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DIATREME Resources

DIATREME RESOURCES | ASX:DRX

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 December 2024

DIATREME Resources

ASX RELEASE

31 January 2025

Quarterly Activities Report

For the period ended 31 December 2024

This announcement was authorised for release by the Board.

Neil McIntyre
Chief Executive Officer

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CORPORATE

Diatreme has strengthened its silica sand development focus with the appointment of new Non-Executive Directors during the quarter.

These comprised globally experienced mining executive and major shareholder, Mr Brian Flannery and former Sibelco Global Operations Manager, Mr Tom Cutbush. Existing Director, Ms Kara Keys was appointed Deputy Chairperson to further enhance stakeholder engagement.

Diatreme continued its broader market and investor engagement, presenting at the November 2024 Noosa Mining Investor Conference at Noosa, Qld. A recording of the presentation by Diatreme's CEO, Mr Neil McIntyre is available at https://diatreme.com.au/media

Diatreme also completed the integration of the Metallica Minerals business into the Company. In addition, a non-binding Memorandum of Understanding was signed with leading Japanese trading and investment company, Mitsui & Co, concerning potential silica sand offtake.

The Company's cash and liquids position totalled **$5.1M** (not including a further **$16.3M** in the silica projects J/V), giving total cash reserves of **$21.4M** as at 31 December 2024.

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QUARTERLY HIGHLIGHTS

Silica Projects

Northern Silica Project (NSP)

- Silica sand offtake MOU signed with Japanese trading and investment company, Mitsui & Co
- Post-quarter: EIS studies progress to final stages of impact assessment and mitigation
- 12 months of water sampling and testing completed, marking longest single data collection requirement of EIS

Cape Flattery Silica (CFS)

- DFS and integration review continues to progress, amid continued strong demand for low iron, high purity silica sand

Clermont Copper/Gold Project

- Diatreme re-evaluating project, focusing on potential gold and graphite targets

Cyclone Zircon Project

- Bulk sample drilling program completed
- Program designed to update metallurgical testwork using latest processing technologies

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COMING MARCH QUARTER 2025 ACTIVITIES

Diatreme's operational focus for the March quarter 2025 comprises the following:

FNQ silica sand projects

Northern Silica Project (NSP)

- Continue project development impact assessments for various studies within the EIS framework.
- Information sessions, community engagement, consultation and impact mitigation workshops with local communities and stakeholders as part of the EIS.
- Cultural Heritage and Cultural Values assessments within the NSP project footprint areas.
- Ongoing negotiations for a Part User agreement with Ports North for elements of the Cape Flattery port.
- Receive assay results from finalised 2024 exploration drilling program.
- Completion of bulk metallurgical testwork on the Si2 resource.
- Further discussions and negotiations regarding the 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.

Cape Flattery Silica Project (CFS)

- Continue detailed technical and DFS material assessments.
- Consult with affected native title holders on various project development agreements.
- Liaise with various State regulatory agencies.
- Further assess regional project synergies.
- Infrastructure sharing potential between NSP and CFS to be further investigated.

Cyclone Zircon Project

- Processing testwork underway aimed at confirming previous drilling results and to provide additional samples for potential customers and investors.
- Undertake site visits from technical team to confirm economic and technical base assumptions in previously undertaken studies.
- Further assessment of best options to realise project value including sale, joint venture and/or use of a separated company vehicle to facilitate potential "asset spin out".
- Ongoing engagement with potential offtakers and/or project financiers.

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NORTHERN SILICA PROJECT

Offtake MOU signed with Mitsui & Co

Diatreme has strengthened its commercialisation activities for its North Queensland silica sand projects, signing a non-binding MOU with global trading and investment company, Mitsui & Co., based in Tokyo, Japan.

Under the agreement, the two parties will engage in further negotiations concerning the potential sale and purchase (offtake) of silica sand products produced by Diatreme. The MOU also acknowledges the parties' desire to engage in further analysis and discussion of one or more business opportunities.

Initially effective until 1 November 2025, the agreement is subject to automatic annual renewal unless either party advises otherwise.

The agreement follows Diatreme's July 2023 non-binding offtake MOU signed with China's Flat Glass Group Co (refer ASX release 13 July 2023), and the Company's transformational strategic partnership and placement agreed with global material solutions leader Sibelco, signed the prior year (refer ASX release 27 June 2022).

