

Diatreme Resources Limited

ABN 33 061 267 061

Notice of 2010 Annual General Meeting of Shareholders

to be held at the office of the Company,
Level 2, 87 Wickham Terrace, Spring Hill, Qld,
Thursday, 27 May 2010 at 11:00am

The details of the resolutions contained in the Explanatory Notes accompanying this Notice of Annual General Meeting should be read together with and form part of this Notice of Annual General Meeting.

Ordinary Business

FINANCIAL STATEMENTS

Receive and consider the Financial Statements for the year ended 31 December 2009 incorporating the Profit and Loss Account for the year, and the Balance Sheet as at that date, together with the Directors' Report and the Auditor's Report thereon.

RESOLUTIONS

To consider and, if thought fit, resolve:

Resolution 1: RE-ELECTION OF DIRECTOR – Mr Lawrence Litzow

To consider and, if thought fit, pass the following Ordinary Resolution:

“That Mr Lawrence Litzow, who retires by rotation in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

Resolution 2: RE-ELECTION OF DIRECTOR – Mr George White

To consider and, if thought fit, pass the following Ordinary Resolution:

“That Mr George White, who retires by rotation in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

Resolution 3: REMUNERATION REPORT (Non-binding resolution)

To consider and, if thought fit, pass the following Advisory Resolution:

“That the remuneration report for the year ended 31 December 2009 (as set out in the Directors' Report) is adopted.”

NB: This resolution shall be determined as if it were an ordinary resolution, but under Section 250R(3) of the Corporations Act, the vote does not bind the directors of the Company.

Resolution 4: CONFIRMATION OF PRIOR SHARE ISSUE

To consider and, if thought fit, pass the following Ordinary Resolution:

“That for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 20,350,000 ordinary shares on the terms described in the Explanatory Memorandum be confirmed.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 by:

- any person who participated in the issue; and
- any of their associates.

However, the Company need not disregard a vote on Resolution 4 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5: APPROVAL OF ISSUE OF PLACEMENT SHARES TO MR A TSANG, A DIRECTOR

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“That for the purposes of Listing Rule 10.11 and for all other purposes, the issue of 5,000,000 Placement shares to Mr Andrew Tsang, a Director, or his nominee, on the terms described in the Explanatory Memorandum, be approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 5 by:

- Andrew Tsang, a director of the Company; and
- an associate of Andrew Tsang.

However, the Company need not disregard a vote on Resolution 5 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6: APPROVAL OF ISSUE OF PLACEMENT SHARES TO MR A FAWDON, A DIRECTOR

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“That for the purposes of Listing Rule 10.11 and for all other purposes, the issue of 50,000 Placement shares to Mr Anthony Fawdon, a Director, or his nominee, on the terms described in the Explanatory Memorandum, be approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 6 by:

- Anthony Fawdon, a director of the Company; and
- an associate of Anthony Fawdon.

However, the Company need not disregard a vote on Resolution 6 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7: APPROVAL OF ISSUE OF PLACEMENT SHARES TO MR D HALL, A DIRECTOR

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“That for the purposes of Listing Rule 10.11 and for all other purposes, the issue of 50,000 Placement shares to Mr David Hall, a Director, or his nominee, on the terms described in the Explanatory Memorandum, be approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 7 by:

- David Hall, a director of the Company; and
- an associate of David Hall.

However, the Company need not disregard a vote on Resolution 7 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 8: APPROVAL OF ISSUE OF PLACEMENT SHARES TO MR G WHITE, A DIRECTOR

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“That for the purposes of Listing Rule 10.11 and for all other purposes, the issue of 50,000 Placement shares to Mr George White a Director, or his nominee, on the terms described in the Explanatory Memorandum, be approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 8 by:

- George White, a director of the Company; and
- an associate of George White.

However, the Company need not disregard a vote on Resolution 8 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 9: APPOINTMENT OF AUDITOR

To consider, and if thought fit, pass the following Ordinary Resolution:

“That for the purposes of section 327B of the Corporations Act and all other purposes, BDO Audit (QLD) Pty Ltd (having been nominated by a member of the Company and consented in writing to act in the capacity of auditor and having not withdrawn that consent) be appointed auditors of the Company.”

