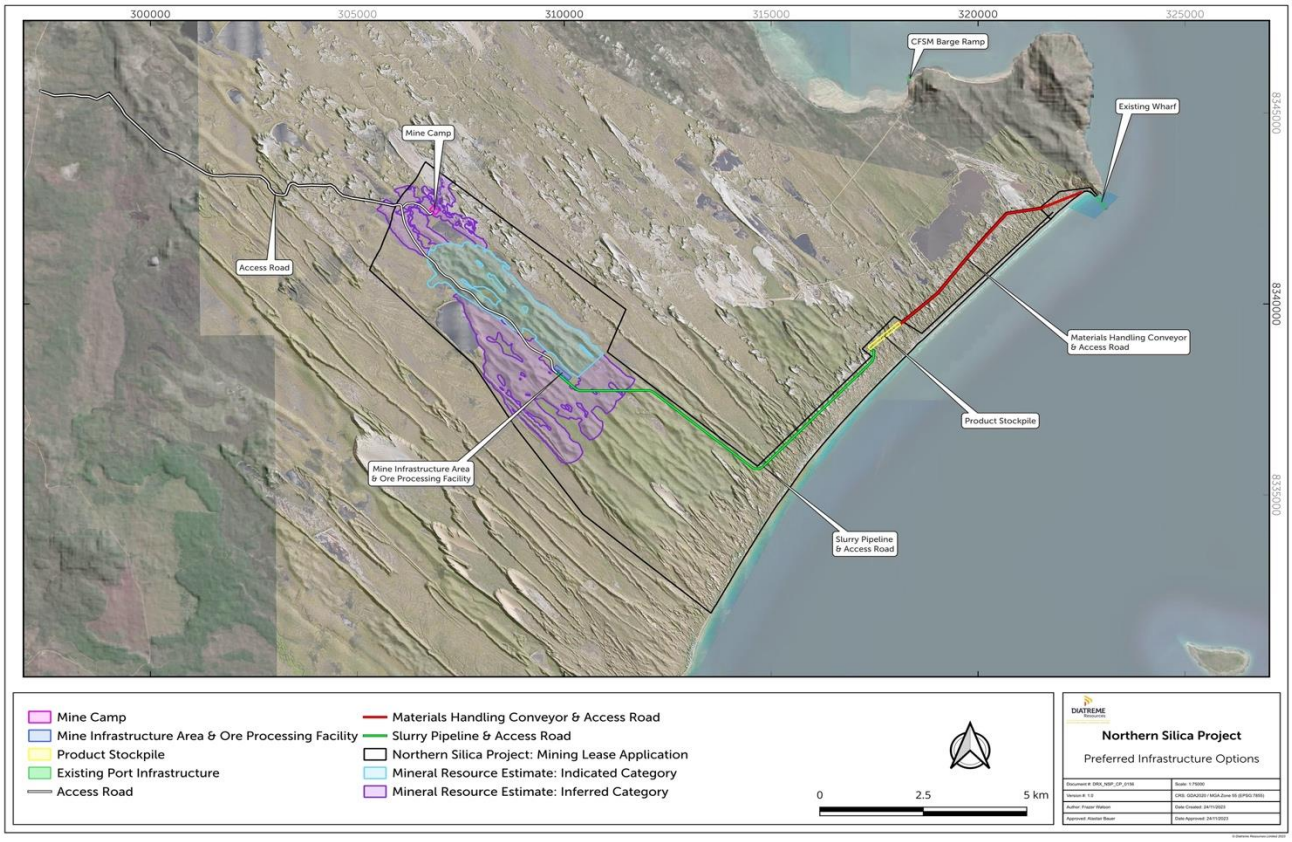

Figure 2: Northern Silica Project, Far North Queensland

Negotiation protocol with Walmbaar Aboriginal Corporation

Advancing its engagement with Traditional Owners in the area where the Company operates, Diatreme signed a negotiation protocol with Walmbaar Aboriginal Corporation (WAC) RNTBC, representing the Dingaal Clan (refer ASX release 10 May 2024).

The negotiation protocol establishes a framework and set of principles that will guide the parties during future negotiations as Diatreme and WAC work towards delivering mutually beneficial opportunities from the NSP's development.

