

**DIATREME RESOURCES LIMITED****ABN: 33 061 267 061**

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ASX : DRX

29 October 2009

Australian Securities Exchange
Level 5, 123 Eagle Street,
Brisbane Qld 4000

Attention: Mr Gregory Seeto

Dear Sir

RESPONSE TO PRICE QUERY

We refer to your letter dated 29 October 2009 querying the cause of a change in the price of the securities of Diatreme Resources Limited (DRX) and also noting an increase in the volume of trading. In response to your questions, and following your numbering, we advise as follows:

1. The Company is not aware of any information concerning it that has not been announced to the market that would explain the recent trading in the securities of the Company.
2. N/A
3. There is no reason to think that the Company may record a material abnormal or extraordinary profit or results for the year ending 31 December 2009.
4. The Company has no explanation for any price increase or increase in the volume of trading of the securities of the Company.
5. The Company confirms that it is in compliance with the listing rules and in particular, listing rule 3.1.

Yours sincerely

DAVID H HALL
Director



29 October 2009

Mr David Hall
Diatreme Resources Limited
Level 2
87 Wickham Terrace
SPRING HILL QLD 4000

By email: david.hall@diatreme.com.au

Dear Mr Hall

ASX Markets Supervision Pty Ltd
ABN 26 087 780 489
Level 5
Riverside Centre
123 Eagle Street
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**Diatreme Resources Limited (the "Company")
PRICE QUERY**

We have noted a change in the price of the Company's securities from a closing price of 13 cents at close of trading on Wednesday, 28 October 2009 to an intra day high of 16 cents today at the time of writing. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that the Company may record any material abnormal or extraordinary profit for the year ending 31 December 2009? If so, please provide details.
4. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
5. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by email at greg.seeto@asx.com.au or by facsimile on facsimile number (07) 3832 4114. It should not be sent to the Company Announcements Office.

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **by 3:00 pm (Brisbane time) today**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halls we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely



Gregory Seeto
Adviser, Issuers (Brisbane)