General Business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By Order of the Board of Directors



Leni Stanley
Company Secretary

Dated 20 April 2010

Voting and Proxies

1. Voting

Diatreme Resources Limited (DRX) has determined in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that for the purposes of voting at the Meeting securities will be taken to be held by those persons recorded on the Company's share register as at 7:00pm (Brisbane time) on 25 May 2010. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If you have any queries on how to cast your votes then telephone Ms Leni Stanley on 07 3221 6022 or Mr David Hall on 07 3832 5666 during business hours.

2. Proxies

(a) Any member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his or her stead.

(b) If a shareholder appoints more than one proxy, the appointment of the proxy may specify the proportion or number of that shareholder's votes that each proxy may exercise. If the appointment does not specify the proportion or the number of the shareholder's votes each proxy may exercise, each proxy may exercise one half of the votes.

(c) Where a shareholder appoints more than one proxy neither proxy is entitled to vote on a show of hands.

(d) A proxy need not be a shareholder of DRX.

(e) To be effective, DRX must receive the completed Proxy Form and, if the form is signed by the shareholder's attorney, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 48 hours before the commencement of the meeting. Proxy Forms and other documentation may be lodged at the registered office of the Company or as follows:

By posting, delivery or facsimile:	Diatreme Resources Limited Share Registry C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Facsimile: (02) 9287 0309
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By delivery: Online:	Level 12, 680 George Street Sydney NSW 2000 Lodging it online at Link's website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website)
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(f) Proxies given by corporate shareholders must be executed in accordance with their constitutions, or under the hand of a duly authorised officer or attorney.

(g) If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting as he or she thinks fit.

(h) If a shareholder appoints the Chairman of the meeting as the shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that shareholder for that item.

NOTE: APPOINTMENT OF PROXY FORM IS ENCLOSED

DIATREME RESOURCES LIMITED (ACN 061 267 061)

Explanatory Notes

These Explanatory Notes have been prepared for the information of members in connection with the business to be conducted at the Annual General meeting of Diatreme Resources Limited to be held at the Registered Office of the Company, Level 2, 87 Wickham Terrace, Spring Hill, Qld, on 27 May 2010 at 11:00am.

These Explanatory Notes form part of and should be read in conjunction with the accompanying Notice of Annual General Meeting.

If the Chairman of the Meeting has an interest in a resolution being put to the meeting, another Director will chair the meeting for voting on that resolution.

RESOLUTION 1:

RE-ELECTION OF MR LAWRENCE LITZOW AS A DIRECTOR

Mr Litzow has been a director of the Company since January 2001. He retires by rotation in accordance with the Constitution of the Company, but being eligible, offers himself for re-election. Details of Mr Litzow's experience and qualifications are set out in the section "Information on Directors" within the Annual Report.

The Directors recommend that the resolution be passed.

RESOLUTION 2:

RE-ELECTION OF MR GEORGE WHITE AS A DIRECTOR

Mr White has been a director of the Company since April 2006. He retires by rotation in accordance with the Constitution of the Company, but being eligible, offers himself for re-election. Details of Mr White's experience and qualifications are set out in the section "Information on Directors" within the Annual Report.

The Directors recommend that the resolution be passed.

RESOLUTION 3:

REMUNERATION REPORT (non-binding resolution)

Pursuant to the Corporations Act 2001 the Annual General Meeting of a listed company must propose a resolution that the Remuneration Report, contained within the Annual Report, be adopted. Also pursuant to the Corporation Act 2001, the vote on this Resolution is advisory only and does not bind either the Directors or the Company.

The purpose of Resolution 3 is to lay before the Shareholders the Company's Remuneration Report so that Shareholders may ask questions about or make comments on the management of the Company in accordance with the requirements of the Corporations Act 2001 and vote on a non-binding resolution to adopt the Remuneration Report for the year ended 31 December 2009.

RESOLUTION 4:

CONFIRMATION OF PRIOR SHARE ISSUE

Resolution 5 is proposed to obtain shareholder approval for the prior issue of 20,350,000 ordinary shares at an issue price of \$0.09 per share. The shares, the subject of Resolution 5, were issued by the Company without disclosure to investors under Part 6D.2 of the Corporations Act, as advised to ASX in announcements dated 31 March 2010 and 12 April 2010.

All of the above shares were issued on the same terms as the Company's existing fully paid ordinary shares.

