

**FOR IMMEDIATE RELEASE**

**DIADEM ANNOUNCES RESULTS OF GROUND MAG SURVEY  
AND FUTURE WORK PROGRAM AT FRANKLIN DIAMOND PROJECT**

**TORONTO, July 22, 2004 - Diadem Resources Ltd. (TSX-V: "DIR")** announces that preliminary results from the ground magnetic survey of 22 potential kimberlite targets within the Parry Peninsula kimberlite field have now been reviewed. The Franklin Diamond Project, located in the Inuvialuit Settlement Region of the Northwest Territories, is a joint venture between Diadem and Darnley Bay Resources Ltd.

Of the targets recently evaluated, a total of at least eight high priority drill targets have been identified (including three targets that had been previously magnetically surveyed but not GPS located). Three of the targets exhibit geophysical characteristics consistent with known kimberlites on the property, which exist as remnantly magnetized features. Of particular interest are the remaining five targets, of which three exist as circular magnetic lows and two as circular magnetic highs. The inference of the occurrence of both magnetic lows and magnetic highs is there may be potential for kimberlites of differing ages. Survey data continues to be further processed and evaluated. Geophysical modeling of selected priority targets will be completed as a prelude to drill testing targets. These constitute priority targets for the 2004 drilling season. See the Company's news releases of April 14 (including target map) and June 10, 2004 which should be read together with this news release. The news releases can be accessed on the Company's website at [www.diademresources.com](http://www.diademresources.com).

The ground magnetic survey was limited to the Parry Peninsula kimberlite field. This is only a portion of the approximately 3,000,000 acres controlled by the joint venture. Exploration is focused on the Franklin dyke swarm which extends through the joint venture area from Franklin Bay on the Arctic Ocean to Great Bear Lake. The 2004 exploration program also may include till sampling and other ground and airborne reconnaissance of areas controlled by the joint venture but not previously explored.

Rodney N. Thomas, M. Sc., P. Geol., Vice President, Exploration of Diadem, is responsible for program design as well as quality assurance and quality control of exploration work undertaken by the Company.

The Company is currently in discussions with various sources of funding to carry out a drilling program on the Franklin Diamond Project later in the 2004 Arctic drilling season. These sources include flow-through share funds, some of which have already supported the Company's exploration activities in the last half of 2003 and the first half of 2004. Some commitments are already in hand. As well, the Company is discussing financing with some sources of funds that, if successful, would not involve issue of equity. Because of the current low levels and illiquidity of the junior capital market Management is concerned that the Company not suffer undue equity dilution at this time. The objective is to obtain the funding from a variety of sources and efforts are being made to arrange financing for the entire balance of the 2004 exploration program.

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