

DIATREME RESOURCES LIMITED

ABN 33 061 267 061

Financial Report Half year ended 30 June 2025

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CONTENTS

	Page
Corporate directory	1
Directors' report	2
Auditor's independence declaration	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	16
Independent auditor's review report	17

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

They do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors

Wayne Swan, Non-Executive Chairman
Michael Chapman, Non-Executive Director
Cheng (William) Wang, Non-Executive Director
Karalyn Keys, Non-Executive Director
Brian Flannery, Non-Executive Director
Tom Cutbush, Non-Executive Director

Chief Executive Officer

Neil McIntyre

Company Secretary

Tuan Do

Securities Exchange

Australian Securities Exchange
ASX Code: DRX

Auditors

William Buck (Qld)
Level 22, 307 Queen Street
Brisbane QLD 4000

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Unit 8, 55-61 Holdsworth Street
Coorparoo QLD 4151
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Share Registry

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Directors' Report

The directors present their report on the Group consisting of Diatreme Resources Limited ('the Company' or 'Diatreme') and the entities it controlled at the end of, or during, the half-year ended 30 June 2025.

Directors

The following persons were directors of Diatreme Resources Limited during the whole of the half-year and up to the date of this report:

Mr Wayne Swan	Non-Executive Chairman
Ms Karalyn Keys	Non-Executive Director
Mr Michael Chapman	Non-Executive Director
Mr William Wang	Non-Executive Director
Mr Brian Flannery	Non-Executive Director
Mr Tom Cutbush	Non-Executive Director

Review of operations

Company overview

Diatreme Resources Limited (DRX) is an Australian developer and explorer of mineral/silica sands. The Company is maintaining its focus on advancing development and exploration activities of its Northern Silica Sand Project and Cyclone Zircon Project.

Results of operations

The net loss of the Group for the half year to 30 June 2025 was \$727,754 (2024: loss of \$937,701).

No dividends were proposed or paid during the period (2024: nil). At 30 June 2025, the Group had \$3,821,230 in cash and cash equivalents (31 December 2024: \$5,187,296). In addition, the joint venture had \$11,316,670 in cash at 30 June 2025.

Northern Silica Project

During the half-year period, the Company remained focused on advancing the permitting and approvals process for its flagship Northern Silica Project (NSP).

Key developments during the reporting period included:

Environmental Impact Statement (EIS) Progress:

In January 2025, Diatreme announced that the Environmental Impact Statement (EIS) for the Northern Silica Project (NSP) had progressed to the final stages of environmental impact assessment and mitigation planning. This milestone followed the release of the Final Terms of Reference (FToR) by the Office of the Coordinator-General in September 2024, marking the completion of public consultation. The FToR sets the scope for the EIS, ensuring that community and stakeholder feedback is incorporated into the project's environmental planning.

Exploration Activities:

In March 2025, Diatreme provided an update on the 2024 drilling program at the Si2 deposit, which concluded in December 2024. A total of 3,420 metres was drilled across 154 holes, with a focus on infill drilling to improve geological confidence and step-out drilling to assess potential resource extensions to the south-east. A new assaying approach targeting the 0.71mm to 0.106mm particle size fraction was implemented to better predict product quality. This method was applied to both 2024 drill samples and 683 composite samples from the 2023 program. Results demonstrated consistent mineralisation, with average intercepts of around 20 metres. A

Directors' Report

notable intercept (Hole Si220097) returned 46 metres of high-purity silica sand, with 96.7% within the targeted size range and low iron content, supporting its suitability for photovoltaic glass production.

Major Project Status designation

On 17 June, Diatreme announced the NSP was formally granted Major Project Status by the Federal Government through the Major Projects Facilitation Agency, becoming the only project in Queensland with this designation. This status recognises the project's strategic importance to Australia's critical minerals sector and its potential to drive regional economic growth in Far North Queensland. It also provides Diatreme with dedicated Federal support to streamline environmental and regulatory approvals, particularly under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act). Diatreme is now preparing the EIS required for Federal approval as a controlled action.

