

The ASX ANNOUNCEMENT logo, with "ASX" in a large, bold, dark grey font and "ANNOUNCEMENT" in a smaller, bold, dark grey font below it, preceded by a vertical orange bar.

9 October 2020

Capital Raising to progress Galalar Silica Project

- **Placement of \$4.64 million (before costs) to new and existing sophisticated and institutional investors**
- **Cornerstone shareholder Ilwella subscribes for \$1.65 million**
- **Share Purchase Plan (SPP) to be launched on the same terms as the Placement for all eligible shareholders**
- **Proceeds to further advance Galalar Silica Project through permitting and approvals**

Silica sands developer, Diatreme Resources Limited (ASX: DRX or the **Company**) is pleased to announce the completion of a bookbuild to raise \$4.64 million (before costs) via a placement of approximately 464 million fully paid ordinary shares at an issue price of \$0.01 per share (**Placement**), with the funds raised to be used towards the Company's Galalar Silica Project in North Queensland, costs of the capital raising and working capital. The Company will also undertake a share purchase plan (**SPP**) on the same terms as the Placement. The SPP target raise is approximately \$500,000.

Placement

The Company completed the bookbuild to raise \$4.64 million (before costs) under the Placement of 464 million fully paid ordinary shares at an issue price of \$0.01 per share.

The Placement has been strongly supported by existing major cornerstone investor, Ilwella Pty Ltd (**Ilwella**) which subscribed for \$1.65 million or around 36% of the Placement, along with a number of new and existing sophisticated and institutional shareholders.

The issue price of \$0.01 per share equates to (a) a 15% discount to the last closing price of the Company's shares of \$0.012 per share on 6 October 2020, and (b) also a 15% discount to the 15 day VWAP of the Company's shares of \$0.012 per share prior to 6 October 2020 (inclusive), being the last trading day before the announcement of the Placement and SPP.

The new shares will be issued on the same terms and rank equally in all respects with the existing fully paid ordinary shares in the Company. The new shares under the Placement will be issued with the Company's existing capacity under ASX Listing Rules 7.1 (278 million shares) and 7.1A (186 million shares) without Shareholder approval.



Leading Australian financial services company Hartleys Limited acted as lead manager to the Placement. A capital raising fee of 6% (excluding GST) will be paid to the lead manager.

Share Purchase Plan

To provide Shareholders with the opportunity to participate in the Company's capital raising and long term development, the Company will undertake a Share Purchase Plan (**SPP**) at \$0.01 per share, the same issue price as the Placement targeting to raise approximately \$500,000. Eligible shareholders who were registered on the Diatrema share registry at 7.00pm Sydney time (AEST) on 8 October 2020 (**Record Date**) are encouraged to participate in the SPP. An indicative timetable for the SPP is as follows:

Event	Date
Record date for eligibility to participate in the SPP	7.00pm Sydney time (AEST) on 8 October 2020
Dispatch of SPP offer documents and SPP offer open	15 October 2020
SPP closing date	5 November 2020
Announcement of SPP results	9 November 2020
Issue of new shares under the SPP	12 November 2020

The timetable is indicative only and remains subject to change at the Company's discretion, subject to compliance with applicable laws and the ASX Listing Rules.

An offer booklet containing detailed information regarding the SPP, including the terms and conditions, will be dispatched to eligible shareholders on or around 15 October 2020. The Company will provide further updates as this event progresses.

Use of Funds

The funds raised from the Placement and SPP will be used to advance the Galalar Silica Project, including:

- Further resource drilling and bulk product testing to assist in offtakes and mine planning for operational start up;
- Further advancement of permitting and development approvals for the Galalar Silica Project;
- Further advancement of development funding pathways;
- Further advancement of transshipment and logistics studies;
- Costs of the capital raising; and
- Working capital purposes.



Welcoming the support of major investor Ilwella, Diatreme's Chairman Greg Starr said: "Diatreme thanks existing major investor Ilwella for its continued support and welcomes new strategic, institutional and professional investors to our register following this significant investment in the future of our Company.

"We continue to advance the Galalar project at a rapid pace in this world-class silica province and we look forward to delivering on our vision in the near term to become a producer of high-quality premium grade silica and mineral sands for use in growing global solar PV and ceramics markets.

Diatreme is now very well-funded following this Placement and our share register is strengthened positioning the Company exceptionally well as we move into the next 12 months for the Company which will be a transformational period."

"We would also encourage all other shareholders to consider participating in the SPP, which has been launched to ensure all Diatreme shareholders have an equal opportunity to increase their investment in the Company under the same pricing terms."

Ilwella Chief Investment Officer Quentin Flannery said: "We are pleased to continue to support Diatreme as it advances its Galalar Silica Project. The project, an important economic development for North Queensland, aims to become a material supplier to the solar energy industry which continues to grow at an extraordinary rate. Given the immense pressure to decarbonise the economy and shift to renewables, we don't see any signs of this growth slowing down any time soon. We see high grade silica sands as a huge opportunity for the future and Galalar as one of the best mines to capitalise on this opportunity".

This announcement has been authorised for release to the ASX by the Company.

Neil McIntyre
Chief Executive Officer

Greg Starr
Chairman

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