



DIATREME RESOURCES LIMITED

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ANNUAL GENERAL MEETING 26 MAY 2005 CHAIRMAN'S ADDRESS

The past year has been one of interesting developments for Diatreme.

In June 2004, the Company conducted a Share Purchase Plan providing shareholders with a non-renounceable opportunity to invest between \$300 and \$5,000 for the purpose of conducting certain mineral exploration and to progress a possible listing on the ASX. The SPP raised approximately \$66,000.

In August 2004, the Company entered into an Option and Sale Agreement over the Tick Hill Mining Leases with the Mount Isa Mines Limited (a member of the Xstrata Copper Group of Companies). Under the agreement, Diatreme can acquire a 100% interest in the leases subject to meeting certain annual expenditure requirements and has the right to purchase the leases at any time by exercising the option. The Tick Hill Gold Project has been assigned a lead position in the Company's current prospectus.

In September 2004, Diatreme concluded the purchase of Lost Sands Pty Ltd, a company concentrating on exploring for heavy mineral sands. This acquisition, originally announced in June 2004, has turned out to be highly significant with its Eucla Basin exploration properties taking a lead position in the Company's current prospectus. It should be noted that Diatreme's acquisition occurred prior to the heavy mineral sand deposit discoveries announced in the Basin by Iluka Resources.

Late in 2004, the Company made private share placements raising working capital of approximately \$700,000. These funds have been applied to progress the issue of its Prospectus and lodgement of application to list on the ASX, and to progress exploration on the Gywdir and Dirranbandi diamond projects and the Burnett Gold Copper project in SE Queensland.

On 1st February 2005 the prospectus issue was opened to the public. Since opening, three supplementary prospectus' have been issued, the last one pertaining to the subscription by Minerals Corporation Limited (MSC) to sub-underwrite the minimum subscription of \$3 million.

MSC has committed to inject \$3.4 million over a 5 year period to earn up to 40% equity in Diatreme's Eucla Basin Heavy Mineral Sands Project located in South and Western Australia. MSC have also committed to jointly fund exploration on the Company's Belfield Base Metals Project in northern Queensland.

The Company aims to close its prospectus to list on the ASX at the end of May 2005.

Anthony J Fawdon
Executive Chairman/CEO