Diatreme is committed to working with the WAC to maximise economic benefits, employment and training opportunities for the Dingaal People. Diatreme will also develop strategies to manage any potential project impacts, while balancing the economic benefits for the Dingaal Clan including local employment opportunities.

During negotiations, a cultural heritage management plan will be developed specifically tailored to the WAC's requirements to ensure the protection of significant sites and traditions. Diatreme has committed to ongoing consultation with the Dingaal Clan to ensure it is informed about the project and the status of negotiations.

Diatreme continues to consult with other native title holders in its project area to ensure that economic benefits are fully maximised for the relevant native title holders affected by the NSP.

This follows Diatreme's signing in November 2023 of a Memorandum of Cooperation with Hope Vale Aboriginal Shire Council, aimed at securing economic and employment opportunities for native title holders and other Hope Vale residents, including training and business development programs.

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Cultural heritage management agreement

Further strengthening its engagement with Traditional Owners, Diatreme announced on 29 May 2024 the signing of a Cultural Heritage Management Agreement (CHMA) with WAC.

Following a period of consultation, and as a show of good faith by Diatreme, the parties entered into the CHMA to update and replace previous cultural heritage arrangements with more comprehensive protection provisions. These establish a tailored framework supporting exploration activities at the NSP, while ensuring the ongoing protection and avoidance of harm to the Dingaal People's Aboriginal cultural heritage.

Under the CHMA, the parties have developed a Clearance and Aboriginal Cultural Heritage Avoidance Protocol which facilitates Diatreme's necessary exploration activities in Dingaal Country, while respecting the Clan's traditional laws and customs and ensuring its rich cultural heritage is protected.

Figure 3: Diatreme's CEO, Neil McIntyre (centre) with Walmbaar directors at the signing ceremony

Draft ToR for NSP's Environmental Impact Statement

Advancing the regulatory approval process, Diatreme announced on 31 May 2024 it had received the draft Terms of Reference (ToR) from Queensland's Office of the Coordinator-General for the NSP's EIS.

The NSP was gazetted by the Queensland Government as a 'Coordinated Project' in January 2024 (refer ASX release 15 January 2024), a major milestone that recognised the NSP's strategic value, including its infrastructure and approval requirements. The status also established the environmental assessment process, including preparation of an EIS, to be assessed and decided under the joint Queensland and Commonwealth Government bilateral agreement.

The draft ToR for the EIS were prepared by the Queensland Office of the Coordinator-General ("OCG") with input from the Department of Climate Change, Energy, the Environment and Water ("DCCEEW"), the agency that administers the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).

The draft ToR sets out the study requirements for the EIS, including the scope and detail of investigations, surveys and impact analysis that must be conducted before the project is formally assessed and decided. This includes environmental as well as social, heritage and economic studies and investigations.

Following a public review and comment period, the OCG will consider any submissions properly made during the public comment period and then issue a final ToR, with a copy to be made publicly available by the Queensland Government (https://www.statedevelopment.qld.gov.au/coordinator-general/assessments-and-approvals/coordinated-projects/current-projects/northern-silica-project).

The draft ToR has provided Diatreme with further clarity and certainty concerning the scope and detail of its site-based data collection and baseline surveys, which are already well progressed.

Data collection and surveys on-site will continue over the dry season, with initial baseline technical reporting for the wet season surveys already completed. This will be followed by Impact Assessment reporting later in 2024.

In addition to the regular engagement occurring between Diatreme and the relevant Registered Native Title Bodies, local authorities and State and Federal regulatory agencies, additional engagement is planned between Diatreme's social and heritage consultants and key local stakeholders and the community of Hope Vale and Cooktown.

Community engagement

Diatreme has continued to actively engage with the community where it operates. The Company maintains an office in Hope Vale, opening the doors to members of the local community, and has held regular community open days.

Recent events have included the Community Progressive Morning Tea on 8 April 2024, organised by My Pathway Hope Vale.

Current focus areas include supporting and facilitating engagement with community members to attend the Social, Cultural and Heritage assessment works for the NSP's EIS; co-designing a workforce preparedness program in direct consultation with WAC; participating in various community sponsorships and events in Hope Vale; and continuing to support the Hope Vale school.

Post-quarter, on 8 July 2024 Hope Vale celebrated NAIDOC Week, with the official opening ceremony hosted by the Hope Vale Aboriginal Shire Council, including a MyPathway Community Breakfast and NAIDOC Community Lunch at Pioneer Hall.

