

ANNUAL REPORT

2022

Corporate Directory

Directors

Wayne Swan
Non-Executive Chair

Karalyn Keys
Non-Executive Director
Deputy Chair

Brian Flannery
Non-Executive Director

Tom Cutbush
Non-Executive Director

Michael Chapman
Non-Executive Director

Cheng (William) Wang
Non-Executive Director

Chief Executive Officer

Neil McIntyre

Chief Financial Officer and Company Secretary

Tuan Do

Registered Office

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Website: www.diatreme.com.au

Share Registry

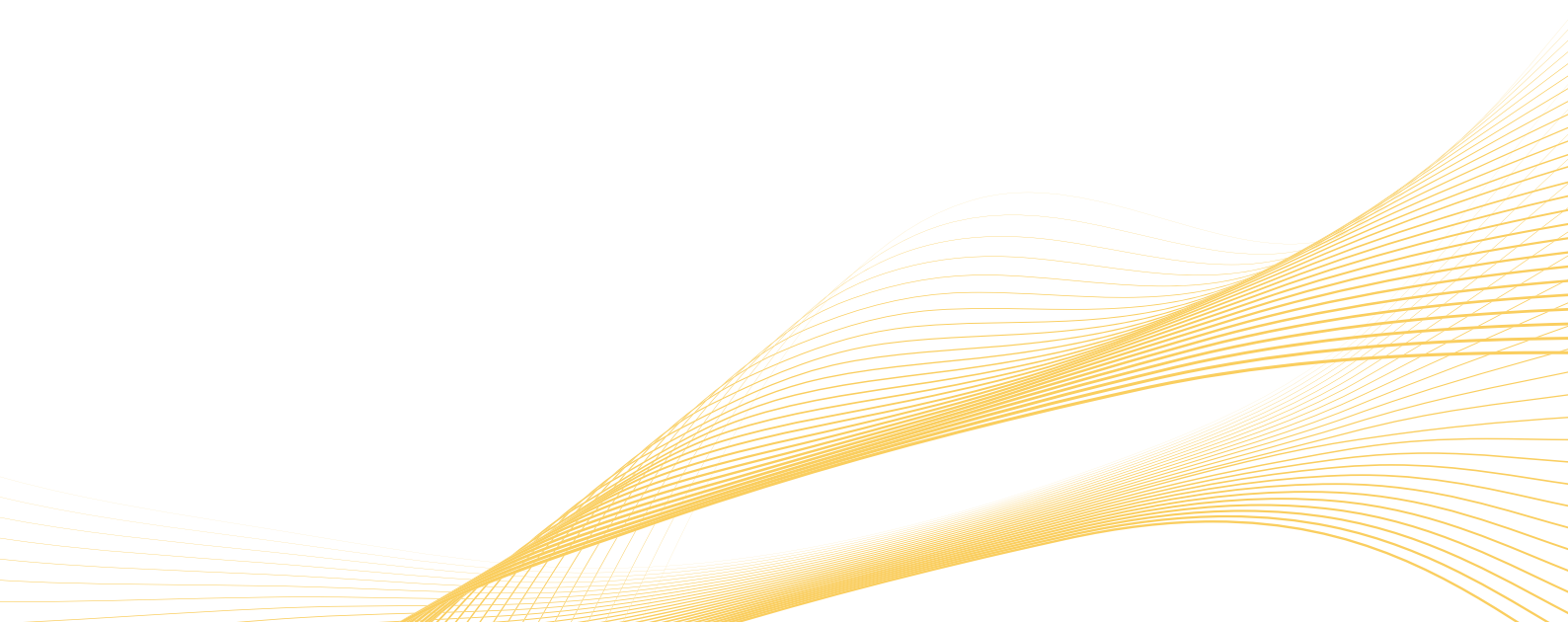
Automatic Pty Ltd
Level 5, 126 Phillip Street Sydney
NSW 2000

Securities Exchange

Australian Securities Exchange
(ASX: DRX)

Auditors

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



Contents

Company Overview	4	Consolidated Statement of Cash Flows	42
Highlights	5	Notes to the Consolidated Financial Statements	43
Chairman’s Review 2025	6	Consolidated entity disclosure statement	73
Environmental, Social and Governance	10	Directors’ Declaration	74
Directors’ Report	20	Independent auditor’s report to the members of Diatreme Resources Limited	75
Auditor’s Independence Declaration	38	Shareholder Information	79
Consolidated Statement of Profit or Loss and Other Comprehensive Income	39	Tenement Information	81
Consolidated Statement of Financial Position	40	Mineral Resources and Ore Reserves Information	82
Consolidated Statement of Changes in Equity	41		



Company Overview

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 (NSP) and Galalar Silica Sand Project in Far North Queensland, located adjacent to the world's biggest silica sand mine at Cape Flattery.

The NSP has been designated a “Coordinated Project” by the Queensland Government and is strategically located adjacent to the export-focused Cape Flattery Port. The NSP has also been designated a Major Project by the Federal Government, currently the only such Major Project declared for Queensland. This reflects the significance of its low iron, high purity silica sand project in the context of critical minerals, both for Queensland and Australia.

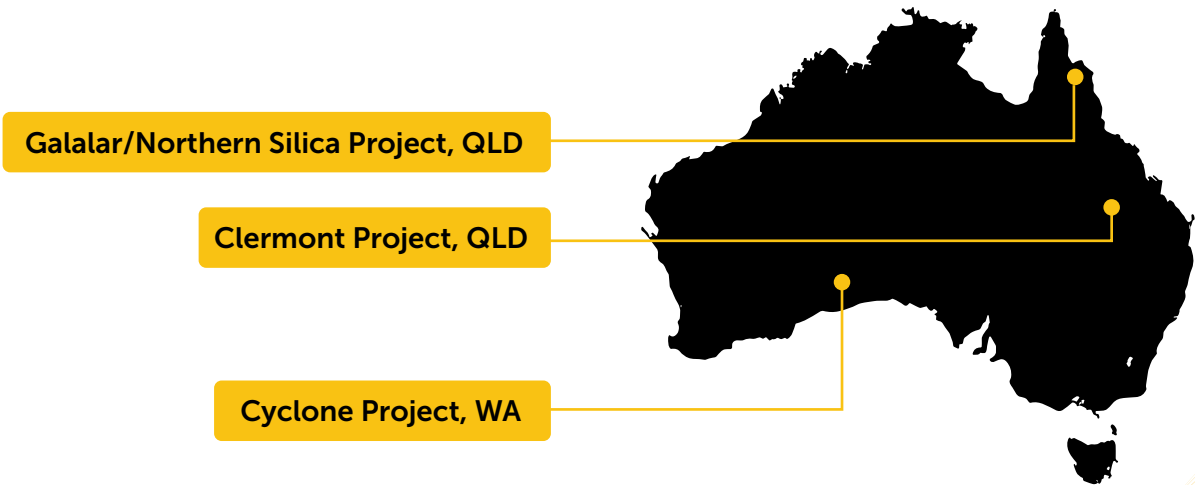
In Western Australia’s Eucla Basin, Diatreme’s Cyclone Zircon Project is considered one of a handful of major zircon-rich discoveries of the past decade.

Global material solutions group Sibelco is Diatreme’s development partner on its silica projects portfolio. Sibelco has completed an investment of circa \$49 million into both the silica sands projects and Diatreme at the corporate level.

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.



Highlights



Draft EIS submitted for NSP

A Draft EIS for the Northern Silica Project was submitted to Queensland's Office of the Coordinator-General, marking a major milestone in the regulatory approval process for Diatreme's flagship project.



Mineral Resource Estimate upgraded

The Measured Mineral Resource Estimate for the NSP's Si2 Deposit was increased by 278% to 187.5 million tonnes, with the Company's global silica sand resources now exceeding 500Mt across the Cape Flattery and Cape Bedford area.



Clermont Copper/Gold Project divested

Clermont Copper/Gold Project sold to Moonlight Resources Limited (ASX:ML8) for \$3.25 million in Moonlight shares and \$250,000 cash. Diatreme retains a 16.76% stake in Moonlight following its successful IPO.



Cyclone testwork shows improved recoveries

Metallurgical testwork conducted on samples from the Company's Cyclone Project in Western Australia showed improved heavy mineral recoveries, in a boost for the zircon-rich mineral sands project.

Chairman's Review 2025



Dear Shareholder

Diatreme Resources made significant progress during 2025, as we continue advancing towards becoming a leading Australian producer of high purity, low iron silica products.

New milestones have been achieved at our flagship Northern Silica Project in Far North Queensland, including for the project's resource base and its environmental approvals.

In addition, the Company successfully divested the non-core Clermont Copper/Gold Project in central Queensland, with Diatreme retaining an interest in its future upside under new owners Moonlight Resources.

The Cyclone Project in Western Australia is also showing potential for improved recoveries of heavy minerals, and we look forward to securing increased shareholder value from this WA critical minerals project.

Draft EIS submitted

Diatreme achieved a major milestone in the NSP's regulatory approval process, with the lodgement of the project's Draft EIS with Queensland's Office of the Coordinator-General. This is the culmination of extensive environmental, social and economic assessments and I would like to thank all involved, including Traditional Owners, local communities and stakeholders who were key to the process.

Importantly, the Draft EIS shows that significant benefits can be realised from the NSP, including new employment and investment for the Hope Vale/Cooktown region, while potential impacts can be responsibly managed through the approvals process, with a strong focus on protecting cultural heritage and environmental values.

Following regulatory review, the next phase involves public consultation and review and I welcome the community's input into this important new project for Australia's critical minerals future. The NSP has an important role to play as a source of the low iron, high-purity silica sand needed for the specialty glass and PV industry, particularly amid the global solar energy boom.

Chairman's Review 2025

Mineral Resource Estimate upgrade

Diatreme's silica sand resource base continues to expand, with the Company announcing a 278% increase in the Measured Mineral Resource for the NSP's Si2 Deposit, rising to 187.5 million tonnes (Mt) from 49.5 Mt previously. This brings the total Mineral Resource at the NSP to 272.5 Mt across Measured, Indicated and Inferred resource categories.

The upgraded estimate has confirmed the NSP's status as one of Australia's most significant undeveloped high-grade silica sand deposits, providing both scale and quality for future development.

Notably, Diatreme's global silica sand resource now exceeds 500Mt across the Cape Flattery and Cape Bedford area, a resource capable of supporting decades of future mining activity.

The potential for further resource expansion is shown by the definition of two conceptual Exploration Targets, the Casuarina East and West systems, located immediately adjacent to the current operations of Cape Flattery Silica Mines.

Importantly, bulk metallurgical testwork has confirmed the NSP's product is suitable for PV glass manufacturers, with high product yields (85.6%) and low impurities.

Federal Government recognition

The NSP is currently designated a 'Coordinated Project' by the Queensland Government and previously a 'Project of Regional Significance.' In June 2025, the project gained national prominence with its award of 'Major Project Status' by the Commonwealth Government, recognising its alignment with the government's critical minerals strategy and showing its significance in the context of critical minerals for both Queensland and Australia.

Major Project Status allows Diatreme to access support from the Major Projects Facilitation Agency in coordinating and facilitating Commonwealth Government approvals.

Importantly too, in August 2025 the Queensland Government granted "Project Status" to all five of Diatreme's Cape Flattery and Cape Bedford EPMS, with the Company's tenements now covering around 75% of the Cape Bedford and Cape Flattery Dune.

Chairman's Review 2025

Also in August, Diatreme's Board and management conducted a site visit examining the NSP's proposed mining and marine loading infrastructure areas, noting the proximity of Cape Flattery Port. The port has significant spare capacity and the Company is continuing its dialogue with Ports North and other stakeholders to ensure a sensible access regime is implemented that facilitates development of this key critical mineral, while minimising cultural and environmental disturbances.

Traditional Owners and other members of the local community have expressed their desire for existing port facilities to be fully utilised before any further marine disturbance takes place, a view that Diatreme strongly supports.

Diatreme continues to engage with affected Traditional Owners, signing in July 2025 a negotiation protocol with representatives of the Gulaal People. The protocol commits both parties to building a positive long-term relationship, ensuring the Gulaal People's rich cultural heritage is sustained for future generations while also maximising economic benefits such as employment and training.

For Diatreme, earning and maintaining social licence is an ongoing process, grounded in trust, transparency and sustained engagement with communities over time.

Clermont divested; Cyclone advances

Diatreme has generated value from its non-core projects, including through the sale of the Clermont Copper/Gold Project to Moonlight Resources Limited (ASX:ML8). Consideration for the sale comprised \$3.25 million in Moonlight shares and \$250,000 cash.

Following Moonlight's successful initial public offering (IPO) on the Australian Securities Exchange in December 2025, Diatreme has retained a 16.76 per cent interest in Moonlight. This provides exposure to Moonlight's future growth, including Clermont and its other critical minerals projects across Australia, with Diatreme shareholders receiving a priority offer in the IPO.

In Western Australia, Diatreme's Cyclone Project has also advanced, with metallurgical testwork showing significant improvements in the recovery of heavy minerals such as zircon and titanium. This zircon-rich critical minerals project is seen as increasingly valuable in the context of growing international demand for secure critical mineral supply chains, and Diatreme is continuing to engage with potential project partners to generate increased shareholder value from Cyclone.

Chairman's Review 2025

Bright outlook

Diatreme's attractive outlook is demonstrated by the ongoing solar energy boom. The International Energy Agency expects solar PV to become the largest renewable energy source by 2029, surpassing both wind and hydropower. Investment in solar, both utility-scale and rooftop, was estimated at US\$450 billion in 2025, while reaching net zero targets by 2050 would require the equivalent of installing the world's largest solar park virtually every day.

With 70 per cent of every solar panel comprised of glass made from high purity, low iron silica, Diatreme's key product has a bright future and we are proud to be playing a role in the world's clean energy transition.

Achieving our goals requires a team effort and I would like to thank my fellow Directors, management, employees, contractors and all who have contributed to Diatreme's achievements.

Diatreme continues to play an active role in the community where we operate, Hope Vale, and we continue working hard to earn the community's trust.

The year ahead promises more achievements including the finalisation of the EIS process and the delivery of a Pre-Feasibility Study for the NSP, highlighting its economic benefits, as we advance towards the award of a Mining Lease. With these goals in sight I am confident of another successful year ahead for Diatreme.

Yours sincerely



Wayne Swan

Chair, Diatreme Resources Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Diatreme Resources is at the forefront of developing critical minerals resources, strategically advancing its low iron, high purity silica sands projects in Far North Queensland to support the global demand for high quality silicon and transparent tempered glass products. To date, Diatreme's activities have been strongly focused on exploration and resource development.

The NSP is Diatreme's flagship project, creating the pathway for Diatreme to transition from explorer to developer. As the NSP progresses through the statutory Environmental Impact Statement (EIS) assessment process with the Queensland and Commonwealth Governments, Diatreme recognises the important role ESG plays in securing its social licence to operate and ensuring long-term value for all stakeholders.

As we continue to take positive steps towards obtaining the necessary approvals to begin construction, we remain committed to fostering transparent and meaningful relationships with Traditional Owners. With the local community at the forefront of our decision-making processes, we have developed our ESG strategy with an emphasis on impact minimisation, pollution prevention, and the implementation of sustainable, community-focused governance practices.

By integrating these principles into the project's design from inception, Diatreme aims to not only supply the high-grade silica required for soaring global solar photovoltaic (PV) demand but also to set a benchmark for responsible mining.

