THIRD SUPPLEMENTARY PROSPECTUS

DIATREME RESOURCES LIMITED
ABN 33 061 267 061

IMPORTANT NOTICE

This Third Supplementary Prospectus is dated 13 April 2005 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. This Supplementary Prospectus supplements the Prospectus dated 10 January 2005 issued by Diatreme Resources Limited ("the Company") lodged with ASIC on that date, and the Supplementary Prospectuses dated 28 February 2005 and 22 March 2005 issued by the Company and lodged with ASIC on those dates.

This Third Supplementary Prospectus must be read in conjunction with the Prospectus and the Second Supplementary Prospectus dated 22 March 2005.

ASIC, Stock Exchange of Newcastle Ltd ("NSX") and Australian Stock Exchange Limited ("ASX") take no responsibility for the contents of this Third Supplementary Prospectus or the Prospectus.

Terms used in this Third Supplementary Prospectus have the same meaning as in the Prospectus, unless otherwise defined or the contrary intention appears.

MINERALS CORPORATION LIMITED (ASX Code: MSC)

Diatreme has entered two Buy-In and Development Agreements with Minerals Corporation Limited ("MSC") over the Company's Eucla Basin Heavy Mineral Sands Project and Bellfield Base Metal Project. Diatreme has also entered a Future Cooperation Agreement with MSC regarding the commitment of funds by MSC and investment of funds held by Diatreme pending the use of those funds in its expenditure program.

These agreements form the basis for a proposed co-operative alliance between Diatreme and MSC with the objective of accelerating mineral exploration on the Eucla Basin Project and sharing exploration expenditure on the Bellfield Base Metal Project. By establishing close commercial ties, the strong synergies and common interests of Diatreme and MSC are expected to compliment both companies. The alliance between DRL and MSC seeks to take advantage of combining attributes of both companies and melding the exploration skillbase and knowledge with mining, processing, commodity marketing practice and valuable Asian end user contacts.

Transactions contemplated by the agreements are subject to entry into formal documentation and shareholder and other regulatory approvals as may be necessary being obtained. The following descriptions apply to the agreements as entered.

Overviews of the Eucla Basin Heavy Mineral Sands Project and the Bellfield Base Metal Project are contained in Section 3.3.1 of the Prospectus. The Eucla Basin Heavy Mineral Sands Project is described in more detail in Section 6.3.2 of the Prospectus, and the Bellfield Base Metal Project is described in Section 6.3.4. The effect of the corporate alliance on the information in the Prospectus regarding the Eucla Basin Project and the Bellfield Project are set out below under the heading "Specific Information in the Prospectus".

Buy-In and Development Agreement - Mineral Sands

The Buy-In and Development Agreement in respect of Diatreme's Eucla Basin Heavy Mineral Sands Project was entered into on 8 April 2004 between Diatreme, Lost Sands Pty Ltd ("Lost Sands") and MSC. Under the terms of the agreement, which is subject to Diatreme successfully completing its proposed listing on ASX within 90 days from the date of the agreement:

Lost Sands will issue new ordinary voting shares to MSC (representing 20% of the total ordinary voting shares of Lost Sands) in consideration for MSC undertaking a $400,000 work programme.

Lost Sands is to provide MSC with the right to earn an additional 20% equity interest in Lost Sands by MSC funding exploration and development expenditure of $3 million during a four year period from the date of the agreement, or pro rata equity if lesser monies are spent. Expenditure dilution provisions based on arrangements normal in the industry are to be included in the formal documentation.

Pre-emptive rights conditions are to apply if either Diatreme or MSC wish to dispose of their shares in Lost Sands.

The parties agree Lost Sands will be converted to a public company at an appropriate future time, to make provision for a possible spin out listing of Lost Sands if appropriate. There is no certainty that an application to list Lost Sands on ASX or any other stock market will be made at a particular time or at all.

The parties will appoint an MSC director, nominated by MSC, to the Board of Lost Sands as Chairman of that Board.

Lost Sands will transfer EPMs 14402 and 14675 (gold target tenements) to Diatreme at a consideration to be agreed between Lost Sands and Diatreme.

