

Diatreme Resources Limited

ACN 061 267 061

Notice of Annual General Meeting

The Annual General Meeting of Diatreme Resources Limited will be held at:

- Room B, Level 1, Christie Conference Spaces, 320 Adelaide Street, Brisbane QLD 4000
- 1.30pm (AEST) on 29 May 2026

Diatreme has obtained an Independent Expert's Report for the purposes of seeking Shareholder approval under Listing Rule 10.1.

The Directors engaged Grant Thornton Corporate Finance Pty Ltd to prepare the Independent Expert's Report to provide an opinion on whether or not the Proposed Transaction as set out in this notice is fair and reasonable to Non-Associated Shareholders.

The Independent Expert has concluded that, overall, the Proposed Transaction is **FAIR AND REASONABLE** to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.

This notice of annual general meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on +61 7 33972 222 or tuan.do@diatreme.com.au if you wish to discuss any matter concerning the Meeting.

Diatreme Resources Limited
ACN 061 267 061

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Diatreme Resources Limited will be held at 1.30pm (AEST), Room B, Level 1, Christie Conference Spaces, 320 Adelaide Street, Brisbane QLD 4000, on 29 May 2026.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form both form part of this Notice of Meeting.

Shareholders are urged to vote by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

Proxy Forms must be received by no later than 1.30pm (AEST) on 27 May 2026.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in SCHEDULE 1 of the Explanatory Statement.

Agenda

ANNUAL REPORT

To receive and consider the financial statements of the Company and the reports of the Directors (**Directors' Report**) and Auditors for the financial year ended 31 December 2025 (**Annual Report**).

RESOLUTION 1 - REMUNERATION REPORT (NON-BINDING)

To consider, and if thought fit, to pass the following as a **non-binding resolution**:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Directors' Report for the financial year ended on 31 December 2025.”

A voting exclusion statement is set out below.

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 - RE-ELECTION OF DIRECTOR - MR CHENG (WILLIAM) WANG

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That Mr Cheng (William) Wang, who retires by rotation in accordance with Listing Rule 14.5 and rule 12.3 of the Company’s Constitution, offers himself for re-election, be re-elected as a Director.”

RESOLUTION 3 - APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass the following as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the fully paid ordinary issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

RESOLUTION 4 - APPROVAL FOR METALLICA TO DISPOSE OF THE SALE SHARES

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That for the purpose of ASX Listing Rule 10.1, and for all other purposes, subject to Shareholder approval of Resolutions 5, 6 and 7, approval is given for the Company’s wholly owned subsidiary, Metallica to dispose of the Sale Shares to CSHPL, on the terms and conditions described in the Explanatory Statement.”

A voting exclusion statement is set out below.

Note: Shareholders should carefully consider the Independent Expert’s Report prepared by Grant Thornton Corporate Finance Pty Ltd and included in SCHEDULE 3 of this Notice of Annual General Meeting. The Independent Expert has concluded that the disposal of the Sale Shares by Metallica is FAIR AND REASONABLE to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.

RESOLUTION 5 - APPROVAL FOR CSHPL TO ACQUIRE THE SALE SHARES

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That for the purpose of ASX Listing Rule 10.1 and for all other purposes, subject to Shareholder approval of Resolutions 4, 6 and 7, approval is given for the Company’s partially owned subsidiary, CSHPL to acquire the Sale Shares from Metallica, on the terms and conditions described in the Explanatory Statement.”

A voting exclusion statement is set out below.

Note: Shareholders should carefully consider the Independent Expert’s Report prepared by Grant Thornton Corporate Finance Pty Ltd and included in SCHEDULE 3 of this Notice of Annual General Meeting. The Independent Expert has concluded that the acquisition of the Sale Shares by CSHPL is NOT FAIR but REASONABLE to the Non-Associated Shareholders and is of the opinion that it is in the best interests of Non-Associated Shareholders to vote in favour of the resolution.

RESOLUTION 6 - APPROVAL FOR CSHPL TO ISSUE SHARES TO SIBELCO

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That for the purpose of ASX Listing Rule 10.1 and for all other purposes, subject to Shareholder approval of Resolutions 4, 5 and 7, approval is given for CSHPL to issue 435 ordinary shares to Sibelco, on the terms and conditions described in the Explanatory Statement.”

A voting exclusion statement is set out below.

Note: Shareholders should carefully consider the Independent Expert’s Report prepared by Grant Thornton Corporate Finance Pty Ltd and included in SCHEDULE 3 of this Notice of Annual General Meeting. The Independent Expert has concluded that the issue of new equity to Sibelco is FAIR AND REASONABLE to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.

RESOLUTION 7 - APPROVAL FOR CSHPL TO GRANT THE CALL OPTION

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.1 and for all other purposes, subject to Shareholder approval of Resolutions 4, 5 and 6, Shareholders approve the grant by CSHPL of a call option to Sibelco under which Sibelco is entitled to acquire 376 ordinary shares in CSHPL, on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

Note: Shareholders should carefully consider the Independent Expert’s Report prepared by Grant Thornton Corporate Finance Pty Ltd and included in SCHEDULE 3 of this Notice of Annual General Meeting. The Independent Expert has concluded that the grant of the Call Option to Sibelco is FAIR AND REASONABLE to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.

VOTING PROHIBITION AND EXCLUSION STATEMENTS**Corporations Act**

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by any of the following persons:

Resolution	Persons Excluded from Voting
Resolution 1 - Remuneration Report (Non-Binding)	Sections 250R Corporations Act A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of the following persons:

Resolution	Persons Excluded from Voting
	<p>(a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or</p> <p>(b) a Closely Related Party of such a member.</p> <p>However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:</p> <p>(c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or</p> <p>(d) the voter is the Chair of the Meeting and the appointment of the chair as proxy:</p> <ul style="list-style-type: none"> (i) does not specify the way the proxy is to vote on this Resolution; and (ii) expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

ASX Listing Rules

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of a resolution by on behalf of:

- (a) the below named person or class of person excluded from voting; or
- (b) an associate of that person of those persons.


Resolution	Persons Excluded from Voting
Resolution 4 - Approval for Metallica to dispose of the Sale Shares to CSHPL	Sibelco AP and Sibelco and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity).

Resolution	Persons Excluded from Voting
Resolution 5 - Approval for CSHPL to acquire the Sale Shares from Metallica	Sibelco AP and Sibelco and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity).
Resolution 6 - Approval for CSHPL to issue shares to Sibelco	Sibelco AP and Sibelco and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity).
Resolution 7 - Approval to issue Call Option	Sibelco AP and Sibelco and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder of the vote in that way.

By order of the Board of Directors


Tuan Do
Company Secretary
Diatreme Resources Limited
24 April 2026

DIATREME RESOURCES LIMITED

ACN 061 267 061

Explanatory Statement

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Room E, Level 1, Christie Conference Spaces, 320 Adelaide Street, Brisbane QLD 4000, at 1.30pm (AEST) on 29 May 2026. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of this Explanatory Statement.

Please contact the Company Secretary on +61 7 3397 2222 or tuan.do@diatreme.com.au if you wish to discuss any matter concerning the Meeting.

1 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

The Directors STRONGLY ENCOURAGE ALL SHAREHOLDERS TO LODGE A DIRECTED PROXY FORM PRIOR TO THE MEETING.

1.1 Voting by Proxy

Shareholders can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has the right to appoint a proxy;
- (b) the proxy need not be a Shareholder of the Company; and
- (c) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 1.30pm (AEST) on 27 May 2026. Any Proxy Form received after that time will not be valid for the Meeting.

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' - 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form. For further information on the online proxy lodgement process please see the Online Proxy Lodgement Guide at https://www.automicgroup.com.au/virtual-agms/
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

1.2 Voting in person

Ordinary resolutions require the support of more than 50% of the votes cast. Special resolutions require the support of at least 75% of the votes cast. All the Resolutions

at this Meeting, other than Resolution 3, are ordinary resolutions. Resolution 3 is a special resolution.

All resolutions at the Meeting will be voted on by poll and Shareholders who are entitled to vote may vote either prior to the Meeting by appointing a proxy or by poll during the Meeting.

1.3 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (Automic).

1.4 Eligibility to vote

For the purposes of regulations 7.11.37 and 7.11.38 of the Corporations Act Regulations, the Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 7.00pm (AEST) on 27 May 2026.

1.5 Poll

All Resolutions will be determined by poll.

2 ANNUAL REPORT

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended on 31 December 2025 which is available on the ASX platform at www.asx.com.au; and
- (b) ask questions about or make comment on the management of the Company.

The chair of the Meeting will allow reasonable opportunity for the Shareholders as a whole at the Meeting to ask the auditor or the auditor's representative questions relevant to:

- (c) the conduct of the audit;
- (d) the preparation and content of the auditor's report;
- (e) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (f) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

- (a) the content of the auditor's report to be considered at the Meeting; and
- (b) the conduct of the audit of the annual financial report to be considered at the Meeting,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

3 RESOLUTION 1 - REMUNERATION REPORT

3.1 Introduction

The Remuneration Report is in the Directors' Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended on 31 December 2025.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The Chair will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

3.2 Voting consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution that a further meeting is held at which all of the Company's Directors who were directors when the resolution to make the directors report considered at the later annual general meeting was passed (other than the Managing Director) must go up for re-election (**Spill Resolution**).

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were directors of the Company when the resolution to make the directors' report considered at the second annual general meeting was passed, other than the Managing Director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

The Shareholders approved the Company's Remuneration Report for financial year ended on 31 December 2025, and as a result there is no requirement to vote on a Spill Resolution if 25% or more of the votes cast vote against Resolution 1.

3.3 Directors' recommendation

The Directors abstain from making a voting recommendation in respect of Resolution 1.

4 RESOLUTION 2 - RE-ELECTION OF MR CHENG (WILLIAM) WANG

4.1 Introduction

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each Annual General Meeting. Listing Rule 14.5 applies even where no director is required to stand for re-election at an Annual General Meeting under Listing Rule 14.4. If no director is required to stand for election or re-election at the Annual General Meeting under Listing Rule 14.4, the entity must select at least one of its existing directors to stand for re-election.

Pursuant to rule 12.3 of the Company's Constitution, a Director must not hold office without re-election past the third Annual General Meeting following the Director's appointment or last election, or for more than three years, whichever is the longer.

Pursuant to rule 12.5 of the Company's Constitution, the Company may, at a general meeting at which a Director retires or otherwise vacates office, by resolution fill the vacated office by electing a person to that office.

4.2 Mr Cheng (William) Wang

In accordance with Listing Rule 14.5 and rules 12.3 and 12.5 of the Company's Constitution, William Wang, who was last elected to the board on 23 May 2024 retires from office at this Meeting and offers himself for re-election. Details of William Wang's qualifications and experience are set out in the Information on Directors section of the Company's 2025 Annual Report. The following information is also provided in respect of William Wang for the purpose of Recommendation 1.2 of the ASX Corporate Governance Principles and Recommendations:

- For personal use only
- (a) Mr Wang was first appointed as a Director on 27 May 2011 and was last re-elected as a Director at the Company's annual general meeting held on 23 May 2024;
 - (b) the Board (with Mr Wang abstaining) considers Mr Wang an independent director;
 - (c) Mr Wang has extensive experience in senior management and commodities trading across China, including previous roles in major state-owned enterprises;
 - (d) Mr Wang has, having worked across most provinces in China and understanding Chinese politics and government systems, developed wide business connections in China;
 - (e) Mr Wang has over recent years been active with Australian companies including directorships with China Century Capital Limited, Jupiter Mines Limited and Gulf Alumina Limited;
 - (f) the Board (with Mr Wang abstaining) considers that Mr Wang's skills and experience will continue to enhance the Board's ability to perform its role; and
 - (g) accordingly, the Board (with Mr Wang abstaining) supports the re-election of Mr Wang because of his independence, strong commodities trading and marketing experience.

4.3 Directors' recommendation

The Board (with Mr Wang abstaining) recommend that Shareholders vote in favour of Resolution 2.

5 RESOLUTION 3 - APPROVAL OF 10% PLACEMENT FACILITY

5.1 Introduction

The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval (**10% Placement Facility**).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 5.2(a) below).

Any funds raised will be used for advancing the development of the Silica projects within its North Queensland tenements portfolio, its Heavy Minerals Project in Western Australia and general working capital.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.2 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue quoted Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval by way of a special resolution. The 10% Placement Facility is subject to conditions and is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity.

(a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$

“A” the number of fully paid ordinary shares on issue at the commencement of the Relevant Period:

- (A) plus the number of fully paid shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (B) plus the number of fully paid ordinary shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (C) plus the number of fully paid ordinary shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the Relevant Period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;

- (D) plus the number of any other fully paid ordinary shares issued in the Relevant Period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- (E) plus the number of partly paid shares that became fully paid in the Relevant Period;
- (F) less the number of fully paid ordinary shares cancelled in the Relevant Period.

“D” is 10%.

“E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity’s 15% placement capacity under Listing Rule 7.1.

As the date of this Notice the Company has:

- (i) the following securities on issue:
 - (A) 5,008,281,841 fully paid ordinary shares;
 - (B) 10,000,002 unlisted options exercisable at 2.5 cents each, expiring 27 May 2026;
 - (C) 9,999,999 unlisted options exercisable at 3 cents each, expiring 27 May 2026;
 - (D) 9,999,999 unlisted options exercisable at 3.5 cents each, expiring 27 May 2026;
 - (E) 3,333,334 unlisted options exercisable at 2.5 cents each, expiring 26 May 2027;
 - (F) 3,333,333 unlisted options exercisable at 3 cents each, expiring 26 May 2027;
 - (G) 3,333,333 unlisted options exercisable at 3.5 cents each, expiring 26 May 2027;
 - (H) 6,666,666 unlisted options exercisable at 3.5 cents each, expiring 25 July 2027;
 - (I) 6,666,667 unlisted options exercisable at 4 cents each, expiring 25 July 2027;
 - (J) 6,666,667 unlisted options exercisable at 4.5 cents each, expiring 25 July 2027;

- (K) 3,333,334 unlisted options exercisable at 3.5 cents each, expiring 8 August 2028;
 - (L) 3,333,333 unlisted options exercisable at 4 cents each, expiring 8 August 2028; and
 - (M) 3,333,333 unlisted options exercisable at 4.5 cents each, expiring 8 August 2028;
- (ii) the capacity to issue up to 751,252,276 Equity Securities under Listing Rule 7.1; and
 - (iii) the capacity to issue up to 500,828,184 ordinary shares in the Company under Listing Rule 7.1A.
- (b) **Minimum Issue Price**
- The issue price of Equity Securities issued under Listing Rule 7.1A must be for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) **Impact of Resolution 3 being passed or not being passed by Shareholders**
- (i) If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.
 - (ii) If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

5.3 Specific information required by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The approval will be valid for the period commencing on the date of the Meeting and expires on the first to occur of the following:
 - (i) the date that is 12 months after the date of the Meeting;
 - (ii) the time and date of the Company's next annual general meeting; and

- (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.
- (b) The Equity Securities will be issued for a cash consideration per security which is not less than 75% of the VWAP for the Company’s Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) The issue under Listing Rule 7.1A can only be made for cash consideration. The Company intends to use any funds raised towards advancing the development of the Silica projects within its North Queensland tenements, the costs of any raising, and/or general working capital.
- (d) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
 - (i) the market price for the Company’s Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company’s Equity Securities on the issue date.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable “A” in Listing Rule 7.1A.2		10% Voting Dilution		
		\$0.008 50% decrease in Issue Price	\$0.016 Issue Price	\$0.032 100% increase in Issue Price
Current Variable A - Shares 500,828,184	Shares issued	500,828,184	500,828,184	500,828,184
	Funds Raised	\$4,006,625.47	\$8,013,250.94	\$16,026,501.89
50% increase in current Variable A - Shares 751,242,276	Shares issued	751,242,276	751,242,276	751,242,276
	Funds Raised	\$6,009,938.21	\$12,019,876.42	\$24,039,752.83
100% increase in current Variable A - Shares 1,001,656,368	Shares issued	1,001,656,368	1,001,656,368	1,001,656,368
	Funds Raised	\$8,013,250.94	\$16,026,501.89	\$32,053,003.78

The table has been prepared on the following assumptions:

- (iii) Resolution 3 is approved by Shareholders;
- (iv) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (v) No Options have been exercised before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted options, it is assumed that those quoted options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (v) The issue price is \$0.016, being the closing price of the Shares on ASX on 30 March 2026 and the last practical date prior to printing and dispatch of the Notice of Meeting.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.

- (e) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
 - (i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
 - (ii) The effect of the issue of the Equity Securities on the control of the Company.
 - (iii) The financial situation and solvency of the Company.
 - (iv) Advice from corporate, financial and broking advisers (if applicable).

The subscribers may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's Annual General Meeting held 22 May 2025.
- (g) As required to be disclosed under Listing Rule 7.3A.6(a), the Company has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A.2 since 23 May 2025 being the commencement of the Relevant Period.
- (h) There is no circumstance that the Company has agreed before the 12 month period to issue Equity Securities under Listing Rule 7.1A.2 but as at the date of the Meeting not yet issued those Equity Securities.
- (i) At the date of the Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2, and no voting exclusion statement is required for the Notice.

5.4 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3. This will allow the Company to issue securities and raise funds under Listing Rule 7.1A.

6 BACKGROUND - RESOLUTIONS 4, 5, 6 AND 7

6.1 Proposed Transaction

Diatreme and Sibelco Silica Pty Ltd ACN 660 325 155 (**Sibelco**) are shareholders in Cape Silica Holdings Pty Ltd ACN 659 896 189 (**CSHPL**), being an incorporated joint venture for the development of silica sands projects in Cape Flattery (**Joint Venture**).

Sibelco Asia Pacific Pty Ltd ACN 092 916 811 (**Sibelco AP**), a related body corporate of Sibelco, is a substantial holder in Diatreme. Sibelco AP holds 1,154,226,791 ordinary shares with voting power of 23.05% at the date of this Notice.

Metallica Minerals Pty Ltd ACN 076 969 092 (**Metallica**), a wholly owned subsidiary of Diatreme, holds 100% of the issued share capital in Cape Flattery Silica Pty Ltd ACN 138 608 894 (**Cape Flattery Silica**) (the **Sale Shares**). Cape Flattery Silica holds silica sand assets adjacent to Diatreme's existing projects in Cape Flattery (**Cape Flattery Silica Project**).

Diatreme and Sibelco wish to incorporate the Sale Shares (and ultimately the Cape Flattery Silica Project) into the Joint Venture assets to be held by CSHPL.

To achieve this, the following transactions will be undertaken contemporaneously:

- (a) Step One - Metallica will transfer 100% of the Sale Shares (being 800 Sale Shares) to CSHPL in exchange for the issue to Diatreme of 2,220 ordinary shares in CSHPL; and
- (b) Step Two - Sibelco will contribute \$5,094,793.95 to CSHPL in exchange for 435 newly issued ordinary shares in CSHPL.

(together, the **Disposal/Acquisition Transaction**).

In conjunction with the Disposal/Acquisition Transaction:

- (c) CSHPL will reimburse Diatreme \$2,109,018 (using funds subscribed by Sibelco under Step Two) for the transaction costs incurred by Diatreme when it acquired Metallica in 2024 (the **Reimbursement**); and
- (d) CSHPL and Sibelco will enter into a subscription call option under which Sibelco will have the right to subscribe for up to 376 ordinary shares in CSHPL at any time before 7 July 2026 (the **Call Option**)

(together, the Disposal/Acquisition Transaction, the Reimbursement and the Call Option constitute the **Proposed Transaction**).

The impact of the Proposed Transaction on the Joint Venture interest is set out in the table below:

Transaction elements	Diatreme's shareholding in CSHPL	Sibelco's shareholding in CSHPL
Prior to the Proposed Transaction	73.2%	26.8%
Step One of the Disposal/Acquisition Transaction	76.9%	23.1%
Step Two of the Disposal/Acquisition Transaction	74.9%	25.1%
Reimbursement	No change	No change
Call Option*	73.2%	26.8%

*Assuming all options are exercised under the Call Option

6.2 Rationale for the Proposed Transaction

The Proposed Transaction was negotiated to incorporate the Cape Flattery Silica Project as a Joint Venture asset following Diatreme's off-market takeover of Metallica Minerals Limited of which Sibelco AP was a major shareholder.

The Directors of Diatreme, with Mr Thomas Cutbush as a Director appointed by Sibelco excluded, recommend the Proposed Transaction on the basis of the commercial and strategic rationale set out below:

- (a) Simplification - consolidation of all Diatreme's silica assets will allow a more efficient negotiation process for required approvals and agreements with key stakeholders such as Traditional Owners and State and Federal government departments;

- For personal use only
- (b) Partnership - consolidation of all Diatreme's Silica assets will ensure our joint venture partners significant global expertise in silica markets is extended to the CFS assets;
 - (c) Efficiency - consolidation of all Diatreme's silica assets will ensure the most efficient value extraction from the combined resources through enhanced mine planning, operations and site set up; and
 - (d) Financial - economies of scale and scope will ensure third party providers, financiers and offtake purchases have clear recognition of long-life resource availability, certainty of supply, and operations. Consolidation of Diatreme's silica assets will reduce duplication of effort and cost with all assets serviced and managed by the same team.

The outcome of the Proposed Transaction is that Diatreme reduces its holding in Cape Flattery Silica from 100%, as is currently the case through Metallica to 73.2% when Cape Flattery Silica is held by CSHPL in which Diatreme has a 73.2% interest. Through the Proposed Transaction, Diatreme's holding in CSHPL is increased to 74.9% (as Diatreme received 2,200 shares in CSHPL as part of the consideration for the Proposed Transaction). However, when Sibelco exercises the Call Option, Diatreme's holding in CSHPL reverts to 73.2% as is the case before the Proposed Transaction is undertaken as illustrated in the table at 6.1 above.

It is important to note that Shareholders are to consider the Proposed Transaction in respect of Diatreme's capacity as the listed parent company of:

- (a) Metallica, being a wholly owned subsidiary of Diatreme; and
- (b) CSHPL, being the Joint Venture entity with Sibelco, noting Sibelco is a related entity of Sibelco AP (a shareholder of Diatreme),

and therefore must consider the various elements of the Proposed Transaction in both capacities separately as required and outlined below.

6.3 Material terms of the Share Sale and Subscription deed

Diatreme, Sibelco, Metallica and CSHPL have entered into a share sale and subscription deed (SSSD) under which Metallica agreed to sell and CSHPL agreed to buy the Sale Shares. In consideration for the Sale Shares CSHPL agreed to issue 2,220 shares to Diatreme. CSHPL will also issue Sibelco 435 fully paid ordinary shares in CSHPL for the subscription amount of \$5,094,793.95.

Under the SSSD, CSHPL also grants Sibelco the option to subscribe for 376 ordinary shares in CSHPL at \$11,712.17 per ordinary share. Sibelco may exercise the option at any time before 7 July 2026.

Performance of the parties' obligations under the SSSD is subject to approval of the Proposed Transaction by Shareholders at the Meeting.

A summary of the material terms of the SSSD is set out in SCHEDULE 4.

6.4 Joint Venture Agreement

Management and governance of the Sale Shares and, ultimately, the Cape Flattery Silica Project will be governed by the shareholders agreement of CSHPL as was agreed as part of the subscription agreement between Diatreme and Sibelco as announced in June 2022. No changes are proposed to the terms of the Joint Venture.

6.5 Financial impact of the Proposed Transaction

A summary of the financial impact of the Proposed Transaction on a pro forma basis using Diatreme's consolidated balances as at 31 December 2025 is set out below and reflected in the pro forma balance sheet in SCHEDULE 2 of this Notice.

Transfer of Cape Flattery Silica

The transfer of Cape Flattery Silica results in a reduction in consolidated total assets of approximately \$1.6 million (or 1.7%), from \$94.5 million to \$92.9 million.

This movement is primarily driven by:

- (a) the derecognition of exploration and evaluation assets associated with CFS; and
- (b) the recognition of a one-off accounting loss on the disposal of \$1,594,449.

These impacts are partially offset by the receipt of cash under the Proposed Transaction (refer to Step Two below). The net effect is a reduction in non-current assets, with a corresponding decrease in consolidated total assets and equity interests of approximately 1.7%.

Subscription by Sibelco

The subscription by Sibelco results in an increase in current assets through the receipt of \$2,109,018 in cash (being the Reimbursement amount under the Proposed Transaction). This amount is reflected as one-off revenue.

While the subscription improves liquidity and partially offsets the reduction in asset value arising from the Cape Flattery Silica transfer, it does not give rise to any new liabilities or ongoing obligations. Accordingly, there is no material change to the Group's overall equity position beyond the net effect already captured in the reduction in total assets and equity interests.

Call Option

The exercise of the Call Option does not result in any change to Diatreme's pro forma financial position.

This is because:

- (c) the Call Option does not trigger any cash payment, transfer of assets, or assumption of liabilities by DRX; and
- (d) its effect is limited to an adjustment in the joint venture ownership percentage (from 76% back to the pre-sale interest of 73.2% as indicated in the table at 6.1 above).

As a result, there is no anticipated impact on consolidated total assets, liabilities, equity, revenue, expenditure or earnings. This is why the table shows a 0.0% change for all metrics under the “Indicative effect - Call Option” columns.

6.6 Substantial Asset

The ASX Listing Rules define a substantial asset as an asset with a value or the value of consideration being paid or received by an entity for it is, or in ASX’s opinion, is 5% or more of the equity interest of the listed entity.

Based on the Company’s accounts for the year ending 31 December 2025 (given to ASX on 12 March 2026), Diatreme’s total equity is \$92,281,659. On this basis, the threshold for a substantial asset under Listing Rule 10.2 is \$4,614,082.95.

The value of the Sale Shares based on the implied valuation of \$26,001,017.40 exceeds this substantial asset threshold under Step One of the Proposed Transaction (both in the acquisition and disposal of the Sale Shares). As does the issue of shares in CSHPL under Step Two of the Proposed Transaction based on the value of Sibelco’s cash contribution of \$5,094,793.95.

6.7 Independent Expert’s opinion

Diatreme has obtained an Independent Expert’s Report for the purposes of seeking Shareholder approval under Listing Rule 10.1.

The Directors engaged Grant Thornton Corporate Finance Pty Ltd to prepare the Independent Expert’s Report to provide an opinion on whether or not the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

The Independent Expert has concluded that, overall, the Proposed Transaction is **FAIR AND REASONABLE** to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging. Set out below is the Independent Expert’s conclusion in respect of each resolution in connection with the Proposed Transaction.

7 RESOLUTION 4 - APPROVAL FOR METALLICA TO DISPOSE OF SALE SHARES

7.1 Introduction

The purpose of Resolution 4 is for Shareholders to approve for the purpose of Listing Rule 10.1 and for all other purposes, a wholly owned subsidiary of the Company, Metallica to dispose of the Sale Share to a partially owned subsidiary of the Company, CSHPL (the **Disposal Transaction**). As consideration for the disposal of the Sale Shares, Diatreme will be issued 2,220 ordinary shares in CSHPL.

For the purpose of Resolution 4, Shareholders should consider the Disposal Transaction as it applies to Metallica as the company disposing of a substantial asset.

Resolution 4 is subject to the approval of Resolutions 5, 6 and 7. If these resolutions are not passed, Diatreme and its related entities cannot proceed with the Proposed Transaction.

7.2 Substantial Asset

The ASX Listing Rules define a substantial asset as an asset with a value or the value of consideration being paid or received by an entity for it is, or in ASX's opinion, is 5% or more of the equity interest of the listed entity.

Based on the Company's accounts for the year ending 31 December 2025 (given to ASX on 12 March 2026), Diatreme's total equity is \$92,281,659. On this basis, the threshold for a substantial asset under Listing Rule 10.2 is \$4,614,082.95.

The value of the Sale Shares based on the implied valuation of \$26,001,017.40 exceeds this substantial asset threshold under Step One of the Proposed Transaction (both in the acquisition and disposal of the Sale Shares).

7.3 ASX Listing Rule 10.1

Diatreme is proposing that Metallica undertake the Disposal Transaction as outlined above.

Listing Rule 10.1 provides that a listed company must not and ensure that its child entities do not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- (a) a related party (10.1.1);
- (b) a child entity (10.1.2);
- (c) a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company (10.1.3);
- (d) an associate of a person listed above (10.1.4); or
- (e) a person whose relationship with the company or a person referred to in Listing Rule 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders (10.1.5),

unless it obtains the approval of its shareholders.

The Disposal Transaction falls within Listing Rule 10.1.2 and involves the disposal of a substantial asset by a child entity (Metallica) to a (partially owned) child entity (CSHPL). It therefore requires the approval of Diatreme's shareholders under Listing Rule 10.1.

Resolution 4 seeks the required shareholder approval to the Disposal Transaction under and for the purpose of Listing Rule 10.1.

7.4 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, Metallica will be able to proceed with the Disposal Transaction and thus dispose of the Sale Shares that are to be acquired by CSHPL, pending further Shareholder approval of Resolutions 5, 6 and 7.

If Resolution 4 is not passed, the Proposed Transaction will not proceed and the interest in the Cape Flattery Silica Project will not be incorporated into the Joint Venture.

7.5 Technical information required by Listing Rule 10.5

Pursuant to and in accordance with the requirements of Listing Rule 10.5, the following information is provided in relation to Resolution 4:

- (a) Metallica is a child entity and is disposing of the Sale Shares in Cape Flattery Silica to be acquired by CSHPL, subject to Shareholder approval;
- (b) CSHPL is a child entity under Listing Rule 10.1.2 as it is a partially owned subsidiary of Diatreme;
- (c) the Sale Shares are 100% of the share capital in Cape Flattery Silica, Cape Flattery Silica is the holder of the Cape Flattery Silica Project;
- (d) the consideration for the Disposal Transaction is that Diatreme will receive 2,200 ordinary shares in CSHPL, increasing Diatreme's interest in the Joint Venture, noting that the exercise of the Call Option will revert Diatreme's shareholding in CSHPL to its holding prior to the Proposed Transaction;
- (e) the Proposed Transaction will be completed as follows:

Event	Date
Diatreme announced Proposed Transaction	13 April 2026
Notice of Annual General meeting issued to Shareholders	29 April 2026
Annual General Meeting	29 May 2026
Anticipated Completion of Proposed Transaction	2 June 2026

- (f) the material terms of the transaction documents are summarised at paragraph 6.3 above and in SCHEDULE 4;
- (g) a voting exclusion statement has been included above; and
- (h) The Independent Expert's Report is included as SCHEDULE 3 to this Explanatory Statement and considered further below at paragraph 7.6.

7.6 Independent Expert's Report

Diatreme has obtained an Independent Expert's Report for the purposes of seeking Shareholder approval under Listing Rule 10.1.

The Directors engaged Grant Thornton Corporate Finance Pty Ltd to prepare the Independent Expert's Report to provide an opinion on whether or not the Disposal Transaction is fair and reasonable to Non-Associated Shareholders.

The Independent Expert has concluded that the Disposal Transaction is **FAIR AND REASONABLE** to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging. In coming to this view, the Independent Expert considered the following, which are set out in summary form only below:

- (a) the Independent Expert's valuation assessment of the 2,220 CSHPL Shares to be issued plus the Reimbursement is higher than the Independent Expert's valuation of the 880 Sale Shares being acquired; and
- (b) because the Independent Expert considers the transaction to be FAIR it is therefore reasonable.

Shareholders are encouraged to read the Independent Expert's Report in full before deciding how to vote on the resolution. The Independent Expert's Report is included as SCHEDULE 3 to this Explanatory Statement. The Independent Expert has consented to the use of the Independent Expert's Report in the form and context in which it appears.

7.7 Directors' recommendation

The Non-Associated Directors recommend that Shareholders vote in favour of Resolution 4. Mr Thomas Cutbush was nominated by Sibelco AP and, as such, does not make a recommendation in relation to the Resolution.

8 RESOLUTION 5 - APPROVAL FOR CSHPL TO ACQUIRE THE SALE SHARES

8.1 Introduction

The purpose of Resolution 5 is for Shareholders to approve for the purpose of Listing Rule 10.1 and for all other purposes, a partially owned subsidiary of the Company, CSHPL to acquire the Sale Shares from a wholly owned subsidiary of the Company, Metallica (the **Acquisition Transaction**).

For the purpose of Resolution 5, Shareholders should consider the Acquisition Transaction as it applies to CSHPL as the company acquiring the substantial asset.

Resolution 5 is subject to the approval of Resolution 4, 6 and 7. If these resolutions are not passed, Diatreme and its related entities cannot proceed with the Proposed Transaction.

8.2 Substantial Asset

The ASX Listing Rules define a substantial asset as an asset with a value or the value of consideration being paid or received by an entity for it is, or in ASX's opinion, is 5% or more of the equity interest of the listed entity.

Based on the Company's accounts for the year ending 31 December 2025 (given to ASX on 12 March 2026), Diatreme's total equity is \$292,281,659. On this basis, the threshold for a substantial asset under Listing Rule 10.2 is \$4,614,082.95.

The value of the Sale Shares based on the implied valuation of \$26,001,017.40 exceeds this substantial asset threshold under Step One of the Proposed Transaction (both in the acquisition and disposal of the Sale Shares).

8.3 ASX Listing Rule 10.1

Diatreme is proposing that CSHPL, as a partially owned subsidiary of Diatreme will undertake the Acquisition Transaction as outlined above.

Listing Rule 10.1 is set out in at 7.2 above.

The Acquisition Transaction falls within Listing Rule 10.1.2 and involves the acquisition of a substantial asset by a (partially owned) child entity (CHSPL), from a child entity (Metallica). It therefore requires the approval of Diatreme's shareholders under Listing Rule 10.1.

Resolution 5 seeks the required shareholder approval to the Acquisition Transaction under and for the purpose of Listing Rule 10.1.

8.4 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, CHSPL will be able to proceed with the Acquisition Transaction and thus acquire the Sale Shares from Metallica, pending Shareholder approval of Resolutions 4, 6 and 7.

If Resolution 5 is not passed, the Proposed Transaction will not proceed and the interest in the Cape Flattery Silica Project will not be incorporated into the Joint Venture.

8.5 Technical information required by Listing Rule 10.5

Pursuant to and in accordance with the requirements of Listing Rule 10.5, the following information is provided in relation to Resolution 5:

- (a) CSHPL is a child entity and is acquiring the Sale Shares in Cape Flattery Silica from Metallica, subject to Shareholder approval;
- (b) Metallica is a child entity for the purpose of Listing Rule 10.1.2 as it is a wholly owned subsidiary of Diatreme;
- (c) the Sale Shares are 100% of the share holding in Cape Flattery Silica, Cape Flattery Silica is the holder of the Cape Flattery Silica Project;
- (d) the consideration for the Acquisition Transaction is that Diatreme will receive 2,220 ordinary shares in CSHPL, increasing Diatreme's interest in the Joint Venture, noting that the exercise of the Call Option will revert Diatreme's interest in CSHPL to its shareholding prior to the Proposed Transaction;
- (e) the Proposed Transaction will be completed as follows:

Event	Date
Diatreme announced Proposed Transaction	13 April 2026
Notice of Annual General meeting issued to Shareholders	29 April 2026
Annual General Meeting	29 May 2026
Completion of Proposed Transaction	2 June 2026

- (f) the material terms of the transaction documents are summarised at paragraph 6.3 above and in SCHEDULE 4;
- (g) a voting exclusion statement has been included above; and
- (h) The Independent Expert's Report is included as SCHEDULE 3 to this Explanatory Statement and considered further below at paragraph 8.6.

8.6 Application of ASX Listing Rule 10.7

ASX has determined that overall the net effect of the Proposed Transaction results in a disposal of a 'classified asset' as opposed to an acquisition of a 'classified asset'. Consequently ASX has confirmed to Diatreme that Listing Rule 10.7 does not apply to the Proposed Transaction, including the Acquisition Transaction.

8.7 Independent Expert's Report

Diatreme has obtained an Independent Expert's Report for the purposes of seeking Shareholder approval under Listing Rule 10.1.

The Directors engaged Grant Thornton Corporate Finance Pty Ltd to prepare the Independent Expert's Report to provide an opinion on whether or not the Acquisition Transaction is fair and reasonable to the Non-Associated Shareholders.

The Independent Expert has concluded that the Acquisition Transaction is **NOT FAIR BUT REASONABLE**. In coming to this view, the Independent Expert considered the following factors, which are set out in summary form only below:

- (a) the Acquisition Transaction is the direct inverse of the Disposal Transaction the subject of resolution 4;
- (b) given the conclusion in relation to the Disposal Transaction, it naturally flows that the fairness of resolution 5 will be the opposite of its fairness opinion on resolution 4; and
- (c) despite being deemed not fair, the Independent Expert considers resolution 5 is reasonable given the interrelated nature of the subsidiary entities the subject of the Proposed Transaction.

Shareholders are encouraged to read the Independent Expert's Report in full before deciding how to vote on the resolution. The Independent Expert's Report is included as SCHEDULE 3 to this Explanatory Statement. The Independent Expert has consented

to the use of the Independent Expert's Report in the form and context in which it appears.

8.8 Directors' recommendation

The Non-Associated Directors recommend that Shareholders vote in favour of Resolution 5. Mr Thomas Cutbush was nominated by Sibelco AP and, as such, does not make a recommendation in relation to the Resolution.

9 RESOLUTION 6 - APPROVAL FOR CSHPL TO ISSUE SHARES TO SIBELCO

9.1 Introduction

The purpose of Resolution 6 is for Shareholders to approve for the purpose of Listing Rule 10.1 and for all other purposes, the issue of 435 ordinary shares in a partially owned subsidiary of Diatreme, CHSPL to an associate of a person who is a substantial holder of Diatreme, Sibelco (**Share Issue**). The impact of the Share Issue on Diatreme's shareholding in the Joint Venture on the completion of Step Two is shown in the table in 6.1.

Shareholder approval under Listing Rule 10.1 is required as the Share Issue is considered a disposal of a substantial asset by CSHPL as a child entity of Diatreme to Sibelco, an associate of a substantial holder of Diatreme. This is deemed to be a disposal by a party to which Listing Rule 10.1 applies.

This Resolution 6 is subject to the approval of Resolutions 4, 5 and 7. If these resolutions are not passed, Diatreme and its related parties cannot proceed with the Proposed Transaction.

9.2 Substantial Asset

The ASX Listing Rules define a substantial asset as an asset with a value or the value of consideration being paid or received by an entity for it is, or in ASX's opinion, is 5% or more of the equity interest of the listed entity.

Based on the Company's accounts for the year ending 31 December 2025 (given to ASX on 12 March 2026), Diatreme's total equity is \$92,281,659. On this basis, the threshold for a substantial asset under Listing Rule 10.2 is \$4,614,082.95.

The value of the Share Issue Sale Transaction based on the value of Sibelco's cash contribution of \$5,094,793.95 exceeds this substantial asset threshold under Step Two of the Proposed Transaction.

9.3 ASX Listing Rule 10.1

Diatreme is proposing that CSHPL, as a partially owned subsidiary of Diatreme will issue 435 ordinary shares to Sibelco for \$5,094,793.95, being the Share Issue outlined above.

Listing Rule 10.1 is set out in at 7.2 above.

The Share Issue falls within Listing Rule 10.1.3 and 10.1.4 and involves the disposal of a substantial asset by a child entity (CSHPL) to an associate of a substantial holder of Diatreme (Sibelco). It therefore requires the approval of Diatreme's shareholders under Listing Rule 10.1.

Resolution 6 seeks the required shareholder approval to the Share Issue under and for the purpose of Listing Rule 10.1.

9.4 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, CSHPL will be able to proceed with the Share Issue pending Shareholder approval of Resolutions 4, 5 and 7.

If Resolution 6 is not passed, the Proposed Transaction will not proceed and the interest in the Cape Flattery Silica Project will not be incorporated into the Joint Venture.

