

ASX ANNOUNCEMENT

26 November 2020

Galalar project's environmental studies advance

- **Final terms of reference released for Galalar Silica Project's EIS study issued by the Queensland State Government following public submission and comment period**
- **Draft EIS underway together with continued engagement activities with stakeholders and the relevant State Government and Australian Government agencies**
- **Technical review and stakeholder feedback confirms clear preference for exporting via a barge ramp at Nob Point, thereby minimising community and environmental impacts**

Emerging mineral and silica sands developer and explorer, Diatreme Resources Limited (ASX:DRX) announced today further progress in the regulatory approval process for its Galalar Silica Project, with the receipt of the final terms of reference for its environmental studies.

Diatreme released an Initial Advice Statement (IAS) and draft terms of reference (DToR) for the project's environmental impact statement (EIS) in late July 2020. The DToR sets out the substantive matters that the project EIS must address, with the DToR document having been available for public review and comment for a statutory period of two months.

A total of 51 submissions were received on the DToR by the close of the public submission period in September 2020. Each submission was reviewed and duly considered by both the Queensland Department of Environment and Science (DES) and Diatreme. The submissions received were from government agencies, community members (mainly in Cooktown and Hope Vale), traditional owner groups and other stakeholders.

Diatreme's CEO Neil McIntyre commented: *"We welcome the feedback received on our Galalar Silica Project and will be incorporating it into the next stage of the process. A social licence has to be earned, not granted and we will be working as hard as possible to meet community expectations and deliver regionally on the project's economic benefits."*



The final terms of reference (ToR) for the project were issued by the Queensland Government on 23 November 2020, incorporating feedback from these submissions as well as tailored requirements about specific matters for investigation inserted by DES and the Australian Government Department of Agriculture, Water and Environment (DAWE) related to Matters of National Environmental Significance, as the lead agencies for the EIS assessment process.

Stakeholder engagement

Stakeholder consultation and engagement has ramped up on the project in recent months, with Diatreme establishing a local Project office in Hope Vale . Working with project partners, Hopevale Congress Aboriginal Corporation (RNTBC), and directly affected native title holders the purpose of the local office is to discuss the project with the local community, receive feedback and provide relevant project information. Engagement is also continuing with a range of government agencies and authorities relevant to the project, including the Hope Vale Aboriginal Shire Council and Cooktown Shire Council.

Technical studies to support the draft EIS are also well underway, with detailed studies and field work including the following:


- Design and layout of the mine site
- Hydrogeology and surface water
- Terrestrial ecology
- Coastal processes and marine ecology
- Visual amenity
- Social Impact Assessment (SIA)
- Cultural heritage
- Air, noise and climate change impacts.

As part of these studies, a rigorous analysis of options for export of the silica product has been undertaken as well as the review of feedback from stakeholders and the community on the different export options.

Logistical solution

The Company's preferred logistical solution comprises a new barge ramp and barge operations at Nob Point near the proposed mine site, which would minimise environmental and community impacts.

The proposed barges at Nob Point would be either:

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- unloaded into an ocean-going vessel that is anchored directly offshore from the barge ramp at Nob Point; or
 - routed to the north to the Port of Cape Flattery and unloaded to an ocean-going vessel that is situated at a designated anchorage site within the port limits (which are excluded from the State and Federal marine park).

The silica product likely will be fully containerised (or similarly contained in a way that prevents the material from escaping the container or vessel) to further minimise any environmental impacts and also satisfy the Government's new transshipping regulations.

The barge ramp infrastructure could also be designed and co-located with a public boat ramp that can be used by the local community to support a range of recreational, tourism, cultural, and scientific research activities.

These optimisations have been adopted to ensure the project satisfies the intent of the Government's policy regarding the Great Barrier Reef World Heritage Area and to ensure the project has a negligible impact on the "Outstanding Universal Values" of the Reef.

Expected timelines and next steps

The reports from the EIS studies will form chapters of the draft EIS document, which will be prepared over the next six months prior to lodgement of the draft EIS document with DES and DAWE for its adequacy and consistency with the final ToR requirements.

Once the draft EIS has been deemed to be satisfactory by DES and DAWE, another round of public input will commence and if necessary, the draft EIS will be revised or supplementary studies undertaken. At that time, assessment of state and Commonwealth matters will be undertaken under the Queensland/Commonwealth bilateral agreement.

Following approval of the EIS, Diatreme will then proceed to finalise the Environmental Authority (EA) which, together with the mining lease (ML) that was applied for in December 2019 and various operational works approvals, will permit the project to commence.

Diatreme is currently targeting receiving the final environmental approvals and Mining Lease in the fourth quarter of 2021, with potential first production in 2022.



A shortage of glass for solar panels has seen a 71% price increase in such product since July, according to Bloomberg, while the industry is also turning towards the use of bifacial panels, which increase both power output and glass requirements. Such panels are expected to comprise around half the market in 2022, up from around 14% in 2019.

