



Company Announcement Office
Australian Securities Exchange
Level 4, 20 Bridge Street
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UPDATE EUCLA BASIN HEAVY MINERAL SANDS PROJECT

Cyclone Deposit: **New boundary outline defined
Twenty best infill drilling HM grades
Revised JORC resource on track for September 2009**

Fowlers North Project: **Initial drilling completed**

Jubilee Lakes Project: **Scout drilling commenced**

Exploration for heavy mineral sands within the Eucla Basin this year has been ongoing since March and continues.

Significant effort has been directed towards resource drilling over the **Cyclone Deposit** located in the Wanna Lakes tenement (E69/1920) in the northern region of the Eucla Basin, WA. This deposit has an existing resource estimate of 60Mt at 3.1%HM (Inferred Resource at 1% HM cut-off) based on 2007 drilling. More recent drilling is expected to increase the size and continuity of the resource. Table 1 below, provides details of the more significant assay results (top 20) to date from this year's drilling. Samples continue to be analysed and an upgraded resource estimate is expected to be released to market in mid September. A total of 513 NQ air core drill holes for 22,494 metres of drilling have been completed this year on the Cyclone Deposit which currently exhibits a length of 5km and is known to extend further south into the neighbouring tenements held by Image Resources NL's (ASX:IMA). IMA has recently announced the commencement of a 10,000m drilling program over their Cyclone South Prospect to help calculate initial resource estimates (IMA ASX release dated 17 August 2009).

DRX drilling has also been directed towards defining further mineralisation within the **Hurricane Prospect** to the north of Cyclone with assay results awaited.

Drilling has now moved to the **Jubilee Lakes Project**, 140km to the west of Cyclone, where a postulated large southeast facing shore line is believed to exist. This program is currently underway.



A 3,000 metre drilling program over the **Fowlers North Project** in the southern part of the Eucla Basin has also been completed with encouraging results. Assay results are currently awaited with heavy minerals being identified along with highly altered granites and sediments in the basement geology (believed to be from the Gawler Craton). The heavy minerals will be analysed for heavy mineral content and mineralogy while the basement rocks will be tested for other minerals including base metals and gold.

The Company's owned and operated air core drill rig has now completed two exploration stints, one in the Wanna area and the second over the Fowlers North Project. This rig is expected to help streamline the companies drilling operations and reduce the need for contract drill rigs in the future. The rig will be commencing drilling on the **Arckaringa Project**, north of Coober Pedy in September and later over the **Ooldea Range** region near Maralinga, in the SA sector of the Eucla Basin.

To date, Diatreme through its wholly owned subsidiary Lost Sands Pty Ltd, has completed a total of over 80,000m of air core drilling within over 2,000 drill holes in the Eucla Basin.

Hole_ID	MGA_E	MGA_N	RL (m)	From (m)	To (m)	Thickness (m)	Grade %HM	Intersection
WL0994	474335	6811911	349	9	30	21	4.43	21.0m @ 4.43% HM from 9.0m
WL0680	473393	6812224	331	7.5	33	25.5	3.60	25.5m @ 3.60% HM from 7.5m
WL0698	473748	6812666	336	12	36	24	3.76	24.0m @ 3.76% HM from 12.0m
WL0721	473644	6812998	337	10.5	30	19.5	4.43	19.5m @ 4.43% HM from 10.5m
WL0615	473948	6810904	334	9	31.5	22.5	3.81	22.5m @ 3.81% HM from 9.0m
WL0736	473226	6812786	333	9	37.5	28.5	2.96	28.5m @ 2.96% HM from 9.0m
WL1045	474138	6810546	333	9	22.5	13.5	6.16	13.5m @ 6.16% HM from 9.0m
WL0654	473561	6811732	333	10.5	30	19.5	4.13	19.5m @ 4.13% HM from 10.5m
WL0679	473439	6812251	332	7.5	33	25.5	3.05	25.5m @ 3.05% HM from 7.5m
WL0640	473812	6811528	335	10.5	30	19.5	3.93	19.5m @ 3.93% HM from 10.5m
WL0722	473611	6812989	338	12	25.5	13.5	5.68	13.5m @ 5.68% HM from 12.0m
WL0753	473142	6812968	333	9	33	24	3.19	24.0m @ 3.19% HM from 9.0m
WL0631	474470	6811664	342	12	28.5	16.5	4.52	16.5m @ 4.52% HM from 12.0m
WL0730	473640	6812933	337	10.5	30	19.5	3.76	19.5m @ 3.76% HM from 10.5m
WL0729	473674	6812932	337	6	24	18	4.06	18.0m @ 4.06% HM from 6.0m
WL0853	473305	6813477	339	13.5	27	13.5	5.02	13.5m @ 5.02% HM from 13.5m
WL0675	473921	6812466	337	10.5	30	19.5	3.45	19.5m @ 3.45% HM from 10.5m
WL0632	474433	6811647	342	12	27	15	4.40	15.0m @ 4.40% HM from 12.0m
WL0697	473856	6812707	338	12	30	18	3.60	18.0m @ 3.60% HM from 12.0m
WL0853	473305	6813477	339	13.5	27	13.5	5.02	13.5m @ 5.02% HM from 13.5m

Table 1: Top 20 Assay Results from 2009 drilling over the Cyclone Deposit - generally 1% cut-off grade including minor dilution. Not all assays are complete.