This year's NAIDOC Week theme was "Keep The Fire Burning - Blak Loud and Proud." Diatreme is proud to support NAIDOC Week in Hope Vale as part of the Company's efforts to ensure the whole community benefits from our projects' development.

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Figure 4: NAIDOC Week community lunch, Hope Vale

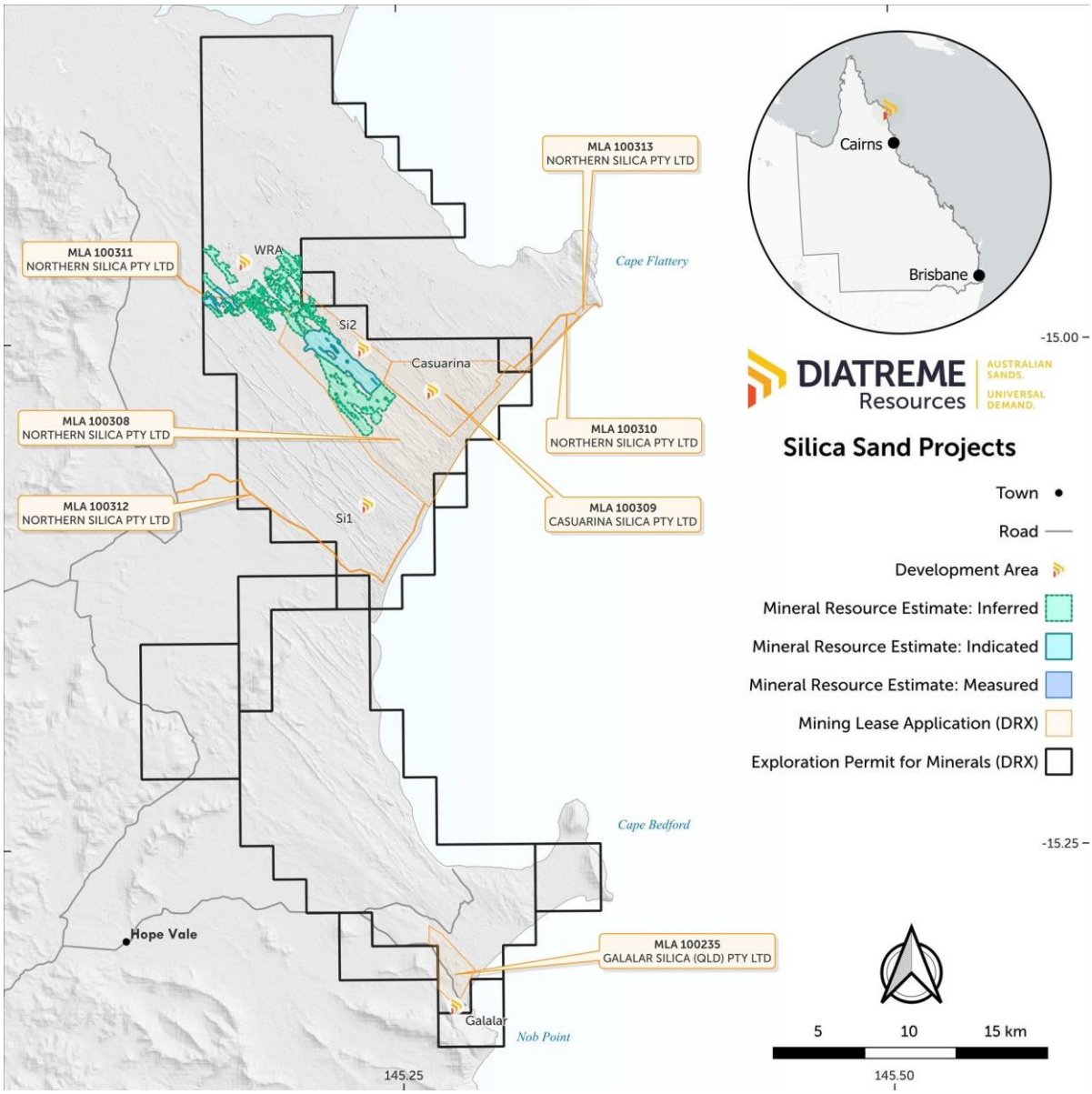

Figure 5: Diatreme's Far North Queensland silica sand projects

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CLERMONT COPPER/GOLD PROJECT, QLD

The Clermont Copper/Gold Project, located in Central Queensland, continues to progress under a binding Memorandum of Understanding (MOU) with Metallica Minerals Limited (ASX: MLM).

