



# DIADEM RESOURCES LTD.

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## NEWS RELEASE

### FOR IMMEDIATE RELEASE

#### DIADEM TO EXPAND ITS OTISH MOUNTAINS DIAMOND PROJECT PROPOSES SHARE CONSOLIDATION AND NAME CHANGE

**TORONTO, ONTARIO, October 24, 2003 - Diadem Resources Ltd. (TSX Venture Exchange: "DIR")** announced today that it is in discussions to acquire additional claims in the Otish Mountains region of north-central Quebec. Also, in connection with its financing activities, it will propose to its shareholders a consolidation of its shares on a one-for-five basis and a name change to "DIADEM CORPORATION".

In July, 2003 the Company acquired 2,064 claims (267,000 acres) in the Otish Mountains region of Quebec located about 330 km northeast of Chibougamau. The claims are spread out over the area where Ashton Mining and SOQUEM are developing their Foxtrot diamond discoveries (where to date they have reported locating nine kimberlites, including the most recently announced Renard 10 pipe). In that area, other kimberlite pipes have been located by Ditem Explorations Inc. and Pure Gold Minerals Inc. It is the Company's view that because kimberlite pipes usually occur in groups or clusters, the occurrence of one or more kimberlite pipes in an area bodes well for the discovery of others.

Roscoe Postle Associates (RPA) recommended a two stage exploration program at Otish. The \$700,000 first phase was planned to complete mapping and till sampling to test 125 of the highest priority targets. The Company has now completed the field portion of this program, managed by RPA. Approximately 525 till samples were recovered, are being prioritized and will be analyzed at the diamond laboratory of SGS Lakefield Research. The Company will be making further reports as it receives laboratory results. Based on the results of this work, a priority rating of the various claim areas will be developed and further work planned. The second phase of the program is contingent on the results from the initial phase. Follow-up work is budgeted for the testing of 10 anomalous targets. This work initially will include detailed airborne magnetometer surveys whereby priority target areas will be evaluated further by additional ground work including Quaternary mapping, anomaly mapping, till sampling, ground geophysics and diamond drilling and core sampling of potential kimberlite targets, with analysis for diamonds by caustic fusion. The budget for the second phase will be developed based on the scope of the program and availability of adequate financing.

Having completed the initial field work, the Company wants to expand its land holdings in the region to at least 500,000 acres to maximize its exposure. The initial claims were acquired with exchangeable special shares of a wholly-owned subsidiary equal in value to the staking costs and work done on the claims by the vendor companies. If a diamond mine is put into production

on a claim, the Company will pay a 2% gross diamond royalty to the company that vended the claim. It would be the Company's intention to acquire additional claims on the same basis.

Paul Carroll, President and CEO of the Company, said "We are very excited about the Otish diamond project. This is a new focus for the Company and is in line with the development of Canada as a major producer of gem quality, non conflict diamonds. With the opening of the Ekati and Diavik Mines, Canada now produces 12% of the world's gem quality diamonds. The potential is there for Canada to become a major producer, finisher and marketer of diamonds, creating new opportunities for Canadians, especially in the North. We consider the Otish region to be one of the most prospective areas in Canada for diamond discovery."

In the last six months, Management has been actively engaged in an aggressive review and redirection of the Company's focus. The Company has added four new directors, Paul Carroll (also CEO), Thomas Skimming, Aime Bertrand and Maurice Colson. It has retained David Layman as Vice-President Finance and Rod Thomas, as Vice-President Exploration. The Company is actively pursuing various initiatives to raise additional capital to carry out exploration and development of the Otish Mountains diamond project in Quebec, the Leek Springs diamond project in California and additional initiatives, including acquisitions. Currently the Company has over 63 million shares outstanding. While the Company so far has raised \$500,000 of initial flow through funding for the Otish Mountains diamond project, it has been hampered in its efforts to raise the requisite additional capital by the large number of shares outstanding. After much internal debate, and consultation with the investment community, the Board of Directors is proposing a one-for-five consolidation. As a related matter, Management of the Company also is proposing changing the Company name to "Diadem Corporation" to emphasize that something new is going on at the Company.

The consolidation and name change will be on the agenda for the Annual and Special Meeting of Shareholders called for 4:15 pm on November 27, 2003. The Company's Annual Report and Management Information Circular for the meeting will be mailed to shareholders shortly. In the meantime, the Management Information Circular and the Company's 2003 Annual Information Form may be viewed at [www.SEDAR.com](http://www.SEDAR.com).

The Board of Directors has granted an additional five year 100,000 share option at \$0.115 per share to David Layman, Vice-President Finance.

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