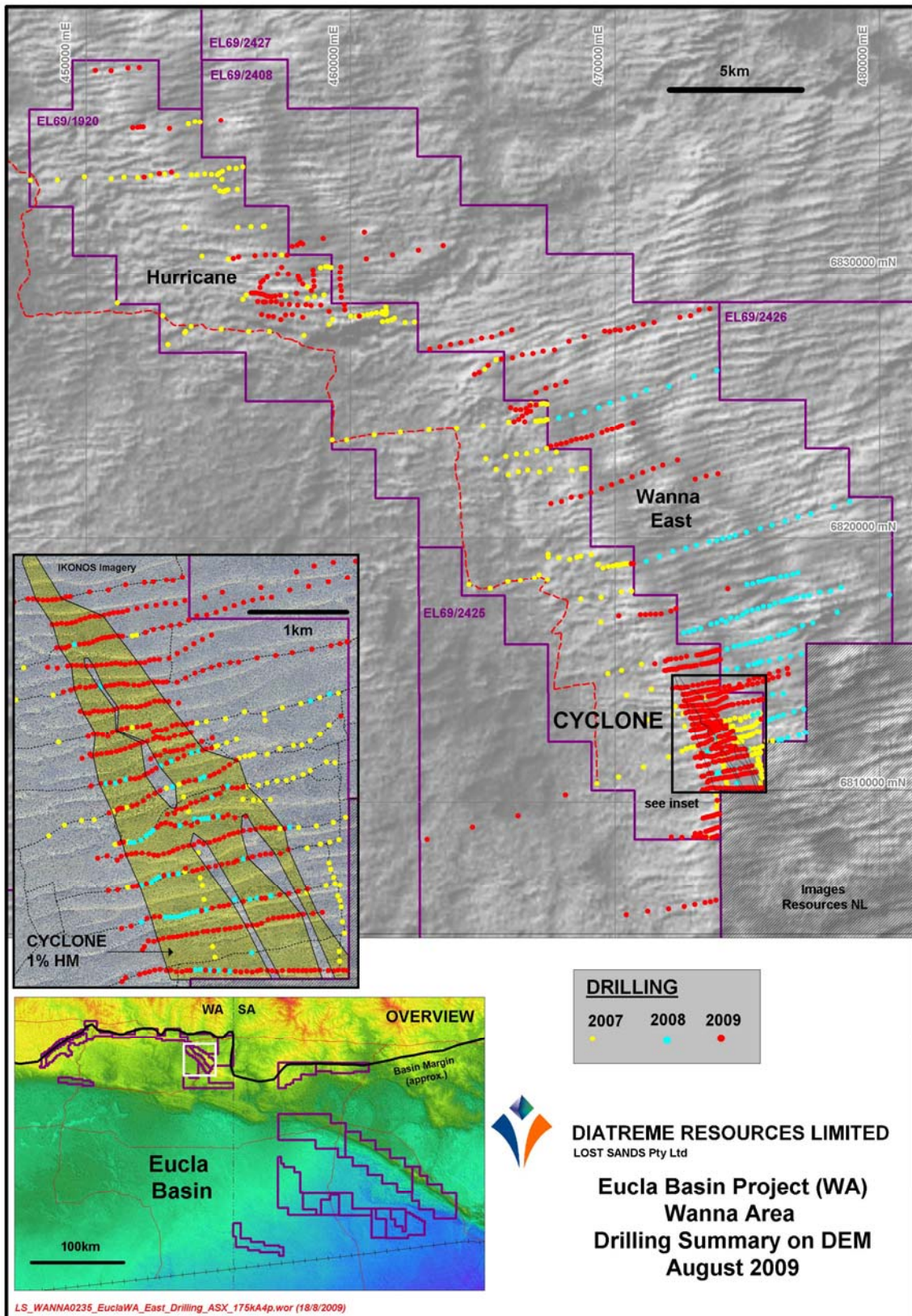


Figure 1: Location of the Cyclone Deposit and drill holes within the Wanna tenements of Western Australia.



The Company holds an extensive tenement package throughout Australia and will continue to maintain an aggressive approach toward its exploration for heavy minerals, copper, gold and base metals.

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Competent Person Statement

The information in this report, insofar as it relates to Exploration Results and Mineral Resources, 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.