9.5 Technical information required by Listing Rule 10.5

Pursuant to and in accordance with the requirements of Listing Rule 10.5, the following information is provided in relation to Resolution 6:

- (a) CSHPL is issuing the shares under the Share Issue to Sibelco for \$5,094,793.95;
- (b) Sibelco is an associate for the purpose of Listing Rule 10.1.4 of a person who is a substantial holder of the entity under Listing Rule 10.1.3;
- (c) the Share Issue is for 435 ordinary shares in CSHPL that will be issued to Sibelco;
- (d) the consideration for the Share Issue is \$5,094,793.95;
- (e) the consideration funds will be used in part for the Reimbursement to be paid to Diatreme for costs incurred by Diatreme when it acquired Metallica in 2024, to progress permitting and expansion of Joint Venture assets and as general working capital of the Joint Venture;
- (f) the Proposed Transaction will be completed as follows:

Event	Date
Diatreme announced Proposed Transaction	13 April 2026
Notice of Annual General meeting issued to Shareholders	29 April 2026
Annual General Meeting	29 May 2026
Completion of Proposed Transaction	2 June 2026

- (g) the material terms of the transaction documents are summarised at 6.3 above;
- (h) a voting exclusion statement has been included above; and

- (i) The Independent Expert's Report is included as SCHEDULE 3 to this Explanatory Statement and considered further below at paragraph 9.6.

9.6 Independent Expert's Report

Diatreme has obtained an Independent Expert's Report for the purposes of seeking Shareholder approval under Listing Rule 10.1.

The Directors engaged Grant Thornton Corporate Finance Pty Ltd to prepare the Independent Expert's Report to provide an opinion on whether or not the Share Issue is fair and reasonable to the Non-Associated Shareholders.

The Independent Expert has concluded that the Share Issue is **FAIR AND REASONABLE** to Non-Associated Shareholders, in the absence of a superior alternative proposal emerging. In coming to this view, the Independent Expert considered the following factors, which are set out in summary form only below:

- (a) the cash consideration payable by Sibelco for the Share Issue is within the Independent Expert's assessed range, although towards the low end of the range; and
- (b) because the Independent Expert considers the transaction to be fair it is therefore reasonable.

Shareholders are encouraged to read the Independent Expert's Report in full before deciding how to vote on the resolution. The Independent Expert's Report is included as SCHEDULE 3 to this Explanatory Statement. The Independent Expert has consented to the use of the Independent Expert's Report in the form and context in which it appears.

9.7 Directors' recommendation

The Non-Associated Directors recommend that Shareholders vote in favour of Resolution 6. Mr Thomas Cutbush was nominated by Sibelco AP and, as such, does not make a recommendation in relation to the Resolution.

10 RESOLUTION 7 - APPROVAL TO GRANT THE CALL OPTION

10.1 Introduction

The purpose of Resolution 7 is for Shareholders to approve for the purpose of Listing Rule 10.1 and for all other purposes, the grant of a call option by a partially owned subsidiary of Diatreme, CSHPL to Sibelco, an associate of a person who is a substantial holder of Diatreme.

As part of the SSSD, CSHPL granted the Call Option to Sibelco to subscribe for 376 ordinary shares in CSHPL. A summary of the material terms of the SSSD is set out at 6.3 above. The Call Option, when exercised will revert Diatreme's holding in the Joint Venture to its holding prior to the Proposed Transaction. See the table at 6.1

above for a summary of the change in holdings in CSHPL under the Proposed Transaction.

In summary:

- (a) Sibelco will have the right to subscribe for 376 ordinary shares in CSHPL;
- (b) Sibelco may exercise the Call Option at any time before 7 July 2026; and
- (c) the Call Option will grant the right for Sibelco to subscribe for the shares in CSHPL at \$11,712.17 per ordinary share.

Shareholder approval under Listing Rule 10.1 is required as the issue of the Call Option is aggregated with the Share Issue meaning that the Call Option will result in a disposal of a substantial asset to a related party of Diatreme. Diatreme is therefore required to seek shareholder approval under ASX Listing Rule 10.1

This Resolution 7 is subject to the approval of Resolutions 4, 5, and 6. If any of these resolutions are not passed, Diatreme and its related parties cannot proceed with the Proposed Transaction and the Call Option.

10.2 Substantial Asset

The ASX Listing Rules define a substantial asset as an asset with a value or the value of consideration being paid or received by an entity for it is, or in ASX's opinion, is 5% or more of the equity interest of the listed entity.

Based on the Company's accounts for the year ending 31 December 2025 (given to ASX on 12 March 2026), Diatreme's total equity is \$92,281,659. On this basis, the threshold for a substantial asset under Listing Rule 10.2 is \$4,614,082.95.

The value of the Share Issue Sale Transaction based on the value of Sibelco's cash contribution of \$5,094,793.95 exceeds this substantial asset threshold under Step Two of the Proposed Transaction.

Upon the exercise of the Call Option the maximum consideration to be paid by Sibelco for the shares in CSHPL is \$4,403,775.92. This is less than the 'substantial asset' threshold of \$4,614,082.95, however ASX has confirmed that it considers the value of the Call Option should be aggregated with CSHPL's issue of 435 ordinary shares in CHSPL to Sibelco under Step Two, therefore the issue of shares in CSHPL to Sibelco under the Call Option will constitute a 'disposal' of a substantial asset.

10.3 ASX Listing Rule 10.1

Diatreme is proposing that CSHPL issue the Call Option to Sibelco.

Listing Rule 10.1 is set out in at 7.2 above.

The Call Option falls within Listing Rule 10.1.4 because it involves the disposal of a substantial asset to an associate of a person (Sibelco AP) who is a substantial holder of Diatreme. It therefore requires the approval of Diatreme's shareholders under Listing Rule 10.1.

Resolution 7 seeks the required shareholder approval to the Share Issue under and for the purpose of Listing Rule 10.1.

10.4 ASX Listing Rule 10.4

As approval is being sought for the grant of the Call Option under Listing Rule 10.1, no further approval will be sought for the exercise of the Call Option in line with Listing Rule 10.4.

10.5 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, CSHPL will issue the options under the Call Option to Sibelco for the right to subscribe for 376 ordinary shares in CSHPL.

If Resolution 7 is not passed, the Proposed Transaction will not proceed and the interest in Cape Flattery Silica will not be incorporated into the Joint Venture.

10.6 Technical information required by Listing Rule 10.5

Pursuant to and in accordance with the requirements of Listing Rule 10.5, the following information is provided in relation to Resolution 7:

- (a) CSHPL will grant Sibelco the right to subscribe for ordinary shares in CSHPL under the Call Option;
- (b) in the event that the Call Option is exercised, Sibelco will acquire 376 ordinary shares in CSHPL;
- (c) Sibelco is an associate for the purpose of Listing Rule 10.1.4 of a person who is a substantial holder of the entity under Listing Rule 10.1.3;
- (d) the Call Option is for 376 ordinary shares in CSHPL that will be issued to Sibelco;
- (e) there is nil consideration for the issue of the options under the Call Option, in the event that the Call Option is exercised the consideration will be a maximum of \$4,403,775.92;
- (f) the consideration funds will be used to progress permitting and expansion of the Joint Venture assets and as general working capital for the Joint Venture;
- (g) the Call Option expires on 7 July 2026;
- (h) the material terms of the transaction documents are summarised at paragraph 6.3 above and in SCHEDULE 4;
- (i) a voting exclusion statement has been included above; and
- (j) The Independent Expert's Report is included as SCHEDULE 3 to this Explanatory Statement and considered further below at paragraph 8.6.

10.7 Independent Expert's Report

Diatreme has obtained an Independent Expert's Report for the purposes of seeking Shareholder approval under Listing Rule 10.1.

The Directors engaged Grant Thornton Corporate Finance Pty Ltd to prepare the Independent Expert's Report to provide an opinion on whether the advantages of the Acquisition Transaction outweigh the disadvantages of the Disposal Transaction.

The Independent Expert has concluded that the granting of the Call Option and the exercise of the Call Option by Sibelco is **FAIR AND REASONABLE** to the Non-Associated Shareholders in the absence of a superior alternative proposal emerging. In coming to this view, the Independent Expert considered the following factors, which are set out in summary form only below:

- (a) the cash consideration payable by Sibelco for the shares on exercise of the Call Option is within the Independent Expert's assessed valuation range, although towards the low end of the range;

Given the expiry date of 7 July 2026 for the Call Option, which is immediately after the likely completion of the Proposed Traction, the Independent Expert considers the time value associated with the Call Option would effectively be nil or immaterial; and

- (b) because the Independent Expert considers the transaction to be FAIR it is therefore reasonable.

Shareholders are encouraged to read the Independent Expert's Report in full before deciding how to vote on the resolution. The Independent Expert's Report is included as SCHEDULE 3 to this Explanatory Statement. The Independent Expert has consented to the use of the Independent Expert's Report in the form and context in which it appears.

10.8 Directors' recommendation

The Non-Associated Directors recommend that Shareholders vote in favour of Resolution 7. Mr Thomas Cutbush was nominated by Sibelco AP and, as such, does not make a recommendation in relation to the Resolution.

SCHEDULE 1 DEFINITIONS

In this Notice and Explanatory Statement:

AEST	means Australia Eastern Standard Time.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Call Option	has the meaning given to it in paragraph 6.1 of this Notice.
Cape Flattery Silica	means Cape Flattery Silica Pty Ltd ACN 138 608 894
Cape Flattery Silica Project	means the silica sands assets in Cape Flattery held by Cape Flattery Silica.
Chair, Chairman or Chairperson	means the chair of the Company.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member; or a child of the member's spouse; or a dependent of the member or the member's spouse; or anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or a company the member controls; or a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company, Diatreme or DRX	means Diatreme Resources Limited (ACN 061 267 061).
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
CSHPL	means Cape Silica Holdings Pty Ltd ACN 659 896 189.
Director	means a director of the Company.
Disposal/Acquisition Transaction	has the meaning given to it in paragraph 6.1 of this Notice.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Statement	means this Explanatory Statement.
Independent Expert	means Grant Thornton Corporate Finance Pty Ltd.

Independent Expert's Report	means the report included in SCHEDULE 3 of this Notice.
Joint Venture	means CSHPL, the incorporated joint venture between Diatreme and Sibelco for the development of silica sands projects in Cape Flattery.
Key Management Personnel	has the same meaning given in the Listing Rules.
Listing Rule	means the listing rules of the ASX.
Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Metallica	means Metallica Minerals Pty Ltd ACN 076 969 092.
Non-Associated Directors	means each Director, except Mr Thomas Cutbush, a nominee of Sibelco AP.
Notice	means this notice of meeting.
Proposed Transaction	has the meaning given to it in paragraph 6.1 of this Notice.
Proxy Form	means the proxy form attached to this Notice.
Reimbursement	has the meaning given to it in paragraph 6.1 of this Notice.
Relevant Period	has the meaning given in Listing Rule 7.1, being (a) if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or (b) if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Resolution	means a resolution set out in the Notice.
Sale Shares	means 100% of the issued share capital, being 800 shares in Cape Flattery Silica.

Securities	has the meaning given in the Listing Rules.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Sibelco	means Sibelco Silica Pty Ltd ACN 660 325 155.
Sibelco AP	means Sibelco Asia Pacific Pty Ltd ACN 092 916 811.
SSSD	means the share sale and subscription deed dated 13 April 2026 between CSHPL, Metallica, Sibelco and Diatreme.
Step One	means step one of the Disposal/Acquisition Transaction set out in paragraph 6.1 of this Notice.
Step Two	means step two of the Disposal/Acquisition Transaction set out in paragraph 6.1 of this Notice.
Spill Meeting	has the meaning given in section 3.2 of the Explanatory Statement.
Spill Resolution	has the meaning given in section 3.2 of the Explanatory Statement.
Trading Days	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
VWAP	means volume weighted average price as defined in the Listing Rules.

SCHEDULE 2 PRO FORMA BALANCE SHEET - 31 DECEMBER 2025

	Consol before sale 31/12/25 \$	Record disposal and receipt of shares & cash	Eliminate unrealised portion under AASB 128	Consol after sale
Current Assets				
Cash and cash equivalents	2,338,919	2,109,018		4,447,937
Trade & other receivables	206,004			206,004
	2,544,923	2,109,018	0	4,653,941
Non Current Assets				
Investment in joint venture	39,490,412	26,001,017	2,847,454	68,338,883
Investment in listed equity securities	2,681,250			2,681,250
Property, plant and equipment	573,540			573,540
Right-of-use assets	32,910			32,910
Exploration and evaluation assets	49,130,201	(32,551,938)		16,578,263
Other	54,139			54,139
	91,962,452	-6,550,921	2,847,454	88,258,985
Total Assets	94,507,375	-4,441,903	2,847,454	92,912,926
Current Liabilities				
Trade and other payables	939,798			939,798
Borrowings	1,016,875			1,016,875
Lease liab	37,810			37,810
Provisions	220,743			220,743
	2,215,226	0	0	2,215,226
Non Current Liabilities				
Provisions	10,490			10,490
	10,490	0	0	10,490
Total Liabilities	2,225,716	0	0	2,225,716
Net Assets	92,281,659	-4,441,903	2,847,454	90,687,210
Equity				
Issued capital	124,320,539			124,320,539
Reserves	1,347,006			1,347,006
Accumulated losses	(33,385,886)			-33,385,886
Loss on disposal		-4,441,903	2,847,454	-1,594,449
Total Equity	92,281,659	-4,441,903	2,847,454	90,687,210

Notes:

This balance sheet reflects the one-off amounts that form part of the Proposed Transaction as discussed in paragraph 6.5 of this Notice.

The One-off amounts being:

Revenue - being the Reimbursement paid under the Proposed Transaction	\$2,109,018
Expenditure - being the accounting loss realised as a result of the Proposed Transaction	\$1,594,449

For personal use only

Diatreme Resources Limited

Independent Expert's Report and Financial Services Guide

24 April 2026

For personal use only

Non-Associated Directors
Diatreme Resources Limited
Unit 8, 55-61 Holdsworth Street,
Coorparoo QLD 4151

Grant Thornton Corporate Finance Pty Ltd
Level 26, 225 George Street
Sydney NSW 2000
PO Locked Bag Q800
QVB Post Office
Sydney NSW 1230
T +61 2 8297 2400

24 April 2026

Dear Non-Associated Directors,

Introduction

1.1 Diatreme Resources Limited is an Australian listed company focussed on the exploration and development of silica sands projects. Diatreme's key assets are:

- *Northern Silica Project (NSP) and the Galalar Silica Sand Project (73.2% interest)*: Two high purity, low iron silica sands projects located near Cape Flattery in far north Queensland, approximately six hours north of Cairns. NSP and Galalar are held into a Joint Venture (CSHPL) with Diatreme holding a 73.2% interest and Sibelco the residual 26.8% interest.
- *Cape Flattery Silica Project*: It is 100% owned and its was recently acquired following the successful takeover of Metallica Minerals Limited in late 2024.

1.2 On 13 April 2026, the Company announced several transactions designed to consolidate all silica sands projects within the Joint Venture as summarised as follows:

- Metallica (a wholly owned subsidiary of Diatreme) will transfer 100% of the issued capital in Cape Flattery Silica Pty Ltd¹ to the Joint Venture in exchange for 2,220 newly issued CSHPL Shares and a cash payment of A\$2.1 million. This cash payment represents a reimbursement of transaction costs incurred by Diatreme when it acquired Metallica in 2024 whose flagship asset was the CFS Project, herein referred to as the Reimbursement.

¹ Which owns the Cape Flattery Silica Project.

- Sibelco will subscribe for 435 newly issued Joint Venture Shares at an issue price of approximately A\$11,712 per share for approximately A\$5.1 million cash.
- The Joint Venture and Sibelco will enter into a subscription call option under which Sibelco will have the right to subscribe for up to 376 newly issued Joint Venture Shares at an issue price of approximately A\$11,712 at any time before 7 July 2026.

1.3 The Proposed Transaction is not intended to change the ownership structure of the Joint Venture, and, assuming the Subscription Call Option issued to Sibelco is exercised in full, both parties to the Joint Venture will retain the same proportional ownership interest in the Joint Venture post the Proposed Transaction as set out in the table below.

Figure 1 - Impact of the Proposed Transaction on the ownership structure of the Joint Venture

Joint Venture ownership structure Proposed Transaction stages	Diatreme's proportional ownership in CSHPL (%)	Sibelco's proportional ownership in CSHPL (%)
Immediately prior to the Proposed Transaction	73.2%	26.8%
Transfer of the Sale Shares to the Joint Venture	76.9%	23.1%
Sibelco subscription for newly issued Joint Venture Shares	74.9%	25.1%
Sibelco exercise of the Subscription Call Option ¹	73.2%	26.8%

Source: Draft NoM, GTCF analysis

Notes: (1) Ownership interests under the Subscription Call Option assumes that all options are exercised.

1.4 Non-Associated Shareholders are required to vote on four individual and separate resolutions that relate to each of the steps summarised above² and will be discussed in further detail below. While each resolution is voted on independently, resolutions one to four are interdependent and require the approval of the remaining three to pass; thus, these resolutions are conditional upon each other and must be approved together.

1.5 The Non-Associated Directors unanimously recommend that Non-Associated Shareholders vote in favour of each of the four resolutions to implement the Proposed Transaction.

Purpose of the report

1.6 In order for the Proposed Transaction to take effect, Non-Associated Shareholders will be required to approve four separate resolutions in accordance with the requirements of Chapter 10 of the ASX Listing Rules. Chapter 10 requires the approval of Non-Associated Shareholders if a company proposes to acquire or dispose of a substantial asset from a related party or a substantial holder. The Proposed Transaction requires Non-Associated Shareholder approval for the following items, discussed in further detail in Section 3 of this IER:

- **Resolution 4:** Non-Associated Shareholder approval for the disposal of the issued capital of Cape Flattery Silica Pty Ltd to the Joint Venture.

² Whilst there are only three steps summarised in paragraph 1.2, the transfer of 100% of the issued capital in Cape Flattery Silica Pty Ltd to the Joint Venture is considered in two resolutions, one on for the sale of the assets and another one for the payment of the consideration.

- *Resolution 5:* Non-Associated Shareholder approval will be required for CSHPL to acquire the Sale Shares from Metallica, a wholly owned subsidiary of Diatreme, which is the inverse of the above.
- *Resolution 6:* Non-Associated Shareholder approval for the issuance of 435 new shares in CSHPL to Sibelco, an associate of a person who is a substantial holder of DRX³, for a cash consideration.
- *Resolution 7:* Non-Associated Shareholder approval for CSHPL to grant the Subscription Call Option to Sibelco.

1.7 The Non-Associated Directors have commissioned Grant Thornton Corporate Finance to provide this Independent Expert's Report to assess whether each of the four resolutions are fair and reasonable to Non-Associated Shareholders in accordance with the requirements ASX Listing Rule 10.1.

1.8 When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities and Investments Commission's Regulatory Guide 76 Related party transactions, Regulatory Guide 111 Contents of expert reports and Regulatory Guide 112 Independence of experts. The IER also includes other information and disclosures as required by ASIC.

Summary of opinion

1.9 Grant Thornton Corporate Finance has provided separate opinion on each resolution, as required under ASX Listing Rule 10.1, which are summarised below. However, our assessment of reasonableness opinion considers the Proposed Transaction as a whole, reflecting the interrelated nature of the resolutions and the fact that the Proposed Transaction only has its intended effect when implemented in full. In our opinion:

- **Resolution 4: The disposal of the Sales Shares by Metallica, a wholly owned subsidiary of Diatreme, to the Joint Venture is FAIR and REASONABLE to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.**
- **Resolution 5: The acquisition of the Sales Shares by the Joint Venture is NOT FAIR but REASONABLE to the Non-Associated Shareholders. In the absence of a superior alternative proposal emerging, we are of the opinion that it is in the best interests of Non-Associated Shareholders to vote in favour of Resolution 5.**
- **Resolution 6: The issue of new equity to Sibelco is FAIR and REASONABLE to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.**
- **Resolution 7: The granting of the Subscription Call Option to Sibelco is FAIR and REASONABLE to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.**
- **Resolutions 4 to 7: Overall, the Proposed Transaction is FAIR and REASONABLE to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.**

³ For all intents and purposes, Sibelco is effectively a substantial holder of the Company.

Valuation assessment

- 1.10 Whilst we have prepared a separate opinion for each resolution, the economic substance of all four resolutions is dependent upon an assessment of the fair market value of CFS Pty Ltd and of CSHPL before and after the Proposed Transaction. Accordingly, we have undertaken a valuation of CFS Pty Ltd and CSHPL on that basis using the Net Asset Value Method as the primary valuation methodology, as the value of CFS Pty Ltd and CSHPL is predominantly derived from exploration and development assets, with other assets and liabilities not material to the overall assessment.
- 1.11 Grant Thornton Corporate Finance has engaged VRM to undertake a valuation of the exploration assets of both CFS Pty Ltd and the CSHPL, which were completed in accordance with the VALMIN Code. A copy of the VRM Report is included in Appendix G. VRM has assessed the exploration and mineral resources assets of CSHPL and CFS Pty Ltd using a combination of valuation methodologies, having considered comparable transactions and Yardstick approaches for all projects barring Casuarina, where the geoscientific rating (Kilburn approach) was adopted.

Valuation assessment of CSHPL before the Proposed Transaction

- 1.12 A summary of the valuation assessment of the CSHPL before the Proposed Transaction is set out in the table below.

Figure 2 - Valuation assessment of CSHPL (before the Proposed Transaction)

Valuation summary of CSHPL (before the Proposed Transaction) A\$m (unless otherwise stated)	Reference	Low	High
Galalar		28.7	47.7
NSP		103.4	172.4
WRA		17.3	29.0
Casuarina		3.0	7.4
Other net assets/(liabilities)		5.4	5.4
Capitalised corporate costs		(4.0)	(4.0)
Assessed value of CSHPL	Section 7	153.8	257.8
Total shares on issue (before the Proposed Transaction)(# shares)		13,661	13,661
Assessed value per share of CSHPL (A\$)		11,260	18,870

Source: GTCF calculations.

Valuation assessment of CFS Pty Ltd

- 1.13 CFS Pty Ltd is effectively a corporate holding entity for the CFS Project, with no other substantial assets or liabilities. At the time of writing CFS Pty Ltd had a liability on the balance sheet of A\$12.8 million which relates to an intercompany loan from parent company Metallica, a wholly owned subsidiary of DRX. Based on our discussion with Management, we understand that the full balance of the intercompany loan will be forgiven prior to the Proposed Transaction, such that the Sale Shares are transferred on a debt-free basis. As such, we have not included the intercompany loan liability in our assessment.
- 1.14 A summary of the valuation assessment of CFS Pty Ltd (and therefore the Sale Shares) is set out in the table below.

Figure 3 - Valuation assessment of the Sale Shares

Valuation summary of CFS Pty Ltd A\$m (unless otherwise stated)	Reference	Low	High
CFS East		18.8	31.3
CFS West		2.3	3.8
Other net assets/(liabilities)		0.0	0.0
Assessed value of CFS Pty Ltd	Section 8	21.1	35.1
Total shares on issue (# shares)		800	800
Assessed value per share of CFS Pty Ltd (A\$)		26,419	43,919

Source: GTCF calculations.

Valuation assessment of CSHPL after the Proposed Transaction

- 1.15 In our assessment of the value of CSHPL after the Proposed Transaction, we have combined the assessed values of CSHPL before the Proposed Transaction and CFS Pty Ltd, adjusted to include the cash that will be raised by CSHPL via Sibelco's subscription for newly issued shares and upon exercise of the Subscription Call Option (assuming Sibelco exercise 100% of the Subscription Call Option).
- 1.16 A summary of our valuation assessment of CSHPL after the Proposed Transaction but before the exercise of the Subscription Call Option is set out in the table below.

Figure 4 - Valuation assessment of CSHPL (pre-Call Option)

Valuation summary of CSHPL (pre-Call Option) A\$m (unless otherwise stated)	Reference	Low	High
Assessed value of CSHPL (before the Proposed Transaction)	Figure 2	153.8	257.8
Assessed value of CFS Pty Ltd	Figure 3	21.1	35.1
Additional cash raised from Sibelco		5.1	5.1
Payment of the Reimbursement ¹		(2.1)	(2.1)
Assessed value of CSHPL (pre-Call Option)		177.9	295.9
Total shares on issue (# shares) ²		16,316	16,316
Assessed value per share of CSHPL (pre-Call Option)(A\$)		10,906	18,136

Source: GTCF calculations.

Notes: (1) This amount refers to the A\$2,109,018 amount that CSHPL will pay to DRX to reimburse DRX for transaction costs associated with the Metallica acquisition. (2) Total shares on issue does not include any shares issued under the Subscription Call Option.

- 1.17 A summary of our valuation assessment of CSHPL after the Proposed Transaction and exercise of the Subscription Call Option is set out in the table below.

Figure 5 - Valuation assessment of CSHPL (post-Call Option)

Valuation summary of CSHPL (post-Call Option) A\$m (unless otherwise stated)	Reference	Low	High
Assessed value of CSHPL (pre-Call Option)	Figure 4	177.9	295.9
Additional cash raised on exercise of Subscription Call Options		4.4	4.4
Assessed value of CSHPL (post-Call Option)		182.4	300.3
Total shares on issue (# shares) ¹		16,692	16,692
Assessed value per share of CSHPL (post-Call Option)(A\$)		10,925	17,991

Source: GTCF calculations.

Notes: (1) Total shares on issue assumes 100% exercise of the Subscription Call Option.

Fairness opinion on Resolution 4

- 1.18 The purpose of Resolution 4 is for Non-Associated Shareholders to approve the sale of the Sale Shares to CSHPL.

Grant Thornton Corporate Finance has concluded that the disposal of the Sale Shares by Metallica, a wholly owned subsidiary of Diatreme, to the Joint Venture is FAIR and REASONABLE to the Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.

Figure 6 - Fairness assessment (Resolution 4)

Fairness assessment (Resolution 4) A\$m (unless otherwise stated)	Low	High
Value of Sale Shares (800 CFS Pty Ltd Shares)	21.1	35.1
Value of consideration (2,220 CSHPL Shares & the Reimbursement) ¹	26.3	42.4
Premium / (Discount)	5.2	7.2
Premium / (Discount) (%)	24.5%	20.6%
FAIRNESS ASSESSMENT	FAIR	

Source: GTCF analysis.

Notes: (1) Includes the 2,220 CSHPL Shares and the A\$2.1 million reimbursement payment paid from CSHPL to DRX.

- 1.19 Our valuation assessment of the 2,220 CSHPL Shares after the Proposed Transaction plus the Reimbursement (together representing the consideration received) is higher than our valuation of the 880 Sale Shares and we have accordingly concluded that Resolution 4 is **FAIR** to Non-Associated Shareholders.

Fairness opinion on Resolution 5

- 1.20 The purpose of Resolution 5 is for Non-Associated Shareholders to approve the acquisition of the Sale Shares by the Joint Venture. This is the inverse transaction of Resolution 4.

Grant Thornton Corporate Finance has concluded that the acquisition of the Sale Shares by the Joint Venture is NOT FAIR but REASONABLE to Non-Associated Shareholders. In the absence of a superior alternative proposal emerging, we are of the opinion that it is in the best interests of Non-Associated Shareholders to vote in favour of Resolution 5.

Figure 7 - Fairness assessment (Resolution 5)

Fairness assessment (Resolution 5) A\$m (unless otherwise stated)	Low	High
Value of consideration (2,220 CSHPL Shares & the Reimbursement) ¹	26.3	42.4
Value of Sale Shares (800 CFS Pty Ltd Shares)	21.1	35.1
Premium / (Discount)	(5.2)	(7.2)
Premium / (Discount) (%)	(19.7%)	(17.1%)
FAIRNESS ASSESSMENT	NOT FAIR	

Source: GTCF analysis.

Notes: (1) Includes the 2,220 CSHPL Shares and the A\$2.1 million reimbursement payment paid from CSHPL to DRX.

- 1.21 Our valuation assessment of 2,220 CSHPL Shares after the Proposed Transaction plus the Reimbursement (together representing the consideration received) is higher than our valuation assessment of the 880 Sale Shares and we have accordingly concluded that Resolution 5 is **NOT FAIR** to Non-Associated Shareholders.
- 1.22 Resolution 5 is the direct inverse of Resolution 4. It naturally follows that the fairness of Resolution 5 will be the opposite result of our fairness opinion of Resolution 4. The Non-Associated Shareholders (being DRX Shareholders not associated with Sibelco in this instance) are therefore effectively party to only 73.2% of the "not fair" side of the transaction (Resolution 5) but receive 100% of the fair payment under the transaction (Resolution 4).
- 1.23 Despite being deemed not fair, we consider Resolution 5 is **REASONABLE** given the interrelated nature of the subsidiary entities subject to this transaction.

Fairness opinion on Resolution 6

- 1.24 The purpose of Resolution 6 is for Non-Associated Shareholders to approve the issue of shares in the Joint Venture to Sibelco for a cash consideration.

Grant Thornton Corporate Finance has concluded that the issue of new shares in the Joint Venture to Sibelco is FAIR and REASONABLE to Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.

Figure 8 - Fairness assessment (Resolution 6)

Fairness assessment (Resolution 6) A\$m (unless otherwise stated)	Low	High
Value of consideration (435 CSHPL Shares after the Proposed Transaction)	4.7	7.9
Cash received from Sibelco	5.1	5.1
Premium / (Discount)	0.4	(2.8)
Premium / (Discount) (%)	7.4%	(35.4%)
FAIRNESS ASSESSMENT	FAIR	

Source: GTCF analysis.

- 1.25 The cash consideration payable by Sibelco for the subscription of new shares in the Joint Venture is within our assessed valuation range of the Joint Venture, although towards the low-end of the range. Accordingly, we conclude that Resolution 6 is **FAIR** to Non-Associated Shareholders.

Fairness opinion on Resolution 7

- 1.26 The purpose of Resolution 7 is for Non-Associated Shareholders to approve the grant of a call option by a partially owned subsidiary of Diatreme, CSHPL, to Sibelco, an associate of a person who is a substantial holder of Diatreme.

Grant Thornton Corporate Finance has concluded that the granting of the Subscription Call Option by the Joint Venture to Sibelco and the exercise of the call option by Sibelco is FAIR and REASONABLE to Non-Associated Shareholders, in the absence of a superior alternative proposal emerging.

Figure 9 - Fairness assessment (Resolution 7)

Fairness assessment (Resolution 7) A\$m (unless otherwise stated)	Low	High
Value of consideration (376 CSHPL Shares after the Proposed Transaction)	4.1	6.8
Cash received from Sibelco	4.4	4.4
Premium / (Discount)	0.3	(2.4)
Premium / (Discount) (%)	7.2%	(34.9%)
FAIRNESS ASSESSMENT	FAIR	

Source: GTCF analysis.

- 1.27 In forming our opinion, we have valued the Subscription Call Option based on the 376 underlying CSHPL Shares that Sibelco would be entitled to subscribe for under the option. We consider this appropriate given the Subscription Call Option must be exercised before 7 July 2026 which, based on the expected timing of the Proposed Transaction, is likely to be immediately after the completion of the Proposed Transaction. As such, we consider any time value associated with the option would effectively be nil, or immaterial.
- 1.28 The cash consideration payable by Sibelco for the subscription of new shares in the Joint Venture is within our assessed valuation range of the Joint Venture, although towards the low-end of the range. Accordingly, we conclude that Resolution 7 is **FAIR** to Non-Associated Shareholders.

Cross-check valuation assessment

- 1.29 As a valuation cross-check, we have compared DRX's current quoted share price to the aggregate value derived under the sum-of-the-parts NAV methodology. We have undertaken this assessment based on DRX's proportionate ownership interest in the underlying assets before the Proposed Transaction, consistent with the basis on which the market value DRX's shares today. We also adjust for other non-mineral assets and liabilities on DRX's balance sheet, net debt, and an allowance for capitalised corporate overheads. The cross-check provides an external, market-based reference point.
- 1.30 The table below sets out our assessment of the value of Diatreme on proportionate basis.

Figure 10 - Summary of asset values on a DRX proportionate basis

Summary of asset values on a DRX proportionate basis A\$m (unless otherwise stated)	Ownership %	Reference	Low	High
DRX proportionate interest in CSHPL	73.2%	Section 7	112.6	188.7
CFS East	100.0%	Section 8	18.8	31.3
CFS West	100.0%	Section 8	2.3	3.8
Cyclone project	100.0%	Section 10	6.9	15.1
Other net assets (excl. investment in joint-venture and exploration assets) ¹	100.0%	Figure 30	3.7	3.7
Capitalised corporate costs ²	100.0%	Figure 49	(17.6)	(13.2)
Total			126.6	229.4
Fully diluted shares outstanding (millions)			5,008.3	5,008.3
Implied value per share (A\$) (control)			0.0253	0.0458
Minority discount ³			(28.6%)	(23.1%)
Implied value per share (A\$) (minority)			0.0181	0.0352
60 to 90 day VWAP at 14 April 2026		Figure 50	0.0174	0.0177
Premium/(discount) to VWAP			3.6%	98.8%

Source: VRM Report, GTCF analysis

Notes: (1) Other net assets include DRX's investment in listed securities. (2) Capitalised corporate costs are calculated by capitalising three-year average historical corporate costs using a discount rate of 13.9% and a long-term growth rate of 2.5%. (3) Minority discount is calculated as the inverse of a control premium range of 30% to 40%.

1.31 The aggregation of the asset values on a DRX proportionate basis from our valuation assessment results in an implied value per share of between A\$0.0181 to A\$0.0352 per share on a minority basis. This represents a premium of c. 3.6% and 98.8% at the low and high end, respectively, based on the 60 to 90-day VWAP as at 14 April 2026. Although above the VWAP, we believe that this is reasonable for the following reasons:

- *Limited share liquidity* – Diatreme's shares exhibit limited liquidity which may result in the market not fully reflecting the potential upside of the underlying projects as shareholders having factored in additional risk of not being able to realise their investments. For further information on our assessment of Diatreme's liquidity, see Appendix E of this Report.
- *Exploration and development risk* – Although the NAV approach reflects the projects' stage of development, the market may apply an additional discount for uncertainty inherent in early stage mining assets, resulting in a lower traded share price.
- *Funding and dilution risk* – The advancement of the projects is contingent on securing future funding, which introduces uncertainty regarding financing terms and the potential dilution of existing shareholders.

Reasonableness considerations

1.32 Under RG 111, the Proposed Transaction is reasonable if it is fair. Notwithstanding the above, we have summarised below a number of other qualitative considerations, including advantages, disadvantages, and other factors in relation to the Proposed Transaction.

Advantages

Streamlined approval process

1.33 The Proposed Transaction represents a consolidation of all of the Group's high-quality silica sands projects in close regional proximity of the Cape Flattery region within one corporate entity. This would create a single point of focus for regulatory engagement and could present an opportunity to streamline the various approval processes that each asset would require to reach development stage, such as environment impact studies, approvals from government departments, discussions and engagement with affected native title holders, and infrastructure access negotiations.

Improved synergies and economies of scale

1.34 The consolidation of all assets within the Joint Venture would result in a single entity with a larger overall silica sands resource base, which may support scalability and development optionality through a more integrated planning and execution process. The consolidated asset base may provide potential scope for economies of scale across the enlarged asset base, including lower unit costs and improved bargaining power with suppliers, particularly in relation to shipping and transport costs, and improved bargaining power with customers via off-take and marketing efficiencies due to a larger potential production base. Consolidation might also reduce duplicated efforts and costs with all assets managed by the same team.

Access to Sibelco's expertise for the CFS Project

- 1.35 The consolidation of all assets within the Joint Venture will ensure that the CFS Project benefits from Sibelco's global expertise in the development, processing, and sale of silica sands. Sibelco is a long-established international industrial minerals company with silica as a core product. Through Sibelco's technical, operational, and market knowledge, the CFS Project may be better positioned to optimise processing pathways, manage quality control, and align product specifications to customer requirements. This reduces execution risk and enhances the project's potential to reach development and production stage.

Maintenance of original ownership structure in the CSHPL

- 1.36 The Proposed Transaction is structured so that the underlying economic interest of Diatreme and Sibelco in the Joint Venture remain aligned with the ownership allocation prior to the Proposed Transaction. Although the Proposed Transaction temporarily adjusts the ownership positions through the issue of additional shares to Diatreme to facilitate the incorporation of the CFS Project, the grant of new shares and the potential exercise of the Subscription Call Option by Sibelco is designed to return the parties to their original proportional interests in CSHPL.

Geopolitical uncertainty arising from the Iran conflict

- 1.37 The escalation of conflict involving Iran has materially increased geopolitical risk across global markets, contributing to elevated volatility, disrupted trade routes, increased energy prices, and heightened investor risk aversion. These conditions have tended to disproportionately affect early stage and pre-revenue resource companies, particularly where project advancement is dependent on external funding or prolonged development timeframes. In periods of heightened geopolitical uncertainty, equity market appetite for funding such companies can contract rapidly, increasing execution risk and the potential cost of capital.

- 1.38 In this context, the Proposed Transaction provides Diatreme with a degree of insulation from these risks by embedding the Cape Flattery Silica Project within a larger, strategically aligned Joint Venture alongside an established global industrial minerals participant. The consolidation of assets and the associated capital contributions by Sibelco support the Joint Venture's ability to continue progressing approvals and technical work during periods of geopolitical disruption, rather than being reliant on potentially constrained equity markets. This structure may reduce the sensitivity of project momentum to short-term market dislocation arising from the Iran conflict and broader regional instability.

- 1.39 While the Proposed Transaction does not eliminate exposure to global macroeconomic or geopolitical risks, it may improve Diatreme's relative resilience by sharing development risk, strengthening balance sheet capacity at the Joint Venture level, and aligning project advancement with a partner whose investment horizon is less dependent on short-term market sentiment.

Disadvantages

Dilution of Diatreme Non-Associated Shareholders' participation in future upside

- 1.40 Approval of the Proposed Transaction results in Non-Associated Shareholders participation in future upside of the CFS Project being reduced from 100% (as a wholly owned subsidiary of Diatreme) to 73.2% (as Diatreme's interest in CSHPL).

- 1.41 However, this dilution is potentially offset by the benefits of consolidation, which might result in value uplift via a more efficient approvals process, opportunities for economies of scale, and access to Sibelco's operational expertise for the CFS Project, as discussed above.

Conclusion on the reasonableness

- 1.42 **Based on the qualitative factors identified above, it is our opinion that each of the resolutions, and therefore the Proposed Transaction, is Reasonable to Non-Associated Shareholders.**

Other matters

- 1.43 Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.
- 1.44 In preparing this IER, we have considered the interests of Non-Associated Shareholders as a whole. Accordingly, this IER only contains general financial advice and does not consider the personal objectives, financial situations, or requirements of individual Non-Associated Shareholders.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN
Director



JANNAYA JAMES
Director

Financial Services Guide

Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 26, 225 George Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by DRX to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Transaction. This IER is included in the Notice of Meeting outlining the Proposed Transaction.

Financial Services Guide

This Financial Services Guide has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we provide, information about us, our dispute resolution process and how we are remunerated.

General financial product advice

In this IER, we provide general financial product advice. The advice in this IER does not take into account your personal objectives, financial situation, or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

Remuneration

When providing the IER, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the IER, Grant Thornton Corporate Finance will receive from DRX a fixed fee of A\$150,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the IER. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this IER.

Independence

Grant Thornton Corporate Finance is required to be independent of DRX in order to provide this IER. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 Independence of expert issued by ASIC.

In March 2024 Grant Thornton Corporate Finance was engaged by DRX to prepare a report to be provided to the board with Grant Thornton's views on what an independent expert may conclude with respect to DRX's takeover offer of Metallica in early 2024. Grant Thornton then provided the board with a paper that noted several criticisms of an independent expert report prepared by the target company as part of that transaction, which was ultimately included with the Company's bidders statement released at the time. Grant Thornton Corporate Finance does not consider this previous engagement has any impact on our independence with respect to the current engagement.

The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this IER, and have not had within the previous two years, any shareholding in or other relationship with DRX (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Transaction."

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this IER.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this IER. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the IER will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this IER.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."

Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Compliance Authority (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Compliance Authority who can be contacted at:

Australian Financial Compliance Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this IER and FSG. Complaints or questions about the Proposed Transaction should not be directed to Grant Thornton Corporate Finance. Grant

Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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2. Outline of the Proposed Transaction

Proposed Transaction

- 2.1 Diatreme and Sibelco are shareholders in CSHPL, being an incorporated joint venture for the development of silica sands projects in Cape Flattery. Sibelco AP, a related body corporate of Sibelco, is a substantial holder in DRX. Sibelco is considered a substantial holder in DRX by virtue of its relationship to Sibelco AP. Sibelco AP holds 1,154,226,791 ordinary shares in DRX, with voting power of 23.05% at the date of this IER.
- 2.2 Metallica, a wholly owned subsidiary of Diatreme, holds 100% of the issued share capital in Cape Flattery Silica Pty Ltd. Cape Flattery Silica holds the CFS Project, which is a silica sand asset located adjacent to Diatreme's existing projects in Cape Flattery. The purpose of the Proposed Transaction is to move the CFS Project into the Joint Venture.
- 2.3 The Non-Associated Directors of DRX consider that the Proposed Transaction will: 1) Simplify the permitting and approvals process, making it more efficient across the portfolio of assets, 2) Ensure that all of Diatreme's silica sands assets will benefit from the partnership with Sibelco, 3) Improve efficiency by combining all of DRX's operational and administrative functions, ultimately aiming to improve total value from resource extraction, and 4) Improve economies of scale and present a more appealing, long-lived resource opportunity to potential future third-party stakeholders.
- 2.4 The Proposed Transaction will be executed via a Sale Shares and Subscription Deed and includes the following steps which will be undertaken contemporaneously. The individual steps presented below that encompass the Proposed Transaction should not be confused with the four resolutions that Non-Associated Shareholders are required to vote on, which are described in detail in Section 3. The four resolutions refer to some, but not all, of the individual steps of the Proposed Transaction.
- 2.5 Although the steps are independent from each other, the Proposed Transaction will only proceed on the basis that all of the individual steps are executed. If any of the individual steps do not proceed, the Proposed Transaction in its entirety will not proceed.

- *Step 1* – Metallica, a wholly owned subsidiary of DRX, will transfer 100% of the Sale Shares (being 800 shares in Cape Flattery Silica Pty Ltd) to CSHPL. In exchange, CSHPL will issue DRX with 2,220 newly issued CSHPL Shares, increasing DRX's interest in the Joint Venture to 76.9%.

We understand that the number of CSHPL Shares to be issued across the various steps of the Proposed Transaction are based on an agreed total purchase price payable by CSHPL to Metallica for the Sale Shares of A\$26,001,017.40. This implies a valuation of CSHPL of A\$160,000,000 prior to the transfer of the Sale Shares.

In addition to the above, CSHPL will make a cash payment of c. A\$2.1 million to DRX as reimbursement for transaction costs incurred in the acquisition of Metallica.

- *Step 2* – Sibelco will pay approximately A\$5.1 million for the subscription of 435 newly issued CSHPL Shares, increasing Sibelco's interest in the Joint Venture to 25.1%.

- *Step 3* – Using funds received by Sibelco under Step 2, CSHPL will reimburse DRX approximately A\$2.1 million for the transaction costs incurred by DRX as part of the Metallica acquisition in 2024.
- *Step 4* – CSHPL will issue Sibelco with a Subscription Call Option, under which Sibelco will have the right to subscribe for up to an additional 376 newly issued CSHPL Shares at any time prior to 7 July 2026. If fully exercised, this will have the effect of increasing Sibelco's interest in the Joint Venture to back to its original 26.8%.

2.6 We note that the Proposed Transaction is structured solely to transfer the CFS asset into the Joint Venture and does not change the intended ownership between DRX and Sibelco. This is illustrated in the table below, which demonstrates how the ownership interests change following each stage of the Proposed Transaction.

Figure 11 - Impact of the Proposed Transaction on the ownership structure of the Joint Venture

Joint Venture ownership structure Proposed Transaction stages	Diatreme's proportional ownership in CSHPL (%)	Sibelco's proportional ownership in CSHPL (%)
Immediately prior to the Proposed Transaction	73.2%	26.8%
Transfer of the Sale Shares to the Joint Venture	76.9%	23.1%
Sibelco subscription for newly issued Joint Venture Shares	74.9%	25.1%
Sibelco exercise of the Subscription Call Option ¹	73.2%	26.8%

Source: Draft NoM, GTCF analysis

Notes: (1) Ownership interests under the Subscription Call Option assumes that all options are exercised.

Other key terms of the Proposed Transaction

- *Conditions precedent and approvals* – The Proposed Transaction includes few conditions precedent and approvals, however, completion of the Proposed Transaction will be subject to DRX obtaining any regulatory approvals as required, including shareholder approval for the purposes of ASX listing rule 10.1.

3. Purpose and scope of the report

Purpose

- 3.1 Chapter 10 of the ASX Listing Rules requires the approval from non-associated shareholders of a company if the company proposes to acquire or dispose a substantial asset from a related party or a substantial holder.
- 3.2 ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX. Based on DRX's audited financial statements for the period ended 31 December 2025, the Company's total equity is c. A\$92.3 million, suggesting the threshold for a substantial asset is approximately c. A\$4.6 million.
- 3.3 Based on ASX Listing Rule 10.1.3, a substantial holder is a person who has a relevant interest or had a relevant interest at any time in the six months before the transaction, in at least 10% of the voting power of the company. As at the date of this IER, Sibelco holds an interest (either directly or via associated entities) of approximately 23.05% in DRX, which is above that substantial holder threshold. As such, for the purposes of ASX Listing Rule 10.1, Sibelco will be considered a substantial holder of DRX in any dealings DRX or CSHPL will have with Sibelco.
- 3.4 On the grounds of Chapter 10 of the ASX Listing Rules, the Proposed Transaction requires approval from Non-Associated Shareholders granted:
- The commercial terms of the Proposed Transaction value the Sale Shares of c. A\$26.0 million,⁴ which exceeds the substantial asset threshold with respect to Step 1 of the Proposed Transaction. Because Step 1 includes the disposal of a substantial asset (the disposal of Sale Shares from Metallica) as well as the acquisition by a partially owned subsidiary (the acquisition of Sales Shares by CSHPL), Shareholder approval will be required with respect to both the disposal and acquisition that occurs in Step 1.
 - The issue of shares in CSHPL to Sibelco exceeds this substantial asset threshold as part of Step 2 of the Proposed Transaction, based on Sibelco's cash contribution of c. A\$5.1 million. Accordingly, shareholder approval is required under Listing Rule 10.1.
 - Although the maximum consideration to be paid by Sibelco for the shares in CSHPL under the Subscription Call Option (Step 4) is less than the substantial asset threshold, ASX have confirmed that it considers the value of the Subscription Call Option should be aggregated with the newly subscribed shares issued to Sibelco under Step 2 of the Proposed Transaction. Therefore, the issue of shares under the Subscription Call Option will constitute a disposal of a substantial asset.
- 3.5 Accordingly, the Non-Associated Directors of DRX have commissioned Grant Thornton Corporate Finance to provide an Independent Expert's Report stating, whether in its opinion, each separate resolution (detailed in the following section) is fair and reasonable to Shareholders under ASX Listing Rule 10.1.

⁴ The total purchase price payable by CSHPL to Metallica for the Sale Shares has been set at A\$26,001,017.40.

Basis of assessment

- 3.6 To affect the Proposed Transaction, Non-Associated Shareholders will be asked to vote on four separate resolutions.
- The purpose of Resolution 4 is for Non-Associated Shareholders to approve a wholly owned subsidiary of the Company, Metallica, to dispose of the Sale Shares to a partially owned subsidiary of the Company, CSHPL.
 - The purpose of Resolution 5 is for Non-Associated Shareholders to approve a partially owned subsidiary of the Company, CSHPL, to acquire the Sale Shares from a wholly owned subsidiary of the Company, Metallica.
 - The purpose of Resolution 6 is for Non-Associated Shareholders to approve the issue of shares in a partially owned subsidiary of Diatreme, CSHPL, to an associate of a person who is a substantial holder of Diatreme, Sibelco.
 - The purpose of Resolution 7 is for Non-Associated Shareholders to approve the grant of a call option by a partially owned subsidiary of Diatreme, CSHPL, to Sibelco, an associate of a person who is a substantial holder of Diatreme.
- 3.7 Grant Thornton Corporate Finance has had regard to RG 111 in relation to the content of independent experts reports and RG76 in relation to related party transactions. RG76 largely refers to RG111 in relation to the approach to related party transactions.
- 3.8 RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG 111 also regulates IERs prepared for related party transactions in clauses 52 to 63. RG 111 notes that an expert should focus on the substance of the related party transaction, rather than the legal mechanism and, in particular where a related party transaction is one component of a broader transaction, the expert should consider what level of analysis of the related party aspect is required.
- 3.9 We note that RG111 Clause 56 states the following: *"Where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Chapter 2E or ASX Listing Rule 10.1), this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this provides members with sufficient valuation information."* See Regulatory Guide 76 Related party transactions, RG 76.106–RG 76.111 for further details.
- 3.10 Accordingly, in the consideration of the Proposed Transaction, the expert should undertake a separate test of the fairness and then analyse the advantages and disadvantages for the Non-Associated Shareholders.
- 3.11 RG 111 notes that a related party transaction is:
- Fair, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.

- Reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should vote in favour of the transaction.

3.12 The Joint Venture Agreement requires the consent of all shareholders holding more than 9.9% of the share capital for material changes to the silica sands projects, and shareholders holding more than 25.0% for other key financial and operational decisions. Given both shareholders own more than 25.0% of the outstanding share capital in the Joint Venture prior to the Proposed Transaction, the implementation of the Proposed Transaction does not change their capacity to control decision making in the Joint Venture. We therefore consider all the separate transaction that form the Proposed Transaction should be analysed on a like for like basis and not as a change of control transaction.

3.13 We have assessed the fairness of each individual resolution as follows:

- *Resolution 4* – We have undertaken a comparison of the value of the Sale Shares to the value of the consideration received (being new CSHPL shares issued to Diatreme and the Reimbursement paid to Diatreme).
- *Resolution 5* – We have undertaken a comparison of the value of the consideration paid (being new CSHPL shares issued to Diatreme and the Reimbursement paid to Diatreme) to the value of the Sale Shares. This is a direct inverse of the assessment under Resolution 4.
- *Resolution 6* – We have undertaken a comparison of the new CSHPL Shares issued to Sibelco to the cash consideration paid by Sibelco under the Share Issue.
- *Resolution 7* – We have undertaken a comparison of the new CSHPL Shares Sibelco are entitled to purchase under the Subscription Call Option Deed to the cash consideration paid by Sibelco under Subscription Call Option Deed. At the time Non-Associated Shareholders are required to vote on this Resolution, only a short period of time will remain before the call option's expiry on 7 July 2026. Given this timing, we think it is reasonable to assume the options would be exercised effectively immediately. As a result, any time value attributable to the call option would be immaterial, if anything at all.

3.14 In considering whether the Proposed Transaction is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Proposed Transaction is fair.
- The implications to DRX and the Non-Associated Shareholders if the Proposed Transaction is not approved.
- Other likely advantages and disadvantages associated with the Proposed Transaction as required by RG111.
- Other costs and risks associated with the Proposed Transaction that could potentially affect the Non-Associated Shareholders.

Independence

- 3.15 Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Proposed Transaction with reference to RG 112 issued by ASIC.
- 3.16 In March 2024 Grant Thornton Corporate Finance was engaged by DRX to prepare a report to be provided to the board with Grant Thornton's views on what an independent expert may conclude with respect to DRX's takeover offer of Metallica. Grant Thornton then provided the board with a paper that noted several criticisms of an independent expert report prepared by the target company as part of that transaction, which was ultimately included with the Company's bidders statement released at the time. Grant Thornton Corporate Finance does not consider this previous engagement has any impact on our independence with respect to the current engagement
- 3.17 Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.
- 3.18 Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.
- 3.19 In our opinion, Grant Thornton Corporate Finance is independent of DRX and its Non-Associated Directors and all other relevant parties of the Proposed Transaction.

4. Industry Overview

Overview of the Global Silica Sands Industry

- 4.1 Silica sand, often called 'industrial sand', is a granular material produced through the natural weathering of quartz, a hard crystalline mineral that is abundant in the earth's crust. Over time, quartz breaks down into fine sand-sized particles composed primarily of silicon dioxide, the chemical compound from silicon and oxygen. Importantly, what differentiates silica sand from normal sand (brown sand) is the silica purity of the material, with impurities, particularly iron, affecting the downstream product quality (e.g. clarity/colour in the glass).
- 4.2 The market spans low-grade silica sands (<80% silica dioxide) used in construction, industrial-grade sands (>95% silica dioxide) suitable for general glass and foundry applications, and high purity silica sands (>99.5% silica dioxide) and ultra-high purity silica sands (>99.95% silica dioxide). As purity increases, the presence of contaminants decreases and the range of viable end uses shifts towards higher-value industrial processes such as flat and container glass, solar photovoltaic glass, and advanced specialty applications, making high and ultra-high purity silica sands the most sought-after segments of the global market.
- 4.3 The silica sands industry supports a broad range of industrial applications, with demand dominated by glass manufacturing, foundry casting, and hydraulic fracking. Within this broader market, a higher value and more technically demanding sub-segment has emerged around photovoltaic glass production for solar panels in the Asia-Pacific region.
- 4.4 The key drivers affecting silica sands exploration and production include, but are not limited to:
- *Global decarbonisation* – Global decarbonisation is a long-term structural driver for high-purity silica sand, driven primarily by the expansion of solar PV manufacturing. Photovoltaic glass requires ultra-low-iron silica to maximise efficiency, creating a premium, supply-constrained market concentrated in Asia-Pacific. This demand supports durable pricing, long-term offtake visibility, and investment in scalable, export-oriented silica sand projects.
 - *Growth in consumer goods and industrial manufacturing* – Population growth, urbanisation, and rising incomes underpin sustained demand for glass packaging, flat glass, and manufactured components. Container glass benefits from food, beverage and pharmaceutical consumption, while flat glass demand tracks construction, automotive production, and infrastructure investment. These trends provide stable base demand for silica sand, favouring large, consistent deposits capable of supplying long term industrial customers.
 - *Exchange rates* – Like most globally traded bulk commodities, silica sands supply contracts between producers and industrial consumers typically quote contract prices in USD. Exchange rates therefore play a key role in determining demand for silica sands. A weaker domestic currency enhances competitiveness by lowering USD-denominated costs and supporting margins, while currency strength can pressure lower-value bulk products. Higher-purity sands are more resilient to exchange rate volatility due to stronger pricing power and demand fundamentals.
 - *Political and regulatory considerations* – Environmental regulation, land access, and permitting requirements increasingly shape silica sand exploration and development. Heightened scrutiny

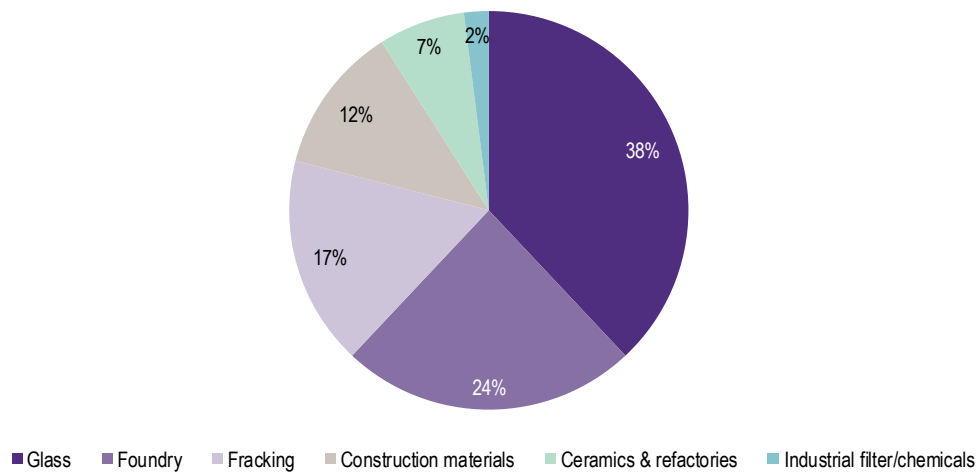
around sand mining raises approval risk and development timelines, while export restrictions in several Asian countries have tightened global supply. Producers operating in stable, export-friendly jurisdictions with strong ESG credentials are better positioned to secure approvals, funding, and long-term offtake agreements. Moreover, tenements and projects located in countries with more stable political environment are more attractive to explorers and producers.

- *Macroeconomic conditions and funding requirements* – Macroeconomic conditions affect silica sand development through capital availability, interest rates, and cost inflation. Higher rates increase the cost of capital and elevate the importance of staged development and early cash flow. Inflation in labour, energy, and freight favours projects with scale, infrastructure access, and exposure to premium markets, improving funding attractiveness, and project resilience. The availability and cost of capital to fund such projects will therefore also impact the level of exploration and production undertaken.

Demand

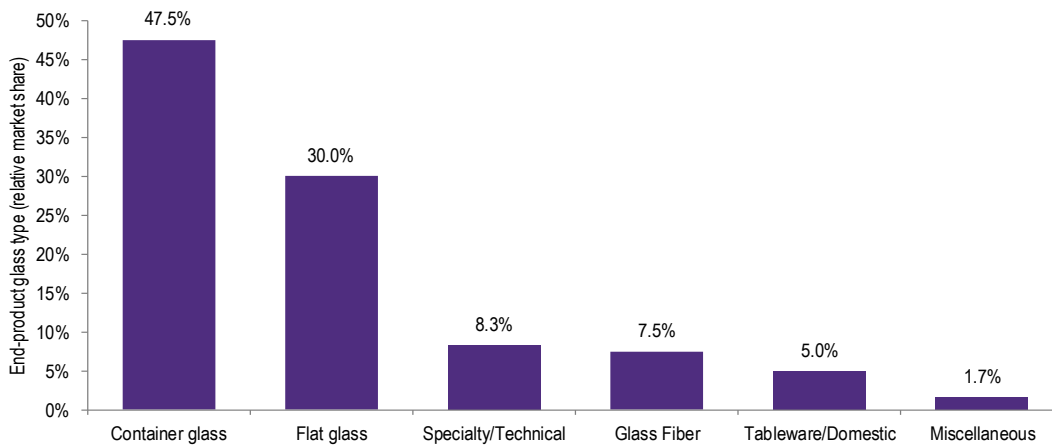
4.5 Demand for silica sand is driven primarily by glass manufacturing, with a growing emphasis on solar panel glass, as well as foundry smelting, hydraulic fracking, and construction applications. Figure 12 and Figure 13 below illustrate the distribution of silica sand demand globally, as well as the relative market share of glass by end product type.

Figure 12 - Global silica sand market share (by end-use) in 2023



Source: Wood Mackenzie Silica Sand Market Study, December 2025.

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Figure 13 - Global glass making by type in 2023


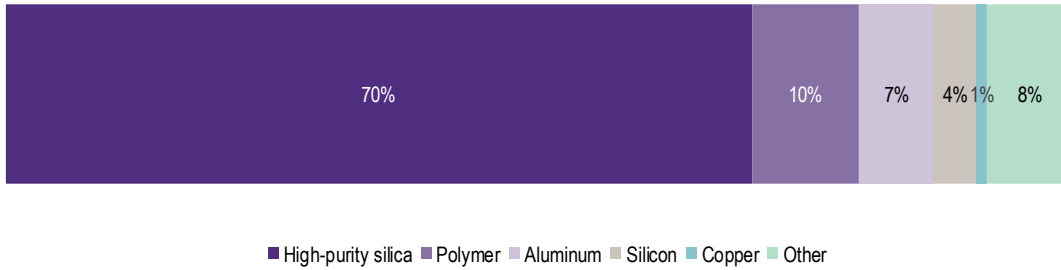
Source: Wood Mackenzie Silica Sand Market Study, December 2025,

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- 4.6 Globally, silica sand remains a foundational industrial input with a broad-based end use demand led by glassmaking, followed by foundry casting, hydraulic fracking, and construction materials. Within glassmaking, container glass leads end-product type as population growth and urbanisation underpin an increased use in bottles and jars, with smaller but strategically important end-product glass types including flat glass (for windows, architecture and the automotive industry) and specialty glass (for solar panel cover and other high-tech applications). In foundries, which use silica sand to create unique patterns and moulds for metals like iron, steel, and aluminium, silica sand is essential for moulds and cores because high silica content supports thermal stability at high temperatures. In construction, silica sand is used in specialty mortars, high-performance concrete, and as an additive in cement/asphalt, although these applications generally require less purity than glass and are typically lower-margin outlets for high grade sands.
- 4.7 Demand for high-purity silica sands, estimated by Wood Mackenzie to grow at 3-5% per annum from 2023 through to 2035, has been particularly driven over the past few years by increased production of solar panels. As the global transition to renewable energy accelerates, solar power has emerged as a cornerstone of clean energy strategies, driven not only by decarbonisation goals but also by countries seeking greater energy security amid heightened geopolitical instability, including the Russian invasion of Ukraine and ongoing conflict in the Middle East. The International Energy Agency expects renewable energy capacity (being primarily wind and solar) to meet 38% of global power needs by 2027, having grown from 28% in 2021⁵.
- 4.8 High-quality silica sand remains fundamental to solar panel production because energy transmissivity through photovoltaic glass directly determines panel efficiency. Solar glass must allow the maximum possible sunlight to pass through the silicon cells beneath, and even trace levels of iron or other impurities in the glass can absorb light, reduce transmission, and materially lower power output. While other inputs such as silicon cells, polymer encapsulants, aluminium frames, copper wiring, and back sheets are essential for structural integrity, none influence optimal performance as directly as the high-quality silica itself.

⁵ International Energy Agency (IEA): Renewables 2022 Executive Summary

Figure 14 - Major component materials required in solar panel manufacturing

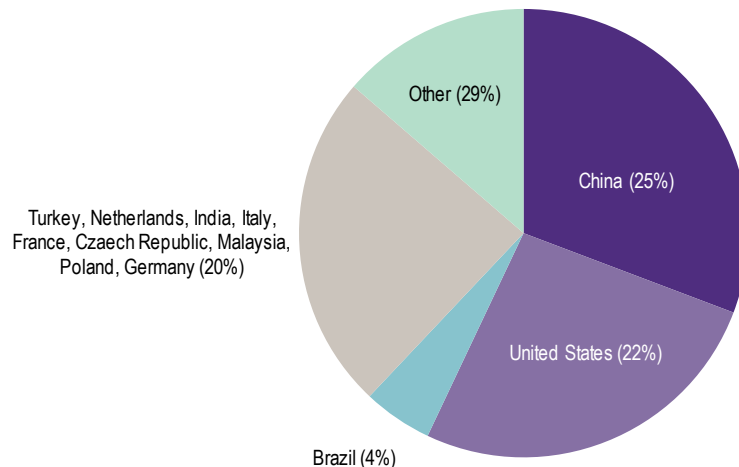


Source: Diatreme - Presentation to Noosa Mining Investor Conference 2025

4.9 Moreover, foundry and fracking support demand for global silica sand production. For foundries, the qualities of high silica sand including purity, strength and consistent grain size directly affect casting precision, surface finish and production efficiency, which minimises defects for the infrastructure and automotive industries. On the other hand, fracking, also called hydraulic fracturing, is another large source of demand for silica sand products. Fracking requires frac-sand, typically silica sand, to hold open the fractures produced in the target rock areas when extracting oil and natural gas from the ground. Silica sand is highly sought after in this process, the compound's strength and structure enabling it to withstand the significant crushing force acting on the fractures as they naturally close.

4.10 Despite the global energy transition, fracking remains strategically important to harvest oil and gas resources, with the global fracking valued at US\$40.6 billion in 2024 and forecast by Global Market Insights to grow at a CAGR of 7.4% from 2025 to 2034.⁶ Fracking demand is predominately concentrated in North America, which remains the global centre of shale oil and gas activity, with the Wood Mackenzie 2025 concluding that in 2023 over 63 Mt of sand was used in the US and Canada for shale oil and gas operations. The regional distribution of global silica sand demand highlighted in Figure 15 below.

Figure 15 - Global silica sands demand by region in 2019



Source: IMARC 2020 Report titled "World – Silica Sands (Quartz Sands or Industrial Sands) – Market Analysis, Forecast, Size, Trends, and Insights"

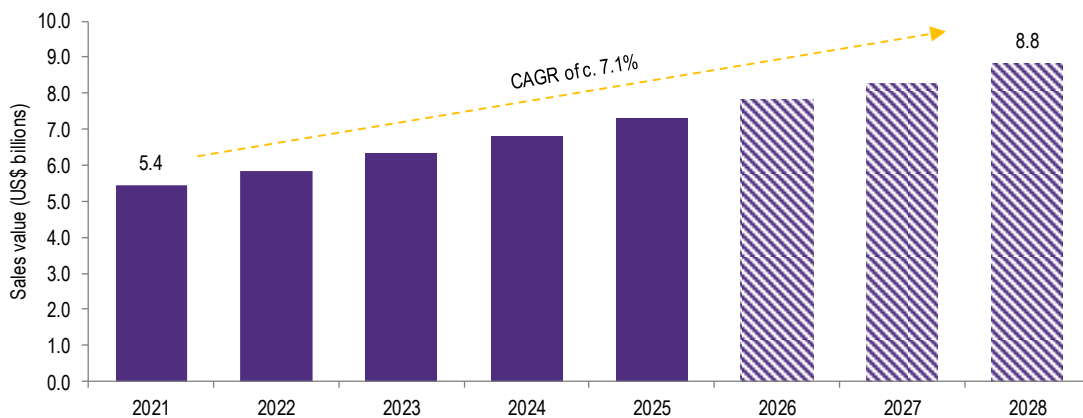
⁶ Global Market Insights: Hydraulic fracturing market size global forecast (2025-2034)

- 4.11 Global demand for silica sand by region is dominated by China and the United States, who both account for approximately a quarter of total global silica sand consumption. Both China and the United States are also the two largest producers of silica sand, and both produce much of their own silica sand requirements.
- 4.12 China leads demand for photovoltaic grade silica sands due to the country large consumer goods manufacturing and construction industries, particularly their solar panel manufacturing. China is leading the global race in solar power production with global solar photovoltaic manufacturing increasingly moving from Japan, Europe, and the United States to China over the last decade. China's share in all stages of the solar panel manufacturing process exceeds 80% of global activity, with the country being home to the world's top ten suppliers of solar panels.⁷

Asia-Pacific Silica Sand Market

- 4.13 The versatility of silica sands as an industrial material, as well as the wide range of applications for silica sands products has made the material a globally sought after product. Notwithstanding the global demand for the product, due to the high purity of the particular silica sands of DRX's CFS East and CFS West tenements, as well as the proximity of DRX's Queensland projects with the Asia-Pacific market, both companies expect to export most of the silica sand they produce to Asian markets, particularly China. The following section specifically covers discussion of the Asia-Pacific market for silica sands.

Figure 16 - Silica sand market size in the Asia-Pacific region



Source: IMARC Report titled "Asia Pacific Premium PV Grade and Ultra Low Iron Grade Silica Sand Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2023-2028"

- 4.14 Total sales value of c. US\$5.4 billion in 2021 is expected to grow to c. US\$8.8 billion by 2028, a CAGR of c. 7.1%. This growth is expected to be underpinned by the same structural drivers shaping global markets, including rising demand for solar panels and energy-efficient glass, continued expansion of automotive manufacturing in China and India, and increasing utilisation across Asian oil and gas industries.

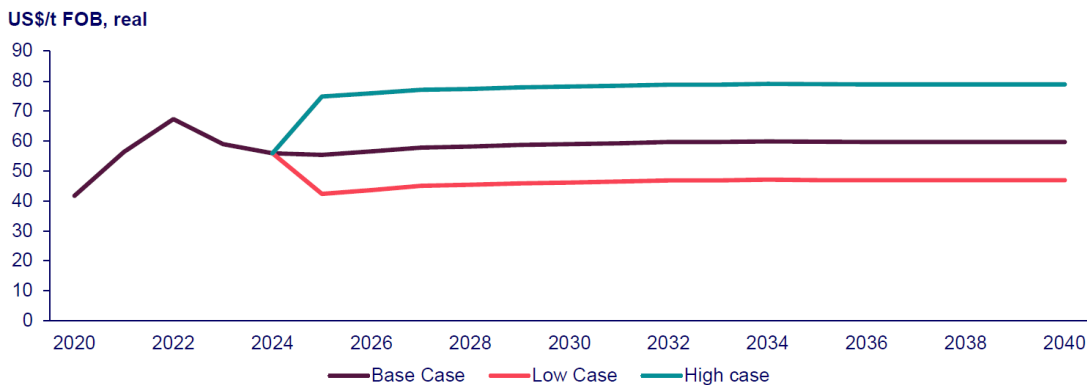
⁷ Executive summary – Solar PV Global Supply Chains – Analysis - IEA

- 4.15 While China is the major producer of silica sand within the APAC region, domestic supply is unlikely to fully meet the scale and quality of demand anticipated in the near future, creating a clear opportunity for other APAC players to service this forecast growth.
- 4.16 The supply outlook in APAC is tightening, with export restrictions materially constraining regional availability of high-grade silica sand. Vietnam’s ban on white silica sand exports, initiated in 2017, and Indonesia’s long-standing export controls have removed key sources of premium material from the seaborne market, while domestic prioritisation policies across Asia continue to limit export flexibility. As a result, import-dependent markets such as China, Japan, South Korea, and Taiwan are increasingly reliant on a small number of stable, export-oriented suppliers, most notably Australia and Malaysia. This dynamic supports a favourable long-term outlook for high-quality silica sand producers positioned to service APAC’s growing and increasingly quality-driven demand.
- 4.17 Finally, rapid growth in silica sand demand has expanded the industry and intensified competition, particularly across mainstream product categories. Key producers operating across the Asia Pacific region include Mitsubishi Corporation, Tochu Corporation, Sibelco, PUM Group, and Fairmont Santrol.

Pricing

- 4.18 Unlike other globally produced resources such as iron, coal, and oil, as well as precious metals such as gold and silver, silica sands are not traded on financial markets. As such, there is not a commonly referenced market price for silica sands, and prices for the commodity are generally determined by wholesale contract pricing between producers and end consumers.
- 4.19 As such, silica sand pricing in the Asia Pacific region reflects a two-tier market structure split between large-volume industrial grades and scarce, premium low-iron products. Standard industrial and glass-grade silica sand is largely a price competitive, logistics driven market, with prices influenced by proximity to end users, freight costs, and contract volumes.
- 4.20 Australian export benchmarks, supported by findings from the December 2025 Wood Mackenzie silica sand study, indicate that conventional glass-grade silica sand typically trades in the range of US\$35-60 per tonne FOB, supplying flat glass, container glass, and general industrial applications across China, Japan, Korea and Southeast Asia.

Figure 17 - East coast Australia silica sand price forecast



Source: Wood Mackenzie - December 2025 Silica Sand Market Study

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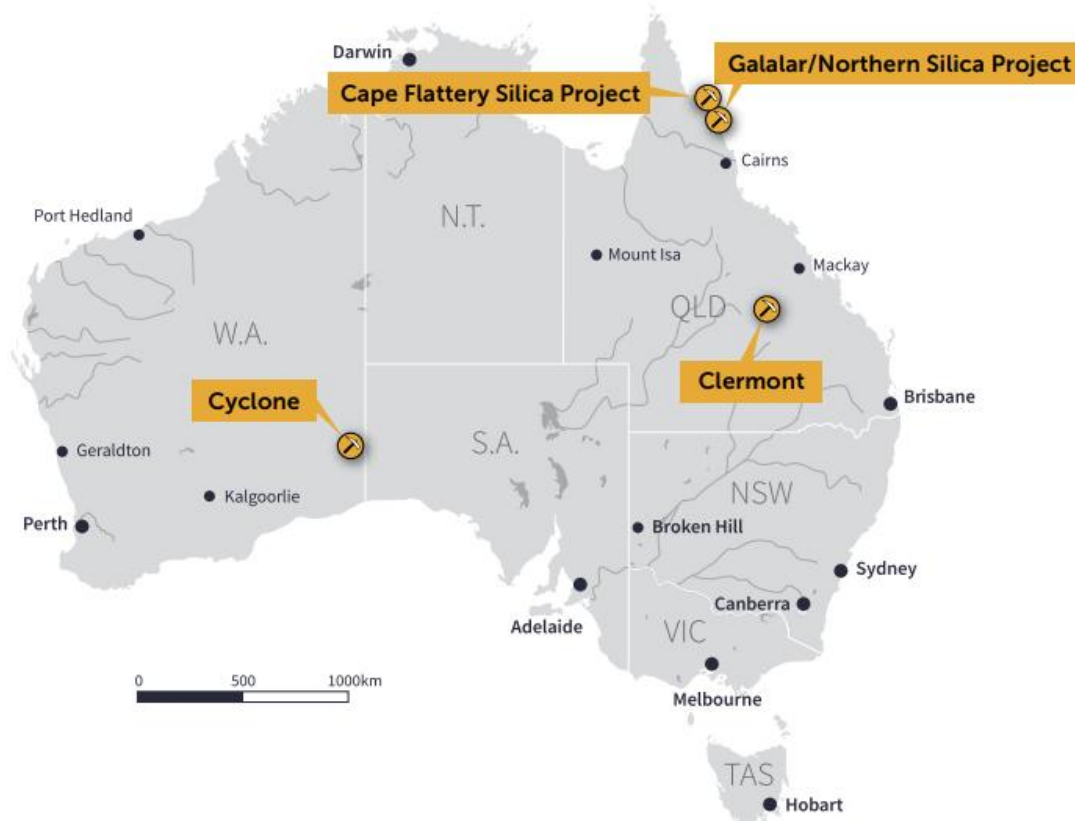
- 4.21 In contrast, premium and ultra-low-iron silica sand commands a material pricing uplift, reflecting its critical role in high-value applications such as solar photovoltaic glass, specialty flat glass and advanced technological manufacturing. As a result of tighter impurity tolerances, these silica sands attract sustained price premiums, with long-term forecasts from the Wood Mackenzie December 2025 study indicating prices that approach US\$75-80 per tonne FOB. The report also highlights that premium silica prices are to expand at a CAGR of 6.4% from 2025 to 2030, supported by tightening regional supply (restrictions discussed above) and the accelerating demand from the energy transition.

5. Company Overview

Introduction to DRX

- 5.1 Diatreme Resources is an Australian developer and explorer of mineral and silica sands. DRX's flagship assets are high purity, low iron silica sands projects, including a 73.2% stake in the Northern Silica and Galalar Projects (held in CSHPL, a joint-venture entity between DRX and Sibelco) and the 100% DRX owned Cape Flattery Silica Project acquired as part of the 2024 takeover of Metallica. All the silica assets are located near Cape Flattery in far north Queensland and sit within DRX's 630km² exploration tenement area in Cape Flattery. The Cape Flattery tenement has seen continued exploration expansions, with the Western Resource Area and Casuarina serving as recent identified additions. Notably, the Cape Flattery tenement area completely surrounds the largest silica mine in the world, being the Cape Flattery Silica Mine, wholly owned by Mitsubishi Corporation.
- 5.2 The Company's other project includes the Cyclone Zircon Project, a high-grade zircon project in Western Australia's Eulca Basin that in October 2024 completed its initial drilling program.
- 5.3 Set out below is a map displaying the locations of DRX's four major projects.

Figure 18 - Diatreme project locations



Source: Diatreme Annual Report 2024

Notes: (1) The Clermont Copper-Gold Project was sold to Moonlight Resources Limited on 5 December 2025 and is no longer owned by Diatreme.

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Overview of CSHPL

5.4 On 27 June 2022 DRX announced the formation of a strategic joint venture with Sibelco to advance the exploration and development of its NSP and Galalar silica sand projects. Under the transaction, DRX contributed its existing tenement holdings at NSP and Galalar into a newly established joint-venture entity, CSHPL, via wholly owned subsidiaries. As part of the agreement, Sibelco committed A\$35 million to the Joint Venture, earning a 26.8% equity interest through a staged investment structure across two tranches, as outlined below⁸:

- Sibelco committed A\$11 million to subscribe for new shares in CSHPL, securing an initial 9.99% fully diluted equity stake. This investment valued the Sibelco Joint Venture at an implied post-money valuation of approximately c. A\$110 million,⁹ with the first tranche successfully completed in December 2022.
- In October 2023 Sibelco injected an additional A\$24 million, increasing its ownership to 26.8% on a fully diluted basis. The second tranche was completed two months ahead of schedule and implies a post-money valuation of approximately A\$143 million¹⁰ for the underlying projects, reflecting a significant value uplift since the initial investment.

5.5 As part of the Sibelco Joint Venture, the parties have entered into a Co-Operation Agreement to jointly progress and optimise the development of the projects, using best endeavours to drive successful outcomes. The agreement provides access to Sibelco's technical and project development capabilities, coordinated product marketing, evaluation of downstream onshore silica processing opportunities, and support in securing project financing. In addition, DRX and Sibelco each retain exclusive offtake and marketing rights to their respective proportional share of production from the Joint Venture assets.

5.6 Under the Sibelco Joint Venture Agreement, board representation is allocated in proportion to each party's equity interest. Based on its 26.8% effective interest, Sibelco is entitled to appoint up to two directors, while DRX, with a 73.2% interest, may appoint three directors. The initial board comprised three DRX-appointed directors and one Sibelco-appointed director, with DRX's CEO, Neil McIntyre, appointed as inaugural Chair. While the board retains overall strategic oversight, DRX acts as project manager and is responsible for the day-to-day management and execution of project operations.

5.7 Notwithstanding their respective 73.2% and 26.8% shareholdings, both DRX and Sibelco retain negative control over the Joint Venture. The Joint Venture Agreement requires the consent of all shareholders holding more than 9.9% of the share capital for material changes to the silica sand projects, and shareholders holding more than 25.0% for other key financial and operational decisions. Critically, any decision to proceed with mining and final investment approval requires formal board consideration and the written consent of each shareholder holding at least 9.9% of the share capital.

Northern Silica Project

5.8 NSP, identifiable in Figure 19 as Si2, is one of the world's largest deposits of high purity silica sands, comprising a current mineral resource of approximately 273Mt with a silicon purity of greater than 99% and

⁸ ASX Announcement, "Transformational Strategic Partnership & Placement with Global Material Solutions Leader Sibelco"

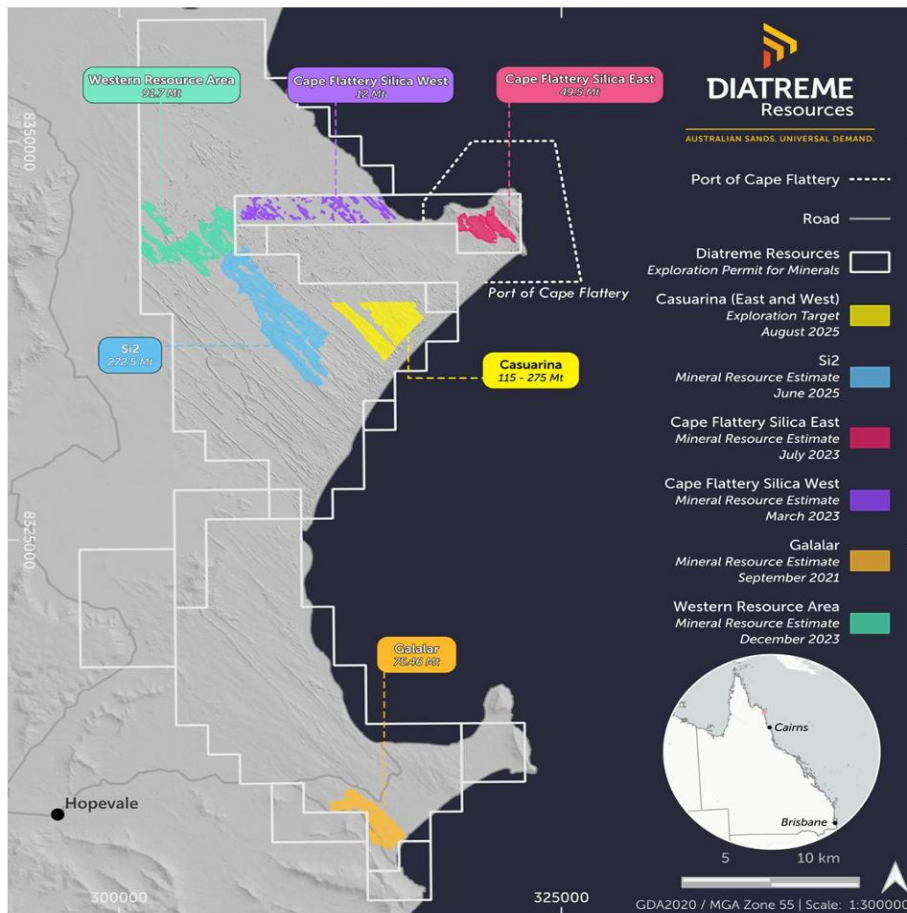
⁹ Calculated as A\$11 million divided by 9.99%.