Founded in 1947, Mitsui & Co. has a worldwide network with 125 offices in 61 countries or regions, with more than 5,400 employees. Its 16 business units cover a diverse range of needs, including minerals and metals, energy, infrastructure, iron and steel, IT and communication and agriculture.

Mitsui's General Manager of Chlor-Alkali Div., Yuichi Fujii said: "*We are pleased to agree on this non-binding MOU with Diatreme Resources, a company with a strong commitment to community engagement, health and safety and sustainable development.*

"Diatreme's silica sand projects are attractively located in proximity to fast-growing Asian markets, and its ability to deliver a low iron, high purity product makes it well placed to benefit from the continuing solar energy boom. By utilising our global networks and industry know-how, we will help generate maximum value from this valuable critical mineral key to global decarbonisation."

Solar is powering renewables growth worldwide, with solar PV set to account for 80% of new renewable capacity added globally through to 2030, according to the International Energy Agency. This renewables growth has highlighted the importance of new silica sand projects capable of supplying the solar PV industry, with Diatreme's North Queensland projects becoming increasingly strategic assets, recognised by the Queensland Government as key critical minerals contributing to the global energy transition.

EIS studies progress to final stages

Post-quarter, on 22 January 2025 Diatreme announced that the NSP's EIS studies had progressed to the final stages of impact assessment and mitigation following receipt of the final Terms of Reference (FToR) for the project.

The Final Terms of Reference (FToR) were released for the project on 20 September 2024 by the Office of the Coordinator-General (OCG) (refer ASX release 23 September 2024), following the public notification and comment period of the draft Terms of Reference which occurred between 3 June and 8 July 2024. The public notification period was an important step in the EIS process, providing an opportunity for stakeholders and the public to ensure that potential project impacts are adequately investigated and mitigated through the EIS framework.

Following further review on works undertaken prior to receipt of the FToR, Diatreme has been able to significantly progress the EIS studies and assessments in parallel to receiving the final assessment framework.

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EIS update

The NSP now has 12 months of continuous monthly background data required to satisfy the requirements under the FToR for surface and groundwater, marking completion of the most significant long-term data collection required.

Baseline studies and works completed to date as per the FToR include:

Terrestrial Ecology (flora and fauna):

- Littoral rainforest (LRF) vegetation communities – Mapping, ground truthing and habitat assessment
- Targeted assessment of skink species *Ctenotus rawlinsoni* (Cape Heath ctenotus)
- Assessment of migratory species and shore birds
- Fixed field observations, noise, photography and trapping

Aquatic ecology:

- Seasonal dry and wet season electrofishing
- Stygofauna sampling and analysis

Water sampling and analysis:

- Monthly surface water and groundwater sample collection and analysis
- Full suite pesticide analysis
- On-site reject water and slurry characteristics, flocculation & coagulation assessment and return water quality characterisation

Groundwater assessments:

- Pumping flow rate and draw down tests
- Continuous bore pressure logging (groundwater levels) and hydrostatic slug testing
- Drilling of additional groundwater bores to test for deep and perched aquifer systems
- Hydrogeological modelling

Marine data collection:

- Sub-sea scanning, habitat mapping and photography
- Wave action, ocean current, sediment and water analysis
- Underwater noise assessment

Cultural Heritage:

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- Initial on-site survey conducted across the project area with the Dingaal Clan
- Initial Clan meetings to discuss heritage, values, story places and connection to country

Social Impact and Engagement:

- Open community information sessions in Hope Vale and Cooktown as well as clan specific information sessions
- Initial community surveys conducted on project development, impact and mitigations

General:

- Soils sample collection and analysis – Geology verification and Potential Acid Sulphate Soils (PASS) assessment
- Flood modelling – Mining and infrastructure areas
- Climate change assessment

Figure 1: *Left – Aquatic Ecology works being undertaken in typical tannin-stained freshwater streams. Right – Helicopter undertaking water sampling during wet season in remote water bodies.*

Figure 2: *On-site ground truthing, identification and mapping of Littoral Rainforest Regional Ecosystems.*

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EPBC referral amendment

As the project's planning and EIS investigations have progressed, an alternate material slurry pipeline and stockpile alignment near the Port of Cape Flattery has been identified. This could potentially provide a lower environmental impact from the current planned alignment through greater avoidance of coastal vegetation communities, offering a more direct route from the processing facility to the port.

