



# DIATREME RESOURCES LIMITED

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10 January 2008

## **FURTHER ASSAYS CONFIRM THE POTENTIAL OF THE WANNA LAKES MINERAL SANDS DISCOVERIES IN WESTERN AUSTRALIA**

### **WANNA LAKES PROJECT - WESTERN AUSTRALIA (Location Plan attached)**

#### **EL 69/1920**

The heavy mineral (HM) sands discoveries at the Cyclone Prospect, and to lesser degree the Hurricane Prospect, are recognised by DRX as a significant HM discovery within the developing Eucla Basin Heavy Minerals Province. The latest assay and digital data which has been received reinforces the earlier predictions of a new mineral sands province.

Digital terrain modelling by DRX identified and predicted selected embayment trap sites along a fossil shoreline. Subsequent drilling by DRX in the 2007 field season verified the existence of high priced zircon rich mineralisation. DRX will continue to identify HM trap sites within its current holdings of 1000km strike of potential strand systems for further drilling.

The potential to locate further zircon rich HM sands in the Wanna Lakes area is very high. Expected extensions to the current drilling results and the existence of further older high stand fossil shorelines are yet to be drill tested, this work planned for the 2008 field season.

In November 2007, DRX advised that drilling at the Cyclone Prospect had been completed for the year and that further heavy mineral (HM) samples despatched for analyses. Following receipt of the additional HM sample information, a recalculation of assay thicknesses data and a review of the total results to date, more detailed summaries of drill assay results **at both 3.5% and 5.0% HM cut-off grades** have been generated (Tables 1 and 2 below).

This information along with all lower grade HM information, is being assessed in the development of a proposed "JORC" compliant resource, scheduled for completion later this month.

DRX management are very encouraged by the progress in identifying and establishing new areas of zircon rich heavy minerals, and will conduct another year of aggressive exploration drilling to increase the size and value of current in-ground mineralisation.

**FLINDERS ISLAND – TASMANIA (Location Plan attached)**  
**(EL 6/2007 and EL 7/2007)**

During December, a DRX representative met with stakeholders to detail the drilling program proposed over the eastern side of the Island. This program is scheduled to commence in early February 2008 following the arrival by sea of the drilling rig and support vehicles. Up to 10,000m of aircore drilling (with average hole depths of 50m) are planned over possible target strands previously outlined by airborne radiometrics.

Previous explorers conducted very minor exploration on the far eastern side of the Project area recovering a reported 10% HM assay with 31% zircon as a percentage of the mineral suite.

A handwritten signature in black ink, appearing to read 'A. J. Fawdon', with a long horizontal flourish extending to the right.

**ANTHONY J FAWDON**  
Executive Chairman/CEO

The information in this report that relates to Exploration Results is based on information compiled by Diatreme Resources Limited personnel and reviewed by Mr David Jelley, an employee of the Company, 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 this report of the matters based on the information in the form and context in which it appears.