Our ESG Mission

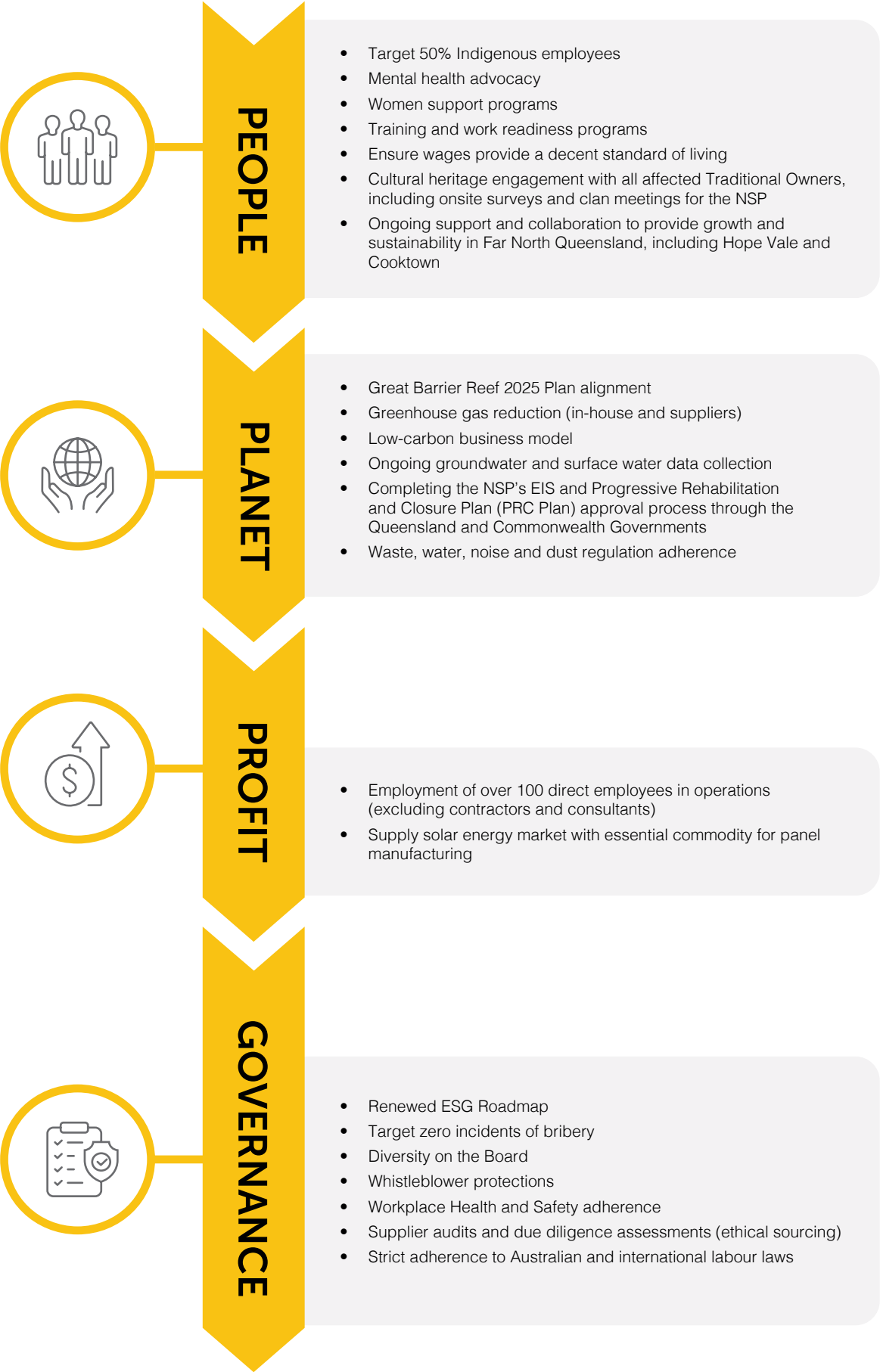
To further develop our existing responsible and sustainable business practices and emerge as a market leading producer of high purity silica products, contributing to an increasing domestic and global demand for high quality, ethically sourced, renewable technology materials.

Our ESG Strategy

Diatreme is dedicated to unlocking the strategic value of our world-class silica assets by integrating sustainable development practices across our value chain. Our strategy is built on a foundation of deep collaboration with Traditional Owners and First Nations Peoples, and a proactive approach to managing environmental and social impacts.

Figure 1 provides an overview of the actions Diatreme has been progressing to support our ESG pillars of People, Planet, Profit and Governance.

As Diatreme continues to transition from explorer to developer, these actions may be updated to reflect the evolving status of Diatreme's business activities.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our Values

Diatreme’s Company values are at the heart of the organisation. Promoting safety, improving sustainability, heritage protection, robust governance and improving diversity are the foundation of our operations. Our highly experienced Board and passionate team are committed to undertaking their duties with these values in mind.



Safety

We are committed to a zero harm workplace - everybody home safe everyday



Sustainability

We work in harmony with nature towards the fundamental transition to renewables and global decarbonisation



Heritage

We ensure traditions and history of Country are respected and protected



Governance

We underpin good governance through transparency, integrity and accountability across the entire organisation



Diversity

We value people with different ideas, strengths, interests and cultural backgrounds, to support growth and innovation

OUR ESG ROADMAP

As Diatreme continues to grow as a Company, we are committed to ensuring that our ESG framework and commitments grow with us and that we are focusing on the right things at the right time of development. To guide this growth, which is driven by the success of the NSP, we have renewed our ESG roadmap to guide maturation of our ESG practices, and to reflect alignment between our company values and the ESG roadmap.



Our ESG Approach

Diatreme's ESG commitments are underpinned by the Plan–Do–Check–Act (PDCA) continuous improvement framework. This approach ensures that ESG risks and opportunities are systematically identified, managed, monitored and reviewed consistent to the needs of each development phase.

This approach aligns closely with our Company values and is further underpinned by our commitment to avoid, mitigate and manage impacts. As a Company, we are committed to reviewing our ESG performance annually, ensuring alignment with evolving regulatory changes, our values and stakeholder expectations. This approach ensures a cycle of continuous improvement and organisational transparency.



OUR ESG ROADMAP

Environment

Diatreme is committed to an impact avoidance, mitigation and minimisation approach, utilising an environmental management framework that upholds our licence to operate. This approach reflects our Company values and commitment to responsible, conscientious development. This commitment is not confined to just the project development stage, but also guides our actions from early exploration through to post-closure stewardship.

WHAT WE ARE DOING

Diatreme manages two major exploration projects across Queensland and Western Australia.

The Company's silica sands projects located in Queensland's Cape York region comprise the flagship Northern NSP, CFSP, and GSSP. As part of these projects, Diatreme currently complies with the environmental conditions outlined under the projects' approved Environmental Authorities (EAs) (EPSX02446214, EA0002654, P-EA-100649511, EA0002100, and EA0002098) granted by the Queensland Department of the Environment, Tourism, Science and Innovation (DETSI) under the Queensland *Environmental Protection Act 1994*.

The Cyclone Zircon Project is located along Barton shoreline within the Wanna Lakes area of the northern Eucla Basin, Western Australia. Diatreme complies with the environmental conditions outlined under the project's approved Ministerial Statements (1052 and 1210) granted by the Western Australian Environmental Protection Authority (EPA) under the Western Australian *Environmental Protection Act 1986*.

COMPLETION OF THE DRAFT ENVIRONMENTAL IMPACT STATEMENT FOR THE NSP

In December 2025, Diatreme submitted to the Queensland Office of the Coordinator General (OCG) an initial Draft EIS (DEIS) for the NSP. The OCG and other state and Commonwealth agencies will assess the DEIS for adequacy against the Terms of Reference (ToR) ahead of releasing the DEIS for public review and comment.

The DEIS outlines Diatreme's commitments to ensuring all potential social, cultural and environmental impacts are avoided, addressed, minimised, mitigated or managed appropriately and in collaboration with the relevant stakeholders.

Some baselining work for Greenhouse Gas (GHG) emissions was also undertaken as part of the DEIS, however, calculations and estimates are currently being updated to reflect National Greenhouse Accounts Factors, which were published at the end of 2025.

OUR ESG ROADMAP

(A) CONTINUATION OF ENVIRONMENTAL MONITORING

Environmental monitoring has commenced for the NSP as part of baseline studies for the DEIS and will continue throughout the life of the project until the certification of rehabilitation objectives. Key environmental aspects being monitored include groundwater, surface water, biodiversity, and wastewater.

Desktop analysis has also been undertaken for air quality, noise and climate change. These environmental baseline studies will provide guidance for the life of the project in determining environmental targets, compliance values and rehabilitation standards after closure.

(B) PROGRESSIVE REHABILITATION AND CLOSURE PLAN

Diatreme is committed to proactive and progressive rehabilitation throughout the life of the NSP. As explorers, Diatreme is proactive in rehabilitating all disturbance as soon as possible to a safe and stable outcome.

As the NSP approvals process is advanced, Diatreme will utilise a suite of community consultation outcomes and technical studies to prepare a Progressive Rehabilitation and Closure Plan (PRC Plan). This document will be ultimately reviewed and approved by DETSI as part of the EIS process.

WHERE WE ARE HEADING

Diatreme's silica resources will contribute to the growing demand for renewable technology products by providing the high-grade silica materials for use in the solar PV industry. The NSP will be Diatreme's first silica mine and initial projections estimate that for every million tonnes of high purity silica produced, the raw materials for the manufacturing of 103 million solar panels could be produced.

Diatreme's silica resources also come at an opportune time to play a key role in supporting the energy transition from historical coal and gas means to renewable energy technology.

Consistent with our ESG Roadmap and as part of our commitment to reducing our environmental impact during operations, Diatreme commits to developing an overarching Environmental Management System (EMS) aligned with ISO 14001.

Initially, this EMS will focus on the 'Context of the Organisation' and 'Leadership' clauses of the ISO14001 standard and the 'Plan' element of the PDCA framework with a view to define the context of the organisation, scope, leadership accountability, environmental policies and organisational roles and responsibilities. This phase will be followed by a comprehensive review of risks and opportunities, linked to the environmental objectives and aligned to the 'Planning' clause of the standard.

Further development of the EMS following the planning and risk assessment stages, will be dependent on the outcome of the EIS and baseline studies.

Diatreme will also continue to monitor potential impacts on environmental values throughout operations and post-closure. The requirements for monitoring will be determined through an Environmental Authority as part of the approvals process and may include conditions for ongoing groundwater, surface water, wastewater and emissions (air, noise, dust) monitoring.

Diatreme remains committed to achieving strict compliance with its environmental obligations during all stages of operations.

OUR ESG ROADMAP

Social

Diatreme is committed to fostering strong relationships with our stakeholders and local communities, maintaining transparent, consistent and inclusive engagement throughout all stages of our operations.

Diatreme is establishing a culture that recognises and embraces all people as individuals, empowering them to celebrate what makes them different, while also utilising the knowledge of these individuals in determining those environmental values which hold cultural significance in the area.

We foster an environment of mutual learning, respect, dignity, and openness to other cultures and an appreciation of diverse perspectives while promoting equal opportunity to contribute to business success and lead by example without unconscious bias.

Since we began working in Hope Vale in 2020, as a team we have learnt a lot about our community, their values and through ongoing engagement opportunities we will continue to develop and nurture this relationship, for the benefit of all stakeholders.

WHAT WE ARE DOING

To support the NSP EIS, Diatreme has been undertaking ongoing consultation within the Hope Vale, Cooktown and Cairns communities, as well as with relevant government agencies and industry bodies to ensure that stakeholder views inform decision making processes and the development of the NSP with hundreds of engagements having already taken place.

To build on this dedicated effort to ensure social licence, in 2025 we commissioned a comprehensive third-party review of our Community and Stakeholder Engagement Plan (CSEP) to ensure that it aligns with best practice standards and to identify any improvements in the engagement approach. The CSEP was updated and is continuing to be implemented to support all stages of the approvals phase and into project development.

In line with our commitment to responsible project development and positive community outcomes, Diatreme has:

- Maintained an ongoing stakeholder engagement program across Hope Vale, Cooktown and the broader Cape York region to ensure community perspectives inform project planning, environmental assessment and decision-making processes.
- Implemented a structured CSEP aligned with recognised industry engagement standards to guide transparent, culturally appropriate and inclusive consultation practices.
- Supported community wellbeing and local capacity through targeted community investment initiatives, including education support, community events and partnerships with regional organisations.
- Continued engagement with Traditional Owners and representative organisations to ensure cultural values, land connections and community priorities are respectfully considered in project development and consultation processes.
- Provided accessible and transparent project information through community meetings, public communications and digital channels to enable stakeholders to participate meaningfully in the EIS process.

OUR ESG ROADMAP

Diatreme continues to largely operate out of our locally based offices in Hope Vale and Cairns, to ensure we maintain an ongoing connection with the local community and utilise the services of local companies. Our Hope Vale office specifically is staffed by community members, who provide valuable insight into the expectations of our social commitments.

(C) FIRM COMMITMENTS MADE THROUGH THE EIS

As part of the EIS, a comprehensive Social Impact Assessment (SIA) was undertaken to identify the potential social impacts of the NSP. The SIA was informed by interviews and consultation with key stakeholders. A key element of the SIA is the Social Impact Management Plan (SIMP) which outlines appropriate mitigation and management measures as well as Diatreme's commitments for positive social outcomes.

While the SIA and SIMP will be available for review during the EIS's Public Notification Period (anticipated for mid to late 2026), key commitments made by Diatreme include:

- Target of 50 percent for Indigenous employment during operations.
- Developing targets for training, apprenticeship and work readiness program positions.
- Development of camp accommodation facilities to manage impacts to the local housing market.
- Providing opportunities for local businesses during construction and operations.
- Upgrading external road networks for improved flood immunity and broader regional benefits.
- Continuation of supporting and respecting cultural practices, including Sorry Business.

WHERE WE ARE HEADING

The next key stage of the EIS process will include Public Notification. Public Notification will cover the entirety of the EIS with supporting technical reports being made available to the public for review and comment.

Diatreme will advise stakeholders on when the Public Notification Period commences and will host dedicated consultation events within Hope Vale, Cooktown and Cairns to ensure that community members have access to project team members, project information and technical experts.

Diatreme's key priority throughout Public Notification is ensuring that stakeholders understand the work that has been done and what the findings of the EIS process mean for each stakeholder. In line with this, Diatreme will provide supporting materials to outline the key findings and is committed to providing information in a format that is not overly technical and is suitable for all our stakeholders.

OUR ESG ROADMAP

Governance

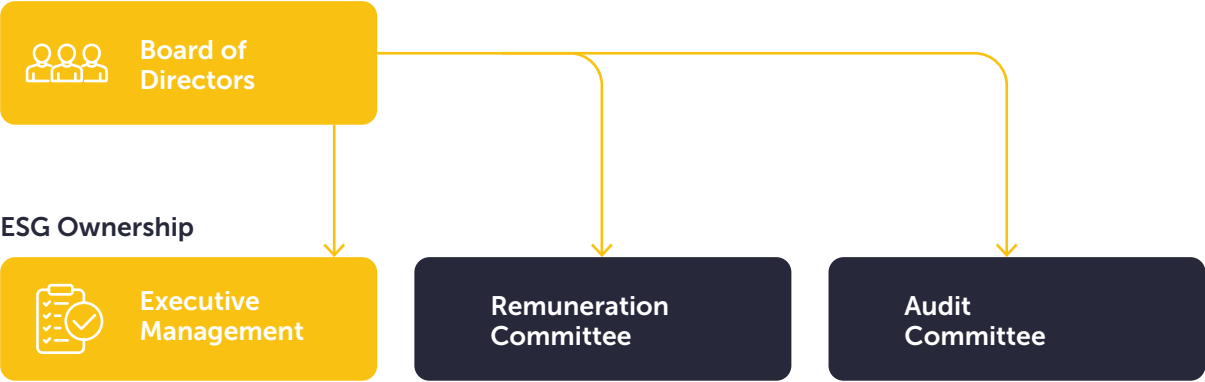
Diatreme is governed by a Board of Directors (the Board) who are responsible for the review and endorsement of Diatreme’s corporate strategy, statements, policies, management systems and corporate governance.

