

ASX ANNOUNCEMENT

10 November 2020

Share Purchase Plan closes strongly oversubscribed

- Diatreme closes a higher than expected Share Purchase Plan (SPP) with a total of approximately 253 million shares to be issued, raising approximately \$2.53 million (before costs)
- SPP strongly oversubscribed, with applications received for approximately \$4.0m worth of shares from eligible shareholders, requiring a scale back of applications
- Total funds raised under recent Placement and SPP total approximately \$7.1m (before costs), with funding to advance Galalar Silica Project through permitting and approvals.

Silica sands developer Diatreme Resources Limited (ASX: **DRX**) announced today the successful completion of its Share Purchase Plan (**SPP**), which closed at 5.00pm (Sydney time) on 5 November 2020 with an overwhelming response from eligible shareholders.

A total of 253 million shares will be issued pursuant to the SPP to raise \$2.53 million, which is a significant increase on the originally announced SPP target of \$0.5 million (refer ASX release 9 October 2020).

The SPP was strongly supported by eligible shareholders and was substantially oversubscribed (approximately 8 times oversubscribed on original expectations), with the Company receiving over 300 applications totaling approximately \$4.0 million at the issue price of \$0.010 per share, being the same issue price as the Placement announced to the ASX on 9th and 16th October 2020.

Due to the exceptional response, applications have been scaled back with the scale back mechanism calculated as follows:

Original Share Application Amount	Allocation Discount Applied	Final Amount allocated
\$2,500	nil	\$2,500
\$5,000	43% discount applied	\$2,850

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\$10,000	43% discount applied	\$5,700
\$20,000	43% discount applied	\$11,400
\$30,000	43% discount applied	\$17,100

The Company will refund applicants the difference between the new shares (New Shares) issued to them and the parcel of shares the applicant applied for (calculated at the issue price) under the SPP. Where bank account details are held this will be effected via direct bank transfer, if bank account details are not held refund cheques will be mailed directly to the applicant.

The Company is of the view that the scaling methodology applied allows for an equitable allocation of bids across the shareholder base whilst supporting smaller and long-standing shareholders.

The Company expects to issue the SPP Shares on or about 12 November 2020, with quotation on 16 November 2020. The SPP Shares will rank equally with existing shares in the Company from their Issue Date.

The Board would like to thank existing shareholders for their participation in the SPP and strong show of support following the successful completion of the \$4.64 million (before costs) share placement to sophisticated and institutional investors announced to ASX on 9th and 16th October 2020 (Placement).

This brings the total funds raised under the Placement and the SPP to \$7.1 million (before costs). Funds raised will be used to accelerate development of the Galalar Silica Project through permitting and approvals.

Diatreme's Chairman Greg Starr commented:

"We are delighted with the overwhelming response and show of support received from our shareholders wishing to participate in the SPP. The funds will enable us to accelerate our implementation strategy as we work to advance our Galalar project, following the earlier Placement, which was well supported by both existing and new sophisticated and institutional investors, Diatreme is now well placed to achieve its targets for the year ahead and deliver increased value for shareholders."

Authorised for release by;

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About Diatreme Resources

Diatreme Resources (ASX:DRX) is an emerging Australian producer of mineral and silica sands based in Brisbane. Our key projects comprise the Galalar Silica Project in Far North Queensland, located next to the world's biggest silica sand mine, together with the Cyclone Zircon Project in Western Australia's Eucla Basin, considered one of a handful of major zircon-rich discoveries of the past decade.

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