



DIATREME RESOURCES LIMITED

ABN 33 061 267 061

Financial Report Half year ended 30 June 2020

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These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

They do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Corporate Directory

Directors

Gregory Starr
Chen (William) Wang
Yufeng (Daniel) Zhuang
Michael Chapman

Non-Executive Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director

Chief Executive

Neil McIntyre

Company Secretary

Tuan Do

Registered Office

Unit 8, 55-61 Holdsworth Street
Coorparoo QLD 4151
Telephone: 07 3397 2222
Website: www.diatreme.com.au

Share Registry

Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000
Telephone: 1300 554 474 02 8280 7454

Auditors

William Buck (Qld)
Level 21, 307 Queen Street
Brisbane QLD 4000

Directors' Report

The directors present their report on the Group consisting of Diatreme Resources Limited (the Company) and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

Directors

The following persons were directors of Diatreme Resources Limited during the whole of the half-year and up to the date of this report:

Mr Gregory Starr	Non-Executive Chairman
Mr William Wang	Non-Executive Director
Mr Daniel Zhuang	Non-Executive Director
Mr Michael Chapman	Non-Executive Director (appointed on 1 August 2020)

Review of operations

Company overview

Diatreme Resources Limited (DRX) is an Australian developer and explorer of mineral/silica sands. The Company is maintaining its focus on advancing development and exploration activities of its Cyclone Zircon Project and Galalar (Cape Bedford) Silica Sand Project.

Results of operations

The net loss of the Group for the half year to 30 June 2020 was \$409,652 (2019: loss of \$187,574). The loss for the half year arises primarily from corporate and marketing costs, administrative expenses incurred to support the Company's exploration and development activities for its Cyclone and Galalar projects.

No dividends were proposed or paid during the period (2019: nil). At 30 June 2020, the Company had cash at bank of \$794,918 (31 December 2019: \$2,487,120).

Galalar (Cape Bedford) Silica/HM Project

During the half-year, the Company continued with its focus on advancing permitting & approvals process along with shoring up the resource for its Galalar Silica Project

Key highlights during the period in review include:

- In February 2020, Diatreme lodged an application to undertake a voluntary Environmental Impact Statement (EIS) in accordance with the Environmental Protection Act 1994 (Qld) (refer ASX announcement 6 February 2020). A voluntary EIS would allow for a single EIS to be produced for both the Queensland and Commonwealth governments, resulting in a streamlined approval process. This move was preceded by lodgement of a Mining Lease Application in December 2019.
- Also in February 2020, the Company announced a total Inferred and Indicated Mineral Resource upgrade to 38 million tonnes (cut-off grade >99% SiO₂), up 26% on the previous resource estimate, as reported by independent consultants Ausrocks Pty Ltd.
- On 8 April 2020 Diatreme released the results of an independent economic study by Cummings Economics. The study showed that the project would deliver a sizeable economic injection into Hope Vale, Cooktown and the surrounding region, including approximately \$23-\$24 million in the construction phase and up to \$42 million in operation phase. Further potential benefits include more than 110 equivalent full-time jobs including flow-on effects, and \$1.475 million in annual royalties and more than \$10 million in company tax for the benefit of the community.
- A preferred logistical solution for the project is also being advanced in consultation with the relevant regulatory agencies. Nob Point is considered the most environmentally and economically beneficial option compared to trucking product from the mine site for loading at Cooktown, as the above economic study reinforces.

Directors' Report

- Diatreme announced on 12 May 2020 an increase in Galalar's total Mineral Resource and a maiden Measured Mineral Resource. The total Mineral Resource rose by 25% to 47.5 Mt, while the maiden Measured Mineral Resource estimate comprised 30.9 Mt > 99.28% SiO₂.

Table 1: Galalar Silica Sand Project: JORC Resource Estimate*

JORC Category	Al ₂ O ₃ Grade	Fe ₂ O ₃ Grade	TiO ₂ Grade	Cut-off SiO ₂ %	SiO ₂ % Grade	Silica Sand (Mm ³)	Density (t/m ³)	Silica Sand (Mt)
Inferred	N/A	N/A	N/A	99.0%	>99.0%	6.54	1.62	10.59
Indicated	0.08	0.06	0.10	98.50	99.10	3.71	1.62	6.02
Measured	0.11	0.09	0.10	98.50	99.28	19.07	1.62	30.89
Inferred + Indicated + Measured						29.32	1.62	47.50

* Resource estimate current as of 6 May 2020.

Cyclone Zircon/Heavy Mineral (HM) Project

The Company continued to advance its discussions with potential project participants with the aim of maximising shareholder value from the Cyclone project.

