

FOR IMMEDIATE RELEASE

**DIADEM ANNOUNCES EQUITY FINANCING OF \$2,000,000
AND GRANT OF STOCK OPTIONS**

TORONTO, October 16, 2004 - Diadem Resources Ltd. (TSX-V: "DIR") announced today that it has arranged a non-brokered private placement of 33,333,333 Units at \$0.06 per Unit to raise \$2,000,000. Each Unit will consist of one common share and one common share purchase warrant. Each common share purchase warrant will entitle the holder to purchase one additional common share at a price of \$0.10 per share for a period of two years from the closing of the private placement. The private placement is expected to close within the next 10 days. In addition, the board of directors granted incentive stock options under its stock option plan to Rodney N. Thomas, Vice-President Exploration, and to Aime Bertrand, a Director, to purchase 1,500,000 and 250,000 common shares, respectively. The stock options vest over a period of four years.

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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of the information contained in this news release.