

Submission to the Standing Committee on Primary Industries Inquiry

*Factors Shaping Social Licence and Economic Development Outcomes in
Critical Minerals Projects Across Australia*

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Executive Summary

Diatreme Resources Limited is a leading Australian developer of high-purity silica sand projects that directly support the nation's Critical Minerals Strategy and the global clean energy transition. With one of the world's largest silica resource bases in Far North Queensland, Diatreme's portfolio – the Northern Silica Project (NSP), Galalar Silica Sand Project (GSSP), and Cape Flattery Silica Project (CFSP) – will deliver substantial regional and national benefits.

This submission details: Diatreme's engagement framework with Traditional Owners; the strategic economic role of high-purity silica; workforce participation initiatives; the roles of various levels of government and options to improve coordination; and other matters relevant to building a socially licensed, competitive critical minerals industry. As an example of the sorts of challenges that must be overcome if Australia is to reap the full benefits of its critical minerals potential, it outlines the urgent need to unlock shared access to the publicly-owned Cape Flattery Port to avoid unnecessary infrastructure duplication, avoid unnecessary environmental impacts, speed project delivery, and maximise public benefit.

This submission outlines Diatreme's engagement framework with Traditional Owners; the strategic economic importance of high-purity silica; workforce participation and skills initiatives; the respective roles of different levels of government; options to improve coordination; and other matters relevant to building a socially licensed and competitive critical minerals industry. It also uses the publicly owned Cape Flattery Port as a case study to illustrate the kinds of structural challenges that must be addressed if Australia is to realise the full value of its critical minerals potential - specifically, the urgent need to enable shared access in order to avoid unnecessary infrastructure duplication and environmental impacts, accelerate project delivery, and maximise public benefit.

We recommend

- (i) national coordination of approvals and infrastructure planning;
- (ii) policy incentives for Indigenous employment and training;
- (iii) mandated and enforceable open access frameworks for export infrastructure including Cape Flattery Port; and
- (iv) expanded support for downstream processing to strengthen Australia's critical minerals value chain. In relation to Cape Flattery Port specifically, we recommend reforms to legacy lease arrangements and activation of third-party access mechanisms so that existing capacity can be used equitably and efficiently.

Introduction & Corporate Overview

Diatreme Resources (ASX:DRX) is at the forefront of Australia's critical minerals sector, developing high-purity, low-iron silica sand projects in Far North Queensland. Our portfolio includes:

- Northern Silica Project (NSP): 272.5 Mt JORC Mineral Resource (100% basis); Major Project Status (Commonwealth) and Coordinated Project Status (Queensland); targeting 3–5 Mtpa over a 25-year mine life.
- Galalar Silica Sand Project (GSSP): 75 Mt JORC Mineral Resource and 32 Mt JORC Ore Reserve; initial operations of 18+ years at approximately 1.65 Mtpa.
- Cape Flattery Silica Project (CFSP): Adjacent to the world's largest silica sand operation, strengthening Diatreme's regional position.

Diatreme's tenement position covers approximately 625 sq km and approximately 75% of the Cape Bedford–Cape Flattery dune field, confirming a dominant regional footprint. In June 2025, NSP's Measured Resource increased by 278% to 187.5 Mt, reinforcing its status among the world's largest high-purity silica deposits. Global materials leader Sibelco has invested approximately A\$49 million across Diatreme and the Cape Silica Joint Venture, supporting development, technical expertise and exploration of downstream processing opportunities.

The effectiveness of engagement practices with local communities, Traditional Owners, and other stakeholders

Diatreme's engagement is genuine, structured and ongoing, underpinned by formal agreements and shared governance. Key elements include:

- Formal agreements: Memorandum of Cooperation with Hope Vale Aboriginal Shire Council; collaboration with Hopevale Congress Aboriginal Corporation (RNTBC) and Walmbaar Aboriginal Corporation.

- Co-designed Cultural Heritage Management Plans: Traditional Owners participate in heritage surveys, cultural risk assessment and approvals, with processes embedded into project timelines.
- Employment and capability: A target of 50% Indigenous employment for ongoing operations, supported by tailored training, apprenticeships, mentoring, and business partnerships.
- Local procurement and business development: Opportunities in logistics, environmental management, heritage services, land rehabilitation, accommodation and catering, and civil works.