On 12 October 2023, Metallica elected to earn an additional 24% in the Clermont project, increasing its ownership of the project from 51% to 75% by expending an additional $1M under the terms of the JV agreement with Diatreme.

On 11 December 2023, Metallica announced that drilling had commenced at the Leo Grande Graphite Gold Project (LGGP), located within the Clermont EPM (EPM 17698). Metallica completed five RC holes totalling 301m at the Leo Grande prospect in December 2023, with the results announced on 19 February 2024. The holes drilled by Metallica were "twins" of holes drilled by Plutonic in 1989 and 1990 which had noted moderate to high levels of graphite associated with gold mineralisation in the geological logs.

The best gold intercept recorded was in hole LGRC058, which intersected **21m @ 2.35 g/t Au from 40m, which included a 10m zone from 49m which assayed 3.05 g/t Au.**

The highest graphite intercept was **14m @ 0.53%TC in hole LGRC055 from 40m, with the hole also intersecting 45m @ 1.03 g/t Au from 6m.**

Metallica also announced a JORC (2012) Exploration Target* of 150,000 to 2,300,000 ounces of contained gold at the Leo Grande Project.

**The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.*

Metallica stated that the next stage of exploration at Leo Grande would comprise the drilling of two or three diamond holes to obtain core for metallurgical testwork to determine how to extract the gold and graphite from the mineralised mylonite.

Other potential gold prospects located near Leo Grande include the Rolfe Creek, Petersens and Gold Finger Prospects. Further information is available in MLM's ASX announcement released 19 February 2024.

No further project work was undertaken during the June quarter. Diatreme will re-evaluate the project, pending the conclusion of its takeover of Metallica Minerals.

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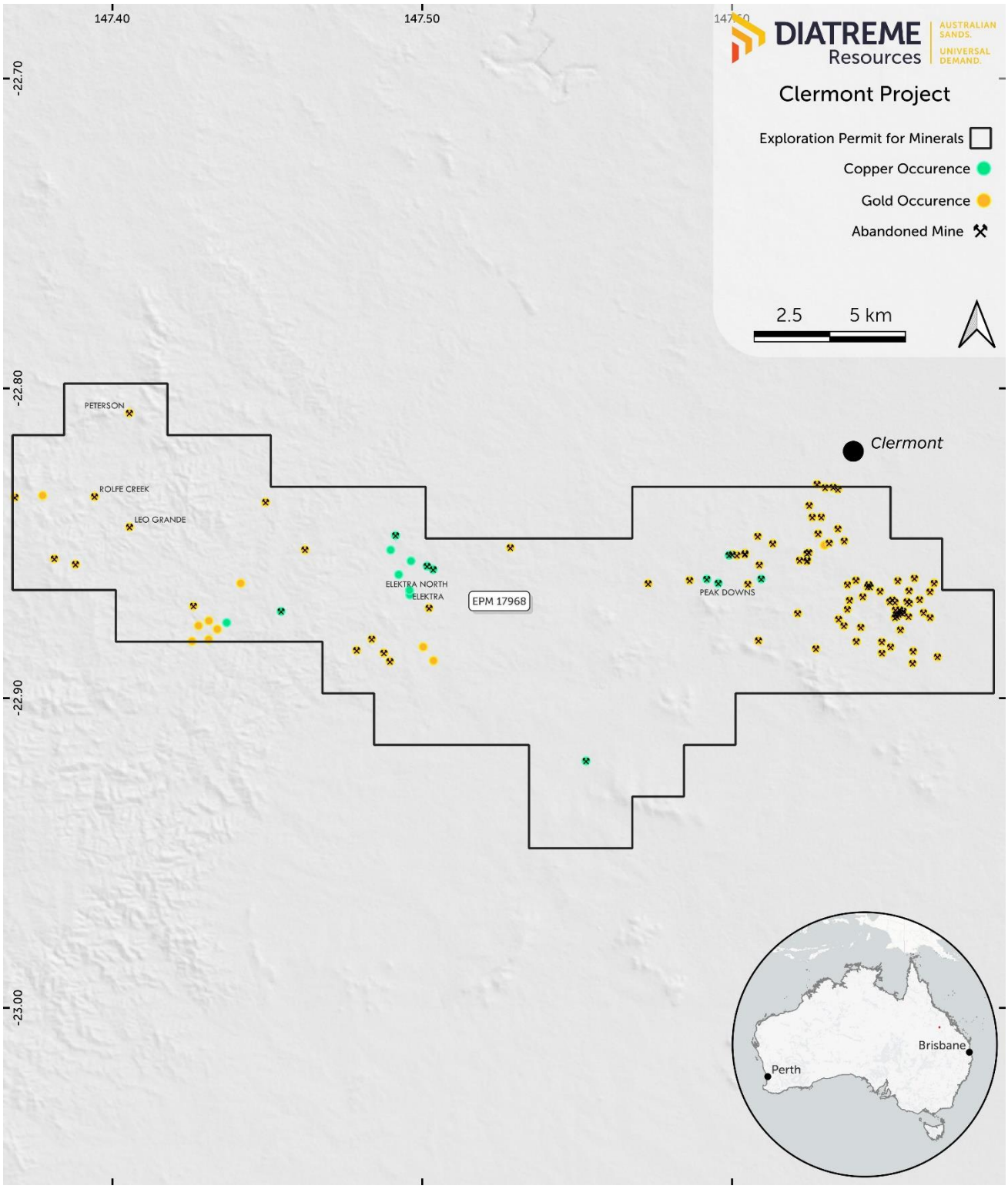