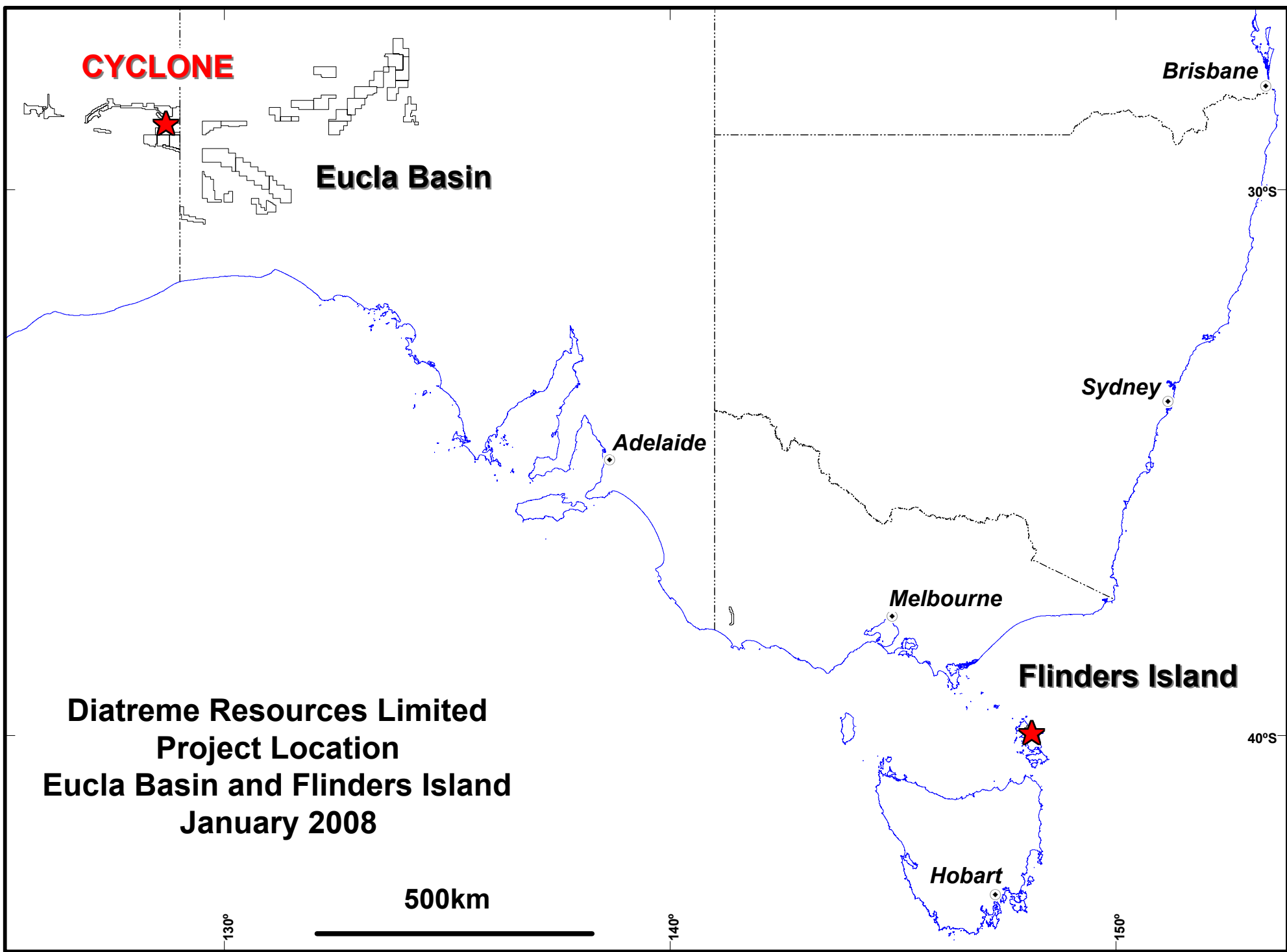
Attachment: January 2008 Plan showing Project Locations - Eucla Basin and Flinders Island.

**Table 1: 2007 Drill Assay Results – Cyclone Prospect Summary**  
**Drill intercepts > 4.5m thickness @ 3.5% HM cut-off grade**

