



DIADEM RESOURCES LTD.

NEWS RELEASE

FOR IMMEDIATE RELEASE

DIADEM ANNOUNCES COMPLETION OF PROJECT REVIEW AND FUTURE CORPORATE FOCUS

TORONTO, ONTARIO, JUNE 19, 2003 - Diadem Resources Ltd. (TSX Venture Exchange: "DIR") announced today that it had completed the review of its corporate structure and all of its mineral projects. This project review had been announced on February 28, 2003, following management changes, and was carried out by Paul Carroll, the newly-appointed President and CEO, and Thomas Skimming P.Eng, Vice Chairman. The Company confirmed that henceforth it would focus its ongoing operations on diamond exploration and development in North America.

With the new focus, the Company initially is going to concentrate on its *Leek Springs* diamond discovery in California where an initial, limited drilling and ground geophysics program is planned for the 2003 summer season. With this plan in mind, the Company has commenced negotiations with its partner, the Silverstone Prospecting Syndicate, to acquire the balance of the interest in the *Leek Springs* property. Historically, since 1849, diamonds were recovered in the streams in the vicinity of the *Leek Springs* property as a by-product of alluvial gold mining. Despite the recovery of actual diamonds in the area, prior to 1993 no organized search for diamonds was undertaken. Diadem and its partner commenced such a search in 1993 with the first discovery of diamonds in bedrock occurring in 1995. Initially, the search was inspired by the search for kimberlites and lamproites, the conventional host rocks for diamonds. However, the diamond-bearing areas in California are non-conventional. Diadem undertook the first drilling on the property in 1995 and 1996 which confirmed the existence of diamond-bearing host rock with the largest macro diamond recovered having a maximum dimension of 0.68 mm. In late 1997, an airborne magnetic survey was undertaken which revealed multiple circular anomalies with diamond potential, three primary anomalies and 17 secondary anomalies. Because of funding difficulties, Diadem has not been particularly active on the *Leek Springs* property for some time. However, with the intense activities currently in the Wawa, Ontario, area involving non-conventional host rock, Diadem believes that a renewed program on the property is warranted. In addition, the Company is in discussions to make a non-cash acquisition of a significant diamond project in Canada. Further details of this project will be provided as soon as practicable.

In anticipation of this new activity, the Company has been holding discussions with a number of Canadian investment bankers to arrange financing. It is anticipated that the financing will include

some Diadem equity and convertible flow-through preferred shares designed to result in minimum dilution to Diadem at the current share price.

As predicted in the Company's announcement on February 28, 2003, management and the Board of Directors of Diadem has determined to dispose of its residual mineral interests in Mexico, Nicaragua, Indonesia and Quebec, which under generally accepted accounting rules were required to be written down to nominal carrying values at year-end, May 31, 2003, because of lack of exploration activity or commercial exploitation. These mineral interests, and related liabilities, have been transferred to a special purpose company. Diadem will own all of a class of first preferred shares of this company which shares will be redeemed from 60% of the net proceeds of sale or joint-venturing of the mineral interests. The transaction removed approximately \$500,000 of liabilities from the Diadem balance sheet as of May 31, 2003. The residual common equity of this company will be owned as to 80% by A.C.A. Howe, Chairman of Diadem, and 20% by Diadem. Mr. Howe agreed that this company would assume the liability to repay about \$166,000 of cash advances that were owing by Diadem to him, and Mr. Howe will assume the responsibility to rationalize these mineral interests. Diadem retained certain rights of first refusal in the event of sale of the mineral interests.

The Company continues to hold an equity stake of 18% in Waseco Resources Inc. (TSX Venture Exchange: "YWS"), a junior resource company with alluvial and hard rock gold property interests in Indonesia and a potential diamond prospect in the Attawapiskat area of Northern Ontario. In addition, the Company holds a \$450,000 demand note from Waseco. Accordingly, the Company currently is the largest shareholder and creditor of Waseco. The Company is working with management of Waseco to monetize this investment.

The Board of Directors has granted incentive stock options to members of management and the Board to purchase an aggregate of 3,400,000 common shares under the Company's Stock Option Plan at a price of \$0.10 per share, exercisable over a term of 5 years. Of these options, 1,000,000, 500,000 and 500,000 shares were optioned to Messrs Carroll, Howe and Skimming and 250,000 shares were optioned to the each of the other Directors. In addition, David J. Layman CA has been appointed Vice-President Finance of the Company, and was granted an option. Diadem currently has 58,376,546 common shares outstanding. This would increase to up to 75,068,018 shares after exercise of all outstanding incentive stock options and warrants issued in connection with the sale of a \$500,000 debenture in 2002. These options and warrants are exercisable at prices ranging from \$0.10 to \$0.25 per share, which currently are not "in the money". The fully diluted shares also assumes conversion of the outstanding \$500,000 debenture and the issue of shares for interest accrued on the debenture to May 31, 2003 in accordance with the terms of the debenture.

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