Figure 6: Clermont tenement area

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CYCLONE ZIRCON PROJECT, WA

Diatreme continues to engage with a range of parties to unlock shareholder value from the Cyclone Zircon Project, which has potential to become one of Australia's important critical minerals projects.

Talks continue to progress and the Company anticipates a number of opportunities for Cyclone's development, with both domestic and international interest in this high-grade zircon project.

Located in Western Australia's Eucla Basin, the project remains well positioned for development, given declining global supply and continued strong demand for high-grade zircon.

Diatreme recently expanded (39 sub blocks) the exploration tenement area surrounding Cyclone, with the grant by the Western Australian Government (DEMIRS) of E69/4143. This strategic application was made immediately following Diatreme being made aware of the area being relinquished by another party. This EPM area further protects Cyclone's existing tenement (mining and retention licence) holdings.

In its Quarterly Review released on 23 July 2024, major producer Iluka Resources reported a weighted average zircon sand price in the second quarter 2024 of US$1,907 per tonne, up 2% compared to the first quarter. Iluka expects zircon prices to be "broadly flat" in the third quarter 2024.

Iluka also reported a Q2 2024 rutile price of US$1,690/t and a synthetic rutile price of US$1,194/t.

These positive market dynamics support Diatreme's aim to maximise value from Cyclone by attracting a suitable investment partner to develop this shovel-ready project. The Company will keep the market fully informed when talks potentially transition to a more formally documented process.

There is also potential for use of a separated company vehicle for the purposes of a potential asset "spin out" to a newly listed company shell, should market conditions facilitate support for this.

Diatreme is currently planning an additional bulk sampling drilling program to enable further metallurgical assessment of the deposit's amenability to the latest processing technologies and to reconfirm DFS modelling on Cyclone's HM product suite is maximised for both market acceptability and pricing.