Diatreme’s Board and Executive Management Team are highly experienced across all stages of project exploration, mine development and project financing together with strong government, regulatory and community engagement credentials. This foundation underpins the Company’s strong commitment to ensuring the long-term sustainability of our operations, including health, safety and environmental stewardship in the communities in which we operate.

The Board’s governance is supported by the Board Charter, Corporate Governance Statement and suite of policies as listed on the company website.

Diatreme’s Executive Management Team is the owner of ESG performance, with oversight from the Board.

ESG Oversight



WHAT WE ARE DOING

Diatreme’s Board has two established committees to ensure proactive leadership across the audit and remuneration functions. The Audit Committee and Remuneration Committee governance is outlined in the Audit Committee Charter and the Remuneration Committee Charter as outlined on Diatreme’s website.

OUR ESG ROADMAP

Commitment to sustainability through ESG framework review

In 2025, Diatreme engaged a third-party specialist to undertake a review and gap analysis of the company's ESG framework. This work has identified key development areas that can improve Diatreme's sustainability approach and operational impact. Diatreme aims to develop the necessary systems that can grow with the project, reflecting the multi-stage nature of the project and stakeholder requirements.

WHERE WE ARE HEADING

A co-designed approach

Diatreme acknowledges the rich cultural history and connections that exist within the communities we operate in. In acknowledgement of this, Diatreme is committed to ensuring that business decisions give consideration to the cultural knowledge and experience of First Nations People. We are committed to a co-design approach underpinned by our values and commitment to avoid, mitigate and manage impacts.

Completion of material risk assessment for stronger governance oversight of ESG matters

Leading on from the ESG framework review and gap analysis undertaken in 2025, Diatreme will commence the initial stages of a materiality and risk assessment process in 2026 to identify and prioritise the material areas with the greatest impact on the business and our stakeholders.

Undertaking the materiality and risk assessment will not only provide the Board with greater oversight of key material and ESG matters, but will also ensure closer alignment of Diatreme's ESG framework with the requirements of the Global Reporting Initiative (GRI) standards.

Governance structures to support the growth of the NSP

As Diatreme's flagship NSP is progressing into the final stages of environmental approvals, Diatreme is committed to further developing our suite of management systems, policies and procedures to support the development of the project. Our commitment to health and safety, cultural and environment protection and sustainability are reflected in our values and will be embedded within these systems and will continue to be co-designed with stakeholders, reviewed and updated throughout the project development lifecycle.

Diatreme is also committed to undertaking compliance audits in accordance with any conditions required under the Environmental Authority associated with the NSP and ensuring that operational and managerial staff have the required skills and training for their roles as the company progresses from explorer to developer.

DIRECTORS' REPORT

The Directors present their report on Diatreme Resources Limited ("Diatreme" or "the Company") and its subsidiaries (the "Group") for the year ended 31 December 2025.

DIRECTORS

The following persons were directors of Diatreme Resources Limited during the whole year and up to the date of this report, unless otherwise stated:

Wayne Swan
Cheng (William) Wang
Michael Chapman
Karalyn Keys
Brian Flannery
Tom Cutbush

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was exploration and project development activities in its mineral/silica sands tenements in Australia. There were no changes in the nature of the Group's principal activities during the year.

DIVIDENDS

No dividend has been paid since the end of the previous year and the Directors do not recommend the payment of any dividend for the year ended 31 December 2025.

REVIEW OF OPERATIONS

Overview

During the 2025 reporting period, Diatreme continued to advance its portfolio of critical minerals projects, with a strong strategic focus on progressing its flagship Northern Silica Project (NSP) in Far North Queensland toward development readiness. The year was characterised by major regulatory milestones, substantial resource upgrades, continued metallurgical and technical de-risking, and portfolio optimisation initiatives following the

Company's successful takeover of Metallica Minerals Limited.

In parallel, Diatreme progressed value-realisation initiatives across its non-core assets, including the divestment of the Clermont Copper/Gold Project and selected intellectual property, while continuing to advance metallurgical testwork and stakeholder engagement for the Cyclone Zircon Project in Western Australia.

DIRECTORS' REPORT

Northern Silica Project

Regulatory approvals and Major Project recognition

The Northern Silica Project achieved several significant regulatory milestones during 2025, materially advancing the project along the approvals pathway.

In January 2025, Diatreme announced that the NSP's Environmental Impact Statement (EIS) studies had progressed to the final stages of impact assessment and mitigation following the release of the Final Terms of Reference (FToR) by Queensland's Office of the Coordinator-General (OCG) in September 2024. With the final assessment framework confirmed, the Company was able to substantially progress EIS investigations in parallel with the formal approvals process.

A major milestone was achieved in mid-2025 when the Federal Government granted Major Project Status to the NSP through the Major Projects Facilitation Agency. This designation recognises the NSP's strategic importance to Australia's critical minerals sector and its potential contribution to the global solar photovoltaic supply chain. Major Project Status enables enhanced coordination of Commonwealth approvals, particularly under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) and further supports the project's development timeline.

Building on these milestones, Diatreme lodged the Draft Environmental Impact Statement (DEIS) with the OCG in December 2025 for adequacy review. The DEIS represents the culmination of extensive environmental, social, cultural and economic investigations undertaken since the release of the FToR. Subject to adequacy confirmation by State and Commonwealth agencies, the DEIS is expected to be released for public consultation during the first half of calendar year 2026.

EIS studies and technical assessments

During the year, Diatreme completed the most time-critical components of the EIS data collection program. This included 12 months of continuous surface water and groundwater monitoring, satisfying long-term data requirements under the FToR.

Comprehensive baseline studies were completed across terrestrial ecology, aquatic ecology, groundwater and hydrogeology, marine environments, soils, flood modelling, climate change assessment, cultural heritage and social impact. These studies underpin the environmental and social risk assessment framework for the project and inform proposed mitigation and management strategies.

Resource growth and exploration results

In June 2025, Diatreme announced a significantly upgraded Mineral Resource Estimate (MRE) for the NSP Deposit, confirming the NSP as one of Australia's largest and highest-quality undeveloped silica sand resources.

Key outcomes of the updated MRE included:

- A 278% increase in the Measured Resource, from 49.5Mt to 187.5Mt
- A 16% increase in total NSP Deposit tonnage to 272.5Mt
- Improved bulk density assumptions following testwork
- Confirmation of a homogeneous particle size distribution suitable for downstream processing

DIRECTORS' REPORT

Diatreme's global silica sand resource base now exceeds 500Mt across the Cape Bedford and Cape Flattery region, providing a strong foundation for long-life mine planning and future production.

Exploration drilling completed in late 2024 and reported during 2025 further confirmed the scale, continuity and quality of the NSP resource. The program included 3,420m of drilling across 154 holes, with results supporting strong geological confidence and high product recoveries.

Metallurgical testwork

Benchtop characterisation testing and bulk sample metallurgical testwork conducted during the year continued to demonstrate the NSP's ability to produce low-iron, high-purity silica sand suitable for photovoltaic glass manufacture. This work confirmed product specifications meeting the Chinese National Industrial Standard JC/T2314–2015, with high recovery rates, reinforcing the project's suitability for premium solar glass markets.

Community engagement

Community and Traditional Owner engagement remained a core focus throughout 2025. Diatreme maintained an on-ground presence in Hope Vale, supporting EIS-related engagement activities, community events, sponsorships and information sessions in Hope Vale and Cooktown.

The Company continued structured engagement with Traditional Owner groups, including the Dingaali and Gulaali Peoples, to support cultural heritage assessments, social impact studies and ongoing dialogue regarding project development.

Overall community engagement has now completed hundreds of engagements with project stakeholders, which have informed project decision making in line with stakeholder expectations and concerns, culminating in the completion of a Social Impact Assessment (SIA) and Social Impact Management Plan (SIMP) forming part of DEIS requirements.

Cape Flattery Silica Project (CFSP)

During 2025, Diatreme continued its strategic review of the Cape Flattery Silica Project following its acquisition through the takeover of Metallica Minerals Limited. The review focused on identifying development synergies with the NSP, including shared infrastructure, port access and reduced capital expenditure.

Clermont Copper/Gold Project

In September 2025, Diatreme announced an agreement to sell the Clermont Project to Moonlight Resources Limited (Moonlight). Consideration comprised \$250,000 in cash and securities valued at \$3.25 million, resulting in Diatreme becoming a significant shareholder in Moonlight following its initial public offering.

This transaction aligned with Diatreme's strategy to rationalise its project portfolio while retaining exposure to future value through equity participation.

Cyclone Zircon/Heavy Mineral (HM) Project

Diatreme continued to advance the Cyclone Zircon Project during 2025, with a focus on metallurgical optimisation and value enhancement.

Following completion of a 106-hole air-core drilling program in late 2024, an 11-tonne bulk sample was prepared for an intensive metallurgical testwork program conducted by Mineral Technologies. Testwork results reported during the year demonstrated the potential to improve zircon recovery and product quality using updated processing flowsheets and recent technological advancements.

Laboratory characterisation confirmed that the bulk sample grade exceeded the average Ore Reserve grade, supporting the potential for improved project economics.

DIRECTORS' REPORT

A portion of the bulk sample was also provided to interested parties for independent evaluation, with discussions continuing with potential customers and strategic partners.

Corporate

During 2025, Diatreme continued to streamline its asset portfolio and strengthen its financial position.

The Company completed the sale of dormant scandium-related intellectual property acquired through the Metallica takeover, generating \$562,500 in proceeds to support silica project development.

In December 2025, Diatreme welcomed the successful IPO of Moonlight Resources Limited following the sale of the Clermont Copper/Gold Project, with Diatreme retaining a 16.76% shareholding.

Diatreme also received \$226,894 under the Australian Government's R&D Tax Incentive during the year, relating to eligible expenditure on the Cyclone Zircon Project.

Investor engagement remained active throughout the year, with presentations delivered at industry conferences and ongoing engagement with shareholders and stakeholders.

OPERATING RESULTS

The net loss of the Group for the financial year ended 31 December 2025 was \$744,955 (2024: loss of \$439,527).

MATERIAL BUSINESS RISKS

The Group's activities are subject to numerous risks. The material business risk affecting the Group and its future performance is currently exploration risk. Exploration risks include the likelihood of not finding the desired resources, encountering unexpected geological formations or natural hazards, operational challenges or delays and dealing with regulatory or environmental hurdles as part of exploration activities. This risk is managed through an established exploration prospect evaluation methodology and engagement of relevant experts in the field.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report.

EVENTS SUBSEQUENT TO REPORTING DATE

No other matter or circumstance has arisen since the end of the reporting date that has significantly affected, or may affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS

The Group intends to continue its exploration activities on its existing projects, and progress development of the silica projects within its North Qld tenements portfolio and further advance or dispose of the Cyclone Heavy Minerals project.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Name	Wayne Swan
Title	Non-Executive Chairman
Qualification	Bachelor of Arts
Experience	Mr Swan was appointed a Non-Executive Director and Chairman in November 2021. Mr Swan enjoyed a lengthy career in Australian federal politics, serving as Treasurer of Australia from 2007 to 2013 and Deputy Prime Minister of Australia from 2010 to 2013. During his parliamentary career, Mr Swan worked to improve legal recognition and protection for traditional owners, as well as supporting workers' rights and Australia's clean energy future. Since retiring from Parliament in 2019, he has served as national president of the Australian Labor Party, Director of Stanwell Corporation, and Chairman of CBUS (Australia's leading superannuation fund for the building, construction, and allied industries).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of audit committee
Interests in shares:	2,000,000 ordinary shares
Interests in options:	10,000,000 options

Name	Cheng (William) Wang
Title	Non-Executive Director
Qualification	MBA
Experience	Mr Wang has held senior management positions in several major Chinese state-owned companies, with his most recent role being in charge of an international commodities trading arm with group assets exceeding \$1.5 billion. Having worked across most provinces in China and understanding Chinese politics and government systems, he has developed wide business connections within China. Now domiciled in Australia, he has over recent years been active with Australian companies including directorships with China Century Capital Limited, Jupiter Mines Limited and Gulf Alumina Limited.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of remuneration committee
Interests in shares:	3,447,615 ordinary shares (held indirectly)
Interests in options:	10,000,000 options

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Name	Michael Chapman
Title	Non-Executive Director
Qualification	NSW Open Cut Coal Mine Managers Certificate
Experience	QLD Metaliferous Mine Managers Certificate Mr Chapman was appointed a Non-Executive Director in August 2020. He 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. Mr Chapman recently served as the Chief Operating Officer of White Energy Company (ASX: WEC), following a similar role at Felix Resources, with previous employment at a range of operations across Australia and Indonesia and in commodities spanning coal, iron ore, copper and nickel.
Other current directorships:	White Energy Company Limited
Former directorships (last 3 years):	None
Special responsibilities:	Member of remuneration committee
Interests in shares:	None
Interests in options:	10,000,000 options

Name	Karalyn Keys
Title	Non-Executive Director
Qualification	Bachelor of Arts (Politics & Public Administration)
Experience	Ms Keys has a strong board and financial background. Her financial experience includes previous roles as a trustee director at Cbus Super (Est. \$54Bn under management), energy provider Powerlink and asset manager United Super Asset Management and as a director of the Australian Institute of Superannuation Trustees. Ms Keys has worked closely with Indigenous communities, including serving for six years as a National Campaign Director and prior to that as the National Indigenous Officer at the Australian Council of Trade Unions.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit Committee and Remuneration Committee
Interests in shares:	2,546,253 ordinary shares (held indirectly)
Interests in options:	10,000,000 options

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Name	Brian Flannery
Title	Non-Executive Director
Qualification	BE Mining
Experience	He is a mining engineer with more than 50 years' experience in the development, engineering, construction and management of open-cut and underground mining projects in Australia and overseas. Brian was Managing Director of White Mining Limited prior to its merger with Felix Resources Limited in April 2005. Subsequent to that merger he held the position of Managing Director of Felix Resources Limited and Yancoal Australia Limited until September 2010.
Other current directorships:	White Energy Company Limited
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,116,249,750 (held indirectly)
Interests in options:	None

Name	Thomas Cutbush
Title	Non-Executive Director
Qualification	Master of Arts
Experience	He has over 30 years of executive and board experience, specialising in mining projects, particularly in the silica sands industry. He is currently a director of Sibelco Australia, where he previously held senior roles including CEO of Sibelco Europe. A nominee of Sibelco Asia Pacific (22% shareholder). Earlier, Mr. Cutbush spent 15 years at Exxon and later led Normandy Industrial Minerals and its divestment in 2000 to Unimin/Sibelco Group. He joined Sibelco Europe in 2007, retiring from executive management in 2020 but remains a director of Sibelco Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

DIRECTORS' REPORT

COMPANY SECRETARY

Tuan Do – B Comm., CA

Mr. Do is a Chartered Accountant with extensive corporate experience in industries such as coal and gold mining. His expertise includes financial reporting, treasury management, capital raisings, and the development and implementation of financial systems and procedures. Mr. Do has worked in senior financial roles, overseeing financial operations and ensuring compliance with regulatory requirements.

He holds a degree in Commerce & Business Administration and is a member of Chartered Accountants Australia and New Zealand. His experience spans both corporate governance and financial management in diverse sectors.

MEETINGS OF DIRECTORS

The number of meetings of Directors held during the year ended 31 December 2025, and the number of meetings attended by each Director was as follows:

Name	Board of Directors		Audit Committee		Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Wayne Swan	7	7	2	2	-	-
Cheng (William) Wang	7	6	2	2	1	1
Michael Chapman	7	6	-	-	1	1
Karalyn Keys	7	7	2	2	1	1
Brian Flannery	7	7	-	-	-	-
Tom Cutbush	7	7	-	-	-	-

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED

This remuneration report outlines the key management personnel remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the specified executives. For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives and secretaries of the Company and the Group.

