

FOR IMMEDIATE RELEASE: DIADEM DIAMOND EXPLORATION PROGRESS REPORT

TORONTO, May 16th, 2005 - Diadem Resources Ltd. (TSX-V: "DIR") is pleased to provide an update on its Canadian diamond exploration properties.

Franklin: Aeromagnetic gradiometry survey of the Parry Peninsula kimberlite cluster and immediate environs is complete. A total of 22, 573 line km of survey was flown during the period March 27th - May 14th, 2005. Fugro Airborne Survey crews operated out of the nearby hamlet of Paulatuk on the Arctic coast during this period. Survey operations have been suspended so as not to impinge on wildlife migrations during the spring period and will recommence on or about June 15th. In the interim preliminary survey data will be processed in order to discriminate potential kimberlite targets for ground follow-up during the summer season. The recently completed survey is designed to provide improved resolution and definition of the Parry Peninsula Cluster which to date is composed of 10 drill confirmed pipes. The expectation is that improved survey coverage will resolve additional potential kimberlite targets. Additional surveying is also planned to be extended to the south-southeast to prospect highly anomalous tills coincident with the continuation of the Franklin dike swarm which, analogous to the central Slave district, is believed to define a structural corridor that provided a locus for kimberlite pipe emplacement.

Attawapiskat: The Attawapiskat property, comprising some 500 sq. km in area, is situated 30 to 70 km along strike from De Beer's Victor pipe and straddles the northwest trending structure that is believed to control the Attawapiskat pipe cluster that includes the commercial Victor kimberlite pipe. Geophysical results obtained from the recently completed helicopter borne airborne magnetic gradiometer survey (5500 line km @ 110 m line spacing) have been processed, interpreted and modeled with the result that a total of 10 potential 1st priority targets have been identified. A number of targets will be selected for ground follow-up by auger drilling to delineate potential core drilling targets for the early 2006 drilling season.

Further to the news release of May 12th, 2005 the majority of flow through funds raised will be directed towards exploration activities on the Franklin Project, specifically the completion of an additional 30,000 line km of aeromagnetic gradiometer survey and ground follow-up, of resultant targets, designed to prioritize targets for drill testing in 2006.

Diadem is a Toronto-based diamond exploration and development company. Currently the Company is focused on its substantial land holdings in the Franklin Bay area within the Inuvialuit settlement region of the Northwest Territories and on the Attawapiskat property located southeast of De Beers' Victor diamond mine development in the James Bay Lowlands Region of Ontario. Diadem is also exploring mineral claims in the Otish Mountains region of Quebec and has a minority interest in a bedrock diamond prospect in northeast California.

For further information, please contact:

Rodney N. Thomas, President
Phone: 416-369-6080
Fax: 416-369-6088
Email: rodney.thomas@diademresources.com
Website: www.diademresources.com

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