Upgraded Mineral Resource Estimate

In June 2025, Diatreme released an updated Mineral Resource Estimate (MRE) for the Si2 Deposit, further confirming it as one of Australia's most significant undeveloped high-grade silica sand resources. Located in the Cape Bedford–Cape Flattery Dune Field, near the Port of Cape Flattery, the deposit is strategically placed to meet growing global demand for high-purity silica, especially for photovoltaic glass used in solar energy. The updated MRE improves confidence in both the scale and quality of the deposit, supporting upcoming development and mine planning activities.

Scandium IP Sale:

On 31 March 2025, Diatreme's subsidiary, Touchstone Resources Pty Ltd, finalised the sale of its intellectual property (IP) relating to scandium extraction and refining technologies. The IP, originally developed in 2011–2012 for the SCONI Scandium-Cobalt-Nickel Project, had not advanced in recent years. Following a third-party approach by the original developers, Element 21 Pty Ltd, the IP was sold for net proceeds of \$562,500. The divestment reflects Diatreme's focus on its core silica assets and enables reinvestment into priority projects.

Cyclone Zircon/Heavy Mineral (HM) Project

Diatreme continued work with Mineral Technologies (MT) on a metallurgical testwork program aimed at optimising the processing flowsheet for the Cyclone Project. The improved flowsheet is being designed to enhance the recovery and processing of zircon and titanium dioxide (TiO₂) products from the ore.

Zircon remains the dominant mineral in the Cyclone deposit, comprising approximately 50% of the heavy mineral concentrate produced by the wet concentrator plant (WCP), and representing around 75% of the total value of final products to be derived from the future mineral separation plant (MSP).

In parallel, Diatreme remains engaged in discussions with multiple parties to explore avenues for unlocking shareholder value from the Cyclone Project. One such avenue includes consideration of a potential asset spin-out via a dedicated vehicle, possibly to be listed as a standalone company, subject to favourable market conditions.

Corporate

Diatreme's Annual General Meeting was held on 22 May 2025, and all resolutions were passed on a poll, with voting results available via the ASX release dated 22 May 2025.

On 30 May 2025, the Company announced the successful rollover of its existing \$1.0 million debt facility for an additional 12 months, extending the maturity date to 30 May 2026.

Directors' Report

Matter subsequent to reporting date

On 25 August 2025, Diatreme announced that the Queensland Government granted Project Status recognition ("Projectisation") to all five of Diatreme's Cape Flattery and Cape Bedford exploration permits (EPMs). Additionally, EPM 25734 and EPM 27265 were successfully renewed for a further five years. Project Status enables greater flexibility in exploration tenure management and supports the optimisation of Diatreme's mining lease applications.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Wayne Swan
Non-Executive Chairman
Brisbane, 27 August 2025

The Directors
Diatreme Resources Limited
Unit 8
61 Holdsworth Street
Coorparoo QLD 4151

Auditor's Independence Declaration

As lead auditor for the review of Diatreme Resources Limited for the half-year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Diatreme Resources Limited and the entities it controlled during the period.

William Buck

William Buck (Qld)
ABN 21 559 713 106

Junaide Latif

Junaide Latif
Partner

Brisbane, 27 August 2025

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 30 June 2025

	Note	30 June 2025 \$	30 June 2024 \$
Revenue		88,294	213,170
Gain on acquisition of subsidiary	5	-	1,481,030
Share of profit in joint venture	7	42,966	299,921
Other income		143,020	125,637
Sale of IP		568,305	-
Total revenue and income		842,585	2,119,758
Employee benefits expenses		(585,141)	(416,296)
Depreciation expense		(159,307)	(136,820)
Exploration expenditure written off		(922)	-
Share based payment expense	11	(62,006)	(168,209)
Acquisition costs	5	-	(1,441,051)
Other expenses		(705,638)	(831,157)
Finance costs		(57,325)	(63,926)
Total expenses		(1,570,339)	(3,057,459)
Loss before income tax		(727,754)	(937,701)
Income tax expense		-	-
Net loss for the half-year attributable to owners		(727,754)	(937,701)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to owners		(727,754)	(937,701)
Net loss for the half-year is attributable to:			
Owners of Diatreme		(727,754)	(849,152)
Non-controlling interests	6	-	(88,549)
		(727,754)	(937,701)
		Cents	Cents
Loss per share			
Basic earnings per share		(0.01)	(0.02)
Diluted earnings per share		(0.01)	(0.02)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
At 30 June 2025

