DIATREME Resources

DIATREME RESOURCES | ASX:DRX

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 June 2026

ASX RELEASE

22 July 2026

Quarterly Activities Report

For the period ended 30 June 2026

This announcement was authorised for release by the Board.

Neil McIntyre
Chief Executive Officer

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CORPORATE

Diatreme appointed Mr Brian Flannery as Chair effective 17 June 2026, with outgoing Chair Mr Wayne Swan remaining as a Non-Executive Director. Mr Flannery's deep mining and project development expertise will benefit the Company as it transitions through the final approvals, financing and development processes for its flagship Northern Silica Project (NSP) in Queensland.

The Company held its Annual General Meeting on 29 May 2026 in Brisbane, with all seven resolutions passed on a Poll.

Diatreme also released its Annual Report to shareholders, highlighted by the submission of a Draft EIS for the NSP and expansion of its Mineral Resource Estimate; the successful sale of the Clermont Copper/Gold Project; and improved heavy mineral recoveries from the Cyclone Project.

Diatreme secured a further 12-month extension to its $1 million debt facility, with the maturity date extended to 30 May 2027. The Board thanks Ms Jie Wu, an unrelated party and lender, for her continued support and confidence in the Company.

During the quarter, Diatreme completed the sale of the Cape Flattery Silica Project (CFSP) to Cape Silica Holdings Pty Ltd (CSH), the Diatreme/Sibelco joint venture company. Diatreme received reimbursement of approximately $2.1 million for agreed costs. Following Sibelco's subsequent call option exercise post-quarter, total funding received by CSH under the transaction was approximately $7.4 million (before costs and applicable stamp duty).

During the quarter, the Company made total payments of $115k to related parties, comprising $88k of director fees, and $27k for specialist marketing consultancy services to a related party of one director of the Company.

The Company's cash and cash equivalents totalled **$2.7 million** (not including a further **$4.5 million** in the silica projects J/V), giving total cash of **$7.2 million** as at 30 June 2026. The June quarter JV cash balance includes funds received in connection with the CFSP transaction, including the reimbursement received by Diatreme. **A further $4.4 million** was received by CSH post-quarter following Sibelco's call option exercise. (Ref ASX release 8 July 2026).

QUARTERLY HIGHLIGHTS

Silica Projects

Northern Silica Project (NSP)

- Significant 10.6% Mineral Resource Estimate (MRE) upgrade for Si2 Deposit, with total resource of 301.5 Mt silica sand; mineralisation extends to south-east
- Total silica sand resource base expands to 632.8 Mt with maiden MRE of 102.7 Mt for Casuarina Deposit; mineralisation contiguous to existing Cape Flattery Silica Mine

Cape Flattery Silica Project (CFSP)

- Post-quarter: Sale of Cape Flattery Silica Project to Cape Silica Holdings, the joint venture between DRX and Sibelco
- $7.4 million in total funding received under the transaction
- Transaction streamlines ownership of FNQ silica sand assets, enabling consolidation of project costs, focused community engagement and development pathway

Cyclone Zircon Project

- Discussions continuing with potential project partners/investors to generate value from critical minerals project, including meetings with potential project partners/investors in Tokyo and Washington

COMING SEPTEMBER QUARTER 2026 ACTIVITIES

Diatreme's operational focus for the September quarter 2026 comprises the following:

FNQ silica sand projects

Northern Silica Project (NSP)

- Ongoing discussions and negotiations with Ports North for access to infrastructure at the Cape Flattery port.
- Ongoing progression through the EIS permitting and approvals process
- Completion of Pre-Feasibility Study and Maiden Ore Reserves.
- Continue engagement with the local community and related programs.
- Further discussions and negotiations regarding the establishment of a mining project agreement for the NSP with Hopevale Congress Aboriginal Corporation (RNTBC), Walmbaar Aboriginal Corporation (RNTBC), affected native title holders and the broader Hope Vale community.

Cyclone Zircon Project

- Processing test work aimed at confirming previous drilling results for potential customers and investors.
- Undertake site visits from technical team to confirm economic and technical base assumptions in previously undertaken DFS studies.
- Further assessment of best options to realise project value including sale, joint venture and or use of a separated company vehicle to facilitate potential "asset spin out" to a listed entity.

