DIATREME RESOURCES LIMITED
ABN 33 061 267 061

NSX Code: DRL

Telephone : + 61 7 3229 9927
Facsimile : + 61 7 3229 6627
Email : manager@diatreme.com.au
URL : www.diatreme.com.au
PO Box 10288
Brisbane Adelaide Street QLD 4000

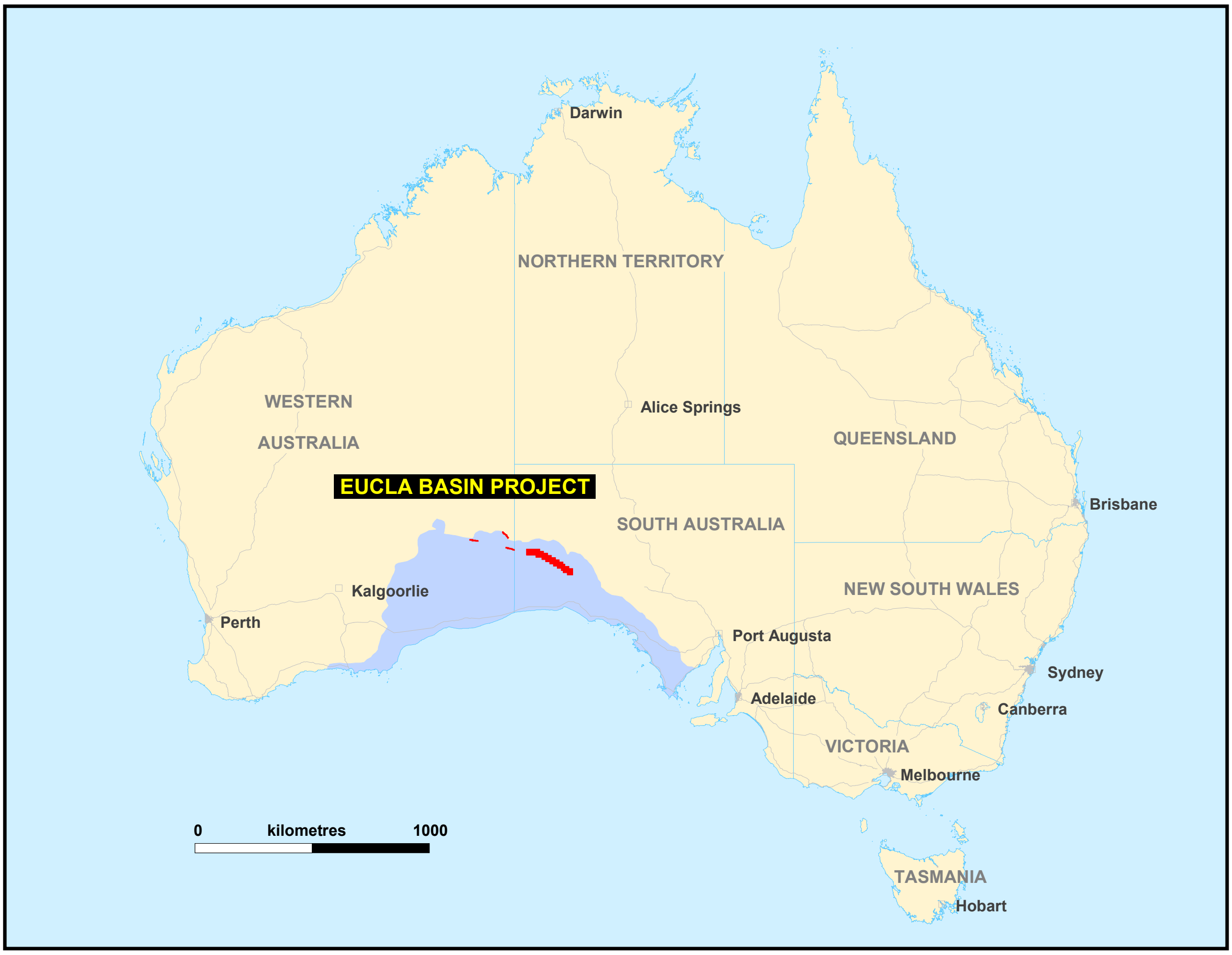
ANNOUNCEMENT

8 November 2004

EUCLA BASIN HEAVY- MINERAL SAND PROJECT

Diatreme Resources Limited ("DRL"), an NSX traded company, is the holding company of Lost Sands Pty Ltd ("LSPL"), a company that has been targetting heavy-mineral sand prospects for over two years in both Western Australia (WA) and South Australia (SA) - refer map.

LSPL commands prime exploration positions along ancient mineralised marine shorelines of the Eucla Basin, held under three exploration licence applications in SA (total area 6,100 km^2) and three exploration licence applications in WA (total area 630 km^2).



In June 2004, Veronica Webster Pty Limited ("VWPL") was commissioned by DRL to prepare an independent valuation of LSPL. In that report, released to the market on 18 August 2004, VWPL stated that the Eucla Basin Project:

> "*is interpreted to have potential as a world-class heavy-mineral sand province*", and
> "*it allows for the discovery of large deposits of mineralisation*".

Exploration conducted within DRL's SA tenement areas by BHP during the early 1990's verified the existence of heavy-mineral sand deposits containing significant zircon, ilmenite and rutile. Previous work by Geopeko Limited has located two distinct heavy-mineral strandlines at the Immarna Prospect approximately 200km south-east of the DRL areas.

DRL has been further encouraged by Iluka Resources Limited's (“ILU”) recent discovery of the zircon-rich Jacinth mineral sands prospect in the SA sector of the Eucla Basin. DRL’s SA tenements commence approximately 130km north west of the Jacinth Prospect and extend for approximately 200km along a major fossil marine shoreline. The Company’s WA tenements cover smaller, highly selective areas of fossil shoreline with good heavy-mineral sand potential. ILU have recently secured large tracts of land (exceeding 25,000 km^2) under exploration licence applications abutting and surrounding DRL’s interests in both states.

The increasing activity being displayed by mineral explorers in the potentially large Eucla Basin heavy-mineral sand province confirms the positive decision undertaken by DRL directors to seek and successfully acquire LSPL and its exciting portfolio of exploration tenements.

A J FAWDON
Executive Chairman/CEO