¹⁰ Calculated as A\$24 million divided by 16.8%.

low iron content of less than 120ppm,¹¹ a critical criterion for solar panel glass manufacturers.¹² The proposed project at NSP is a greenfield open cut mining operation with onsite processing facilities that will produce a saleable silica sand product.

- 5.9 On 15 January 2024, DRX announced that NSP had been designated a Coordinated Project by Queensland Government under Queensland’s State Development and Public Works Organisation Act. Achieving Coordinated Project status is a notable milestone that recognises the project’s strategic value and complex approval and infrastructure requirements. The designation of Coordinated Project status is intended to streamline interactions with key State and Commonwealth governments and also establishes the environmental approvals process to be followed, which will allow for a single Environmental Impact Statement (EIS) document to address both State and Federal requirements.

Figure 19 - Northern Silica Project map in relation to other DRX tenements



Source: Management

Notes: (1) Si2 is the tenement for the Northern Silica Project.

- 5.10 Results of an initial scoping study for NSP were announced on 14 June 2023, showing potential for a long-life mining operation of significant scale. The scoping study indicated that NSP has a potential 25-year mine life, based on a silica sand production target of 121Mt from the mineral resource estimate at the time of approximately 235Mt. Base case capital expenditure estimates were approximately A\$356 million to

¹¹ Parts per million

¹² Diatreme Investor Presentation – Noosa Mining Conference, November 2023.

establish an operation to export 3Mt per year, with additional capital expenditure of A\$179 million to increase rate of production to 5Mt per year.

- 5.11 The NSP Scoping Study was prepared on the assumption that any export facilities required to support the project would be constructed for that purpose and there would be no access to existing co-located loading system facilities owned by an incumbent export facility operator. NSP currently has no permanent infrastructure, with exploration access limited to existing sealed and unsealed tracks, and any future development, including construction of roads, processing facilities and export infrastructure, remains contingent on the outcome of the ongoing EIS process and subsequent government approvals. The incumbent export facility operator in the region is Mitsubishi, who own the above wharf infrastructure that is in place. The wharf itself is owned by Far North Queensland Ports Corporation (Ports North) (the relevant port authority for the Cape Flattery Port) and is leased to Mitsubishi for ongoing use.
- 5.12 Notwithstanding the above, DRX has signed a Tripartite Entry Deed with Ports North and the incumbent operator of the Cape Flattery Silica Mine, Mitsubishi. The agreement allows DRX and its contractors access to the port area and wharf facilities for the purposes of environment monitoring and surveys.
- 5.13 The following table provides a summary of the NSP mineral resource inventory following findings from the groundwork study conducted in June 2025.

Figure 20 - NSP Mineral Resource estimate

NSP Mineral Resource estimate			
JORC Resource category (100% basis)	Silica Sand (Mt)	Silica Dioxide (%)	Iron Oxide (%)
Measured	187.50	99.24	0.10
Indicated	42.00	99.15	0.12
Inferred	43.00	99.11	0.11
Total	272.50	99.21	0.11

Source: DRX ASX announcement 23 June 2025.

Notes: (1) Volume and grades are from the conducted June 2025 Mineral Resource estimate study.

- 5.14 On 13 July 2023, Diatreme entered into a 12-month, non-binding offtake Memorandum of Understanding with FLAT Glass Group, one of the world's largest photovoltaic glass manufacturers, to exchange bulk samples and to assess NSP's suitability for FLAT's expanding annual silica consumption requirements. As this MOU concluded, DRX strengthened its market engagement by signing a new non-binding offtake MOU on 11 December 2024 with Mitsui & Co (Japan), covering the evaluation of long-term silica sand sales from DRX's North Queensland projects. The Mitsui MOU, effective until 1 November 2025 with automatic annual renewal, commits both parties to negotiate potential offtake terms and explore wider commercial opportunities. As of today, no termination has been announced by either party, with the MOU remaining active.
- 5.15 In December 2023, the Company announced a new maiden silica resource of 91.7Mt at the WRA, an area within the Company's Cape Flattery exploration tenement area and adjacent to the NSP deposit, adding to the existing 273Mt resource base discussed above. A breakdown of the WRA Mineral Resources is presented below, which remains unchanged from the initial estimate in December 2023.

Figure 21 - WRA Mineral Resource estimates

WRA Mineral Resource estimate			
JORC Resource category (100% basis)	Silica Sand (Mt)	Silica Dioxide (%)	Iron Oxide (%)
Indicated	10.30	99.20	0.15
Inferred	81.40	99.38	0.09
Total	91.70	99.36	0.10

Source: DRX presentation to Noosa Mining Conference 14 November 2025

- 5.16 The Company continues to focus on developing the NSP and surrounding tenement areas. In August 2025, the Company identified a significant potential uplift for the NSP, with the Casuarina Exploration targets (sitting adjacent to the Cape Flattery) indicating 115-275 Mt of additional high-purity silica sand. This could materially expand NSP's resource base once drilled and be converted to JORC-compliant Mineral Resources.

Galalar

- 5.17 Galalar is located at the southern edge of the Company's exploration tenement area in the Cape Flattery region, approximately 35km south of NSP on the opposite boundary of the tenement area. The project contains mineral resources of approximately 75Mt. The results of a pre-feasibility study of Galalar were announced on 9 November 2021 with a mine life of approximately 24 years, based on a production target over the mine life of c. 31Mt, resulting in target annual silica sands production of c. 1.26Mt. Base initial capital expenditure was estimated at A\$67.9 million, including the associated capital cost of construction a barge ramp for export purposes.
- 5.18 Despite the presence of a completed PFS, Management has indicated that Galalar is not considered an immediate development priority by the Company, who instead consider NSP to be the core asset to prioritise for development. Further, the PFS study is now relatively dated, having been completed in 2021, and would likely need to be updated.
- 5.19 The following tables provide a summary of the Galalar Ore Reserve and Mineral Resource estimates for the Galalar project, which remain current as of 13 November 2024. There has been no change to these estimates following the PFS completed in November 2021.

Figure 22 - Galalar Ore Reserve estimates

Galalar Ore Reserve estimate			
JORC Resource category (100% basis)	Silica Sand (Mt)	Silica Dioxide (%)	Iron Oxide (%)
Probable	32.53	99.20	0.08
Total	32.53	99.20	0.08

Source: DRX presentation to Noosa Mining Investor Conference 14 November 2025.

Figure 23 - Galalar Mineral Resource estimates

Galalar Mineral Resource estimate			
JORC Resource category (100% basis)	Silica Sand (Mt)	Silica Dioxide (%)	Iron Oxide (%)
Measured	43.12	99.21	0.09
Indicated	23.12	99.16	0.09
Inferred	9.22	99.10	0.11
Total	75.46	99.18	0.09

Source: DRX presentation to Noosa Mining Investor Conference 14 November 2025.

Overview of the Cape Flattery Silica Project

- 5.20 DRX acquired its interest in the CFS Project through its takeover of Metallica in 2024, which represented a strategic consolidation of Queensland's premier silica sand assets. The acquisition of Metallica provided a sizeable high-purity silica resource base exceeding 50Mt, complementing DRX's strategic position of assets in close proximity to the Port of Cape Flattery.
- 5.21 The CFS Project is located in the Cape Flattery area, on the eastern coastline of Cape York Peninsula and approximately 220 km north of Cairns in North Queensland and is adjacent to the world class Cape Flattery Silica Mine mining and shipping operation owned and operated by Mitsubishi. It is also situated in close proximity to Diatreme's other projects, facilitating potential use of shared infrastructure.
- 5.22 The CFS Project is divided into the CFS East and CFS West tenements, which differ by stage of maturity. CFS East is the advanced anchor asset, with a completed DFS indicating an estimated 49.5 Mt of Mineral Resources across a 15-year mine plan. In contrast, CFS West remains an earlier-stage growth opportunity, containing a 12.0 Mt inferred Mineral Resource estimate that is indicative of further drilling and study before mine planning.
- 5.23 A DFS for the CFS Project was originally completed in July 2023 and subsequently updated in November 2023, which confirmed that the CFS Project can produce low-cost high purity silica sand suitable for high-quality glass manufacturing, in particular solar PV glass. On 15 December 2023, the CFS Project was declared a Coordinated Project by the Queensland Government, an important milestone that recognises the projects significance, as well as the complex requirements of the project. The status also clearly defined the approval pathway of the project and led to the prioritization of the advancement of the EIS by Metallica. Draft terms of reference for the EIS were subsequently submitted between 3 June and 8 July 2024 for public consultation and are currently being assessed by the Coordinator-General while the EIS remains active.¹³
- 5.24 Despite what are positive developments in the administrative process to achieve the required planning and environmental improvements, the Company does not have any specified timetable for development of the CFS Project, with the NSP Project being considered the priority asset to progress to development. Further, the DFS study was completed in 2023, and as such is approximately two and a half years dated and would likely require updates before any meaningful development is progressed.

¹³ Queensland Government Office of the Coordinator-General - Cape Flattery Silica Sand project

5.25 The CFS Project has a total estimated Ore Reserve of 47Mt and total JORC Mineral Resource of 61Mt, split between the CFS East and CFS West tenements. The tables below provide a summary of these Ore Reserve and Mineral Resource estimates:

Figure 24 - CFS East Ore Reserve estimate

CFS East Ore Reserve estimate			
JORC Resource category (100% basis)	Silica Sand (Mt)	Silica Dioxide (%)	Iron Oxide (%)
Probable	47.00	99.11	0.09
Total	47.00	99.11	0.09

Source: DRX presentation to Noosa Mining Investor Conference 14 November 2025.

Figure 25 - CFS East Mineral Resource estimate

CFS East Mineral Resource estimate			
JORC Resource category (100% basis)	Silica Sand (Mt)	Silica Dioxide (%)	Iron Oxide (%)
Measured	16.10	99.20	0.08
Indicated	33.20	99.05	0.10
Inferred	0.20	99.00	0.12
Total	49.50	99.10	0.09

Source: DRX presentation to Noosa Mining Investor Conference 14 November 2025.

Figure 26 - CFS West Mineral Resource estimate

CFS West Mineral Resource estimate			
JORC Resource category (100% basis)	Silica Sand (Mt)	Silica Dioxide (%)	Iron Oxide (%)
Inferred	12.00	99.15	0.09
Total	12.00	99.15	0.09

Source: DRX presentation to Noosa Mining Investor Conference 14 November 2025.

Other projects

- Cyclone – Cyclone is an undeveloped, high-grade zircon project in the Northern Eucla Basin in Western Australia and strategically positioned near major rail infrastructure enabling multi-port export optionality. Zircon is a mineral commonly found in the Earth's crust and is the source of the metal zirconium. Both zircon and zirconium have a wide range of industrial uses, including in the foundry, ceramics, and glass industries. A definitive feasibility study for Cyclone was completed in November 2018, which affirmed at that time a profitable, long-life zircon operation, with a 13.2 year mine life and expected annual production of 147,700 tonnes of heavy mineral concentrate. In October 2025 the Company completed a drilling test, finding that the bulk sample grade for heavy minerals from the metallurgical test work (2.97%) is higher than the average Ore Reserve Grade of 2.6% for heavy minerals¹⁴.

In March 2026, the Company announced the completion of additional metallurgical test work for the Cyclone Project, resulting in improvements in projected product yields and life of mine output¹⁵. The Company is continuing to progress discussions with potential project partners for further advancement. Below we have summarised the Reserve and Mineral Resource estimates for the Cyclone Project.

¹⁴ ASX announcement on 23 October 2025: Cyclone metallurgical test work shows improved recoveries.

¹⁵ ASX announcement on 19 March 2026: Cyclone metallurgical testwork completed, shows project upside.

Figure 27 - Cyclone Reserve estimates

Cyclone Zircon Project Reserve estimate			
	Material Mt	HM (Mt)	Zircon (%)
Probable	138.00	3.52	0.72
Total	138.00	3.52	0.72

Source: DRX presentation to Noosa Mining Investor Conference 14 November 2025.

Figure 28 - Cyclone Mineral Resource estimates

Cyclone Zircon Project Mineral Resource estimate			
	Material Mt	HM (Mt)	Zircon (%)
Measured	156.00	3.81	0.69
Indicated	48.00	0.89	0.38
Total	204.00	4.70	0.62

Source: DRX presentation to Noosa Mining Investor Conference 14 November 2025.

Notes: (1) Assumes a HM cut-off of 1.0%.

Strategy going forward

- 5.26 As part of the advancement and development of projects in the Cape Flattery region, DRX has committed to sharpening its focus on core silica by exiting non-core metals, highlighting by the 2025 divestment of the Clermont project. The copper/gold asset was sold to Moonlight Resources Limited in late 2025 for A\$3.25 million in Moonlight shares and A\$250,000 in cash consideration. On completion of Moonlight's IPO, DRX is to hold an initial investment of 17.1%-19.9%, with the right to appoint a director to the Moonlight board.
- 5.27 Supported by the upgrade to major project status by the Queensland government and the positive results from the 2025 bulk metallurgical test work, DRX intends to prioritise the advancement and development of NSP. This is commercially driven by its relatively larger resource base and the close proximity of the project to the Port of Cape Flattery, clearly evidencing a low-cost export pathway. Further, the Sibelco Joint Venture has put DRX in a position to continue developing the asset to production.

Financial Performance

Profit and loss

- 5.28 The table below illustrates the consolidated statements of financial performance for DRX for the periods CY22 to CY25.

Figure 29 - Consolidated statements of financial performance

Consolidated statements of financial performance	CY22	CY23	CY24	CY25
A\$ '000	Audited	Audited	Audited	Audited
Revenue	110	456	385	144
Gain on acquisition of subsidiary	8,212	-	4,260	-
Gain on disposal of subsidiary	-	-	-	2,137
Share of Joint venture income	-	12	501	41
Other gains	-	13,819	-	-
Other Income	70	17	246	892
Total Revenue and income	8,392	14,304	5,393	3,215
Employee benefit expenses	(1,204)	(1,164)	(1,833)	(1,083)
Depreciation expenses	(171)	(214)	(347)	(307)
Exploration expenditure written off	-	(21)	(16)	-
Share based payment expense	(339)	(458)	(243)	(86)
Other expenses	(1,578)	(1,951)	(3,281)	(2,399)
Finance costs	(121)	(130)	(112)	(85)
Net profit before tax	4,978	10,366	(440)	(745)
Tax expense	-	-	-	-
Net profit / (loss)	4,978	10,366	(440)	(745)

Source: DRX annual reports, Management

5.29 We make the following observations:

- DRX does not generate any revenue from operating activities. Total revenue recognised to date primarily consist of interest income, rent and other one-time gains arising from the sale of property, plant and equipment and the formation of the Sibelco Joint Venture.
- Expenses mostly consist of employee costs, share based payment expense and other expenses relating to exploration.
- Other expenses increased to A\$3.3 million in CY24, driven by a A\$1.4 million one-off cost associated with the Metallica acquisition.
- Other gains of A\$13.8 million in CY23 relate to a gain on dilution of DRX's interest in the Sibelco Joint Venture as a result of Sibelco completing the second tranche of the investment.
- DRX's income through their 73.2% ownership in the Sibelco Joint Venture has been volatile across CY22 to CY24, with the Joint Venture's income primarily driven by interest income on cash (not operating revenue) and notably exposed to swings in the cash balance through funds deployed into capitalised exploration assets.
- Gain on disposal of subsidiary relates to DRX's sale of Clermont Gold, whereby on 5 December 2025 DRX completed the disposal of 100% interest in the wholly owned subsidiary Chalcophile Resources Pty Ltd to Moonlight Resources Ltd.

Balance sheet

5.30 The table below illustrates the consolidated statements of financial position for DRX as at 31 December 2024 and 31 December 2025:

Figure 30 - Consolidated statements of financial position

Consolidated statements of financial position A\$ '000	31-Dec-24 Audited	31-Dec-25 ¹ Audited	31-Dec-25 ² Pro-forma
Assets			
Cash and cash equivalents	5,187	2,339	4,448
Trade and other receivables	192	206	206
Total current assets	5,379	2,545	4,654
Investment in joint venture	39,450	39,490	68,339
Property, plant and equipment	741	574	574
Listed equity securities	-	2,681	2,681
Right of use assets	171	33	33
Exploration and evaluation assets	49,594	49,130	16,578
Other assets	117	54	54
Total non-current assets	90,074	91,962	88,259
Total assets	95,453	94,507	92,913
Liabilities			
Trade and other payables	1,089	940	940
Borrowings	1,017	1,017	1,017
Lease liabilities	150	38	38
Provisions	192	221	221
Total current liabilities	2,448	2,215	2,215
Borrowings	-	-	-
Lease liabilities	38	-	-
Provisions	27	10	10
Total non-current liabilities	65	10	10
Total liabilities	2,512	2,226	2,226
Net assets	92,940	92,282	90,687

Source: DRX annual reports, Management

Notes: (1) Represents the most recently audited accounts for FY25 and do not include any consideration or adjustments as a result of the Proposed Transaction. (2) The pro-forma figures reflect DRX's balance sheet following the Proposed Transaction. Refer to the Notice of Meeting for the assumptions underlying DRX's pro-forma financial position.

5.31 We note the following in relation to DRX's financial position:

- DRX's cash balance at 31 December 2025 had declined to A\$2.3 million (down from A\$5.2 million in at December 2024), primarily driven by an increased exploration and development activity across the asset portfolio, as well as an increased cost base driven by higher personnel and operating expenditure as the business expanded after the acquisition of Metallica. The following table sets out Diatreme's net cash, excluding lease liabilities:

Net cash	31-Dec-24	31-Dec-25
A\$ '000	Audited	Audited
Cash and cash equivalents	5,187	2,339
Cash in joint venture attributable to DRX ¹	11,958	3,978
Less : Short and long term debt	(1,017)	(1,017)
Net cash (Pre-AASB16)	16,129	5,300

Source: DRX annual reports, FY25 audited accounts.

Note (1): Reflect DRX's effective 73.2% interest in total cash in the Sibelco Joint Venture of A\$16.3 million as at 31 December 2024 and A\$5.4 million as at 31 December 2025.

- As at 31 December 2025, exploration and evaluation assets remained broadly flat compared to the previous comparable period, with assets disposed from the sale of the Clermont Gold project largely offset by capitalised costs throughout the year.
- As at 31 December 2025, DRX recorded listed equity securities of approximately A\$2.7 million. This balance relates to the fair value of Moonlight Resources Ltd shares received in consideration for the disposal of the Clermont Gold project.

Financial Position of the CSHPL

5.32 The table summarises the financial position of CSHPL as at 31 December 2024 and 31 December 2025.

Figure 31 - Consolidated statements of financial position

Consolidated statements of financial position	31-Dec-24	31-Dec-25
A\$ '000	Audited	Audited
Assets		
Cash and cash equivalents	16,337	5,435
Other current assets	172	170
Total current assets	16,508	5,604
Exploration and evaluation assets	36,591	47,293
Property, plant & equipment	211	459
Security deposit	10	14
Total non-current assets	36,812	47,766
Total assets	53,320	53,370
Liabilities		
Trade and other payables	706	700
Total liabilities	706	700
Net assets	52,614	52,670

Source: DRX annual reports, Management

5.33 We note the following in relation to the financial position of the Sibelco Joint Venture.

- As at 31 December 2025 the Joint Venture's cash balance declined as capital was deliberately deployed into project development, including drilling, technical studies and approvals, primarily at the NSP.
- Exploration and development assets increased over the period, supported by the capitalisation of c. A\$10.7 million of Joint Venture costs between 2024 and 2025. These capitalised costs represent

direct investment in drilling, test work, studies, permitting and technical assessments that improve the quality, certainty and maturity of the underlying silica assets.

Cash flow statement

5.34 The table below illustrates the consolidated statements of cash flows for DRX for the periods CY22 to CY25.

Figure 32 - Consolidated statements of cash flow

Consolidated statements of cash flow A\$ '000	CY22 Audited	CY23 Audited	CY24 Audited	CY25 Audited
Cash flows from operating activities				
Receipts in the course of operations	17	8	-	-
Payments to suppliers and employees	(2,427)	(2,645)	(6,556)	(3,001)
Interest received	26	420	435	188
Finance costs	-	-	(120)	(74)
Other receipts	(124)	(103)	240	495
Net cash inflow from operating activities	(2,508)	(2,320)	(6,001)	(2,392)
Cash flows from investing activities				
Cash from the acquisition of subsidiary (MLM)	-	-	2,756	-
Payments for property, plant and equipment	(480)	(290)	(186)	(12)
Payments for exploration and evaluation assets	(6,583)	(194)	(1,519)	(1,162)
Proceeds from sale of PP&E investments	108	30	8	11
Payments for security deposits	-	(9)	-	51
Proceeds from the sale of intellectual property	-	-	-	563
Net cash outflow from investing activities	(6,955)	(462)	1,060	(549)
Cash flow from financing activities				
Proceeds from sale of subsidiary	-	-	-	250
Proceeds from issue of shares	17,756	-	-	-
Payments for share issue costs and borrowings	(1,089)	-	(500)	-
Repayment of lease liabilities	(63)	(86)	(144)	(158)
Net cash (outflow)/inflow from financing activities	16,604	(86)	(644)	92
Net increase / (decrease) in cash and cash equivalents	7,141	(2,868)	(5,585)	(2,848)
Cash and cash equivalents at the beginning of the financial year	6,500	13,641	10,772	5,187
Cash and cash equivalents at year end	13,641	10,772	5,187	2,339

Source: DRX annual reports, Management.

5.35 We note the following in relation to the table above:

- **Operating cash flows:** Diatreme is yet to commence production, with operating cash outflows driven by payments to suppliers and employees.
- **Investing cash flows:** Net outflows from investing activities since CY22 have been primarily driven by payments for exploration and evaluation assets, and the acquisition of additional property, plant, and equipment. This is in line with the continued progress on DRX's exploration, administration, and licensing milestones. There was a one-off uplift of A\$2.8 million in CY24 from the acquisition of Metallica, as well as a one-off uplift in CY25 from the sale of dormant scandium-related intellectual property acquired through the MLM acquisition.

- *Financing cash flows:* In CY25, DRX received \$250k in cash consideration for the sale of the Clermont Gold project to Moonlight Resources Ltd. The strong uplift in cash flows from financing activities started in CY21, and was driven by proceeds earned from the issuance of shares as summarised below:
 - On 14 September 2021, DRX raised approximately A\$10.1 million through the issue of 438,260,914 shares at A\$0.023 per share.
 - On 27 June 2022, DRX announced that Sibelco had become a major shareholder in DRX via the placement of 559,465,000 new ordinary shares, at a combined issue price of A\$0.025 per share, raising a total of c. A\$13.97 million. A placement of 132,111,500 shares to Ilwella alongside of Sibelco at the same issue price raised A\$3.3 million.

Security Capital Structure

5.36 As at 23 February 2026, DRX's capital structure comprised of the following securities:

- 5,008,281,841 ordinary shares; and
- 70,000,000 unlisted options

5.37 The following table provides a breakdown of unlisted options:

Figure 33 - Overview of outstanding DRX unlisted options

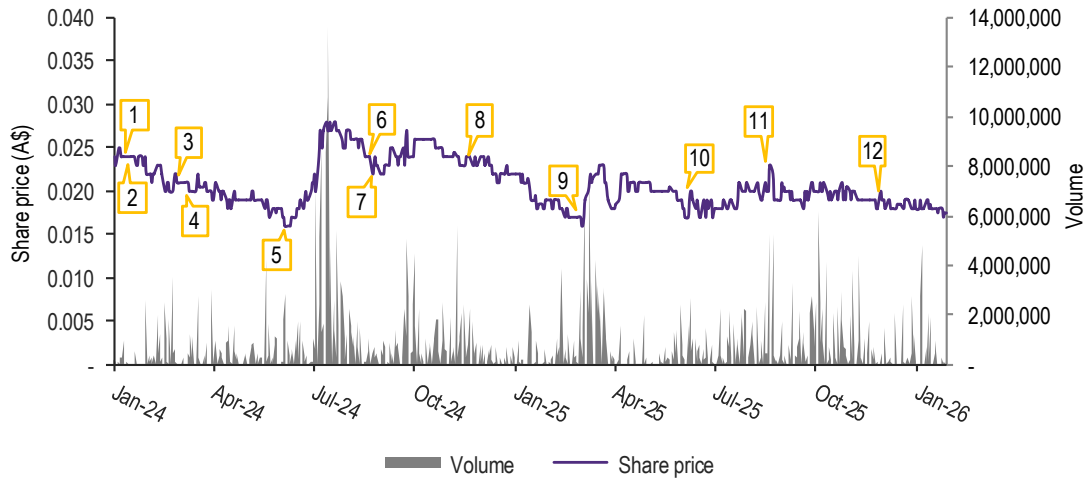
Diatreme Capital Structure			
Unlisted Options (Ordinary Shares)	Expiry Date	Exercise Price (A\$)	Number
1	27-May-26	0.025	10,000,002
2	27-May-26	0.030	9,999,999
3	27-May-26	0.035	9,999,999
4	26-May-27	0.025	3,333,334
5	26-May-27	0.030	3,333,333
6	26-May-27	0.035	3,333,333
7	25-Jul-27	0.035	6,666,666
8	25-Jul-27	0.040	6,666,667
9	25-Jul-27	0.045	6,666,667
10	8-Aug-28	0.035	3,333,334
11	8-Aug-28	0.040	3,333,333
12	8-Aug-28	0.045	3,333,333
Total unlisted options			70,000,000

Source: Management

Historical share trading prices

5.38 Our analysis of the daily movements in DRX's share price and volumes for the period from January 2024 is set out below:

Figure 34 - DRX's Historical share trading price and volumes



Sources: S&P Global and GTCF analysis

- 5.39 The following table illustrates the key events which may have impacted the share price and volume movements shown above.

Figure 35 - Key events

Event	Date	Comment
1	15 January 2024	Queensland Government designated DRX's Northern Silica Project to be a "Coordinated Project".
2	16 February 2024	DRX announces conditional intention to make a takeover bid for Metallica.
3	21 March 2024	DRX advances EIS and port planning for the Northern Silica Project
4	28 March 2024	DRX releases the Bidder's Statement in relation to the takeover offer of Metallica, announcing an exchange ratio of 1.3319 DRX shares for each Metallica share.
5	17 June 2024	DRX announces the takeover is now unconditional, hence providing transaction certainty and confirms that all remaining conditions to the Metallica acquisition have been satisfied.
6	18 September 2024	DRX completes the acquisition of Metallica.
7	23 September 2024	DRX announces the release of final EIS terms of reference for the Northern Silica Project, advancing its approvals process.
8	11 December 2024	DRX updates to the market that the Company has signed a Memorandum of Understanding with Mitsui & Co, as part of an offtake agreement for silica sand products produced at Diatreme's North Queensland projects.
9	20 March 2025	DRX releases to the market the results of the 2024 Exploration Program results for the Northern Silica Project, with the notable announcement that the drilling tests exceeded the benchmark for high quality silica sand.
10	23 June 2025	DRX announces to the market updates to the Mineral Resource estimates for the Northern Silica Project, supporting plans for a pre-feasibility study.
11	28 August 2025	DRX updates the market on the proposed sale of the Clermont copper/gold project to Moonlight Resources Limited, streamlining the project portfolio to core silica assets.
12	5 December 2025	DRX announces that the sale of the Clermont copper/gold project has been successfully completed.

Source: DRX's ASX announcements

- 5.40 The monthly share price performance of DRX since January 2025 and the weekly share price performance of DRX for the past 16 weeks are summarised below:

Figure 36 - DRX monthly and weekly share price performance

Diatreme Resources Limited	Share Price			Average
	High \$	Low \$	Close \$	weekly volume 000'
Month ended				
Jan 2025	0.024	0.018	0.019	1,474
Feb 2025	0.019	0.016	0.017	1,742
Mar 2025	0.024	0.016	0.023	7,965
Apr 2025	0.023	0.018	0.020	1,738
May 2025	0.023	0.020	0.021	767
Jun 2025	0.021	0.017	0.019	2,945
Jul 2025	0.020	0.017	0.019	2,273
Aug 2025	0.023	0.019	0.023	4,194
Sep 2025	0.023	0.018	0.020	3,499
Oct 2025	0.022	0.019	0.020	5,380
Nov 2025	0.022	0.018	0.019	3,754
Dec 2025	0.020	0.018	0.019	1,457
Jan 2026	0.019	0.017	0.018	3,074
Week ended				
17 Oct 2025	0.022	0.019	0.021	12,889
24 Oct 2025	0.020	0.019	0.019	5,229
31 Oct 2025	0.020	0.019	0.020	5,128
7 Nov 2025	0.022	0.019	0.021	6,562
14 Nov 2025	0.021	0.019	0.020	6,932
21 Nov 2025	0.020	0.019	0.019	5,734
28 Nov 2025	0.020	0.018	0.019	3,297
5 Dec 2025	0.019	0.018	0.018	1,731
12 Dec 2025	0.020	0.018	0.018	2,122
19 Dec 2025	0.020	0.018	0.018	573
26 Dec 2025	0.019	0.018	0.019	2,062
2 Jan 2026	0.019	0.018	0.019	277
9 Jan 2026	0.019	0.018	0.018	4,936
16 Jan 2026	0.019	0.017	0.018	7,607
23 Jan 2026	0.019	0.017	0.018	4,735
30 Jan 2026	0.018	0.017	0.018	1,506

Sources: S&P Global, GTCF analysis

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Top shareholders

5.41 The table below sets out the top five DRX shareholders as at 23 February 2026.

Figure 37 - DRX shareholders by total interest

DRX shareholders by total interest			
Rank	Name	No. of shares	Interest (%)
1	Sibelco Asia Pacific Pty Ltd	1,168,915,790	23.34%
2	Illwella Pty Ltd	1,150,610,530	22.97%
3	Delphi Group ¹	470,903,672	9.40%
4	Mr Yufeng Zhuang	96,321,215	1.92%
5	Ms Jie Wu	87,171,308	1.74%
Top 5 shareholders total		2,973,922,515	59.38%
Remaining shareholders		2,034,359,326	40.62%
Total ordinary shares outstanding		5,008,281,841	100.00%

Source: Management.

Notes: (1) Comprises Delphi Unternehmensberatung Aktiengesellschaft, 2Invest AG, Sparta Invest AG, Delphi Unternehmensberatung and Deutsche Balaton.

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6. Valuation methodologies

Introduction

- 6.1 Our fairness assessments involve comparing the value of the respective consideration for each of the contemporaneous transactions that underpin each respective resolution that Shareholders will be required to vote on. Grant Thornton Corporate Finance has assessed each of the underlying considerations using the concept of fair market value, which is commonly defined as:

“The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

- 6.2 Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.
- 6.3 We note, RG111 requires the fairness assessment to be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company.

Valuation methodologies

- 6.4 RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, takeover offers of arrangement, takeovers and prospectuses. These include:
- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
 - Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
 - Amount available for distribution to security holders on an orderly realisation of assets.
 - Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
 - Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 6.5 Further details on these methodologies are set out in Appendix A to this IER. Each of these methodologies is appropriate in certain circumstances.
- 6.6 RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

Selected valuation methods

- 6.7 In our assessment of the Proposed Transaction, Grant Thornton Corporate Finance has relied on the valuation methodologies as outlined below:
- *NAV Method* – Grant Thornton Corporate Finance has selected the NAV Method to assess the equity value of CSHPL before and after the Proposed Transaction and the equity value of CFS Pty Ltd. The NAV Method is based on the sum of parts of the exploration and development assets of CFS Pty Ltd and CSHPL, and other assets and liabilities on the unaudited and audited balance sheets as at 31 December 2025 respectively. For the purposes of this report, Grant Thornton Corporate Finance has engaged VRM to prepare a valuation of the exploration assets of both Cape Flattery Silica Pty Ltd and the Joint venture which were completed in accordance with the VALMIN Code. A copy of the VRM Report is included in Appendix G.
 - *Quoted Security Price Cross Check (see through valuation)* – As a valuation cross-check, we have compared DRX's quoted share price with the value of DRX calculated by aggregating the value derived under the sum-of-the-parts NAV methodology, adjusted for DRX's equity share in the CSHPL net assets, other non-mineral assets and liabilities on DRX's balance sheet, corporate overheads, and net debt. The cross-check provides an external, market-based cross-check to how the market is presently pricing the Company.
- 6.8 Grant Thornton Corporate Finance considered the application of a DCF methodology for the CFS and Galalar projects, noting that an income-based approach is often appropriate for pre-production assets supported by PFS and DFS studies. However, in this instance, a DCF approach was not adopted as the relevant studies are now dated, the Company does not have a defined development timetable for these assets, and the near-term value is not expected to be driven by forecast cash flows.

7. Valuation assessment of the Joint Venture entity before the Proposed Transaction

Summary valuation assessment

- 7.1 As discussed in Section 6 of this report, we have selected the NAV Method as our primary approach to assess the fair market value of the Joint Venture prior to the Proposed Transaction as set out below.

Figure 38 - Valuation assessment of CSHPL (before the Proposed Transaction)

Valuation summary of CSHPL (before the Proposed Transaction) A\$m (unless otherwise stated)	Reference	Low	High
Galalar	Note 1	28.7	47.7
NSP	Note 1	103.4	172.4
WRA	Note 1	17.3	29.0
Casuarina	Note 1	3.0	7.4
Other net assets/(liabilities)	Note 2	5.4	5.4
Capitalised corporate costs	Note 3	(4.0)	(4.0)
Assessed value of CSHPL		153.8	257.8
Total shares on issue (before the Proposed Transaction)(# shares)	Note 4	13,661	13,661
Assessed value per share of CSHPL (A\$)		11,260	18,870

Source: GTCF calculations

- *Note 1* – We have relied on VRM's valuation assessment for the related Joint Venture projects, having considered the Joint Venture's ownership interest in the asset on a 100% basis.
- *Note 2* – Other net assets/(liabilities) are derived from the Company's audited accounts as at 31 December 2025. We present a summary of the other assets and liabilities (excluding mineral assets) in the following table. The balance is largely attributable to cash, with a small amount related to other assets and liabilities including trade payables/receivables and the carrying value of property, plant and equipment.

Figure 39 - CSHPL other assets and liabilities

CSHPL - Other assets and liabilities (excluding mineral assets) A\$m (unless otherwise stated)	31-Dec-25 Audited
Assets	
Cash and cash equivalents	5.4
Other current assets	0.2
Property, plant and equipment	0.5
Security deposit	0.0
Total assets	6.1
Liabilities	
Trade and other payables	0.7
Total liabilities	0.7
Net other assets and liabilities	5.4

Source: FY25 audited accounts, GTCF Analysis.

- *Note 3* - We have assessed the value of capitalised corporate costs based on the audited accounts of CSHPL for FY24 and FY25 and discussions with Management. As seen in the table below, these costs primarily consist of administration costs, with a small amount for professional fees.

Figure 40 - CSHPL historical value of corporate costs

CSHPL corporate costs A\$m	FY24 Audited	FY25 Audited
Professional fees	0.02	0.00
Administration costs	0.25	0.33
Total	0.27	0.33

Source: FY25 audited accounts, GTCF analysis.

Notes: Breakdown of costs provided by Management.

Historically Management have re-charged corporate costs to the Joint Venture based on a 30% allocation of certain DRX corporate costs related to the silica sands projects (which in FY25 was approximately A\$0.86 million). The Joint Venture also incurs a small amount of corporate costs directly. Based on discussions with Management, we consider a higher allocation of corporate cost re-charges to the Joint Venture to be appropriate and have therefore adjusted Management's allocation from 30% to a range of 60% to 70%. Based on this adjusted allocation, we have adopted a pre-tax value of corporate costs of A\$0.65 million, which effectively reflects the mid-point of this range. We have adopted the post-tax value of these corporate costs on the basis that CSHPL does not have a large balance of accrued tax losses.

We have adopted a discount rate of c. 13.9%, which reflects the mid-point of our discount rate range of 13.2% to 14.5%, and long-term growth rate of 2.5%, to obtain the capitalised value of these costs, assuming that the value of these costs will grow by inflation. For further information on our assessment of discount rate, please see Appendix C of this Report.

Figure 41 - CSHPL capitalised value of corporate costs

CSHPL capitalised value of corporate costs A\$m	
Normalised corporate costs (pre-tax)	(0.65)
Normalised corporate costs (post-tax)	(0.46)
Discount rate applied	13.9%
Long-term growth rate	2.5%
Capitalised value of corporate costs	(4.0)

Source: GTCF analysis

- *Note 4* – Total shares on issue (pre-transaction) are consistent with the 73.2% and 26.8% ownership split between Diatreme and Sibelco, with Diatreme owning 10,000 shares and Sibelco owning 3,661 shares.

Market value of mineral resources

- 7.2 The exploration and development assets that fall under the ownership of the Joint Venture include Galalar, NSP, WRA, and Casuarina, which have been valued by VRM.

7.3 The VRM valuation assessment, which is summarised below, reflects a deliberately broad range due to the early-stage nature of the exploration assets and the varying confidence levels in resource and reserve definition, with VRM's selected fair market value. On a Joint Venture 100% interest basis, VRM's fair market value translates to a range of A\$152.5 million to A\$256.4 million.

Figure 42 - Summary of VRM's assessment of mineral resources

VRM Summary - project values		100% JV interest basis	
A\$m (unless otherwise stated)	Valuation Method	Low	High
Galalar	Comparable transactions	28.7	47.7
	Yardstick	18.0	36.9
	Selected	28.7	47.7
NSP	Comparable transactions	103.4	172.4
	Yardstick	37.3	90.4
	Selected	103.4	172.4
WRA	Comparable transactions	17.3	29.0
	Yardstick	4.4	8.6
	Selected	17.3	29.0
Casuarina	Geoscientific Method (Kilburn approach)	3.0	7.4
	Yardstick	1.6	8.3
	Selected	3.0	7.4
Total	Selected	152.5	256.4

Source: VRM Report, GTCF analysis.

7.4 The mineral resources of the Joint Venture were valued using comparable transactions as the primary approach and Yardstick metrics as a secondary reference. The Casuarina mineral resources were valued primarily using the geoscientific (Kilburn) method, with comparable transactions applied as a secondary approach.

7.5 Given the very limited number of publicly available transactions in the silica sand market, there is insufficient comparable market data to support a broad analysis of transaction multiples. Accordingly, for the purposes of this valuation VRM have principally relied on the prior transactions between Diatreme and the Joint Venture discussed in paragraph 5.4, being the two separate transactions for the initial and subsequent additional investment by Sibelco in the Joint Venture. VRM has treated the initial investment and the subsequent additional investment as two individual transactions because the subsequent additional investment was at the election of Sibelco, as opposed to being a contractual obligation arising from the initial investment.