Case Study: NSP Engagement in Hope Vale

The NSP sits on the traditional lands of the Dingaal, Nguurruumungu and Gulaal clans. Diatreme's agreements are designed to maximise economic benefits for native title holders, ensure Traditional Owners have a genuine voice in development decisions, and balance cultural stewardship with sustainable operations. Training pathways commence ahead of operations, with a drive-in/drive-out workforce model prioritising local employment in Hope Vale and Cooktown.

Recommendation:

- The Committee should support expanded funding and capacity building for Aboriginal Corporations to develop enterprise partnerships with critical minerals proponents (eg. logistics, environmental monitoring, heritage services and rehabilitation), ensuring Traditional Owners are true partners in the development on country of the critical minerals industry.

How critical minerals projects contribute strategically to regional and national economic development

Silicon (high-purity silica sand) is recognised by the Australian Government as a critical mineral due to its essential role in modern technologies and the risks of supply disruption. Australia's high-purity, low-iron silica deposits on Cape York in Far North Queensland provide secure, proximate supply for solar PV glass and specialty manufacturing across the Asia-Pacific.

Economic contribution and market context:

- NSP alone is expected to generate approximately A\$414 million in net regional benefits over its life and increase household consumption by approximately A\$52 million annually in Queensland.
- The silica market is projected to grow (2022–2031), with net-zero pathways implying step-change demand for PV glass.

- Diatreme’s resource base interest is approximately 501 Mt across FNQ silica projects; NSP’s resource upgrade (June 2025) increased the Measured category by 278% to 187.5 Mt, enabling long-life production at 3–5 Mtpa.

Opportunities to strengthen workforce participation, skills development, and employment pathways, particularly in remote and Indigenous communities

NSP will create approximately 200 construction jobs and approximately 250 ongoing operations roles, with indirect employment across logistics, engineering and environmental services. Diatreme prioritises a drive-in/drive-out model to maximise local participation and reduce FIFO reliance.

Skills development and pathways:

- Local training and apprenticeships commence ahead of construction, co-delivered with registered providers and Aboriginal Corporations.
- On-the-job mentoring and supervisory development to embed capability.
- Structured procurement programs to grow Indigenous businesses aligned to project needs.

The role of state, territory, and local governments in supporting socially and economically sustainable development; *and* Options for improved coordination between jurisdictions and the Commonwealth

Queensland’s Coordinated Project framework and the Commonwealth’s Major Project Status for the Northern Silica Project have streamlined regulatory pathways and reinforced the project’s strategic significance. Local governments, including Hope Vale and Cooktown, play a critical role in service planning, workforce accommodation, local roads and social infrastructure. Effective collaboration across jurisdictions is essential to reduce duplication, improve certainty for proponents and communities, and deliver socially sustainable outcomes.

Notwithstanding these strengths, challenges remain. In particular, optimising the use of existing infrastructure and improving coordination across approval regimes are essential if Australia is to fully realise its critical minerals potential. Across remote and regional Australia, publicly owned ports and logistics assets are sometimes constrained by governance and leasing arrangements that limit shared access, leading to underutilisation, delayed project delivery and, in some cases, pressure to duplicate infrastructure. Such outcomes are economically inefficient, environmentally sub-optimal, and risk undermining social licence, particularly where Traditional Owners have expressed a preference for minimising new disturbance by maximising the use of existing assets.

Case study: Port of Cape Flattery

- Nameplate capacity is 6 Mtpa however, there is broad agreement that practical capacity could be materially enhanced through the introduction of navigation aids and tug support which would allow 24 hour movement of ships. Actual throughput has historically shown <50% of capacity; CY2025 silica exports of 2.1 Mt indicate persistent under-utilisation.
- Lease documents (Appendices A–C) were designed to enable multi-user access, and while serious and credible attempts have been made to make use of third party mechanisms, they are, in practice, controlled by the foreign owned incumbent
- Duplication of maritime infrastructure to support NSP would be environmentally and socially sub-optimal; shared access to Cape Flattery Port would minimise disturbance and aligns with Traditional Owners' preference to reduce footprint.

