DIATREME RESOURCES LIMITED

ABN 33 061 267 061

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Brisbane Adelaide Street
Queensland 4000

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NSX ANNOUNCEMENT

17 December 2004

The General Manager
Stock Exchange Of Newcastle Limited
Ground Floor
384 Hunter Street
Newcastle NSW 2300

Dear Sir

RE : SHAREHOLDER MEETING - 19 JANUARY 2005

We wish to advise that a meeting of Shareholders is scheduled for 19 January 2005 to consider issues associated with the Company's plans to seek listing on the Australian Stock Exchange Limited in 2005.

A copy of the Notice of Meeting and Explanatory Memorandum dated 16 December 2004, along with the relevant Shareholder Proxy Form, is attached. Meeting documentation is being mailed out to Shareholders on Monday 20 December 2004.

Yours faithfully

A J FAWDON
Executive Chairman/CEO

attach

Diatreme Resources Limited

A.B.N. 33 061 267 061

("the Company")

Notice of a General Meeting of Shareholders

To be held at Level 21, 300 Queen Street, Brisbane

Wednesday 19 January 2005 at 10:00am

Agenda

1 Approval for de-listing from NSX

- To consider and, if thought fit, pass the following resolution by a three quarter majority vote of holders of listed ordinary shares:

  <u>Resolution 1</u> – **That, pursuant to Rule 2.25 of the Listing Rules of Stock Exchange of Newcastle Limited ("NSX"), the holders of listed ordinary shares of the Company approve the Company withdrawing its NSX listing, subject to an application by the Company for admission to the Official List of the Australian Stock Exchange Limited ("ASX") being approved by ASX, and the conditions of that approval being fulfilled.**

2 Adoption New Constitution

- If Resolution 1 is passed (with or without amendment), to consider and, if thought fit, pass the following resolution as an special resolution:

  <u>Resolution 2</u> – **That the present Constitution of the Company be replaced by the adoption of a new Constitution placed before the meeting and initialled by the Chairman for the purpose of identification, subject to:**

  (a) Australia Stock Exchange Limited (ASX) giving approval to the document as being suitable for the purpose of an application by the Company for admission to the Official List of ASX;

  (b) Approval being given to the admission of the Company securities to the Official List of ASX; and

  (c) The conditions of the approval for admission to the Official List of ASX being fulfilled.

3 Approval to Raise Additional Capital

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

  <u>Resolution 3</u> **– That approval is given to issue up to 25 million shares at $0.20 each for the purpose of raising working capital to conduct the Company's exploration program.**

Dated. 16 December 2004

By Order of the Board of Directors,

Lawrence Litzow - Company Secretary

The following Explanatory Notes form part of this Notice of General Meeting.

Diatreme Resources Limited A.B.N. 33 061 267 061

Explanatory Notes to the Notice of the General Meeting to be held on 19 January 2005 at 10:00am

1. Voting

The Company 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 17 January 2005. Accordingly share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

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 the Company.

(e) To be effective, the Company 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 as follows:

- by mail to either:

Diatreme Resources Limited PO Box 10288 Adelaide Street Brisbane Q 4000	Diatreme Resources Limited C/- ASX Perpetual Registrars Limited GPO Box 2537 Brisbane Q 4001

or

- by facsimile to either:

Diatreme Resources Limited (07) 3229 6627	ASX Perpetual Registrars Limited (07) 3228 4999

or

- by delivery to either:

Diatreme Resources Limited Suite 3, Level 8 26 Wharf Street Brisbane Q 4000	ASX Perpetual Registrars Limited Level 22 300 Queen Street Brisbane Q 4000

(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, in favour of that item.

EXPLANATORY NOTES to the Notice of General Meeting (continued)

The following are explanatory notes in relation to the items of business included in the Notice convening the General Meeting on 19/01/2005:

Resolution 1 Approval of de-listing from NSX

It is proposed the Company apply to Australian Stock Exchange Limited ("ASX") for the listing of the Company's securities for quotation on the ASX market.