7.6 Based on VRM's assessment the initial investment (the acquisition of a 9.99% equity stake in December 2022) implies a resource multiple of A\$0.55 per tonne, and the subsequent additional investment (for a further c. 16.8% equity stake in October 2023) implies a resource multiple of A\$0.46 per tonne. VRM has adopted the average multiple of A\$0.51 per tonne for the Galalar and NSP. When applying these resource multiples to value WRA under the comparable transaction approach, VRM have applied a 50% discount to the applied average multiple of A\$0.51 per tonne to reflect the earlier stage of the resource, where less exploration and scoping activity has occurred.

7.7 To support the primary comparable transaction multiples approach, VRM have adopted the Yardstick Method as a supporting approach for the valuation of each of the Joint Venture mineral assets, utilising relative pricing to more commonly traded base commodities like gold. The Yardstick methodology

estimates value by applying a percentage of the prevailing commodity price to the project's mineral resource base, with typical ranges of 0.5% to 5.0% depending on the resource quality and classification. While market data is well established for gold, VRM have applied a 90% discount to reflect silica sand's bulk-commodity characteristics, as well as to reflect lower price transparency, earlier development risk and to ensure the approach remains conservative.

- 7.8 Finally, the Geoscientific Method (Kilburn Approach) has been utilised by VRM to consider early-stage exploration projects such as Casuarina where no formal resources or reserves exist, assessing value based on geological potential rather than production metrics. The intrinsic value is referred to as the base acquisition cost and is critical because it forms the standard base from which to commence a valuation. It represents the “average cost to identify, apply for and retain a base unit of area of title”. Refer to Section 8.3 of the VRM Report for further details.

8. Valuation assessment of Cape Flattery Silica Pty Ltd

- 8.1 We have set out below a summary of our valuation assessment of CFS Pty Ltd, which is largely based on the CFS Project, with an immaterial amount of value attributable to other assets and liabilities. We have selected a total value range for CFS Pty Ltd of between A\$21.1 million to A\$35.1 million, with a total value per share of between A\$26,419 to A\$43,919.

Figure 43 - Valuation summary of CFS Pty Ltd

Valuation summary of CFS Pty Ltd A\$m (unless otherwise stated)	Reference	Low	High
CFS East	Note 1	18.8	31.3
CFS West	Note 1	2.3	3.8
Other net assets/(liabilities)	Note 2	0.0	0.0
Assessed value of CFS Pty Ltd		21.1	35.1
Total shares on issue (# shares)	Note 3	800	800
Assessed value per share of CFS Pty Ltd (A\$)		26,419	43,919

Source: GTCF analysis

- *Note 1* – As described above, we have relied on VRM's valuation assessment for the CFS Project. We have adopted 100% of the value, which reflects Diatreme's ownership interest in the asset.
- *Note 2* – Other net assets/(liabilities) have been adopted from Management accounts provided by the Company as at 31 December 2025 and consists of cash at bank and the carrying value of plant and equipment and a motor vehicle. These amounts are highly immaterial and refer to a motor vehicle with a carrying value of c. A\$25,000, cash of approximately A\$8,000, and miscellaneous property and equipment with a carrying of c. A\$1,000. Due to rounding, the aggregate amount of these assets appears as nil in Figure 43. Given that CFS Pty Ltd operates primarily as a holding company established to own the CFS Project and has undertaken minimal activity in recent periods beyond holding this asset, it is reasonable that other assets or liabilities are immaterial. At the time of writing, CFS Pty Ltd had a liability on the balance sheet of A\$12.8 million which relates to an intercompany loan from parent company Metallica. Based on our discussion with Management, we understand that the full balance of the intercompany loan will be forgiven prior to the Proposed Transaction, such that the Sale Shares are transferred on a debt-free basis. As such, we have not included the intercompany loan liability in our assessment of CFS Pty Ltd's other assets and liabilities.
- *Note 3* – CFS Pty Ltd has 800 shares on issue (the Sale Shares).

Market value of the CFS Project

- 8.2 VRM's assessment of the CFS Project is summarised below.

Figure 44 - Valuation of CFS Pty Ltd's mineral assets

Valuation of CFS Pty Ltd's mineral assets			
A\$m	Valuation method	Low	High
CFS East	Comparable transactions	18.8	31.3
	Yardstick	20.2	29.5
	Selected	18.8	31.3
CFS West	Comparable transactions	2.3	3.8
	Yardstick	0.5	0.7
	Selected	2.3	3.8
Combined	Selected	21.1	35.1

Sources: VRM Report, GTCF analysis

- 8.3 The mineral resources of CFS Pty Ltd have been valued using a primary approach (comparable transactions) and a secondary approach (Yardstick).
- 8.4 VRM have adopted the comparable transactions valuation method as a primary valuation methodology for the CFS East and CFS West projects, VRM have applied the same resources multiples to these projects as was applied for the CSHPL assets, discussed previously from paragraph 7.5.
- 8.5 For CFS West, VRM have applied a 50% discount to the adopted multiple to reflect the lower level of confidence associated with projects with primarily inferred resources, as is the case for CFS West, given 100% of resources are classified as inferred.
- 8.6 VRM have also adopted the Yardstick method (as discussed previously from paragraph 7.7) as a secondary valuation approach for the mineral resources of CFS East and CFS West. VRM have adopted the same discount of 90% to the Yardstick multiples for these projects, which they have expressed is typical for silica sand projects and based on their experience, is aligned with the market value of bulk commodity projects. Refer to Section 8.2 of the VRM Report for further details.

9. Valuation assessment of the Joint Venture entity after the Proposed Transaction.

9.1 To assess the value of CSHPL after the Proposed Transaction, we aggregated the underlying values of the Joint Venture (pre-transaction) and CFS Pty Ltd, as well as considering the cash amounts that will be injected by Sibelco as part of the Proposed Transaction and other assets and liabilities as summarised below.

Figure 45 - Valuation assessment of CSHPL after the Proposed Transaction (pre-Call Option)

Valuation summary of CSHPL (pre-Call Option) A\$m (unless otherwise stated)	Reference	Low	High
Assessed value of CSHPL (before the Proposed Transaction)	Figure 2	153.8	257.8
Assessed value of CFS Pty Ltd	Figure 3	21.1	35.1
Additional cash raised from Sibelco	Note 1	5.1	5.1
Payment of the Reimbursement ¹	Note 2	(2.1)	(2.1)
Assessed value of CSHPL (pre-Call Option)		177.9	295.9
Total shares on issue (# shares) ²	Note 3	16,316	16,316
Assessed value per share of CSHPL (pre-Call Option)(A\$)		10,906	18,136

Source: VRM Report, GTCF calculations.

Notes: (1) This amount refers to the A\$2,109,018 amount that CSHPL will pay to DRX to reimburse DRX for transaction costs associated with the Metallica acquisition. (2) Total shares on issue does not include any shares issued under the Subscription Call Option.

- **Note 1** – The total cash payment comprises approximately A\$5.1 million invested by Sibelco for newly issued shares in CSHPL. This excludes any amount of cash raised on exercise of the Subscription Call Options.
- **Note 2** – The Reimbursement represents the c. A\$2.1 million that CSHPL will pay to DRX to reimburse DRX for transaction costs associated with the Metallica acquisition.
- **Note 3** – Represents CSHPL Shares on issue before the exercising of the Subscription Call Option.

9.2 We have assessed the total equity value of the Joint Venture (before the Subscription Call-Option) to range from A\$177.9 million to A\$295.9 million, or A\$10,906 to A\$18,136 on a per share basis.

Figure 46 - Valuation assessment of CSHPL after the Proposed Transaction (post-Call Option)

Valuation summary of CSHPL (post-Call Option) A\$m (unless otherwise stated)	Reference	Low	High
Assessed value of CSHPL (pre-Call Option)	Figure 4	177.9	295.9
Additional cash raised on exercise of Subscription Call Options	Note 1	4.4	4.4
Assessed value of CSHPL (post-Call Option)		182.4	300.3
Total shares on issue (# shares) ¹	Note 2	16,692	16,692
Assessed value per share of CSHPL (post-Call Option)(A\$)		10,925	17,991

Source: VRM Report, GTCF calculations.

Notes: (1) Total shares on issue includes 100% of the shares issued under the Subscription Call Option.

- **Note 1** – Represents the A\$4.4 million of cash raised via the exercise of the Subscription Call Option, assuming that 100% of the Subscription Call Option is exercised.

- *Note 2* – Represents CSHPL Shares on issue after the exercising of the Subscription Call Option, assuming 100% of the Subscription Call Option is exercised.

10. Quoted Security Price cross-check

- 10.1 As a valuation cross-check, we have compared DRX's quoted share price with the value of DRX calculated by aggregating the value derived under the sum-of-the-parts NAV methodology, adjusted for DRX's equity share in the CSHPL assets, other non-mineral assets and liabilities on DRX's balance sheet, corporate overheads, and net debt. The cross-check provides an external, market-based cross-check to how the market is presently pricing the Company.
- 10.2 The table below sets out our assessment of the value of Diatreme on proportionate basis.

Figure 47 - Summary of asset values on a DRX proportionate basis

Summary of asset values on a DRX proportionate basis A\$m (unless otherwise stated)	Ownership %	Reference	Low	High
DRX proportionate interest in CSHPL	73.2%	Note 1	112.6	188.7
CFS East	100.0%	Note 2	18.8	31.3
CFS West	100.0%	Note 2	2.3	3.8
Cyclone project	100.0%	Note 3	6.9	15.1
Other net assets (excl. investment in joint-venture and exploration assets) ¹	100.0%	Note 4	3.7	3.7
Capitalised corporate costs ²	100.0%	Note 5	(17.6)	(13.2)
Total			126.6	229.4
Fully diluted shares outstanding (millions)		Note 6	5,008.3	5,008.3
Implied value per share (A\$) (control)			0.0253	0.0458
Minority discount ³		Note 7	(28.6%)	(23.1%)
Implied value per share (A\$) (minority)			0.0181	0.0352
60 to 90 day VWAP at 14 April 2026		Figure 50	0.0174	0.0177
Premium/(discount) to VWAP			3.6%	98.8%

Source: VRM Report, GTCF analysis

Notes: (1) Other net assets include DRX's investment in listed securities. (2) Capitalised corporate costs are calculated by capitalising three-year average historical corporate costs using a discount rate of 13.9% and a long-term growth rate of 2.5%. (3) Minority discount is calculated as the inverse of a control premium range of 30% to 40%.

- **Note 1** – This represents the value of Diatreme's 73.2% ownership interest in the Joint Venture prior to the Proposed Transaction, as outlined in Section 7 of this Report.
- **Note 2** - We have relied on VRM's valuation assessment for the CFS East and CFS West tenements, We have adopted 100% of the value, which reflects Diatreme's ownership interest in the asset.
- **Note 3** – We have added the value attributed to the Cyclone Project, which is 100% owned by Diatreme outside of the Joint Venture. The value attributed to this project reflects the market value of exploration and evaluation activities at March 2024, as previously assessed by VRM. We have adjusted this value to include c. A\$0.8 million of additional expenditure that has been incurred since this date. We have also applied a 20% uplift at the high end of the valuation to reflect the recent progress made regarding increased product yields and an expected production uplift¹⁶. While the market value assessment by VRM has not been updated since March 2024, we are comfortable that this approach remains a

¹⁶ DRX ASX announcement dated 19 March 2026

reasonable proxy for the market value of the Cyclone Project given that there has not been any significant development of the asset since this date.

- **Note 4** – We have added other net assets and liabilities based on Diatreme's audited financial statements for the period ended 31 December 2025, excluding the book value attributed to Diatreme's investment in the Joint Venture and exploration and evaluation activities. The value of other net assets primarily relates to cash and cash equivalents, PPE, and listed equity securities, partially offset by borrowings.
- **Note 5** – We have assessed the value of capitalised corporate costs based on the Company's audited financial statements for FY23, FY24 and FY25. As seen in the table below, these costs primarily consist of administration costs, along with an amount for professional fees and listing and share registry costs. Based on these costs, we have adopted a range of A\$1.5 million to A\$2.0 million for our valuation assessment. Based on the Company's audited financial statements for FY25, DRX has unused tax losses of c. A\$144 million. As such, we have ignored the impact of any tax benefits associated with these costs.

Figure 48 - DRX historical value of corporate costs

DRX corporate costs A\$m	FY23 Audited	FY24 Audited	FY25 Audited	Average
Professional fees	0.2	0.2	0.1	0.2
Listing and share registry expenses	0.1	0.1	0.1	0.1
Administration costs	1.6	1.4	1.5	1.5
Total	1.9	1.8	1.8	1.8

Source: DRX Annual Reports FY23, FY24 and FY25, GTCF analysis

We have adopted a discount rate of c. 13.9%, which reflects the mid-point of our discount rate range of 13.2% to 14.5%, and long-term growth rate of 2.5%, to obtain the capitalised value of these costs, assuming that the value of these costs will grow by inflation. For further information on our assessment of discount rate, please see Appendix C of this Report.

Figure 49 - DRX capitalised value of corporate costs

DRX capitalised value of corporate costs A\$m	Low	High
Normalised corporate costs	(1.5)	(2.0)
Discount rate applied	13.9%	13.9%
Long-term growth rate	2.5%	2.5%
Capitalised value of corporate costs	(13.2)	(17.6)

Source: GTCF analysis

- **Note 6** – Represents current issued capital.¹⁷ DRX also has 70 million unlisted share options outstanding, but these have been excluded given they are significantly out of the money and are not expected to be exercised prior to expiry.

¹⁷ DRX FY25 Annual Report

- *Note 7* – We have adopted a minority discount range of 23.1% to 28.6%, which represents the inverse of 30% to 40% control premium.¹⁸ A discount for lack of control reflects the reduction in value applied to a minority ownership interest in a business to reflect the fact that minority shareholders cannot influence key business decisions such as the strategic direction of the company. Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium can vary significantly for each transaction. The minority discount range adopted in our valuation assessment is calculated by taking the inverse of a premium for control of 30% to 40%. Our minority discount is based on an adopted control premium range of 30% to 40% and is on the high end of the typical range observed for successful takeovers, which reflects the limited liquidity of the stock. For further information on the premium for control, see Appendix D of this Report.

10.3 The aggregation of the asset values on a DRX proportionate basis from our valuation assessment results in an implied value per share of between A\$0.0181 to A\$0.0352 per share. This represents a premium of c. 3.6% and c. 98.8% at the low and high end, respectively, based on the 60 and 90-day VWAP at 14 April 2026, as set out in the table below. We have adopted a range of the 60 and 90-day VWAP given this is likely to be a better representation of normal trading conditions and limits the effect of temporary fluctuations in price as a result of recent market movements.

Figure 50 - DRX VWAP as at 14 April 2026

DRX VWAP	
A\$ (except where stated otherwise)	VWAP
Up to 14 April 2026	
1 day	0.0175
5 day	0.0169
10 day	0.0171
30 day	0.0172
60 day	0.0174
90 day	0.0177

Source: S&P Global, GTCF analysis

- 10.4 Although the implied value per share from our valuation assessment is above the current share price based on the 60 and 90-day VWAP, we believe that this is not unreasonable for the following reasons:
- *Limited share liquidity:* Diatreme's shares exhibit limited liquidity which may result in the market not fully reflecting the potential upside of the underlying projects as shareholders having factored in additional risk of not being able to realise their investments. For further information on our assessment of Diatreme's liquidity, see Appendix E of this Report.
 - *Exploration and development risk:* Although the NAV approach reflects the projects' stage of development, the market may apply an additional discount for uncertainty inherent in early stage mining assets, resulting in a lower traded share price.

¹⁸ Calculated as $(1-(1/1.4))$ and $(1-(1/1.3))$, respectively.

- *Funding and dilution risk:* The advancement of the projects is contingent on securing future funding, which introduces uncertainty regarding financing terms and the potential dilution of existing shareholders.

11. Sources of information, disclaimer and consents

Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- VRM Report and discussions with VRM;
- Diatreme publicly available annual reports and audited financial reports;
- Draft management accounts for CFS Pty Ltd for the year ended 31 December 2025;
- Public announcements and investor presentations by Diatreme;
- The draft Notice of Meeting;
- Various Industry reports on the silica sands industry;
- MergerMarket and S&P Global, as well as other information on the general public domain.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of Diatreme and its advisors.

Limitations and reliance on information

- 11.1 This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 11.2 Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.
- 11.3 This report has been prepared to assist the Non-Associated Directors in advising Non-Associated Shareholders in relation to the approval of each resolution collectively forming the Proposed Transaction. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether each resolution is fair and reasonable for Non-Associated Shareholders.
- 11.4 Diatreme has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising

out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

Consents

- 11.5 Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting to be sent to Diatreme Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to

that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

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Appendix B – Comparable company descriptions

Company	Description
VRX Silica Limited	VRX Silica Limited, together with its subsidiaries, engages in the exploration and development of mineral properties in Australia. The company explores for silica. It owns 100% interests in the Arrowsmith and the Muchea silica sand projects located to the north of Perth in Western Australia; and the Boyatup silica sand project located to the east of the port town of Esperance. The company was formerly known as Ventnor Resources Limited and changed its name to VRX Silica Limited in December 2018. VRX Silica Limited was incorporated in 2010 and is headquartered in West Perth, Australia.
Industrial Minerals Ltd	Industrial Minerals Ltd engages in the evaluation and exploration of mineral projects in Western Australia. The company explores quartz and silica sands. Its flagship project is the 80% owned Pippingarra Project located in the south-east of Port Hedland, in the Pilbara region of Western Australia. The company was incorporated in 2021 and is based in Peppermint Grove, Australia.
Australian Silica Quartz Group Ltd.	Australian Silica Quartz Group Ltd., together with its subsidiaries, acquires, explores, and develops hard rock quartz and high-grade silica sand properties in Australia. It also explores for nickel, copper, platinum group elements, bauxite, and refined alumina deposits. The company was formerly known as Bauxite Resources Limited and changed its name to Australian Silica Quartz Group Ltd. in November 2019. Australian Silica Quartz Group Ltd. was incorporated in 2006 and is based in Subiaco, Australia.
Corella Resources Ltd	Corella Resources Ltd, together with its subsidiaries, operates as a kaolin and silica exploration company in Australia. The company explores for kaolin, high purity alumina, quartz, lithium and rare earth element deposits. Its flagship property, the Tampu Kaolin project, comprises seven granted exploration licenses held by Corella located in the Yilgarn region, Western Australia. The company was formerly known as HPAA Pty Ltd and changed its name to Corella Resources Limited in April 2021. Corella Resources Ltd is based in Subiaco, Australia.
Carbine Resources Limited	Carbine Resources Limited engages in the exploration and evaluation of mineral properties in Western Australia. The company explores for silica sand deposits. Its flagship project is the 100% owned Muchea West Silica Sand project which consist of granted exploration licence and a mining licence application covering approximately a land area of 102 square kilometre located to the north of Perth; and the Down South Silica Sand Project consisting of three granted exploration licences which covers approximately 5,800 hectares located in the southeast of Bunbury. Carbine Resources Limited was incorporated in 2006 and is based in Subiaco, Australia.
Osmond Resources Limited	Osmond Resources Limited operates as an early-stage mineral exploration and development company in Australia. The company primarily explores for gold, uranium, nickel, copper, platinum group, and rare earth elements. Its flagship project is Orion EU Critical Minerals Project, covering an area of 228 square kilometers, located in Southern Spain. Osmond Resources Limited was incorporated in 2021 and is based in Melbourne, Australia.
Cooper Metals Limited	Cooper Metals Limited focuses on discovery and exploration of copper and gold deposits in Queensland and Western Australia, Australia. The company's flagship project is the Mt Isa East Project that covers an area of approximately 1,600 square kilometers located in the Mount Isa district of north-west Queensland. The company was incorporated in 2021 and is based in Perth, Australia.
Altair Minerals Limited	Altair Minerals Limited engages in the exploration of natural resources in Australia and Canada. The company explores for gypsum, lithium, cobalt, and copper deposits. It holds 100% interests in the Pyramid Lake project covering an area of 112.66 square kilometers located in Esperance, Western Australia; Cobalt X project located in Queensland; and the Olympic Domain project consisting of three prospects located in Gawler Craton, South Australia. The company also holds 80% interests in the Wee MacGregor project comprising three granted mining licenses located in southeast of Mt Isa, Queensland. In addition, it has an option to acquire 80% interests of the Venatica project located in Abancay, Peru. The company was formerly known as Cohiba Minerals Limited and changed its name to Altair Minerals Limited in May 2024. Altair Minerals Limited was incorporated in 2011 and is headquartered in Melbourne, Australia.
Helix Resources Limited	Helix Resources Limited engages in the mineral exploration business in Australia. It explores for copper, gold, iron ore, nickel, cobalt, and other base metals. The company was incorporated in 1985 and is based in Perth, Australia.

Vital Metals Limited	Vital Metals Limited engages in mineral exploration and development in Canada. The company explores for rare earth deposits. It owns 100% interest in the Nechalacho project located in Yellowknife, Northwest Territories. The company was incorporated in 2004 and is headquartered in Sydney, Australia.
Yari Minerals Limited	Yari Minerals Limited engages in the exploration and development of minerals. It primarily explores lithium, zinc-lead-silver, and copper-lead-silver base metals. The company holds 100% interest in the South Wodgina and Marble Bar Lithium Projects in the Pilbara. It also holds interest in the Plomosas Mine in Mexico. The company was formerly known as Consolidated Zinc Limited and changed its name to Yari Minerals Limited in April 2023. Yari Minerals Limited was incorporated in 2006 and is based in Subiaco, Australia.
Andromeda Metals Limited	Andromeda Metals Limited operates as a mineral exploration company in Australia. The company explores for kaolinite, halloysite, and high purity alumina deposits. Its flagship project is the 100% owned Great White Project comprises three mining tenements and three exploration tenements located in the South Australia. The company was formerly known as Adelaide Resources Limited and changed its name to Andromeda Metals Limited in December 2016. The company was incorporated in 1993 and is headquartered in Adelaide, Australia.
Coda Minerals Limited	Coda Minerals Limited, an exploration company, focuses on the exploration, discovery, and development of minerals in the base metals, precious metals, and battery minerals sector in Australia. The company explores for copper, cobalt, silver, gold, and uranium. It's flagship project owned 100% interests in the Elizabeth Creek Copper-Cobalt project that covers an area of 701 square kilometers located in South Australia. The company was incorporated in 2018 and is based in West Perth, Australia.
Podium Minerals Limited	Podium Minerals Limited operates as an exploration and resource development company in Australia. The company primarily explores for platinum, palladium, rhodium, and iridium; and nickel, copper, cobalt, and gold deposits. Its flagship project is the Parks Reef project located in the Mid-West region of Western Australia. The company was formerly known as Weld Range Metals Limited. The company was incorporated in 1986 and is headquartered in West Perth, Australia.

Source: S&P Global

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Appendix C - Discount Rate

Introduction

We have capitalised the value of post-tax corporate costs in our valuation of the Joint Venture as well as our valuation of Diatreme as part of our valuation cross-check. Accordingly, we have assessed a range of post-tax discount rates for the purpose of this calculation.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\text{WACC} = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- R_e = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- R_d = required rate of return on debt capital; and
- t = the statutory corporate tax rate.

Required rate of return on equity capital

We have used the Capital Asset Pricing Model (“CAPM”), which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment’s expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company’s returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (Re) is estimated as follows:

$$R_e = R_f + \beta_e(R_m - R_f)$$

Where:

- Rf = risk free rate
- β_e = expected equity beta of the investment
- (Rm – Rf) = market risk premium

Risk-free rate – 4.00%

In the absence of an official risk-free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have observed the yields on the 10-year Australian government bond over several intervals from a period of 5 days to 20 years.

Australia Government Debt - 10 Year as at 1 March 2026	Range		Daily Average
Previous 5 Trading Days	4.64%	- 4.73%	4.68%
Previous 10 Trading Days	4.64%	- 4.79%	4.71%
Previous 20 Trading Days	4.64%	- 4.88%	4.76%
Previous 30 Trading Days	4.64%	- 4.88%	4.78%
Previous 60 Trading Days	4.64%	- 4.88%	4.76%
Previous 1 Year Trading	4.07%	- 4.88%	4.42%
Previous 2 Years Trading	3.82%	- 4.88%	4.35%
Previous 3 Years Trading	3.19%	- 4.96%	4.24%
Previous 5 Years Trading	1.05%	- 4.96%	3.56%
Previous 10 Years Trading	0.60%	- 4.96%	2.77%

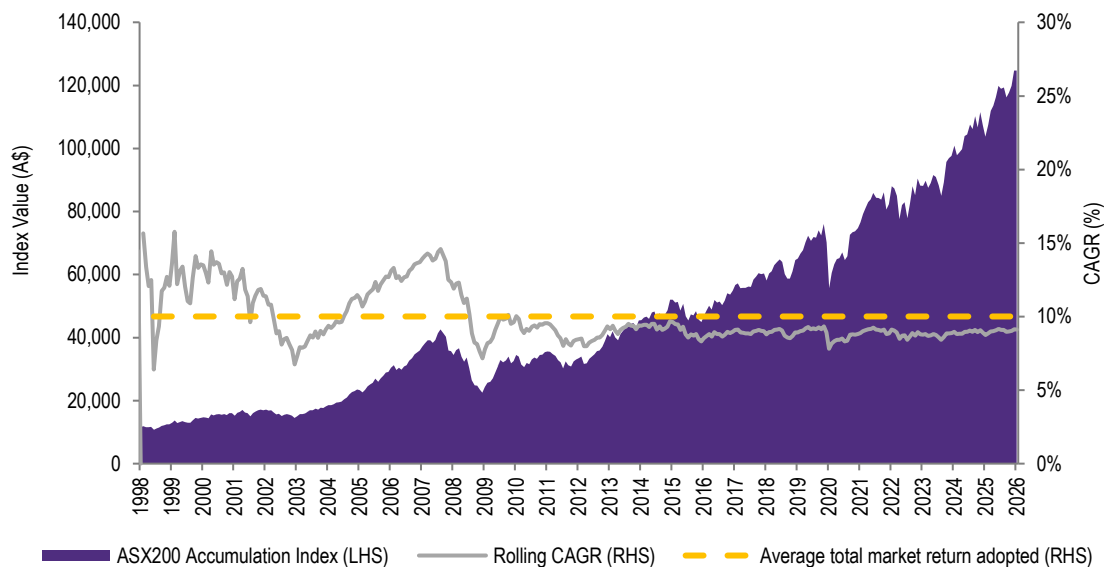
Source: S&P Capital, GTCF analysis.

We have estimated a nominal risk-free rate of 4.00%. Given that short-term yields on Australian 10-year government bonds are slightly elevated due to the recent increase in the cash rate target, we believe utilising a long-term average yield is more appropriate. As such, we have estimated a nominal risk-free rate of 4.00%.

Market Risk Premium – 6.00%

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk-free rate of return is earned. Empirical studies of the historical risk premium in Australia over periods of up to 100 years suggest the premium is between 6.00% and 8.00%.

We have performed an analysis of the S&P ASX 200 accumulation index which measures total returns generated by the ASX 200 and compared this to our adopted risk-free rate and market risk premium. Total returns generated by the ASX 200 since 1998 equate to a CAGR of c. 9.15% which is not dissimilar to the 10.00% implied by our adopted nominal risk-free rate of 4.00% and market risk premium of 6.00%. This provides support for our adopted risk-free rate and market risk premium. Below is a graph of the S&P ASX 200 accumulation index.



Source: S&P Capital, GTCF analysis

Equity beta – 1.88 to 2.12

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

For the purpose of the report, we have had regards to the asset betas of two tiers of comparable listed companies. The first tier consists of Australian companies engaged in silica sand exploration, while the second tier comprises companies that explore other minerals. Our analysis involved conducting regressions of historical equity betas over a 5-year monthly time period, using local market index. Subsequently, we have calculated the asset betas of the selected companies by adjusting the observed betas (equity betas) using the historical average gearing levels of the companies for the period in which the betas were observed and the relevant tax rate, a process commonly referred to as de-gearing.

We consider the tier 1 peer group to be the most comparable to Diatreme, being early-stage Australian silica sands explorers. The regression analysis performed for the tier 1 peer group produces a low R-squared result for the majority of the tier 1 peers, indicating limited correlation between their market price movements and the broader market index. This is likely to be primarily due to the high level of illiquidity and small market cap of most of the tier 1 peer group.

We have therefore expanded our analysis to include other early-stage exploration companies in Australia as a tier 2 peer group, whose focus extends beyond silica sands or mineral sands. The tier 2 group also exhibited low R-squared results, which is not uncommon for niche, early-stage exploration entities. As a result, we have adopted a lower R-squared threshold to accommodate for the limited availability of suitable comparable peers. Considering the asset betas observed across both tier groups, we have selected an asset beta between 1.6 and 1.8 for our valuation assessment.

Asset Beta Analysis Company	Market Cap A\$m	Asset Beta
Tier 1 - Australian Silica Sand Explorers		
VRX Silica Limited	49.8	2.16
Industrial Minerals Ltd	10.0	NA
Australian Silica Quartz Group Ltd.	6.5	1.33
Corella Resources Ltd	13.2	1.38
Carbine Resources Limited	7.1	0.79
Average - Tier 1		1.41
Median - Tier 1		1.35
Tier 2 - Australian Other Mineral Explorers		
Osmond Resources Limited	72.5	3.07
Cooper Metals Limited	4.2	2.87
Altair Minerals Limited	155.3	2.00
Helix Resources Limited	8.0	1.84
Vital Metals Limited	41.4	1.11
Yari Minerals Limited	8.0	1.31
Andromeda Metals Limited	60.1	1.47
Coda Minerals Limited	63.2	2.19
Podium Minerals Limited	66.3	1.64
Average - Tier 2		1.94
Median - Tier 2		1.84
Average - all		1.78
Median - all		1.64

Source: S&P Capital, GTCF analysis

Notes: (1) Data sourced as at 12 February 2026; (2) A lower R-squared threshold has been applied due to the limited availability of suitable comparable peers.

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations, it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured asset betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the de-gearing and regearing exercise:

$$\beta_e = \beta_a \left[1 + \frac{D}{E} (1 - t) \right]$$

Where:

- β_e = Equity beta
- β_a = Asset beta
- t = corporate tax rate

For the purpose of our valuation, we have selected asset betas between 1.60 and 1.80. These have then been regeared using a target debt to capital of 20% and the corporate tax rate of 30.0%, resulting in an equity beta between 1.88 and 2.12.

Cost of debt

For the purpose of estimating the cost of debt applicable to Diatreme, we have considered the interest rate on the Company's existing debt facilities, as well as Corporate Bond Indexes for various grades of investment and non-investment grade businesses. As such we have selected a pre-tax cost of debt range of between 7.0% and 8.0%.

Capital structure

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders' return after interest payments, and the business' ability to raise external debt.

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by the present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows.
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

We have adopted a debt-to-enterprise ratio range of 20.0% debt and 80.0% equity for Diatreme.

Tax Rate – 30.0%

For the purpose of our valuation assessment, we have assumed a corporate tax rate of 30.0% for operations in Australia.

Discount rate summary

The discount rate is set out below:

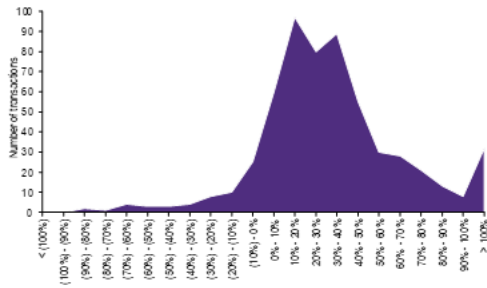
Discount rate	Low	High
Cost of Equity Calculation:		
Nominal Risk-Free Rate (Rf)	4.0%	4.0%
Plus Equity Premiums:		
Equity Risk Premium (Rm-Rf)	6.0%	6.0%
Relevered Equity Beta (Be)	1.88	2.12
Nominal Cost of Equity (Re)	15.3%	16.7%
Pre-Tax Weighted Cost of Debt	7.0%	8.0%
Estimated Tax Rate	30.0%	30.0%
Nominal After-Tax Cost of Debt (Rd)	4.9%	5.6%
Debt % of Capital	20.0%	20.0%
Nominal Cost of Debt	4.9%	5.6%
Weighted Cost of Debt	1.0%	1.1%
Equity % of Capital	80.0%	80.0%
Nominal Cost of Equity	15.3%	16.7%
Weighted Cost of Equity	12.2%	13.4%
Normal WACC	13.2%	14.5%

Source: GTCF calculations.

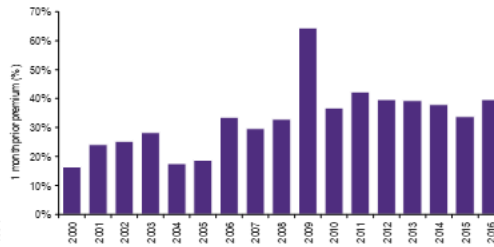
Appendix D – Premium for control study

Evidence from studies indicates that premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium vary significantly for each transaction

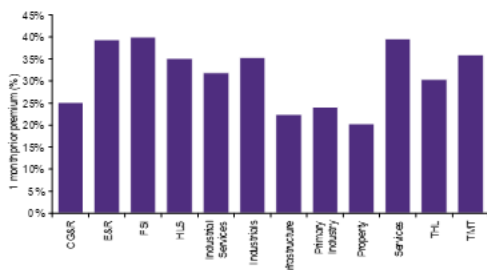
1 Month Prior Control Premium



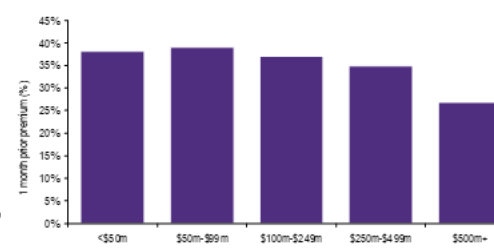
Control premium per completion date



Control premium per industry



Control premium and size



	Control premium
Average	34.33%
Median	29.34%

Source: GTCF analysis

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Appendix E – DRX Shares assessment of liquidity

- 11.6 We have considered the quoted security price of DRX Shares to cross-check our valuation assessment.
- 11.7 The adopted value of DRX based on the trading prices is an exercise of professional judgement that takes into consideration the depth of the market for the listed securities, volatility of the market price, and whether or not the trading prices are likely to represent the underlying value of DRX.

Liquidity analysis

- 11.8 As part of our analysis of DRX's liquidity, we have considered the trading volume from February 2025 to January 2026 as a percentage of the total shares outstanding as well as free float shares outstanding, as outlined in the table below:

Figure 51 - DRX liquidity analysis

Diatreme Resources Limited - Liquidity analysis					Cumulative		Cumulative
Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Volume traded as % of total shares	Volume traded as % of free float shares	Volume traded as % of free float shares
Feb 2025	9,758	0.0175	171	0.2%	0.2%	0.6%	0.6%
Mar 2025	49,383	0.0206	1,018	1.0%	1.2%	3.0%	3.6%
Apr 2025	10,426	0.0206	214	0.2%	1.4%	0.6%	4.2%
May 2025	4,753	0.0204	97	0.1%	1.5%	0.3%	4.5%
Jun 2025	17,671	0.0189	333	0.4%	1.8%	1.1%	5.6%
Jul 2025	14,090	0.0186	262	0.3%	2.1%	0.9%	6.4%
Aug 2025	26,003	0.0206	535	0.5%	2.6%	1.6%	8.0%
Sep 2025	20,996	0.0197	413	0.4%	3.1%	1.3%	9.3%
Oct 2025	33,359	0.0199	664	0.7%	3.7%	2.0%	11.3%
Nov 2025	22,525	0.0198	446	0.4%	4.2%	1.4%	12.6%
Dec 2025	9,035	0.0183	165	0.2%	4.4%	0.5%	13.2%
Jan 2026	19,059	0.0181	345	0.4%	4.7%	1.2%	14.3%
Min				0.1%		0.3%	
Average				0.4%		1.2%	
Median				0.4%		1.1%	
Max				1.0%		3.0%	

Sources: S&P Global, GTCF analysis

- 11.9 With regard to the above analysis, we note that:

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- As at the time of writing this report, the level of free float for DRX is c. 33.1%¹⁹. From February 2025 to January 2026, only c. 14.3% of the free float shares were traded with an average monthly volume of 1.2% of the total free float shares. This indicates that stock has limited liquidity.
- DRX does not have dedicated analyst coverage.

11.10 Below we have benchmarked the liquidity of DRX with its comparable peers.

Figure 52 - DRX liquidity analysis

Liquidity analysis		Free float	Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Company	Country	(%)				
Diatreme Resources Limited	Australia	33.1%	0.4%	1.2%	4.7%	14.3%
VRX Silica Limited	Australia	80.6%	1.7%	2.0%	19.9%	24.5%
Industrial Minerals Ltd	Australia	51.4%	1.1%	2.1%	12.8%	24.9%
Australian Silica Quartz Group Ltd.	Australia	55.7%	0.7%	1.2%	8.1%	14.4%
Corella Resources Ltd	Australia	59.8%	1.5%	2.6%	18.4%	31.4%
Carbine Resources Limited	Australia	83.5%	0.8%	1.0%	9.4%	11.4%
Low		33.1%	0.4%	1.0%	4.7%	11.4%
Average		60.7%	1.0%	1.7%	12.2%	20.1%
Median		57.8%	0.9%	1.6%	11.1%	19.4%
High		83.5%	1.7%	2.6%	19.9%	31.4%

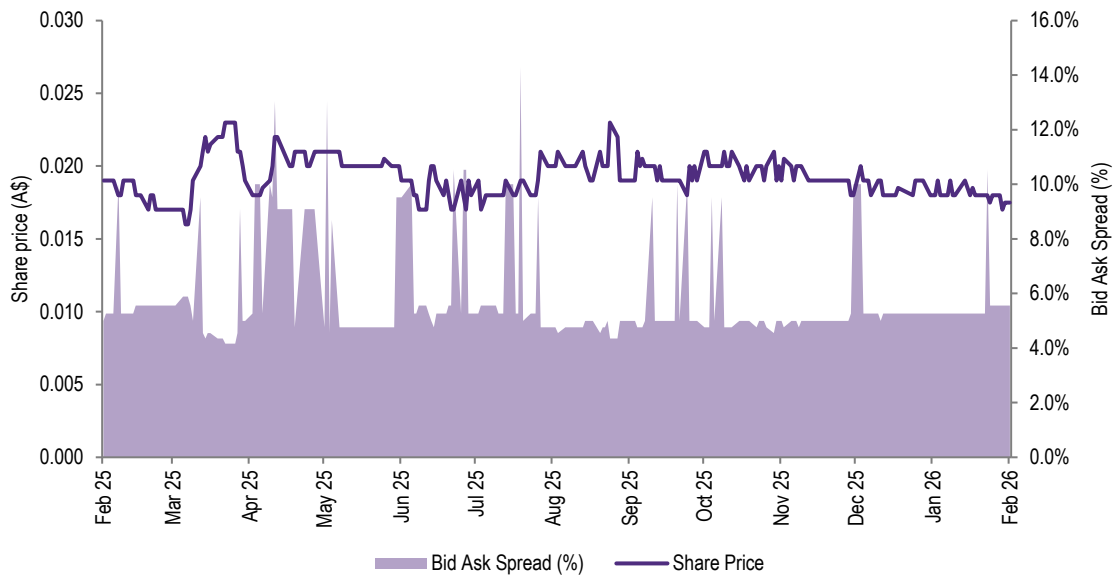
Source: S&P Global, GTCF analysis

Notes: (1) Cumulative volume traded since February 2025

- 11.11 As set out in the table above, DRX trades with a lower level of free float shares compared to its peers. The average and cumulative volume of shares traded by DRX is also slightly lower than the average and median observed among the peer group.
- 11.12 Where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. As set out in the chart below, the historical difference between the 'bid' and 'ask' price has been relatively high since February 2025, averaging 5.8%.

¹⁹ As at 6 February 2026.

Figure 53 - February 2025 to February 2026 bid-ask spread of DRX shares



Sources: S&P Global, GTCF analysis

- 11.13 Based on the analysis above, we have concluded that the level of liquidity in DRX Shares is limited and accordingly, trading prices may not necessarily reflect the underlying fair market value of the Company.

