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Subsidiary Companies: Lost Sands Pty Ltd ABN 27 101 269 747
Chalcophile Resources Pty Ltd ABN 41 090 712 217
Regional Exploration Management Pty Ltd ABN 55 093 739 336



ASX Code: DRX

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COMMENCEMENT OF DRILLING PROGRAMS COPPER AND HEAVY MINERAL SAND PROJECTS

Diatreme Resources Limited is pleased to announce that drilling has commenced in the Eucla Basin on the Cyclone Deposit at the Wanna Lakes Heavy Minerals (HM) Project and on the Clermont Copper Project in Queensland.

Heavy Mineral Sands Drilling

Drill lines are currently being cleared on E69/2408 (Wanna East) which has a 40Km common boundary with E69/1920 (Wanna Lakes) containing the Cyclone Deposit and Hurricane Prospect.

A highly prospective zone for heavy mineral sands, with dimensions of approximately 40km x 10Km, continues across the two licences following a high stand beach system. Drill and support crews are now arriving at the Wanna Lakes field camp. The Company aims to drill approximately 20 000m, largely in the untested prospective zone within Wanna East, but will also conduct further definition drilling to upgrade the resource over the Cyclone Deposit (current Inferred Resource of 60 Mt at 3.1% HM).

Up to 10 000m of drilling is planned later in the year over E69/2222 (Jubilee Lakes North), located approximately 140Km west of the Cyclone Deposit and covering an untested postulated coastal embayment some 70km in strike length.

The Company has a high level of confidence that a significant increase of HM resources can be added to the Cyclone Deposit with the planned drilling programs. It also has an expectation that Image Resources NL (ASX:IMA), who are drilling on a tenement immediately south of Cyclone, will intersect possible strike extensions to the Cyclone mineralisation.

Copper Drilling

The company has commenced drilling at its Clermont Copper Project. The tenement areas (EPMs 14026, 15250, 15400 and 14926) are underlain by the neo-proterozoic Bathampton Metamorphic lithologies, hosting numerous copper-gold mineral occurrences, including the historic Peak Downs/Copperfield copper mine.

A 10 000m program of reverse circulation percussion and diamond core drilling on 11 targets is planned for the remainder of the year. The program includes definition drilling over the Peak Downs and Oaky Creek copper targets, exploration drilling on geophysical targets generated during the 2007 VTEM survey and other recently identified mineralised targets.

The Company has a high level of optimism and confidence in increasing the 5 to 6 Mt @ 0.5 to 0.7% copper target at the Peak Downs/Copperfield mine area quite considerably in this largely untested copper belt.

The Comstock Copper Prospect is currently being drilled and Company geologists have already observed copper sulphide mineralisation in the initial two drillholes. Early drill sample analyses are expected before the end of October.

2009

Based upon the further resource definition drilling being undertaken in 2008, the Company is planning to conduct mining scoping studies at both the Wanna Lakes HM and Clermont Copper Projects during 2009.



Anthony J Fawdon
Executive Chairman/CEO

The information in this report, insofar as it relates to Exploration Results and Mineral Resources from the Company's mineral sands projects, is based on information compiled by Mr David Jelley, of David Jelley Pty Ltd, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Jelley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jelley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report, insofar as it relates to Exploration Results and Mineral Resources from the Company's copper and base metal projects, is based on information compiled by Diatreme Resources Ltd staff and reviewed by Mr Henning Coetzee, a fulltime employee of the Company, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Coetzee has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Coetzee consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.