Recommendations:

- That governments prioritise policy and governance reform to enable equitable, transparent and timely third-party access to publicly owned ports and other strategic infrastructure that support critical minerals development, particularly in remote and regional areas.
- That existing leasing and access arrangements for publicly owned infrastructure be reviewed, and where necessary reformed, to ensure they do not unintentionally confer exclusive control, inhibit competition or prevent the efficient utilisation of existing capacity.
- That shared-access frameworks for strategic infrastructure be embedded as a policy principle, recognising their role in minimising environmental impacts, supporting Indigenous participation and social licence, and accelerating the delivery of nationally significant critical minerals projects.

Any other related matters that may assist the Committee.

Diatreme operates to best-practice ESG standards, including progressive rehabilitation, water stewardship and transparent reporting. Our partnership with Sibelco supports examination of downstream processing options to enhance domestic value capture and resilience in critical minerals supply chains.

Final Recommendations

Diatreme Resources Limited recommends that the Committee:

1. **Support nationally coordinated approaches to critical minerals approvals and infrastructure planning**, including improved alignment between Commonwealth, state, territory and local government processes, to reduce duplication, improve certainty for proponents and communities, and accelerate socially responsible project delivery.
2. **Promote policy settings that strengthen social licence through meaningful Indigenous participation**, including expanded funding and capacity-building support for Aboriginal Corporations to partner with critical minerals proponents in areas such as employment, training, logistics, environmental management, cultural heritage services and rehabilitation.
3. **Encourage governments to prioritise the efficient and equitable use of publicly owned infrastructure** that supports critical minerals development, particularly ports and logistics assets in remote and regional areas, as a means of maximising public benefit and minimising unnecessary environmental and social impacts.
4. **Recommend the review and, where necessary, reform of governance, leasing and access arrangements** for publicly owned infrastructure to ensure they do not unintentionally limit shared access, inhibit competition, or result in the under-utilisation of existing capacity.
5. **Embed shared-access frameworks for strategic infrastructure as a policy principle** in critical minerals development, recognising their role in reducing environmental disturbance, supporting Traditional Owner preferences, strengthening social licence, and enabling timely delivery of nationally significant projects.
6. **Support measures that strengthen Australia's critical minerals value chain**, including policies that encourage downstream processing, domestic value capture and supply-chain resilience, consistent with Australia's Critical Minerals Strategy and clean energy objectives.

Conclusion

Australia stands at a critical juncture in its ambition to build a globally competitive, socially responsible critical minerals industry. Diatreme's experience in Far North Queensland demonstrates both the scale of opportunity available and the structural barriers that must be addressed if the nation is to fully realise the regional, national and strategic benefits of its high-purity silica resources. Our projects show that with early and genuine engagement, Traditional Owners can be genuine partners in development, local communities can share in long-term economic growth, and critical minerals operations can be delivered with strong social licence and minimal environmental footprint.

However, realising this potential requires coordinated action. Improved alignment between Commonwealth, state and local government processes, strengthened support for Indigenous participation, and policy settings that reward best-practice ESG performance remain essential. Equally, unlocking fair and efficient access to publicly owned infrastructure—such as Cape Flattery Port—is critical to avoiding unnecessary duplication, reducing environmental disturbance, and accelerating project timelines. These reforms are not only economically prudent; they reflect Traditional Owners’ explicit preference for minimising new impacts by using existing assets more effectively.

With the right policy architecture and governance settings, Australia can secure high-value export opportunities, grow domestic manufacturing capability and strengthen supply-chain resilience, all while supporting sustainable regional development and deepening partnerships with First Nations communities. Diatreme welcomes the Committee’s attention to these matters and stands ready to assist in shaping a framework that delivers maximum public benefit from the nation’s world-class critical minerals endowment.

APPENDICES

Appendix A - APPENDIX A_Cabinet Minutes_21 Nov 1985_Harbour Facilities Cape Flattery.pdf

Appendix B - APPENDIX B_Cape Flattery Lease_27 October 1988.pdf

Appendix C - APPENDIX C_Sublease Cape Flattery_02 Jan 2018.pdf