

27 May 2021

CHAIRMAN'S ADDRESS
Presented to Annual General Meeting of Shareholders
Thursday 27 May 2021

Good afternoon and welcome to this year's Annual General Meeting.

The past year has seen continued progress by your Company. This was despite the impact of the COVID-19 pandemic, which has had a tumultuous impact on all aspects of our lives.

We are now seeing unprecedented opportunity as the world emerges from the pandemic and shifts gear to a clean energy future.

The Galalar Silica Project's premium silica product is well placed to benefit from this structural shift.

The International Energy Agency's "World Energy Outlook" for 2020 described solar as the "new king of electricity," with solar PV "consistently cheaper than new coal or gas-fired power plants in most countries."

In its latest report for 2021, the IEA noted growth in solar PV continues to break records. Annual capacity additions are expected to reach 162 gigawatts by 2022, almost 50 per cent higher than the pre-pandemic level of 2019.

Silica is a key component of solar PV, since 70 per cent of each panel comprises glass sheeting made from low iron, high purity silica. This is exactly the product we will be making at Galalar.

Researchers IMARC estimate the global silica sand market could grow from US\$8 billion in 2019 to US\$20 billion in 2024. Our region, the Asia-Pacific is the fastest growing, with the potential to reach US\$8 billion a year by 2026.

These forecasts have prompted analysts to describe silica as the 'next lithium,' given its potential to support the clean energy boom.

New projects such as Galalar are therefore vital. On the supply side, experts have described a global shortage of suitable sand as "one of the greatest sustainability challenges of the 21st century."

Now to look at our Company and some of our many highlights for 2020.

Galalar's economic benefits

Firstly, the approval process advanced with our application for a voluntary EIS. This allows for only a single such study to be produced for both state and federal governments, resulting in a streamlined but vigorous approval process.



Following July's release for public comment of an Initial Advice Statement and draft terms of reference, we received in November the final terms of reference for the EIS.

Some 51 submissions were received, including from government agencies, traditional owners and other community members. We welcome this feedback and will be incorporating it into our EIS, as we work to deliver maximum community benefit and minimal environmental impact.

This year, we plan to lodge the draft EIS with the relevant Queensland Government departments, followed by another round of public consultation. Should all proceed as planned, we aim to finalise the Environmental Authority which together with a mining lease will permit the project to proceed.

Secondly, the silica resource at Galalar has continued to expand. In February, Diatreme announced a 26% expansion to an estimated 38 million tonnes. This was upgraded by another 25% in May. And in March this year, we announced a further 30 per cent expansion to 61.9 million tonnes.

Having a silica resource of this size positions the project favourably to become a long-term mining operation.

Thirdly, the benefits of our project to the local community have been demonstrated.

An independent economic study projected Galalar would make a sizeable economic impact, injecting around \$23 to \$24 million in the construction phase and up to \$42m in operation.

Importantly, the project will create more than 110 full-time equivalent jobs, becoming Hope Vale's largest private employer and generating substantial royalties and taxes for public benefit.

However, no mining project can progress without a social licence to operate. We have continued to engage widely, including the opening of a community office in Hope Vale, together with holding numerous meetings with traditional owners and other key stakeholders.

Project pipeline advances

Elsewhere, Diatreme's project pipeline remains excellent, with the opportunity to generate further value for shareholders.

The 'shovel ready' Cyclone Zircon Project in Western Australia is in an excellent position to advance, with talks continuing with a range of potential project participants. This will be made easier with the gradual lifting of travel restrictions imposed due to COVID-19.

Constrained supply of high-grade zircon and solid demand underpin Cyclone's fundamentals, particularly as the global economy picks up speed.

In Queensland, the Clermont Copper-Gold Project also has considerable potential, particularly with recent record high copper and gold prices.



While our focus is on Galalar, having such projects provides potential for an additional boost to shareholder value and reduces our risk profile to prospective investors.

Investor support

Unquestionably, having support from high-calibre investors makes an enormous difference.

We have been delighted by the support from our cornerstone investor, Illwella Pty Ltd, representing the family office of noted Queensland resources investor Brian Flannery. Illwella's support of last October's \$4.6 million placement was a major contributor to its success, with the placement also seeing the arrival of a leading German institutional investor.

Together with these new investors, support from all Diatrene shareholders has been excellent. A Share Purchase Plan launched the same month closed significantly oversubscribed. I would like to thank again all our shareholders for supporting our growth strategy.

New Director, COO

As part of our progression, in August 2020 experienced mining engineer Mike Chapman was appointed a Non-Executive Director. With more than 40 years' experience in open-cut and underground mining, Mr Chapman brings a wealth of knowledge that will be invaluable as Galalar advances towards production.

In February this year, another experienced mining executive, Peter Brown, was appointed as Chief Operating Officer. His focus is on ensuring the timely delivery of permitting and other approvals for Galalar, along with mine planning and various economic enhancements.

Both these appointments are welcome additions to our team.

Bright outlook

Looking ahead, the outlook for our Company remains bright, thanks to the solar energy boom and drive by major global economies to curb emissions.

With ESG investment soaring worldwide, your Company is very well placed to benefit.

This year, we aim to lodge the necessary environmental and mining lease approval submissions for Galalar by the fourth quarter, with potential first production in 2022.

That would be a major achievement, particularly following the delays caused by COVID-19.

For investors, these and other milestones have the potential to see a further re-rating of Diatrene's market value.

Once again, I would like to thank shareholders, employees, contractors, suppliers, partners and all others associated with our Company for your support.



With your continued backing, I am confident we have all the right ingredients for success.

Yours sincerely

A handwritten signature in dark grey ink, appearing to read 'G. Starr', with a large, stylized initial 'G'.

Gregory B. Starr
Non-Executive Chairman