



29 April 2010

ASX/MEDIA RELEASE**APPOINTMENT OF PREFEASIBILITY MANAGER
FOR CYCLONE ZIRCON PROJECT**

Diatreme Resources Limited (ASX:DRX) is pleased to announce that it has engaged the services of Mr Phil McMurtrie to project manage and lead the study team for the prefeasibility study ("PFS") that has commenced over the Cyclone Zircon Project.

Phil is a Mining Engineer and Project Manager with 28 years experience in surface metalliferous mines in Australia, including 22 years in mineral sands and related industrial minerals projects. He has a strong background in mine planning and operations management for mineral sands mines and processing facilities. For the last 15 years he has been involved in project management activities for mine developments including management of feasibility studies and taking projects through the engineering, construction, and commissioning phases to mineral production.

Situated in the northern area of the Eucla Basin of Western Australia, the Cyclone Deposit's resource estimate (excluding the new overburden mineralisation) currently totals 98.4 million tonnes as shown in the following Table:

Resource Category	TONNES (Mt)	%HM	% Slimes	% Oversize
Inferred	2.51	2.38	3.53	4.08
Indicated	84.36	2.82	4.40	5.91
Measured	11.52	3.44	4.51	4.72
TOTAL	98.40	2.88	4.39	5.72

The scoping study completed early this year indicated that the potential for a profitable mining operation was feasible producing about 280,000 tonnes of concentrate annually at a mining rate of 9 million tonnes ore per annum. The study forecast an annual average profit of \$50 million for 10 years with projected capital expenditure of \$311 million.

The PFS activities will build on the work from the scoping study and provide more detailed information for financial evaluation of the project. The study will focus on developing capital and operating cost information and revenue forecasts to a prefeasibility standard. This will involve additional work on mineralogy, metallurgy, and resources to more clearly define quantities of mineral product, particularly the key product zircon.

Preliminary designs and arrangements for the mine plan, wet process facility, and infrastructure will be completed. Options for the location of the mineral separation plant will be investigated. High priority work includes identifying a suitable water source for the operation and evaluating alternative mineral concentrate transport options including the road transport link between the mine and the rail line.



A preliminary environmental study will also be undertaken to obtain initial field data on flora and fauna, and develop an understanding of potential water impacts.

DRX expects to complete the PFS by early 2011 and aims to conduct a definitive feasibility study during the remainder of that year with the granting of all permits by middle 2012. Project construction is anticipated to begin in late 2012, and commissioning and commencement of mining operations in 2014.

Discussions are continuing with international industry groups with a view to co-funding the development process for the Wanna Heavy Mineral Sands Project (encompassing the Cyclone Zircon Project). Any development would include the identified Cyclone heavy mineral resources and any satellite resources feeding into a central mining operation.

<ENDS>

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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 company personnel under the supervision 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.

About Diatreme Resources

Diatreme Resources Limited (ASX code: DRX) is a diversified Australian mineral explorer with significant projects in heavy mineral sands, copper, base metals and gold. Based in Brisbane, Queensland, the company listed on the Australian Securities Exchange in June 2005. The Board and senior personnel have wide experience in the exploration and development phases of resource management.

About zircon

Zircon is a mineral sand used in the production of ceramics, including sanitary ware, tiles and tableware. It is also used in refractories, TV glass and foundry applications. Zircon is the source material for zirconia and a range of chemicals used in high-tech applications, including fuel cells and abrasives. Zirconium metal is used in nuclear fuel rods, while zirconia is used in jewellery.

Global zircon consumption in 2008 was estimated at 1.3 million tonnes, with China the largest single consumer followed by Western Europe, North America, Japan and other countries.