NORTHERN SILICA PROJECT

Significant MRE upgrade for Si2 Deposit

Diatreme has boosted its silica sand resource base, following a significant 10.6% upgrade to the Mineral Resource Estimate (MRE) for the Si2 Deposit within its Northern Silica Project (NSP) in Far North Queensland (refer ASX release 19 May 2026). The MRE increased to 301.5 Mt from 272.5 Mt, with 62% categorised as Measured, materially expanding the resource base and also indicating that mineralisation continues extending further to the south-east.

The Si2 Deposit sits within the world-class Cape Bedford-Cape Flattery Dune Field, immediately adjacent to the Port of Cape Flattery, and is well positioned to supply growing global demand for low-iron, high-purity silica, the key component for photovoltaic glass used in solar panels.

A key feature of the MRE upgrade was the incorporation of colour attributes in addition to geochemical data, captured systematically during drilling and logging, directly into the underlying grade model. These attributes are expected to support stage-wise predictive processing studies and inform mine schedule optimisation and product blending as the project advances. The updated grade model in the MRE will form the geological basis for the NSP's Pre-Feasibility Study (PFS), currently in final drafting stage.

The next phase of work will focus on a program of metallurgical test work over small-increment variability samples taken across the deposit. The objective is to determine whether colour can be used as a predictor of processability for given stage responses, and, if validated, to apply this relationship in stage-wise predictive processing tests. Outcomes from this program are expected to directly inform mine schedule optimisation, processing flowsheet selection and product consistency planning.

Further metallurgical test work will also continue to refine final product specifications and confirm suitability for photovoltaic, glassmaking and other high-purity industrial applications.

RESOURCE CATEGORY	SILICA SAND MT	SIO_2 %	FE_2O_3 %	TIO_2 %	AL_2O_3 %
MEASURED	187.5	99.25	0.10	0.14	0.11
INDICATED	42	99.16	0.12	0.16	0.11
INFERRED	72	99.17	0.13	0.17	0.11
TOTAL	**301.5**	**99.20**	**0.11**	**0.15**	**0.11**

Table 1: May 2026 Si2 Deposit – breakdown by MRE category

Figure 1: Si2 Deposit – Mineral Resource growth since discovery in November 2021

Maiden MRE for Casuarina Resource Area

Diatreme further expanded its Far North Queensland silica sand resource base, announcing a maiden MRE of 102.7 Mt for the Casuarina Resource Area, with mineralisation considered contiguous with the existing Cape Flattery Silica Mine (refer ASX release 23 June 2026). Casuarina is being advanced as a distinct project within Diatreme's FNQ silica sand portfolio, on its own development pathway and separate to the Company's flagship NSP.

Significantly, Diatreme's total silica sand resource base has now grown to 632.8Mt across all project areas, offering a secure supply source of low-iron, high-purity silica, an essential ingredient for the fast-growing solar PV industry.

The Casuarina Resource Area sits within the world-class Cape Bedford-Cape Flattery Dune Field, immediately adjacent to the Port of Cape Flattery and the Cape Flattery Silica Mine, and is well positioned to supply a variety of silica sand products. The initial model and MRE will form the geological basis for any ongoing exploration in Casuarina in coming years.

RESOURCE CATEGORY	SILICA SAND MT	SIO_2 %	FE_2O_3 %	TIO_2 %	AL_2O_3 %
INDICATED	61.3	99.03	0.12	0.15	0.11
INFERRED	41.4	99.06	0.10	0.12	0.10
TOTAL	**102.7**	**99.04**	**0.11**	**0.14**	**0.11**

Table 2: June 2026 Casuarina Resource Area – breakdown by MRE category

As a maiden estimate, with 40.3% of the resource classified as Inferred, the result points to clear scope to grow and upgrade the Mineral Resource through further drilling. The underlying block model incorporates both grade and optical attributes captured systematically during drilling and logging, a dataset Diatreme expects to be a valuable input into future product blending and mine schedule optimisation as the project advances.