If ASX approves listing the Company's securities on that market, it would be necessary to de-list from NSX. It is a requirement of the listing rule of NSX that the Company obtain the approval of the holders of each class of its listed securities by way of a three quarters majority voted at duly convened meetings of those holders.

The Company's only class of listed securities is ordinary shares. Accordingly the general meeting is a meeting for the purposed of seeking that approval.

If Resolution 1 is passed, the Company will be permitted to request the voluntary withdrawal of its NSX listing, subject to the granting of approval by ASX to list on that market, and fulfillment of ASX's conditions of its approval. If ASX does not give its approval for listing on that market, or the conditions cannot be met, de-listing from the NSX will not proceed. In those circumstances it is the Company's intention to maintain its NSX listing.

Resolution 2 New Constitution

It is proposed to adopt a new constitution to replace the existing constitution. The existing constitution refers to the requirements of NSX. The new constitution will refer to the requirements of ASX. The adoption of the new constitution will only take effect if the Company becomes listed on ASX.

A copy of the proposed constitution will be provided free of charge to any shareholder who requests it prior to the meeting.

Resolution 2 is conditional upon Resolution 1 being passed.

Resolution 3 Approval to Raise Additional Capital

Resolution 3 is proposed to obtain authority for a proposed public capital raising by the issue of up to twenty-five million (25,000,000) ordinary shares to raise up to five million dollars ($5,000,000) before costs. The shares will be issued pursuant to a prospectus.

The shares the subject of the capital raising will be ordinary shares (deemed fully paid) issued for twenty cents ($0.20) each, ranking equally with the Company's existing shares.

The shares the subject of Resolution 3 shall be issued by the day no later than three (3) months after the date of the meeting or such longer period as may be permitted by ASX and/or NSX (as applicable). Allotment will occur progressively.
Funds raised will be used as working capital, particularly in connection with the execution of the Company's ongoing exploration program, and to pay the costs of the placement.

Approval to delist from NSX is not a condition of the proposed capital raising.

DIATREME RESOURCES LIMITED

ABN 33 061 267 061

PROXY FORM

If you do not wish to direct your proxy how to vote, please place a mark in the box

☐

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends voting undirected proxies in favour of the resolutions in which he is permitted to vote.

I/We ____

of ____

being a member(s) of Diatreme Resources Limited

and entitled to ____________________ shares appoint:

Name of Proxy: ____

Address of Proxy: ____

or in his/her absence, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the General Meeting of the Company to be held at Level 21, 300 Queen Street, Brisbane on 19th January 2005 at 10:00am and at any adjournment of that meeting.

If two proxies are appointed, complete the following sentence:

This proxy is authorised to exercise ……………….. votes/ ……….. % of my/our total voting rights.

Proxy Instructions

To instruct your proxy how to vote, insert 'X' in the appropriate column against each resolution set out below. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting.

I/We direct my/our proxy to vote as indicated below:

		For	Against	Abstain
Resolution 1.	Approval of De-Listing from NSX	☐	☐	☐
Resolution 2.	New Constitution	☐	☐	☐
Resolution 3.	Approval to Raise Additional Capital	☐	☐	☐

If a person:	**If a company:**
____________________________ (Signature) ____________________________ Name (print) Date: _____/_____/_____	EXECUTED by: ____________________ Name of company (print) In accordance with the Corporations Act __________________ (Signature) __________________ (Signature) Date: _____/_____/_____

This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at:

(a) PO Box 10288, Brisbane Adelaide Street Q 4000 **<u>or</u>** GPO Box 2537, Brisbane, Q 4001

(b) Suite 3, Level 8, 26 Wharf Street, Brisbane Q 4000 **<u>or</u>** Level 22, 300 Queen Street, Brisbane Q 4000;

(c) Facsimile number (07) 3229 6627 **<u>or</u>** Facsimile number (07) 3228 4999

by 10:00am, 17th January 2005, being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be.