



DIATREME RESOURCES LIMITED

ABN: 33 061 267 061

Postal Address: P.O Box 10288 Brisbane Adelaide Street QLD 4000
Registered Office: Level 2 87 Wickham Terrace Spring Hill QLD 4000
PH: +61 (0)7 3832 5666 FX: +61 (0)7 3832 5300
www.diatreme.com.au manager@diatreme.com.au



ASX : DRX

31 May 2011

Company Announcement Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir

OPTION EXPIRY NOTIFICATION: Diatreme Resources Limited (ASX: DRX)

The Company advises that an Option Expiry Notice has been sent to all Option holders in relation to the expiry of the Company's Unlisted Options on 30 June 2011.

Unlisted Options not exercised by 5.00pm (Brisbane time) on 30 June 2011 will automatically expire.

A copy of the Option Expiry Notice sent to all Unlisted Option holders is attached.

Yours sincerely

Leni Stanley
Joint Company Secretary



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31 May 2011

Dear Option Holder

**YOUR OPTIONS TO ACQUIRE DIATREME RESOURCES LTD SHARES AT \$0.47 PER SHARE
EXPIRE ON 30 JUNE 2011**

We are writing to you as a registered holder of the unlisted options under the Diatreme Resources Limited Employee and Officers Option Plan 2006 ("Options") to remind you that the Options will expire at 5:00pm (Brisbane time) on 30 June 2011.

Your option holding may be exercised in whole or in part by payment of \$0.47 for each option by no later than **30 June 2011**. If payment is not received by 5:00pm (Brisbane time) on **30 June 2011** the options will lapse and all rights under the options will cease at that time.

Some of the courses of action available to you as a holder of these Options are:

- a) Exercise the Options on or before **30 June 2011**.
- b) Do nothing (i.e. allow your Options to expire). If you do not exercise your Options they will expire on **30 June 2011** and your right to subscribe for ordinary shares in DIATREME RESOURCES LIMITED at \$0.47 per share will lapse.

There is no obligation on option holders to exercise their options. However, under paragraph 6.1 of Appendix 6A of the Australian Securities Exchange (**ASX**) Listing Rules, the Company is required to advise option holders of the information contained in this notice.

The closing market sale price of ordinary shares in Diatreme Resources Limited on ASX was \$0.10 on 27 May 2011, being the last trading day in Brisbane prior to the date of this notice.

During the three (3) months preceding the date of this notice:

- the highest market sale price of ordinary shares on ASX was \$0.12 on 27 April 2011 ; and
- the lowest market sale price of ordinary shares on ASX was \$0.07 on 14 March 2011.

If you wish to exercise your options then you must complete your "Notice of Exercise of Options" form included with this notice and forward it together with payment of \$0.47 per option exercised to be received no later than 5:00pm (Brisbane time) on 30 June 2011 to the Company's registered office, being:

Level 2
87 Wickham Terrace
Spring Hill
Queensland 4000

Cheques should be made payable to "DIATREME RESOURCES LIMITED" in Australian dollars only and should be crossed "Not negotiable". If you have any further questions please do not hesitate to contact our Joint Company Secretary, Leni Stanley, on (07) 3221 6022.

Yours faithfully

Leni Stanley
Joint Company Secretary

NOTICE OF EXERCISE OF OPTION

To:

The Directors

Diatreme Resources Ltd

I/We whose full name(s) and address appear below give notice of the exercise of the options specified below:

Insert number of Options being exercised at 47 cents per option

to subscribe for ordinary shares in the capital of Diatreme Resources Limited.

I/We request that the company allot to me/us the shares to which I/we are entitled in accordance with the terms and conditions of the options held by me/us. I/We agree to accept the shares allotted to me/us subject to the Constitution of the Company.

If this Notice is signed by an Attorney, the Attorney declares that no notice of revocation has been received in respect of the Power under authority of which this Notice is signed.

Dated

SRN (if known)

Individual / Joint Optionholder(s)

(usual signature)

.....

Name(s)

.....

(please print - BLOCK LETTERS)

Address(es)

.....

.....

Contact Person:.....Tel:

Cheques must be in Australian currency, payable to "Diatreme Resources Limited, and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged with the Company at its registered office, Level 2, 87 Wickham Terrace, Spring Hill, Qld, 4000 or mailed to Diatreme Resources Limited, PO Box 10288, Brisbane Adelaide Street, Qld, 4000.

In the case of joint Option holders each Option holder must sign.