In parallel, Diatreme will progress technical studies across the mining, processing, infrastructure and economic workstreams to evaluate development pathways for the Resource Area. Its position immediately adjacent to the established Port of Cape Flattery and the operating Cape Flattery Silica Mine offers the potential to leverage existing infrastructure and a low-capital-intensity route to development. The Maiden MRE will serve as the underlying geological and grade input to these studies, supporting initial mine design and schedule concepts.

Further metallurgical test work will also continue to refine final product specifications and confirm suitability for photovoltaic, glassmaking and other high-purity industrial applications. These results will underpin ongoing engagement with prospective customers and support progression towards binding offtake discussions with targeted end users in the global silica sand market.

Diatreme will also continue technical work at Casuarina, including infill and extensional drilling, sampling, geological logging and analytical programs designed to further grow and upgrade the Mineral Resource. The Company will provide further updates on the Casuarina program as work progresses.

Diatreme is also continuing to advance the NSP's environmental approvals, with a Draft EIS lodged with Queensland's Office of the Coordinator-General (refer ASX release 15 December 2025).

Once the Office of the Coordinator-General (OCG), state agencies and the federal Department of Climate Change, Energy, the Environment and Water (DCCEEW) have reviewed the documents and they are deemed to have adequately addressed the ToR, the DEIS will be released for further public review and consultation, anticipated during Q4 2026.