Before costs, \$1,831,500 was raised by the issue of the shares the subject of Resolution 5. These funds will be applied towards the Cyclone prefeasibility studies being undertaken during the remainder of the year, together with the proposed co-funding from international industry groups of the Wanna Heavy Minerals Project (encompassing the Cyclone deposit).

Under ASX Listing Rule 7.4 an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if shareholder approval is subsequently obtained. Under ASX Listing Rule 7.1 an entity must not issue, or agree to issue, more than fifteen percent (15%) of its capital within a 12 month period without the approval of its shareholders.

By obtaining Shareholder approval for the issue of the shares the subject of Resolution 5, the Company retains the ability to issue up to fifteen per cent (15%), within a 12 month period, of its capital to take advantage of any capital raising opportunities. The Company may be presented with opportunities in Australia and overseas, and it could be necessary to raise additional capital by placements to strategic investors for the purpose of necessary capital, incentive to strategic investors and/or appropriate acquisitions.

The Directors recommend that the resolution be passed.

RESOLUTIONS 5 to 8:

APPROVAL OF ISSUE OF PLACEMENT SHARES TO DIRECTORS

Resolutions 5 to 8 seek to obtain shareholder approval under Listing Rule 10.11 for the Company to issue ordinary shares, at an issue price of \$0.09 per share, to Directors of the Company, or their nominees. If approved, the shares will be issued on the same terms as the Company's existing fully paid ordinary shares. If approval is given under Listing Rule 10.11, then approval is not required under Listing Rule 7.1.

Approval is sought for shares to be issued to Directors as follows:

Resolution	Name of Director	No of Placement Shares to be issued	Notes
5	Andrew Tsang	5,000,000	(a)
6	Anthony Fawdon	50,000	
7	David Hall	50,000	
8	George White	50,000	

Note (a): Including his related parties, Mr Tsang is currently the Company's largest shareholder with approximately 16.9% of the ordinary shares on issue. Following approval and issue of the shares the subject of Resolution 5 Mr Tsang is expected to hold approximately 18.7% of the ordinary shares on issue. The funds raised through the approval of this issue of shares will be applied as for Resolution 4 above.

Allotment of shares under these resolutions is required to be completed within one (1) month of the date of approval.

The Directors, excluding Mr A Tsang, recommend that Resolution 5 be passed.

The Directors, excluding Mr A Fawdon, recommend that Resolution 6 be passed.

The Directors, excluding Mr D Hall, recommend that Resolution 7 be passed.

The Directors, excluding Mr G White, recommend that Resolution 8 be passed.

RESOLUTION 9:

APPOINTMENT OF AUDITOR

Approval is sought for the appointment of BDO Audit (QLD) Pty Ltd as Auditors of the Company. In accordance with section 328B(1) of the Corporations Act, Mr David Hall, a member of the Company, has nominated BDO Audit (QLD) Pty Ltd to be the Company's auditor. In accordance with section 328(3) of the Corporations Act, a copy of this nomination has been sent to BDO Audit (QLD) Pty Ltd and is attached to this notice of meeting.

The Board recommends Shareholders vote in favour of the resolution to appoint BDO Audit (QLD) Pty Ltd as auditor of the Company.

Auditor Nomination Letter

PO Box 10288
Brisbane Adelaide Street, Qld, 4000

13 April 2010

Mr Anthony Fawdon
Executive Chairman
Diatreme Resources Limited
Level 2, 87 Wickham Terrace
SPRING HILL QLD 4000

Dear Mr Fawdon

Being a member of Diatreme Resources Limited, I hereby nominate
BDO Audit (QLD) Pty Ltd for appointment as auditor of the Company at
the forthcoming annual general meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D H Hall', written in a cursive style.

David H Hall
Director
Diatreme Resources Ltd



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SHAREHOLDER VOTING FORM

I/We being a member(s) of Diatreme Resources Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy


or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am on Thursday, 27 May 2010, at Level 2, 87 Wickham Terrace, Spring Hill QLD and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Re-election of Director - Mr Lawrence Litzow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Approval of Issue of Placement Shares to Mr A Fawdon, a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director - Mr George White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7 Approval of Issue of Placement Shares to Mr D Dall, a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Remuneration Report (Non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8 Approval of Issue of Placement Shares to Mr G White, a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Confirmation of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of Issue of Placement Shares to Mr A Tsang, a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.			

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

DRX PRX001



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:00am on Tuesday, 25 May 2010, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



by mail:

Diatreme Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

02 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.