



DIADEM RESOURCES LTD.

NEWS RELEASE

FOR IMMEDIATE RELEASE

DIADEM ISSUES REPORT ON PROGRESS OF OTISH MOUNTAINS DIAMOND PROJECT AND CANCELS COMMON SHARE CONSOLIDATION

TORONTO, February 26, 2004 - Diadem Resources Ltd. (TSX-V: "DIR") issued a progress report today on its diamond project in the *Otish Mountains* region of Quebec and the proposed one-for-five common share consolidation.

Otish Mountains Diamond Project:

In October, 2003 Diadem completed a till sampling program on the Otish project managed by Roscoe Postle Associates Inc. Diadem expects to have preliminary results from this program by March 31, 2004. This completion date is somewhat later than had been earlier expected and reported. The delay has been unavoidable and is a function of the nature of the processing of till samples and the heavy volume of diamond exploration activity by several companies during the 2003 Canadian field season which resulted in processing backlogs at laboratories.

Diadem's till sampling program did not commence until mid-August and was completed in October, at the end of the field season. The program involved the helicopter-assisted collection of 521 samples, each being about 20 kg, for a total of over 10 tonnes of material. The samples were taken down ice from 189 discrete aeromagnetic targets distributed over the 267,000 acres of Diadem's claims. These claims were acquired by Diadem in July 2003 from 13 separate vendor companies and are broadly distributed in a halo around the central claims held by the Ashton/Soquem joint venture, which hosts their *Renard* kimberlite cluster and their *Lynx* diamond discoveries, as well as the kimberlite pipes discovered by Ditem Explorations. See the attached property location map or access the map and other information on Diadem's website at www.diademresources.com.

Aeromagnetic targets were selected by Diadem for sampling on the basis of magnetic intensity and morphology as well as proximity to structural features thought to be favourable for discovery of kimberlite pipes, the predominant source of diamonds in Canada. The till samples were obtained down-ice from these targets in order to obtain material believed to be representative of the bedrock at the target. The samples were then securely transported to the laboratory of SGS Lakefield Research Ltd. at Lakefield, Ontario for processing.

At SGS Lakefield, heavy mineral concentrates are being produced for each of the 521 samples by a series of steps which concentrate the samples from 20 kg each down to about 20 grams each. This time-consuming process produces a sand-sized mineral fraction of each sample within which diamond indicator minerals, or actual diamonds, if present, would be concentrated. The concentrates are then examined microscopically (or "picked") and diamond indicator

minerals can be identified and segregated for further analysis to determine their mineral chemistry. Members of Diadem management visited the SGS Lakefield laboratories on February 19 to view the progress of this process. In order to expedite the receipt of more timely results, the concentrates have been apportioned between SGS Lakefield and HDM Laboratories Inc. of Loveland, Colorado for diamond indicator mineral picking.

Kimberlites tend to occur in clusters over a large area. Given this fact, the considerable success to date by Ashton/Soquem and the positive results by Ditem, Diadem believes that its geographically extensive and wide spread holdings in the Otish Mountains area enhance its chances of a diamond discovery within that region.

Cancellation of Share Consolidation:

At the 2003 Annual Meeting of Diadem shareholders, management sought and obtained permission to effect a one-for-five consolidation of common shares. However, the decision whether or not to implement the consolidation was left with management. Paul Carroll, President and CEO of Diadem, stated "Last year, management received advice from several investment bankers and potential large investors that the large number of shares outstanding, currently almost 79 million, could be viewed by the investment community as an impediment to capital-raising. While we now have considerable cash on hand, as a result of raising \$1.7 million in the last six months, the Company will continue to need to raise additional capital to carry out further exploration and development of our diamond projects and for other corporate purposes. We are mindful that the Company's shares now have experienced a considerable increase in share price and greater liquidity and these facts alone will aid in capital-raising. Accordingly, management has decided not to implement the share consolidation."