Mr McIntyre added: *“Demand for premium-quality silica continues to increase on the back of the solar energy boom in the Asia-Pacific region. Our Galalar project has the right product at the right time and we look forward to advancing its development to support the world’s cleaner energy future, while providing new jobs and other economic benefits for the Hope Vale/Cooktown region and increased value for shareholders.”*

This announcement was authorised for release by:

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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 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

About Galalar Silica Project

Located around 200km north of Cairns and 20km north of the port of Cooktown, the Galalar Silica Project (EPM 17795) lies within the same sand dune system and in close proximity to the world's largest operating silica sand mine at Cape Flattery. 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.

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).

An independent economic study has shown the Galalar project's potential to deliver a sizeable economic injection into the Hopevale/Cooktown region, including \$23-\$24 million in the construction phase and up to \$42m in operation, creating up to 110 full-time equivalent jobs and contributing \$1.475m in annual state royalties.

In May 2020, Diatreme announced a total Mineral Resource of 47.5 million tonnes (Mt), with the potential for further expansion (refer ASX release 12 May 2020). Bulk sample testwork has shown the project's ability to produce a premium grade silica product suitable for high-end glass and solar panel manufacturing, with more than 99% silica dioxide and low iron levels of less than 100 parts per million.

Following lodgement of a mining lease application in December 2019, Diatreme is now progressing through various environmental and regulatory approvals towards mining activity.

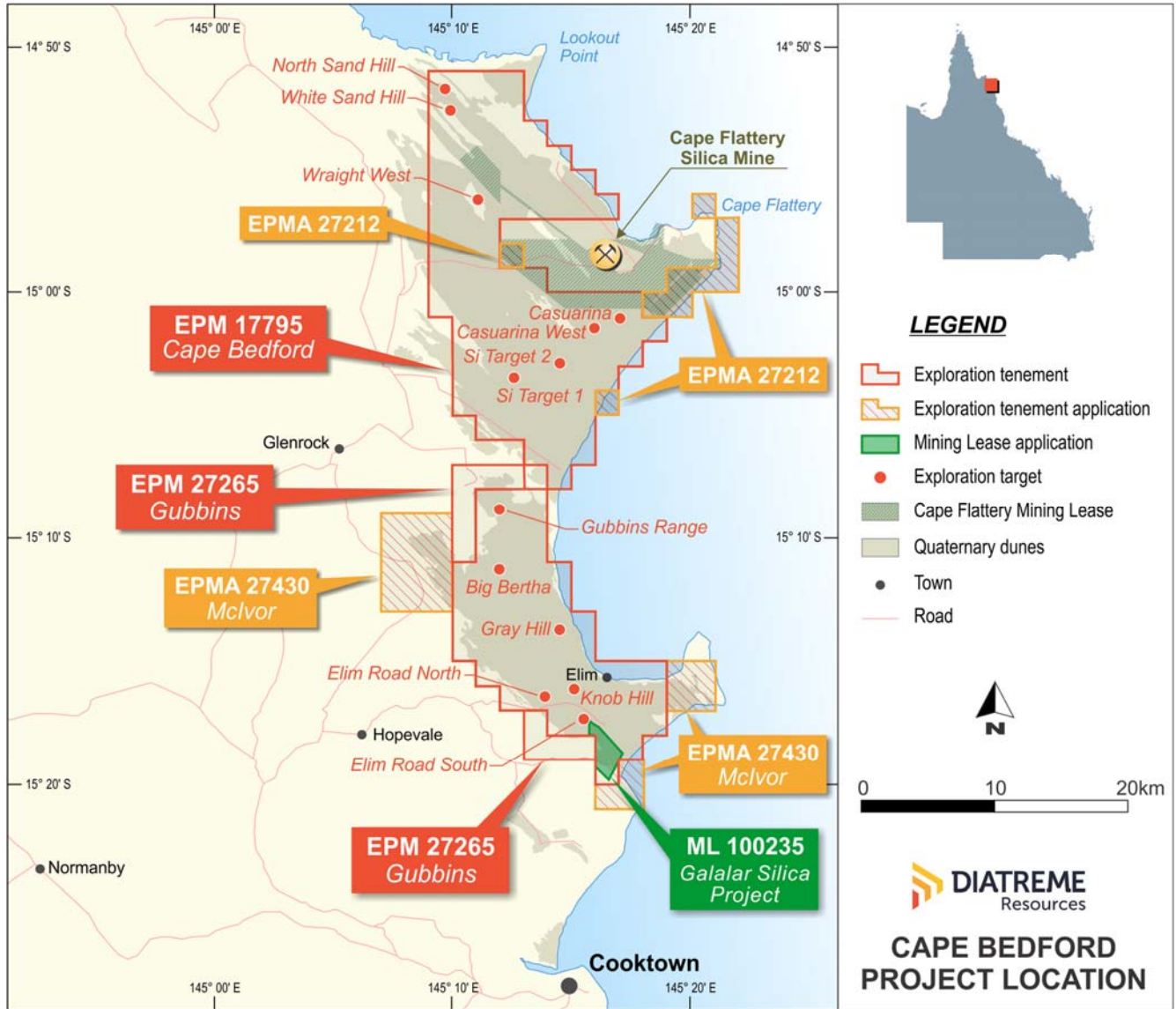


Figure 1: Diatreme's Galalar Silica Project, North Qld