The remuneration report is set out under the following main headings:

- (a) Key management personnel
- (b) Principles used to determine the nature and amount of remuneration
- (c) Relationship of remuneration with Group performance
- (d) Details of remuneration
- (e) Employment contracts
- (f) Share-based compensation
- (g) Equity instruments held by key management personnel

(a) Key management personnel (KMP)

The Directors and other key management personnel of the Company during or since the end of the financial year were:

- Wayne Swan - Non-Executive Chairman
- Cheng (William) Wang - Non-Executive Director
- Michael Chapman - Non-Executive Director
- Karalyn Keys - Non-Executive Director
- Brian Flannery - Non-Executive Director
- Thomas Cutbush - Non-Executive Director
- Neil McIntyre - Chief Executive Officer
- Tuan Do - CFO & Company Secretary
- Gregory Starr – Non-Executive Director (resigned on 9 July 2024)

DIRECTORS' REPORT

(b) Principles used to determine the nature and amount of remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Director. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration Committee.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. Following shareholder approval at the Annual General Meeting on 23 May 2024, the Directors' fee pool limit was increased by \$200,000 from \$300,000 to a maximum sum of \$500,000 (inclusive of superannuation).

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- Base pay
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration. Fixed remuneration, consisting of base salary and superannuation, are reviewed annually by the Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

(c) Relationship of remuneration with Group performance

The Directors consider that, as the Group is in an exploration phase of its development, it is not appropriate that remuneration for employees and Directors be linked to the financial performance of the Group. Once the Group enters a sustained production phase, this assessment may change accordingly.

	Unit	2021	2022	2023	2024	2025
Share price at year end	\$/share	0.021	0.027	0.024	0.022	0.019
Market capitalisation	\$	63,288,069	100,703,496	89,514,219	110,182,201	95,157,355
Revenue and other income	\$	23,938	8,392,012	14,304,394	5,393,217	3,214,776
Total assets	\$	33,135,877	55,333,890	66,531,895	95,452,771	94,507,375
Net profit/(loss) after tax	\$	(2,149,567)	4,978,378	10,366,209	(439,527)	(744,955)

DIRECTORS' REPORT

(d) Details of remuneration

2025	Short-term benefits		Post-employment benefits	Long-term benefits	Share based payments	
Name	Salary & fees \$	Annual Leave \$	Superannuation \$	Long service leave \$	Options \$	Total \$
Non-Executive Directors						
W Swan	80,000	-	9,400	-	7,957	97,357
W Wang	47,000	-	5,523	-	-	52,523
M Chapman	47,000	-	5,523	-	-	52,523
K Keys	47,000	-	5,523	-	43,337	95,860
B Flannery	47,000	-	5,523	-	-	52,523
T Cutbush	47,000	-	5,523	-	-	52,523
Other KMP						
N McIntyre	465,685	(63,444)	54,718	9,993	20,976	487,928
T Do	236,775	10,938	27,821	6,371	13,984	295,889
Total	1,017,460	(52,506)	119,554	16,364	86,254	1,187,126

In 2025, the group also made the following payments: \$108,000 for specialist market and consultancy services from Fortune Corporation Australia Pty Limited (director-related entity of William Wang), and \$199,285 for community engagement and risk management from KTL Collective Pty Ltd (director-related entity of Karalyn Keys)

DIRECTORS' REPORT

2024	Short-term benefits			Post-em- ployment benefits	Long-term benefits	Share based pay- ments	
Name	Salary & fees \$	Cash Bonus \$	Annual Leave \$	Superannu- ation \$	Long ser- vice leave \$	Options \$	Total \$
Non-Executive Directors							
W Swan	80,000	-	-	9,000	-	32,164	121,164
G Starr ⁽¹⁾	24,765	-	-	2,731	-	6,617	34,113
W Wang	47,000	-	-	5,288	-	6,617	58,905
M Chapman	47,000	-	-	5,288	-	6,617	58,905
K Keys	47,000	-	-	5,288	-	75,660	127,948
B Flannery ⁽²⁾	10,559	-	-	1,214	-	-	11,773
T Cutbush ⁽³⁾	4,439	-	-	510	-	-	4,949
Other KMP							
N McIntyre	393,750	18,750	(112)	49,843	19,411	69,436	551,078
T Do	231,000	11,000	(11,783)	29,152	7,852	46,291	313,512
Total	885,513	29,750	(11,895)	108,314	27,263	243,402	1,282,347

(1) Up to date of resignation 9/7/2024

(2) From date of appointment 9/10/2024

(3) From date of appointment 27/11/2024

The terms of the cash bonus provided to the KMP are as follows:

- Cash bonus and performance criteria: The cash bonus, granted at the Board's discretion on 30 January 2024, was based on key 2023 milestones, including the early completion of Sibelco's \$24 million investment, NSP's project of regional significance status, an offtake Memorandum Of Understanding with Flat Glass Group, and the completion of the Scoping Study.
- Bonus paid to KMP: The bonus, equivalent to 5% of KMP's 2023 base salary, was paid in January 2024.
- Forfeited bonus payments: The bonus for 2023 performance bonus was approved and paid in January 2024, with no further payments due for this grant.
- Bonus value: The bonus is fixed at 5% of the 2023 base salary, with no anticipated changes in future years.

In 2024, the group also made the following payments: \$102,000 for specialist market and consultancy services from Fortune Corporation Australia Pty Limited (director-related entity of William Wang), \$132,901 for corporate advice from Tearum Advisors Pty Limited (director-related entity of Greg Starr), and \$150,025 for community engagement and risk management from KTL Collective Pty Ltd (director-related entity of Karalyn Keys).

DIRECTORS' REPORT

(e) Employment contracts

Remuneration and other terms of employment for executives are formalised in employment contracts. Employment contracts are not of a fixed term. Employment contracts specify a range of notice periods.

(f) Share-based compensation

Shares

There were no shares issued to key management personnel as part of compensation during the year ended 31 December 2025.

Options

Following shareholder approval in May 2022, the Company issued 10,000,000 Director Options, in 3 tranches, to Mr Wayne Swan, Non-Executive Chairman. The Director Options were issued for nil cash consideration and as part remuneration for Director services provided by the Directors to the Company.

The fair value of these options is estimated as at the date of grant using the Binomial valuation model taking into account the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Grant date	26 May 2022	26 May 2022	26 May 2022
Exercise price	\$ 0.025	\$ 0.030	\$ 0.035
Maximum option life in years	5 Years	5 Years	5 Years
Volatility	100.4%	100.4%	100.4%
Risk-free rate	2.95%	2.95%	2.95%
Dividend yield	0.0%	0.0%	0.0%
Trinomial steps	200	200	200
Exercise multiple	4	4	4
Employee exit rate	0.00%	0.00%	0.00%
Expiry date	26 May 2027	26 May 2027	26 May 2027
Vesting date	26 May 2023	26 May 2024	26 May 2025
Option Value	0.0189	0.0183	0.0178
Number of options	3,333,334	3,333,333	3,333,333

DIRECTORS' REPORT

Following Board approval in July 2022, the Company issued 30,000,000 Employee Options, in 3 tranches, to the 3 KMP – Neil McIntyre, Peter Brown and Tuan Do. The Employee Options were issued for nil cash consideration and as part of their remuneration. On 31 December 2022, the 10,000,000 Employee Options issued to Peter Brown lapsed due to his resignation.

	Tranche 1	Tranche 2	Tranche 3
Grant date	25 July 2022	25 July 2022	25 July 2022
Exercise price	\$ 0.035	\$ 0.040	\$ 0.045
Maximum option life in years	5 Years	5 Years	5 Years
Volatility	99.76%	99.76%	99.76%
Risk-free rate	3.04%	3.04%	3.04%
Dividend yield	0.0%	0.0%	0.0%
Trinomial steps	200	200	200
Exercise multiple	4	4	4
Employee exit rate	0.00%	0.00%	0.00%
Expiry date	25 July 2027	25 July 2027	25 July 2027
Vesting date	25 July 2023	25 July 2024	25 July 2025
Option Value	0.0291	0.0284	0.0279
Number of options	6,666,666	6,666,667	6,666,667

DIRECTORS' REPORT

Ms Karalyn Keys was appointed a non-executive director on 19 July 2023. In connection with her appointment, Diatreme agreed to grant Ms Keys with 10,000,000 Director Options exercisable over ordinary shares in Diatreme. The Options were subsequently issued on 8 August 2023. The Director Options were issued for nil cash consideration and as part remuneration for Director services provided by the Directors to the Company.

The fair value of these options is estimated as at the date of grant using the Binomial valuation model taking into account the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Grant date	8 August 2023	8 August 2023	8 August 2023
Exercise price	\$ 0.035	\$ 0.040	\$ 0.045
Maximum option life in years	5 Years	5 Years	5 Years
Volatility	123.0%	123.0%	123.0%
Risk-free rate	3.75%	3.75%	3.75%
Dividend yield	0.0%	0.0%	0.0%
Trinomial steps	200	200	200
Exercise multiple	4	4	4
Employee exit rate	0.00%	0.00%	0.00%
Expiry date	8 August 2028	8 August 2028	8 August 2028
Vesting date	8 August 2024	8 August 2025	8 August 2026
Option Value	0.0160	0.0157	0.0155
Number of options	3,333,334	3,333,333	3,333,333

DIRECTORS' REPORT

(g) Equity instruments held by KMP

Fully paid ordinary shares

Key Management Personnel	Balance at start of year	Issued as part of remuneration	Acquired/ (disposed)	Balance at end of the year
W Swan	2,000,000	-	-	2,000,000
K Keys	-	-	2,546,253	2,546,253
W Wang	6,267,255	-	(2,819,640)	3,447,615
M Chapman	-	-	-	-
B Flannery	1,116,249,750	-	1,003,951	1,117,253,701
T Cutbush	-	-	-	-
N McIntyre	11,551,670	-	1,600,000	13,151,670
T Do	270,301	-	150,000	420,301
Total	1,136,338,976	-	2,480,564	1,138,819,540

Share options

Key Management Personnel	Balance at start of year	Granted as remuneration	Exercised	Expired/forfeit	Balance at end of the year
W Swan	10,000,000	-	-	-	10,000,000
W Wang	10,000,000	-	-	-	10,000,000
M Chapman	10,000,000	-	-	-	10,000,000
B Flannery	-	-	-	-	-
T Cutbush	-	-	-	-	-
K Keys	10,000,000	-	-	-	10,000,000
G Starr ⁽¹⁾	10,000,000	-	-	-	10,000,000
N McIntyre	12,000,000	-	-	-	12,000,000
T Do	8,000,000	-	-	-	8,000,000
Total	70,000,000	-	-	-	70,000,000

⁽¹⁾ The share options were vested and issued to Gregory Starr prior to his resignation on 9/7/2024

DIRECTORS' REPORT

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option as at 31 December 2025 are as follows:

Issue date	Expiry date	Exercise price	Number under option	Type
25 June 2021	27 May 2026	2.5 cents	10,000,002	Unlisted
25 June 2021	27 May 2026	3.0 cents	9,999,999	Unlisted
25 June 2021	27 May 2026	3.5 cents	9,999,999	Unlisted
26 May 2022	26 May 2027	2.5 cents	3,333,334	Unlisted
26 May 2022	26 May 2027	3.0 cents	3,333,333	Unlisted
26 May 2022	26 May 2027	3.5 cents	3,333,333	Unlisted
25 July 2022	25 July 2027	3.5 cents	6,666,666	Unlisted
25 July 2022	25 July 2027	4.0 cents	6,666,667	Unlisted
25 July 2022	25 July 2027	4.5 cents	6,666,667	Unlisted
8 August 2023	8 August 2028	3.5 cents	3,333,334	Unlisted
8 August 2023	8 August 2028	4.0 cents	3,333,333	Unlisted
8 August 2023	8 August 2028	4.5 cents	3,333,333	Unlisted

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in relation to its exploration activities. There are no matters that have arisen in relation to environmental issues up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

DIRECTORS' REPORT

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

William Buck (Qld), the Company's auditor, did not perform any other services in addition to their statutory audit duties.

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 38.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Wayne Swan

Non-Executive Chairman

Brisbane, 12 March 2026

Auditor's Independence Declaration

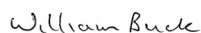
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Diatreme Resources Limited

As lead auditor for the audit of Diatreme Resources Limited for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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



William Buck (Qld)

ABN 21 559 713 106



J A Latif

Partner

Brisbane, 12 March 2026

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William Buck is an association of firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide.
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Note	2025 \$	2024 \$
Revenue	2	144,429	385,094
Gain on acquisition of subsidiary	3	-	4,260,404
Gain on disposal of subsidiaries	4	2,136,963	-
Share of joint venture income	9	40,905	501,370
Other income	2	892,479	246,349
Total revenue and income		3,214,776	5,393,217
Employee benefit expenses		(1,082,896)	(1,833,048)
Depreciation expense	2	(306,602)	(347,301)
Exploration expenditure written off	12	-	(16,131)
Share based payment expense	19	(86,254)	(243,401)
Other expenses	2	(2,398,950)	(3,280,822)
Finance costs		(85,029)	(112,041)
Total expenses		(3,959,731)	(5,832,744)
(Loss)/profit before income tax		(744,955)	(439,527)
Income tax expense	5	-	-
Net (loss)/profit for the year		(744,955)	(439,527)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income for the year		(744,955)	(439,527)
		Cents	Cents
(Loss)/earnings per share			
Basic (loss)/earnings per share	6	(0.01)	(0.01)
Diluted (loss)/earnings per share	6	(0.01)	(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

As at 31 December 2025

	Note	2025 \$	2024 \$
Current Assets			
Cash and cash equivalents	7	2,338,919	5,187,296
Trade and other receivables	8	206,004	191,684
Total Current Assets		2,544,923	5,378,980
Non-current Assets			
Investment in joint venture	9	39,490,412	39,449,507
Investment in listed equity securities	4	2,681,250	-
Property, plant and equipment	10	573,540	741,053
Right-of-use assets	11	32,910	171,462
Exploration and evaluation assets	12	49,130,201	49,594,306
Other assets	13	54,139	117,463
Total Non-current Assets		91,962,452	90,073,791
Total Assets		94,507,375	95,452,771
Current Liabilities			
Trade and other payables	14	939,798	1,089,348
Borrowings	15	1,016,875	1,016,876
Lease liabilities	16	37,810	149,709
Provisions	17	220,743	191,865
Total Current Liabilities		2,215,226	2,447,798
Non-current Liabilities			
Lease liabilities	16	-	37,810
Provisions	17	10,490	26,803
Total Non-current Liabilities		10,490	64,613
Total Liabilities		2,225,716	2,512,411
Net Assets		92,281,659	92,940,360
Equity			
Issued capital	18	124,320,539	124,320,539
Reserves	19	1,347,006	1,260,752
Accumulated losses		(33,385,886)	(32,640,931)
Total Equity		92,281,659	92,940,360

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Note	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total \$
At 1 January 2024		93,637,615	1,017,351	(31,084,188)	63,570,778
Total comprehensive (loss)/income for the year		-	-	(439,527)	(439,527)
Transactions with owners in their capacity as owners:					
Options expensed	19	-	243,401	-	243,401
Shares issued on acquisition of subsidiary	18	30,682,924	-	-	30,682,924
Transaction costs for acquiring of non-controlling interest	3	-	-	(1,117,216)	(1,117,216)
Balance at 31 December 2024		124,320,539	1,260,752	(32,640,931)	92,940,360
At 1 January 2025		124,320,539	1,260,752	(32,640,931)	92,940,360
Total comprehensive (loss)/income for the year		-	-	(744,955)	(744,955)
Transactions with owners in their capacity as owners:					
Options expensed	19	-	86,254	-	86,254
Balance at 31 December 2025		124,320,539	1,347,006	(33,385,886)	92,281,659

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Payments to suppliers and employees		(3,000,676)	(6,555,627)
Interest received		188,123	434,741
Finance costs		(74,207)	(120,478)
Other receipts		495,243	240,202
Net cash used in operating activities	7(a)	<u>(2,391,517)</u>	<u>(6,001,162)</u>
Cash flows from investing activities			
Cash from acquisition of subsidiary (MLM)	3	-	2,756,360
Payments for property, plant and equipment		(12,005)	(185,736)
Payments for exploration and evaluation assets		(1,161,708)	(1,519,012)
Proceeds from sale of property, plant and equipment		10,909	8,182
Proceeds from refund of security deposits		51,223	-
Proceeds from sale of intellectual property		562,500	-
Net cash used in investing activities		<u>(549,081)</u>	<u>1,059,794</u>
Cash flows from financing activities			
Proceeds from sale of subsidiaries	4	250,000	-
Repayment of borrowings		-	(500,000)
Repayment of lease liabilities		(157,779)	(143,794)
Net cash from financing activities		<u>92,221</u>	<u>(643,794)</u>
Net increase in cash and cash equivalents		(2,848,377)	(5,585,162)
Cash and cash equivalents at the beginning of the financial year		<u>5,187,296</u>	<u>10,772,458</u>
Cash and cash equivalents at the end of the financial year	7	<u>2,338,919</u>	<u>5,187,296</u>

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Material accounting policy information

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 12 March 2026.

