

ASX ANNOUNCEMENT

13 April 2026

Sale of Cape Flattery Silica asset to Diatreme/Sibelco Joint Venture Company - Cape Silica Holdings Pty Ltd

- Diatreme's wholly owned subsidiary, Metallica Minerals to sell Cape Flattery Silica Project to Cape Silica Holdings, the joint venture between Diatreme and Sibelco Silica for additional shares in Cape Silica Holdings
- Diatreme to be reimbursed approximately \$2.1M in costs, supplementing existing working capital.
- Transaction generates additional funding of approximately \$7.4m (before costs and payment of any applicable stamp duty) into the joint venture.
- Transaction streamlines ownership of Far North Qld silica sand assets, enabling consolidation of project costs, focused community engagement and development pathway for strategic critical minerals projects.
- Transaction subject to shareholder approval to be sought as soon as is practicable.

Silica sands developer Diatreme Resources Ltd (ASX:DRX) is streamlining ownership of its Far North Queensland silica sand assets, divesting the company holding the Cape Flattery Silica Project (**CFSP**) (Cape Flattery Silica Pty Ltd) to rationalise project ownership and facilitate increased funding and synergies for its flagship Northern Silica Project.

Under the transaction, Diatreme's wholly owned subsidiary, Metallica Minerals Pty Ltd (**Metallica**) has entered into a binding Share Sale Agreement with the joint venture company Cape Silica Holdings Pty Ltd (**CSH or JVCo**) (which is 73.2% owned by Diatreme) to sell the CFSP in exchange for shares in the joint venture. The parties have agreed the value of the CFSP at \$26.01 million (**the Sale Transaction**).

Sibelco Silica Pty Ltd (**Sibelco**) which owns 26.8% of JVCo will contribute up to approximately **\$9.5m in total** in exchange for shares in CSH (such that Sibelco can potentially retain its 26.8% interest). Sibelco will at completion of the transaction subscribe \$5.095M for shares in CSH upon transfer of Cape Flattery Silica Pty Ltd. It will also be granted an option to subscribe for a further \$4.4M of shares in CSH (exercisable before 7 July 2026).

Using funds subscribed by Sibelco, the JVCo will reimburse Diatreme approximately \$2.1 million for costs incurred in undertaking the takeover of Metallica, completed in September 2024 (see DRX ASX release on 18 September 2024). The JVCo will pay any stamp duty that may be applicable to the Sale Transaction and the issue of shares to Sibelco and Diatreme.

Set out in Appendix 1 is a detailed summary of the terms of the transaction.

The transaction remains subject to shareholder approval to be sought at an Extraordinary General Meeting of Diatreme shareholders.

Welcoming the agreement, Diatreme's CEO, Neil McIntyre said: *"This sale transaction makes a lot of strategic sense for Diatreme shareholders as well as our partner in Sibelco, and our joint venture. Having all of the Cape Flattery regional silica assets together and under one entity will enable significant synergies to be realised, including the consolidation of costs and environmental activities, controlled by a single management team, and a focused traditional owner and community engagement."*

"This is particularly important as we move towards our development pathway providing clear long life-of-mine visibility for third party stakeholders such as financiers, offtakers and project development contractors."

"Further, the consideration for the sale transaction provides strong forward corporate funding for both the J/V and Diatreme to advance the NSP, enabling us to be responsive to major project permitting advancing over the coming months."

"We are focused on generating value for shareholders and consider this the best pathway forward for the former Metallica project, which has considerable potential to contribute to these strategic majority Diatreme owned Queensland critical minerals projects, facilitating regional development and helping power the global push to renewables and de-carbonisation."

Sibelco's Nick Traber, EVP Asia Pacific and HPQ Commercial, commented: *"We see good value in the CFSP and are delighted to have agreed this transaction with our joint venture partner, Diatreme Resources, to facilitate the consolidation of regional silica assets within our Joint Venture. The Far North Queensland projects have shown their ability to produce a low iron, high-purity product perfect for speciality glass and PV makers and we look forward to bringing our global marketing expertise to work on ensuring the best value is realised from these assets."*

"Diatreme has proven to be a reliable and productive partner, and I would like to thank Neil and his team for their efforts in ensuring positive outcomes for all parties as we progress this transaction to a successful conclusion."