As shown in Figure 3 below, the route identified would transect through Diatreme's 'Casuarina' MLA100309. While MLA100309 is a future silica mining site within Diatreme's EPM that was originally excluded from the NSP's project footprint when the EPBC Controlled Action was issued (EPBC 2023/09485), Diatreme has now sought, and been granted, a variation to its Controlled Action decision in accordance with section 156B of the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).

The effect of this decision by the Federal Government is to allow Diatreme to include the Casuarina MLA100309 into the NSP project footprint for the potential purpose of using this MLA as an infrastructure corridor for the slurry pipeline to support the project.

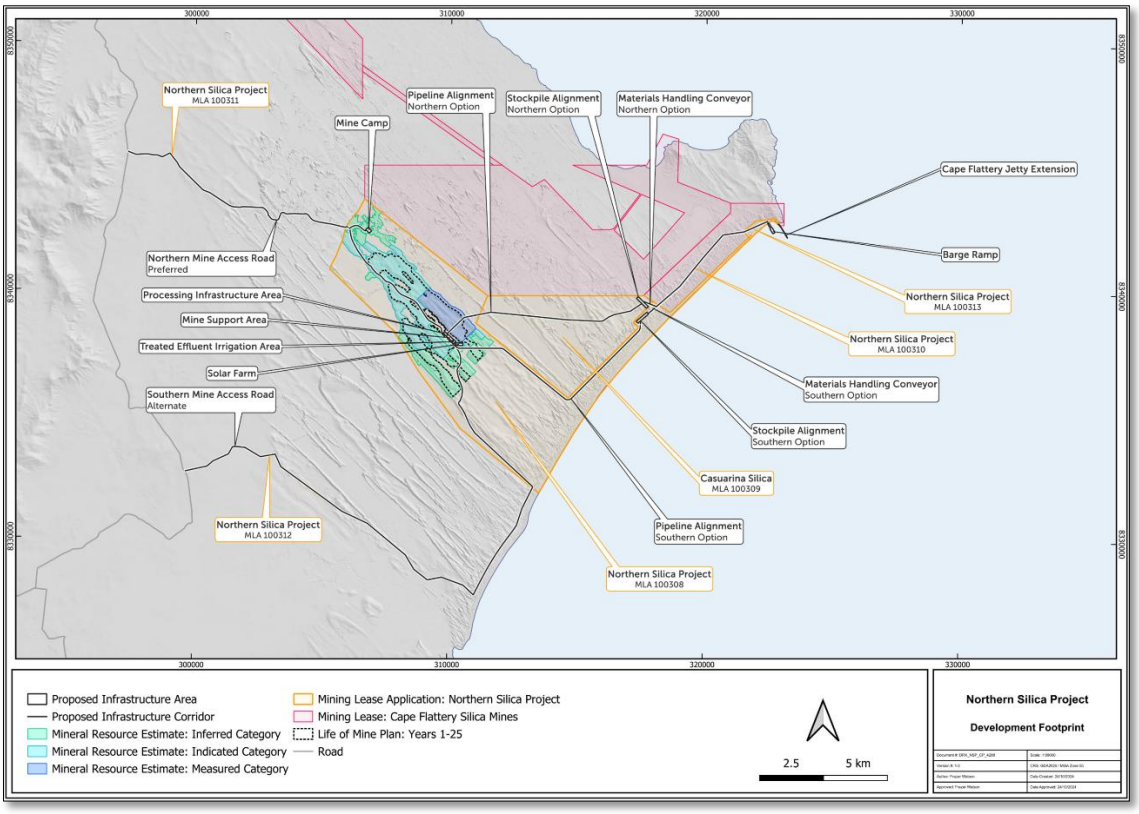

Figure 3: *Updated NSP footprint including Casuarina MLA100309*

Next steps

The Draft EIS is now being prepared by Diatreme in accordance with the final ToR, outlining baseline and impact assessments, mitigation measures and proposed strategies and management plans to manage project risks and impacts. Diatreme aims to lodge the Draft EIS for adequacy checks with the OCG and Commonwealth Government by mid-2025, pending the results of further consultation and engagement in the first half of calendar 2025.

