



DIADEM RESOURCES LTD.

NEWS RELEASE

FOR IMMEDIATE RELEASE

DIADEM INCREASES OTISH MOUNTAINS DIAMOND CLAIMS

TORONTO, ONTARIO, August 11, 2003 - Diadem Resources Ltd. (TSX Venture: "DIR") announced today that it has entered into an agreement with Ecstall Mining Corporation to acquire a 100% interest in 608 previously staked diamond claims in the Otish Mountains area of northern Quebec. The claims encompass an area of approximately 78,650 acres. When combined with similar agreements previously entered into by Diadem with 13 other companies, the acquisition increases the diamond claims controlled by Diadem in the Otish Mountains area to 2,064 claims with a total area of approximately 267,000 acres.

The Otish Mountains area is part of the Superior Craton which has become one of the most active diamond exploration areas in the world. The vendor companies initially acquired the claims because of the area's potential to host primary diamond deposits in kimberlitic rocks. Some of the world's largest diamond mining companies have indicated their interest in the area through joint venture projects and independent work programs. The acquired claims cover a number of discrete magnetic targets, many of which are associated with diabase dike structures favourable for hosting kimberlite intrusions. Recent positive reports by other mining companies active in the area, notably Ashton Mining Canada Ltd. in joint venture with SOQUEM, have confirmed that the Otish Mountains region has very good potential to host commercial primary diamond deposits. In acquiring the claims, Diadem also acquired all of the geophysical and other technical data derived from work carried out to date on the claims by Ecstall Mining and the other vendor companies.

After a review of the technical data for all of the claims by Diadem's consultants, Roscoe Postle Associates Inc., all anomalies will be plotted and targets will be developed, ranked and prioritized for field examination and possible helicopter-supported till sampling, commencing in mid-August, 2003.

Diadem has established a wholly-owned subsidiary to acquire the claims from Ecstall and the other vendor companies and to operate the project. The acquisition will be made using special shares of the subsidiary having a value equal to the staking costs and work carried out on the claims by the vendor companies. In addition, if a diamond mine is put into commercial production on any claim, Diadem will pay a 2% gross diamond royalty to the company that vended in that claim. Diadem will have the right to acquire the royalty for C\$1.5 million, if acquired within 90 days after completion of a bankable feasibility study, or thereafter for C\$2.5 million, if acquired within 12 months after commencement of commercial production. The

special shares will be exchangeable, at any time after December 31, 2004 and up to December 31, 2006, into Diadem common shares at the option of either Diadem or the vendor company. The exchange price would be based upon the weighted average price of the Diadem common shares during the three month period ended December 31, 2004. Because the acquisition of the claims would involve the potential issue in the future of Diadem common shares it is subject to the approval of the TSX Venture Exchange, which approval is being sought at this time.

Diadem is a Toronto-based diamond exploration and development company. In addition to the acquisition and exploration of the claims in the Otish Mountains region of Quebec, Diadem proposes to reactivate its *Leek Springs* diamond discovery in California. Diadem currently owns a 40% interest in the property with the right to increase that interest to 55%. Diadem has commenced negotiations with its partner to permit it to increase its interest to 100%. A limited drilling and ground geophysics program is planned for 2003. Historically, since 1849, diamonds were recovered in the streams in the vicinity of the *Leek Springs* property, and elsewhere in California, as a by-product of alluvial gold mining. Diadem and its partner commenced a search for diamonds in bedrock in 1993 and the first discovery by Diadem of diamonds in bedrock occurred in 1995. Drilling on the property in 1995 and 1996 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. While the initial search was for kimberlites and lamproites, the typical host rocks for diamonds, it was determined that the diamond-bearing rocks in California are not typical of lithologies elsewhere in the world. For example, Rio Tinto's *Argyle* mine in Western Australia mines diamonds from a lamproite source, not a kimberlite. It is the largest single producer of diamonds in the world. With the recent intense activity in the Wawa, Ontario area involving non-typical diamond host rocks, Diadem believes that a renewed program on the *Leek Springs* property is warranted.

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