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NSX ANNOUNCEMENT

ACTIVITIES REPORT FOR THE QUARTER ENDING 31 DECEMBER 2003

HIGHLIGHTS

Stock Exchange Listing

Diatreme was admitted to the official list of The Stock Exchange of Newcastle Limited with quotation of the Company's shares commencing on the 30 October 2003. Diatreme raised \$504 000 with the issue of 5 040 000 fully paid ordinary shares. The Company currently has 30 077 867 shares on issue.

Nymbool Gold Project - Mt Garnet North Queensland

Drilling results from the Nymbool Gold Prospect have confirmed that a large gold system exists and that the mineralisation is open ended on the eastern side.

At the Ambrose Gully Prospect, approximately 4 km south of the Nymbool Gold Prospect, a 40 metre long continuous rock chip sample taken on a contact zone assayed 0.95 grams per tonne gold.

Clermont Gold Prospect - Clermont Central Queensland

Drill sites have been established for the drilling program planned for January 2004. In-house data research has identified quality gold / copper targets in the EPM application area (Clermont No 3) 20km to the north west of Clermont.

EXPLORATION ACTIVITIES REPORT

Nymbool Gold Project (Diatreme 100%)
EPM's 8994 & 8998 - Mount Garnet, North Queensland

• Drilling Program Summary

The Company completed a drilling program at the Nymbool Gold Prospect at Mount Garnet in early December. The program of six reverse circulation percussion drillholes totalling 941.5m was designed to test geophysical (chargeability) anomalies resulting from an earlier dipole-dipole IP/Resistivity survey conducted by the Company in 2002.

The Management consider that the program has been very encouraging in extending the large low grade gold porphyry system. The drilling has recovered large widths of significant gold mineralisation. The tenor of the gold grades in the largest intersections is increasing incrementally in grade to the east, it is apparent that the western drillholes are on the edge of the Figure 1 mineralized system.

Details of the drilling results are shown in Table 1 and Figure 1.

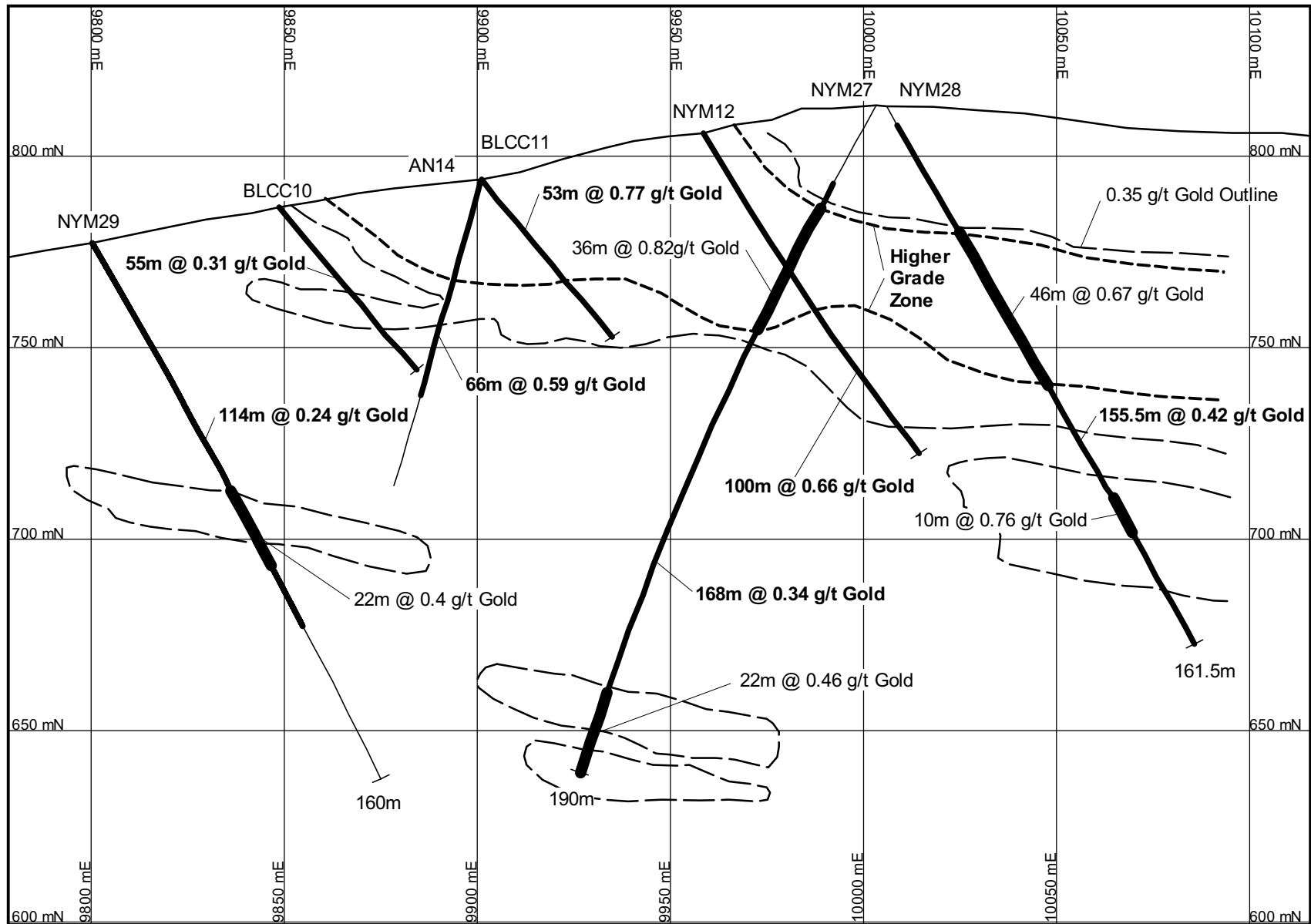


Figure 1. Nymbool Project – Compositied RC drilling gold assay results on cross section 50850 North

- **Potential**

The wide zone of gold mineralisation appears to dip shallowly to the east and is open ended and not previously drilled. Further drill holes will be required to test this highly prospective zone.