		30 Jun	31 Dec
	Note	2025	2024
		\$	\$
Current assets			
Cash and cash equivalents		3,821,230	5,187,296
Trade and other receivables		159,150	191,684
Total current assets		3,980,380	5,378,980
Non-current assets			
Investment in joint venture	7	39,492,473	39,449,507
Property, plant and equipment		666,151	741,053
Right-of-use assets		137,453	171,462
Exploration and evaluation assets	8	50,224,071	49,594,306
Other assets		108,363	117,463
Total non-current assets		90,628,511	90,073,791
Total assets		94,608,891	95,452,771
Current liabilities			
Trade and other payables		943,739	1,089,348
Borrowings	9	1,016,876	1,016,876
Lease liabilities		151,732	149,709
Provisions		211,955	191,865
Total current liabilities		2,324,302	2,447,798
Non-current liabilities			
Lease liabilities		-	37,810
Provisions		9,977	26,803
Total non-current liabilities		9,977	64,613
Total liabilities		2,334,279	2,512,411
Net assets		92,274,612	92,940,360
Equity			
Issued capital	10	124,320,539	124,320,539
Reserves	11	1,322,758	1,260,752
Accumulated losses		(33,368,685)	(32,640,931)
Total equity		92,274,612	92,940,360

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half year ended 30 June 2025

	Note	Issued capital	Share based payments reserve	Accumulated losses	Non- controlling interest	Total equity
		\$	\$	\$	\$	\$
At 1 January 2024		93,637,615	1,017,351	(31,084,188)	-	63,570,778
Total comprehensive (loss)/income for the half-year		-	-	(849,152)	(88,549)	(937,701)
Transactions with owners in their capacity as owners:						
Options and performance rights issued (Note 11)		-	168,209	-	-	168,209
Shares issuable on acquisition of subsidiary		11,729,059	-	-	-	11,729,059
Initial recognition of non- controlling interests in subs		-	-	-	9,828,085	9,828,085
Shares issuable on acquisition of non-controlling interests		2,428,423	-	-	(2,428,423)	-
At 30 June 2024	6	107,795,097	1,185,560	(31,933,340)	7,311,113	84,358,430
		Issued capital	Share based payments reserve	Accumulated losses	Non- controlling interest	Total equity
		\$	\$	\$	\$	\$
At 1 January 2025		124,320,539	1,260,752	(32,640,931)	-	92,940,360
Total comprehensive income: Loss for the half-year		-	-	(727,754)	-	(727,754)
Transactions with owners in their capacity as owners:						
Options and performance rights issued (Note 11)		-	62,006	-	-	62,006
At 30 June 2025		124,320,539	1,322,758	(33,368,685)	-	92,274,612

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half year ended 30 June 2025

	30 June 2025 \$	30 June 2024 \$
Cash flows from operating activities		
Payments to suppliers and employees	(1,367,099)	(3,022,168)
Interest received	128,727	228,695
Finance costs	(41,482)	(66,738)
Other income	711,093	125,637
Net cash outflow from operating activities	(568,761)	(2,734,574)
Cash flows from investing activities		
Cash from acquisition of subsidiary (Metallica)	-	2,756,360
Proceeds from sale of plant & equipment	-	8,182
Payments for plant & equipment	(10,474)	(168,361)
Payments for exploration and evaluation assets	(702,829)	(90,430)
Net cash inflow (outflow) from investing activities	(713,303)	2,505,751
Cash flows from financing activities		
Repayment of borrowings	-	(500,000)
Repayments of lease liabilities	(84,002)	(46,083)
Net cash outflow from financing activities	(84,002)	(546,083)
Net decrease in cash and cash equivalents	(1,366,066)	(774,906)
Cash and cash equivalents at the beginning of the half-year	5,187,296	10,772,458
Cash and cash equivalents at the end of the half-year	3,821,230	9,997,552

