

**FOR IMMEDIATE RELEASE**

**DIADEM ANNOUNCES FLOW THROUGH EQUITY FINANCING OF UP TO \$1,000,000**

**TORONTO, May 18, 2006 - Diadem Resources Ltd. (TSX-V: "DRL")** announced today that it proposes to effect a non-brokered private placement of up to 2,000,000 flow-through common shares at \$0.50 per share to raise up to \$1,000,000 of equity financing. The private placement is expected to close not later than May 31, 2006. The placement announced today replaces the private placement which was announced by Diadem on January 17, 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 to be negotiated on a case-by-case basis but not to exceed 7.5% of the purchase price of the flow-through common shares placed by such broker. The flow-through common shares issued pursuant to the placement will have a hold period of four months from closing, which is expected to be on or before May 31, 2006.

The Company currently has outstanding 9,679,393 common shares. Assuming full take-up of this private placement, on a fully-diluted basis and after giving effect to the exercise of all outstanding share purchase warrants and incentive stock options granted under its stock option plan and the exchange of subsidiary special shares, the Company anticipates it would have 14,810,476 common shares outstanding.

The gross proceeds of the placement will be used for the exploration of Diadem's mineral properties in Canada (specifically, the *Duquesne West* gold project near Rouyn-Noranda, Quebec and the *Franklin* diamond project in the Northwest Territories). The Company will use its best efforts to ensure that such exploration expenses qualify as "flow through mining expenditures") for the purposes of the *Income Tax Act* (Canada). Such expenses will be renounced with an effective date of no later than December 31, 2006.

Diadem continues to transition itself from having primarily a diamond and gold exploration focus to an expanded focus which includes production and near-production mining opportunities, especially those related to gold. The acquisition of the option to acquire up to a 57.5% interest in the *Duquesne West* gold project is a step in that transition. The Company also currently is considering other such opportunities. At the same time, Diadem continues work on its exploration projects, the *Franklin* diamond project in the Northwest Territories, Canada and the *Diokeba, Dalakan, Sinzeni* and *Tinkeleni* gold properties in Mali, West Africa.

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