- **Drilling Results**

Holes NYM25 and NYM26 were drilled on section 50750N and holes NYM27, NYM28 and NYM29 were drilled on section 50850N. These holes are in the vicinity of previous shallower drilling.

Drillholes NYM25, NYM27 and NYM28 were drilled on the eastern side of the prospect area. These three holes intersected better grade gold mineralisation over larger widths. This mineralisation is open in this direction.

Holes NYM26 and NYM29 were drilled on the western side of the prospect area. These intersected broad zones of low grade gold mineralisation and effectively limit the gold mineralisation in this direction.

Hole NYM24 was drilled well to the north east of previous drilling on section 51100N. It failed to intersect significant gold mineralisation.

TABLE 1 : Nymbool Gold Prospect Drilling Results

Hole	North (m)	East (m)	RL (m)	Azimuth (Degrees)	Dip (Degrees)	Depth (m)
NYM24	51100	10298	760	270	-60	100
NYM25	50752.7	9996.7	786.1	270	-60	160
NYM26	50750	9800	753.6	92	-60	170
NYM27	50850	10003	812.7	270.5	-60	190
NYM28	50849.6	10005.6	812.9	90	-60	161.5
NYM29	50850	9800	777.3	90	-60	160

Hole	From (m)	To (m)	Length (m)	Gold (g/t Au)	Comments
NYM24					No significant values
NYM25	0	96	96	0.49	Eastern Side
incl	2	6	4	1.37	
incl	74	76	2	1.91	
NYM25	156	158	2	3.21	Eastern Side
NYM26	68	92	24	0.31	Western Side
NYM26	120	134	14	0.32	Western Side
NYM27	30	74	44	0.71	Eastern Side
incl	38	40	2	1.50	
incl	58	64	6	2.20	
NYM27	168	170	2	1.36	Eastern Side
NYM28	34	152	118	0.50	Eastern Side
incl	44	46	2	1.06	
incl	70	82	12	1.15	
incl	118	122	4	1.15	
incl	140	142	2	1.04	
NYM29	66	108	42	0.32	Western Side

Composited reverse circulation percussion drill hole intersection assay results

- **Ambrose Gully Prospect**

This prospect is located 4 kilometres south of the Nymbool Gold Prospect, within the same geological province. Company exploration has identified a new style of gold mineralisation in the region and recovered anomalous assay grades of 0.95 grams per tonne gold from a continuous rock chip sample taken over a greisen contact zone between granite and overlying sediments. The greisen contact appears to be dipping shallowly to the north east and is an untested gold bearing zone which might be related geologically to other gold occurrences locally.

Clermont Gold Copper Project (Diatreme 100%)

EPM's 12867, 12956, EPMA14026 - Clermont, Central Queensland

In November, Company personnel prepared seven drill sites for drilling the banded siliceous horizon which hosts gold and copper mineralisation at the Clermont South Prospect. The onset of heavy rain delayed the drilling program which was rescheduled to mid to late January 2004.

EPM Application 14026 is being progressed toward grant. Data research over the application area has identified a gold copper target zone, similar to the Clermont South Prospect, at the Oaky Creek Prospect situated 20 kilometres north west of Clermont.

This prospect has a banded siliceous horizon with a strike length of 800 metres and a coincident bullseye magnetic anomaly. Only one drill hole (in the early 1970's) tested the zone for copper recovering grades of 4 metres @ 0.4% copper. The interval was not assayed for gold. On granting of the tenement the Company will assess the potential for significant copper gold at the Oaky Creek Prospect and the adjacent Comstock Prospect.

Other Projects

No field activities were conducted on the Company's other granted tenements. The Queensland Department of Natural Resources and Mines is processing a number of the Company's tenement application areas within the Bellfield, Pyramid and Georgetown Inlier projects. Granting of these tenements will allow the Company to conduct exploration as proposed in the 2003 prospectus.

Summary of Proposed Work - First Quarter 2004

During the next quarter the Company plans to :

- conduct a drilling program of seven Reverse Circulation percussion holes to test the banded siliceous horizon for gold and copper in the primary zone at the Clermont South Prospect.
- compile results from the recently completed Nymbool Gold Prospect drilling program to delineate further targets for the next work phase. Further data collection and research will also be carried out during the period on the Ambrose Gully Gold Prospect to define the extent of gold mineralisation.
- conduct ground magnetics at the Warialda Diamond Project over five geophysical anomalies in preparation for future drilling.

Dated this 30th day of January 2004

Signed for and on behalf of the Board



Anthony J Fawdon
Executive Chairman/CEO

The basis for the information contained in this report, is compiled by a competent person or persons (as defined by the Australasian Code of Reporting of Identified Mineral Resources and Ore Reserves) with relevant experience in the field of activity being reported.