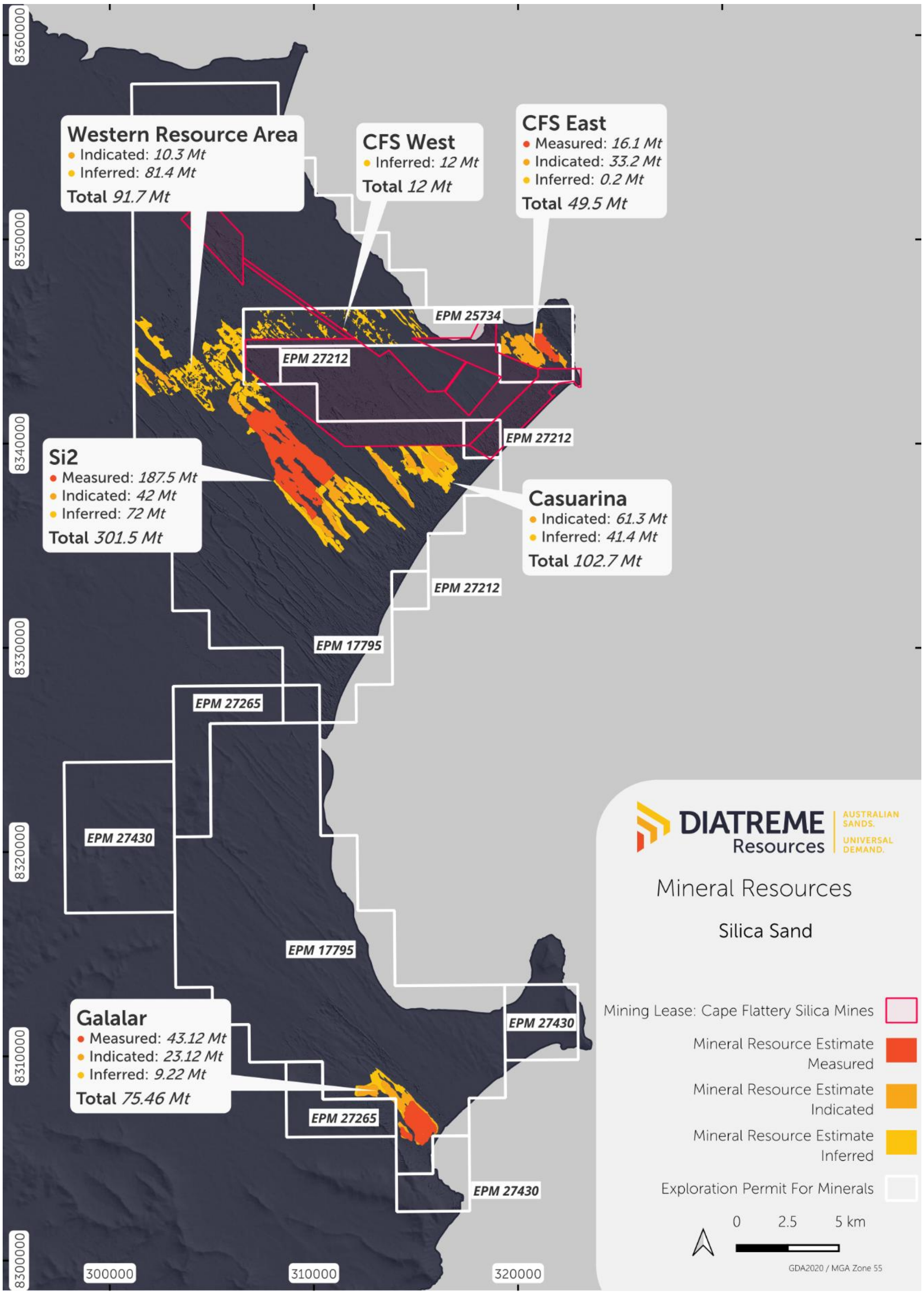

Figure 2: Diatreme's silica sand mineral resources, Far North Queensland

Community engagement

Diatreme continues to actively engage with the community where it operates, with the Company's Hope Vale office serving as a base for both the Community Team and the field team when in Hope Vale. The Community Team is on-ground to support and facilitate engagement with community members by attending and facilitating the Social, Cultural and Heritage assessment works for the EIS. The team continues to participate in various community sponsorships and events, while also undertaking numerous project community information sessions across Hope Vale and Cooktown.

During the June quarter, Diatreme continued its consultation and engagement activities, including cultural heritage and environmental fieldwork participation and strengthening stakeholder relationships. This work is helping to establish a strong foundation for informed participation and the ongoing inclusion of local knowledge as the NSP progresses. Planning also advanced for employment, training and education initiatives aimed at strengthening local capability, creating clearer pathways to employment and supporting long-term participation in the Project.

Diatreme also continued to support local initiatives that contribute to strong and connected communities, including the restoration of the historic Hope Vale Lutheran Church, the Hope Vale Aboriginal Shire Council's annual Kids Easter Egg Hunt in Hope Vale and the 2026 Cooktown Discovery Festival.

Diatreme also continued releasing videos about the NSP's cultural heritage, environmental, social and economic considerations. These videos form part of Diatreme's commitment to providing clear and accessible project information and are available on the Company's website at https://diatreme.com.au/nsp#factsheets.

Figure 3: Diatreme's Connor Meldrum (second right) placed 3rd in the 4km Goliath of Grassy Hill run, held as part of the Big Run for Little Athletics in the 2026 Cooktown Discovery Festival

CAPE FLATTERY SILICA PROJECT

Diatreme has streamlined ownership of its Far North Queensland silica sand assets, with the Company successfully divesting the Cape Flattery Silica Project (CFSP) (Cape Flattery Silica Pty Ltd) to rationalise project ownership and facilitate increased funding and synergies for its flagship NSP (refer ASX release 13 April 2026).

Under the transaction, Diatreme's wholly owned subsidiary, Metallica Minerals Pty Ltd (Metallica) entered into a binding Share Sale Agreement with the joint venture company Cape Silica Holdings Pty Ltd (CSH or JVCo) (which is 73.2% owned by Diatreme) to sell the CFSP in exchange for shares in the joint venture. The parties agreed the value of the CFSP at $26.01 million (the Sale Transaction).

Sibelco Silica Pty Ltd (Sibelco) which owns 26.8% of JVCo agreed to contribute up to approximately $9.5m in total in exchange for shares in CSH (such that Sibelco can potentially retain its 26.8% interest). At completion of the transaction, Sibelco would subscribe $5.095M for shares in CSH upon transfer of Cape Flattery Silica Pty Ltd. It would also be granted an option to subscribe for a further $4.4M of shares in CSH (exercisable before 7 July 2026).

Using funds subscribed by Sibelco, the JVCo would reimburse Diatreme approximately $2.1 million for costs incurred in undertaking the takeover of Metallica, completed in September 2024 (see DRX ASX release 18 September 2024). The JVCo would pay any stamp duty that may be applicable to the Sale Transaction and the issue of shares to Sibelco and Diatreme.