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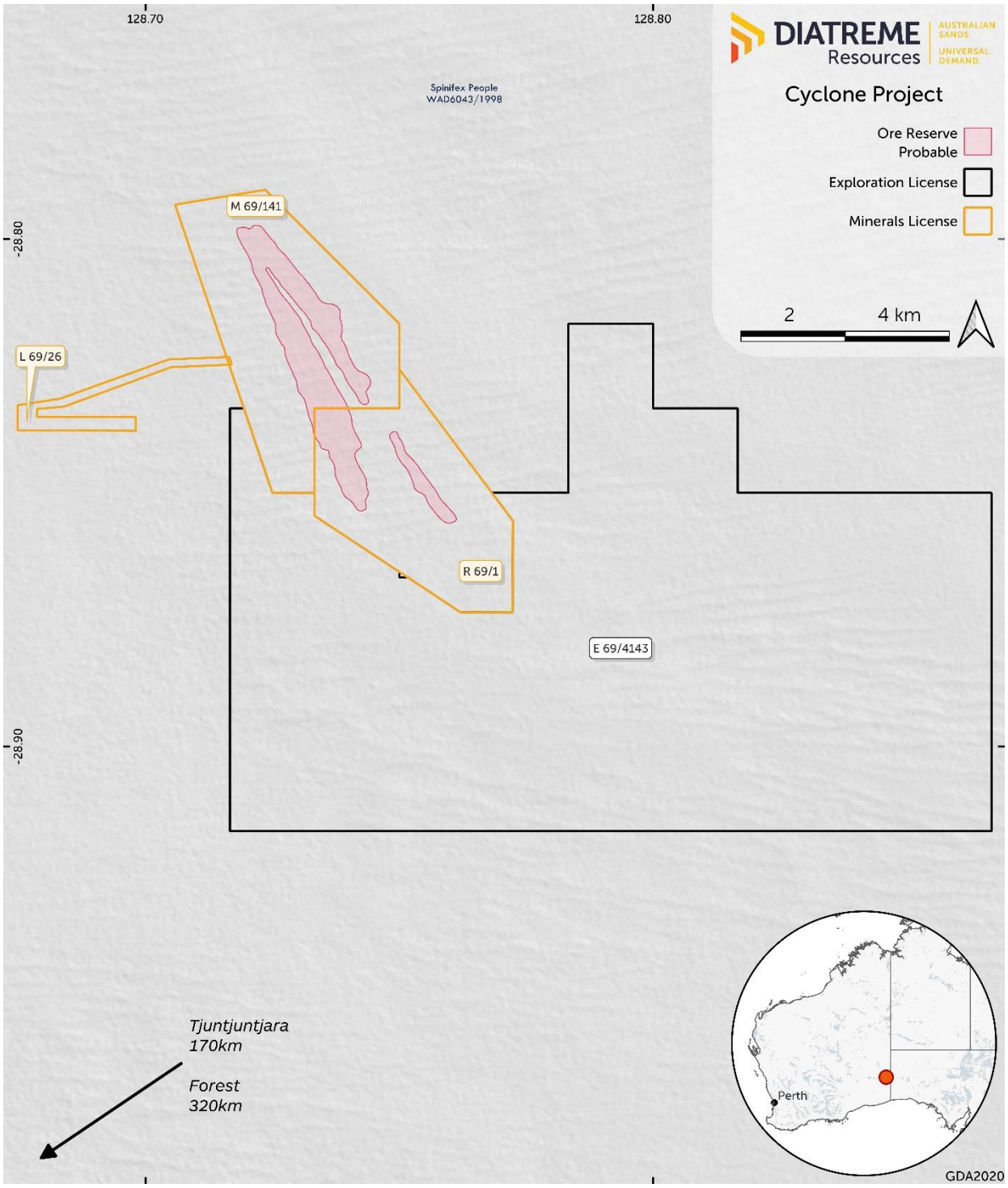

Figure 7: Cyclone project location

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MINERAL SANDS AND SILICA - COMPETENT PERSON STATEMENTS

The information in this report that relates to Mineral Resources at the Cape Bedford Project (including the Northern Silica Project & Galalar Silica Project) is based on information compiled by Bryce Mutton from Ausrocks Pty Ltd who has significant experience in Industrial Minerals and Quarry Resource assessments.

Bryce Mutton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Bryce Mutton consents to the inclusion in the report on the matters based on their information in the form and context in which it appears.