Hole_ID	From (m)	To (m)	Thickness (m)	Average Grade HM (%)	MGA_E	MGA_N
WL043	16.5	22.5	6.0	5.30	473507	6812283
WL118	19.5	25.5	6.0	9.19	473393	6812221
WL119	18.0	22.5	4.5	4.28	473443	6812248
WL123	12.0	18.0	6.0	6.26	473532	6811920
WL209	22.5	27.0	4.5	6.92	473496	6813047
WL210	22.5	27.0	4.5	7.86	473544	6813053
WL211	19.5	25.5	6.0	9.49	473582	6813057
WL212	15.0	22.5	7.5	6.98	473651	6813001
WL214	16.5	21.0	4.5	5.87	473670	6813005
WL228	18.0	24.0	6.0	4.77	472992	6813911
WL229	19.5	27.0	7.5	5.53	472945	6813895
WL230	21.0	25.5	4.5	4.67	472897	6813890
WL238	19.5	25.5	6.0	5.14	473561	6813488
WL250	18.0	24.0	6.0	6.07	473720	6811519
WL259	16.5	21.0	4.5	8.08	474275	6810541
WL260	15.0	21.0	6.0	6.43	474187	6810543
WL261	12.0	21.0	9.0	6.97	474094	6810550
WL273	21.0	25.5	4.5	7.35	474063	6811146
WL275	21.0	27.0	6.0	11.49	473958	6811123
WL276	22.5	28.5	6.0	7.85	473917	6811105
WL277	19.5	30.0	10.5	6.31	473873	6811089
WL279	19.5	24.0	4.5	5.15	473777	6811087
WL288	22.5	27.0	4.5	7.38	474435	6811636
WL305	28.5	33.0	4.5	8.69	475508	6810537
WL318	19.5	24.0	4.5	5.31	473919	6812320
WL325	21.0	25.5	4.5	5.45	473793	6812685
WL335	19.5	24.0	4.5	6.59	473817	6812795
WL361	15.0	24.0	9.0	5.38	473643	6812934
WL362	18.0	22.5	4.5	8.58	473680	6812932
WL363	15.0	25.5	10.5	7.10	473614	6812989
WL374	18.0	22.5	4.5	7.91	474084	6812091
WL376	19.5	24.0	4.5	4.94	474174	6812100
WL380	16.5	24.0	7.5	6.47	473979	6812481
WL386	12.0	21.0	9.0	7.09	473650	6812991
WL422	21.0	25.5	4.5	10.41	474159	6812309
WL423	18.0	24.0	6.0	7.05	474110	6812287
WL432	18.0	22.5	4.5	8.38	473768	6811520
WL509	18.0	22.5	4.5	8.85	473659	6811727
WL510	16.5	21.0	4.5	6.63	473858	6811785
WL511	22.5	28.5	6.0	7.92	474289	6811891
WL516	19.5	24.0	4.5	5.13	474057	6810926
WL519	24.0	28.5	4.5	4.60	474719	6811017

**Table 2: 2007 Drill Assay Results – Cyclone Prospect Summary**  
**Drill intercepts > 4.5m thickness @ 5.0% HM cut-off grade**

Hole_ID	From (m)	To (m)	Thickness (m)	Average Grade HM (%)	MGA_E	MGA_N
WL118	21.0	25.5	4.5	<b>10.63</b>	473393	6812221
WL123	13.5	18.0	4.5	<b>6.92</b>	473532	6811920
WL209	22.5	27.0	4.5	<b>6.92</b>	473496	6813047
WL211	19.5	25.5	6.0	<b>9.49</b>	473582	6813057
WL259	16.5	21.0	4.5	<b>8.08</b>	474275	6810541
WL260	15.0	19.5	4.5	<b>7.03</b>	474187	6810543
WL261	13.5	21.0	7.5	<b>7.48</b>	474094	6810550
WL275	21.0	27.0	6.0	<b>11.49</b>	473958	6811123
WL276	22.5	27.0	4.5	<b>9.10</b>	473917	6811105
WL277	22.5	28.5	6.0	<b>7.87</b>	473873	6811089
WL305	28.5	33.0	4.5	<b>8.69</b>	475508	6810537
WL325	21.0	25.5	4.5	<b>5.45</b>	473793	6812685
WL363	19.5	25.5	6.0	<b>9.22</b>	473614	6812989
WL380	16.5	24.0	7.5	<b>6.47</b>	473979	6812481
WL386	15.0	21.0	6.0	<b>8.34</b>	473650	6812991
WL423	18.0	24.0	6.0	<b>7.05</b>	474110	6812287
WL432	18.0	22.5	4.5	<b>8.38</b>	473768	6811520
WL509	18.0	22.5	4.5	<b>8.85</b>	473659	6811727



**CYCLONE**

**Eucla Basin**

*Brisbane*

30°S

*Sydney*

*Adelaide*

*Melbourne*

**Flinders Island**

40°S

*Hobart*

**Diatreme Resources Limited  
Project Location  
Eucla Basin and Flinders Island  
January 2008**

**500km**

130°

140°

150°