



DIATREME RESOURCES LIMITED

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ASX : DRX

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UNDERWRITING – NON-RENOUNCEABLE RIGHTS ISSUE

On 23 February 2011 Diatreme Resources Ltd (“DRX”) announced a non-renounceable rights issue, fully underwritten by ASX participant, Intersuisse Ltd, but subject to certain termination conditions. During recent global events, the Australian All Ordinaries Index and the S&P ASX Small Resources indices fell to a level giving rise to the right of termination of the underwriting agreement by the Underwriter.

Market conditions have since improved and to-date Intersuisse has advised the Company that it will **not** exercise its right.

Additionally, DRX’s largest shareholder has reconfirmed its intention to fully subscribe for its Rights Issue entitlement.

Yours sincerely
Diatreme Resources Limited

Leni Stanley
Company Secretary