

ASX ANNOUNCEMENT

6 September 2021

\$10M placement to progress Galalar Silica Project

Highlights

- **\$10M placement to strategic, sophisticated and professional investors, to fund development of Diatreme's flagship Galalar Silica Sand Project**
- **Funds to facilitate delivery of Preliminary Feasibility Study and Definitive Feasibility Study together with advancing northern regional exploration, permitting and approvals**
- **Diatreme continuing to advance Galalar project amid rising demand for premium-quality silica.**

Emerging silica sands explorer and developer, Diatreme Resources Limited (ASX:DRX) has received further investor backing for its Galalar Silica Sand Project, with strong demand for a capital raising to support the North Queensland project's development.

Diatreme has completed a heavily supported bookbuild to raise \$10.0 million (before costs) via a placement of approximately 435 million fully paid ordinary shares at an issue price of 2.3 cents (**Placement**), with the funds targeted towards the Company's flagship Galalar Silica Sand Project in North Queensland.

The Placement was well supported by new strategic, sophisticated and professional investors and existing shareholders, with leading Australian financial services company Euroz Hartleys Limited acting as Sole Lead Manager.

The funds raised from the Placement will be used to advance the Galalar project, including:

- **Delivery of maiden ore reserve and improved mineral resource consistent with proposed mining plan programs and possible further resource extensions;**


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- Costs associated with delivery of Preliminary Feasibility Study (PFS), followed by Definitive Feasibility Study (DFS) incorporating the Nob Point Barge Ramp and Cape Flattery Port solutions to product export;
 - Finalisation of permitting and approvals, including submission of final EIS to ensure environmental approvals and Mining Lease;
 - Specialist external marine studies on Cape Flattery Port;
 - Advancement of northern regional exploration programs;
 - Appropriate early permissible site works and capital plant items; and
 - General working capital purposes.

Commenting on the Placement, Diatreme's Chief Executive Officer, Neil McIntyre, said: *"Diatreme appreciates the strong support of our shareholders and welcomes new strategic and professional investors to our register following this significant investment in the future of our Company."*

"We continue to advance the Galalar project at a rapid pace in this world-class silica province, with previous results showing our ability to produce premium-grade silica for fast-growing Asian markets."

"Diatreme is advancing rapidly now and we look forward to achieving our goal of becoming a significant near-term, low cost and premium silica producer supplying the Asia-Pacific's solar energy boom."

Cornerstone Commitments

Diatreme's largest shareholder, Ilwella Pty Ltd (Flannery Family Office) has committed to subscribe \$3.5 million in the Placement, showing its continued strong support for Diatreme.

Placement Details

The issue price of \$0.023 (2.3 cents) per share equates to (a) a 11.5% discount to the last closing price of the Company's shares of \$0.026 (2.6 cents) per share on 1 September 2021, and (b) also a 16% discount to the 15 day VWAP of the Company's shares of \$0.027 (2.7 cents) per share to 1 September 2021 (inclusive), being the last trading day before the announcement of the Company undertaking a capital raise.

The new shares will be issued on the same terms and rank equally in all respects with the existing fully paid ordinary shares in the Company. The allotment of the New Shares is not subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX Listing Rule 7.1 (386,318,497 shares) and additional 10% placement capacity under ASX Listing Rule 7.1A (48,464,112 shares).

Settlement of the New Shares is expected on or around Monday, 13 September 2021.

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The new funding follows recent progress at Galalar, including new exploration planned for the northern region, the lodging of a Mining Lease Application for the Nob Point export solution, a new offtake MOU and positive metallurgical testwork results, as Diatreme continues to advance the project towards development.

This announcement was authorised for release by the Board.

Neil McIntyre
Chief Executive Officer

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Chairman

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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 Galalar Silica Sand Project in Far North Queensland, located next to the world's biggest silica sand mine, together with the Cyclone Zircon Project in Western Australia's Eucla Basin, considered one of a handful of major zircon-rich discoveries of the past decade.

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

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