Amid continued solid demand and constrained supply outlook for zircon, the Company has examined amongst various development options, the potential for project's holding vehicle, Lost Sands Pty Ltd to be annexed into a separated process. These discussions are progressing and the Company is determined to extract value for shareholders

Corporate

Following shareholder approval at the February 2020 General Meeting, one of the Company's substantial shareholders Ilwella Pty Limited (Ilwella), was issued with 25,000,000 fully paid ordinary shares at a deemed issue price of \$0.01 per share. These shares were issued as part consideration for Ilwella's participation in the Company's November 2019 Placement, and no funds were raised through this issue.

On 27 March 2020, the Company announced an agreement had been executed to extend the maturity date of the \$1,500,000 debt facility from 31 July 2020 to 31 November 2021 (Refer to ASX announcement 27 March 2020).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Gregory B. Starr
Non-executive Chairman
Brisbane, 10 September 2020

The Directors
Diatreme Resources Limited
Unit 8
61 Holdsworth Street
Coorparoo QLD 4151

Auditor's Independence Declaration

As lead auditor for the review of Diatreme Resources Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Diatreme Resources Limited and the entities it controlled during the period.

William Buck

William Buck (Qld)
ABN 21 559 713 106

Junaide Latif

Junaide Latif
Director

Brisbane, 10 September 2020

ACCOUNTANTS & ADVISORS
Level 21, 307 Queen Street
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**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 30 June 2020**

	Note	30 June 2020 \$	30 June 2019 \$
Revenue		13,489	10,976
Fair value movement in financial assets		157,422	447,115
Other income		182,833	50,861
Reversal of provision for rehabilitation		-	272,000
Total revenue and income		353,744	780,952
Employee benefits expenses		(282,850)	(322,444)
Depreciation expense		(35,154)	(37,508)
Exploration expenditure written off		(15,412)	-
Share based payment expense		(8,181)	(85,513)
Other expenses		(319,517)	(422,156)
Finance costs		(102,282)	(100,905)
Total expenses		(763,396)	(968,526)
Loss before income tax		(409,652)	(187,574)
Income tax expense		-	-
Net loss for the half-year attributable to owners		(409,652)	(187,574)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to owners		(409,652)	(187,574)
		Cents	Cents
Loss per share			
Basic earnings per share		(0.02)	(0.01)
Diluted earnings per share		(0.02)	(0.01)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
At 30 June 2020

	Note	30 Jun 2020 \$	31 Dec 2019 \$
Current assets			
Cash and cash equivalents		794,918	2,487,120
Trade and other receivables		38,222	61,677
Financial asset	5	551,654	526,442
Total current assets		1,384,794	3,075,239
Non-current assets			
Property, plant and equipment		108,450	114,893
Right-of-use assets		44,182	66,273
Exploration and evaluation assets	6	17,809,995	16,610,502
Other assets		20,365	14,632
Total non-current assets		17,982,992	16,806,300
Total assets		19,367,786	19,881,539
Current liabilities			
Trade and other payables		623,597	753,891
Borrowings	7	129,929	1,590,929
Lease liabilities		60,112	56,146
Provisions		5,259	4,422
Total current liabilities		818,897	2,405,388
Non-current liabilities			
Borrowings	7	1,500,000	-
Lease liabilities		-	31,484
Provisions		37,943	32,250
Total non-current liabilities		1,537,943	63,734
Total liabilities		2,356,840	2,469,122
Net assets		17,010,946	17,412,417
Equity			
Issued capital	8	60,640,184	60,640,184
Reserves		318,011	309,830
Accumulated losses		(43,947,249)	(43,537,597)
Total equity		17,010,946	17,412,417

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
For the half year ended 30 June 2020**

	Issued capital	Share based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
At 1 January 2019	55,979,231	255,496	(42,332,265)	13,902,462
Adjustment for change in accounting policy (note 3)	-	-	(23,741)	(23,741)
Balance at 1 January 2019 - restated	55,979,231	255,496	(42,356,006)	13,878,721
Total comprehensive income:				
Loss for the half-year	-	-	(187,574)	(187,574)
Transactions with owners in their capacity as owners:				
Shares issued	1,478,483	-	-	1,478,483
Share issue costs	(266,610)	-	-	(266,610)
Options and performance rights issued	-	137,112	-	137,112
Reverse portion relating to expired options	-	(191,938)	191,938	-
At 30 June 2019	57,191,104	200,670	(42,351,642)	15,040,132

