



# DIADEM RESOURCES LTD.

## NEWS RELEASE

FOR IMMEDIATE RELEASE

### DIADEM CLOSES FLOW-THROUGH SHARE AND UNIT FINANCING

**TORONTO, December 31, 2003 - Diadem Resources Ltd. (TSX-V: "DIR")** announced today that it had closed the initial tranche of the equity financing arranged directly and through its agent, Maison Placements Canada Inc. Diadem has issued 6,650,000 Flow-Through Common Shares at a price of \$0.10 per share for gross proceeds of \$665,000. In addition, Diadem has closed a private placement of 1,309,500 Units at \$0.10 per Unit, for gross proceeds of \$130,950. Each Unit consists of one Common Share and one half of one Common Share Purchase Warrant. Each whole Common Share Purchase Warrant entitles the holder to purchase one additional Common Share up to December 31, 2004 at a price of \$0.13 for the first year and \$0.17 thereafter up to December 31, 2005.

The resale hold period for the Flow-Through Common Shares and the Units is four months and one day after closing. As part of its compensation, the agent received a broker warrant exercisable for 500,000 Common Shares. When the warrant is exercised, the resale hold period for the Common Shares so acquired also will be four months and one day after closing.

The Company proposes to raise up to an additional \$619,050 by issue of additional Units, each Unit having the same attributes as the Units issued today.

Proceeds of the issue of the flow-through shares will be used for payment of Canadian exploration expenses related to Diadem's Canadian exploration properties. These expenses will qualify as "flow-through mining expenditures" for purposes of the *Income Tax Act* (Canada). The net proceeds of the issue of the Units will be added to working capital and used for general corporate purposes.

Diadem also announced that it had received a \$290,000 secured loan on November 28, 2003 from Jones Gable & Co. Ltd. The gross proceeds of the loan were used as collateral for assessment work to be carried out in 2004 on its *Darnley Bay* diamond project in the Northwest Territories. Diadem issued 580,000 treasury common shares to Jones Gable as a fee for provision of the loan and will pay simple interest monthly on the loan at 10% per annum, payable in Diadem treasury shares valued at \$0.10 per share. Diadem's joint venture partner in the *Darnley Bay* project will reimburse Diadem \$98,400 of the loan principal plus its share of Diadem's costs of funding the loan. The loan is open for repayment at any time and will be repaid out of Diadem's funds when released from the collateral for the assessment work.

All share numbers and share prices in this news release are before giving effect to the one-for-five share consolidation approved by the shareholders on November 27, 2003, which has not yet been implemented.

For further information, please contact:

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