Buy-In and Development Agreement - Base Metals

The Buy-In and Development Agreement in respect of Diatreme's Bellfield Base Metal Project was entered into on 8 April 2004 between Diatreme and MSC. Under the terms of the agreement, which is subject to Diatreme successfully completing its proposed listing on ASX within 90 days from the date of the agreement:

- Upon the listing of Diatreme on the ASX, Diatreme and MSC have agreed to form a new company which will be 50% owned by DRL and 50% owned by MSC. The initial capital of the new company will be $130,000, being $65,000 representing prior costs in the case of Diatreme's 50% interest, and $65,000 cash to be paid by MSC.
- Diatreme and MSC will each appoint two directors to the new company's board.
- Diatreme's wholly owned subsidiary Chalcophile Resources Pty Ltd ("Chalcophile") will transfer exploration permit applications EPM12868 ("Bellfield") and EPM12888 ("Gilbert River") to the new company. These tenements have a total area of approximately 1,094 km^2, comprising Diatreme's Bellfield Base Metal Project in northern Queensland which is further described in Section 6.3.4 of the Prospectus. The consideration for the transfer will be the issue of Diatreme's 50% interest in the new company, reflecting prior costs as referred to above.
- MSC has agreed to provide exploration funding of $65,000 in order to accelerate the development of the base metals mineral assets and to equally co-fund the full development of the resource with Diatreme, if justified by initial exploration.

Future Cooperation Agreement

The Future Cooperation Agreement was entered into on 9 April 2004 between Diatreme and MSC.

Under the agreement, MSC agrees to sub-underwrite $3.5 million of the funds to be raised under the Offer, with a 19% equity threshold as a firm commitment and minimum subscription allocated to MSC. The commitment is conditional of performance by Diatreme of all its obligations to MSC.

Diatreme has agreed to invest the funds raised by the allocation to MSC (being amounts which will be current surplus working capital of Diatreme upon completion of the Offer), in MSC Series One Debentures. The MSC Series One Debentures are to yield 10.5% pa payable quarterly. Upon maturity of the MSC Series One Debentures in September 2005, the redemption amounts will be reinvested in the highest ranking class of MSC debentures at that time.

MSC will arrange for the buy back or redemption of the debentures in accordance with a drawdown schedule prepared by Diatreme, which reflects Diatreme's cash requirements to fulfil the proposed use of the funds raised by the Offer including the proposed expenditure program. The buy-back or redemption will be made on the agreed dates at face value plus accrued interest to date of redemption.

The agreement also provides that:

- MSC will be provided with placement and/or underwriting opportunities to become a 49% shareholder of Diatreme at points in time mutually acceptable. At MSC's request Diatreme shall provide the right for MSC to otherwise achieve a holding of 49% of the voting capital of Diatreme. The provision of placement and/or underwriting opportunities and the potential right is subject to fulfilment of the requirements of the Corporations Act and the ASX Listing Rules, including any necessary Diatreme shareholder approvals.
- Favourable consideration will be given to surplus cash arising from future placements and issues by Diatreme to MSC as placee being invested in MSC debentures until such time as the funds are required by Diatreme but subject always to approval of the Diatreme Board.
- MSC will circulate the Prospectus to its shareholders and contacts.
- Diatreme and MSC shall merge their titles management and geological services, with time based charge out rates at normal market based commercial rates. Subject to agreement by the respective boards, corporate finance resources may be merged on a similar basis according to ad hoc requirements, provided that each company will maintain separate treasury functions.
- Each of Diatreme and MSC shall maintain independent directors for their respective corporate entities. Intercompany dealings are to be subject to reasonable corporate due diligence tests.
- MSC has agreed to invite the CEO of Diatreme (Mr Tony Fawdon) to join the MSC Board.
- Diatreme has agreed to either invitation of an MSC nominee to become Chairman of Diatreme or for two directors of MSC to join the Diatreme Board.
- If MSC obtains an interest in more than 35% of the issued voting shares of Diatreme (which would be subject to any necessary regulatory or shareholder approvals being obtained), the key executives of Diatreme will be included in the MSC Group Management Options Plan.

- All non-industrial mineral opportunities found by MSC shall be offered to Diatreme for evaluation and acquisition by Diatreme.
- All industrial mineral opportunities found by Diatreme shall be offered to MSC for evaluation and acquisition by MSC.

Specific Information in the Prospectus

The Prospectus should be read in conjunction with the above information, on the basis that the information in this Third Supplementary Prospectus up dates and prevails over the information in the Prospectus on the same topics.

All references to Lost Sands being a wholly owned subsidiary of Diatreme should be read as referring to the current ownership subject to the proposed issue of Lost Sands shares to MSC which will result in MSC holding 20% of the issued capital of Lost Sands. Upon implementation of the transactions contemplated by the Buy-In and Development Agreement in respect of the Eucla Basin Heavy Mineral Sands Project, Lost Sands will cease to be a wholly-owned subsidiary of Diatreme. Diatreme's ownership interest in Lost Sands will reduce to 80%, and may reduce to 60% percent if MSC funds exploration and development expenditure of $3 million during a four year period from the date of the agreement, as described above.