The information in this presentation that relates to Exploration Targets & Exploration Results is based on information compiled by Mr Frazer Watson, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy, and the Australian Institute of Geoscientists. Mr Watson is a full-time employee of Diatreme Resources Limited. Mr Watson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Mr Watson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report, insofar as it relates to Mineral Resources at the Cyclone Project is based on information compiled by Mr Ian Reudavey, who was a full-time employee of Diatreme Resources Limited and a Member of the Australian Institute of Geoscientists. Mr Reudavey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of 'The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Reudavey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report, insofar as it relates to Ore Reserves at the Cyclone Project is based on information compiled by Mr Phil McMurtrie, who is a director of Tisana Pty Ltd (a consultant to Diatreme Resources Limited), and a Member of the Australasian Institute of Mining and Metallurgy. Mr McMurtrie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of 'The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McMurtrie consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Forward-looking statements: *This document may contain forward-looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "indicate", "target", "anticipate", "forecast", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Indications of, and interpretations of, future expected exploration results or technical outcomes, production, earnings, financial position, and performance are also forward-looking statements. The forward-looking statements in this presentation are based on current interpretations, expectations, estimates, assumptions, forecasts and projections about Diatreme, Diatreme's projects and assets and the industry in which it operates as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. The forward-looking statements are subject to technical, business, economic, competitive, political and social uncertainties and contingencies and may involve known and unknown risks and uncertainties. The forward-looking statements may prove to be incorrect. Many known and unknown factors could cause actual events or results to differ materially from the estimated or anticipated events or results expressed or implied by any forward-looking statements. All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements.*

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INFORMATION REGARDING METALLICA MINERALS LIMITED

*On 17 June 2024, DRX declared its off-market takeover bid for Metallica Minerals Limited (**MLM**) unconditional. DRX had a relevant interest in MLM of 68.67% as at the end of the 30 June 2024 quarter, which has increased to 91.07% as at the date of this report (30th July 2024).*

*Listing Rule 5.3 requires that DRX include in its quarterly activities report information for the group comprising DRX and its child entities on a consolidated basis. As at 30 June 2024, MLM and its subsidiaries were child entities of DRX for the purpose of the Listing Rules. MLM released its quarterly activities report for the period ended 30 June 2024 to ASX on 30th July 2024 (**MLM Quarterly Report**). The contents of the MLM Quarterly Report are incorporated into this report by reference.*

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APPENDIX 1

Appendix 1 provides information required under ASX listing rule 5.3.3 for mineral exploration entities.

Interest in mining tenements at end of quarter

State	Tenement Name	Tenement ID	Status	Location	Interest	Holder
WA	Cyclone	M 69/141	Granted	Eucla Basin	100%	LSPL
WA	Cyclone Extended	R 69/1	Granted	Eucla Basin	100%	DRX
WA	Cyclone	E69/4143	Granted	Eucla Basin	100%***	DRX
QLD	Cape Bedford	EPM 17795	Granted	Hopevale	100%**	Cape Silica Holdings Pty Ltd
QLD	Clermont	EPM 17968	Granted	Clermont	PGE Minerals Pty Ltd*	Chalcophile Resources Pty Ltd
QLD	Cape Bedford	EPM 27212	Granted	Hopevale	100%**	Northern Silica Pty Ltd
QLD	Cape Bedford	EPM 27430	Granted	Hopevale	100%**	Cape Silica Holdings Pty Ltd
QLD	Cape Bedford	MLA 100235	Application	Hopevale	100%**	Galalar Silica (QLD) Pty Ltd
QLD	Cape Bedford	MLA 100308	Application	Cape Flattery	100%**	Northern Silica Pty Ltd
QLD	Cape Bedford	MLA 100309	Application	Cape Flattery	100%**	Casuarina Silica Pty Ltd
QLD	Cape Bedford	MLA 100310	Application	Cape Flattery	100%**	Northern Silica Pty Ltd
QLD	Cape Bedford	MLA 100311	Application	Cape Flattery	100%**	Northern Silica Pty Ltd
QLD	Cape Bedford	MLA 100312	Application	Cape Flattery	100%**	Northern Silica Pty Ltd

QLD	Cape Bedford	MLA 100313	Application	Cape Flattery	100%**	Northern Silica Pty Ltd

** PGE Minerals Pty Ltd has earned a 51% interest in the tenement through a progressive earn-in. PGE Minerals Pty Ltd is a wholly owned subsidiary of Metallica Minerals Limited (**MLM**). On 17 June 2024, DRX declared its off-market takeover bid for MLM unconditional. As at 30 June 2024, DRX had a relevant interest in MLM of 68.67%.*

*** Cape Silica Holdings Pty Ltd is owned by DRX (73.2%) and Sibelco Silica Pty Ltd (26.8%). Northern Silica Pty Ltd and Galalar Silica (QLD) Pty Ltd are wholly owned subsidiaries of Cape Silica Holdings Pty Ltd. Accordingly, DRX's beneficial ownership of the mining tenements held by these entities is 73.2%. In the quarter ending 31 December 2022, transfers of the following tenement interests from DRX to Cape Silica Holdings Pty Ltd, Northern Silica Pty Ltd and Galalar Silica (QLD) Pty Ltd were completed (held as set out in the table above): EPM 17795, EPM 27265, EPM 27212, EPM 27430 and MLA 100235.*

**** Company notes award of tenement area E69/4143 in late November 2023 –no exploration activity has been undertaken.*

Mining tenements interests acquired during the quarter.