(b) Basis of measurement

The Group financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These Group financial statements are presented in Australian dollars, which is the Group's presentation and functional currency.

(d) Accounting policies

Accounting policies have been applied consistently by all of the Group's entities and to all periods presented in the consolidated financial statements. Specific material accounting policies are described in the note to which they relate. The following accounting policy applies to the consolidated financial statements as a whole:

Good and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(e) Adoption of new and revised accounting standards

The consolidated entity 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 consolidated entity has early adopted AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture which are required to be applied for annual reporting periods beginning on or after 1 January 2028. With the adoption of this accounting standard, the consolidated entity has recognised the gain resulting from the transaction involving the formation of the joint venture in the profit or loss only to the extent of the unrelated investors' interests in the joint venture.

(f) 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 year ended 31 December 2025 of \$744,955 (2024: \$439,527) and a net cash outflow from operating activities of \$2,391,517 (2024: \$6,001,162). At 31 December 2025, the Group had cash and cash equivalents of \$2,338,919 (2024: \$5,187,296).

The Group's ability to continue as a going concern is dependent on the successful raising of additional funding through equity, the extension of existing debt facilities and/or the partial sale or joint venture of its exploration assets. These factors give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have considered the Group's current financial position, cash flow forecasts and business outlook. While the Group has incurred operating losses and cash outflows during the year, the Directors are confident in the Group's ability to meet its obligations as and when they fall due. This confidence is supported by the Group's track record in raising capital, extension of existing debt facilities and its ability to realise value through the partial sale or joint venture of exploration assets, should the need arise.

Accordingly, the Directors believe it is appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor to the amounts or classification of liabilities, which may be required if the Group were unable to continue as a going concern.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(g) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options and performance rights is determined using either the Binomial or Monte Carlo Simulation Models taking into account the terms and conditions upon which the instruments were granted.

Exploration and evaluation assets:

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Business combination

For the takeover of Metallica Minerals Ltd, the Group applied judgement in determining whether the transaction met the definition of a business combination or an asset acquisition, determination of the acquisition date, fair value measurement of the total purchase consideration transferred, fair value measurement of identifiable assets and liabilities at acquisition date and calculate of bargain purchase gain.

2. Revenue, other income and expenses

a) Revenue

	2025 \$	2024 \$
Interest	144,429	385,094
	<u>144,429</u>	<u>385,094</u>

Accounting policy: revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Interest revenue is recognised on a time proportion basis using the effective interest method. Rental income from operating leases is recognised on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

	2025 \$	2024 \$
b) Other income		
Profit on sale of property, plant & equipment	-	6,667
Profit on sale of intellectual property	562,500	-
Other	329,979	239,682
	<u>892,479</u>	<u>246,349</u>

Accounting policy: other income

Other income is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer.

c) Depreciation

Plant and equipment	168,050	205,620
Right-of-use assets – buildings	<u>138,552</u>	<u>141,681</u>
	<u>306,602</u>	<u>347,301</u>

d) Other expenses

Professional fees	144,828	241,257
Short term lease payments	23,829	33,186
Listing and share registry expenses	125,348	138,872
Unrealised fair value loss on listed securities (Note 4)	568,750	-
Administration costs	1,536,195	1,426,456
Costs associated with the acquisition of Metallica Minerals Ltd (Note 3)	-	1,441,051
	<u>2,398,950</u>	<u>3,280,822</u>

3. Business Combination

Diatreme Resources Ltd ('Diatreme' or 'the Company') acquired 57.34% of the issued capital of Metallica Minerals Ltd ('Metallica' or 'MLM') pursuant to an off-market takeover offer announced on 16 February 2024. The offer became unconditional on 17 June 2024, which is considered the acquisition date under AASB 3.

The acquisition was completed in stages, and by 18 September 2024, following the compulsory acquisition process, Diatreme acquired 100% of Metallica's issued share capital. Accordingly, Metallica became a wholly owned subsidiary, and no non-controlling interest (NCI) remains at either 31 December 2024 or 30 June 2025.

The acquisition strategically consolidates high-quality silica assets in the Cape Flattery region, strengthening Diatreme's development and commercial positioning in the high-purity silica market.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Final fair values of assets acquired and liabilities assumed at 17 June 2024:

Details of the acquisition are as follows:	Final Fair values at 17 June 2024 \$	Provisional Fair values at 17 June 2024 \$
Cash and cash equivalents	2,756,360	2,756,360
Property, plant and equipment	78,960	78,960
Right-of-use assets	321,937	321,937
Exploration and evaluation assets (comprising book value of \$12,579,199 plus uplift of \$19,920,801)	32,500,000	20,594,845
Other assets	96,815	96,815
Trade and other payables	(356,366)	(356,357)
Lease liabilities	(356,404)	(356,404)
Provisions	(97,974)	(97,974)
Total identifiable net assets acquired	34,943,328	23,038,182
Acquisition-date fair value of the total consideration transferred	17,593,588	11,729,059
Non-controlling interests	13,089,336	9,828,093
Total	30,682,924	21,557,152
Gain on acquisition	4,260,404	1,481,030
Acquisition costs expensed to profit or loss	1,441,051	1,441,051
Cash acquired on business combination	2,756,360	2,756,360
Less: cash and cash equivalents used to acquire business	-	-
Net cash acquired	2,756,360	2,756,360

The fair value of the exploration and evaluation assets were determined by an independent valuation expert. The net assets and consideration recognised in the half-year ended 30 June 2024 financial statements were based on a provisional fair value assessment in accordance with AASB 3. Diatreme had 12 months from the acquisition date to finalise these fair values, with the period ending on 16 June 2025. The fair values are now finalised.

Acquisition of the remaining shares in MLM

Diatreme continued to acquire the remaining shares in MLM after the 17 June 2024 acquisition date. On 18 September 2024, Diatreme had completed the compulsory acquisition process and acquired 100% of the Metallica shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

The details of the subsequent acquisition are as follows:

Details	\$
Fair value of 42.66% non-controlling interest (NCI) at acquisition date 17 June 2024	13,089,336
Fair value of consideration paid up to 18 September 2024 to acquire the NCI	(13,089,336)
Net gain from subsequent acquisition	-
Transaction costs for acquiring of NCI recognised in accumulated losses	1,117,216

Subsequent Acquisition of NCI:

Diatreme acquired the remaining 42.66% interest in Metallica between 17 June and 18 September 2024. The fair value of the consideration paid matched the fair value of the NCI, resulting in no additional gain or loss. Following the completion of the acquisition, no NCI remained as at 31 December 2024 or 31 December 2025.

Accounting policy - business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

4. Disposal of Subsidiaries

On 11 December 2025, Diatreme completed the disposal of its 100% interest in its wholly owned subsidiary, Chalcophile Resources Pty Ltd ('Chalcophile') and PGE Minerals Pty Limited ('PGE'), to Moonlight Resources Ltd ('Moonlight') in connection with Moonlight's initial public offering (IPO).

Chalcophile held exploration and evaluation assets relating to the Clermont gold and copper project.

As a result of the transaction, the Group ceased to control Chalcophile from the completion date and has derecognised its assets and liabilities from that date in accordance with AASB 10 Consolidated Financial Statements.

Consideration received

The total consideration received was \$3,500,000 comprising:

	\$
Cash consideration	250,000
Fair value of Moonlight shares received	3,250,000
Total consideration	<u>3,500,000</u>

The shares received in Moonlight were recognised at fair value at the disposal date based on the IPO issue price.

Net assets disposed

At the date of disposal, the carrying amounts of Chalcophile's and PGE's assets and liabilities was mainly Exploration and evaluation assets (AASB 6) of \$1,363,037.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Gain on disposal

The gain on disposal recognised in the consolidated statement of profit or loss was calculated as follows:

	\$
Total consideration received	3,500,000
Less: carrying value of net assets disposed	(1,363,037)
Gain on disposal of subsidiaries	<u>2,136,963</u>

Intercompany loan balances between Group entities totalling \$9.525 million were eliminated on consolidation prior to disposal and therefore did not form part of the carrying amount of net assets disposed of for the purposes of calculating the gain on disposal.

Cash flow impact

	\$
Cash consideration received	250,000
Less: cash and cash equivalents disposed	-
Net cash inflow	<u>250,000</u>

The disposal resulted in a net cash inflow of \$250,000, being the cash consideration received. The balance of the consideration was non-cash in nature.

Investment in listed equity securities

The investment in listed equity securities (Moonlight shares) is classified as a financial asset under AASB 9 Financial Instruments and are subsequently measured at fair value through profit or loss (FVTPL). The fair value measurement is categorised as Level 1 within the fair value hierarchy under AASB 13 Fair Value Measurement.

The movement in the carrying amount during the year is as follows:

Description	\$
Moonlight shares received at IPO price on 11 December 2025	3,250,000
Net fair value loss recognised in profit or loss	(568,750)
Closing balance at 31 December 2025	<u>2,681,250</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. Income Tax

	2025 \$	2024 \$
The prima facie tax on accounting loss differs from the income tax provided in the financial statements. The difference is reconciled as follows:		
(Loss)/profit before income tax	(744,955)	(439,527)
Prima facie income (tax benefit) / expense at 25% (2024: 25%)	(186,239)	(109,882)
Tax effect of amounts which are not deductible in calculating taxable income:		
Gain on acquisition of subsidiary	-	(1,065,101)
Other	(32,646)	62,267
	(218,885)	(1,112,716)
Deferred tax assets not recognised	218,885	1,112,716
Total income tax benefit	-	-

(a) Tax losses

Unused tax losses	144,323,058	143,649,024
Potential tax effect at 25% (2024: 25%)	36,080,764	35,912,256

The Group has not recognised the deferred tax assets arising from unused tax losses in the financial statements, as at present, it is not considered probable that sufficient taxable amounts will be available in future periods with which to be offset.

Accounting policy: income tax

The income tax expense or benefit for the year is the tax payable on the taxable income based upon the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred

tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Tax consolidation legislation

The Company and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation.

Where applicable, each entity in the Group recognises its own current and deferred tax assets and liabilities. Amounts resulting from unused tax losses and tax credits are then immediately assumed by the parent entity. The current tax liability of each subsidiary entity is then also assumed by the parent entity.

The entities have also entered into a tax sharing and funding arrangement. Under the terms of this agreement, the wholly-owned entities reimburse the Company for any current income tax payable by the Company arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by the Company.

6. (Loss)/income per share

	2025 \$	2024 \$
(Loss)/income after income tax attributable to the owners of Diatreme Resources Limited	(744,955)	(439,527)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	5,008,281,841	4,303,460,126
Weighted average number of ordinary shares used in calculating diluted earnings per share	5,008,281,841	4,303,460,126
Shares under option which have not been included in the calculation of diluted earnings per share as they are antidilutive	70,000,000	70,000,000
	Cents	Cents
Basic earnings (loss) per share	(0.01)	(0.01)
Diluted earnings (loss) per share	(0.01)	(0.01)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Accounting policy: earnings/loss per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

7. Cash and cash equivalents

	2025 \$	2024 \$
Cash on hand	175	89
Cash at bank	1,338,744	1,187,207
Cash on deposit	1,000,000	4,000,000
	<u>2,338,919</u>	<u>5,187,296</u>

a) Reconciliation on net profit to net cash flows used in operating activities

	2025 \$	2024 \$
(Loss)/income for the year	(744,955)	(439,527)
Transaction costs for acquiring of non-controlling interest	-	(1,117,216)
Non-cash items		
Gain on acquisition of subsidiary	-	(4,260,404)
Gain on sale of subsidiaries	(2,136,963)	-
Gain on sale of intellectual property	(562,500)	-
Profit on sale of property, plant & equipment	1,096	-
Depreciation	306,602	347,301
Exploration expenditure written off	-	16,131
Share based payment expense	86,254	243,401
Share of joint venture income	(40,905)	(501,370)
Unrealised fair value loss on listed securities	568,750	-
Movements in operating assets and liabilities		
Decrease / (increase) in receivables	69,950	83,116
Decrease / (increase) in other assets	65,186	258,510
Increase / (decrease) in payables	(21,457)	(675,723)
Increase / (decrease) in provisions	17,425	44,619
Net cash used in operating activities	<u>(2,391,517)</u>	<u>(6,001,162)</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. Trade and other receivables

	2025 \$	2024 \$
Trade receivable (Cape Silica Holdings Pty Ltd)	145,496	93,431
Trade Receivable (Other)	19,816	-
Other receivables	40,692	98,253
	<u>206,004</u>	<u>191,684</u>

Trade and other receivables do not contain impaired assets and are not past due.

9. Investment in Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venturer shall recognise its interest in a joint venture as an investment and shall account for that investment using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity-accounted investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Cape Silica Holdings Pty Ltd (CSHPL)

On 1 December 2022, Diatreme Resources Limited and Sibelco Silica Pty Ltd (Sibelco) entered a Shareholder's Deed outlining the intent of the parties to conduct a joint venture for the purposes of exploring and developing silica sand assets in the Cape Flattery and Cape Bedford regions. Sibelco subscribed for a 9.99% interest in CSHPL for AU\$11 million. At this date the Group's control of CSHPL ceased; the remaining interest in the entity is accounted for using the equity method in the consolidated financial statements. On 17 October 2023 Sibelco subscribed for a further 16.8% in CSHPL for AU\$24 million, for a total of 26.8% interest in CSHPL.

Set out below is the joint venture of the group as at 31 December 2024 which, in the opinion of the directors, is material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Name of Entity	Place of business/ country of incorporation	% ownership of interest		Nature of relationship	Measurement method	Carrying Amount	
		2025	2024			2025	2024
		%	%			\$	\$
Cape Silica Holdings Pty Ltd	Australia	73.2	73.2	Joint Venture ⁽¹⁾	Equity Method	39,490,412	39,449,507

(1) A joint venture between Diatreme Resources Ltd and Sibelco Silica Pty Ltd.

Significant judgement: existence of joint control

The Shareholder Agreement requires the approval of both Diatreme and Sibelco in relation to significant financial and operating decisions of the joint venture (known as reserve matters). This requirement demonstrates Diatreme, despite its 73.2% voting rights, is unable to unilaterally direct the relevant activities of Cape Silica Holdings Pty Ltd. The Group has therefore determined that it has joint control over CSHPL.