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Appendix F – Glossary

\$ or A\$	Australian Dollar
ABS	Australian Bureau of Statistics
Acquisition	The acquisition of the Sale Shares by CSHPL from Metallica
AFS or AFS License	Australian Financial Services license
AML	Anti-Money Laundering
APES 225	Accounting Professional and Ethical Standard 225 "Valuation Services"
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rule 10.1	Requires shareholder approval for acquisitions or disposals of substantial assets involving related parties
ASX Listing Rule 10.2	Defines a substantial asset as one representing 5% or more of an entity's equity interests
ASX Listing Rules	The listing rules of the ASX.
ATO	Australian Taxation Office
Board or Board of Directors	The Board of Directors of Diatreme
CAGR	Compound Annual Growth Rate
CFS, CFS Project or Cape Flattery Silica Project	The silica sands assets (CFS East and CFS West) in Cape Flattery held by CFS Pty Ltd
Capital IQ or CapIQ or S&P Global	A financial research platform developed by S&P Global
CAPM	Capital Asset Pricing Model
Casuarina	A material, exploration target adjacent to operations, offering upside resource growth potential (owned by CSHPL)
CFS East	The Eastern Cape Flattery Silica tenement, acquired as part of the Metallica acquisition, with high-grade resources (owned by Metallica, the wholly owned subsidiary of DRX)
CFS Pty Ltd	The holding company, owned by Metallica as part of Diatreme, that has the Cape Flattery East and Cape Flattery West exploration and development assets
CFS West	The Western Cape Flattery Silica tenement, acquired as part of the Metallica acquisition (owned by Metallica, the wholly owned subsidiary of DRX)
Chapter 10	Chapter 10 of the ASX Listing Rules governs transactions with related parties, requiring shareholder approval for substantial asset deals and director-related benefits
Clermont, or Clermont-Copper Gold project	The Clermont project that was sold by Diatreme in December 2025 to Moonlight Resources Limited
Corporations Act	Corporations Act 2001 (Cth)
Cyclone or Cyclone Zircon Project	A zircon-dominant heavy mineral sands project in Western Australia's Eucla Basin (Owned by CSHPL)
DCF Method	Intrinsic valuation method discounting forecast future cash flows to present value using risk-adjusted rates
DFS	Definitive feasibility study
Director	A director of the Company.
Disposal	The disposal of the Sale Shares by Metallica to CSHPL
DRX, Diatreme or The Company	Diatreme Resources Limited
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EGM	Extraordinary General Meeting.
EIS	Environmental Impact Statement
EM or Explanatory Memorandum	The Explanatory Memorandum report dispatched in relation to the Proposed Transaction between Diatreme, CSHPL and Sibelco
EV	Enterprise Value
FY	The relevant financial year
Galalar	Advanced, high-purity silica sand project with defined reserves, permitting progress, and near-term development optionality.

GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
H1 and H2	The respective half years for the financial year
IER or Independent Expert's Report	The independent Expert Report Grant Thornton has been engaged to produce
Ilwella	Ilwella Pty Ltd
Independent Expert	Grant Thornton's role as the Independent Expert on behalf of Diatreme and its non-associated shareholders
Joint Venture or CSHPL	CSHPL Pty Ltd, the incorporated joint venture between Diatreme and Sibelco for the development of silica sands projects in Cape Flattery.
Joint Venture Shares	The shares in the DRX and Sibelco Joint Venture, CSHPL
JORC	JORC (2012) is the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, setting minimum standards for public reporting to investors
Kilburn approach	Cost-based exploration valuation method applying geoscience prospectivity factors to a standardised base acquisition cost
Listing Rule	A listing rule of the ASX.
Management	Management of Diatreme
Mineral Resource	Concentration of material with reasonable prospects for eventual economic extraction, based on geological evidence
MLM or Metallica	The priorly ASX listed company Metallica Minerals Limited (ASX:MLM), that held the key Cape Flattery Silica assets and was acquired by DRX in 2024
MOU	Memorandum of Understanding, a non-binding agreement to establish commercial intent before entering a binding offtake agreement
Mt	Megaton, or a million tonnes
NAV or NAV Method	Net Asset Value
Non-Associated Directors	Each Director except Mr Thomas Cutbush, a nominee of Sibelco AP
Notice of Meeting	The Diatreme Notice of Meeting where the Independent Expert's Report will be distributed to shareholders
NPAT or Earnings	Net profit after tax
NSP	The Northern Silica Project, a world-scale, flagship high-purity silica sand development targeting solar and specialty glass markets (owned by CSHPL)
Ore Reserve	Economically mineable part of a Mineral Resource, considering mining, metallurgical, economic and legal factors
PFS	Preliminary feasibility study
Proposed Transaction	The restructuring transaction between CFS Pty Ltd and CSHPL, proposing to consolidate the assets in Cape Flattery Silica into the Joint Venture, through underlying contemporaneous transactions.
Quoted Security Price Method	A valuation based on observable market prices and an assessment of the stock's liquidity
Report	The Grant Thornton engaged Independent Expert's Report
Reimbursement	CSHPL's reimbursement to Diatreme of \$2,109,018, for the transaction costs incurred by Diatreme when it acquired Metallica in 2024
Resolution	A resolution set out in the Notice of Meeting
Resolution 4	Approval for Metallica to dispose of the Sale Shares to CSHPL (Step 1)
Resolution 5	Approval for CSHPL to acquire the Sale Shares from Metallica (Step 1)
Resolution 6	Approval for CSHPL to issue shares to Sibelco (Step 2)
Resolution 7	Approval for CSHPL to grant the Call Option to Sibelco (Step 4)
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of experts"
RG 76	ASIC Regulatory Guide 76 "Related party transactions"
RG	Regulatory Guide
Sale Shares	100% of the issued share capital in CFS Pty Ltd, being 800 shares
Section 606	Section 606 of the Corporations Act prohibits acquiring voting shares that increase a person's control from under 20% to over 20%, unless exempt
Section 611 or Item 7 of Section 611	Item 7 of Section 611 allows share acquisitions above 20% if approved by shareholders via resolution, with full disclosure and voting restrictions
Section 640	Section 640 of the Corporations Act requires a target to include an independent expert report if the bidder is connected to the target, such as

Share Issue	having 30% voting power or shared directorships, to assess whether the offer is fair and reasonable The issue of 435 ordinary shares in CSHPL to Sibelco under the Proposed Transaction.
Shareholder/Non-Associated Shareholders	Independent or otherwise non-major shareholders who do not have a material interest in Diatreme beyond their shareholding
Sibelco AP	Sibelco Asia Pacific Pty Ltd, a related body corporate of Sibelco, and a substantial shareholder in DRX
Sibelco	Sibelco Silica Pty Ltd, the party to the Transaction with Diatreme that shares joint venture ownership in CSHPL
Sibelco Joint Venture Agreement	The Agreement between Sibelco and Diatreme, stipulating the respective 26.8% and 73.2% ownership split of CSHPL
SRP	Specific Risk Premium
Step 1	The transfer of Cape Flattery Silica into the Joint Venture
Step 2	The Sibelco equity injection into the Joint Venture
Step 3	The Joint Venture reimbursement to DRX, for historical Metallica acquisition transaction costs
Step 4	The granting of the call option that enables Sibelco to increase Joint Venture equity before July 2026
Subscription Call Option or Subscription Call Option Deed	The deed granting Sibelco the right to subscribe for an additional 376 Joint Venture shares at the fixed price of c. A\$4.4 million
Updated DFS	The updated DFS for Cape Flattery Silica released to the market on the 15th of November 2023, superseding the earlier July 2023 DFS
US\$	US Dollar
VALMIN Code	Australasian standard (2015) governing public technical assessments and valuations of mineral assets for investor disclosure
VWAP	Volume weighted average price
WACC	Weighted Average Cost of Capital
WRA	A large, high-purity silica resource expansion area supporting scale, mine life extension, and production flexibility (owned by CSHPL)

Appendix G – VRM Report

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INDEPENDENT TECHNICAL ASSESSMENT AND VALUATION REPORT

Presented To: Diatreme Resources Limited



Date Issued: 24/04/2026

Revision: 3

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Document Reference	Diatreme GT ITAR Valuation April 2026 Rev3	
Distribution	Diatreme Resources Limited Grant Thornton Australia Ltd Valuation and Resource Management Pty Ltd	
Principal Authors	Deborah Lord BSc Hons (Geology) FAusIMM MAIG	<i>Deborah Lord</i> Date: 24 April 2026
Peer Reviewer	Lynda Burnett	
Specialist	Deborah Lord Anthony Stepcich	Technical Assessment Compilation Mineral Asset Valuation Ore Reserve Review
VRM Approval	Deborah Lord	<i>Deborah Lord</i> Date: 24 April 2026
Effective Report Date	24 April 2026	
Valuation Date	13 April 2026	
Report Prepared by	Valuation and Resource Management Pty Ltd Level 1, 168 Stirling Highway NEDLANDS WA 6872	

ABN: 12 632 859 780
Tel: +61 (0) 402 825 528
www.varm.com.au

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Executive Summary

Valuation and Resource Management Pty Ltd (**VRM**) was engaged by Diatreme Resources Limited (ASX: DRX) (**DRX, Diatreme** or the **Company**) but instructed by Grant Thornton Australia Ltd (**Grant Thornton**) to prepare an Independent Technical Assessment Report (**Report** or **ITAR**), including valuation of certain mineral assets in the Eastern Cape York region in Queensland. These include 73.2% equity in the Northern Silica Project (including Si2 and the Western Resource Area), the Galalar Silica Project and the Casuarina Silica Project and 100% ownership of Cape Flattery Silica Project (the **Mineral Assets** or the **Projects**).

The ITAR is for inclusion in an Independent Expert Report (**IER**) being prepared by Grant Thornton in relation to a transaction whereby Diatreme's wholly owned subsidiary Metallica Minerals Pty Ltd (**Metallica**), proposes to sell the Projects to Cape Silica Holdings Pty Ltd (**CSHPL**) the joint venture between Diatreme and Sibelco Silica Pty Ltd (**Sibelco**) for additional shares in CSHPL (**Proposed Transaction**). Diatreme announced the Proposed Transaction on 13 April 2026 and VRM understands that the ITAR will be included in a Notice of Meeting to DRX shareholders in relation to the Proposed Transaction.

This Report has been prepared in the format of an independent specialist's report and in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (**VALMIN**) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (**JORC**).

This Report is a technical review and valuation opinion of the Mineral Assets described further below. Applying the principles of the VALMIN Code, VRM has used several valuation methods to determine the value for the Mineral Assets. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of Diatreme, CSHPL or Sibelco but rather an asset valuation of the mineral properties.

The valuation date is 13 April 2026 (**Valuation Date**) and the Report remains current as at 15 April 2026. VRM provided a redacted draft report on 27 February 2026 to Diatreme for factual accuracy checking by the Company. The final Report includes updated technical information associated with the factual accuracy checking conducted by the Company and commentary provided by Grant Thornton.

As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by Diatreme along with publicly available data including ASX releases and published technical information from Diatreme and Metallica. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading.

The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various Mineral Assets is provided with that range indicating the accuracy of the valuation.

Northern Silica Project and Galalar Silica Projects

The Northern Silica Project (including Si2 and the Western Resource Area) and the Galalar Silica Project are in far north Queensland, Australia, approximately 1,600 kilometres northwest of the capital Brisbane

and 200 kilometres northwest of the city of Cairns. Diatreme currently owns 73.2% of these. JV partner Sibelco has a 26.8% stake in the JV company, Cape Silica Holdings Pty Ltd that holds the tenure for these Projects. The Casuarina Silica Project is also considered as being 73.2% equity to Diatreme for purposes of the Proposed Transaction.

VRM provided an opinion on the market value of the Mineral Assets for the Northern Silica, Galalar Silica and Casuarina Silica Projects, including associated tenure on an equity ownership basis considering the technical information supporting the prospectivity. As at the valuation date these Projects contained Galalar and Northern Silica (formerly known as Si2 and including the Western Resource Area) Ore Reserves and Mineral Resources estimates and Casuarina Exploration Target estimates that are prepared and reported applying the guidelines of JORC (2012 Edition). The VRM valuation has been prepared as a sum of the parts with the value attributed to the declared Ore Reserves, Mineral Resources and current Exploration Targets incorporating the exploration potential in the adjacent tenements.

For the Galalar and Northern Silica Projects the primary valuation method applied by VRM consisted of a comparable transaction approach based on the earlier JV earn-ins with Sibelco on the Projects themselves. Secondary valuations were determined based on the yardstick approach.

The Exploration Targets at the Casuarina Silica Project were valued using a Geoscientific approach. A secondary valuation was based on the yardstick approach. These are considered to encompass the current exploration potential of the tenure. However, it is uncertain whether future exploration will result in the definition of any further Mineral Resources.

Cape Flattery Silica Project

The Cape Flattery Silica (CFS) Project is also situated in far north Queensland, approximately 1,620 kilometres northwest of the capital Brisbane and 220 kilometres northwest of the city of Cairns. The Project is within the Cape Flattery Port area, that is owned and operated by Ports North, a Queensland Government-owned corporation and is adjacent to the Cape Flattery mining and shipping operation owned by Mitushi. Diatreme, through Metallica owns 100% of the Project, via its subsidiary company Cape Flattery Silica. The Project tenure is surrounded by the Northern Silica Project tenements.

VRM provided an opinion on the market value of the Mineral Assets for the Cape Flattery Silica Project on a 100% ownership basis considering the technical information supporting its prospectivity. As at the valuation date the Cape Flattery Silica Project contains declared Ore Reserves (at CFS East) and Mineral Resources (at CFS East and CFS West) prepared applying the guidelines of JORC (2012 Edition). The valuation has been prepared as a sum of the parts with the value attributed to the declared Ore Reserves, Mineral Resources and the exploration potential in the adjacent tenements.

For the Cape Flattery Silica Project the primary valuation method applied by VRM consisted of a comparable transaction approach based on the JV earn-ins with Sibelco on the Projects themselves. Secondary valuations were determined based on the yardstick approach.

There are no separate Exploration Targets on these tenements.

Valuation Opinion

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

VRM has estimated the value of the Mineral Assets considering the technical information available as at the Valuation Date as described further in the body of this report.

There are declared and current Ore Reserves supported by technical - economic studies at Galalar Silica and at Cape Flattery East Silica Projects. Current Mineral Resource estimates are reported at Northern Silica, Galalar Silica and the Cape Flattery Silica Projects. Exploration Targets have also been reported at the Casuarina Silica Project. These have been prepared and reported applying the guidelines of the JORC Code (2012).

The Galalar Silica, Northern Silica (Si2 and Western Resource Area) and Cape Flattery Silica Projects, were primarily valued using a comparable transaction method based on resource multiples. The value of the exploration camp and associated property, plant and equipment is considered to be included in the comparable transaction multiples applied to the Mineral Resource estimates within the Project.

Considering the Mineral Resources and Exploration Targets, in VRM's opinion, the Mineral Assets have a market value of **between A\$132.7 million and A\$222.8 million with a preferred value of A\$177.8 million.**

The primary valuations and the value of the combined assets is summarised in the table below.

Primary Valuations of the Mineral Assets (DRX Equity basis)

Project	Aspect	Valuation Method	Lower Value (A\$M)	Preferred Value (A\$M)	Upper Value (A\$M)
Galalar Silica (DRX 73.2%)	Ore Reserve and Mineral Resource	Comparable transaction	\$21.0	\$27.9	\$34.9
Northern Silica (DRX 73.2%)	Mineral Resource	Comparable transaction	\$75.7	\$100.9	\$126.2
Western Resource Area (DRX 73.2%)	Mineral Resource	Comparable transaction	\$12.7	\$17.0	\$21.2
Cape Flattery Silica East (DRX 100%)	Ore Reserve and Mineral Resource	Comparable transaction	\$18.8	\$25.0	\$31.3
Cape Flattery Silica West (DRX 100%)	Mineral Resource	Comparable transaction	\$2.3	\$3.0	\$3.8
Casuarina Silica (DRX 73.2%)	Exploration Target	Geoscientific method	\$2.2	\$3.8	\$5.4
Total (Equity basis)			\$132.7	\$177.8	\$222.8

Note appropriate rounding has been applied and totals may not add due to this

1. Introduction

Valuation and Resource Management Pty Ltd (VRM) was engaged by Diatreme Resources Limited (ASX: DRX) (DRX, Diatreme or the Company) but instructed by Grant Thornton Australia Ltd (Grant Thornton) to prepare an Independent Technical Assessment Report (Report or ITAR), including valuation for certain mineral assets in the Eastern Cape York region in Queensland, Australia. The ITAR is for inclusion in an Independent Expert Report (IER) being prepared by Grant Thornton that is required by Diatreme to be included in a Notice of Meeting in relation to a the Proposed Transaction announced by Diatreme on 13 April 2026.

The Mineral Assets, in far north Queensland comprise the Northern Silica (formerly known as Si2 and including the Western Resource Area) and Galalar Silica Projects, the Casuarina Silica Project and the Cape Flattery Silica Project (Figure 1).

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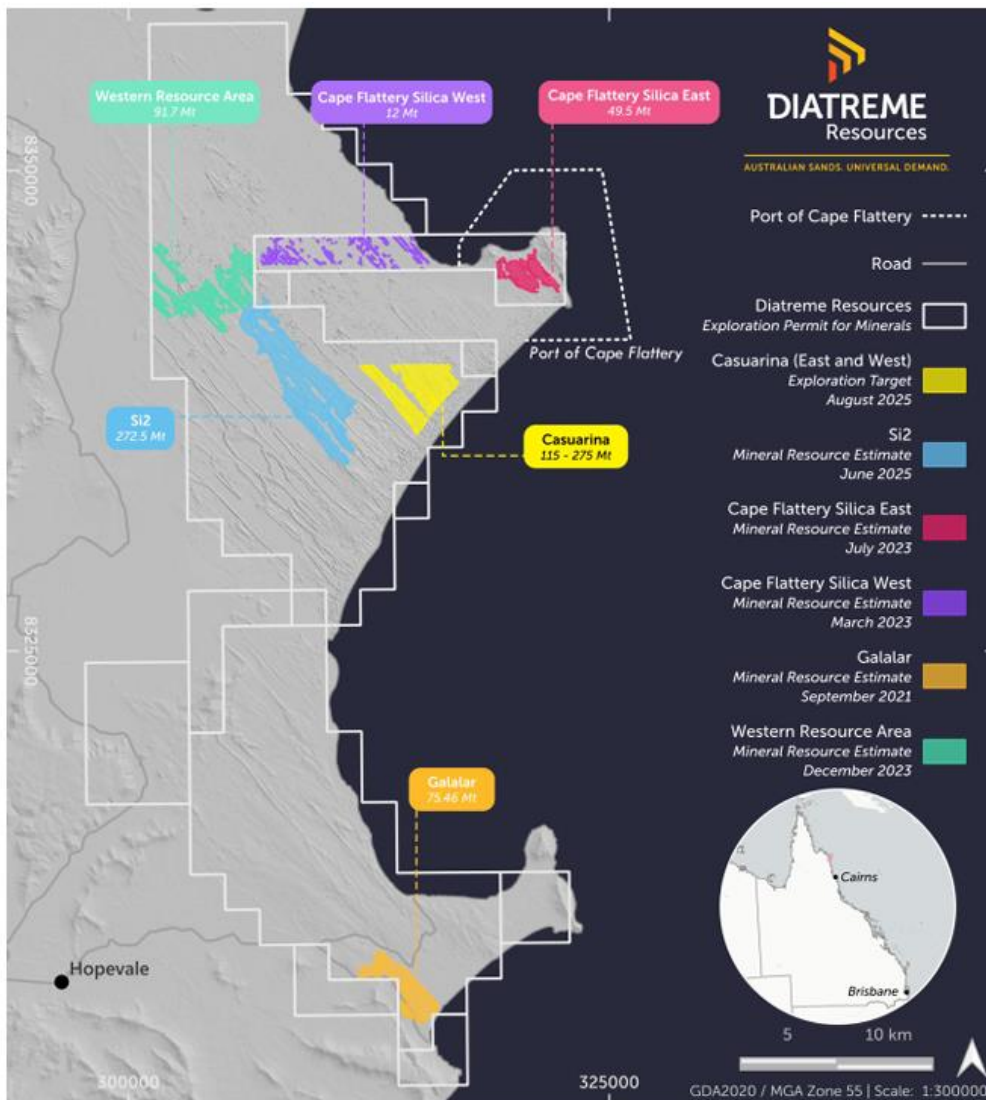


Figure 1: Location of Diatreme’s silica sands projects in Australia

Source: DRX ASX announcement dated 26 March 2026. Refer to Table 2 for Exploration Targets and Table 3 for Mineral Resource Estimates

1.1 Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

In preparing the ITAR, VRM has applied the guidelines and principles of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – 2015 VALMIN Code (**VALMIN**) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (**JORC**). Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and the Australian Institute of Geoscientists (**AIG**). These codes are also requirements under Australian Securities and Investments Commission (**ASIC**) rules and guidelines and the listing rules of the Australian Securities Exchange (**ASX**).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Diatreme and previous owners and associated Competent Persons as referenced in this ITAR and additional publicly available information reported by Diatreme.

1.2 Scope of Work

VRM's primary obligation in preparing this ITAR is to independently describe and value the Mineral Assets applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the Projects.

VRM has compiled the Report based on the principle of reviewing and interrogating both the documentation of the companies involved and their consultants, and other previous exploration within the area. This Report is a summary of the work conducted, completed, and reported by the companies from pegging or acquisition of the Projects to February 2026, based on information supplied to VRM by both companies, and other information sourced in the public domain, to the extent required by the VALMIN and JORC Codes.

VRM understands that its review and Report will be included in an IER being prepared by Grant Thornton that will be included in a Diatreme Notice of Meeting. As such, it is understood that VRM's review will be a public document and therefore has been prepared in accordance with the requirements of the 2015 VALMIN Code.

1.3 Statement of Independence

VRM was engaged to undertake an ITAR of the Projects that comprise the Mineral Assets. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (**RG111**) and ASIC Regulatory guide 112 Independence of Experts (**RG112**).

VRM notes that it previously conducted an ITAR including valuation of the subject mineral assets and others when Diatreme acquired Metallica in March 2024.

Except for the March 2024 work Ms Deborah Lord and Ms Lynda Burnett of VRM have not, within the past two years had any association with Diatreme, its employees, or any interest in the securities of Diatreme or potential interest, nor are they expected to be employed by any of the companies after the proposed transaction, which could be regarded as affecting their ability to give an independent, objective, and unbiased opinion. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated to be approximately \$40,000 (excluding GST).

1.4 Competent Persons Declaration and Qualifications

This report was prepared by Ms Deborah Lord and Mr Anthony Stepcich as the primary authors. Ms Lynda Burnett peer reviewed the Report.

The Report and information that relates to tenure, geology, exploration potential, Mineral Resources and mineral asset valuation is based on information compiled by Ms Deborah Lord, BSc (Hons), a Competent Person who is a Fellow of the AusIMM and Member of the AIG. Ms Lord is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person under the 2012 JORC Code and as a Specialist under the 2015 VALMIN Code. Ms Lord consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

In 2024 as part of the previous assignment, the Ore Reserves and Mineral Resources were reviewed by VRM Associates Mr Anthony Stepcich and Mr Neal Leggo respectively who are Specialists in these areas and are Associates to VRM. The Ore Reserves and associated financial models were reviewed as at 2026 for this Report. Mr Stepcich is a Fellow of the AusIMM (CP) and a Professional Engineer (**RPEQ**) of the Board of Professional Engineers, Queensland. Mr Leggo is a Member of the AIG. Both have sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons under the 2012 JORC Code and a Specialist under the 2015 VALMIN Code.

The Report was peer reviewed by Ms Lynda Burnett, B Sc (Hons), a Competent Person who is a member of the AusIMM. Ms Burnett is an associate of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person under the 2012 JORC Code.

Between 13 April 2026, being the Valuation Date and the date of this Report, nothing has come to the attention of VRM unless otherwise noted in the Report that would cause any material change to the conclusions.

1.5 Reliance on Experts

The authors of this Report are not qualified to provide extensive commentary on the legal aspects of the tenure of the mineral properties or the compliance with the legislative environment and permitting in Queensland. In relation to the tenement standing, VRM has relied on the information publicly available on the associated Government websites managed by the Queensland Department of Natural Resources, Mines and Energy (**DOR**). On this basis VRM has confirmed the tenements which constitute the Projects held by Diatreme and associated companies, located in Queensland are current. Diatreme has confirmed its tenements are in good standing.

In respect of the information contained in this Report, VRM has relied on Information and Reports obtained from Diatreme or in the public domain including but not limited to the following:

- Presentation material including those on company results, technical study outcomes, Ore Reserves, Mineral Resources, Exploration Targets and Exploration Results including cross sections and plans;
- Various ASX releases of DRX as noted in the body of the Report;
- Technical Reports as specified in the body of the Report for the Projects or Project tenements;

- Diatreme internal reports as detailed further in the Report;
- Annual Reports and Quarterly Reports released by the companies;
- ASX releases detailing any initial and updates to the Mineral Resource estimates, including associated JORC Table 1 information as noted in the body of the Report;
- ASX releases detailing exploration activities, including associated JORC Table 1 information as noted in the body of the Report; and
- Government Regional datasets, including geological mapping and explanatory notes.

All information and conclusions within this Report are based on information that VRM requested from Diatreme to assist with this Report and other relevant publicly available data to April 2026. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and joint venturers to the areas, where it has been considered necessary.

VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has assessed the content of these reports and information and confirm that the contents are reasonable and that they meet the Reasonable Grounds Requirements.

VRM has relied on the information contained within the reports and databases provided by Diatreme as detailed in the reference list. A draft of this Report was provided to Grant Thornton for provision to the company for the purpose of identifying any confidential information and addressing any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to the company until the technical aspects were validated and the Report was declared final.

This ITAR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government departments or the ASX. The authors of these previous reports have not consented to the statements' use in this report, and these statements are included in accordance with ASIC Corporations (Consent to Statements) Instrument 2016/72.

1.6 Site visit

A site visit to the Projects was not undertaken for this ITAR.

The Independent Competent Persons who undertook the Ore Reserves and Mineral Resource estimates for the Projects have previously visited the Projects, additionally Independent Specialists who have undertaken specific aspects of the Feasibility Study for the Cape Flattery Project have visited site. VRM considers that since independent consultants have visited site and have accurately represented the aspects on the sites it therefore does not believe that undertaking a site visit would provide any additional information that would materially change the opinions, conclusions or valuation contained within this report.

2. Mineral Tenure

2.1 Projects Tenure

The Mineral Asset tenure (Table 1:) consists of five granted Exploration Permit for Minerals (**EPM**) - four at the Northern Silica Project and one at the Cape Flattery Silica Project and nine pending Mining Lease Applications (**MLA**) at the Galalar Silica, Northern Silica, Casuarina Silica and Cape Flattery Silica Projects (Figure 2).

The tenements were validated by VRM reviewing the tenement information provided by Diatreme in its most recent December 2025 Quarterly Report and comparing this with the tenement register from Landtracker on 3 February 2026.

VRM is not qualified or a specialist in the mining tenure and therefore no warranty, actual or implied is made regarding the validity or security of the Diatreme tenure. However, VRM has confirmed with Diatreme that the tenure listed remains in good standing and the beneficial ownership as footnoted on Table 1:.

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Table 1: Tenement Schedule for Diatreme Silica Sands Projects as at 15 April 2026

Tenement Name	Tenure	Holder	Beneficial Interest	Grant	Expiry	Area	Approved work program (5 years)
Cape Bedford	EPM 17795	CSHPL	73.2%	22/06/2016	21/06/2026	48,575 ha	\$517,300
Cape Flattery	EPM 25734	CF SPL	100%	25/05/2015	24/05/2030	3,637 ha	\$310,000
Cape Flattery Project	EPM 27212	NSPL	73.2%	27/09/2021	26/09/2026	990 ha	
Cape Flattery Project	EPM 27265	CSHPL	73.2%	30/01/2020	29/01/2030	3,303 ha	\$171,650
Mclvor	EPM 27430	CSHPL	73.2%	26/10/2021	25/10/2026	6,274 ha	
Galalar Silica	MLA 100235	GSQPL	73.2%	Application		523 ha	
Cape Flattery Silica	MLA 100284	CF SPL	100%	Application		616 ha	
Northern Silica	MLA 100308	NSPL	73.2%	Application		4,681 ha	
Casuarina Silica	MLA 100309	CSPL	73.2%	Application		1,690 ha	
Northern Silica Port Access	MLA 100310	NSPL	73.2%	Application	Infrastructure	23 ha	
Northern Silica Starcke Access 1	MLA 100311	NSPL	73.2%	Application	Infrastructure	51 ha	
Northern Silica Starcke Access 2	MLA 100312	NSPL	73.2%	Application	Infrastructure	94 ha	
FNQPCL Cape Flattery Access	MLA 100313	NSPL	73.2%	Application	Infrastructure	37 ha	
Cape Flattery Silica	MLA 100352	CF SPL	100%	Application	Infrastructure	0.8 ha	

Notes & Abbreviations:

1. CSHPL (Cape Silica Holdings Pty Ltd) is owned by DRX (73.2%) and Sibelco Silica Pty Ltd (26.8%).
2. NSPL (Northern Silica Pty Ltd) and GSQPL (Galalar Silica (QLD) Pty Ltd) are wholly owned subsidiaries of CSHPL. Accordingly, DRX's beneficial ownership of the mining tenements held by these entities is 73.2%.
3. CF SPL (Cape Flattery Silica Pty Ltd).
4. CSPL (Casuarina Silica Pty Ltd) is assumed 73.2% as advised by DRX for valuation purposes as it will be transferred to CSHPL for no interest / consideration

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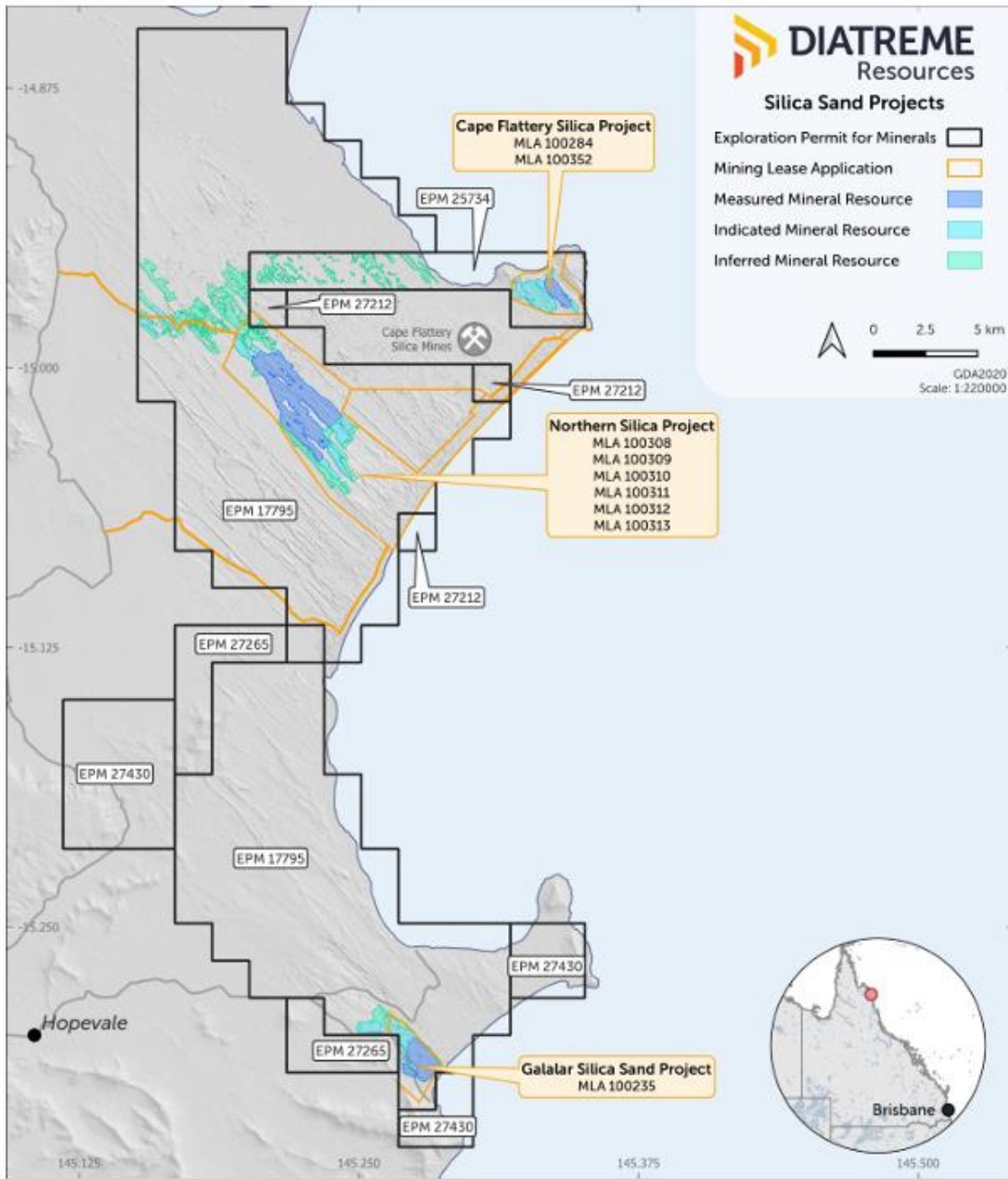


Figure 2: Diatreme's Silica Sands Tenure in Queensland

Source: DRX ASX announcement dated 29 January 2026

3. Northern Silica and Galalar Silica Projects

3.1 Location and Access

The Northern Silica and Galalar Silica Projects are located at Cape Flattery and Cape Bedford in eastern Cape York, north of Cooktown. The Projects are located adjacent to the southwest corner of the Cape Flattery Silica Mines (**CFSM**) Mining Lease that has been in operation since 1967 producing high purity silica. The Projects are in the Mareeba Mining District, within the Hope Vale Aboriginal Shire Council (DRX ASX release dated 11/01/2023). Main roads and coastal tracks provide tenure access.

Northern Silica was previously also referred to as Si2 and includes the Western Resource Area. The Casuarina Silica Project is included in this section as it has the same assumed equity ownership and VRM has been informed by DRX that it will be transferred to CSHPL for no interest / consideration change.

The landforms are undulating dune corridors with coastal vegetation cover. The photo below (Figure 3) shows typical terrain and vegetation occurring in the 'Si2' area.

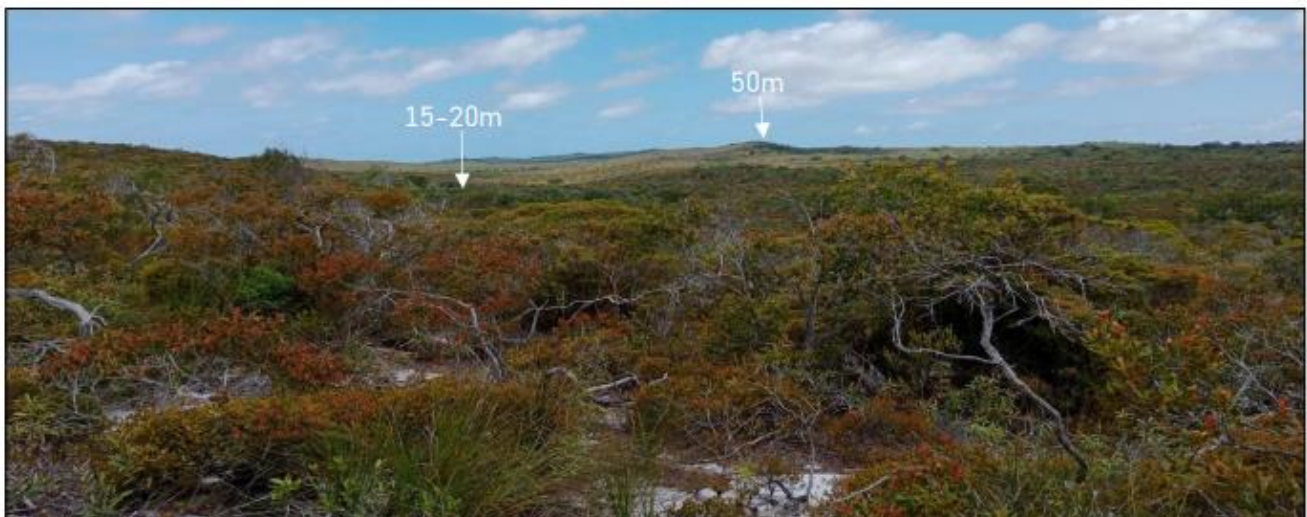


Figure 3: View to the southeast in the Si2 area showing coastal terrain and vegetation with approximate dune thickness

Source: DRX ASX release dated 11/01/2023. Field of view approximately 3 kilometres wide

3.2 Geological Setting

The Projects occur within the Cape Flattery - Cape Bedford Quaternary dune field complex that is characterised by elongate transgressive dune development that form arcuate landforms with a predominant strike direction of 320-330 degrees. The dune field extends over an area of 700 square kilometres including depositional and erosional environments. The dune complexes extend from the current coastline, for approximately ten kilometres inland and along the coast for approximately 50 kilometres. This coastal plain area overlies the Palaeozoic Hodgkinson Formation basement with basement highs consisting of Dalrymple Sandstone. The dominant source of the dunefield sand is from weathered Mesozoic sandstone outcrops to the west of the region (DRX ASX releases dated 11/01/2023, 06/12/2023).

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Local geology comprises active and inactive parabolic dune systems that are elongated in the direction of prevailing winds. Elevation ranges between 15 and 96m and the area is dissected by wetlands and creek areas. The geological setting of the Cape Flattery and Cape Bedford dune fields is shown in Figure 4.

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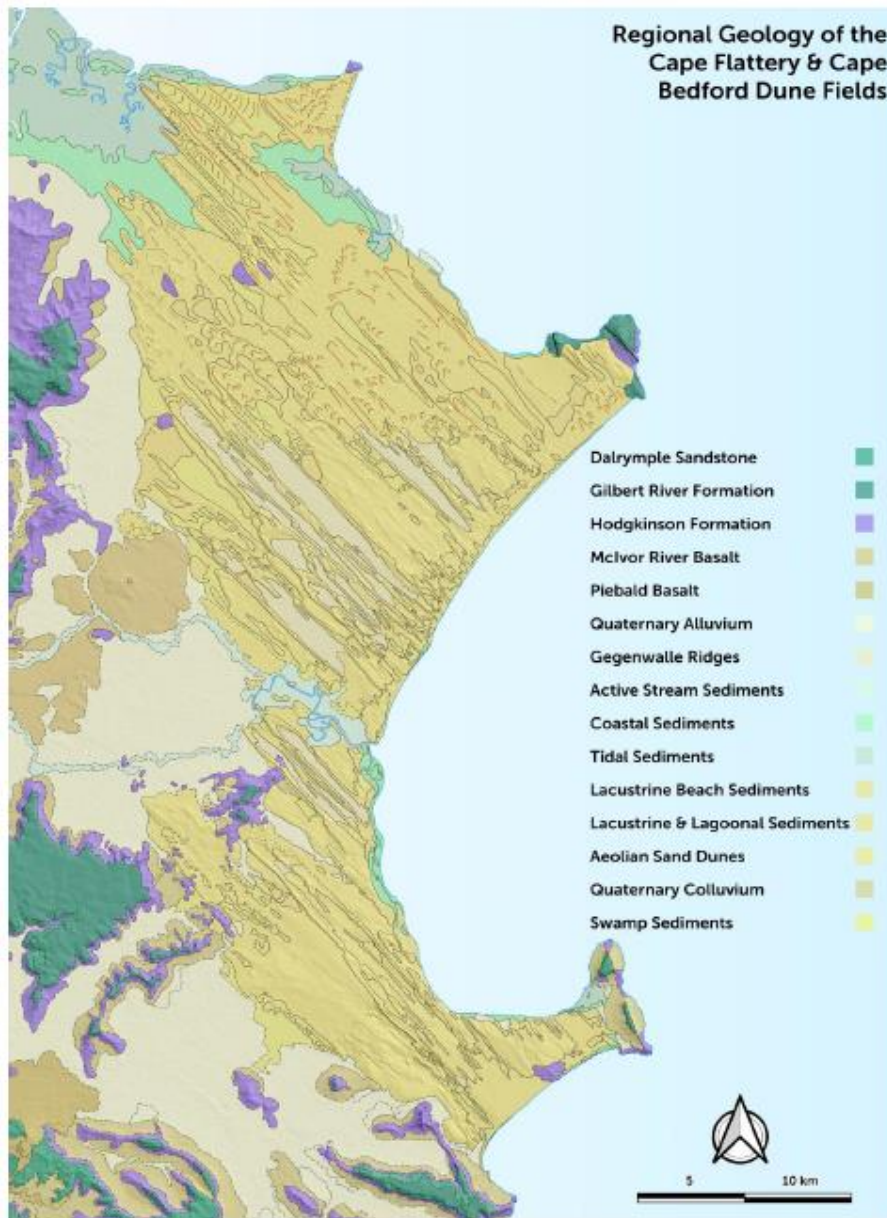


Figure 4: Regional Geological Setting of the Cape Flattery and Cape Bedford dune fields

Source: DRX ASX release dated 06/12/2023

3.3 Previous Exploration

Exploration for silica sand has been carried out since the 1960s and has focussed on the prominent high-level active dune systems that consist of clean white sand. Older sand areas and lower dune elevations have also been explored for their potential to host economic concentrations of heavy mineral (HM) sands.

