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DIADEM ISSUES PROGRESS REPORT ON FRANKLIN DIAMOND PROJECT, NWT

TORONTO, March 31, 2004 - Diadem Resources Ltd. (TSX-V: "DIR") issued a progress report today on the Franklin Diamond Project which is focused on the Franklin diabase dike swarm north and south of Paulatuk in the Northwest Territories of Canada. The Franklin Diamond Project is a joint venture between Diadem and Darnley Bay Resources Ltd. ("DBR") and operates largely within the Inuvialuit Settlement Region (see attached map). Within that region, Diadem and DBR have negotiated agreements with the Inuvialuit Regional Corporation ("IRC") for access, for the purposes of mineral exploration and development, to those areas which Diadem believes to be prospective for diamonds. The Franklin Diamond Project is managed by Diadem, under the supervision of Rodney N. Thomas, P.Geo., its Vice-President Exploration, and a joint Management Committee of Diadem and DBR.

Earlier this month, following preliminary scoping studies, Diadem commenced an active program of staking and exploration in the area. Currently, Diadem is staking additional claims in areas considered most prospective for diamonds. These claims, together with claims already held by the joint venture in the area, will total roughly 850,000 acres. In addition, the joint venture holds exploration permits for an additional 800,000 acres. As a result of exploration work already done in the project area by DBR and others, Diadem is able to leverage off about \$20 million of prior exploration expenditures. It is anticipated that the total cost of staking and exploration of the project in 2004 will increase this by at least \$3 million.

There are 20 anomalies in the area that have been identified already but remain untested and may be kimberlite pipes. These will be surveyed by ground magnetometer to identify prospective drill targets. These new drill targets, along with two previously identified drill targets, will be drill tested during the summer of 2004. This drill program may be expanded to include drilling pipes that were previously drilled by DBR and which warrant an additional drill hole to confirm diamond potential. Diadem anticipates completing a drill program of at least 3,000 meters (at least 20 drill holes) in 2004. Additional airborne magnetic surveys, as well as additional till sampling, are also planned to be carried out in 2004 to identify discrete targets for follow-up ground geophysics and further drilling in 2005.

Diadem originally was attracted to the area because diamonds fortuitously were discovered by DBR during its search for base metals in the area. Airborne magnetometer surveys in 1999 discovered magnetic features typical of kimberlite dike intrusions associated with a portion of the Franklin diabase dike swarm, the apex of which is located on Parry Peninsula northwest of Paulatuk. The dikes are within a structural corridor that radiates south-southeast from the Peninsula through the Inuvialuit Settlement Region. DBR drill tested 12 potential kimberlite targets and 10 of the targets are kimberlite and of these 6 are diamondiferous.

In a global and regional context these results are very encouraging and are what attracted Diadem to the Franklin Diamond Project. However, no work had been done on the project area since DBR's initial investigations. This is partly due to the sovereign nature of the Inuvialuit Settlement Region where a cost and benefits agreement is a precursor to exploration and development.

The existence of diamond-bearing mantle under-plating this portion of the crust is very encouraging. The Franklin diabase dike swarm, which has focused and to some degree constrained kimberlite intrusions, is

analogous to the Mackenzie dike swarm in the Central Slave District which is host to Canada's first producing diamond mines, Ekati and Diavik.

A number of agreements have been signed between and among the IRC, Diadem and DBR, granting rights of access to Diadem and DBR to lands (including mineral rights) owned by the IRC. In addition, an agreement between the IRC, Diadem and DBR permits access to settlement lands where the IRC holds surface rights, but the mineral rights are held by the Crown. Mineral title in these latter lands can only be secured by staking, the very act of which requires that access rights be obtained from the IRC.

The diamond potential of the Franklin Diamond Project is already established by the presence of diamond-bearing kimberlite pipes. Limited previous exploration work within the Parry Peninsula kimberlite field offers excellent potential for near-term discovery. Furthermore, the structural corridor that hosts the Parry Peninsula kimberlite field and which continues south, remains virtually unexplored and may have provided a locus for the emplacement of additional kimberlite fields.

Diadem's Management believes that the region is highly prospective for diamondiferous kimberlite pipes. More pipes remain to be discovered and there is excellent potential for an economic discovery.

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DIADEM RESOURCES LTD.
FRANKLIN DIAMOND PROJECT
Inuvialuit Settlement Region
showing
Land Tenure in the Paulatuk Area