State	Tenement Name	Tenement ID	Status	Location	Holder
QLD	Cape Flattery Silica	EPM 25734	Granted	Cape Flattery	Cape Flattery Silica Pty Ltd****
QLD	Cape Flattery Silica	MLA 100284	Application	Cape Flattery	Cape Flattery Silica Pty Ltd
QLD	Clermont	EPM 17968	Granted	Clermont	PGE Minerals Pty Ltd*

*On 17 June 2024, DRX declared its off-market takeover bid for Metallica Minerals Limited (**MLM**) unconditional. As at 30 June 2024, DRX had a relevant interest in MLM of 68.67%. As a result, Diatreme has acquired an indirect interest in the above tenements (refer to the table 'Interest in mining tenements at end of quarter' above for further information).*

***** Cape Flattery Silica Pty Ltd is a wholly owned subsidiary of MLM. On 17 June 2024, DRX declared its off-market takeover bid for MLM unconditional. As at 30 June 2024, DRX had a relevant interest in MLM of 68.67%.*

Beneficial percentage interests held in farm-in or farm-out agreements at end of quarter.

State	Project name	Agreement type	Parties	Interest held at end of quarter by exploration entity or child entity	Comments
WA	Cyclone Zircon Project	Farm-out Heads of Agreement	LSPL and Perpetual Mining Holding Limited	94%	HoA announced Jan 2014, initial 6% farm-out completed 18 Sept 2014 – Subject to dilutionary non-contribution clauses.

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Abbreviations:

M	Western Australia	Mining Lease	DRX - Diatreme Resources Limited
R	Western Australia	Retention Licence	CHAL – Chalcophile Resources Pty Ltd
EPM	Queensland	Exploration Permit for Minerals	LSPL – Lost Sands Pty Ltd
EPMA	Queensland	Exploration Permit for Minerals Application	
MLA	Queensland	Mining Lease Application	

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

DIATREME RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
33 061 267 061	30 June 2024

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	(250)	(376)
	(e) administration and corporate costs	(1,420)	(2,218)
1.3	Dividends received (see note 3)		
1.4	Interest received	115	229
1.5	Interest and other costs of finance paid	(36)	(66)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	66	126
1.9	**Net cash from / (used in) operating activities**	**(1,525)**	**(2,305)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(33)	(168)
	(d) exploration & evaluation	(27)	(78)
	(e) investments		
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	8	8
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(52)**	**(238)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(500)	(500)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(30)	(46)
3.10	**Net cash from / (used in) financing activities**	**(530)**	**(546)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,790	10,772
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,525)	(2,305)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(52)	(238)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(530)	(546)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**7,683**	**7,683**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	183	790
5.2	Call deposits	7,500	9,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	*** Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,683**	**9,790**

*** Note:** in addition to the above cash balances, the Cape Silica Joint Venture (JV) between Diatreme and Sibelco spent during the quarter, $2.5m of exploration & evaluation expenditure on the Company's Silica projects in northern Queensland. Consequently, cash at end of June 2024 for the JV totalled $21.7M, giving total cash of **$29.4m** being held by the Company.

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	208
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)	1,000	1,000
7.4	**Total financing facilities**	1,000	1,000

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

$1.0M debt facility, due for repayment 30 May 2025, with interest rate of 7.5% p.a.

During the June quarter the Company repaid $0.5 million of existing $1.5 million debt facility, with balance of $1 million extended for further 12 months to 30 May 2025 (Refer to ASX announcement 31 May 2024)

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,525)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(27)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,552)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,683
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	7,683
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	4.9

Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

As at 30 July 2024, Diatreme has voting control of 91.07% of Metallica Minerals Ltd (ASX:MLM) shares. Subject to agreed operating parameters, Diatreme has confirmed it will support if required the ongoing funding needs of Metallica

8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2024

Authorised by: The Board of Diatreme Resources Ltd

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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