DIATREME RESOURCES LIMITED

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CHAIRMAN'S ADDRESS

Presented to Annual General Meeting of Shareholders 10:00am Thursday 29 May 2008

Ladies and Gentlemen

It is a pleasure to welcome you to this year's annual general meeting.

Discovery of Large Resource

In the 2007 Annual Report, released in late April, I reported to Shareholders that "It has been an exceptional year for Diatreme Resources Limited ". This statement, of course, was in response to the large discovery of an inferred resource of 60 million tonnes of 3.1% heavy mineral sands (1.8 million tonnes HM) at the Wanna Lakes Cyclone Deposit in the Western Australia sector of the Eucla Basin.

Current Drilling Programs

Obviously, the Company is not resting on it's laurels. Drilling is currently being conducted for heavy minerals in the Eucla Basin at the Willy Willy Prospect in South Australia and for gold and copper at the Dooloo Creek Project near Monto in south east Queensland.

Dooloo Creek offers the potential of a speculative exploration play looking for a Mount Morgan style gold/copper deposit, and if the drilling is successful would add greatly to shareholder value in the Company.

The Willy Willy Prospect was initially drilled in late 2006, at which time Diatreme located encouraging heavy mineral mineralisation on very wide, 10 Km spaced, drill lines. The current drilling is designed to close up the existing drill line spacing to 5 Km, and in places reduce that to 1 Km spacing.

The drilling in the South Australia sector of the Eucla Basin should be finalised by mid August.

Planned Drilling at Cyclone Deposit

At this time, the drill rig will be mobilised to the Cyclone Deposit in Western Australia. Drilling here is designed to infill the 2007 drill program and to extend drill traverses into the neighbouring Wanna Lakes East tenement. A highly prospective "high stand dune" is emplaced along the boundary of the two tenements, immediately adjacent to the Cyclone Deposit and the Hurricane Prospect, 30 Km to the northwest.

The untested "high stand dune" system covers a target zone which is 35 Km long and varying between 5 to 10 Km in width extending into the Wanna Lakes East tenement.

We are very keen to drill this prospective "high stand dune" target, as the Management believe that the current inferred resource in the region has the potential to be doubled in size, and possibly even trebled with the current planned drill program.

Good Potential at Arckaringa HM Project

During this past month, a geological reconnaissance team has evaluated the mineral sands potential of the Arckaringa Basin tenements to the north and west of Coober Pedy in South Australia. Previous seismic drill holes, put in by petroleum explorers, were located by the team. Marine sands identified in old drill cuttings have verified our exploration model for the 200 Km long prospective paleo coastline (fossil shoreline). Drilling is expected to commence on this very exciting project in the latter part of 2008.

Multi Copper Targets at Clermont

Following the completion of drilling at Dooloo Creek, in about a month, the drill rig will be mobilised to the Clermont Copper Project in central Queensland.

A VTEM (vertical time delay electro magnetic) helicopter geophysical survey has delineated 55 anomalies for follow-up, of which five are considered highly significant and ready for immediate drilling. Drilling of these anomalies will be coupled with further drilling at the Peak Downs, Oaky Creek, Comstock and Sandy Creek prospects.

The Clermont Project is known to contain a prospective zone with a strike length of approximately 80 Km containing widespread copper/gold historic workings. This zone has received very little modern exploration, with the exception of the Peak Downs Prospect and several areas in the south west of the project area.

The Peak Downs Copper Prospect has a reported 30,000 tonnes of oxide copper metal and current drilling and mineralisation has been identified over a strike length of 2.5 Km. Diatreme intends to conduct a drilling program to test the depth and along-strike potential of this prospect and to infill drill sections over the current identified copper resource area.

***The expected results from the Clermont Project drilling program should establish substantial mineralisation which will be the building blocks to a Company imposed target of 100,000 tonnes of both oxide and primary sulphide copper metal in ground*.**

Bellfield Base Metal and Anabama Copper Projects

The VTEM helicopter surveys flown over both the Bellfield and Anabama projects have produced very significant anomalies for drilling in untested areas, away from current known resources and mineralisation. These projects will be subject to drilling programs in the early part of 2009, climatic seasons permitting.

Forward Plans for Diatreme

Diatreme plans to commence a mine feasibility study on the Cyclone HM Deposit in 2009, subject to successful drilling in 2008, and to also commence pre-feasibility mining studies at the Clermont Copper Project. These studies will be conducted with a view to progressing the projects towards production.

The next 12 months will be a major “change in step” for Diatreme, and the Management are excited by the challenge of both increasing the Company’s resource base at the same time as increasing share value for the benefit of all shareholders. We trust that you, our shareholders, catch the vision as we move forward.

TONY FAWDON
Executive Chairman/CEO