Once approved, the Draft EIS will undergo another public comment period, which may identify that additional studies or work is required to address further issues or concerns. Following the notification and submission period for the Draft EIS and the carrying out of any additional studies, the EIS will be revised and resubmitted for formal Government assessment and decision on the NSP's advancement.

The NSP was gazetted by the Queensland Government as a 'Coordinated Project' on 12 January 2024 (refer ASX release 15 January 2024). This major milestone recognised the NSP's strategic value, including its infrastructure and approval requirements. This also established the environmental assessment process, including preparation of an EIS.

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

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Community engagement

Diatreme has continued to actively engage with the community where it operates. The Company's Hope Vale office continues to serve as a base for both the Community Team and the field team when in Hope Vale.

The Community Team is on-ground to support and facilitate engagement with community members by attending and facilitating the Social, Cultural and Heritage assessment works for the EIS. The team also continues to participate in various community sponsorships and events.

Diatreme has undertaken several project community information sessions across Hope Vale and Cooktown to ensure the communities and townships surrounding the project are well informed and able to provide input into the NSP's development.

Figure 4: *Various community engagement events in Cooktown and Hope Vale, Qld*

Figure 5: *Community information sessions*

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CAPE FLATTERY SILICA PROJECT

Diatreme acquired 100% of the Cape Flattery Silica Project (CFSP) following its successful takeover of MLM. The project is located in the Cape Flattery area, on the eastern coastline of Cape York Peninsula, 220 km north of Cairns and 55km from Cooktown. The project is adjacent to the Cape Flattery Silica Mines mining and shipping operation owned by Mitsubishi Corporation and in close proximity to Diatreme's other silica projects, offering the potential for significant synergies.

CFSP has an estimated Ore Reserve of 47Mt with the total JORC Mineral Resource estimated at 61Mt (refer MLM's ASX announcement dated 15 November 2023). The project and in particular its Updated DFS is under review, with a view to capturing the potential synergies between it and Diatreme's flagship NSP to facilitate shared infrastructure and reduced CAPEX.

Initial exploration drilling by MLM in late 2019 confirmed high purity silica sand within EPM 25734. Further drilling programs were undertaken in 2020 and 2021 followed by the successful completion of a Pre-Feasibility Study in March 2022, a Definitive Feasibility Study in July 2023 and Updated Definitive Feasibility Study in November 2023.

The Updated Definitive Feasibility Study proposed extracting and processing raw sand to produce a high purity silica sand (HPSS) product of suitable quality for glassmaking in the manufacture of display panels, e-glass and in particular solar PV glass, of which over 80% of global supply is manufactured in the Asia Pacific region. Export by ship was planned from Cape Flattery to glass manufacturing companies, most likely in Asia.

The project area is bounded by the Cape Flattery coastline in the Cape Flattery Port area, which is owned and operated by Ports North, a Queensland Government owned corporation. Ports North owns the Mitsubishi leased jetty, just south of the tenement, with the jetty's ship-loading equipment primarily owned by Mitsubishi.

During the quarter, Diatreme continued detailed assessments of the assets and development optionality, given these now form part of a larger strategic regional silica tenement holding to determine optimal development pathways which may include shared infrastructure and export facility solutions.

