

1 June 2022

Mr Justin Nelson
Principal Adviser, Listings Compliance (Sydney)
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Email: *ListingsComplianceSydney@asx.com.au*

Dear Mr Nelson

Response to ASX Query

We refer to your letter dated 30 May 2022 and respond as follows in line with the numbering in your letter:

1. Yes. DRX is currently in discussions with a third party regarding a potential investment in the company. The discussions are at an early stage and are confidential. Final terms have not been agreed. In DRX's view, it is highly unlikely the recent trading in its shares is connected to the discussions regarding any potential investment in DRX.
- 2(a). Yes. The discussions with the third party are incomplete and remain confidential.
- 2(b). No. Given the current status of discussions, a meaningful announcement cannot be made. In DRX's view any announcement at the current stage of the discussions would likely drive further speculation given it is uncertain whether the investment will eventually proceed and, if so, on what terms.
- 2(c). An announcement regarding the investment will be made if and when a binding agreement is signed or details of the transaction cease to be confidential. However, DRX cannot be certain of when (if at all) suitable terms for any proposed transaction will be agreed and documentation signed.
3. The increase in price and volume in DRX shares observed by ASX (based on DRX's review of stock chat platforms such as Hotcopper and some broker feedback) appears to be related to:
 - market speculation that a labour federal government with renewable energy (or de-carbonisation more broadly) as a stated immediate agenda priority will see commodity or mining stocks that benefit from that growth supported – DRX's high quality silica projects are anticipated to benefit from any increased activity in the renewables sector;

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- market traders realising silica is fundamental to solar panel manufacturing and consequently DRX is well positioned to benefit from any push into renewable energy in Australia or Asian markets more generally;
 - renewed broker and institutional interest in this sector following silicon's recent addition to the Federal Government's critical minerals list;
 - recent strong market support for companies with strong ESG principals in their current or planned Project development programs;
 - the above factors combined with the current advanced status of DRX's projects (in particular when compared to its peers in Western Australia)
 - some speculation on a transaction relating to the company's Cyclone HM asset. DRX is not currently in discussions regarding a transaction relating to that asset, but as has been previously announced, has a number of parties in the Project data room considering whether the asset is of interest to them.
4. DRX is in compliance with the listing rules and, in particular, listing rule 3.1.
 5. DRX's responses above have been authorised by an officer of DRX with delegated authority from the board to respond to ASX on disclosure matters.

Yours faithfully



Tuan Do
CFO & Company Secretary
Diatreme Resources Ltd



30 May 2022

Reference: 53274

Mr Tuan Do
Company Secretary
Diatreme Resources Limited
Unit 8, 55-61 Holdsworth Street
Coorparoo, Qld 4151

By email: tuan.do@diatreme.com.au

Dear Mr Do

Diatreme Resources Limited ('DRX'): Price - Query

ASX refers to the following:

- A. The change in the price of DRX's securities from a low of \$0.025 to a high of \$0.035 today.
- B. The significant increase in the volume of DRX's securities traded from 27 May 2022 to 30 May 2022.

Request for information

In light of this, ASX asks DRX to respond separately to each of the following questions and requests for information:

1. Is DRX aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is DRX relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in DRX's securities would suggest to ASX that such information may have ceased to be confidential and therefore DRX may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that DRX may have for the recent trading in its securities?
4. Please confirm that DRX is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that DRX's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of DRX with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.00 AM AEST Tuesday, 31 May 2022**. You should note that if the information

requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DRX's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require DRX to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in DRX's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in DRX's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to DRX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that DRX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Justin Nelson

Principal Adviser, Listings Compliance (Sydney)