Conclusion and Next Steps

The share sale agreement represents a significant milestone for Diatreme and its stakeholders. The parties will now proceed to satisfy the conditions precedent, coordinate completion mechanics, and fulfil their respective obligations.

Diatreme intends to call a shareholder meeting and send materials to shareholders in relation to the approval as soon as possible. Shareholders and the market will be kept informed of progress, including anticipated completion timelines and further material developments.

This release has been authorised by the Board of Diatreme.

Neil McIntyre

Chief Executive Officer

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ASX releases referenced for this release:

- 18 September 2024 - Diatreme completes takeover of Metallica
- 17 June 2025 - Northern Silica Project awarded Major Project Status

Diatreme confirms that it is not aware of any new information or data that materially affects the information included in the original releases and that all material assumptions and technical parameters underpinning the estimates in the original releases continue to apply and have not materially changed. Diatreme confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original releases.

About Diatreme Resources Limited

Diatreme Resources (ASX: DRX) is an emerging Australian producer of mineral and silica sands based in Brisbane. Our key projects comprise the Northern Silica Project and Galalar Silica Sand Project in Far North Queensland, located adjacent to the world's biggest silica sand mine at Cape Flattery, together with the Cape Flattery Silica Project. Both the Northern Silica and Cape Flattery projects have been designated "Coordinated Projects" by the Queensland Government, and all are strategically located near the silica sand export focused Cape Flattery Port.

The NSP has been designated a Major Project (see DRX ASX release on 17 June 2025) by the federal government. This reflects the significance of the low iron, high purity silica sand project in the context of critical minerals, both for Queensland and Australia.

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.

Global material solutions group Sibelco is Diatreme's development partner on its silica projects portfolio. Sibelco has invested circa \$49 million into both the silica sands project and Diatreme at the corporate level, and is an important partner in all aspects of the projects' development.

Diatreme's silica sand resources will support global decarbonisation by providing the necessary high-grade, premium quality silica for use in the solar PV industry. The Company has a strong focus on ESG, working closely with its local communities and other key stakeholders to ensure the long-term sustainability of our operations, including health, safety and environmental stewardship.

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

For more information, please visit www.diatreme.com.au

Appendix 1: Summary of Share Sale Agreement and Completion Terms

Introduction

This is a summary of the principal terms and completion mechanics of the share sale agreement involving Metallica r, CSH, Diatreme, and Sibelco. This summary outlines the nature of the transactions, key conditions precedent, completion processes, parties' obligations, and termination rights.

Summary of Key Agreements

- **Sale and Purchase of Shares:** Metallica has agreed to sell, and CSH to purchase, 100% of the issued share capital in Cape Flattery Silica Pty Ltd (**CFS**) (**Sale Shares**) in exchange for the issue to Diatreme of 2220 ordinary shares in CSH (**Consideration Shares**). The transaction will be completed free from encumbrances, for the agreed purchase price, and on the designated completion date, subject to the terms of the agreement.
- **Sibelco Subscription:** At completion of the sale and purchase of the Sale Shares, Sibelco will subscribe for 435 ordinary shares in CSH for approximately \$5.1M to be allotted by CSH, in accordance with the company constitution and related documents.
- **Call Option Grant:** CSH will grant Sibelco a Call Option, exercisable before 7 July 2026, enabling Sibelco to subscribe for an additional 376 ordinary shares in CSH for approximately \$4.4M.
- **Reimbursement:** CSH will pay (or procure payment of) the agreed reimbursement amount of approximately \$2.1M in cash to Diatreme at completion.
- **Joint venture:** On completion of the transaction (assuming Sibelco exercises all its options), Diatreme's interest in the JVCo will remain at 73.2%. The table below sets out the percentage interests in the JVCo of both Diatreme and Sibelco.