	2025 \$	2024 \$
Reconciliation of carrying amount in joint venture		
Opening balance 1 January	39,449,507	38,948,137
Share of profit in joint venture	40,905	501,370
Closing balance 31 December	39,490,412	39,449,507

Commitments and contingent liabilities in respect of joint ventures

Commitments

Under the Joint Venture Constitution, the Group has a commitment to provide funding for tenement expenditure if called upon by the joint venture. As of 31 December 2025, CSHPL has not called upon the Group to fund tenement expenditure.

Contingent liabilities

As of 31 December 2025, the Group had no contingent liabilities in respect of CSHPL.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Summarised financial information for associates and joint ventures

The tables below provide summarised financial information for the joint venture that is material to the group. The information disclosed reflects the amounts presented in the financial statements of the joint ventures and not Diatreme Resources Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Cape Silica Holdings Pty Ltd	
	2025	2024
	\$	\$
<i>Summarised statement of comprehensive income</i>		
Interest income	461,725	1,013,998
Expenses	(405,844)	(329,066)
Income tax benefit/(expense)	-	2,431
Profit for the period	55,881	687,363
Other comprehensive income	-	-
Total comprehensive income	55,881	687,363
 <i>Summarised balance sheet</i>		
Current assets		
Cash and cash equivalents	5,434,810	16,336,728
Other current assets	169,538	171,627
Total current assets	5,604,348	16,508,355
Non-current assets		
Exploration and evaluation assets	47,292,524	36,590,859
Property, plant and equipment	458,661	211,213
Security deposit	14,405	9,750
Total non-current assets	47,765,590	36,811,822
Total assets	53,369,938	53,320,177
Current liabilities – trade and other payables	700,322	706,442
Non-current liabilities	-	-
Total liabilities	700,322	706,442
Net assets	52,669,616	52,613,735
 <i>Reconciliation of carrying amounts:</i>		
Opening net assets 1 January	52,613,735	51,926,372
Capital contribution	-	-
Profit for the period	55,881	687,363
Closing net assets 31 December	52,669,616	52,613,735

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. Property, plant & equipment

	Furniture and fittings	Motor vehicles	Plant and Equipment	Total
	\$	\$	\$	\$
Year ended 31 December 2024				
Opening net book amount	32,294	370,402	291,266	693,962
Acquisition of subsidiary - Metallica Minerals Ltd	-	52,659	26,301	78,960
Additions	481	204,963	28,998	234,442
Disposals	-	(51,795)	(8,895)	(60,690)
Depreciation charge	(6,644)	(126,916)	(72,061)	(205,621)
Closing net book amount	26,131	449,313	265,609	741,053
At 31 December 2024				
Cost	89,253	707,638	889,250	1,686,141
Accumulated depreciation	(63,122)	(258,325)	(623,641)	(945,088)
Net book amount	26,131	449,313	265,609	741,053
	Furniture and fittings	Motor vehicles	Plant and Equipment	Total
	\$	\$	\$	\$
Year ended 31 December 2025				
Opening net book amount	26,131	449,313	265,609	741,053
Acquisition of subsidiary - Metallica Minerals Ltd	-	-	-	-
Additions	-	-	12,540	12,540
Disposals	-	(11,285)	(718)	(12,003)
Depreciation charge	(5,249)	(101,828)	(60,973)	(168,050)
Closing net book amount	20,882	336,200	216,458	573,540
At 31 December 2025				
Cost	89,253	676,759	756,018	1,522,030
Accumulated depreciation	(68,371)	(340,559)	(539,560)	(948,490)
Net book amount	20,882	336,200	216,458	573,540

Accounting policy: property, plant and equipment

Property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments. Depreciation is calculated on a diminishing value basis. Estimates of remaining useful lives are made on a regular basis for all assets.

The depreciation rates used for each class of assets are as follows:

Furniture and fittings	20%
Motor vehicles	20%
Plant and equipment	20-40%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. Right-of-use assets

	2025 \$	2024 \$
Opening balance	171,462	215,699
Acquisition of subsidiary - Metallica Minerals Ltd	-	97,444
Depreciation charge	(138,552)	(141,681)
Closing balance	32,910	171,462

The Company right-of-use assets consist of leases for its offices.

Accounting policy: Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

12. Exploration and evaluation assets

	2025 \$	2024 \$
Exploration and evaluation assets – at cost less impairment	44,361,938	49,594,306
Opening balance	49,594,306	15,540,443
Acquisition of subsidiary – Metallica Minerals Ltd (including fair value uplift attributable to mineral assets)	-	32,500,000
Disposal of subsidiaries – Chalcophile Resources Pty Ltd and PGE Minerals Pty Limited	(1,363,037)	-
Costs capitalised during the year	898,932	1,569,994
Exploration expenditure written off	-	(16,131)
Closing balance	49,130,201	49,594,306

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Accounting policy: Exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights to the tenure of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

At balance date the carrying amount of exploration and evaluation assets was \$49,130,201 – a significant proportion of which, \$32,551,938 was attributable to Metallica Minerals Ltd's Cape Flattery Silica Project and \$16,578,263 was attributable to the Group's Cyclone Zircon Project.

Accounting policy: impairment of non-financial assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

The carrying values of capitalised exploration and evaluation expenditure and property, plant and equipment are assessed for impairment when indicators of such impairment exist. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment.

13. Other non-current assets

Rent guarantee deposit
Security deposits

2025	2024
\$	\$
31,451	22,465
22,688	94,998
<u>54,139</u>	<u>117,463</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. Trade, other payables and employee benefits

	2025	2024
	\$	\$
Unsecured		
Trade payables	278,492	351,447
Other payables and accruals	293,503	307,302
Employee benefits	367,803	430,599
	<u>939,798</u>	<u>1,089,348</u>

Accounting policy: trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Accounting policy: employee benefits - Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

15. Borrowings

	2025	2024
	\$	\$
Unsecured loan	1,016,875	1,016,876
Total borrowings	<u>1,016,875</u>	<u>1,016,876</u>
Current liability	<u>1,016,875</u>	<u>1,016,876</u>
Non-current liability	<u>-</u>	<u>-</u>

The loan's interest rate is 7.5% per annum and has a maturity date of 30 May 2026. The expiry date of the loan is expected to be extended.

Accounting Policy: borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. Lease liabilities

	2025 \$	2024 \$
Current liability	37,810	149,709
Non-current liability	-	37,810
	<u>37,810</u>	<u>187,519</u>

The lease liabilities are presented as below:

Opening balance	187,519	221,316
Acquisition of subsidiary – Metallica Minerals Ltd	-	109,997
Payments recognised as financial cash outflow	(157,779)	(158,703)
Interest charges during the year	8,070	14,909
	<u>37,810</u>	<u>187,519</u>

Accounting policy: lease liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

17. Provisions

	2025 \$	2024 \$
Current liabilities		
Long service leave	<u>220,743</u>	<u>191,865</u>
Non-current liabilities		
Long service leave	10,490	21,945
Other	-	4,858
	<u>10,490</u>	<u>26,803</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Accounting policy: employee benefits - Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

18. Issued Capital

	2025 \$	2024 \$
5,008,281,841 (Dec 2024: 5,008,281,841) ordinary shares	124,320,539	124,320,539

(a) Movements in ordinary share capital

	31 Dec 2025 Number of shares	31 Dec 2025 \$	31 Dec 2024 Number of shares	31 Dec 2024 \$
Balance at start of the year	5,008,281,841	124,320,539	3,729,759,126	93,637,615
Shares issued on acquisition of Metallica Minerals Ltd (MLM)	-	-	1,278,522,715	30,682,924
Total issued capital	5,008,281,841	124,320,539	5,008,281,841	124,320,539

Value of shares issued on acquisition of MLM is made up of:

	Number of MLM shares acquired	DRX shares issued per MLM share	Total DRX shares issued	Value per DRX share	Total value of DRX shares issued
From 17 June 2024 to 18 September 2024	959,923,954	1.3319	1,278,852,715	\$0.024	\$30,682,924

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy: issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

b) Share options

Expiry date	Status at 31 December 2025	Exercise Price	Number at end of year	
			2025	2024
27 May 2026 (unlisted – Tranche 1) ⁽¹⁾	Vested	\$0.025	10,000,002	10,000,002
27 May 2026 (unlisted – Tranche 2) ⁽¹⁾	Vested	\$0.030	9,999,999	9,999,999
27 May 2026 (unlisted – Tranche 3) ⁽¹⁾	Vested	\$0.035	9,999,999	9,999,999
26 May 2027 (unlisted – Tranche 1) ⁽²⁾	Vested	\$0.025	3,333,334	3,333,334
26 May 2027 (unlisted – Tranche 2) ⁽²⁾	Vested	\$0.030	3,333,333	3,333,333
26 May 2027 (unlisted – Tranche 3) ⁽²⁾	Vested	\$0.035	3,333,333	3,333,333
25 July 2027 (unlisted – Tranche 1) ⁽³⁾	Vested	\$0.035	6,666,666	6,666,666
25 July 2027 (unlisted – Tranche 2) ⁽³⁾	Vested	\$0.040	6,666,667	6,666,667
25 July 2027 (unlisted – Tranche 3) ⁽³⁾	Vested	\$0.045	6,666,667	6,666,667
8 August 2028 (unlisted – Tranche 1) ⁽⁴⁾	Vested	\$0.035	3,333,334	3,333,334
8 August 2028 (unlisted – Tranche 2) ⁽⁴⁾	Vested	\$0.040	3,333,333	3,333,333
8 August 2028 (unlisted – Tranche 3) ⁽⁴⁾	Unvested	\$0.045	3,333,333	3,333,333
Total			70,000,000	70,000,000

⁽¹⁾ 30,000,000 unlisted Director Options issued for nil cash consideration and as part remuneration for Director services and approved at the May 2021 AGM.

⁽²⁾ 10,000,000 unlisted Director Options issued for nil cash consideration and as part remuneration for Director services and approved at the May 2022 AGM.

⁽³⁾ 20,000,000 unlisted Employee Options issued for nil cash consideration and as part KMP remuneration approved by the Board in July 2022.

⁽⁴⁾ 10,000,000 unlisted Director Options issued for nil cash consideration and as part remuneration for Director services.

Share options issued by the Company carry no rights to dividends and no voting rights. All options are exercisable for cash on a 1:1 basis.

Movement in unlisted share options	Number at end of year	
	2025	2024
Opening balance	70,000,000	70,000,000
Exercised	-	-
Lapsed	-	-
Closing balance	70,000,000	70,000,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. Share-based payment reserve

	2025 \$	2024 \$
Opening balance	1,260,752	1,017,351
Options expense	86,254	243,401
Closing balance	1,347,006	1,260,752

Nature and purpose of share-based payment reserve

The share-based payment reserve is used to recognise the fair value of options issued under the employee share option plan, options issued to the directors, CEO and CFO.

20. Share-based payments

(a) Share-based payment expense in the financial statements

	2025 \$	2024 \$
Payment to Directors for services – options	51,294	127,674
Payment to CEO and CFO as part of their remuneration – options	34,960	115,727
Recognised in statement of profit or loss and other comprehensive income	86,254	243,401

The Group provides benefits in the form of share-based payment transactions as follows:

Type	Holder(s)	Services provided
Options	Directors	Employment – corporate governance
Options	CEO and CFO & Company Secretary (CFO)	Employment – incentive with vesting conditions

Grant Date	Holders	Type	Number of instruments at 1 Jan 2025	Granted in current period	Vested and shares issued	Lapsed in current period	Closing balance as at 31 Dec 2025	Exercisable at 31 Dec 2025	Weighted average exercise price
27 May 2021	Directors	Options	30,000,000	-	-	-	30,000,000	30,000,000	0.031
26 May 2022	Directors	Options	10,000,000	-	-	-	10,000,000	10,000,000	0.031
25 July 2022	CEO and CFO	Options	20,000,000	-	-	-	20,000,000	20,000,000	0.040
8 August 2023	Directors	Options	10,000,000	-	-	-	10,000,000	6,666,667	0.040

(b) Accounting Policy: share-based payment transactions

Services are rendered in exchange for options and/or shares in the Company (equity-settled transactions).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled.

(c) Summary of share-based payments

Options to Director (2023)

The Company issued 10,000,000 Director Options, in 3 tranches to Karalyn Keys. The Director Options were issued for nil cash consideration and as part remuneration for Director services provided by the Director to the Company.

Options to Director (2022)

Following approval by shareholders at the May 2022 AGM, the Company issued 10,000,000 Director Options, in 3 tranches, to Non-Executive Chairman, Mr Wayne Swan. The Director Options were issued for nil cash consideration and as part remuneration for Director services provided by the Director to the Company.

Options to CEO, COO & CFO (2022)

Following Board approval in July 2022, the Company issued 30,000,000 Employee Options, in 3 tranches, to the CEO, COO and CFO. The Employee Options were issued for nil cash consideration and formed part of their remuneration. 10,000,000 of these options lapsed following the resignation of the COO on 16 December 2022.

Options to Directors (2021)

Following approval by shareholders at the May 2021 AGM, the Company issued 10,000,000 Director Options, in 3 tranches, to each of the 4 Directors in office at that time. The Director Options were issued for nil cash consideration and as part remuneration for Director services provided by the Directors to the Company. 10,000,000 of these options lapsed following the resignation of a director on 31 October 2021.

21. Financial instruments

The Group's principal financial instruments comprise cash, short-term deposits, trade payables and borrowings. The main purpose of these financial instruments is to fund the Group's operations.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(a) Categories of financial instruments

	2025 \$	2024 \$
Financial assets		
Cash and cash equivalents	2,338,919	5,187,296
Trade and other receivables	206,004	191,684
Security and other deposits	54,139	117,463
Total financial assets	2,599,062	5,496,443
	2025 \$	2024 \$
Financial liabilities		
Trade and other payables	939,798	1,089,348
Borrowings	1,016,875	1,016,876
Lease liabilities	37,810	187,519
Total financial liabilities	1,994,483	2,293,743

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework which is summarised below:

(b) Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. As an emerging explorer, the Group does not establish a return on capital. Capital management requires the maintenance of a strong cash balance to support ongoing exploration. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

(c) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earning volatility on floating rate instruments. The Group does not have a formal policy in place to mitigate interest rate risks as the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

At balance date, the Group had the following financial assets which are interest bearing:

	2025 \$	2024 \$
Cash at bank	1,338,919	1,187,207
Cash on deposit	1,000,000	4,000,000
	2,338,919	5,187,207

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(d) Credit risk

Credit risk is the risk that a counter party will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure.

The Group manages any credit risk associated with its funds on deposit by ensuring that it only invests its funds with reputable financial institutions.

The Group manages any credit risk associated with its trade and other receivables by regular monitoring of exposures against the credit limits and monitoring of the financial stability of significant customers and counterparties.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities:

Consolidated	Carrying amount \$	Contractual cash flow \$	< 6 months \$	6-12 months \$	1-3 years \$	> 3 years \$
31 Dec 2025						
Trade and other payables	939,798	939,798	939,798	-	-	-
Borrowings	1,016,875	1,016,875	1,016,875	-	-	-
Lease liabilities	37,810	37,810	37,810	-	-	-
	<u>1,994,483</u>	<u>1,994,483</u>	<u>1,994,483</u>	<u>-</u>	<u>-</u>	<u>-</u>

Consolidated	Carrying amount \$	Contractual cash flow \$	< 6 months \$	6-12 months \$	1-3 years \$	> 3 years \$
31 Dec 2024						
Trade and other payables	1,089,348	1,089,348	1,089,348	-	-	-
Borrowings	1,016,876	1,016,876	1,016,876	-	-	-
Lease liabilities	187,519	193,862	118,545	37,768	37,549	-
	<u>2,293,743</u>	<u>2,300,086</u>	<u>2,224,769</u>	<u>37,768</u>	<u>37,549</u>	<u>-</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(f) Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their respective fair values.