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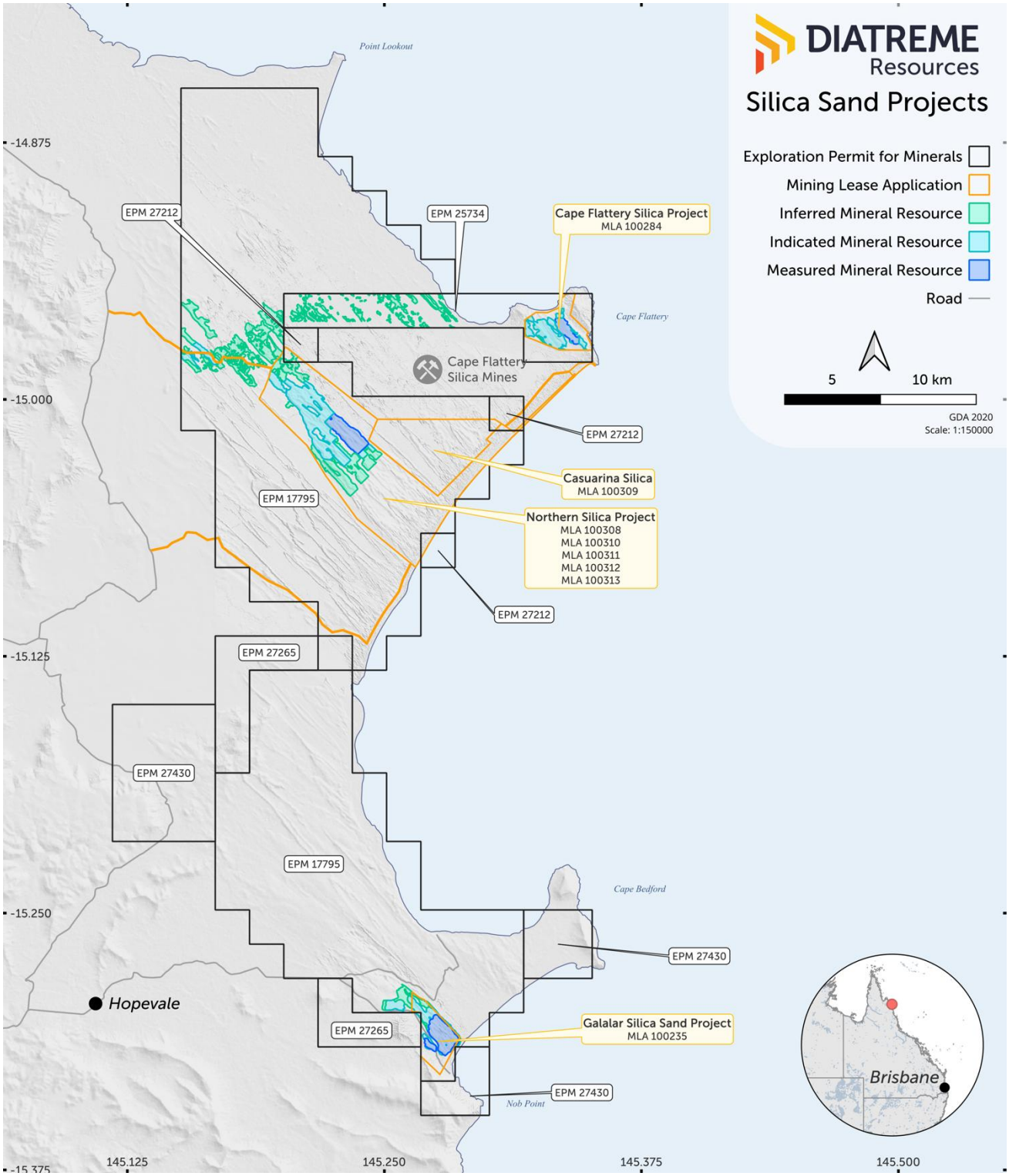

Figure 6: *Diatreme's Far North Queensland silica sand projects*

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CLERMONT COPPER/GOLD PROJECT, QLD

Following the successful conclusion of its takeover of Metallica Minerals Limited, the Clermont Copper/Gold Project is now wholly owned by Diatreme.

Diatreme continues to examine options to unlock shareholder value from this strategic project located in Central Queensland.

No further project work and/or expenditure was undertaken during the December quarter.