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

These condensed consolidated interim financial statements ('interim financial statements') for the half year to 30 June 2025 comprise Diatreme Resources Limited ('Diatreme' or 'the Company') and the entities it controlled during or at the end of the half year ended 30 June 2025 ('the Group').

2. BASIS OF PREPARATION

Statement of Compliance

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

They do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Unless otherwise stated in the financial statements, the principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. These interim financial statements were authorised for issue by the Company's Board of Directors on 27 August 2025.

Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options and performance rights is determined using either the Binomial or Monte Carlo Simulation Models taking into account the terms and conditions upon which the instruments were granted.

Exploration and evaluation assets:

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Business combination

For the takeover of Metallica Minerals Ltd, the Group applied judgement in determining whether the transaction met the definition of a business combination or an asset acquisition, determination of the acquisition date, fair value measurement of the total purchase consideration transferred, fair value measurement of identifiable assets and liabilities at acquisition date and calculate of bargain purchase gain.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half year ended 30 June 2025 of \$727,754 and a net cash outflow from operations of \$568,761.

The Group's ability to continue as a going concern is dependent on the successful raising of additional funding through equity, the extension of existing debt facilities, and/or the partial sale or joint venture of its exploration assets. These factors give rise to material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have considered the Group's current financial position, cash flow forecasts, and business outlook. While the Group has incurred operating losses, the Directors are confident in the Group's ability to meet its obligations as and when they fall due. This confidence is supported by the Group's track record in raising capital and/or realising value through the partial sale or joint venture of exploration assets, should the need arise.

Accordingly, the Directors believe it is appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor to the amounts or classification of liabilities, which may be required if the Group were unable to continue as a going concern

3. MATERIAL ACCOUNTING POLICY INFORMATION

Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. They do not have a material impact on the Group's financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. SEGMENT INFORMATION

The Group currently operates in one business segment and one geographical segment, namely exploration for heavy mineral sands, copper, and base metals in Australia. The revenues and results of this segment are those of the Group as a whole and are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements

5. BUSINESS COMBINATION

Diatreme Resources Ltd ('Diatreme' or 'the Company') acquired 57.34% of the issued capital of Metallica Minerals Ltd ('Metallica' or 'MLM') pursuant to an off-market takeover offer announced on 16 February 2024. The offer became unconditional on 17 June 2024, which is considered the acquisition date under AASB 3.

The acquisition was completed in stages, and by 18 September 2024, following the compulsory acquisition process, Diatreme acquired 100% of Metallica's issued share capital. Accordingly, Metallica became a wholly owned subsidiary, and no non-controlling interest (NCI) remains at either 31 December 2024 or 30 June 2025.

The acquisition strategically consolidates high-quality silica assets in the Cape Flattery region, strengthening Diatreme's development and commercial positioning in the high-purity silica market.

Final fair values of assets acquired and liabilities assumed at 17 June 2024:

Details of the acquisition are as follows:	Final Fair values at 17 June 2024 \$	Provisional Fair values at 17 June 2024 \$
Cash and cash equivalents	2,756,360	2,756,360
Property, plant and equipment	78,960	78,960
Right-of-use assets	321,937	321,937
Exploration and evaluation assets (comprising book value of \$12,579,199 plus uplift of \$19,920,801)	32,500,000	20,594,845
Other assets	96,815	96,815
Trade and other payables	(356,366)	(356,357)
Lease liabilities	(356,404)	(356,404)
Provisions	(97,974)	(97,974)
Total identifiable net assets acquired	34,943,328	23,038,182
Acquisition-date fair value of the total consideration transferred	17,593,588	11,729,059
Non-controlling interests	13,089,336	9,828,093
Total	30,682,924	21,557,152
Gain on acquisition	4,260,404	1,481,030
Acquisition costs expensed to profit or loss	1,441,051	1,441,051
Cash acquired on business combination	2,756,360	2,756,360
Less: cash and cash equivalents used to acquire business	-	-
Net cash acquired	2,756,360	2,756,360

