

# ASX ANNOUNCEMENT

30 June 2022

## Update on Placement Capacity

**Diatreme Resources Limited (ASX: DRX)** (the **Company**) refers to its announcement on 27 June 2022 regarding the placement of 559,465,000 new fully paid ordinary shares at a combined issue price of \$0.025 (2.5 cents) per share (**Placement Shares**), raising a total of \$13.97 million.

In the announcement, the Company advised that the allotment of the Placement Shares was not subject to shareholder approval and had been finalised within the Company's 15% placement capacity under ASX Listing Rule 7.1 (455,727,393 shares at an issue price of \$0.0248 (2.48 cents)) and additional 10% placement capacity under ASX Listing Rule 7.1A (103,737,607 shares at an issue price of \$0.257 (2.57 cents)).

The minimum price the Company is permitted to issue equity securities under Listing Rule 7.1A.2 is 75% of the Company's 15-day VWAP, calculated immediately before the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities (Listing Rule 7.1A.3(a)). At the time the price at which the Placement Shares were agreed to be issued, the Company's 15-day VWAP was \$0.0342 (3.42 cents) and therefore the minimum issue price the Company was permitted to issue equity securities under Listing Rule 7.1A.2 was \$0.257 (2.57 cents).

ASX has subsequently advised the Company that the decision to issue the Placement Shares under its Listing Rule 7.1 and 7.1A capacities at different issue prices is inconsistent with ASX's published guidance, as the average issue price for the Placement Shares (\$0.025 (2.5 cents)) was, at the relevant time, less than the minimum issue price permitted under Listing Rule 7.1A.3(a) (\$0.257 (2.57 cents)) for equity securities issued under Listing Rule 7.1A.2.

The Company has been advised of the following determinations by ASX:

1. The Company has exceeded its placement capacity to issue and agree to issue equity securities without security holder approval under Listing Rule 7.1 by 103,737,607 equity securities, comprising the Placement Shares the Company purported to issue under Listing Rule 7.1A.
2. Ratification by the Company's security holders under Listing Rule 7.4 of the issue of 103,737,607 equity securities will not refresh the Company's capacity to issue securities without security holder approval under Listing Rule 7.1.
3. The Company must not make any further issue of equity securities under Listing Rules 7.1 or 7.1A.2 until 19 September 2022. Any issue of securities by the Company before that date must be made either under an exception to Listing Rule 7.1 or with security holder approval.



This announcement was authorised for release by the Board.

Tuan Do  
Company Secretary  
Diatreme Resources Ltd

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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 and Northern Silica Resource Project in Far North Queensland, located next to the world's biggest silica sand mine at Cape Flattery.

In Western Australia's Eucla Basin, Diatreme's 'shovel-ready' Cyclone Zircon Project is considered one of a handful of major zircon-rich discoveries of the past decade.

Diatreme has an experienced Board and management, with expertise across all stages of project exploration, mine development and project financing together with strong community engagement skills.

Diatreme's silica sand resources will contribute to global decarbonisation by providing the necessary high-grade silica for use in the solar PV industry.

The Company has a strong focus on ESG, working closely with Traditional Owners and all other key stakeholders to ensure the long-term sustainability of our operations, including health, safety and environmental stewardship.

For more information, please visit [www.diatreme.com.au](http://www.diatreme.com.au)