

ASX

ANNOUNCEMENT

13 July 2023

Offtake MOU signed with FLAT Glass for Northern Silica Project

- **Offtake MOU for Diatreme’s Northern Silica Project signed with FLAT Glass, one of the world’s largest manufacturers of photovoltaic (PV) grade glass used in solar panel manufacturing**
- **FLAT and Diatreme to exchange bulk PV grade silica samples, technical and project information to facilitate potential progression to binding offtake arrangements**
- **MOU terms include FLAT examining potential for establishment of onshore PV glass production, amid surging demand from solar power industry.**

Emerging silica sands developer and explorer, Diatreme Resources Limited (ASX:DRX) has signed a Memorandum of Understanding (MOU) with Flat Glass Group Co Ltd (FLAT) to negotiate and potentially facilitate long-term binding offtake arrangements for the supply of photovoltaic grade, high purity low iron silica from Diatreme’s Northern Silica Project (NSP) for FLAT’s glass manufacturing operations in China.

The non-binding MOU provides the template and mechanisms for co-operation and allows the exchange of mutually sensitive operational (bulk samples, product specifications, manufacturing requirements, production timelines) and commercial information between the parties to facilitate the transition to potentially binding arrangements. It will remain active for 12 months. The MOU also includes FLAT examining the potential to site onshore PV glass manufacturing in Queensland, amid surging demand from the solar power industry.

Welcoming the agreement, Diatreme’s CEO, Neil McIntyre commented: *“We are highly encouraged that one of the world’s leading PV grade glass manufacturers is negotiating directly with Diatreme over silica supply from our Far North Queensland project.*

“This is a strong vote of confidence in the NSP and its capacity to meet FLAT’s highly exacting offtake requirements.

“Diatreme’s potential supply of product for FLAT’s planned future expansion confirms our belief that the NSP is truly a world class project, with an important role to play in the global renewable energy drive.

“We look forward to progressing this agreement, cementing our project’s status as a major and sustainable supplier and delivering long-term jobs and other economic benefits to the Cooktown and Hope Vale region.”

FLAT's Ms. Jinhua Jiang, Deputy Chairman & Deputy General Manager of Flat Glass Group Co., Ltd commented: *"We are pleased to sign this MOU with Diatreme, an emerging supplier of high-purity silica products. Diatreme's commitment to sustainable development, its strong community engagement and proximity to Asian markets, together with its ability to deliver the required product specifications make it an excellent partner of choice for our future expansion plans.*

"We look forward to working closely together to progress this MOU into binding arrangements that benefit both parties, in a long term, mutually beneficial relationship."

Diatreme's offtake MOU with FLAT follows the Company's announcement of a positive Scoping Study for the NSP (refer ASX release 14 June 2023), which highlighted the Far North Queensland project's potential to become a leading supplier of low cost, premium quality "low iron" silica sand product for fast growing PV glass markets.

The Scoping Study showed the project's strong potential economic returns and significant scale, with Diatreme now planning to advance to a full Feasibility Study involving all necessary technical studies, environmental impact assessments, permits and approvals required to move to a final investment decision.

The Company is also advancing the NSP's permitting pathway, with an EPBC referral decision enabling a streamlined process that combines Queensland and federal government approval processes (refer ASX release 16 June 2023).

Diatreme Resources Limited currently holds 90.01% of the joint venture company Cape Silica Holdings Pty Ltd (CSHPL) and is the operator of the NSP. Sibelco Silica Pty Ltd (Sibelco) is a 9.99% joint venture partner in CSHPL.

About FLAT

Established in 1998, headquartered in China and listed on the Hong Kong stock exchange, Flat Glass Group Co Ltd (FLAT) is one of the world's largest manufacturers of photovoltaic glass, with an integrated business of research and development, manufacturing, processing and sales of glass. The group's main products include photovoltaic glass, float glass, engineering glass and home glass.

In addition, the Group is also engaged in the mining of quartz rock and providing engineering, procurement and construction services (EPC) for photovoltaic power plants.

FLAT currently has three PV glass manufacturing bases in the Yangtze River Delta region, with annual PV grade silica consumption of approximately 4.8 Mtpa. FLAT is undertaking a further two-stage expansion in the coastal city of Nantong, China with up to eight new 1,600t/d PV glass production lines, requiring supply of a further 2.9 Mtpa of PV grade silica at its final expansion planned for 2025.