Conditions Precedent

- **Regulatory and Shareholder Approvals:** Completion is contingent upon Diatreme obtaining all necessary authorisations, including approvals for the issue and transfer of shares and grant of the Call Option, under ASX Listing Rule 10.1. It is also contingent on Sibelco and CSH obtaining FIRB approval.

Termination Provisions

- If any condition precedent cannot be satisfied or waived by the required date, or does not remain satisfied prior to completion, any party may terminate the agreement by written notice.
- Termination results in the cessation of rights and obligations, except for continuing clauses and accrued rights up to the date of termination.
- CSH may terminate in the event of a material adverse change affecting the Cape Flattery Silica Project, insolvency of Metallica, Diatreme or the company being sold, or a material breach of warranty unless fully disclosed.
- Upon failure to complete, parties must return documents, repay funds, and take reasonable steps to reverse actions performed under the agreement, without prejudice to other legal rights.

Additional Provisions

- **Notification Requirements:** Metallica must promptly inform CSH of any events materially affecting the business or assets, or impacting warranties, and provide full details.
- **Interdependence:** Completion obligations for all parties are interdependent, ensuring simultaneous and coordinated action.

- **Warranty Claims:** In the event a warranty claim arises, the directors of CSH nominated by Diatreme will be excluded from participating in deliberations of the CSH board regarding the potential claim. If a warranty claim is successful or a negotiated settlement is agreed by Diatreme, recourse against Diatreme is limited to a specific amount of 'available cash' (as determined under the terms of the agreement), capped at \$2.1M plus any amount of cash spent in a manner inconsistent with the terms of the agreement. If the available cash or cap is insufficient to fund the quantum of the claim, Diatreme agrees to allow CSH to buy-back shares in CSH at the issue price. The buy-back is subject to shareholder approval of Diatreme's shareholders, if necessary, under ASX Listing Rule 10.1. If Diatreme shareholders do not approve the buy-back, the amount of the claim is payable in cash.

Proforma Steps in Transaction

Step 1 (contemporaneous with Step 2)

Metallica will transfer 100% of the Sale Shares (being 800 Sale Shares) or Sale Assets (as required) to CSHPL in exchange for the issue to Diatreme of 2,220 ordinary shares in CSHPL. The total purchase price payable by CSHPL to Metallica for the Sale Shares or Sale Assets has been set at A\$26,001,017.40. This represents a valuation of CSHPL of A\$160,000,000 prior to the transfer of the Sale Shares.

Step 2 (contemporaneous with Step 1)

Sibelco will contribute A\$5,094,793.95 to CSHPL in exchange for 435 newly issued ordinary shares in CSHPL, increasing its shareholding to 25.10%. CSHPL will also enter into the Subscription call option with Sibelco Silica as set out below.

Subscription call Option

Sibelco Silica will be granted a call option under which Sibelco Silica will have the right to subscribe for up to 376 ordinary shares in CSHPL at A\$11,712.17 per ordinary share (for a total of A\$4,403,775.92) at any time before 7 July 2026.

Diatreme Costs Reimbursement

CSHPL will reimburse Diatreme for the transaction costs relating to CFS, for an amount of A\$2,109,018 by directing A\$2,109,018 of the funds subscribed by Sibelco under Step 2 above to be paid to Diatreme.

Proforma Transaction Equity in CSH

Shareholder	Current shares	Current %	New share issue Step 1 & 2	New total number of shares on issue	% held Step 1 & 2	New Share Issue Step 3 (Call Option)	New total number of shares on issue	% held at Step 3
Sibelco Silica Pty Ltd	3,661	26.80%	435	4,096	25.10%	376	4,472	26.79%
Diatreme Resources Limited	10,000	73.20%	2,220	12,220	74.90%		12,220	73.21%
TOTAL	13,661	100%	2,655	16,316	100.00%	376	16,692	100.00%