At Galalar previous exploration was conducted in the 1970s by Ocean Mining and in the 1980s by Breen Industrial Silica Qld Pty Ltd which was reported to have been mostly carried out at reconnaissance scale. Between 1986 and 2016 no other exploration is reported until EPM 17795 was granted to Diatreme (DRX ASX release dated 09/11/2021).

Diatreme commenced exploration on EPM 17795 targeting HM and silica sands in 2016. In 2017 agreements were reached with Traditional Owners, the Hopevale Congress. Subsequently air-core drilling commenced along established roads and tracks and across a dune system in the south of the leases based on areas of interest from the historical exploration. Logged geology consistently identified broad areas of fine-grained quartz sands, with assay results averaging 99% SiO₂ for the sample submitted for analysis. Widespread, but low-grade HM levels were also observed but were not considered to be economically significant within the area being explored (DRX ASX release dated 30/11/2017).

Follow up drilling for silica sands was conducted and initial bulk-sampling metallurgical testwork was completed. Preliminary commercial and permitting studies were advanced. In August 2018 an initial Mineral Resource estimate was announced and the area was named the Galalar Silica Project. Resource definition continued through 2019 and identified other areas of interest through the EPM with a number of Exploration Targets reported. By September 2019, a Scoping Study had been conducted highlighting the Project's potential and identifying aspects for further exploration and technical / economic evaluation. A Mining Lease application was lodged in late 2019 and EPM Applications submitted to expand the land holdings.

Resource drilling continued, and in 2020, adjacent EPMs were granted extending the area available for exploration. Environmental approvals were advanced and exploration drilling commenced on the northern tenure areas closer to Cape Flattery near the Mitsubishi-owned Cape Flattery mine and associated port infrastructure. Two areas formed the focus in the northern area, being 'Silica Target 1' (Si1) and 'Silica Target 2' (Si2). Low impact hand-auger sampling was used to obtain samples up to a depth of 5m and higher-impact drilling (such as aircore drilling) was only completed after identification of areas with high value vegetation which were excluded. The Company worked with the Native Title groups in this regard.

Meanwhile at Galalar, technical studies were being completed culminating in a Pre-Feasibility Study (PFS) announced in November 2021 supporting declaration of first-time Ore Reserve estimates (DRZ ASX release dated 09/11/2021). Drilling at the Si2 target led to declaration of an initial Mineral Resource estimate for the northern area in January 2022 (DRX ASX release dated 10/01/2022). Further drill testing was conducted at Si1 and Si2 to define potential resource upgrades including vacuum and aircore drilling using specialised equipment designed to have low impact but access undulating dune terrains and achieve greater hole depths.

On 27 June 2022, Sibelco became a significant shareholder through a placement in Diatreme and agreed to form a JV. Two Mining Lease applications were lodged for the northern areas in mid-2022 and four infrastructure MLs were also submitted to provide port and road access to the community of Hope Vale. A Memorandum of Understanding (MOU) was signed with Far North Queensland Ports Corporation advancing the 'Northern Silica Project' (NSP) area. Technical studies and exploration of other target areas continued through 2022 and by year end, Sibelco completed its first tranche investment in JV company Cape Silica Holdings Pty Ltd.

An expansion of the Mineral Resources supported progress of Scoping Studies in the NSP to assess the potential economic feasibility and results from the Scoping Study were announced in June 2023. Drilling

continued expanding the resource areas and Diatreme announced its intent to progress to Feasibility Study. The NSP was granted a 'Project of Regional Significance' by the Queensland Government and technical studies continued. Sibelco completed the second tranche of investment ahead of time, taking its total interest to 26.8% in October 2023.

At the time of reporting, the most recent Mineral Resource update included the Western Resource Area (DRX ASX release dated 06/12/2023), located adjacent to the NSP. Several other areas are identified in the northern tenement area. The declaration of the NSP as a 'Coordinated Project' by the Queensland Government established the environmental approvals process including assessment of an Environmental Impact Statement (EIS).

3.4 Recent Exploration (2024 – 2025)

Drilling continued in 2024 focused on further infill and extensional drilling at the Si2 dune complex. Bulk sampling metallurgical testwork was undertaken and the technical-economic studies continued to progress (DRX ASX release dated 29/04/2024). An updated Mineral Resource Estimate was announced at Si2 (see Section 5), and final terms of reference were obtained for the EIS (DRX ASX release dated 28/10/2024). Water sampling and testing was conducted and results from the 2024 exploration program of 154 holes (3,420m) were obtained. The 2024 program applied a changed sampling method with collection of 3 metre samples, targeting both the deposit characteristics and specific end-user product criteria (DRX ASX release dated 20/03/2025). This drilling informed a Mineral Resource update for Si2 and provided material for further testwork.

On 17 June 2025, the Northern Silica Project was awarded Major Project Status and a Mineral Resource update was announced later that month. Exploration Targets at Casuarina were updated and testwork confirmed the product quality characteristics. December 2025 saw the EIS draft being submitted to the Queensland Governments Office of the Coordinator General ahead of public consultation commencing.

3.5 Exploration Targets and exploration potential

Diatreme has previously reported Exploration Targets to inform its ongoing exploration programs and then updates these as appropriate, if and when, Mineral Resources are defined.

For example, in its Quarterly Activities Report for the period ended 31 December 2023 (DRX ASX release dated 30/01/2024), Diatreme included Exploration Targets at Casuarina, Point Lookout Track (**PLT**), WDR and Si2. Given that these Exploration Targets generally converted to the corresponding Mineral Resource estimate at close to the midpoint of the tonnage range and of the grade range, it is VRM's opinion that the midpoints of the current Exploration Targets are reasonable to inform the valuation of the exploration potential.

The Casuarina Exploration Targets were delineated through Light Detection and Ranging surveying (**LIDAR**) based terrain modelling. This method of remote-sensed interpretation of the geomorphology identifies dune patterns along strike of known deposits to allow the Company to focus exploration and estimate a conceptual volume or potential extensional zone for further exploration based on detected dune thicknesses (see Figure 5).

The currently reported Exploration Targets, updated by Diatreme and reported in August 2025 (DRX ASX release dated 22/08/2025) relate to the Casuarina East and Casuarina West areas. Diatreme noted in the same release that it intended to continue to conduct exploration on these areas.

Table 2: Current Exploration Targets for the Northern Silica Project as at August 2025

Exploration Target	Tonnage Range	Grade Range
Casuarina East Deposit	80 – 190 Mt	98.5 - 99.9% SiO ₂
Casuarina West Deposit	35 – 85 Mt	
Combined Casuarina Total	115 – 275 Mt	

Source: DRX ASX release dated 30/01/2024.

The information that relates to Exploration Targets in Table 2: is extracted from the DRX ASX announcement dated 22/08/2025 and is available to view on [Diatreme Resources Limited | ASX](#). The Company confirmed with VRM that it is not aware of any new information or data that materially affects the information included in the original market announcement, and that in the case of the estimates of the Exploration Targets, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirmed with VRM that the form and context in which the Competent Person's finding are presented have not been materially modified from the original market announcement.

VRM notes that the potential quantity and quality of the Exploration Targets are conceptual in nature and 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 ranges are assumed to be reported on a 100% basis.

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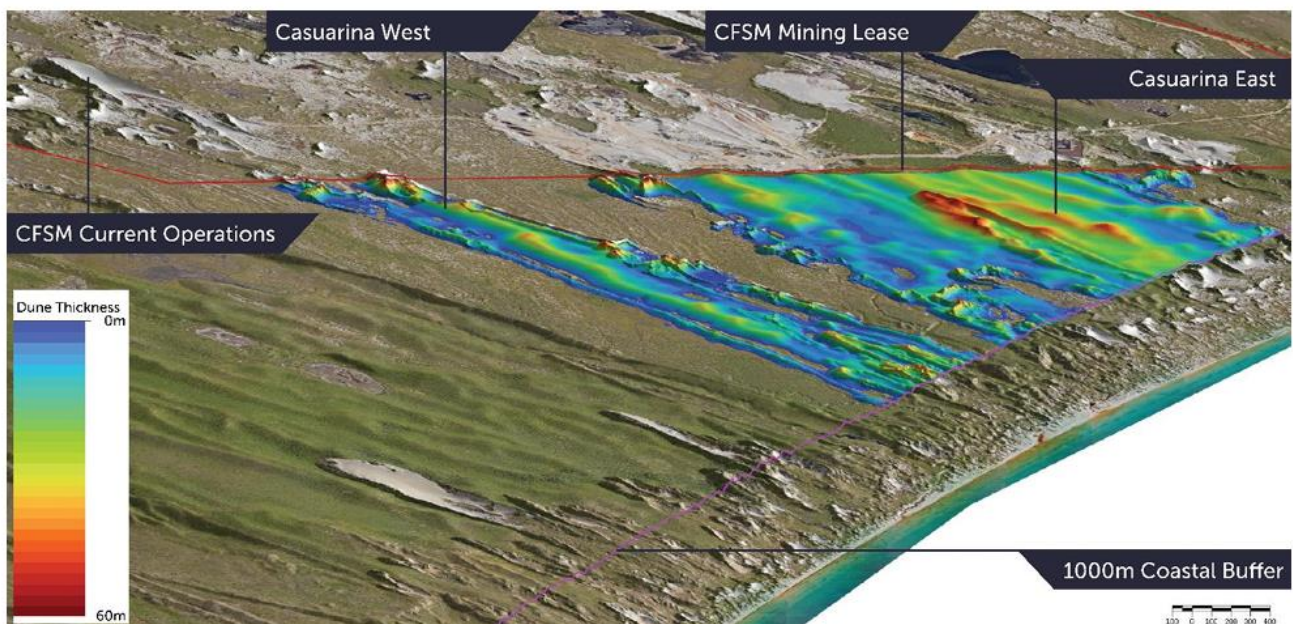


Figure 5: Schematic view of the Casuarina East and West Exploration Targets with dune thickness coloured

Source: DRX ASX release dated 22/08/2025

In reporting the Exploration Targets volume estimates are based on an interpolated base of the deposit, assumed to correlate to the contact with the underlying B1 soil horizon. Modelled long sections and

cross sections have been modelled as shown for Casuarina East in Figure 6. The associated tonnage was calculated applying a dry bulk density of 1.65 t/m³. At the time no field work had been conducted and no sampling or drilling had taken place. As shown on the figures a coastal buffer zone was applied.

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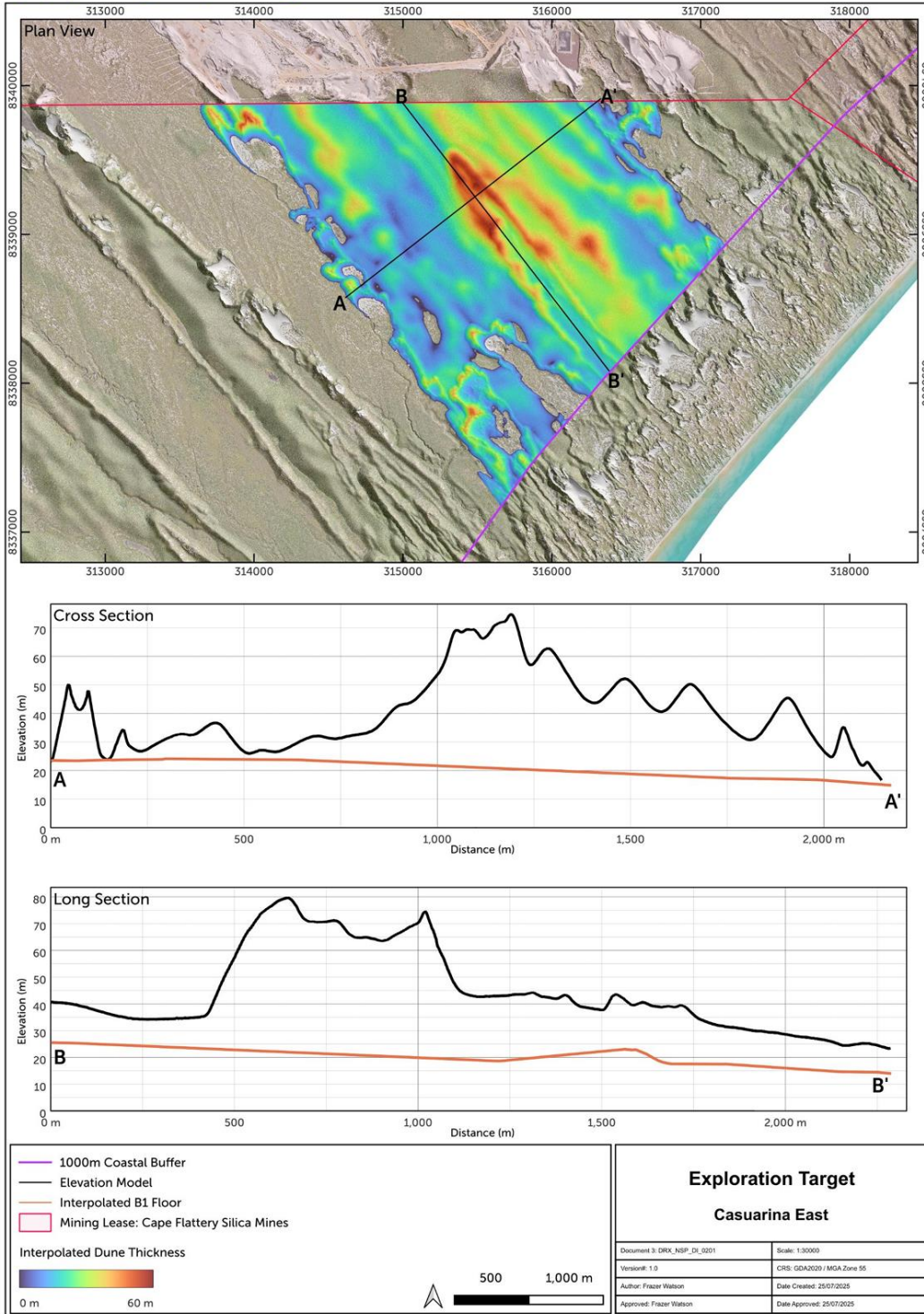


Figure 6: Plan view, cross and long section of the conceptual Casuarina East Exploration Target

Source: DRX ASX release dated 22/08/2025

In March 2026, Diatreme announced favourable drilling results from Si2 and Casuarina following drilling of 83 aircore holes for 2,035m (DRX ASX release dated 26/03/2026). The Si2 results support the extension of the geological model and improved understanding of the dune thickness. At Casuarina the drilling results are anticipated to support a potential initial Mineral Resource Estimate, though this work has not yet been undertaken. The location of the drilling is shown in Figure 7.

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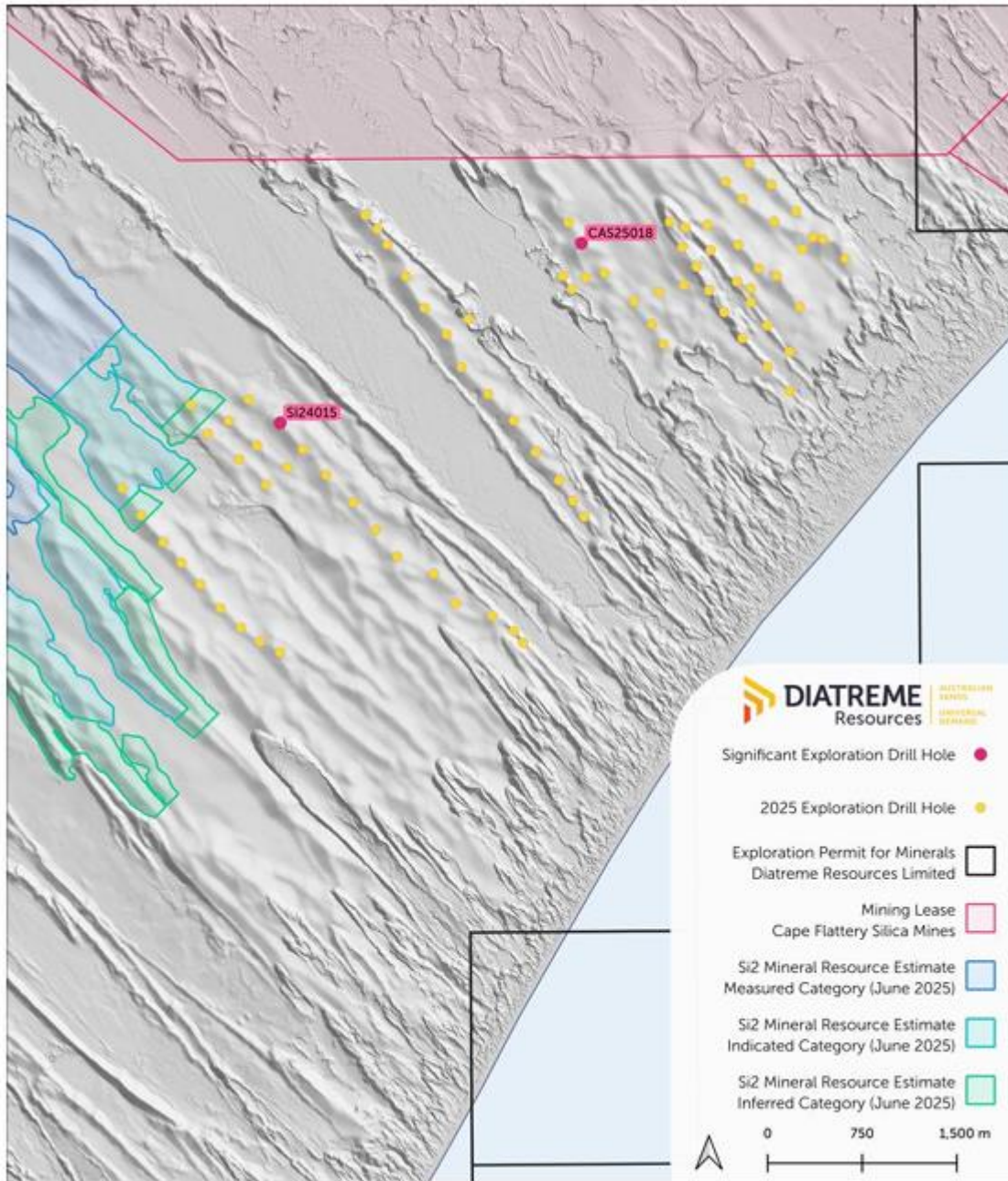


Figure 7: Location of Si2 and Casuarina exploration drill holes

Source: DRX ASX release dated 26/03/2026

4. Cape Flattery Project

4.1 Location and Access

The Cape Flattery Silica Project is located at Cape Flattery in eastern Cape York, north of Cooktown (see Figure 1). The Project is located adjacent to the north of the CFSM mining and shipping operation owned by the Mitsubishi Corporation and north of Diatreme's Northern Silica Project.

On 19 February 2024, Diatreme announced its intention to make a takeover offer for Metallica. By 24 July 2024 Diatreme had acquired over 90% interest in Metallica shares, and the main asset of interest was the Cape Flattery Silica Project. Diatreme announced that the takeover was completed on 18 September 2024.

The area is bounded by the Cape Flattery coastline in the Cape Flattery port area.

4.2 Geological Setting

The Project occurs within the Cape Flattery - Cape Bedford Quaternary dune field complex. The regional and local geological settings are similar to those described in Section 3.2. Large northwest-trending transgressive elongate and inactive parabolic dunes cross the Cape. The geological setting of the Cape Flattery dune fields is shown in Figure 4 just above the geological legend in that figure.

4.3 Previous Exploration

Exploration for silica sand was undertaken in the 1970s and the 1980s by Cape Flattery Silica Mines. Seven drill holes are reported from the time, intersecting sand dune thicknesses of ten to 20 metres but these holes were assayed for iron oxide and not silica (MLM ASX release dated 17/07/2023).

Metallica commenced exploration on EPM 25734 targeting silica sands in 2018. Three areas were identified with silica oxide percentages of greater than 99%. Initial exploration comprised hand auger sampling that was helicopter supported. As the tenement encircles the northern boundary of the CFSM and extends off-shore overlapping with Category A environmentally sensitive area; all mineral exploration was restricted to on-shore areas.

In late 2019 Metallica continued exploration at Cape Flattery commencing meetings with the Hopevale Congress Traditional Owners and undertaking high-level option studies. Further drilling in late 2019 provided initial encouragement and by the end of 2020 a Conduct and Compensation Agreement was signed with the Traditional Owners. Drilling commenced at Target 1 on the Cape area in the east of the EPM with an initial Mineral Resource reported in November 2020 (MLM ASX release dated 30/11/2020).

Drilling continued through 2021 with initial metallurgical testwork applied to a Scoping Study reported in August of that year. Drilling was extended through the area and a Mining Lease application was lodged in June 2021.

A capital raise in February 2022 facilitated further development with the Project granted a 'Project of Regional Significance' by the Queensland Government. This meant the project was eligible for apply for a water entitlement. Technical and economic studies continued with a PFS reported by the Company in March (MLM ASX release dated 21/03/2022).

Further drilling was conducted to increase Resource confidence and testwork continued. Later in 2022, auger drilling extended to the western parts of the tenement, again locating high silica and low iron

content sands. Sibelco took a placement in Metallica in November 2022, to further advance the Project and Mineral Resources were reported for the western areas.

A Definitive Feasibility Study (**DFS**) was reported by Metallica on 17 July 2023 with this updated on 15 November 2023.

Diatreme continued detailed technical and DFS assessments through 2024 and 2025 following the acquisition and integration of the Metallica assets.

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5. Mineral Resource Estimates

As described above there have been several Mineral Resource estimates (**MREs**) reported, most recently including a first-time MRE at the Si2 Area to the southeast of the Western Resource Area (**WRA**). In combination with the previously reported MRE for Galalar and including Cape Flattery Silica East (**CFS East**) and Cape Flattery Silica West (**CFS West**) the current MREs are summarised in Table 3. Refer to Figure 1 for locations.

Table 3: Current MRE for the Galalar, Si2, WRA, CFS West and CFS East Silica Projects as at August 2025

Project	Mineral Resource Category	Tonnes Mt	SiO ₂ %	Fe ₂ O ₃ %	TiO ₂ %	Al ₂ O ₃ %
Galalar	Measured	43.12	99.21	0.09	0.11	0.13
	Indicated	23.12	99.16	0.09	0.13	0.10
	Inferred	9.22	99.10	0.11	0.16	0.11
	Total	75.46	99.18	0.09	0.12	0.12
Si2	Measured	187.5	99.24	0.10	0.14	0.11
	Indicated	42	99.15	0.12	0.16	0.11
	Inferred	43	99.11	0.11	0.15	0.11
	Total	272.5	99.21	0.11	0.14	0.11
WRA	Indicated	10.3	99.20	0.15	0.24	0.16
	Inferred	81.4	99.38	0.09	0.15	0.06
	Total	91.7	99.36	0.10	0.16	0.07
CFS West	Inferred	12	99.15	0.09	0.16	0.12
	Total	12	99.15	0.09	0.16	0.12
CFS East	Measured	16.1	99.20	0.08	0.12	0.22
	Indicated	33.2	99.05	0.10	0.18	0.25
	Inferred	0.2	99.00	0.12	0.27	0.28
	Total	49.5	99.10	0.09	0.16	0.24
Total Silica Sand	Measured	246.72	99.23	0.10	0.13	0.12
	Indicated	108.62	99.13	0.11	0.17	0.16
	Inferred	145.82	99.26	0.10	0.15	0.08
	Total	501.16	99.22	0.10	0.15	0.12

Source: DRX ASX release dated 23/06/2025, refer to ASX releases dated 17/04/2024, 06/12/2023, 13/03/2023 and 20/09/2021 for associated JORC Table 1 information. The Mineral Resources are inclusive of Ore Reserves.

The information that relates to Mineral Resources in Table 3 is extracted from the DRX ASX announcement dated 23/06/2025 and is available to view on [Diatreme Resources Limited | ASX](#). The Company confirmed with VRM that it is not aware of any new information or data that materially affects the information included in the original market announcement, and that in the case of the estimates of the Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirmed with VRM that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

5.1 Northern Silica and Galalar Silica MREs

The MRE for the three deposits (Galalar, Si2 and WRA) were modelled, estimated, and classified in five separate releases (DRX ASX Announcements of 20/09/2021, 1/03/2023, 6/12/2023, 17/04/2024 and 23/06/2025). However, the exploration methods, drilling systems, sampling protocols, analytical techniques, QA/QC protocols, survey methods, geological interpretation, statistical analysis, block modelling, grade interpolation, cut-off grade, and classification methodologies were similar and have thus been assessed together.

All deposits have a consistent geological model applied to exploration and interpretation - being dune systems accumulated during the Pleistocene period under similar conditions of dune formation. This model is well supported by geological data. No historical data has been used to inform the MREs. Diatreme have employed three types of drilling for exploration, aircore, vacuum and hand auger, which are common drilling methods for sampling in unconsolidated sands. Sample recoveries of 100% are reported for all these drilling methods in the ore zones, and sample recovery is reported to be monitored at the drill rig by recording sample mass of each 1m interval to observe any deviations. Earlier drilling programs did not involve systematic sample weighing but visual monitoring was employed to assess sample consistency. Data from all three drilling techniques have been used in for Mineral Resource estimation.

LIDAR was employed to measure and model the topographic surface. This technique provides the appropriate level of accuracy important for correctly constraining the surface elevation of the sand. This is critical for volume modelling when estimating the Mineral Resources of silica sand deposits.

For the Galalar deposit 78 bulk density measurements using a Dormer Push Tube showed variable results with a range of 1.42 t/m³ to 1.75 t/m³, indicating significant variability. No bulk density measurements were reported for the NSP and WRA deposits. DRX conducted further testwork including 132 samples and a bulk density of 1.65 t/m³ was returned for the Si2 deposit, refining earlier assumptions of 1.6 t/m³. Future drilling will continue to maintain regular bulk density measurement programs.

Block models were generated to model the overall deposit shape and volume of each deposit. The block models were defined by the top of the resource (0.3m below the surface topography to exclude the topsoil layer), the base of the resource (base of the drill holes) and the interpreted geological boundaries. Earlier models used parent blocks sized at 50mE x 50mN x 2mRL with 5mE x 5mN x 1mRL sub-blocking. More recently for Si2, parent blocks were 25m across strike x 25m along strike x 3m vertical with the orientation of the block model set to the average strike of the dunes (315 degrees). Sub-blocks of 1m x 1m x 1m were then used to best fit the undulating geological model. The block models were subject to statistical and geostatistical analysis. The Ordinary Kriging method (**OK**) was used to populate the blocks with interpolated grades for SiO₂, Fe₂O₃, TiO₂, Al₂O₃ and Loss on Ignition (**LOI**). Inverse Distance Weighting squared (**IWD2**) was completed as a validation check estimate at Si2. Swath plots were used to validate the interpolation technique to ensure accuracy.

Independent consultants, Ausrocks undertook the earlier resource modelling and Mineral Resource reporting. Ausrocks also undertook site visits and review of the exploration and analytical data used in the MREs. A 3rd party review was reportedly conducted on the Galalar MRE by Resolve Mining Solutions who reported "no fatal flaws" based on the elements reviewed, but VRM have not sighted this report.

The Si2 MRE was prepared by independent consultants Measured Group and a site visit was completed.

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5.2 Cape Flattery Silica MREs

The initial CFS East MRE was estimated using data from four drilling campaigns completed by Metallica from 2019 to 2021. A total of 152 vertical vacuum drillholes and hand auger holes, comprising 2,538m of drilling supported the estimate. The number of auger versus vacuum holes was not clearly stated in the ASX announcements. The CFS West MRE was estimated using data from 23 hand auger holes completed by Metallica in August 2022. Each hand auger hole thus supports an average of 500,000t of reported Resource. These were both updated in July 2023, and the estimates reported then continue to be considered current for the Project.

The modelling, estimation, and classification for the MRE for the two deposits were reported in separate ASX Announcements of 7/04/2022 and 3/03/2023 and updated on 17/07/2023 and the Table 1 commentary provided recorded similar exploration methods, drilling systems, sampling protocols, analytical techniques, QA/QC protocols, survey methods, geological interpretation, statistical analysis, block modelling, grade interpolation, cut-off grade, and classification methodologies. As such, they have been assessed together.

All deposits have a consistent geological model applied to exploration and interpretation - being dune systems accumulated during the Pleistocene period under similar conditions of dune formation. This model is well supported by geological data. No historical data has been used to inform the MREs. Metallica has employed two types of drilling for exploration, being vacuum and hand auger, which are common drilling methods for sampling in unconsolidated sands. Sample recoveries of 80 to 100% averaging 90% are reported for these drilling methods. Data from both drillhole types have been used in the MRE. LIDAR surveying was employed to measure and model the topographic surface.

Metallica reported that density measurements were taken from 39 sites throughout the Project area with results ranging from 1.50 to 1.66 t/m³ and an average of 1.6 t/m³ adopted for the tonnage calculations. This was considered in line with other silica sand deposits.

For the Resource intervals, blocks of 25m (L) x 25m (W) x 4m (H) with 1m x 1m x 1m sub-blocking were used to generate the block model. The blocks were constrained by the model boundaries and populated by the OK estimation method to interpolate assay grades for SiO₂, Fe₂O₃, Al₂O₃, TiO₂ and LOI. The estimated Mineral Resource covers an area of approximately 300 ha with an average thickness of 10.3 m.

Classification has been based on drill spacing and interpreted geological continuity, with Measured relating to areas with 'semi-gridded' drilling <150m x 150m, Indicated with 'confirmatory' drilling (150m x 250m) and Inferred being areas with 'scout level' drilling (250-400m) (refer to MLM ASX dated 17/07/2023).

No independent review of the current MREs has been undertaken. Independent consultants, Ausrocks undertook the Mineral Resource modelling and reporting announced by Metallica on the CFS deposits and the Competent Person is an Ausrocks geologist. Ausrocks reportedly also undertook site visits and review of the exploration and analytical data used in the MREs.

VRM Comment

VRM has conducted a review of the reasonableness of the Mineral Resources and has not identified any material areas of concern. The reader is directed to the ASX releases of 20/09/2021, 1/03/2023, 6/12/2023, 17/04/2024 and 22/08/2025 where the Mineral Resources were reported for the Galalar, WRA, Northern Silica, CFS West and East and Si2 respectively. The Cape Flattery MREs are related to Metallica ASX releases dated 7/04/2022, 3/03/2023 17/07/2023

Several aspects of concern, which are considered non-material to the valuation of the mineral assets, particularly for the earlier MREs have been identified:

- VRM notes that for the MRE announcement for the WRA (6/12/2023), no commentary was provided for Sections 1 and 2 of the JORC Table 1 and thus was not reported in accordance with the JORC Code which should include Section 1, 2 and 3;
- An aspect of concern is the application of an assumed bulk density for all five MREs; and
- For the first three MREs all different sample types have been mixed / combined without undertaking statistical analysis to ascertain if sample support is provided equally or if biases exist between the drilling methods (aircore, vacuum and hand auger).
- For the most recent Si2 MRE the hand auger holes were excluded from grade estimation due to concerns about potential sample contamination with this drilling method. For the Cape Flattery MRE there was no aircore drilling conducted and the current 2023 estimates relate entirely to auger and vacuum drilling and classification is based largely on drill spacing.

VRM considers that these aspects do not impact on the reasonableness of the Indicated and Inferred Mineral Resource as reported by Diatreme but VRM is of the view that improved definition of bulk density and sample support for Measured classification is appropriate.

The Mineral Resource estimates are assumed to be reported on a 100% basis and are assumed to be inclusive of Ore Reserves.

5.2.1 Metallurgical Test Work

Diatreme's analysis of historical metallurgical test work on silica sand deposits determined that the Fe_2O_3 assay is the key identifier for successful processing to high purity silica sand product. A product assay of 110ppm (0.011%) Fe_2O_3 or lower from the characterisation procedure is a good indicator that the commercial scale process will achieve the high purity silica standard for SiO_2 and all contaminants.

At least six separate metallurgical test programs were undertaken on the Projects. All confirmed the potential metallurgical amenability for silica mining and processing, yielding a high purity, low iron silica product. March 2018, IHC Robbins for characterisation test work; August 2018, IHC Robbins 1.8t sample through a spiral, which yielded 99.9% SiO_2 at 88% recovery; December 2018, CNBM completed 0.35t sample to determine the viability of the product as high value glass product; November 2019, QMCL conducted small - scale evaluations of chemical treatment to produce a low iron high value product; August 2021, Mineral Technologies completed metallurgical test works on a 870kg bulk sample and variability samples for the Galalah PFS to finalise the process flowsheet (Diatreme, 20/09/2021).

The metallurgy program for NSP Scoping Study reported in June 2023 was informed by the prior metallurgical characterisation of the Galalar deposit. Test work involved the metallurgical characterisation of four composite samples which were composited exploration drill samples from different geological zones of the Northern Silica deposit. The test work demonstrated that Sample 1, Sample 3 and Sample 4 all achieved the target Fe_2O_3 grade of 120ppm without magnetic separation and the average grade of the samples is likely to achieve the target product grade using commercial scale equipment. Three samples achieved 110ppm Fe_2O_3 or lower after magnetic separation.

No test work is recorded for samples from the Western Resource Area. However, more recent results were reported in February 2025 as part of a bulk testwork program expected to be completed in June-July 2025.

In September 2025, Diatreme released the results of the bulk metallurgical testwork that focused on the Northern Silica Project's ability to produce a high-purity, low-iron silica product aligned with photovoltaic market specifications. The results achieved sub-100 ppm Fe₂O₃ using a conventional flow sheet with subsequent process stages providing incremental iron removal. The results from these phases of electrostatic separation and magnetic product optimisation will be used to support the upcoming Pre-Feasibility Study at Si2. Additional magnetics testwork is planned.

VRM notes that as final products may require tight specifications, future infill and grade control drilling may require further systematic metallurgical testing and development of geometallurgical models should be considered.

In terms of **Metallica's** testwork a bulk sample for metallurgical testwork was developed for CFS West by compositing from the individual samples over a full drill hole and/or groups of drill holes over the wider resource. IHC Robbins completed metallurgical testwork on sample in early 2021 to determine the processing requirements and assist in understanding the marketability of a premium sand product. Testing confirmed a product with the following characteristics: between 99.8% and 99.9% SiO₂, 450ppm Al₂O₃, 170ppm Fe₂O₃, 210ppm TiO₂, 2.6% <125µm particles, and mass yield of 77.4%. IHC Robbins commented that iron (Fe₂O₃) in various forms may potentially act as a contaminant for very high-quality "processed" end products and is a focus for testwork.

In 2022 Mineral Technologies conducted test work on a 914kg bulk sample of composited drill samples for a PFS. Test work aimed to determine the processing requirements and assist in understanding the marketability of a premium silica sand product with low Fe₂O₃ content. Testing achieved a product with the following specifications: 99.9% SiO₂, 330ppm Al₂O₃, 160ppm Fe₂O₃, 210ppm TiO₂, 2.6% <125µm particles, and mass yield of 91.7%. A process flow diagram was developed balanced for water and solids based on a throughput of 250tph to provide basis of design figures and conducted settling tests concluding that a combination of flocculent and coagulant provide adequate clarification performance.

In 2023 Mineral Technologies conducted further test work for a DFS on a bulk sample of composited drill samples representative of the initial 5 years of proposed mining. Test work included rougher spiral sighter release tests on the MG12 spiral. The results of the release tests showed that at a feed grade of 0.05% Fe₂O₃ and a spiral feed rate of 2tph, a product yield of 80% to the rougher spiral product produced a silica product with assay results ≤120ppm Fe₂O₃. A process flow diagram was developed to inform design of a processing plant.

No test work is recorded for samples from the CFS West area.

VRM Comment

VRM has conducted a review of the reasonableness of the metallurgical test work for the Northern Silica Project and Galalar Silica Project and has not identified any material areas of concern. The reader is directed to the ASX releases of 9/11/2021, 14/06/2023 and 9/09/2025 where the metallurgical results were reported for the Galalar and Northern Silica.

VRM has conducted a review of the reasonableness of the metallurgical test work publicly reported by Metallica for the CFS East Project and has not identified any material areas of concern. The reader is directed to the ASX releases of 22/06/2021, 21/03/2022 and 17/07/2023 where the metallurgical results were reported.

6. Ore Reserve Estimates

6.1 Galalar Ore Reserve Estimates

On 6 December 2023, Diatreme re-reported a Probable Ore Reserve estimate (**ORE**) at the Galalar Silica Project area (refer to Error! Reference source not found.). The current ORE for Galalar is summarised in Table 4.

Table 4: Current ORE for the Galalar Silica Project as at December 2023

JORC Category	Silica Sand (Mt)	Silica Sand (Mm3)	Cut-off SiO ₂ (%)	Waste (Mt)	SiO ₂ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Al ₂ O ₃ %	Density (t/m ³)
Probable Ore Reserves	32.53	20.33	98.5	0.04	99.20	0.08	0.11	0.16	0.13	1.60

Source: DRX ASX release dated 06/12/2023, refer to ASX release of 09/11/2021 and 20/09/2021 for associated JORC Table 1 information

The information that relates to Ore Reserves in Table 4 is extracted from the DRX ASX announcement dated 06/12/2023 and is available to view on [Diatreme Resources Limited | ASX 2023](#). The Company confirmed with VRM that it is not aware of any new information or data that materially affects the information included in the original market announcement, and that in the case of the estimates of the Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirmed with VRM that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Mining Consultancy, Ausrocks Pty Ltd (**Ausrocks**) were engaged by Diatreme Resources Pty Ltd (Diatreme) to estimate the Ore Reserves for the Galalar Silica Project to be reported in accordance with the JORC (2012) code. The Competent Person for the Ore Reserve estimate was Mr Carl Morandy, the Managing Director of Ausrocks and a Member of the AusIMM.

The Ore Reserves reported used data collected in a Pre-feasibility Study (**PFS**) completed in 2021 by Diatreme and external consultants, including Ausrocks. Of the Mineral Resources reported only 43% were converted into Ore Reserves. The factors affecting the conversion of Mineral Resources into Ore Reserves were: ecological constraints, water table, zones of elevated contaminants, proximity to Mining Lease boundary, roads and watercourses (Figure 8).

The Block Model for the Ore Reserve had a cut-off grade of 98.5% SiO₂. The total volume of waste in the pit shell was 37.2Kt which is negligible.