Lost Sands will transfer EPMs 14402 and 14675 (gold target tenements) to DRL at a consideration to be agreed between Lost Sands and DRL. Accordingly all references to Lost Sand as the holder of those tenements should be read as referring to the current holding subject to the proposed transfer to Diatreme. Upon implementation of the transactions contemplated by the Buy-In and Development Agreement in respect of the Eucla Basin Heavy Mineral Sands Project, Lost Sands will cease to be the holder of those two tenements, and Diatreme will become the holder.

Diatreme's wholly owned subsidiary Chalcophile will transfer exploration permit applications EPM12868 ("Bellfield") and EPM12888 ("Gilbert River") or the resultant interests in the tenements to a new company which will be 50% owned by Diatreme and 50% owned by MSC. Accordingly all references to Chalcophile as the applicant for those tenements or to Diatreme as being interested in the application or those tenements through its subsidiary should be read as referring to the current applicant subject to the proposed transfer to the new company. Upon implementation of the transactions contemplated by the Buy-In and Development Agreement in respect of the Bellfield Base Metal Project, Chalcophile will cease to be applicant for those two tenements upon the transfer to the new company. The benefit of prior costs in respect of the tenement applications will be replaced by Diatreme's 50% interest in the new company.

Under the Future Cooperation Agreement, monies raised by MSC sub-underwriting the Offer will be reinvested in debentures to be issued by MSC, pending those funds being required for expenditure by Diatreme in accordance with its expenditure program.

The above agreements should be taken into account when considering the information about Material Contracts set out in Section 9.10 of the Prospectus.

The Second Supplementary Prospectus dated 22 March 2005 is not affected by this Third Supplementary Prospectus, other than that persons who wish to apply for Shares may do so only on the Application Form attached to this Third Supplementary Prospectus. The Application Forms attached to the Prospectus and the Second Supplementary Prospectus cannot be used.

Applicants who previously indicated they did not wish to withdraw their Applications following lodgement of the Second Supplementary retain the option to withdraw their Application and be repaid any Application Monies paid to the Company as provided for below under the heading "Options for Applicants".

GENERAL MEETING HELD ON 19 JANUARY 2005

The general meeting of shareholders of the Company referred to in Section 9.14 of the Prospectus was held on 19 January 2005. All resolutions proposed in the Notice of Meeting were passed.

LODGEMENT OF 2004 FINANCIAL REPORT

The Company lodged its Financial Report for the year ending 31 December 2004 on 31 March 2005. A copy of the Financial Report can be obtained by contacting the Company by telephone or at the address shown in the Corporate Directory on the inside back cover of Prospectus.

TENEMENTS GENERALLY

Section 8 of the Prospectus deals with tenement interests held by Diatreme and its subsidiaries.

Diatreme has received notification from the DNRM that it is required to reduce the area of EPM 12903 "Mt Cannindah" from nine sub-blocks (28.8 km^2) to five sub-blocks (16.0 km^2). Diatreme intends to comply and relinquish certain areas from the EPM in accordance with the requirements, following a review to determine which four blocks are to be relinquished. Diatreme will retain the prospective areas which have previously been identified, including the Pages Prospect described in Section 6.4.4 of the Prospectus.

OPTIONS FOR APPLICANTS

Section 724 of the Corporations Act requires the Company to give this Third Supplementary Prospectus to Applicants who have paid Application Monies and to give those Applicants the option to withdraw their Application and be repaid any Application Monies paid to the Company.

Investors have three options:

1. Any Applicant who has previously submitted an Application to the Company has a period of one month from the date of receipt of this Third Supplementary Prospectus to withdraw their Application by notice in writing to the Company. Any such notice must be in writing and be received by the Company by no later than 16 May 2005.
2. If you do not wish to withdraw your Application you do not have to take any action.
3. If you receive this Third Supplementary Prospectus with the Prospectus and the Second Supplementary Prospectus and wish to apply for Shares you may do so only on the Application Form attached to this Third Supplementary Prospectus. The Application Forms attached to the Prospectus and the Second Supplementary Prospectus cannot be used.

The Company may repay Application Monies without first receiving a request from an Applicant to withdraw. If any Applicant to whom monies are repaid wishes to reapply, the new Application must be made using the Application Form attached to this Third Supplementary Prospectus.

