

26 May 2022

CHAIRMAN'S ADDRESS
Presented to Annual General Meeting of Shareholders
Thursday 26 May 2022

Good afternoon and welcome to this year's Annual General Meeting.

On behalf of the Company, I would like to acknowledge the Indigenous custodians of the land on which we meet today and pay our respect to all Elders past, present and emerging. I extend that respect to all Aboriginal and Torres Strait Islander people here today.

Diatreme is committed to building long-term success with Indigenous people throughout our areas of operation, including all 13 Indigenous Clan groups within the Hope Vale Native Title Determination.

We are also committed to a culture of diversity and inclusion, together with building a sustainable mining business that leads in health, safety, environmental stewardship and community engagement.

I would like to also acknowledge all shareholders for your support for our Company, together with everyone else here today.

Change is happening, both globally and in Australia, as the world moves ever more rapidly towards decarbonisation. I am pleased to see that Diatreme is part of this change, with our high purity silica sand projects set to produce a key product for use in the clean energy, solar power industry.

For example, the Galalar Silica Sand Project alone could produce sufficient silica during the life of the mine for the manufacture of some 3.2 billion solar panels, offsetting the equivalent emissions of more than 38 million average Australian households or 132 million vehicles being taken off the road.

This is just one of the reasons why I accepted the opportunity to become your Chairman last November. I strived during my parliamentary career to enhance legal recognition and protection for Traditional Owners, as well as being a vocal advocate of Australia's clean energy future and a strong supporter of sustainable regional development

These ambitions are aligned with Diatreme's innovative approach to indigenous engagement, the potential for its Projects to have positive economic impacts in the remote regional communities in which it operates, and its products being used as componentry in solar panels have given me confidence that its continued progress to mining is important to both Queensland and the regions in which it operates.



Standout Galalar PFS

Looking back at some milestones from the past year, the obvious standout was the successful pre-feasibility study for our flagship Galalar Silica Project in Far North Queensland. I congratulate the report's authors on their work in completing such a significant document.

Importantly for the Hope Vale/Cooktown region, Galalar will become a significant regional employer, directly employing approximately 82 workers, of which more than 40% are expected to be from the local community. Diatreme will be working to further improve the percentage of local workers through active education and training programs.

With an estimated contribution to the local economy of more than \$800 million during life of mine through wages, royalties and taxes, the Galalar project's regional impact cannot be underestimated.

Growing Silica Resource Base

Diatreme's high-grade silica sand resource continues to increase, highlighting the potential for multiple mining operations that generate long-term economic benefits regionally and for Queensland.

Following drilling undertaken in November 2021, in March 2022 Diatreme announced a combined resource for the Galalar and new Si2 North Project of nearly 200 million tonnes of high-grade silica. The Si2 North Project is estimated to contain 124 million tonnes of high-grade silica (99.33 per cent), and there remains considerable scope for further resource expansion to the south east of this immediate resource area.

With potential for even more resources from our new Northern Regional Project area, Diatreme now has the prospect of having two silica sand operations.

Having such a large resource base in a stable and ESG-compliant jurisdiction such as Australia is a highly strategic and valuable asset, particularly amid the increasing demand from Asia's solar PV industry.

Importantly, we are working with local stakeholders to ensure maximum economic benefits for the community as well as minimising our impact on the environment. In this regard, last June the Company lodged a Mining Lease Application (Infrastructure) for the Nob Point Barge Ramp (NPBR), Hopevale Community boat ramp and transport area to facilitate the export of high purity silica sand.

The NPBR option has been strongly backed by local stakeholders, including Native Title holders directly affected by Galalar's development.

Also in June, Diatreme announced the execution of a Memorandum of Co-operation with Hopevale Congress Aboriginal Corporation, together with the Thiithaar and Gamaay People, who have established a negotiation committee of Native Title holders.

Diatreme continues to advance a Mining Project Agreement, including Native Title consents for mine development and a detailed Cultural Heritage Management Plan for mining activities.



Based on our current timeline, Diatreme aims to complete the necessary permitting for the Galalar project by the end of 2022, leading to the start of procurement and construction early in 2023. .

Clermont Farm-Out

Diatreme is also focused on extracting value from our other projects, and our agreement regarding the Clermont Copper-Gold Project is an excellent example.

In August 2021, Diatreme announced the farm-out of the Clermont project to Metallica Minerals (ASX: MLM), an agreement which will deliver benefits to both parties. Metallica was required to spend a minimum of \$300,000 to earn a 25% interest in the Central Queensland project.

On 29 April, Metallica announced it had met the expenditure commitment and was also moving to the second phase of the agreement, increasing its share of the project to 51 per cent through spending an additional \$700,000 on exploration prior to 27 April 2023.

Diatreme welcomes this activity and looks forward to further progress at Clermont, for the benefit of our shareholders.

Elsewhere, our Cyclone Zircon Project in Western Australia remains poised for development, with a number of potential project partners having evaluated this Eucla Basin project.

Diatreme is confident of finding the right partner to develop the shovel-ready Cyclone project and with COVID-related travel restrictions easing, this should pick up speed in coming months.

Bright Outlook

Diatreme is positioned for an extremely bright future based on the world's accelerating clean energy demand.

The International Energy Agency sees solar PV development continuing to break records, with annual additions to capacity reaching 162 gigawatts this year – almost 50 per cent higher than the pre-pandemic level of 2019. The IEA describes solar as becoming the “lowest-cost option for electricity generation in most of the world.”

The Australian Government's “2022 Critical Minerals Strategy” now lists silicon among critical minerals needed for such sectors as energy, transport, aerospace, defence, medical, automotive and telecommunications. Producing critical minerals in an environmentally and socially responsible way puts us in a key position as a nation to supply this growing world demand.

Diatreme's ability to capitalise on these positive trends requires ongoing support from investors. In this regard, I would like to thank those who supported our successful \$10 million placement last September, including our largest shareholder, Ilwella Pty Ltd, which has shown consistent and strong support.



With the potential for the start of production next year, Diatreme's next phase as a company is beginning. We are excited to play our part in regional Queensland economic development and the contributions our products will make to the de-carbonisation of the world's economy.

The growth in renewables and our ability to supply key required minerals in a responsible and environmentally friendly fashion are key to the global ambitions which we all share for a cleaner future.

Yours sincerely

Wayne Swan
Chairman