DIATREME RESOURCES LIMITED

ABN 33 061 267 061

PO Box 10288
Brisbane Adelaide Street
Queensland 4000

NSX Code: DRL

Telephone : 61 7 3229 9927
Facsimile : 61 7 3229 6627
Email : manager@diatreme.com.au
Internet : www.diatreme.com.au

NSX ANNOUNCEMENT

30 March 2005

Mr Scott Evans
General Manager
Stock Exchange Of Newcastle Limited
Ground Floor
384 Hunter Street
Newcastle NSW 2300

Dear Sir

RE : CORRESPONDENCE TO "PROSPECTUS 2005" INVESTORS

The extension of the closing date of the Company's "Prospectus 2005" to 31 May 2005 has previously been announced. We now release a copy of correspondence mailed yesterday to all applicants for shares received to 22 March 2005 (previous closing date) indicating their options under Section 724 of the Corporations act.

Yours faithfully
DIATREME RESOURCES LIMITED

DAVID H HALL
Director

Encl

DIATREME RESOURCES LIMITED

ABN 33 061 267 061

Level 8
26 Wharf Street
Brisbane Qld 4000

PO Box 10288 Adelaide Street
Brisbane Qld 4000

Telephone : 07 3229 9927
Facsimile : 07 3229 6627
Email : manager@diatreme.com.au

29 March 2005

Dear Applicant

RE: PROSPECTUS 2005 - YOUR INVESTMENT

On behalf of the Board of Diatreme Resources Limited I would like to thank you for your application for shares under our Prospectus 2005.

The Company has been presenting its Prospectus in a series of promotions with selected Stock Brokers and Institutional Funds Managers, resulting in general high regard for the Company and its projects and a high level of investor interest, especially in the potential of the Eucla Basin Project.

However, this campaign has not in the short term translated into sufficient subscriptions from the investment community. The sharemarket, particularly in relation to junior resource companies and IPO's generally, has been "soft" since the beginning of 2005; accordingly the Company's capital raising has been more protracted than envisioned.

At this juncture the Company is having close discussions with several Fund Managers and Stock Brokers and is proceeding in its efforts to "fill" the current Prospectus.

To allow the Company to continue with its capital raising, the Prospectus closing date has been extended to 31 May 2005 by lodgement of a Second Supplementary Prospectus with ASIC (the first extended the original closing date to 22 March 2005). If the $5.0million sought through the Prospectus and Second Supplementary Prospectus is subscribed prior to 31 May 2005 the Offer would close early.

Investors have three options, details of which are provided on page 2 of the Second Supplementary Prospectus enclosed. I would appreciate you taking time to complete the attached "Response Form" and return it to our office by either facsimile or mail as an indication of your intentions.

The principal objective of the Company remains the discovery of a major mineral resource in Australia. The Directors remain confident in the high potential of the Company's projects and invite you to retain your application for shares. Any decision should be made on the basis of the enclosed Second Supplementary Prospectus read together with the Prospectus.

Yours faithfully

ANTHONY J FAWDON
Executive Chairman/CEO

Encl 1) Second Supplementary Prospectus including Share Application Form
2) Prospectus 2005 Share Applicant Response Form

SECOND SUPPLEMENTARY PROSPECTUS

DIATREME RESOURCES LIMITED
ABN 33 061 267 061

IMPORTANT NOTICE

This Second Supplementary Prospectus is dated 22 March 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 Prospectus dated 28 February 2005 issued by the Company and lodged with ASIC on that date.

This Second Supplementary Prospectus must be read in conjunction with the Prospectus. This Second Supplementary Prospectus up dates and replaces information in the Supplementary Prospectus dated 28 February 2005.

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

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

EXTENSION OF THE OFFER CLOSING DATE TO 31 MAY 2005

The Closing Date of the Offer has been extended to 31 May 2005.

All references to the Closing Date in the Prospectus are amended by deleting the date "28 February 2005" and replacing it with the date "31 May 2005".

The Company reserves the right, in consultation with the Underwriter, to change the above new Closing Date, and in particular to close the Offer earlier or to further extend the Closing Date (if permitted by law), or to decide to withdraw or otherwise not to proceed with Offer

REASON FOR AND EFFECT OF EXTENSION

As at the date of this Second Supplementary Prospectus the Company has not received applications for the Minimum Subscription of $3,000.000 from subscribers. The Company's application for admission to the Official List of ASX is dependent upon completion of the Offer, including raising the Minimum Subscription, as well as satisfying the requirements of ASX for admission.

