

ASX ANNOUNCEMENT

17 October 2023

Sibelco completes early \$24M 2nd tranche investment in silica JV

- Global material solutions leader Sibelco completes 2nd tranche investment of \$24 million into joint venture company, Cape Silica Holdings P/L, for further 16.8% interest ahead of 1 December 2023 due date
- Sibelco's total JV interest following completion of both tranches (totalling \$35M) rises to 26.8%
- Investment boosts project finances and demonstrates Sibelco's confidence in Diatreme and outlook for silica sand projects, amid rising demand for high purity silica from solar PV industry.

Emerging silica sands developer and explorer, Diatreme Resources Limited (ASX:DRX) has received a major boost, with joint venture partner, global material solutions leader SCR-Sibelco N.V. (Sibelco) completing ahead of schedule its second tranche investment of \$24 million into the joint venture company with Diatreme, Cape Silica Holdings Pty Ltd.

The investment has been completed well ahead of the scheduled 1 December 2023 payment date, resulting in Sibelco increasing its joint venture interest by 16.8% to 26.8%. Sibelco invested \$11 million in the first tranche investment in the joint venture, gaining an initial 9.99% interest (refer ASX release 2 December 2022).

Sibelco's second tranche investment was priced at a 'look through' value of \$160 million for the Far North Queensland silica sand projects, with Diatreme currently advancing its flagship Northern Silica Project (NSP) towards development.

Announced in June 2022, Diatreme's strategic partnership with Sibelco also included a \$13.97 million corporate strategic placement, which saw Sibelco become a significant shareholder in Diatreme (refer ASX release 27 June 2022). The long-term joint venture also included plans for joint product marketing, pursuit of onshore silica processing downstream opportunities and assistance in accessing project finance, benefitting from Sibelco's established global networks from its 150 years of international operations and pre-eminence in global high purity silica markets and supply.

Welcoming Sibelco's investment, Diatreme's CEO Neil McIntyre said: *"Sibelco has shown an extraordinary degree of confidence in the joint venture through this early payment of the second tranche, which provides a significant financial boost that will help to further advance the projects' development."*

"Importantly, this investment also shows Sibelco's confidence in Diatreme's management and ability to deliver these world-class, high purity silica sand projects amid rising global demand for high purity silica from the solar energy boom."

"We can now move forward with even greater conviction, backed by an extraordinarily long funding runway, through the important next steps of permitting and regulatory approvals to eventual mining of this key critical mineral."

Sibelco Chief Strategy and Business Development Officer, Ian Sedgman commented: *"Since our strategic partnership was reached last year, we have been pleased with the joint venture's progress in advancing the development of these world class high purity silica sand projects."*

"Our early payment highlights our support for the joint venture and confidence that it will deliver this key resource, which the world's speciality glass market desperately needs at a time of rapid solar PV growth and accelerating global decarbonisation."

The investment follows Diatreme's announcement of increased exploration activity at its NSP, with the potential for further resource increases, while the approvals and permitting process continues to advance (refer ASX release 9 October 2023).

A recent Scoping Study for the NSP showed the potential for a valuable long life mining operation, with a potential production rate of 5 million tonnes per annum capable of being sustained for 25 years, supplying high-grade silica products to the solar PV and specialty glass market. The study estimated a net present value of \$1.4 billion (pre-tax, 8% discount), with a pre-tax internal rate of return of 33% (refer ASX release 14 June 2023).

Notably, the Queensland Government's recent "Queensland Critical Minerals Strategy" has identified silica sand as a key critical mineral for the state, supporting Queensland's ability to deliver the critical minerals needed for the world's net-zero emissions future. The strategy highlights the potential for the creation of a silica critical minerals hub around the Cape Flattery area to facilitate and fast-track development of a mineral vital to the solar power industry.

Supporting the NSP's development, Diatreme has signed a MOU with a leading global manufacturer of photovoltaic (PV) grade glass used in solar panel manufacturing (refer ASX release 13 July 2023). The MOU also includes the potential for the establishment of PV glass manufacturing in Australia, amid calls for domestic manufacturing to support the fast-growing solar energy industry.

Diatreme's Mr McIntyre added: *"This support from Sibelco is invaluable as we work together to build a world-class asset for the benefit of all stakeholders, including the First Nations communities of Hope Vale and Cooktown. The jobs and other economic benefits these projects will deliver for the local community will be transformational and we look forward to making this a reality as quickly as possible."*

This announcement is authorised for release by the Board.

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About Diatreme Resources

Diatreme Resources (ASX:DRX) is an emerging Australian producer of mineral and silica sands based in Brisbane. Our key projects comprise the Northern Silica Project and Galalar Silica Sand Project in Far North Queensland, located next to the world's biggest silica sand mine at Cape Flattery.

In Western Australia's Eucla Basin, Diatreme's 'shovel-ready' Cyclone Zircon Project is considered one of a handful of major zircon-rich discoveries of the past decade.

Global material solutions group Sibelco is Diatreme's development partner on its silica sand projects in FNQ. Sibelco completed its first tranche investment (\$11m) in December 2022 for a 9.99% interest, with a second tranche investment (\$24m) completed in October 2023, taking Sibelco's total project interest to 26.8%.

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

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

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

ASX releases referenced for this release:

- Northern Silica Project development advances – 9 October 2023
- Positive Scoping Study for Northern Silica Project – 14 June 2023
- Sibelco completes 1st tranche investment in Cape Silica JV – 2 December 2022
- Transformational strategic partnership and placement with global material solutions leader Sibelco – 27 June 2022

Diatreme confirms that it is not aware of any new information or data that materially affects the information included in the original releases and that all material assumptions and technical parameters underpinning the estimates in the original releases continue to apply and have not materially changed. Diatreme confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original releases.