	Issued capital	Share based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
At 1 January 2020	60,640,184	309,830	(43,537,597)	17,412,417
Total comprehensive income:				
Loss for the half-year	-	-	(409,652)	(409,652)
Transactions with owners in their capacity as owners:				
Shares issued	-	-	-	-
Share issue costs	-	-	-	-
Options and performance rights issued	-	8,181	-	8,181
At 30 June 2020	60,640,184	318,011	(43,947,249)	17,010,946

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half year ended 30 June 2020

	30 June 2020	30 June 2019
	\$	\$
Cash flows from operating activities		
Receipts in the course of operations	7,562	7,116
Payments to suppliers and employees	(600,076)	(704,596)
Interest received	5,927	3,938
Government grants & incentives	98,000	-
Finance costs	(4,669)	(19,500)
	<hr/>	<hr/>
Net cash outflow from operating activities	(493,256)	(713,042)
Cash flows from investing activities		
Payments for plant & equipment	(6,620)	-
Payments for exploration and evaluation assets	(1,332,428)	(1,336,177)
Proceeds from sale of investments	153,120	-
Payments for security deposit	(500)	-
Refund of security deposit	-	64,844
	<hr/>	<hr/>
Net cash outflow from investing activities	(1,186,428)	(1,271,333)
Cash flows from financing activities		
Share application monies received	-	100,000
Proceeds from issue of shares	15,000	1,397,233
Payments for share issue costs	-	(133,761)
Repayments of lease liabilities	(27,518)	-
	<hr/>	<hr/>
Net cash inflow from financing activities	(12,518)	1,363,472
Net decrease in cash and cash equivalents	(1,692,202)	(620,903)
Cash and cash equivalents at the beginning of the half-year	2,487,120	858,299
Cash and cash equivalents at the end of the half-year	794,918	237,396
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The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

These condensed consolidated interim financial statements ('interim financial statements') for the half year to 30 June 2020 comprise Diatreme Resources Limited (Diatreme or the Company) and the entities it controlled during or at the end of the half year ended 30 June 2020 (the Group).

2. BASIS OF PREPARATION

Statement of Compliance

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

They do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. These interim financial statements were authorised for issue by the Company's Board of Directors on 10 September 2020.

Judgements and Estimates

The accounting policies include the capitalisation of exploration and evaluation expenditure which as at 30 June 2020 amounts to \$17,809,995 (31 December 2019: \$16,610,502). This represents a significant asset of the Group. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the relevant areas of interest. Where activities in these areas have not reached a stage which permits reasonable assessment of the existence of economically recoverable reserves, these costs are carried forward if the tenements are active or significant operations in relation to these areas of interest are continuing.

Material uncertainty regarding going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 30 June 2020 of \$409,652 and a net cash outflow from operations of \$493,256. At 30 June 2020, the Group's current assets exceeded its current liabilities by \$565,897.

The Group's ability to continue as a going concern and pay its debts as and when they fall due, is dependent upon the successful future raising of necessary funding through equity, successful exploration and subsequent exploitation of the Group's tenements, securing product offtake agreements for the Galalar and Cyclone Project, and/or sale of non-core assets.

The reliance on securing additional capital through debt or equity gives rise to the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the ordinary course of business

The Directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. As such, the Directors believe that they will continue to be successful in securing additional capital through debt or equity issues as and when the need to raise working capital arises.

Notes to the Financial Statements

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Conceptual Framework for Financial Reporting is applicable to annual reporting periods beginning on or after 1 January 2020. The application of the Conceptual Framework for Financial Reporting does not have a material impact on the Group's financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New accounting policy adopted in this period - Government grants

Government grants relating to costs are deferred and recognised as other income in the consolidated statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants are recognised when there is reasonable assurance that the conditions of the grant will be complied with and the grant will be received.

4. SEGMENT INFORMATION

The Group currently operates in one business segment and one geographical segment, namely exploration for heavy mineral sands, copper, and base metals in Australia. The revenues and results of this segment are those of the Group as a whole and are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

5. CURRENT ASSETS

Financial Asset

Investment in Carnaby Resources Limited (ASX: CNB).

	30 Jun 2020	31 Dec 2019
	\$	\$
Opening balance	526,442	-
Shares received as consideration for the interest in the Tick Hill Gold Project	-	562,500
Progressive sale of shares	(132,210)	-
Revaluation	157,422	(36,058)
Closing balance	551,654	526,442

The CNB shares are stated at fair value. The Company adopted AASB 9 from 1 January 2018, which requires fair value changes to be recognised in profit or loss.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 1) Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability;
- 3) Level 3 Inputs for the asset or liability that are not based on observable market data.

The CNB securities are traded in an active market, being the Australian Securities Exchange, and consequently they are measured as a Level 1 instrument on the fair value hierarchy. The quoted market price, used to determine the value of these securities is the bid price at balance date.