The Company, in consultation with Martin Place Securities Pty Ltd ("the Underwriter"), has extended the Closing Date of the Offer under the Prospectus, as set out above.

As a consequence of extending the Closing Date, the Company anticipates that the Shares offered under the Prospectus will not be admitted to quotation on ASX or NSX within 3 months after the date the Prospectus was lodged. Further, applications for the Minimum Subscription of $3,000.000.00 may not be received within 4 months after the date Prospectus was lodged.

ASIC has granted relief to the Company amending the relevant provisions of the Corporations Act which set the above time limits (3 months for admission to quotation and 4 months to achieve the Minimum Subscription). The effect of the relief is to allow the Company:

(i) a further period of 4 months from the date of this Second Supplementary Prospectus to raise its Minimum Subscription; and

(ii) a further period of 3 months from the date of this Second Supplementary Prospectus to obtain ASX quotation of the Shares offered under the Prospectus.

The options for Applicants as a result of extending the time periods are set out below.

Under the relief granted by ASIC, if the Company's application to ASX for official quotation of the Shares offered under the Prospectus is refused by ASX, the Company has a further seven days from the date of notification of the refusal to apply for admission of the Shares to NSX instead of ASX. In either case (ASX or NSX) the time limit for admission of the Shares to quotation is 3 months from the date of this Second Supplementary Prospectus.

If the minimum subscription is not achieved within 4 months of the date of this Second Supplementary Prospectus or the Shares are not admitted to quotation on either ASX or NSX within 3 months the date of this Second Supplementary Prospectus, no Shares will be issued and all Application Monies will be refunded to Applicants in full without interest in accordance with the Corporations Act (unless a further extension is approved, in which case Applicants will be given a further opportunity to withdraw their Applications and be repaid in full).

Options for Applicants

Section 724 of the Corporations Act requires the Company to give this Second 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.

At the date of this Second Supplementary Prospectus the Company has:
(i) received 90 Applications; and
(ii) the Applications received are for 1,686,489 Shares representing $337,298; and
(iii) received confirmation that the Underwriter is holding applications and commitments for 4,500,000 Shares representing $900,000.

<u>Investors have three options:</u>

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 Second 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 6 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 Second Supplementary Prospectus with the Prospectus and wish to apply for Shares you may do so only on the Application Form attached to this Second Supplementary Prospectus. The Application Form attached to the 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 Second Supplementary Prospectus.

Applicants should note that they will not have a further opportunity to withdraw their acceptances, unless a further extension of the time for achieving the Minimum Subscription or for admission to the official list of ASX or NSX is approved, in which case Applicants will be given a further opportunity to withdraw their Applications and be repaid in full.

If you previously received the Prospectus but have not retained a copy, a further copy can be requested free of charge by contacting the Company on 07 3229 9927 or 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 Second 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 Second 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 Second Supplementary Prospectus and expressly disclaims and takes no responsibility for any part of this 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 Second Supplementary Prospectus.

Date: 22 March 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 and the Second Supplementary Prospectus lodged with ASIC on 22 March 2005. By applying for Shares using this Application Form you acknowledge you have received a copy of the Prospectus and the Second Supplementary Prospectus.

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 Supplementary Prospectus accompanied by or attached to this Application Form
(2) declare that I/We have read the Prospectus and the Second Supplementary Prospectus 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 Supplementary Prospectus and by 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 Supplementary Prospectus 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 Supplementary Prospectus, 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 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 10 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

DIATREME RESOURCES LIMITED
ABN 33 061 267 061

PROSPECTUS 2005 SHARE APPLICANT RESPONSE FORM

Please return to Diatreme Resources Limited either by mail or facsimile to the address below:

By Facsimile:
Diatreme Resources Limited
Facsimile : 07 3229 9927

By mail:
Diatreme Resources Limited
PO Box 10288
Brisbane Adelaide Street QLD 4000

I/We confirm having received a copy of the Second Supplementary Prospectus dated 22 March 2005.

Please mark appropriate box	Share Applicant Response
❑	As Applicant(s), I/we **DO WISH TO WITHDRAW** my/our Application for shares previously submitted.
❑	As Applicant(s), I/we **DO NOT WISH TO WITHDRAW** my/our Application for shares previously submitted.

Signed for and on behalf of
Share Applicant below : ……………………………………………

Dated: ……………………………….

Applicants may withdraw their application by notifying the Company within one month of receipt of the Second Supplementary Prospectus.

Applicants who do not wish to withdraw their applications may either do nothing or return this form with the second box above marked.