DIATREME RESOURCES LIMITED ABN 33 061 267 061

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Australian Stock Exchange Limited
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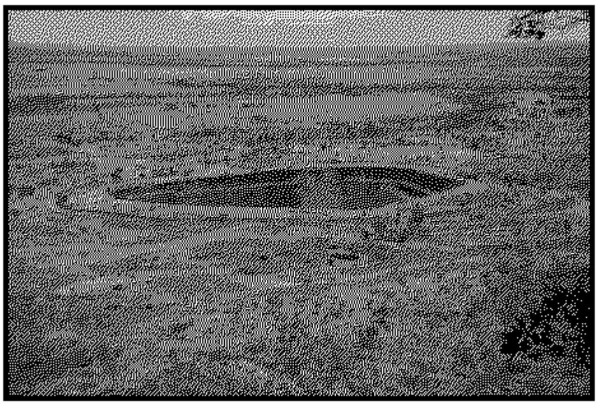
31 October 2005

EXPLORATION ACTIVITIES REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2005

Tick Hill Gold Project (Option & Sale Agreement with Xstrata Group of Companies)
MLs 7094, 7096 & 7097 - *North West Queensland*

Further studies have determined the siting of three further drillholes to be completed in the drilling program commencing October. Four sites are located to the north and two to the south of the disused open pit.



Old Tick Hill mine pit looking northwest

Old Tick Hill mine pit looking south

Nymbool Gold Project (DRX 100%)
EPM's 8998 & 8994 - *North Queensland*

Exploration has involved the completion of a detailed GPS located ground magnetic survey over the Nymbool Prospect.

Burdekin Gold Project (DRX 100%)
EPM's 12887, 14402 & 14675 - *North Queensland*

Exploration activities concentrated on interpretation of aerial and ground magnetic data to determine targeted drillsites over the Gettysburg Prospect.

Georgetown Inlier Gold Project (DRX 100%)
EPM's 11849, 12976 & 13126 - *North Queensland*

Exploration activities concentrated on interpretation of aerial and ground magnetic data to determine targeted drillsites over the Warrigal Creek, Munitions Creek and Ironhurst gold prospects.

Clermont Copper Gold Project (DRX 100%)
EPM's 12867, 12956 & 14026 - *Central Queensland*

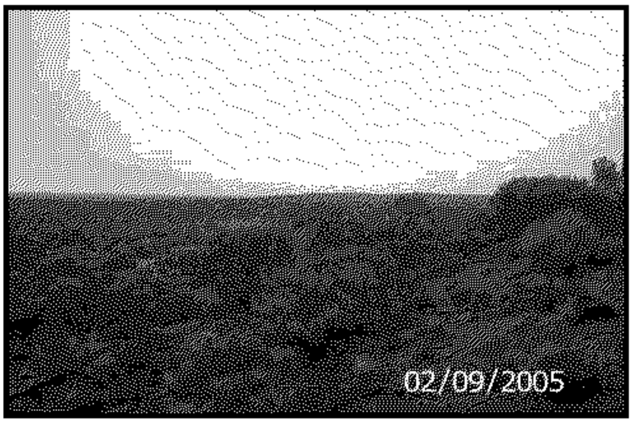
Exploration activities concentrated on interpretation of aerial and ground magnetic data to determine targeted drillsites over the Oaky Creek Prospect.

Eucla Basin Heavy Mineral Sands (Zircon) Project (DRX 100%)
Minerals Corporation Limited (MSC) earning 40%
ELA's 109/02, 110/02, 181/04 (*SA*) & 69/1918, 69/1919, 69/1920 (*WA*)

Initial field inspections have been undertaken on the South Australian tenement application areas in conjunction with negotiations with the Maralinga Tjarutja People, the traditional landholders.

The nature of the terrain (refer figures below) is such that initial exploration will benefit from the conduct of stratigraphic drilling, anticipated to depths of 100m, along traverse lines at 90 degrees to the expected strandline developments.

Crest of the broad Ooldea Range dune system within ELA 110/02 Eucla No 3



Aeolian sand dunes abutting the Ooldea Range dune system within ELA 110/02 Eucla No 3

Gywdir Diamond Project (DRX 100%)
EL's 5900, 6301, 6330, 6331, 6352, 6353- *Northwestern NSW*

Exploration has commenced using GPS located ground magnetic surveys over the numerous aerial magnetic anomalies representing possible diamond bearing diatremes. These detailed surveys will provide enhanced information in determining targeted drillsites over anomalies for future drilling.

TENEMENTS

Surrendered

EPM 12867	(Clermont)	Conditionally surrendered in favor of new EPM Application No 15250
EPM 12956	(Clermont No 2)	(Clermont No 4) over 195.2 km^2

Applications

EPM 15250	(Clermont No 4)	Refer above.
MDL 363	(Yarrol)	Covers the area within EPM 8402 (approximately 1,246 Ha)

PROPOSED EXPLORATION ACTIVITIES NEXT QUARTER

- Reverse Circulation drilling over the Tick Hill, Georetown Inlier and Nymbool gold projects.
- Advancement of SA and WA Eucla Basin heavy mineral sands exploration licences toward grant.
- Continued preliminary exploration over Gwydir diamond project.

Dated this 31 October 2005
Signed for and on behalf of the Board

Anthony J Fawdon – Managing Director/CEO

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Diatreme Resources Limited

ABN

33 061 267 061

Quarter ended ("current quarter")

30 September 2005

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6months) $A'000
1.1	Receipts from product sales and related debtors	13	15
1.2	Payments for (a) exploration and evaluation	(200)	(247)
	(b) development		
	(c) production		
	(d) administration	(175)	(284)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	20	25
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	(2)	(2)
	Net Operating Cash Flows	(344)	(493)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	(2)	(3002)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(2)	(3002)
1.13	Total operating and investing cash flows (carried forward)	(346)	(3495)

1.13	Total operating and investing cash flows (brought forward)	(346)	(3495)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		3724
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	(86)	(697)
	Net financing cash flows	(86)	3027
	Net increase (decrease) in cash held	(432)	(468)
1.20	Cash at beginning of quarter/year to date	575	611
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	143	143

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	86
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Exploration expenditure estimated for the quarter was not fully expended because of the unavailability of suitable drilling rigs. Drilling has now commenced in the current quarter.

Non-cash financing and investing activities

+ See chapter 19 for defined terms.

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	480
4.2	Development	NIL
	Total	**480**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
5.1 Cash on hand and at bank	143	575
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	143	575

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EPM 12867 EPM 12956	Direct Direct	100% 100%	Will be replaced by EPM 15250
6.2	Interests in mining tenements acquired or increased	NIL			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	71,047,148	48,380,433	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	4,009,617	Nil	*Exercise price* *20 cents*	*Expiry date* *30 May 2007*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*	N/A			
7.12	**Unsecured notes** *(totals only)*	N/A			

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date :27 October 2005
....
(Director/Company secretary)

Print name: Lawrence James LITZOW

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.