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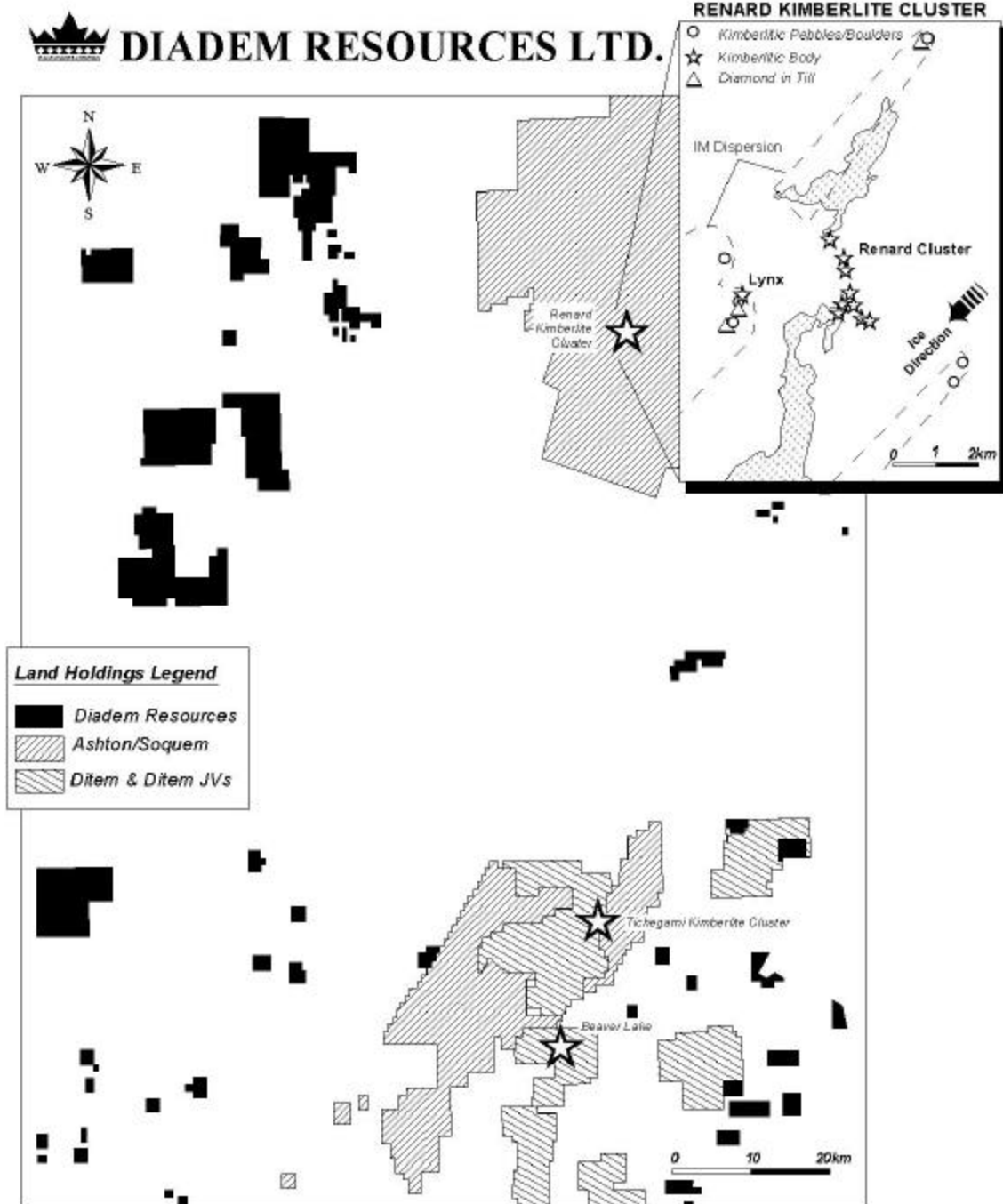
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A portion of Diadem's land holdings in the Otish Mountain Kimberlite District as of November, 2003 in relation to Ashton/Soquem's Renard Kimberlite Cluster and Ditem's Tichegami and Beaver Lake Kimberlites.

Sources:
 Area Map: Otish Mountains Exploration Area
 Land situation as at November 2003.
 Inset Map: Ashton Mining Canada Inc. website