



DIADEM RESOURCES LTD.

NEWS RELEASE

FOR IMMEDIATE RELEASE

DIADEM REVISES DARNLEY BAY DEAL AND INCREASES LAND HOLDINGS

TORONTO, February 5, 2004 - Diadem Resources Ltd. (TSX-V: "DIR") announced today that it had revised its joint venture arrangements with Darnley Bay Resources Ltd. (DBR) and had acquired additional land holdings in the western Canadian Arctic.

As previously disclosed, Diadem entered into an agreement to form a 50/50 joint venture with DBR for diamond exploration in an area near Paulatuk in the Northwest Territories. DBR originally was attracted to the area by the discovery of the strongest isolated gravity anomaly in North America. In exploring for base metals, an aeromagnetic survey revealed numerous kimberlite targets similar to those at Lac de Gras, NWT. This led to a diamond exploration program in a corridor covering some 8 million acres in which diamonds have been found by DBR in till and drill core samples, many of which contain abundant kimberlite indicator minerals. This program resulted in discovery of 10 kimberlite pipes, of which 6 are diamondiferous. A total of about \$14 million was spent by DBR on exploration in the area. As part of this program, an agreement was entered into with the Inuvialuit Development Corporation, representing the local indigenous groups, whereby community benefits and the right of access were agreed with the Diadem/DBR joint venture.

As part of the recent award of additional exploration permits in the Canadian Arctic, Diadem and DBR acquired additional exploration permits in their area of activity. Plans are being developed for continued exploration in an area of about 2,000,000 acres, extending over a 300 km length of the Franklin Dike Swarm, which is an offset of the dyke swarm hosting the *Ekati* and *Diavik* diamond mines. The Diadem/DBR joint venture has already begun a program on its exploration area of ground geophysics, till sampling and airborne EM surveying.

The original deal between Diadem and DBR involved only the area north of the 68th parallel wherein Diadem agreed to expend \$5.0 million on diamond exploration in the area by December 31, 2006 to earn a 50% interest in that area, with the right to go to a 75% interest by financing a feasibility study for a diamond mine. In a revised agreement, recently concluded, the joint venture was extended south of the 68th parallel. In this expanded joint venture Diadem and DBR each have a 50% interest (with Diadem having the right to go to a 75% interest by financing a feasibility study for a diamond mine). However, in the case of the area of the expanded joint venture, Diadem and DBR are required to finance exploration costs equally.

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