

**FOR IMMEDIATE RELEASE:**

**DIADEM ANNOUNCES PRIVATE PLACEMENT OF UP TO 1,000,000 UNITS**

**TORONTO, January 17, 2006 – Diadem Resources Ltd. (TSX-V: "DIR")** announced today that it proposes to effect a non-brokered private placement of up to 1,000,000 units at \$0.80 per unit to raise up to \$800,000 of equity financing. Each unit will consist of one post-consolidation common share at \$0.80 and one-half warrant at \$1.00 per common share expiring December 31, 2006. The private placement is expected to close not later than February 10, 2006.

Although the placement is proposed to be non-brokered, the Company welcomes solicitations from licensed brokers to participate in the placement. Upon acceptance of any such solicitations, the Company will pay the subject broker a cash commission of 8% of the purchase price of the units placed by such broker. The common shares will have a hold period of four months from closing.

Funds will be used to advance the recently acquired gold exploration properties in Mali and for general corporate purposes.

The proposed share consolidation, on a one-for-sixteen-basis, is subject to shareholder approval, which will be solicited at the special meeting on January 27, 2006. Currently the Company has outstanding 154,747,412 common shares. Subject to shareholder approval of the share consolidation at the special meeting on January 27, 2006 the Company will have approximately 9,671,713 shares outstanding that are expected to trade, on a post-consolidated basis, on or about February 6, 2006.

**For further information, please contact:**

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