Following shareholder approval for the transaction at the Company's Annual General Meeting held on 29 May 2026, Diatreme announced the completion of the project's sale on 9 June 2026 (refer ASX release).

The transaction formally completed on the Sale Agreement terms previously disclosed to the market including:

- Sale and Purchase of Shares: Metallica Minerals Pty Ltd sold and Cape Silica Holdings Pty Ltd (CSH) purchased 100% of the issued share capital in CFS in exchange for the issue to Diatreme of 2,220 ordinary shares in CSH.

- Sibelco Subscription: Sibelco Silica Pty Ltd (Sibelco) subscribed for 435 ordinary shares in CSH for approximately $5.1M.

- Reimbursement: Diatreme being paid the agreed reimbursement amount of approximately $2.1M.

Sibelco also has a Call Option that was granted under the Sale Agreement and is exercisable before 7 July 2026, enabling Sibelco to subscribe for an additional 376 ordinary shares in CSH for approximately $4.4M.

Post-quarter, on 8 July 2026 Diatreme announced that Sibelco had exercised its option to acquire additional shares in the Diatreme/Sibelco joint venture company (CSH), in a funding boost for the Far North Queensland silica sands joint venture.

CSH will issue 376 fully paid ordinary shares in CSH to Sibelco Silica Pty Ltd (Sibelco) for approximately $4.4 million, with total funding now received as part of the transaction being approximately $7.4 million (before costs and payment of any applicable stamp duty). On completion of the issue of the shares following exercise, Diatreme's interest in CSH will revert to 73.2%, being its original interest prior to the transaction announced to the ASX on 9 June 2026.

Welcoming the option exercise, Diatreme's Chief Executive Officer, Neil McIntyre said: "*We appreciate the strong support shown by our joint venture partner Sibelco, to exercise this option and contribute further significant funding of $4.4m as we progress the NSP through the next stages of feasibility, permitting and approvals.*

"Since launching our transformational partnership in June 2022, European-based Sibelco has been a major supporter of Diatreme and our silica sand projects and this financial backing is another vote of confidence in the future of our Queensland projects from one of the world's leading industrial minerals suppliers."

Diatreme acquired 100% of the CFSP following its successful takeover of MLM in 2024. The project is located in the Cape Flattery area, on the eastern coastline of Cape York Peninsula, 220 km north of Cairns and 55km from Cooktown. The project is adjacent to the Cape Flattery Silica Mines mining and shipping operation owned by Mitsubishi Corporation and in close proximity to Diatreme's other silica projects.

CFSP has an estimated Ore Reserve of 47Mt with the total JORC Mineral Resource estimated at 61Mt (refer MLM's ASX announcement dated 15 November 2023).

CYCLONE ZIRCON PROJECT, WA

Diatreme announced on 19 March 2026 the successful completion of metallurgical test work undertaken by Mineral Technologies (MT) on bulk samples from the zircon-rich heavy mineral sands Cyclone project. The results showed substantial improvements in projected product yields, strengthening the development outlook for the project in WA's Eucla Basin.

Mineral Technologies has finalised Mineral Separation Plant (MSP) test work and flowsheet optimisation, delivering major gains in processing performance and product recovery. This follows earlier (upstream) Wet Concentrator Plant test work on an 8-tonne bulk sample, representing the first three years of mining, which achieved 76.5% heavy mineral recovery to Heavy Mineral Concentrate (HMC), a 21.6% improvement over previous test work.

Completion of the MSP program resulted in significant forecast increases in life of mine output:

- HMC production: up 58.3% to 3.2 Mt

- Zircon mineral concentrate production: up 6.8% to 866 kt

- Titanium mineral concentrate production: up 95.6% to 1.6 Mt

Additional opportunities are being evaluated to further refine the MSP flowsheet, which would require extra test work when the project advances to the final phase of feasibility studies. Internal reviews show a significantly improved business case for the project using the optimised flow sheet and changes in mining process.