22. Interests in subsidiaries

The Group financial statements consolidate those of the Company and all of its subsidiaries as of 31 December 2025. Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Set out below are details of the subsidiaries held directly by the Group:

Name of subsidiary	Country of Incorporation	Principal activity	Ownership Interest	
			2025	2024
Regional Exploration Management Pty Ltd	Australia	Logistical support	100%	100%
Chalcophile Resources Pty Ltd ⁽¹⁾	Australia	Metals exploration	0%	100%
Lost Sands Pty Ltd	Australia	Mineral sands exploration	100%	100%
Casuarina Silica Pty Ltd	Australia	Dormant	100%	100%
Metallica Minerals Pty Ltd	Australia	Investment holding	100%	100%
The following entities were subsidiaries of Metallica Minerals Pty Ltd:				
NORNICO Pty Ltd	Australia	Dormant	100%	100%
Greenvale Operations Pty Ltd ⁽²⁾	Australia	Dormant	100%	100%
Lucky Break Operations Pty Ltd	Australia	Dormant	100%	100%
PGE Minerals Pty Ltd ⁽³⁾	Australia	Metals exploration	0%	100%
Cape Flattery Silica Pty Ltd	Australia	Mineral sands exploration	100%	100%
Phoenix Lime Pty Ltd	Australia	Dormant	100%	100%
Touchstone Resources Pty Ltd	Australia	Dormant	100%	100%

⁽¹⁾ During the year, the Group completed the disposal of its 100% interest in Chalcophile Resources Pty Ltd to Moonlight Resources Ltd. This entity was previously 100% owned by Regional Exploration Management Pty Ltd.

⁽²⁾ This entity is 100% owned by NORNICO Pty Ltd.

⁽³⁾ During the year, the Group completed the disposal of its 100% interest in PGE Minerals Pty Ltd to Moonlight Resources Ltd. This entity was previously 100% owned by Lucky Break Operations Pty Ltd.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. Parent Entity Information

	2025 \$	2024 \$
Financial position		
Current assets	2,163,197	4,728,672
Non-current assets	99,822,509	90,422,079
Total assets	101,985,706	95,150,751
Current liabilities	2,113,501	2,194,998
Non-current liabilities	772,050	390,822
Total liabilities	2,885,551	2,585,820
Net assets	99,100,155	92,564,931
Shareholders' equity	124,320,539	124,320,539
Reserves	1,347,006	1,260,752
Accumulated losses	(26,567,390)	(33,016,360)
Total equity	99,100,155	92,564,931
Profit/(loss) for the year	6,448,970	(3,425,939)
Total comprehensive (loss)/income for the year	6,448,970	(3,425,939)

Non-Current Assets

Non-current assets include \$23,434,726 (2024: \$16,547,478) of intercompany receivables balances with recoverability of the debt based on successful exploitation of various tenement sites, \$39,490,412 (2024: \$39,449,507) of investment in joint ventures, and \$30,682,924 (2024: \$30,682,924) of investment in subsidiary Metallica Minerals Ltd.

Contingent Liabilities

The parent entity had no contingent liabilities at 31 December 2025 (2024: nil).

Contractual commitments

The parent entity had no contractual commitments for property, plant and equipment at 31 December 2025 (2024: nil).

Guarantees

The parent entity had no guarantees as 31 December 2025 (2024: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. Commitments

(a) 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, inclusive of tenement applications are as follows:

	2025 \$	2024 \$
Payable within 1 year	105,028	71,281
Payable between one and five years	1,063,347	1,056,677
	<u>1,168,375</u>	<u>1,127,958</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. In 2025 cash security bonds totalling \$22,688 were held by the relevant governing authorities to ensure compliance with granted tenement conditions (2024: \$94,998).

25. Contingent Liability

The Group does not have any contingent liability at 31 December 2025 (2024: Nil).

26. Financial reporting by segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The function of the chief operating decision maker is performed by the Board collectively.

The Group currently operates in one business segment and one geographical segment, namely explorer 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. Related parties

(a) Parent entity

The ultimate parent entity in the Group is Diatreme Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 22.

(c) Joint Ventures

Interest in joint ventures is set out in Note 9.

(d) Key management personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2025.

	2025	2024
	\$	\$
Short-term employee benefits	964,954	903,368
Post-employment benefits	119,554	108,314
Long-term benefits	16,364	27,263
Share-based payments	86,254	243,402
	<u>1,187,126</u>	<u>1,282,347</u>

(e) Transactions with related parties

The following transactions occurred with related parties:

	2025	2024
	\$	\$
Payment for specialist market and consultancy services from Fortune Corporation Australia Pty Limited (director-related entity of William Wang)	108,000	102,000
Payment for corporate advice from Tearum Advisors Pty Limited (director-related entity of Greg Starr).	-	132,901
Payment for community engagement and risk from KTL Collective Pty Limited (director-related entity of Karalyn Keys).	199,285	150,025
Receipt of management fee from Cape Silica Holdings Pty Ltd (joint venture)	262,708	233,534

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(f) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2025	2024
	\$	\$
Current receivables		
Cape Silica Holdings Pty Ltd owe to Diatreme Resources Limited	114,964	93,431
Cape Silica Holdings Pty Ltd owe to Metallica Mineral Pty Ltd	30,532	-

28. Remuneration of auditors

William Buck (Qld)

Audit and review of the financial statements	50,000	44,000
Audit of Lost Sands Pty Ltd	-	5,350
	<u>50,000</u>	<u>49,350</u>

The auditors did not provide any other services.

29. Events subsequent to balance date

No other matter or circumstance has arisen since the end of the reporting date that has significantly affected, or may affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

30. New accounting standards and interpretations

At the date of authorisation of the financial report, certain Standards and Interpretations were on issue but not yet effective. These Standards and Interpretations have not been adopted in the preparation of the financial report for the year ended 31 December 2025, except as disclosed in note 1(e). None of these Standards and Interpretations are expected to have significant effect on the consolidated financial statements of the Group.

The Group expects to first apply these Standards and Interpretations in the financial report of the Group relating to the annual reporting period beginning after the effective date of each pronouncement.

31. Corporate information

Diatreme Resources Limited is a public company listed on the Australian Securities Exchange (trading under the code DRX) and is incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Unit 8, 61 Holdsworth Street, Coorparoo QLD 4151.

The Company's most recent Corporate Governance Statement is available at <https://diatreme.com.au/company-profile#corporate-governance>.

Consolidated entity disclosure statement

For the year ended 31 December 2025

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Diatreme Resources Limited	Body Corporate	Australia	N/A	Australia
Regional Exploration Management Pty Ltd	Body Corporate	Australia	100	Australia
Lost Sands Pty Ltd	Body Corporate	Australia	100	Australia
Casuarina Silica Pty Ltd	Body Corporate	Australia	100	Australia
Metallica Minerals Pty Ltd	Body Corporate	Australia	100	Australia
NORNICO Pty Ltd	Body Corporate	Australia	100	Australia
Greenvale Operations Pty Ltd	Body Corporate	Australia	100	Australia
Lucky Break Operations Pty Ltd	Body Corporate	Australia	100	Australia
Cape Flattery Silicia Pty Ltd	Body Corporate	Australia	100	Australia
Phoenix Lime Pty Ltd	Body Corporate	Australia	100	Australia
Touchstone Resources Pty Ltd	Body Corporate	Australia	100	Australia

Diatreme Resources Limited and its Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Directors' Declaration

For the year ended 31 December 2025

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1(a) to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Wayne Swan

Non-Executive Chairman

Brisbane, 12 March 2026



Independent auditor's report to the members of Diatreme Resources Limited

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying financial report of Diatreme Resources Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2025,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent auditor’s report to the members of Diatreme Resources Limited

Material uncertainty related to going concern

We draw attention to Note 1(f) in the financial report, which indicates that the Group incurred a net loss after tax of \$744,955 and had net cash outflows from operating activities of \$2,391,517 for the year ended 31 December 2025. As stated in Note 1(f), these events or conditions, along with other matters as set forth, indicate 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Exploration and Evaluation Assets	Area of focus (refer also to Note 12)	How our audit addressed the key audit matter
	As at 31 December 2025, the carrying value of the Group’s exploration and evaluation assets amounted to \$49,130,201. The carrying value of these costs represents a significant asset of the Group. This is considered a key audit matter as significant judgement is applied in determining whether the asset continues to meet the recognition criteria under AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. As noted in Note 12 of the financial report, significant judgement is required in determining whether facts and circumstances indicate a need to test the exploration and evaluation assets for impairment.	Our audit procedures included: — A review of the directors’ assessment of the criteria for the capitalisation of exploration and evaluation expenditure and their assessment of whether there are any indicators of impairment to capitalised costs; — Considering the Group’s intention and ability to continue activities necessary to support a decision to develop the exploration and evaluation assets, which included an assessment of the Group’s ability to fund such activities and a review of their future budgets; — Performing an assessment of whether any indicators of impairment existed in line with requirements of Australian Accounting Standards, including a review of the integrity of tenement title status and total commitments value; and — We assessed the adequacy of the Group’s disclosures in respect of the carrying value of exploration and evaluation assets.

Independent auditor's report to the members of Diatreme Resources Limited

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and
- for such internal control as the directors determine is necessary to enable the preparation of:
- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Independent auditor's report to the members of Diatreme Resources Limited

Report on the Remuneration Report

Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Diatreme Resources Limited, for the year ended 31 December 2025, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2025.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



William Buck (Qld)

ABN 21 559 713 106



J A Latif

Partner

Brisbane, 12 March 2026



Shareholder Information

As at 19 March 2026

a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	59	6,556	0.00%
above 1,000 up to and including 5,000	17	53,569	0.00%
above 5,000 up to and including 10,000	15	127,908	0.00%
above 10,000 up to and including 100,000	1,322	65,079,617	1.30%
above 100,000	1,400	4,943,014,191	98.70%
Totals	2,763	5,008,281,841	100.00%

The number of security investors holding less than a marketable parcel on 19 March 2026 was 458 and they held 8,464,020 securities.

b) Listing of 20 Largest Shareholders

Position	Shareholder name	Number of ordinary shares held	Percent %
1	SIBELCO ASIA PACIFIC PTY LTD	1,168,915,790	23.34%
2	CITICORP NOMINEES PTY LIMITED	1,150,571,248	22.97%
3	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	196,872,355	3.93%
4	2INVEST AG	130,434,783	2.60%
5	SPARTA INVEST AG	122,596,534	2.45%
6	MR YUFENG ZHUANG	93,091,819	1.86%
7	MS JIE WU	87,171,308	1.74%
8	MR CHENFEI ZHUANG	86,900,000	1.74%
9	CHENXIA ZHOU	62,500,000	1.25%
10	TOMANOVIC MULTIOWN PTY LTD <AFS SUPER FUND A/C>	60,000,000	1.20%
11	VW PTY LTD	58,424,703	1.17%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	58,220,636	1.16%
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	54,828,819	1.09%
14	ZHENFENG ZENG	53,177,747	1.06%
15	MISS RUJING ZHUANG	41,666,667	0.83%
16	HONGMING ZHANG	40,000,000	0.80%
17	DOSTAL NOMINEES PTY LTD <PGJ&D DOSTAL BLOODLINE A/C>	34,000,000	0.68%
18	ZHIXIN LI	30,500,000	0.61%
19	ROOKHARP CAPITAL PTY LIMITED	30,000,000	0.60%
20	BOOM SECURITIES (HK) LIMITED <CLIENTS ACCOUNT>	23,500,000	0.47%
20	IWATANI AUSTRALIA PTY LTD	23,500,000	0.47%
	Subtotal	3,606,872,409	72.02%
	Balance of register	1,401,409,432	27.98%
	Total issued capital	5,008,281,841	100.00%

Shareholder Information

As at 19 March 2026

c) Substantial shareholders

Name of substantial shareholder	Number of shares	%
SIBELCO ASIA PACIFIC PTY LTD	1,168,915,790	23.34%
ILWELLA PTY LTD	1,117,253,701	22.31%
DELPHI GROUP *	470,903,672	9.40%
* Comprising DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT, 2INVEST AG, SPARTA INVEST AG, DELPHI UNTERNEHMENSBERATUNG, and DEUTSCHE BALATON		

d) Unlisted Share Options

Number of holders	Exercise price	Expiry date	Number of Options
3	2.5 cents	27 May 2026	10,000,002
3	3.0 cents	27 May 2026	9,999,999
3	3.5 cents	27 May 2026	9,999,999
1	2.5 cents	26 May 2027	3,333,334
1	3.0 cents	26 May 2027	3,333,333
1	3.5 cents	26 May 2027	3,333,333
2	3.5 cents	25 July 2027	6,666,666
2	4.0 cents	25 July 2027	6,666,666
2	4.5 cents	25 July 2027	6,666,667
1	3.5 cents	8 August 2028	3,333,334
1	4.0 cents	8 August 2028	3,333,333
1	4.5 cents	8 August 2028	3,333,333

e) Voting rights

The voting rights attached to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each shall have one vote.

Options do not carry voting rights.

f) On-market Buy-back

There is no current on-market buy back.

Tenement Information

As at 31 December 2025

State	Tenement Name	Tenement ID	Status	Location	Project	Interest	Holder
WA	Cyclone	M 69/141	Granted	Eucla Basin	Cyclone	100%	Lost Sands Pty Ltd
	Cyclone Extended	R 69/1	Granted	Eucla Basin		100%	Diatreme Resources Limited
	Cyclone	E 69/4143	Granted	Eucla Basin		100%	Diatreme Resources Limited
	Cyclone	L 69/26	Granted	Eucla Basin		100%	Lost Sands Pty Ltd
QLD	Cape Bedford	EPM 17795	Granted	Cape Flattery	Silica Sands	100% ¹	Cape Silica Holdings Pty Ltd
	Cape Flattery Project	EPM 27265	Granted	Cape Flattery		100% ¹	Cape Silica Holdings Pty Ltd
	Cape Flattery Project	EPM 27212	Granted	Cape Flattery		100% ¹	Northern Silica Pty Ltd
	Mclvor	EPM 27430	Granted	Cape Flattery		100% ¹	Cape Silica Holdings Pty Ltd
	Cape Flattery	EPM 25734	Granted	Cape Flattery	Silica Sands	100%	Cape Flattery Silica Pty Ltd
	Galalar Silica	MLA 100235	Application	Cape Flattery		100% ¹	Galalar Silica (QLD) Pty Ltd
	Northern Silica	MLA 100308	Application	Cape Flattery		100% ¹	Northern Silica Pty Ltd
	Casuarina Silica	MLA 100309	Application	Cape Flattery		100%	Casuarina Silica Pty Ltd
	Northern Silica Port Access	MLA 100310	Application	Cape Flattery		100% ¹	Northern Silica Pty Ltd
	Starcke – Northern Silica Access 1	MLA 100311	Application	Cape Flattery		100% ¹	Northern Silica Pty Ltd
	Starcke – Northern Silica Access 2	MLA 100312	Application	Cape Flattery		100% ¹	Northern Silica Pty Ltd
	FNQPCL Cape Flattery Access	MLA 100313	Application	Cape Flattery		100% ¹	Northern Silica Pty Ltd
	Cape Flattery Silica	MLA 100283	Application	Cape Flattery		100%	Cape Flattery Silica Pty Ltd
	Cape Flattery	MLA 100352	Application	Cape Flattery		100%	Cape Flattery Silica Pty Ltd

Notes

1 Cape Silica Holdings Pty Ltd is owned by DRX (73.2%) and Sibelco Silica Pty Ltd (26.8%). Casuarina Silica Pty Ltd, Northern Silica Pty Ltd and Galalar Silica (QLD) Pty Ltd are wholly owned subsidiaries of Cape Silica Holdings Pty Ltd. Accordingly, DRX's beneficial ownership of the mining tenements held by these entities is 73.2%. In the quarter ending 31 December 2022, transfers of the following tenement interests from DRX to Cape Silica Holdings Pty Ltd, Northern Silica Pty Ltd and Galalar Silica (QLD) Pty Ltd were completed (held as set out in the table above): EPM 17795, EPM 27265, EPM 27212, EPM 27430 and MLA 100235.