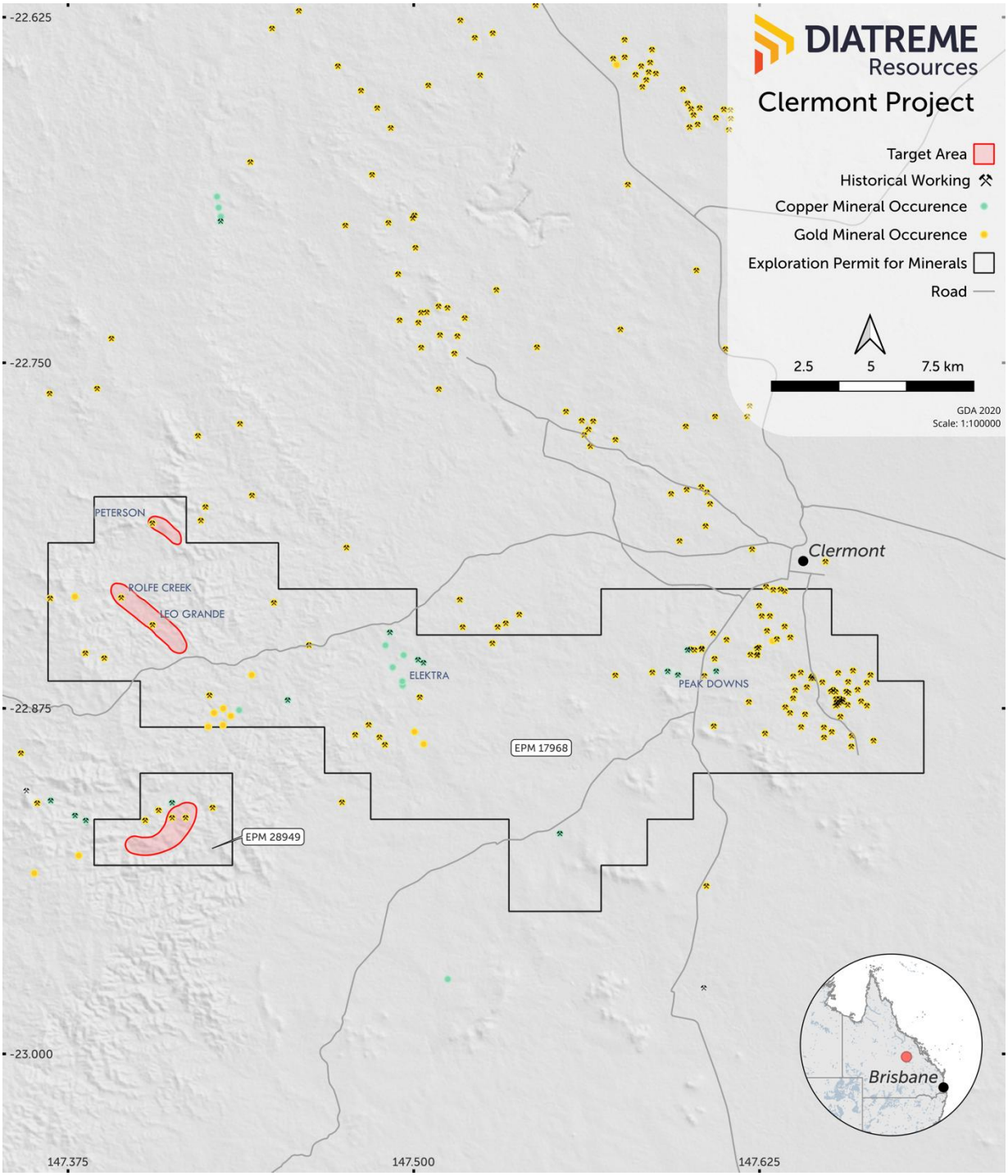

Figure 7: *Clermont Copper/Gold Project, Central Queensland*

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CYCLONE ZIRCON PROJECT, WA

In October 2024, Diatreme successfully completed a drilling program comprising 106 holes for 3,278m of air-core for its Cyclone Zircon Project in Western Australia. The program aimed to update metallurgical testwork and confirm previous drilling results from the zircon-rich heavy mineral sands project (refer ASX release 31 October 2024).

More than 11 tonnes of sand containing heavy minerals were collected from the Cyclone Deposit, representing the first three years of planned production under the current mine design. The program collected sufficient samples for processing testwork which will utilise recent innovative processes and advancements to produce market-required products for potential customers and investors.

Process design testwork

Diatreme is currently working with Mineral Technologies (MT) on a metallurgical testwork program that will be used for the design of an improved flowsheet for processing the Cyclone ore into zircon and titanium dioxide (TiO2) products. The dominant mineral in the Cyclone assemblage is zircon, which accounts for approximately 50% of the minerals in the heavy mineral concentrate that will be produced by the wet concentrator plant (WCP), and 75% of the value of all final products that will be produced from a mineral separation plant (MSP).

Previous testwork by MT identified opportunities that required additional sampling and testwork and would involve a different approach using recent technological developments with potential to improve zircon recovery and quality. This will be the focus of the testwork with potential for improving the project economics by producing an increased quantity of higher quality zircon.