Meanwhile, Diatreme continued discussions with potential project partners during the June quarter, aiming to maximise shareholder value for this key Australian critical minerals project. This included:

- Meetings with potential project partners and investors in both Tokyo, Japan and Washington, USA, as part of Australian critical minerals delegations
- Assessment of the various pathways available to critical minerals projects to obtain concessional financing
- Discussions with potential partners around concentrate offtake
- Desktop review of metallurgical testwork and testing of HMC sample by various parties to determine indicative plant performance when processing Cyclone HMC under tolling arrangements
- Continued analysis of corporate transaction opportunities

In addition, the management team continues to ensure tenure is maintained in good order.

In its Quarterly Review released on 22 April 2026, major producer Iluka Resources reported a Q1 2026 weighted average zircon sand price in line with the previous quarter of US$1,491 per tonne. The company said it anticipated price increases of up to US$120/t for the June quarter, varying by market segment, geography and product quality.

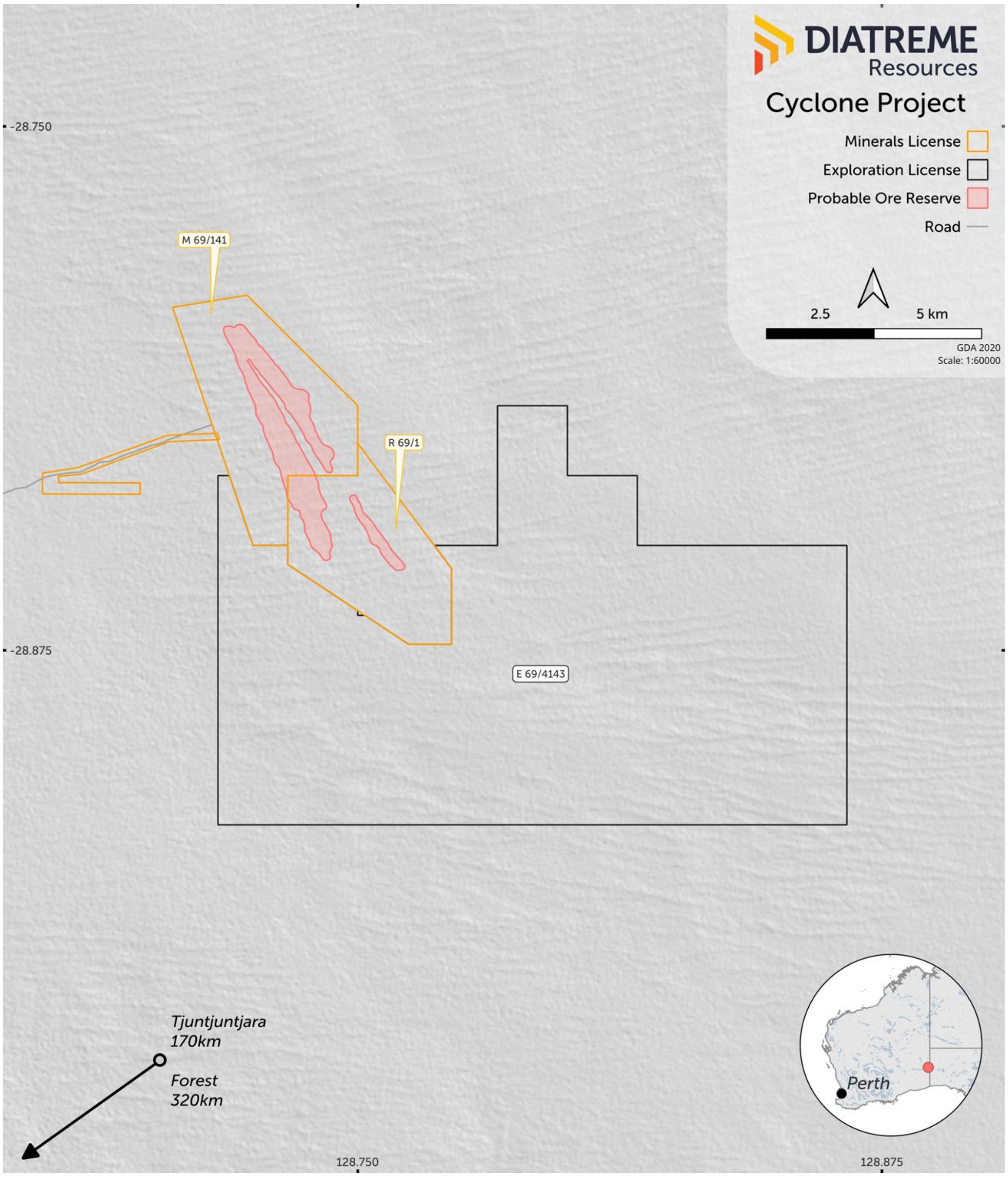

Figure 4: Cyclone Zircon Project outline, WA

***Forward-looking statements:** This document may contain forward-looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "indicate", "target", "anticipate", "forecast", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Indications of, and interpretations of, future expected exploration results or technical outcomes, production, earnings, financial position, and performance are also forward-looking statements. The forward-looking statements in this presentation are based on current interpretations, expectations, estimates, assumptions, forecasts and projections about Diatreme, Diatreme's projects and assets and the industry in which it operates as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. The forward-looking statements are subject to technical, business, economic, competitive, political and social uncertainties and contingencies and may involve known and unknown risks and uncertainties. The forward-looking statements may prove to be incorrect. Many known and unknown factors could cause actual events or results to differ materially from the estimated or anticipated events or results expressed or implied by any forward-looking statements. All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements.*

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ASX releases referenced for this release

- 8 July 2026 – "Sibelco injects $4.4M in boost for silica sand joint venture"