The fair value of the exploration and evaluation assets were determined by an independent valuation expert. The net assets and consideration recognised in the half-year ended 30 June 2024 financial statements were based on a provisional fair value assessment in accordance with AASB 3. Diatreme had 12 months from the acquisition date to finalise these fair values, with the period ending on 16 June 2025. The fair values are now finalised.

Subsequent Acquisition of NCI:

Diatreme acquired the remaining 42.66% interest in Metallica between 17 June and 18 September 2024. The fair value of the consideration paid matched the fair value of the NCI, resulting in no additional gain or loss. Following the completion of the acquisition, no NCI remained as at 31 December 2024 or 30 June 2025.

Notes to the Financial Statements

6. EQUITY: NON-CONTROLLING INTEREST

On 17 June 2024, Diatreme Resources Ltd acquired a 57.34% interest in Metallica Minerals Ltd and initially recognised a non-controlling interest (NCI) representing the remaining 42.66%.

Diatreme continued to acquire Metallica shares after the acquisition date, completing a compulsory acquisition on 18 September 2024, which resulted in 100% ownership. As such, from 18 September 2024 onward, no non-controlling interest existed in the consolidated group.

The NCI recognised at 30 June 2024 of \$7,311,113 was fully eliminated during the second half of 2024 and is no longer present in the equity statement as at 31 December 2024 or 30 June 2025.

7. INVESTMENT IN JOINT VENTURE

Cape Silica Holdings Pty Ltd (CSHPL)

On 1 December 2022, Diatreme Resources Limited and Sibelco Silica Pty Ltd (Sibelco) entered a Shareholder's Deed outlining the intent of the parties to conduct a joint venture for the purposes of exploring and developing silica sand assets in the Cape Flattery and Cape Bedford regions. Sibelco subscribed for a 9.99% interest in CSHPL for AU\$11 million. At this date the Group's control of CSHPL ceased; the remaining interest in the entity is accounted for using the equity method in the consolidated financial statements. On 17 October 2023 Sibelco subscribed for a further 16.8% in CSHPL for AU\$24 million, for a total of 26.8% interest in CSHPL.

Set out below is the joint venture of the group as at 30 June 2025 which, in the opinion of the directors, is material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying Amount	
		Jun 2025	Dec 2024			Jun 2025	Dec 2024
		%	%			\$	\$
Cape Silica Holdings Pty Ltd	Australia	73.2	73.2	Joint Venture ⁽¹⁾	Equity Method	39,492,473	39,449,507

(1) A joint venture between Diatreme Resources Ltd and Sibelco Silica Pty Ltd.

	30 Jun 2025 \$	31 Dec 2024 \$
Reconciliation of carrying amount in joint venture		
Opening balance	39,449,507	38,948,137
Share of profit in joint venture	42,966	501,370
	<u>39,492,473</u>	<u>39,449,507</u>

Notes to the Financial Statements

8. EXPLORATION AND EVALUATION ASSETS

	30 Jun 2025 \$	31 Dec 2024 \$
Exploration and evaluation assets – at cost	50,224,071	49,594,306
Opening balance	49,594,306	15,540,443
Acquisition of subsidiary – Metallica Minerals Ltd (including fair value uplift attributable to mineral assets)	-	32,500,000
Costs capitalised	630,687	1,569,994
Costs written off during the period	(922)	(16,131)
	50,224,071	49,594,306

9. BORROWINGS

	30 Jun 2025 \$	31 Dec 2024 \$
Unsecured loan	1,016,876	1,016,876
Total borrowings	1,016,876	1,016,876

During the period the Company extended the loan for further 12 months to 30 May 2026. The loan's interest rate of 7.5% per annum remains unchanged.