6. EXPLORATION AND EVALUATION ASSETS

	30 Jun 2020	31 Dec 2019
	\$	\$
Exploration and evaluation assets – at cost	17,809,995	16,610,502
Opening balance	16,610,502	15,154,429
Costs capitalised	1,214,905	1,456,073
Costs written off during the period	(15,412)	-
	<u>17,809,995</u>	<u>16,610,502</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

7. BORROWINGS

	30 Jun 2020	31 Dec 2019
	\$	\$
Unsecured loan	1,629,929	1,590,929
Total borrowings	<u>1,629,929</u>	<u>1,590,929</u>
Disclosed as:		
Current liability	129,929	1,590,929
Non-current liability	1,500,000	-
	<u>1,629,929</u>	<u>1,590,929</u>

During the year ended 31 December 2015, as part of the capital raising exercise, the Company entered into a funding agreement with a private investor for the provision of a \$3 million facility.

During the year ended 31 December 2017, the convertible notes facility was drawn down. The Note matured on 31 July 2018.

After reaching an agreement with the holder of the Note on 25 July 2018, at an extraordinary general meeting held on 11 October 2018, shareholders approved the following:

- (i) Extension of the maturity date from 31 July 2018 to 31 July 2020 for the \$1.5 million cash component of the Note with interest of 5.20% p.a. payable quarterly in arrears;
- (ii) Conversion of \$1.5 million equity component of the Note into fully paid ordinary shares of the Company at \$0.02 per share, and
- (iii) all outstanding interest up to maturity date of 31 July 2018, on both the equity and cash component of the Note will be converted into ordinary shares of the Company, at the prevailing share price as at the date of conversion.

On 24 October 2018, 75,000,000 shares were issued pursuant to item (ii) and 12,171,308 shares were issued pursuant to item (iii). Subsequent to this share conversion, the Note only has a debt component and is recognised as borrowings.

On 27 March 2020, the Company announced an agreement had been executed to extend the maturity date of the \$1,500,000 debt facility from 31 July 2020 to 30 November 2021 (Refer to ASX announcement 27 March 2020).

Notes to the Financial Statements

8. ISSUED CAPITAL

	30 Jun 2020 Number of shares	31 Dec 2019 Number of shares	30 Jun 2020 \$	31 Dec 2019 \$
Ordinary shares - fully paid	<u>1,855,451,346</u>	<u>1,830,451,346</u>	<u>60,640,184</u>	<u>60,640,184</u>

Movements in ordinary share capital

Details	Date	Number of shares	Issue price \$	\$
Balance	1 Jan 2020	1,830,451,346		60,640,184
Issue of rebate shares to Ilwella Pty Ltd	3 Feb 2020	<u>25,000,000</u>	-	-
Balance	30 Jun 2020	<u>1,855,451,346</u>		<u>60,640,184</u>

9. CONTINGENCIES

There are no contingent liabilities since the end of the previous annual reporting date.

10. COMMITMENTS

Tenement expenditure commitments

So as to maintain current rights to tenure of exploration tenements, the Group will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. These outlays (exploration expenditure and rent), which arise in relation to granted tenements are as follows:

	30 Jun 2020 \$	31 Dec 2019 \$
Payable within 1 year	85,947	96,671
Payable between one and five years	<u>834,469</u>	<u>893,582</u>
	<u>920,416</u>	<u>990,253</u>

The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished. At 30 June 2020 cash security bonds totalling \$7,000 were held by the relevant governing authorities to ensure compliance with granted tenement conditions (Dec 2019: \$1,267).

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 21 July 2020, the Company announced the appointment of Mr Mike Chapman as a Non-Executive Director, to be effective from 1 August 2020, immediately following the Company's 30 July Annual General Meeting. Mr Chapman is an experienced mining engineer with more than 40 years' experience in the development, engineering, construction and management of open-cut and underground mining projects in Australia and internationally.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 6 to 13 are in accordance with the Corporations Act 2001 and:

- (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date.

In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:



Gregory B. Starr
Non-executive Chairman
Brisbane, 10 September 2020

Diatreme Resources Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Diatreme Resources Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 6 to 13, which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Diatreme Resources Limited on pages 6 to 16 is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half year ended on that date; and
- b) complying with *Australian Accounting Standard 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$409,652 during the half year ended 30 June 2020 and had net cash outflows from operations of \$493,256. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors' for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Diatreme Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Diatreme Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

William Buck

William Buck (Qld)
ABN 21 559 713 106

Junaide Latif

Junaide Latif
Director

Brisbane, 10 September 2020