- 23 June 2026 – "Maiden Mineral Resource Estimate at Casuarina Deposit"
- 17 June 2026 – "Diatreme appoints Brian Flannery as Chair"
- 9 June 2026 – "Completion of sale of CFS to DRX/Sibelco Silica J/V"
- 2 June 2026 – "Debt facility rollover"
- 29 May 2026 – "Results of Annual General Meeting"
- 19 May 2026 – "Significant Mineral Resource Estimate upgrade at Si2"
- 29 April 2026 – "Annual Report to shareholders"
- 13 April 2026 – "Sale of CFS to DRX/Sibelco Silica JV"

Diatreme confirms that it is not aware of any new information or data that materially affects the information included in the original releases and that all material assumptions and technical parameters underpinning the estimates in the original releases continue to apply and have not materially changed.

APPENDIX 1

Appendix 1 provides information required under ASX listing rule 5.3.3 for mineral exploration entities.

Interest in mining tenements at end of quarter

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

** Cape Silica Holdings Pty Ltd was, at 30 June 2026, owned by DRX (74.9%) and Sibelco Silica Pty Ltd (25.1%). Northern Silica Pty Ltd and Galalar Silica (QLD) Pty Ltd are wholly owned subsidiaries of Cape Silica Holdings Pty Ltd. During the quarter ended 30 June 2026, all of the shares in Cape Flattery Silica Pty Ltd were transferred to Cape Silica Holdings Pty Ltd and, accordingly, Cape Flattery Silica Pty Ltd became a wholly owned subsidiary of Cape Silica Holdings Pty Ltd. Accordingly, DRX's beneficial ownership of the mining tenements held by these entities was, at 30 June 2026, 74.9%. On 8 July 2026, Sibelco Silica Pty Ltd subscribed for further shares in Cape Silica Holdings Pty Ltd. Following that subscription, and as at the date of this report, Cape Silica Holdings Pty Ltd is owned by DRX (73.2%) and Sibelco Silica Pty Ltd (26.8%), reflecting the percentage interests held by each of them before the transfer of Cape Flattery Silica Pty Ltd.*

*** Company notes the award of tenement area E69/4143 in late November 2023. No exploration activity has been undertaken to date.*

Beneficial percentage interests held in farm-in or farm-out agreements at end of quarter.

State	Project name	Agreement type	Parties	Interest held at end of quarter by exploration entity or child entity	Comments
WA	Cyclone Zircon Project	Farm-out Heads of Agreement	LSPL and Perpetual Mining Holding Limited	94%	HoA announced Jan 2014, initial 6% farm-out completed 18 Sept 2014 – Subject to dilutionary non-contribution clauses.

Abbreviations:

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

DRX - Diatreme Resources Limited

LSPL – Lost Sands Pty Ltd