If you previously received the Prospectus and Second Supplementary Prospectus but have not retained a copy of either or both, further copies can be requested free of charge by contacting the Company on 07 3229 9927, by email to manager@diatreme.com.au, or can obtained from the Company's web site at www.diatreme.com.au.

UNDERWRITER'S CONSENT

Martin Place Securities Pty Ltd has given, and before lodgement of this Third Supplementary Prospectus with ASIC, has not withdraw its written consent to being named as Underwriter to the Issue and Advisers to the Company in this Third Supplementary Prospectus in the context in which it is named. Martin Place Securities Pty Ltd has had no involvement in the preparation of any part of this Third Supplementary Prospectus and expressly disclaims and takes no responsibility for any part of this Prospectus.

EXPERTS' CONSENTS

Veronica Webster Pty Limited and Mr Leslie W Davis have given and, before lodgement of this Third Supplementary Prospectus, have not withdrawn their written consent to be named in this Third Supplementary Prospectus as Independent Geologists and Mineral Exploration Consultant to the Company in the form and context in which they are named and to the inclusion of the references to the Independent Geological Report in Section 6 of the Prospectus in the form and context in which references to that report appear in this Third Supplementary Prospectus.

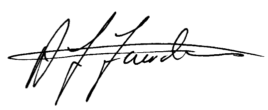
Veronica Webster Pty Limited and Mr Leslie W Davis have only been involved in the preparation of the Independent Geological Report set out in Section 6 of this Prospectus. Veronica Webster Pty Limited and Mr Leslie W Davis specifically disclaim liability to any person in the event of any omission from or any false or misleading statement included elsewhere in the Prospectus or this Third Supplementary Prospectus.

Veronica Webster Pty Limited and Mr Leslie W Davis have not authorised or caused the issue of the Prospectus or this Third Supplementary Prospectus and take no responsibility for contents of either other than the references to being named as Independent Geologists and Minerals Exploration Consultant, references to the Independent Geological Report set out in Section 6 of this Prospectus, and references to that Report in the Prospectus and this Third Supplementary Prospectus.

DIRECTOR'S CONSENTS

In accordance with Section 720 of the Corporations Act, each Director of the Company has consented in writing to the lodgement of this Third Supplementary Prospectus.

Date: 13 April 2005
Signed for and on behalf of Diatreme Resources Limited:



ANTHONY JOHN FAWDON
Executive Chairman/CEO

APPLICATION FORM

Diatreme Resources Limited

ABN 33 061 267 061

FOR REGISTRY USE ONLY

This Application Form must be read with, and only completed after receiving, a copy of the Company's Prospectus lodged with ASIC on 10 January 2005, the Second Supplementary Prospectus lodged with ASIC on 22 March 2005 and the Third Supplementary Prospectus lodged with ASIC on 13 April 2005. By applying for Shares using this Application Form you acknowledge you have received a copy of the Prospectus and the Second and Third Supplementary Prospectuses.

For the Offer of Shares at an issue price of 20 cents per Share in Diatreme Resources Limited.

All Application Forms must be accompanied by payment of 20 cents per Share.

Please use BLOCK LETTERS and refer to the guide overleaf for the correct forms of registrable names. Instructions A to K are set out on the reverse side of this form.

BROKER'S STAMP

Broker's Code	Adviser's Code

A I/We apply for ___ , ___ , ___ Shares in Diatreme Resources Limited at 20 cents per Share. (Minimum of 10 000 Shares and then in multiples of 5000 Shares)

B I/We lodge in full the Application Money of A$ ___ , ___ , ___ . 0 0

C Title | Given Names or Company Name | Surname / ACN / ABN — Applicant # 1

D Title | Joint Applicants or Designated Account - e.g. <Super Fund Account> — Applicant # 2

Applicant # 3

E Full Postal Address
Number / Street or PO Box Number

Suburb / Town | State | Postcode

F Contact Name | Telephone Number - Business Hours

G Chess Details HIN - Existing Chess Participants Only

This Application Form does not have to be signed unless payment is by Credit Card.

H **Cheque Details** Cheques should be made payable to "**Diatreme Resources Limited Share Offer Account**" and crossed "**Not Negotiable**"

Drawer	Bank	BSB No.	Amount of Cheque
			A$
			A$

I **Credit Card Payment Details**

Please debit my credit card: ☐ Mastercard ☐ Bankcard ☐ Visa

Credit No.:

Name | Expiry Date | Signature

J ☐ I/We do not wish to be sent additional material other than material relating to Diatreme Resources Limited.