Previous testwork produced two high TiO2 (HiTi) products, a non-magnetic HiTi with +85% TiO2 and a magnetic HiTi with +65% TiO2. Cyclone has an unusual suite of TiO2 minerals with a range of TiO2 content from 60% for altered ilmenite to 95% for rutile. The testwork currently being planned will use a different processing procedure and is expected to improve the recovery and quality of the TiO2 products. Another feature of the testwork is production of a single TiO2 product to a specification provided by a potential customer and assessing other options for HiTi products for use by other end users.

The project is currently being evaluated based on the production and export of heavy mineral concentrate (HMC). The value of the HMC is dependent on the assemblage of minerals produced by the WCP, the cost to produce the final products from an MSP, and the quality of the final zircon and TiO2 products. The results of this testwork will result in optimised flowsheets for the production of HMC.

This testwork is expected to be completed in Q2 2025. Diatreme will keep the market informed as results become available.

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Figure 8: *Cyclone drilling program on-site*

In its Quarterly Review released on 22 January 2025, major producer Iluka Resources reported a weighted average zircon sand price in the fourth quarter 2024 of US$1,819 per tonne, down 4% from the previous quarter's US$1,891/t. Overall, the 2024 weighted average zircon premium and standard price was 9% lower than in 2023.

Iluka also reported a Q4 2024 rutile price of US$1,662/t and a synthetic rutile price of US$1,186/t.

Diatreme continues to engage with a range of parties to unlock shareholder value from Cyclone.

CORPORATE SUMMARY

Payments to Related Parties and their Associates

In accordance with ASX listing Rule 5.3.5, during the quarter, the Company made total payments of $155k to related parties, comprising $78k of non-executive director fees and superannuation, and $77k for specialist advisory services to related parties of directors of the Company.

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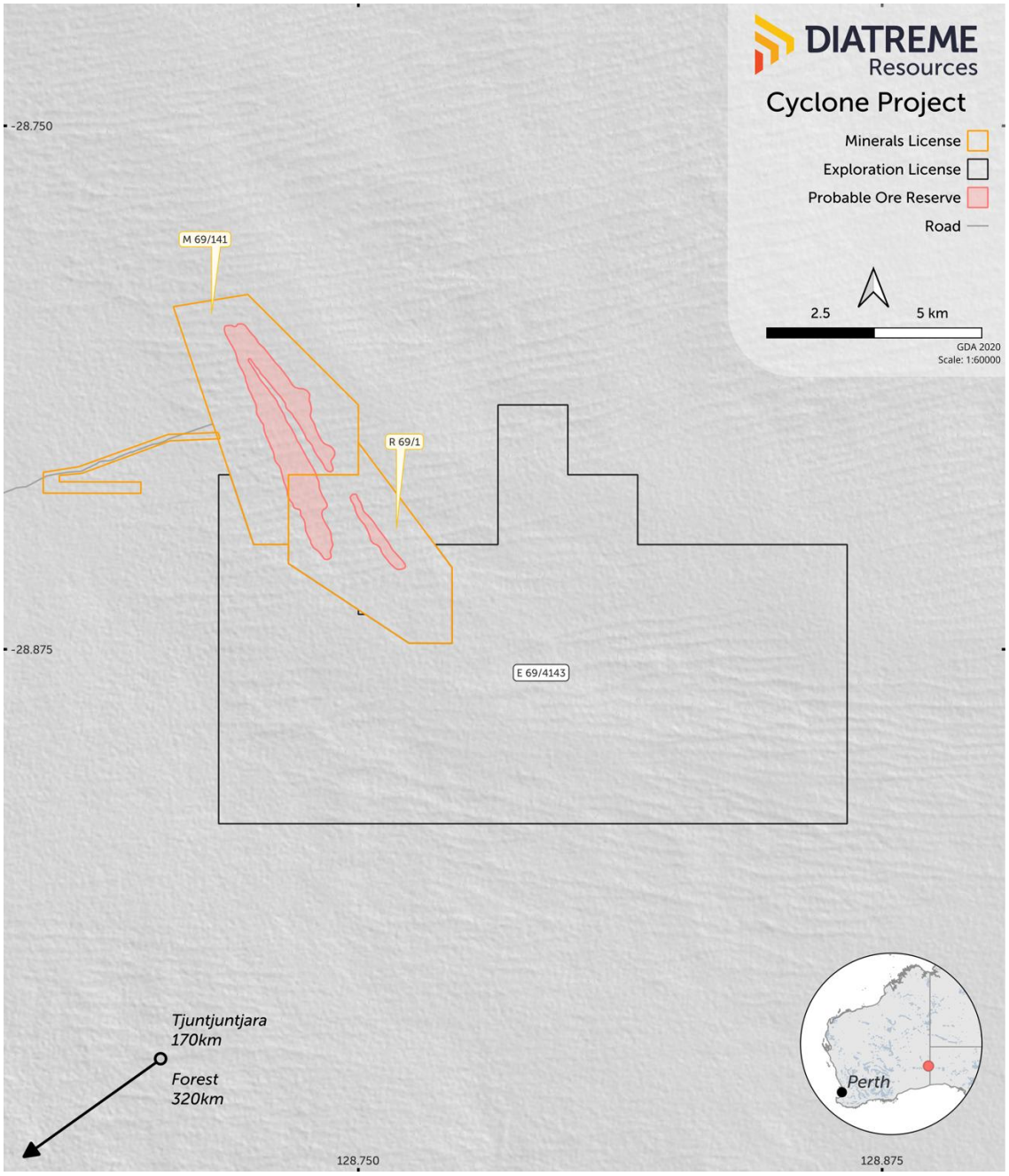

