



ASX ANNOUNCEMENT

7 August 2019

Regional support builds for Galalar silica mine

- **Key regional stakeholders back Galalar Silica Project's development at Cairns meeting, including support from traditional owners and partners, Hopevale Congress**
- **New premium-quality silica sand mine seen delivering new jobs and other economic benefits for region**
- **Potential for carbon-neutral mining activity (subject to independent verification) for supply of fast-growing solar PV market in Asia, while reducing China's reliance on coal-fired power**
- **Meeting follows recent MOU for offtake to leading privately owned Chinese group, as project's development picks up speed with roadmap for rapid implementation.**

Emerging silica sands explorer and developer, Diatreme Resources Limited (ASX:DRX), welcomed today the support of key stakeholders for a new silica sand mine in Far North Queensland, following recent stakeholder meetings held in Cairns.

The meetings were co-ordinated by the project's key development partner, traditional owners Hopevale Congress and included representatives from Queensland Government agencies, Office of Indigenous Affairs, Department of the Prime Minister and Cabinet, Northern Australia Infrastructure Fund (NAIF), Hope Vale Aboriginal Shire Council and Cook Shire Council.

The latest meetings follow Diatreme's signing of a MOU with leading privately owned Chinese group, Anhui Fengsha Mining Group, for the potential supply of up to 500,000 tonnes of photovoltaic grade silica sand for the fast-growing solar PV market (refer ASX announcement 16 July 2019).

Diatreme's CEO, Neil McIntyre, thanked the stakeholders for their crucial support for the emerging project, located adjacent to the world's largest silica sand mine at Cape Flattery.

AUSTRALIAN SANDS. UNIVERSAL DEMAND.



“The Galalar project continues to gain significant regional support and we’re delighted with the success of these key meetings,” he said.

“We are particularly focused on delivering potential new jobs for the Hopevale community and spin-off benefits for Cooktown and Hope Vale shire through mine support services, with positive flow-on effects for employment and training.”

He added: “An important outcome from these meetings is more direct engagement with key Queensland Government agencies and their Ministers that will allow Hopevale Congress and Diatreme as project proponents to facilitate a more focused permitting and regulatory pathway to project development.

“With the project’s scoping study nearing completion, this more direct engagement may allow Galalar a highly cost-effective development pathway and consents for project infrastructure approvals.”

Hope Vale Congress Aboriginal Corporation’s General Manager, Ivan Deemal said: “Congress has been working collaboratively with Diatreme Resources and the various levels of government to progress this groundbreaking project for some years now.

“This project will not only potentially employ 50-60 local people in long term, fulltime jobs, but will also provide Congress with a real ongoing income stream to invest in new business opportunities and significantly contribute to progressing our community’s journey away from welfare dependency.

“We will shortly commence a detailed consultation process with the community and key stakeholders to seek input to ensure the operation does not disrupt the community, respects and sustains our traditional country and maximises economic benefits for the whole region.”

In further positive news for the project’s environmental credentials, Diatreme has been advised by its potential offtake partner, China’s Fengsha Group that all of Galalar’s supplied project would likely be used domestically in China as part of the Chinese Government’s active program to reduce dependence on coal-fired power. This is particularly focused in regions where air quality has become a serious health issue.

“Subject to appropriate independent certification, the positive environmental credits accrued from the silica product’s end use in China will further validate our ‘green’ credentials regarding our mining activity at Galalar,” Mr McIntyre said.



“With community support vital for any new mining project, this can only strengthen its environmental case which together with the economic gains could offer long-term benefits for the whole community, working in partnership with the traditional owners.”

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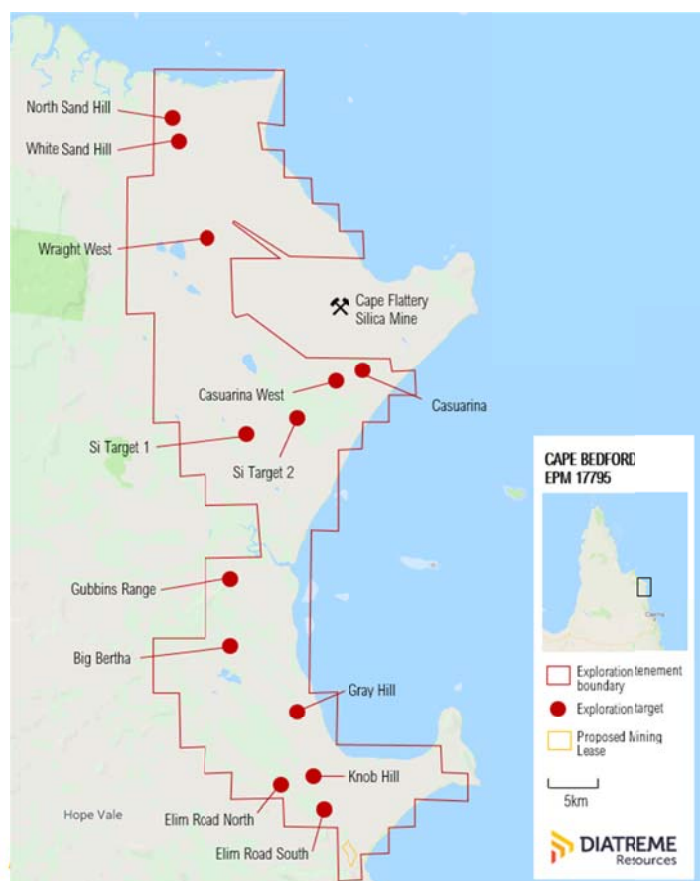
About Galalar Silica Project

Located around 200km north of Cairns, Galalar lies within the same sand dune system and in close proximity to the world's largest operating silica mine at Cape Flattery (owned by Mitsubishi Corporation). The Cape Flattery silica sand product is recognised as a global benchmark for quality silica sand and is widely used for industrial purposes throughout Asia and the world.

The global silica sand market is seen reaching nearly US\$10 billion in annual revenues by 2022, with a compound annual average growth rate of 7.2% (source: IMARC Group), while the global solar PV glass market is estimated to reach US\$48.2 billion by 2025, up from US\$3.3 billion in 2016 (source: Bizwit Research & Consulting).

Bulk testing results have demonstrated the project's ability to produce premium-grade silica using standard processing techniques, meeting the requirements for high-end glass and solar panel manufacturing and capable of attracting premium prices (refer ASX announcement 9 January 2019).

Diatreme is also currently progressing a scoping study for Galalar, highlighting the project's potential economic benefits, logistics and other elements necessary to develop a sustainable and profitable silica sand mine. In July 2019, Diatreme signed a Memorandum of Understanding with leading privately owned Chinese company, Anhui Fengsha Mining Group, for the potential supply of up to 500,000 tonnes of photovoltaic grade silica sand for the fast-growing solar PV market (refer ASX announcement 16 July 2019).





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