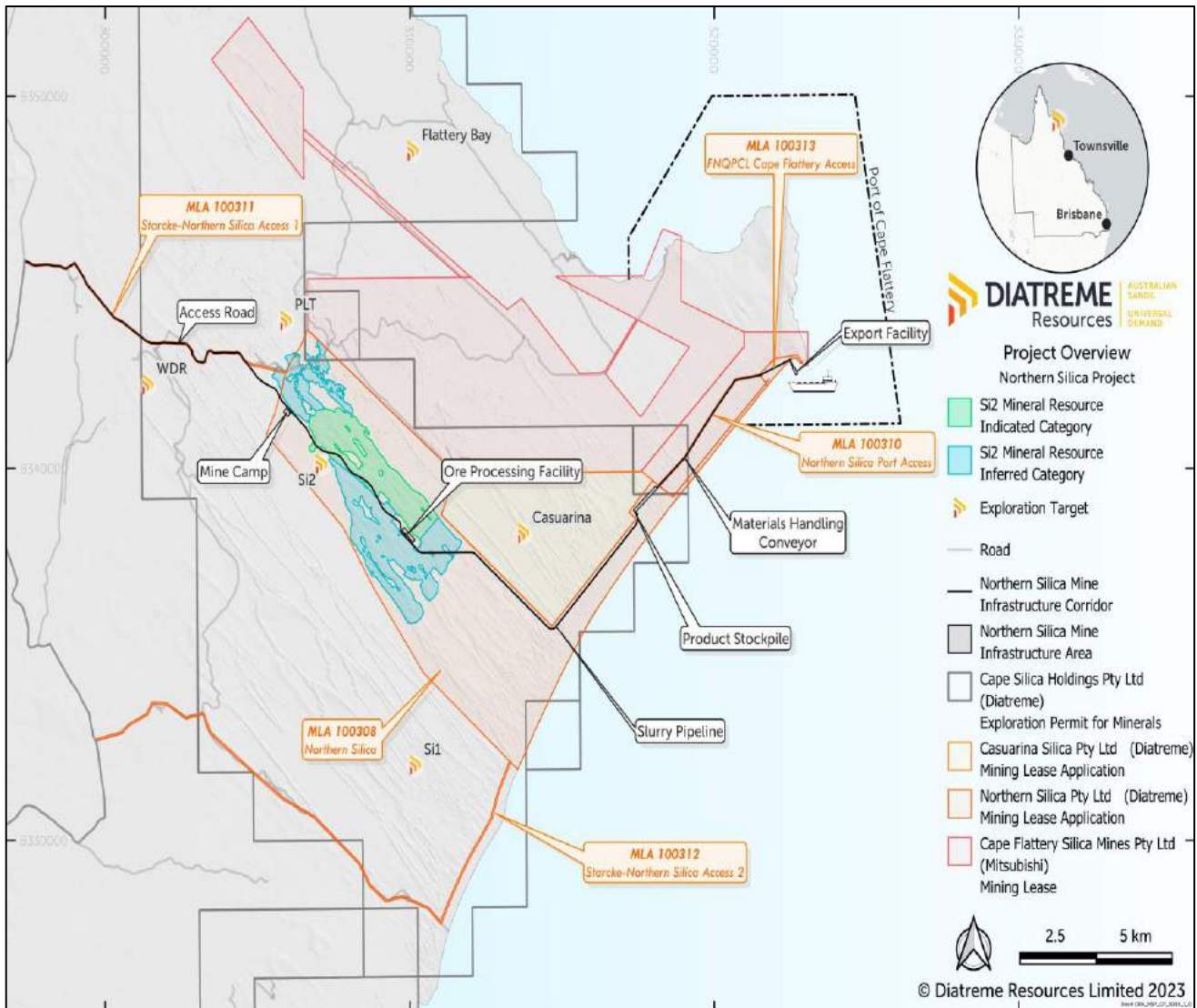


Figure 1: Northern Silica Project & Proposed Infrastructure Layout

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.

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.

Global material solutions group Sibelco are Diatreme's development partner on its silica projects portfolio in Nth Qld. Sibelco completed in December 2022 its first tranche investment (\$11m) holding a 9.99% interest, with a second investment tranche due by December 2023 (\$24m) taking their total project interest to 26.8% at completion.

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:

- NSP permitting pathway progresses with EPBC referral – 16 June 2023
- Positive Scoping Study for Northern Silica Project strengthens development plans – 14 June 2023

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.

FORWARD LOOKING STATEMENTS

This document may contain forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "indicate", "target", "anticipate", "forecast", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Indications of, and interpretations on, future expected exploration results or technical outcomes, production, earnings, financial position, and performance are also forward-looking statements.

The forward-looking statements in this announcement are based on current interpretations, expectations, estimates, assumptions, forecasts and projections about Diatreme, Diatreme's projects and assets and the industry in which it operates as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

The forward-looking statements are subject to technical, business, economic, competitive, political and social uncertainties and contingencies and may involve known and unknown risks and uncertainties. The forward-looking statements may prove to be incorrect.

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