

Diatreme Resources Limited

ABN 33 061 267 061

Notice of a General Meeting of Shareholders

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

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

Business

RESOLUTION:

1. **APPROVAL OF PROPOSED ISSUE OF PLACEMENT SHARES.**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.11 and for all other purposes, the proposed issue of 3,300,000 Placement shares to XIANG RONG (AUSTRALIA) CONSTRUCTION GROUP PTY LTD <XIANG RONG MANAGEMENT A/C>, an indirect interest of Mr Andrew Tsang, a Director, for the purposes and on the terms described in the Explanatory Memorandum, be approved.”

Voting Exclusion Statement:

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

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

However, the Company need not disregard a vote on the Resolution 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.*

By Order of the Board of Directors,

Lawrence Litzow
Joint Company Secretary

Dated 12/02/2010

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 (Sydney time) on 17 March 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

By delivery: Level 12, 680 George Street Sydney NSW 2000

(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

ABN 33 061 267 061

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders in relation to the business to be conducted at the general meeting of Diatreme Resources Limited ("DRX") to be held at the registered office of the Company, Level 2, 87 Wickham Terrace, Spring Hill, Qld, Friday 19 March 2010 at 11:00am.

On 27 November 2009 Shareholders approved a resolution for the issue of up to 6,500,000 shares at \$0.1225 each to Mr Andrew Tsang raising a total of \$796,250, such shares to be issued within one month of the date of the approval.

Unfortunately due to circumstances beyond his control, My Tsang was only issued a total of 1,597,959 shares for a total of \$195,750 within the one month following the shareholder approval.

The company is now seeking shareholder approval to issue a portion, namely 3,300,000, of the previously approved number of shares, to "Xiang Rong (Australia) Construction Group Pty Ltd <Xiang Rong Management A/c>" being an entity through which Mr Tsang holds an indirect interest in DRX.

RESOLUTION – APPROVAL OF PROPOSED ISSUE OF PLACEMENT SHARES TO "XIANG RONG (AUSTRALIA) CONSTRUCTION GROUP PTY LTD <XIANG RONG MANAGEMENT A/C>", AN INDIRECT INTEREST OF MR ANDREW TSANG, A DIRECTOR.

This resolution seeks shareholder approval under Listing Rule 10.11 to issue 3,300,000 shares at \$0.1225 each to **XIANG RONG (AUSTRALIA) CONSTRUCTION GROUP PTY LTD <XIANG RONG MANAGEMENT A/C>**, a related party interest of Mr Andrew Tsang, a Director, raising a total of \$404,250. These funds will be applied to working funds as set out above.


The shares will be issued on the same terms as the Company's existing fully paid ordinary shares. The shares will be issued as soon as practicable after the Meeting, but in any event, no later than one (1) month after the date of the Meeting.


If approval is given by shareholders under Listing Rule 10.11, then approval is not required under Listing Rule 7.1.


Mr Tsang, who was appointed as a non-executive director of the company on 23 January 2009, has advised that his investment in the Company is seen as long term and that he intends to support the Company over time by maintaining his level of shareholding and, subject to Australian law, to increase that shareholding when circumstances permit. He is currently DRX's largest shareholder with approximately 17.21% of the ordinary shares on issue. Following approval and issue of the shares subject of the Resolution, Mr Tsang and his related party interests would hold approximately 18.54% of the ordinary shares on issue.

All Directors (except for Mr Tsang who abstains) unanimously recommend that you vote in favour of the Resolution.

LODGE YOUR VOTE

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

 **By fax:** (02) 9287 0309

All enquiries to:
 **Telephone:** (02) 8280 7454



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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) <input style="width: 30px; height: 20px;" type="checkbox"/>	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 <input style="width: 90%; height: 25px;" type="text"/>
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 General Meeting of the Company to be held at 11:00am on Friday, 19 March 2010, at Level 2, 87 Wickham Terrace, Spring Hill, Queensland 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 X

STEP 2	VOTING DIRECTIONS						
Resolution 1 Approval of Proposed Issue of Placement Shares	<table style="margin: auto;"> <tr> <td style="padding: 0 10px;">For</td> <td style="padding: 0 10px;">Against</td> <td style="padding: 0 10px;">Abstain*</td> </tr> <tr> <td style="text-align: center;"><input style="width: 30px; height: 25px;" type="checkbox"/></td> <td style="text-align: center;"><input style="width: 30px; height: 25px;" type="checkbox"/></td> <td style="text-align: center;"><input style="width: 30px; height: 25px;" type="checkbox"/></td> </tr> </table>	For	Against	Abstain*	<input style="width: 30px; height: 25px;" type="checkbox"/>	<input style="width: 30px; height: 25px;" type="checkbox"/>	<input style="width: 30px; height: 25px;" type="checkbox"/>
For	Against	Abstain*					
<input style="width: 30px; height: 25px;" type="checkbox"/>	<input style="width: 30px; height: 25px;" type="checkbox"/>	<input style="width: 30px; height: 25px;" 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 3			SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED
Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)	
<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	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 10:00am on Wednesday, 17 March 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 General Meeting, please bring this form with you.
This will assist in registering your attendance.