Figure 9: *Cyclone Zircon Project outline, WA*

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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 announcement are qualified by the foregoing cautionary statements.*

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ASX releases referenced for this release

- 22 January 2025 – "NSP environmental studies progress to final stages"
- 11 December 2024 – "Silica sand offtake MOU signed with Mitsui & Co"
- 27 November 2024 – "New director adds global silica sands expertise"
- 31 October 2024 – "Bulk sample drilling completed for Cyclone Zircon Project"
- 9 October 2024 – "New directors strengthen Diatreme's silica development"

Diatreme confirms that it is not aware of any new information or data that materially affects the information included in the original releases and that all material assumptions and technical parameters underpinning the estimates in the original releases continue to apply and have not materially changed.

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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	Clermont	EPM 17968	Granted	Clermont	100%	CHAL
QLD	Cape Bedford	EPM 17795	Granted	Hopevale	100%*	Cape Silica Holdings Pty Ltd*
QLD	Cape Bedford	EPM 27265	Granted	Hopevale	100%*	Cape Silica Holdings 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*

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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*
QLD	Cape Flattery Silica	EPM 25734	Granted	Cape Flattery	100%	Cape Flattery Silica Pty
QLD	Cape Flattery Silica	MLA 100284	Application	Cape Flattery	100%	Cape Flattery Silica Pty

** 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.*

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.

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	

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	31 December 2024

Consolidated statement of cash flows *		Current quarter $A'000	Year to date (12 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	(260)	(1,736)
	(e) administration and corporate costs	(981)	(4,820)
1.3	Dividends received (see note 3)		
1.4	Interest received	91	435
1.5	Interest and other costs of finance paid	(29)	(121)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	56	242
1.9	**Net cash from / (used in) operating activities**	**(1,123)**	**(6,000)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	6	(185)
	(d) exploration & evaluation	(799)	(1,520)
	(e) investments		
	(f) other non-current assets		

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Consolidated statement of cash flows *	Current quarter $A'000	Year to date (12 months) $A'000
2.2 Proceeds from the disposal of:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	-	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 – cash from acquisition of subsidiary (MLM)	-	2,756
2.6 Net cash from / (used in) investing activities	**(793)**	**1,059**

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)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(79)	(143)
3.10	**Net cash from / (used in) financing activities**	**(79)**	**(643)**

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Consolidated statement of cash flows *		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,183	10,772
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,123)	(6,000)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(793)	1,059
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(79)	(643)
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**5,188**	**5,188**

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	1,188	518
5.2	Call deposits	4,000	6,665
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)**	**5,188**	**7,183**

*** 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 December 2024 for the JV totalled $16.3M, giving total cash of **$21.4m** 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	155
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. (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)	(1,123)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(799)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,922)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,188
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	5,188
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	2.7

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?

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: 31 January 2025

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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