K **Declarations**

By lodging this Application Form and the Application Money I/We hereby:

(1) declare that I/We have received a copy of the Prospectus and the Second and Third Supplementary Prospectuses accompanied by or attached to this Application Form
(2) declare that I/We have read the Prospectus and the Second and Third Supplementary Prospectuses to which this Application Form relates
(3) declare that this Application Form has been completed in accordance with the instructions on the reverse side of this Application Form
(4) apply for the number of Shares shown in this Application Form
(5) agree to be bound by the terms and conditions in the Prospectus and the Second and Third Supplementary Prospectuses and by 5) agree to be the Constitution of Diatreme Resources Limited
(6) authorise the Directors to complete or amend this Application Form where necessary to correct any errors or omissions.

How to Complete the Application Form

Forward your completed application together with the Application Money to:

By mail: **Diatreme Resources Limited Share Offer**
c/- ASX Perpetual Registrars Limited
GPO Box 2537
Brisbane Qld 4001 PH:(02) 8280 7454

By delivery: **Diatreme Resources Limited Share Offer**
c/- ASX Perpetual Registrars Limited
Level 22, 300 Queen Street
Brisbane Qld 4000 PH:(02) 8280 7454

Applications must be received by the Closing Date.

Please complete all relevant sections of the Application Form using BLOCK LETTERS.

A Enter the NUMBER OF SHARES you wish to apply for. Applications must be for the minimum of 10 000 shares and thereafter multiples of 5 000 as set down in Section 2 of the Prospectus.

B Enter the TOTAL AMOUNT of Application Money payable. To calculate the amount, multiply the number of shares applied for by the amount per share.

C Enter the FULL NAME(S) and TITLES(S) of all legal entities that are to be recorded as the registered holder(s). Refer to the name standards below for guidance on valid registration.

D If JOINT APPLICANTS are applying or an ACCOUNT DESIGNATION is required, complete boxes C **and** D.

E Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.

F Enter the NAME and TELEPHONE NUMBER for a contact person that the registry can speak to if they have any queries regarding this application.

G If you are sponsored in CHESS by a stockbroker or other CHESS participant enter your Holder Identification Number (HIN).

H Complete cheque details as requested. Payments must be made in Australian Currency and cheques must be drawn on an Australian Bank. Cheques or bank drafts must be made payable to "**Diatreme Resources Limited Share Offer Account**" and crossed "**Not Negotiable**". Cheques not properly drawn will be rejected. Cheques will generally be deposited on the day of receipt. If cheques are dishonoured the application will be rejected.

I Pay by your credit card by completing and signing the credit card payment authorisation.

J Tick this box if you do not wish to receive additional material other than material relating to Diatreme Resources Limited as set out in the Prospectus in Section 9.7.

K Before completing the Application Form the applicant(s) declares that he or she has read the Prospectus and the Second and Third Supplementary Prospectuses to which this application relates. The applicant(s) agree(s) that this application is for shares in Diatreme Resources Limited upon and subject to the terms of the Prospectus and the Second and Third Supplementary Prospectuses, agree(s) to take any number of shares equal to or less than the number of shares indicated in box A that may be issued to the applicant(s) pursuant to the Prospectus and the Second and Third Supplementary Prospectus and declare(s) that all details and statements made are complete and accurate.

This Application Form does not have to be signed unless payment is by Credit Card.

Ready Reckoner

This ready reckoner will help you calculate the money you need to pay at 20 cents per Share

Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
10 000	$2 000	**15 000**	$3 000	**20 000**	$ 4 000	**25 000**	$ 5 000	**30 000**	$ 6 000
35 000	$7 000	**40 000**	$8 000	**50 000**	$10 000	**100 000**	$20 000	**200 000**	$40 000

Correct Forms of Registrable Names

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Company. At least one name given in full and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct forms of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full not initials	Mr John Alfred Smith	JA Smith
Company Use the Company's full title not abbreviations	Ace Business Company Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal names(s)	Mrs Susan Jane Smith <Sue Smith Family Account>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Jane Mary Smith Mr Frank William Smith <Estate John Smith Account>	Estate of late John Smith or John Smith deceased
Partnerships Use the partners personal names Use the Partnership Tax File Number	Mr John Robert Smith Mr Michael John Smith <John Smith and Son Account>	John Smith and Son
Clubs/ Unincorporated Bodies/ Business names Use office bearer(s) personal names(s)	Mr Michael Peter Smith <ABC Tennis Association Account>	ABC Tennis Association
Superannuation Funds Use the names of the trustee(s) of the fund	Jane Smith Pty Ltd <Super Fund Account>	Jane Smith Pty Ltd Superannuation Fund