10. ISSUED CAPITAL

	30 Jun 2025 \$	31 Dec 2024 \$
5,008,281,841 (Dec 2024: 5,008,281,841) ordinary shares	124,320,539	124,320,539

(a) Movements in ordinary share capital:

	30 Jun 2025 Number of shares	30 Jun 2025 \$	31 Dec 2024 Number of shares	31 Dec 2024 \$
Balance at start of the year	5,008,281,841	124,320,539	3,729,759,126	93,637,615
Shares issued on acquisition of Metallica Minerals Ltd (MLM)	-	-	1,278,522,715	30,682,924
Total issued capital	5,008,281,841	124,320,539	5,008,281,841	124,320,539

11. SHARE-BASED PAYMENTS RESERVE

	30 Jun 2025 \$	31 Dec 2024 \$
Opening balance	1,260,752	1,017,351
Options expense	62,006	243,401
	1,322,758	1,260,752

Notes to the Financial Statements

Nature and purpose of share-based payment reserve

The share-based payment reserve is used to recognise the fair value of options issued to the directors and other KMP. The Group provides benefits in the form of share-based payment transactions as follows:

Type	Holder(s)	Services provided
Options to directors	Directors	Employment – corporate governance
Options to other KMP	CEO and CFO & Company Secretary (CFO)	Employment – incentive with vesting conditions

Grant Date	Holder(s)	Type	Number of instruments at 1 Jan 2025	Granted in current period	Vested and shares issued	Lapsed in current period	Closing balance as at 30 June 2025	Weighted average exercise price
27 May 2021	Directors	Options	30,000,000	-	-	-	30,000,000	0.031
26 May 2022	Directors	Options	10,000,000	-	-	-	10,000,000	0.031
25 July 2022	CEO and CFO	Options	20,000,000	-	-	-	20,000,000	0.040
8 August 2023	Directors	Options	10,000,000	-	-	-	10,000,000	0.040

12. CONTINGENCIES

There are no contingent liabilities (31 December 2024: nil) as at the reporting date.

13. COMMITMENTS

Tenement expenditure commitments

So as to maintain current rights to tenure of exploration tenements, the Group will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. These outlays (exploration expenditure and rent), which arise in relation to granted tenements are as follows:

	30 Jun 2025	31 Dec 2024
	\$	\$
Payable within 1 year	71,370	71,281
Payable between one and five years	1,057,055	1,056,677
	<u>1,128,425</u>	<u>1,127,958</u>

The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished. At 30 June 2025 cash security bonds totalling \$34,323 were held by the relevant governing authorities to ensure compliance with granted tenement conditions (31 Dec 2024: \$34,323).

14. EVENTS SUBSEQUENT TO REPORTING DATE

On 25 August 2025, Diatreme announced that the Queensland Government granted Project Status recognition ("Projectisation") to all five of Diatreme's Cape Flattery and Cape Bedford exploration permits (EPMs). Additionally, EPM 25734 and EPM 27265 were successfully renewed for a further five years. Project Status enables greater flexibility in exploration tenure management and supports the optimisation of Diatreme's mining lease applications.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 6 to 15 are in accordance with the Corporations Act 2001 and:

- (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the half-year ended on that date.

In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:



Wayne Swan
Non-executive Chairman
Brisbane, 27 August 2025

Independent auditor's review report to the members of Diatreme Resources Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Diatreme Resources Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2025,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss after tax of \$727,754 during the half year ended 30 June 2025 and had net cash outflows from operating activities of \$568,761 for the half year. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

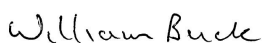
Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck (Qld)
ABN 21 559 713 106



Junaide Latif
Partner

Brisbane, 27 August 2025