A dilution factor of 0% and a 100% mining recovery factor have both been used in the mining model. In VRM's opinion there will be some mining dilution and some mining loss in the mining of the orebody; however, VRM consider this will be negligible due to the bulk mining method proposed. The Ausrocks choice of the above factors are not expected to have any material effect on the Project outcomes.

A Run-of-Mine (**ROM**) production rate of 0.95Mtpa is forecast for years 1 and 2, and 1.65Mtpa from year 3 onwards.

Topsoil of 0.3m thickness is removed from the surface area of the pit shell and will later be used for rehabilitation.

Rubber tired front-end loaders and a slurry pumping method has been selected as the mining method for the PFS.

A batter angle of 30 degrees was utilised in the pit design. Benches are not required as the 30-degree batter is below the angle of repose for sand.

Ausrock determined a pit optimisation was not necessary for the deposit due to the bulk nature of the deposit. Pit dimensions were determined by environmental, Resource water table and Mining Lease constraints. VRM agrees that an optimisation was not necessary and that Ausrocks pit design methods were reasonable.

The distribution of Mineral Resources by classification is shown in Figure 8.

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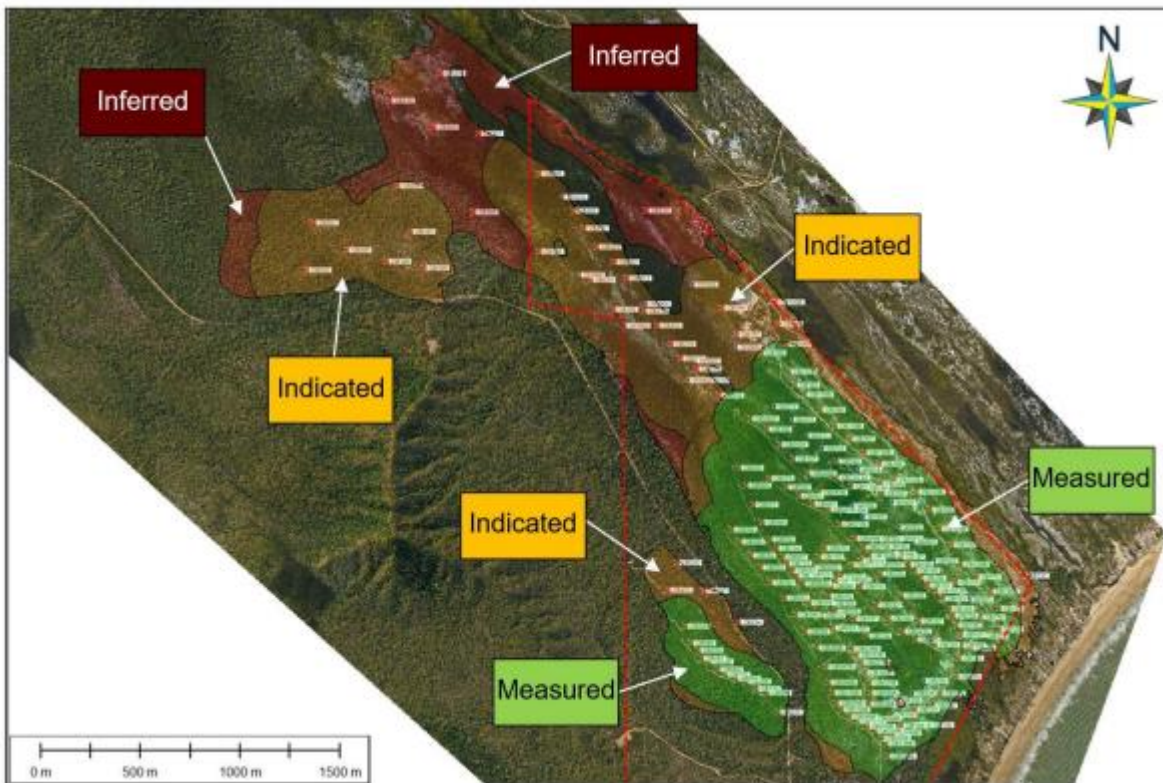


Figure 8: Location of Measured, Indicated and Inferred Mineral Resources within the Galalar Silica Project

Source: DRX ASX release dated 09/11/2021

VRM Comment

VRM has reviewed the Ore Reserve reported by Ausrock for the Galalar Silica Project, VRM believes that the Ore Reserve has been reported in accordance with the JORC Code (2012). VRM has found the mining study completed by Ausrocks was completed to the level of accuracy required of a PFS. The Galalar Ore Reserve was last restated in the Diatrema Resources presentation at the Noosa Mining Investor Conference in November 2025.

6.2 Cape Flattery Ore Reserve Estimates

On 17 July 2023, Metallica reported a Probable Ore Reserve estimate (at the Cape Flattery Silica Project area). The current ORE for Cape Flattery is summarised in Table 5.

Table 5: Current ORE for the Cape Flattery Silica Project as at July 2023

Ore Reserve Category	Tonnage Mt	SiO ₂ %	Fe ₂ O ₃ %	TiO ₂ %	Al ₂ O ₃ %	LOI %	Waste Mt
Probable Reserve	47	99.11	0.09	0.14	0.15	0.24	4.0

Source: MLM ASX release dated 17/07/2023, refer to ASX release of this date for associated JORC Table 1 information

The information that relates to Ore Reserves in Table 5 is extracted from the MLM ASX announcement dated 17/07/2023 and is available to view on [ASX Announcements — Metallica Minerals Limited](#). The Company confirmed with VRM that it is not aware of any new information or data that materially affects the information included in the original market announcement, and that in the case of the estimates of the Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirmed with VRM that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Competent Person for the Ore Reserve at the Cape Flattery Silica Sand Project (**CFS**) is a member of the AusIMM who has stated reliance on Metallica for the marketing, environmental, economic, social and government permitting components of the DFS Study. Metallica confirms in its various ASX releases that it is not aware of any new information or data that materially affects the information included in the original market announcements and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Ausrocks has completed the Mining Study of the CFS Project. The mining method chosen utilises the use of a rubber tyred front-end loader (**FEL**) and slurry pumped extraction method. The material mined is free flowing silica sand up to 37m thick.

The FEL with a 11.5 m³ bucket will commence mining once the dune sand is exposed. The FEL will tram from the face to the mobile feeder unit with tramping distances of 150m expected. Two FEL units will be required to achieve the production rate desired. A large mining face will allow selective mining of high-grade and low-grade zones to achieve the product specifications needed. A dozer and an excavator are included in the support fleet. FEL's are currently being used in the adjacent Mitsubishi operation, so the mining method has been tried and tested.

An Ore Reserve Model was generated from the Mineral Resource Model. The following parameters were used in the Ore Reserve Model:

- Consideration of sand colour (white considered primary)
- Ti/Fe ratio (>0.5 considered primary)
- Fe₂O₃ content
- SiO₂ content (>96%)
- Mixing of interburden and dilution
- Mining loss of 1m buffer from top & bottom waste zones

- 100% mining recovery (excluding loss & waste zones)

VRM considers the above Ore Reserve modifying factors to be reasonable considering the reasonably simple mining method.

Mining is expected at a ROM rate of 1.2Mtpa for year 1 and 1.8Mtpa from year 2 onwards, with 1Mt product in year 1 and 1.5Mtpa product from year 2 onwards.

The pit design was carried out manually and no pit optimisation was undertaken. This was because the silica sand is a bulk commodity that is broadly consistent in SiO₂ grade with variable contaminant grades (Fe₂O₃, Al₂O₃, TiO₂ etc). The pit was designed with a 30-degree batter, daylighting to surface or constrained by the Lease boundary. No benches are planned in the pit as the 30-degree batter is well below the angle of repose.

Mining is undertaken to either 1m above the water table or to the low-grade silica sand floor whichever occurs first. The average floor slope is ~6 degrees. It is the opinion of VRM that the pit design parameters used are technically acceptable and reported in accordance with the JORC Code (2012).

The Mining Lease Application (**MLA**) lodged has a 25 year mine life. The reported Ore Reserve has a life of >25 years. An MLA extension may be lodged by the Company at a later time.

The mining schedule developed minimises Fe₂O₃ grade to <900ppm for the first five years. To ensure that to proposed plant produces product within specification, from year 5 onwards a higher Fe₂O₃ content of 1100ppm is mined. Current metallurgical testing indicates that all material within the Ore Reserve can be processed into a high-grade product, by switching the Wet High Intensity Magnetic Separation on and off.

Backfilling will be used for recontouring works and final rehabilitation with 15-20% of material mined returned to the pit as rejects. Progressive backfilling and rehabilitation will be undertaken with the final landform to be lower than the pre-existing landscape.

No Inferred Mineral Resource material was utilised in the Ore Reserve estimate. Only Measured and Indicated Mineral Resources contributed to the Ore Reserve.

VRM Comment

It is VRM's opinion that the Ore Reserve has been reported in accordance with the JORC Code (2012). VRM has found the mining study completed by Ausrocks was completed to the level of accuracy required of a Feasibility Study. This opinion is based on a previous review of data supplied to VRM in February 2024. The Probable Ore Reserve of 47Mt was last referenced by the Company in the Diatreme Resources presentation at the Noosa Mining Investor Conference in November 2025.

7. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 6 and provides a guide as to the most applicable valuation techniques for different assets.

Table 6: VALMIN Code 2015 valuation approaches suitable for mineral Properties

Valuation Approaches suitable for mineral properties				
Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

In accordance with the definitions used in the VALMIN Code the Galalar and Cape Flattery Silica Projects are best described as Pre-Development Projects due to the decision to proceed to a development has not yet been made nor is financing in place to commence construction which would be the stage that the Projects would be defined as Development Projects. The Northern Silica Project and Casuarina Silica Projects are considered as Advanced Exploration Projects due to the work required to complete a feasibility study have not been completed.

There are Ore Reserves reported at Galalar and Cape Flattery East and MREs within the Galalar Silica, Northern Silica and Cape Flattery Silica Projects which are reported in accordance with the JORC Code (2012). Exploration Targets are present at Casuarina that are also reported in accordance with the JORC Code (2012).

In VRM's opinion, the Ore Reserves and MREs should be valued based on a comparable transaction method based on Resource Multiples as a primary valuation method and a yardstick approach also used as an additional supporting valuation.

The Casuarina Silica Project was valued using a Geoscientific method with a yardstick approach used as a secondary method.

7.1 Previous Valuations

Aside from the previous work completed by VRM in 2024 which was completed for internal purposes, VRM is not aware of any previous valuations of the Mineral Assets.

7.2 Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and the valuation date used in this report is as of 13 April 2026 and considers information up to 15 April 2026. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the properties, the current and future commodity prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices,

labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

7.3 General Assumptions

The Mineral Assets of Diatreme are valued using appropriate methodologies as described Table 6 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon.
- The valuations only relate to the Mineral Assets located within the tenements controlled by the respective Companies, and not the Companies, their shares or market value.
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the tenements will remain active.
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe.
- That the owners of the mineral assets can obtain the required funding to continue exploration activities.
- The PV silica sand prices assumed (where it is used / considered in the valuation) is based on the ASX releases of Diatreme which uses a price of approximately US\$60/t (or A\$84.97/t based on an exchange rate of 0.71 as at 13 April 2026). As the price of PV grade silica sand is not publicly available VRM has been informed by the Company of this pricing.
- All currency in this report are Australian Dollars or A\$, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US\$.

7.4 Commodity Market Analysis

7.4.1 Silica Sand

There are nominally three separate grades of silica sand which all attract a highly variable price and different market growth over the past six years and a different forward projected demand profile.

In recent years the demand for silica sand has increased under pinned by the rapid population growth and adoption of devices such as smartphones, accelerating electrification, decarbonisation objectives, and transition to greener technologies, particularly solar energy, and the production of photovoltaic (PV) solar panels.

Domestic silica sources are common, but high purity / higher quality sources for high technology applications are more limited. As at 2023, China dominated the silica sand market with ~66% of the market for silica sand while ~86% of the PV grade silica sand and ~72% of ultra-low iron grade silica sand. Market demand for Australian high-quality sources are likely to be in the Asia-Pacific region.

In terms of pricing like other commodities pricing has been volatile. Diatreme and Metallica have both applied A\$81.00/t for their feasibility studies. However recent market analysis suggests an overall growth trajectory and a pricing range of US\$60/t to US\$79/t in the longer term.

7.5 Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties including the following:

- Financial modelling including discounted cash flow (DCF) valuations (generally limited to Properties with published Ore Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

At the Valuation Date VRM considers that there are current Ore Reserves estimated for the Galalar Silica and Cape Flattery Silica Projects.

7.5.1 Comparable Market Based Transactions – Resource Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource Estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, it is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method.

The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated. More advanced projects would typically be valued using an income approach due to the modifying factors for a mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past two to five years in either the same geopolitical region or same geological terrain. The comparable transactions have been compiled where Mineral Resources and in some cases Ore Reserves have been estimated. Appendix A details the Resource Multiples applied.

7.5.2 Yardstick Valuation

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot commodity price. The yardstick valuation factors used in this report (Table 7) are in line with other yardstick valuation factors commonly used by other independent specialists and used in other VALMIN reports. The US\$-A\$ exchange rate and A\$84.97/t as documented above has been used to determine the yardstick valuation. In addition to these yardstick multiples VRM has assigned an additional discount to the yardstick multiples to account for the additional costs associated with a bulk commodity. This discount is a 90% reduction of the value as compared to a gold yardstick multiple detailed in (Table 7).

Table 7: Typical Yardstick Multiples

Resource or Reserve Classification	Lower Yardstick Multiple (% of Spot Price)	Upper Yardstick Multiple (% of Spot Price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%

7.6 Exploration Asset Valuation

To generate a value of an early-stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being:

- A Geoscientific (Kilburn) Valuation.
- Comparable transactions (purchase) based on the Properties' area or Mineral Resource estimates (both current and historic).
- Joint Venture terms based on the Properties' area; and
- A prospectivity enhancement multiplier (PEM).

The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the Mineral Resources or Ore Reserves. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

VRM considers a Geoscientific or Kilburn valuation as a robust valuation method. The area based comparable transaction multiples can also be useful in valuations but are strongly related to the projects tenement area so can be conservative for small areas and overstated for large areas. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

7.6.1 Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any Mineral Resources or Ore Reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early-stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 8 documents the ranking criteria that were used in conjunction with the base acquisition cost (**BAC**) for the project tenements to determine the technical valuation of the project.

VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the minimum exploration commitment required on the tenement. For the Diatrema and Metallica tenements the BAC has been determined using the exploration commitments for the tenements provided by the Company.

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 8 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

Table 8: Ranking Criteria used to determine the geoscientific technical valuation

Geoscientific Ranking Criteria				
Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally unfavourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified; initial indications positive	Favourable geological setting
2.0	Resource targets identified	Exploration targets identified		
2.5			Significant intersections – not correlated on section	Mineralised zones exposed in prospective host rocks
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production	Several significant ore grade intersections that can be correlated	
3.5				
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

The total technical valuation was adjusted to derive a market valuation by making a market factor adjustment and a locational adjustment. In this case for Casuarina these were both assigned a factor of 1 (i.e. there was no adjustment).

For early-stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used for the surrounding exploration potential.

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8. Valuation of the Mineral Assets

The principal mineral assets of Diatreme that are valued as a part of this ITAR are the Galalar Silica, Northern Silica, Casuarina Silica and Cape Flattery Silica Projects in Queensland.

As detailed above there are Ore Reserve estimates that VRM consider to be current within the Galalar Silica Project and Cape Flattery Silica Project. There are also Mineral Resource estimates external to the Ore Reserves within the Northern Silica Project and the Cape Flattery Silica Project.

VRM has undertaken at two alternate valuation methods for each of the Mineral Assets and presents a preferred valuation being based on the comparable transaction resource multiple approach for Projects with Ore Reserves and Mineral Resource estimates. For projects without a Mineral Resource the preferred valuation approach is a Geoscientific approach.

Secondary valuation approaches used a yardstick method for Projects with Ore Reserves, Mineral Resource or Exploration Target estimates. The results applying these methods are described further below.

8.1 Comparable Transactions – Resource Multiples

VRM considers that transactions that have been completed based on an arm's length transaction and on independent terms for the same Mineral Assets being valued are the most representative representation of the market value of the subject assets. In the case of the Galalar and Northern Silica Projects owned by Diatreme there was a transaction which was announced on 2 December 2022 where Sibelco acquired 9.99% of the Galalar and Northern Silica Projects for a total of A\$11 million, associated with this transaction was an option to acquire an additional 16% of the project for a A\$24 million within two years of the initial transaction.

VRM has analysed these transactions as two separate transactions due to the second transaction being at the election of Sibelco rather than a contractual requirement. These purchase prices have been assigned to the contained Silica Mineral Resources as at the date that the transactions were announced. Therefore, the initial transaction of 9.99% of the Projects for \$11 million was for the 199.56Mt of silica Mineral Resources (67% of which were classified as Inferred) at 2 December 2022 translates to A\$0.55/t. The Mineral Resources on 17 October 2023, being the date of the second transaction was announced were reported as being 310.46Mt (36% of which were classified as Inferred) resulting in a comparable multiple of A\$0.46/t.

The resource multiples detailed above average at A\$0.51/t which VRM considers a reasonable estimate of the market value of the Projects that contain Mineral Resources and Ore Reserves, and Mineral Resource Estimates that are classified as higher than Inferred. This multiple was applied at Galalar Silica, Northern Silica (Si2) and for the Cape Flattery East Silica Projects. However, for the Mineral Resource Estimates at the Western Resource Area (88% of which was classified as Inferred) and the Cape Flattery West Mineral Resource Estimate (100% classified as Inferred) VRM has applied a 50% lower resource multiple given the lower level of confidence and the long potential timeframes for resources to be mined. These multiples are not considered either a control nor minority multiple, rather an indication of a market value.

8.1.1 Comparable Transaction Summary

Considering the Mineral Resources, in VRM's opinion, the Mineral Assets inclusive of the Ore Reserves (where relevant) have a market value of **between A\$130.4 million and A\$217.4 million with a preferred value of A\$173.9 million.**

The primary valuations and the value of the combined assets is summarised in Table 9 below.

Table 9: Comparable transaction valuation of the Mineral Resource estimates, inclusive of Ore Reserves (DRX equity basis)

Project	DRX Equity	Resources (Mt total)	Preferred Multiple (A\$/t)	Lower Value (A\$M)	Preferred Value (A\$M)	Upper Value (A\$M)
Galalar Silica	73.2%	75.5	\$0.51	\$21.0	\$27.9	\$34.9
Northern Silica (Si2)	73.2%	272.5	\$0.51	\$75.7	\$100.9	\$126.2
Western Resource Area	73.2%	91.7	\$0.25	\$12.7	\$17.0	\$21.2
Cape Flattery Silica East	100%	49.5	\$0.51	\$18.8	\$25.0	\$31.3
Cape Flattery Silica West	100%	12	\$0.25	\$2.3	\$3.0	\$3.8
Total (Equity basis)				\$130.4	\$173.9	\$217.4

Note appropriate rounding has been applied and totals may not add due to this

8.2 Yardstick Method

As detailed above the yardstick method can also be considered as a valuation approach, particularly as a cross check or supporting valuation technique to support the valuation generated by a comparable transaction method. This method is typically used as a supporting approach for valuation of Ore Reserves and / or Mineral Resources and is based on a percentage of the current metal price.

For Mineral Resource estimates, a common yardstick value would be between 0.5% and 5% of the current commodity price, dependent on the Mineral Resource classification as at the valuation date. For lower classification levels such as Inferred Mineral Resources this percentage is lower reflecting the higher uncertainty compared to Indicated or Measured categories. Ore Reserves would typically attract a yardstick multiple of between 5% and 10%. The risks relating to the resources described above have been incorporated into the Yardstick approach. The yardstick multiples are commonly used for gold transactions and has been developed by the valuation industry as a basis of possible project valuations based on a large dataset of gold transactions. VRM typically uses a 50% discount for projects that produce a concentrate to reflect the lower payability of the concentrate when compared to the contained metal while a 90% discount is used for bulk commodities like Iron Ore, Bauxite and silica sand.

As there are few transactions for PV grade silica projects this is considered a reasonable guide as to a possible value however due to the lack of transactions it is considered a guide to a possible valuation. Due to the bulk nature of the material likely to be produced from the Cape Flattery and Galalar, a discount of 90% has been applied to the yardstick multiples which, based on VRM's experience, is aligned with the market value of bulk commodity Projects.

VRM has applied a range of percentage values, corresponding to the classification of the Mineral Resources within the Projects and the PV grade Silica sand price used in both Diatrema and Metallica's feasibility studies, being A\$84.97/t in order to value the Ore Reserves, Mineral Resources and Exploration Targets within the Projects. The valuations are summarised below (Table 10).

Considering the Ore Reserves, Mineral Resources and Exploration Targets, in VRM's opinion, the Mineral Assets have a market value of **between A\$65.5 million and A\$135.9 million with a preferred value of A\$100.7 million.**

Table 10: Yardstick valuation of the Ore Reserve, Mineral Resource and Exploration Target estimates (DRX equity basis)

Project	Aspect	Valuation Method	Lower Value (A\$M)	Preferred Value (A\$M)	Upper Value (A\$M)
Galalar Silica (DRX 73.2%)	Ore Reserve and Mineral Resource	Yardstick	\$13.2	\$20.1	\$27.0
Cape Flattery Silica East (DRX 100%)	Ore Reserve and Mineral Resource	Yardstick	\$20.2	\$24.9	\$29.5
Cape Flattery Silica West (DRX 100%)	Mineral Resource	Yardstick	\$0.5	\$0.6	\$0.7
Northern Silica (Si2) (DRX 73.2%)	Mineral Resource	Yardstick	\$27.3	\$46.7	\$66.2
Western Resource Area (DRX 73.2%)	Mineral Resource	Yardstick	\$3.2	\$4.8	\$6.3
Casuarina Silica (DRX 73.2%)	Exploration Target	Yardstick	\$1.2	\$3.6	\$6.1
Total (DRX equity basis)			\$65.5	\$100.7	\$135.9

Note appropriate rounding has been applied and totals may not add due to this

8.3 Geoscientific Valuation

There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the project. In addition to ensuring the rankings are correct deriving the base acquisition costs (**BAC**) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing. This method was only used for one tenement that hosted the Casuarina Exploration Target as a secondary approach.

The Geoscientific rankings were derived for that tenement with the ranking criteria with the Off-Property Criteria considered to be between 3 and 3.5, the On-Property Criteria between 2 and 2.5, the Anomaly Factor between 1.5 and 2.0 while the Geology Criteria are considered to be between 2.0 and 2.5. When

the ranking criteria are multiplied by the base acquisition cost, as detailed for that tenement in Appendix A, this has determined the technical value. The Technical and Market Values are shown in Table 11. The technical valuation is the base acquisition cost multiplied by the ranking factors outlined, while the Market Value is the Technical Value multiplied by the geopolitical risk and market adjustments. The valuations are summarised below (Table 11).

Considering the Exploration Targets, in VRM's opinion, the Casuarina Silica Project has a market value of **between A\$2.2 million and A\$5.4 million with a preferred value of A\$3.8 million.**

Table 11: Geoscientific valuation of the Casuarina Silica Exploration Target estimates (DRX equity basis)

Project	Aspect	Valuation Method	Lower Value (A\$M)	Preferred Value (A\$M)	Upper Value (A\$M)
Casuarina Silica (73.2%)	Exploration Target	Geoscientific	\$2.2	\$3.8	\$5.4
Total (DRX equity basis)			\$2.2	\$3.8	\$5.4

Note appropriate rounding has been applied and totals may not add due to this

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9. Risks and Opportunities

9.1 General Risks and Opportunities

As with all mineral assets there are risks and opportunities associated with the projects and any valuation. Some non-geological or mining related risks that are common to most projects include those associated with security of tenure, native title holders, environmental approvals, social, geopolitical and regulatory approval risks. These risks have been accounted for in the valuation.

The data reviewed for this Report and the basis of VRM commentary are derived from a compilation of data and interpretations included in Annual and Quarterly Reports, company presentations, ASX released and in the case of Diatreme Mineral Resource and Ore Reserve Estimation Reports.

There are two potential sources of uncertainty associated with this type of information, being that the:

- Relevant reports and datasets may not have been identified in the data compilation, and
- Relevant reports and datasets may not have been publicly released.

For Pre-Development Projects such as Northern Silica, Galalar and Cape Flattery, common risks relate to inability to secure funding, inability to secure appropriate offtake agreements, delays to project approvals, leads associated with key project property such as transshipment vessel or jetty infrastructure, major weather events, environmental risk, revenue risk, disruption to shipping and increased operating or capital costs.

In addition, Early-stage and Advanced Exploration Properties such as Clermont and Cyclone by their very nature have significant risks. At Clermont for example, based on the industry-wide exploration success rates it is possible that no additional significant economic mineralisation will be located. Cyclone is in a very remote location with significant distance to infrastructure and port. Even in the event significant additional mineralisation does exist within these Projects, factors both in and out of the control of the Company may prevent the identification or development of such mineralisation.

Global economics such as changes to commodity prices and access to capital to fund exploration can be considered as both a risk and an opportunity. These are factors that are outside of the control of the Company, as are broader societal issues. For example, at the time of drafting this Report, the impact of inflationary pressure is leading to uncertainty in the investment environment.

In terms of opportunities, there has been a recent increase in the recognition of the need for a rapid transition of the global energy requirements and there has been a significant push toward a change toward a lower carbon intensity power generation. This shift has dramatically changed the demand profile for several "green" or "future facing" commodities including lithium, nickel, copper in the electrification of vehicles and high purity, low iron silica sand used in the manufacture of photovoltaic panels (solar panels).

9.2 Project Specific Risks and Opportunities

Specific risks to individual projects are outlined further in the body of the report and the associated technical studies that have been completed by the respective companies as outlined in their ASX releases.

Of note is that the Silica Projects in far north Queensland are all located in environmentally sensitive areas as discussed previously and environmental risk is of material concern. In December 2023, Metallica

reported that the Cape Flattery Project was declared a Coordinated Project – a designation designed to allow interactions between key State and Federal environmental departments and agencies, highlighting the national significance of the area and the requirement to operate under the Environmental Protection and Biodiversity Conservation Act 1999 (**EPBC Act**). Similarly, Diatreme’s Northern Silica Project was also designated a Coordinated Project by the Queensland Government in January 2024.

Risks that were identified by VRM during this review relates to Mineral Resource risk in particular. At the Northern Silica and Galalar Silica Projects the application of an assumed bulk density for the MREs and a limited bulk density measurements informing the Mineral Resource for the NSP and WRA deposits is noted. While VRM considers that these aspects do not impact on the reasonableness of the Indicated and Inferred Mineral Resource, improved definition of bulk density and sample support for Measured classification is appropriate.

Similarly at Cape Flattery for the CFS East project, VRM considers that the application of an assumed bulk density does not impact on the reasonableness of the Indicated and Inferred Mineral Resource as reported by Metallica but advises that improved definition of bulk density is typically required for Measured classification. The drill methods and drill hole spacing also present some risk.

Regarding project specific opportunities, at all projects there is significant opportunity associated with the potential to delineate additional mineralisation within the Projects. This opportunity obviously comes with a cost to define and delineate this additional mineralisation and in the current capital markets the ability to raise funds to support exploration is constrained.

10. Preferred Valuations

Based on the valuation techniques detailed above, Figure 9 provides a summary of the valuations derived for the Ore Reserve and Mineral Resource estimates and the exploration potential within the projects by the various techniques. Table 18 graphically shows the valuation range and preferred valuations and preferred valuation for the Mineral Assets.

VRM's preferred valuation is based on the comparable transaction approach recognising that most of the value in the Projects are attributed to the Ore Reserve and Mineral Resource estimates. The comparable transaction (resource multiple) valuation is supported by the yardstick approach.

The Geoscientific method is considered the preferred method to value the exploration potential adjacent to the Mineral Resources.

Considering the Ore Reserves, Mineral Resources and exploration potential, in VRM's opinion, the Mineral Assets have a market value of **between A\$132.7 million and A\$222.8 million with a preferred value of A\$177.8 million.**

The primary valuations and the value of the combined assets is summarised in Table 12 and Figure 9 below.

Table 12: Primary Valuations of the Mineral Assets (DRX equity basis)

Project	Aspect	Valuation Method	Lower Value (A\$M)	Preferred Value (A\$M)	Upper Value (A\$M)
Galalar Silica (DRX 73.2%)	Ore Reserve and Mineral Resource	Comparable transaction	\$21.0	\$27.9	\$34.9
Northern Silica (DRX 73.2%)	Mineral Resource	Comparable transaction	\$75.7	\$100.9	\$126.2
Western Resource Area (DRX 73.2%)	Mineral Resource	Comparable transaction	\$12.7	\$17.0	\$21.2
Cape Flattery Silica East (DRX 100%)	Ore Reserve and Mineral Resource	Comparable transaction	\$18.8	\$25.0	\$31.3
Cape Flattery Silica West (DRX 100%)	Mineral Resource	Comparable transaction	\$2.3	\$3.0	\$3.8
Casuarina Silica (DRX 73.2%)	Exploration Target	Geoscientific method	\$2.2	\$3.8	\$5.4
Total (DRX equity basis)			\$132.7	\$177.8	\$222.8

Note appropriate rounding has been applied and totals may not add due to this

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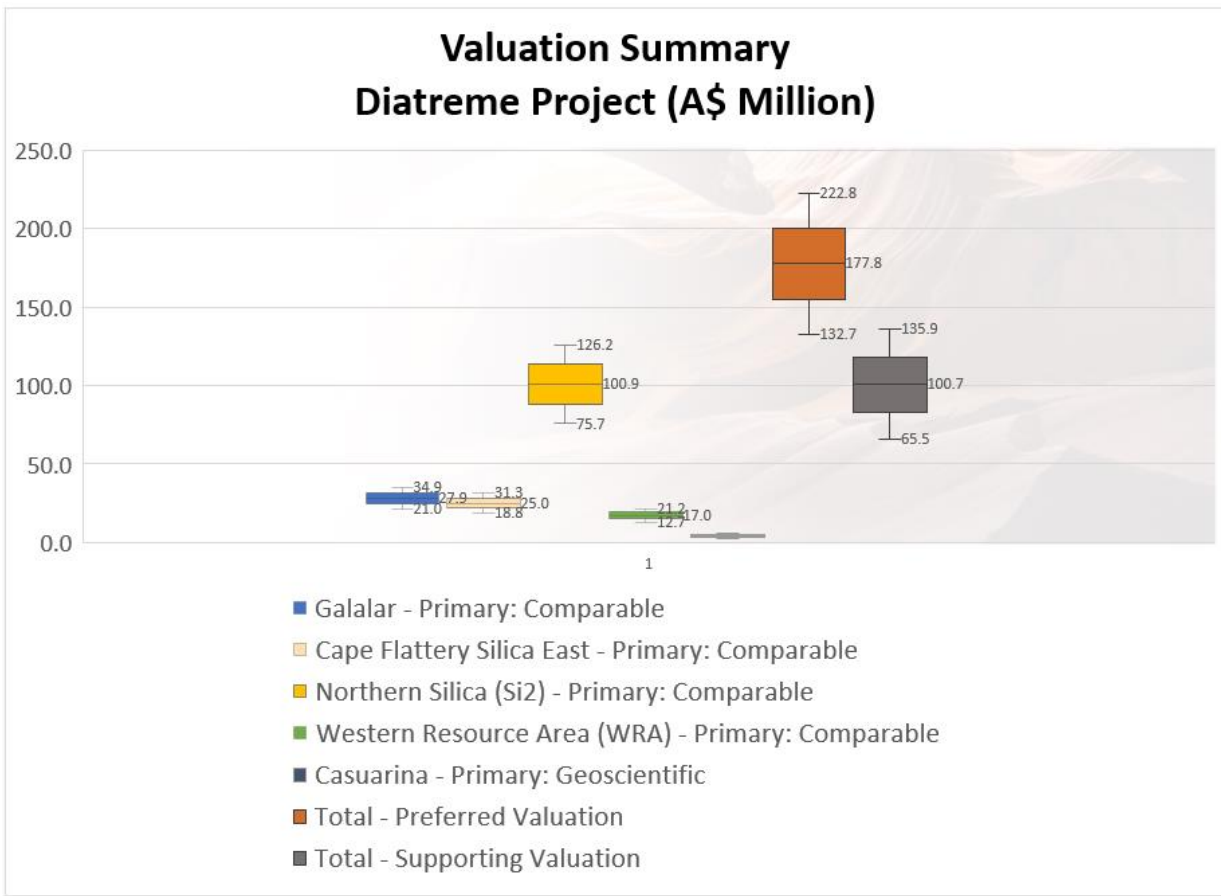


Figure 9: Mineral Asset Valuation Summary

11. References

The reference list below includes public domain and unpublished company reports obtained either directly from the Company or ASX releases of previous Joint Venture holders or previous holders of the tenements.

The Annual Technical Reports lodged with the DMIRS and subsequently made public either after five years or when the tenement was surrendered are listed in the Project specific references section below.

11.1 Published References

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Appendix A Geoscientific Valuation Criteria

Project	Tenement	Equity	Off Property		On Property		Anomaly		Geology		BAC (\$)	Technical Valuation			Locational Factor	Market Factor	Market		
			Low	High	Low	High	Low	High	Low	High		Low	Mid	High			Low	Mid	High
Casuarina	ML100309	73.2%	3.0	3.5	2.0	2.5	1.5	2.0	2.0	2.5	169,000	2.2	3.8	5.4	100%	100%	2.2	3.8	5.4
Casuarina																	2.2	3.8	5.4

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Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral [[Mineralogy Database \(webmineral.com\)](http://www.webmineral.com)] and Wikipedia ([Wikipedia](http://www.wikipedia.com)).

The terms listed below are taken from the 2015 VALMIN Code ([The VALMIN Code - 2015 Edition](#)).

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the *Australian Corporations Act 2001 (Cth)*.

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1 of the VALMIN Code.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <https://www.jorc.org/> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the *Corporations Act*.

Independent Expert Report means a Public Report as may be required by the *Corporations Act*, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 of the VALMIN Code for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 of the VALMIN Code for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral Project means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resource is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging, etc.).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code). Refer to <https://www.jorc.org/> for further information.

Ore Reserve is defined in the current version of the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code). Refer to <https://www.jorc.org/> for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resources and Petroleum Reserves are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to [Society of Petroleum Engineers \(SPE\) | Oil & Gas Membership Association](#) for further information.

Practitioner is an Expert as defined in the *Corporations Act*, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience;
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build goodwill.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 of the VALMIN Code for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or **Royalty Interest** means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the *Corporations Act*.

Securities Experts are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the *Corporations Act*, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialists are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report must not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

SCHEDULE 4 SUMMARY OF SSSD

Introduction

This is a summary of the principal terms and completion mechanics of the share sale agreement involving Metallica, CSHPL, Diatreme, and Sibelco. This summary outlines the nature of the transactions, key conditions precedent, completion processes, parties' obligations, and termination rights.

Summary

Sale and Purchase of Shares: Metallica has agreed to sell, and CSH to purchase, 100% of the issued share capital in Cape Flattery Silica (**Sale Shares**) in exchange for the issue to Diatreme of 2,220 ordinary shares in Cape Flattery Silica (Consideration Shares). The transaction will be completed free from encumbrances, for the agreed purchase price, and on the designated completion date, subject to the terms of the agreement.

Sibelco Subscription: At completion of the sale and purchase of the Sale Shares, Sibelco will subscribe for 435 ordinary shares in CSHPL for \$5,094,793.95 (being \$11,712.17 per ordinary share) to be allotted by CSHPL, in accordance with the company constitution and related documents.

Call Option Grant: CSHPL will grant Sibelco a call option, exercisable before 7 July 2026, enabling Sibelco to subscribe for an additional 376 ordinary shares in CSHPL for \$4,403,775.92 (being \$11,712.17 per ordinary share).

Reimbursement: CSH will pay (or procure payment of) the agreed reimbursement amount of \$2,109,018 in cash to Diatreme at completion.

Joint venture: On completion of the transaction (assuming Sibelco exercises all its options), Diatreme's interest in CSHPL will remain at 73.2%. The table below sets out the anticipated percentage interests in CSHPL of both Diatreme and Sibelco.

Conditions Precedent

Regulatory and Shareholder Approvals: Completion is contingent upon Diatreme obtaining all necessary authorisations, including approvals for the issue and transfer of shares and grant of the Call Option, under ASX Listing Rule 10.1 which is being sought at the Meeting. It is also contingent on Sibelco and CSH obtaining FIRB approval.

Termination Provisions

If any condition precedent cannot be satisfied or waived by 12 June 2026, or does not remain satisfied prior to completion, any party may terminate the agreement by written notice.

Termination results in the cessation of rights and obligations, except for continuing clauses and accrued rights up to the date of termination.

CSHPL may terminate in the event of a material adverse change affecting the Cape Flattery Silica Project, insolvency of Metallica, Diatreme or the company being sold, or a material breach of warranty unless fully disclosed.

Upon failure to complete, parties must return documents, repay funds, and take reasonable steps to reverse actions performed under the agreement, without prejudice to other legal rights.

Additional Provisions

Notification Requirements: Metallica must promptly inform CSHPL of any events materially affecting the business or assets, or impacting warranties, and provide full details.

Interdependence: Completion obligations for all parties are interdependent, ensuring simultaneous and coordinated action.

Warranty Claims: In the event a warranty claim arises, the directors of CSHPL nominated by Diatreme will be excluded from participating in deliberations of the CSHPL board regarding the potential claim. If a warranty claim is successful or a negotiated settlement is agreed by Diatreme, recourse against Diatreme is limited to a specific amount of 'available cash' (as determined under the terms of the agreement), capped at the reimbursement amount above, plus any amount of cash spent in a manner inconsistent with the terms of the agreement. If the available cash or cap is insufficient to fund the quantum of the claim, Diatreme agrees to allow CSHPL to buy-back shares in CSHPL for nominal consideration. The buy-back is subject to shareholder approval of Diatreme's shareholders, if necessary, under ASX Listing Rule 10.1. If Diatreme shareholders do not approve the buy-back, the amount of the claim is payable in cash.

Proforma Steps in Transaction

Step 1 (contemporaneous with Step 2)

Metallica will transfer 100% of the Sale Shares to CSHPL in exchange for the issue to Diatreme of 2,220 ordinary shares in CSHPL. The total purchase price payable by CSHPL for the Sale Shares has been set at A\$26,001,017.40. This represents a valuation of CSHPL of A\$160,000,000 prior to the transfer of the Sale Shares.

Step 2 (contemporaneous with Step 1)

Sibelco will contribute A\$5,094,793.95 to CSHPL in exchange for 435 newly issued ordinary shares in CSHPL, increasing its shareholding to 25.10%. CSHPL will also enter into the Subscription call option with Sibelco Silica as set out below.

Subscription call Option

Sibelco Silica will be granted a call option under which Sibelco Silica will have the right to subscribe for up to 376 ordinary shares in CSHPL at A\$11,712.17 per ordinary share (for a total of A\$4,403,775.92) at any time before 7 July 2026.

Diatreme Costs Reimbursement

CSHPL will reimburse Diatreme for the transaction costs relating to CFS, for an amount of A\$2,109,018 by directing A\$2,109,018 of the funds subscribed by Sibelco under Step 2 above to be paid to Diatreme.

Proforma Transaction Equity in CSH

Shareholder	Current shares	Current %	New share issue Step 1 & 2	New total number of shares on issue	%held Step 1 & 2	New Share Issue Step 3 (Call Option)	New total number of shares on issue	%held at Step 3
Sibelco Silica Pty Ltd	3,661	26.80%	435	4,096	25.10%	376	4,472	26.79%
Diatreme Resources Limited	10,000	73.20%	2,220	12,220	74.90%		12,220	73.21%
TOTAL	13,661	100%	2,655	16,316	100.00%	376	16,692	100.00%

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Your proxy voting instruction must be received by **1:30pm (AEST) on Wednesday, 27 May 2026**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 - APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automicgroup.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE:

<https://automicgroup.com.au>

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