Abbreviations

M	Western Australia	Mining Lease
E	Western Australia	Exploration Lease
R	Western Australia	Retention License
L	Western Australia	Infrastructure Lease
EPM	Queensland	Exploration Permit for Minerals
MLA	Queensland	Mining Lease Application

Mineral Resources and Ore Reserves Information

As at 31 December 2025

Mineral Resources and Ore Reserves for Diatreme's projects are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) (JORC Code), as required by the Australian Securities Exchange (ASX).

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. Estimates of such material are based largely on geological information, with only preliminary consideration of mining, economic and other factors. While, in the judgement of the Competent Person, there are realistic expectations that all or part of the Mineral Resources will eventually become Proved or Probable Ore Reserves, there is no guarantee that this will occur, as this depends on further technical and economic studies and prevailing economic conditions.

An Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses that may occur when the material is mined or extracted. It is defined by studies completed to pre-feasibility or feasibility level, as appropriate, with the application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction can be reasonably justified.

For Mineral Resource and Ore Reserve reporting, the JORC Code envisages the use of reasonable investment assumptions to test the economic viability of Ore Reserves and the reasonable prospects for eventual economic extraction of Mineral Resources. Diatreme's Mineral Resources are reported inclusive of Ore Reserves.

Diatreme's internal controls for Mineral Resource and Ore Reserve estimation include, but are not limited to:

- Examination of database inputs and outputs by technical experts
- Verification of estimates against source data, legacy models and metallurgical testwork outputs
- Peer review of classification processes, including the integration of quantitative and qualitative considerations
- Peer review of assumptions supporting the conversion of Mineral Resources to Ore Reserves
- Engagement of auditors for new or materially revised Mineral Resources or Ore Reserves
- Maintenance of a Mineral Resource and Ore Reserve Risk Register, including risks relating to geological interpretation, bulk density assumptions, metallurgical recovery factors, mineral pricing, costs, exchange rates, market conditions, mining methodology, and evolving environmental, regulatory, permitting and social licence requirements

Mineral Resources and Ore Reserves Information

As at 31 December 2025

Mineral Resources and Ore Reserves information in the following tables is based on, and fairly represents, information and supporting documentation prepared by Competent Persons (as defined in the JORC Code 2012). Each Competent Person has a minimum of five years' relevant experience and is a member of a professional body whose members are subject to a professional code of ethics, including the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG) or another recognised professional organisation (RPO).

Each Competent Person has consented to the inclusion in this Annual Report of the matters based on their information in the form and context in which they appear. Competent Persons responsible for the estimates are listed at the end of this section by deposit, together with their professional affiliation, employer and accountability for Mineral Resources and/or Ore Reserves.

The Mineral Resources Statement as a whole has been approved by F Watson, who is a Competent Person, a member of AusIMM and AIG, and a full-time employee of Diatreme Resources Ltd.

The Ore Reserves Statement as a whole has been approved by P McMurtrie, who is a Competent Person, a member of AusIMM, and is a director of Tisana Pty Ltd, a consultant to Diatreme Resources Ltd.

The Mineral Resources and Ore Reserves figures in the following tables are stated as at 31 December 2025. Summary data for year end 2024 are shown for comparison. Metric units are used throughout. The figures used to calculate Diatreme's Mineral Resources and Ore Reserves are more precise than the rounded numbers shown in the tables and, as a result, small differences may occur if calculations are repeated using the tabulated figures.

Where applicable, JORC Table 1 reports for new or materially changed significant deposits have been released to the market and are available in the Company's ASX announcements.

They are also available at <https://diatreme.com.au/asx-announcements>



Mineral Resources and Ore Reserves Information

As at 31 December 2025

Mineral Resources

Silica Sand

		MINERAL RESOURCE AS AT 31 DECEMBER 2025					MINERAL RESOURCE AS AT 31 DECEMBER 2024					TONNAGE CHANGE
		Tonnage	Grade %				Tonnage	Grade %				
PROJECT	Mineral Resource Category	Mt	SiO2	Fe2O3	TiO 2	Al2O3	Mt	SiO2	Fe2O3	TiO 2	Al2O3	
GALALAR	Measured	43.12	99.21	0.09	0.11	0.13	43.12	99.21	0.09	0.11	0.13	0
	Indicated	23.12	99.16	0.09	0.13	0.10	23.12	99.16	0.09	0.13	0.10	0
	Inferred	9.22	99.10	0.11	0.16	0.11	9.22	99.10	0.11	0.16	0.11	0
	Total	75.46	99.18	0.09	0.12	0.12	75.46	99.18	0.09	0.12	0.12	0
SI2	Measured	187.5	99.24	0.10	0.14	0.11	49.5	99.33	0.11	0.13	0.11	+138
	Indicated	42	99.15	0.12	0.16	0.11	120.5	99.32	0.10	0.14	0.10	-78.5
	Inferred	43	99.11	0.11	0.15	0.11	65	99.20	0.12	0.17	0.12	-22
	Total	272.5	99.21	0.10	0.14	0.11	235	99.29	0.11	0.15	0.11	+37.5
WRA	Indicated	10.3	99.20	0.15	0.24	0.16	10.3	99.20	0.15	0.24	0.16	0
	Inferred	81.4	99.38	0.09	0.15	0.06	81.4	99.38	0.09	0.15	0.06	0
	Total	91.7	99.36	0.10	0.16	0.07	91.7	99.36	0.10	0.16	0.07	0
CFS WEST	Inferred	12	99.15	0.09	0.16	0.12	12	99.15	0.09	0.16	0.12	0
	Total	12	99.15	0.09	0.16	0.12	12	99.15	0.09	0.16	0.12	0
CFS EAST	Measured	16.1	99.20	0.08	0.12	0.22	16.1	99.20	0.08	0.12	0.22	0
	Indicated	33.2	99.05	0.10	0.18	0.25	33.2	99.05	0.10	0.18	0.25	0
	Inferred	0.2	99.00	0.12	0.27	0.28	0.2	99.00	0.12	0.27	0.28	0
	Total	49.5	99.10	0.09	0.16	0.24	49.5	99.10	0.09	0.16	0.24	0
TOTAL SILICA SAND	Measured	246.72	99.23	0.10	0.13	0.12	108.72	99.26	0.10	0.12	0.13	+138
	Indicated	108.62	99.13	0.11	0.17	0.16	187.12	99.25	0.10	0.15	0.13	-78.5
	Inferred	145.82	99.26	0.10	0.15	0.08	167.82	99.28	0.10	0.16	0.09	-22
	Total	501.16	99.22	0.10	0.15	0.12	463.66	99.26	0.10	0.15	0.12	+37.5

Notes

1. A nominal SiO2 cutoff of 98.5% is used for Galalar, CFS East, CFS West, and WRA.
2. Rounding may generate small differences in totals.
3. CFS East and West were reported by Metallica Minerals.
4. The information in relation to the Galalar Mineral Resource Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) on 20 September 2021 "Galalar Silica Resource Expands by 22% to 75.5 Mt".
5. The information in relation to the Si2 Mineral Resource Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) on 23 June 2025 "Mineral Resource upgrade paves way for Northern Silica Project PFS".
6. The information in relation to the WRA Mineral Resource Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) on 6 December 2023 "New maiden 91.7Mt silica resource at Western Resource Area".
7. The information in relation to the Cape Flattery Silica West Mineral Resource Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) by Metallica Minerals on 3 March 2023 "Maiden Inferred Mineral Resource of 12Mt at 99.15% SiO2, 0.09% Fe2O3 Estimated for Cape Flattery Silica West Project".
8. The information in relation to the Cape Flattery Silica East Mineral Resource Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) by Metallica Minerals on 17 July 2023 "Cape Flattery Silica DFS Confirms Excellent Economics".

Mineral Resources and Ore Reserves Information

As at 31 December 2025

Heavy Minerals

Project Mineral Resource Category		Mineral Resources as at 31 December 2025										Mineral Resources as at 31 December 2024										Tonnage Change
		Tonnage		HM Assemblage Grade %								Tonnage		HM Assemblage Grade %								
				Mt (Ore)	Mt (HM)	HM	Zircon	Rutile	Leuco	HiTi	Alt Ilm			Si-TiOx	Mt (Ore)	Mt (HM)	HM	Zircon	Rutile	Leuco	HiTi	
CYCLONE	MEASURED	156	3.81	2.4	28	3	6	24	12	22	156	3.81	2.4	28	3	6	24	12	22	0		
	INDICATED	48	0.89	1.9	21	2	5	33	16	18	48	0.89	1.9	21	2	5	33	16	18	0		
	TOTAL	203	4.70	2.3	27	3	6	26	13	21	203	4.70	2.3	27	3	6	26	13	21	0		

Notes

1. HM Tonnage is reported inclusive of Ore Tonnage.
2. Rutile comprises Ti-oxides >95% TiO₂.
3. Leuco (Leucoxene) comprises Ti-oxides 85 - 95% TiO₂.
4. HiTi comprises Ti- oxides 70 - 85% TiO₂.
5. Alt Ilm (Altered Ilmenite) comprises Ti-oxides <70% TiO₂.
6. Si TiOx (Siliceous Ti-oxide) comprises Ti-oxides with >10% SiO₂ in Ti bearing minerals.
7. OS refers to oversize material typically >2mm, and is estimated to be 5.0% of the total Mineral Resource.
8. Slime refers to material typically <53um, and is estimated to be 4.2% of the total Mineral Resource.
9. A constant SG of 1.7 has been used to derive tonnages.
10. Ore Reserves are included within Mineral Resources.
11. A HM Cut-off of 1% is used for the Cyclone Mineral Resource.
12. Mineral assemblage is reported as a percentage of in situ heavy mineral content.
13. Rounding may generate small differences in totals.
14. The information in relation to the Cyclone Mineral Resource Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) on 27 April 2017 "Exploration Activities Report Quarter Ended 31 March 2017".

Mineral Resources and Ore Reserves Information

As at 31 December 2025

Ore Reserves

Silica Sand

Project		Ore Reserve Category	ORE RESERVE AS AT 31 DECEMBER 2025					ORE RESERVE AS AT 31 DECEMBER 2024					Tonnage Charge
			Tonnage	Grade %				Tonnage	Grade %				
				Mt	SiO ₂	Fe ₂ O ₃	TiO ₂		Al ₂ O ₃	Mt	SiO ₂	Fe ₂ O ₃	
GALALAR	Probable	32.5	99.2	0.08	0.11	0.13	32.5	99.2	0.08	0.11	0.13	0	
CAPE FLATTERY SILICA	Probable	47	99.1	0.09	0.14	0.15	47	99.1	0.09	0.14	0.15	0	

Notes

- Ore Reserves are predominantly the quantity of sand with a silica in-situ grade exceeding 98.5% SiO₂.
- Ore Reserves are included within Mineral Resources.
- Silica Sand Ore Reserves are stated as dry tonnes, total Silica grade, and deleterious elements reported as oxides that may or may not be removable with processing.
- Rounding may generate small differences in totals.
- The information in relation to the Galalar Ore Reserve Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) on 9 November 2021 "Galalar Maiden Ore Reserve, PFS delivers substantial boost to new Silica Sand Mine".
- The information in relation to the Cape Flattery Silica (East) Ore Reserve Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) by Metallica Minerals on 17 July 2023 "Cape Flattery Silica DFS Confirms Excellent Economics".

Mineral Resources and Ore Reserves Information

As at 31 December 2025

Heavy Minerals

Project		Ore Reserve Category	ORE RESERVES AS AT 31 DECEMBER 2025										ORE RESERVES AS AT 31 DECEMBER 2024										Tonnage Change
			Tonnage		HM Assemblage Grade %								Tonnage		HM Assemblage Grade %								
			Mt (Ore)	Mt (HM)	HM	Zircon	Rutile	Leuco	HiTi	Alt Ilm	Si-TiOx	Mt (Ore)	Mt (HM)	HM	Zircon	Rutile	Leuco	HiTi	Alt Ilm	Si-TiOx			
CYCLONE	Probable	138	3.52	2.6	28	3	7	23	13	22	138	3.52	2.6	28	3	7	23	13	22	0			

Notes

1. HM Tonnage is reported inclusive of Ore Tonnage.
2. Rutile comprises Ti-oxides >95% TiO₂.
3. Leuco (Leucoxene) comprises Ti-oxides 85 - 95% TiO₂.
4. HiTi comprises Ti- oxides 70 - 85% TiO₂.
5. Alt Ilm (Altered Ilmenite) comprises Ti-oxides <70% TiO₂.
6. Si TiOx (Siliceous Ti-oxide) comprises Ti-oxides with >10% silica in Ti minerals.
7. OS refers to oversize material typically >2mm, and is estimated to be 5.3% of the total Ore Reserve.
8. Slime refers to material typically <53µm, and is estimated to be 4.6% of the total Ore Reserve.
9. A constant SG of 1.7 has been used to derive tonnages.
10. Ore Reserves are the quantity of sand above 0.4% Zircon.
11. Ore Reserves are included within Mineral Resources.
12. Mineral assemblage is reported as a percentage of in situ heavy mineral content.
13. Rounding may generate small differences in totals.
14. The information in relation to the Cyclone Ore Reserve Estimate was prepared and disclosed in accordance with the JORC Code 2012, and reported in an announcement to the Australian Securities Exchange (ASX) on 15 June 2016 "Cyclone Study Reaffirms Project Profitability".

Mineral Resources and Ore Reserves Information

As at 31 December 2025

Competent Persons

Competent Person	Association	Employer	Accountability	Deposit
SILICA SAND				
F Watson	AusIMM, AIG	Diatreme Resources Ltd	Exploration Results Exploration Targets Mineral Resources	Si2
C Ainslie	AIG	Measured Group Pty Ltd	Mineral Resources	Galalar
C Morandy	AusIMM	AusRocks Pty Ltd	Ore Reserves	
B Mutton	AusIMM, AIG	AusRocks Pty Ltd	Mineral Resources	
N McKenzie-Forbes	AIG	Sebrof Projects Pty Ltd	Exploration Results Exploration Targets	
C Morandy	AusIMM	AusRocks Pty Ltd	Mineral Resources	WRA
F Watson	AusIMM, AIG	Diatreme Resources Ltd	Exploration Results Exploration Targets	
B Mutton	AusIMM, AIG	AusRocks Pty Ltd	Mineral Resources	CFS West
P Smith	AusIMM	PSGS Pty Ltd	Exploration Results	
C Morandy	AusIMM	AusRocks Pty Ltd	Ore Reserves	CFS East
B Mutton	AusIMM, AIG	AusRocks Pty Ltd	Mineral Resources	
P Smith	AusIMM	PSGS Pty Ltd	Exploration Results	
HEAVY MINERALS				
P McMurtrie	AusIMM	Tisana Pty Ltd	Ore Reserves	Cyclone
I Reudavey	AIG	Diatreme Resources Ltd	Mineral Resources Exploration Results Exploration Targets	
ANNUAL REPORT COMPILATION				
F Watson	AusIMM, AIG	Diatreme Resources Ltd	Mineral Resources Statement	
P McMurtrie	AusIMM	Tisana Pty Ltd	Ore Reserves Statement	

Notes

1. AusIMM Australasian Institute of Mining & Metallurgy
2. AIG Australian Institute of Geoscientists



DIATREME
Resources