

**FOR IMMEDIATE RELEASE**

**DIADEM ANNOUNCES RESULTS OF ELECTRON MICROPROBE ANALYSES  
ON FRANKLIN DIAMOND PROJECT; NEW DRILL TARGETS IDENTIFIED**

**TORONTO, October 5, 2006** – Diadem Resources Ltd. (TSX-V: “DRL”) is pleased to announce that electron microprobe analyses by HDM Laboratories and its associates of kimberlite indicator minerals from its Franklin Diamond Project are complete. In addition, Diadem has received a report from Taiga Consultants Ltd. on the most recent exploration work carried out on the Project. The management of Diadem is very encouraged by these results which suggest that it is highly likely that many of the kimberlite indicator minerals analyzed originated from diamond-bearing kimberlites. Based upon this information, Diadem’s management has identified 13 high priority drill targets in addition to the 10 known kimberlite pipes already identified.

During the months of August and September, 2005 (see news release dated October 7, 2005) a geochemical survey was carried out by Taiga Consultants Ltd. of Calgary on behalf of Diadem. The goals of the geochemical survey were to provide additional detail in areas where anomalous kimberlite indicator mineral results had been obtained from previous regional surveys, to test geophysical anomalies identified during previous airborne and ground geophysical surveys, and to identify the indicator mineral signature of the known kimberlite pipes. In total, 223 samples of glacial till were collected, 163 in the vicinity of airborne and ground magnetic anomalies, within the Parry Peninsula Kimberlite Field, which exhibited signatures similar to those recorded over known kimberlite pipes and the other 60 in the vicinity of existing till sample anomalies and previously unsampled areas within Diadem’s central claim block.

Heavy mineral concentrates generated from these samples were examined optically by HDM Laboratories Inc of Loveland, Colorado for the presence of kimberlite indicator minerals (KIMs) principally pyrope garnet, chrome diopside, picroilmenite and chromite. A total of 527 KIMs identified by HDM Laboratories were then subjected to electron microprobe analyses performed by Ingrid Kjarsgaard at the Microprobe Facility at Carleton University, Ottawa, to determine their mineral chemistry and kimberlite provenance. The results from the analyses of peridotitic chrome diopside, chromite, ilmenite and eclogitic garnet were plotted by HDM Laboratories as metallic oxide ratios in chart form referenced to a diamond inclusion field (DIF) created from the chemistry of the various KIMs from known diamondiferous kimberlites. The results from the analyses of the pyrope garnets were plotted as metallic oxide ratios against established chemical domains for G10, G9, eclogitic and lherzolitic garnets.

The chemical composition Cr<sub>2</sub>O<sub>3</sub>:CaO (wt%) of eleven of the pyrope garnet grains analyzed fell within the G10 pyrope domain and the bulk of the remainder fell within the G9 pyrope domain. A small number of the garnets were found to be eclogitic with chemical compositions TiO<sub>2</sub>:Na<sub>2</sub>O (wt%), FeO:MgO (wt%) and TiO<sub>2</sub>:CaO (wt%) that fell partly within or immediately adjacent to the diamond inclusion field. The chemical composition Cr<sub>2</sub>O<sub>3</sub>:CaO (wt%) of over 95% of the chrome diopside grains fell within the diamond inclusion field. Sixty-six grains of ilmenite were analyzed and when plotted were found to form a tight cluster with MgO compositions ranging between 10 and 14 (wt%) with Cr<sub>2</sub>O<sub>3</sub> compositions up to seven (wt%) exhibiting a reducing trend and therefore

a strong indication of diamond preservation. Of the 85 grains of chromite analyzed, the chemical composition Cr<sub>2</sub>O<sub>3</sub>:MgO (wt%), one fell within the diamond inclusion field and, although the others plotted outside the diamond inclusion field, they exhibited a strong kimberlitic trend. The management of Diadem is encouraged by the results of the electron microprobe analyses which suggest that it is highly likely that many of the kimberlite indicator minerals analyzed originated from diamond-bearing kimberlites.

Taiga Consultants Ltd was commissioned by Diadem to prepare an assessment report of the 2005 geochemical and geophysical exploration programs that were carried out as part of the Franklin Diamond Project. Among other things, they concluded: "In addition to the ten known kimberlite pipes in the Northern Block, there are eleven high priority targets for further exploration and two new targets identified by the 2005 airborne survey" and "Till sample kimberlite indicator mineral counts and mineral chemistry will assist in prioritizing drill targets but ultimately geophysical signatures should be used to define drill targets within areas of anomalous indicator mineral counts." Taiga went on to conclude: "the known kimberlite pipes at MT9, MT100, MT101, MT103, MT104, MT105, MT106, MT107, MT108 and MT109 should be further tested by diamond drilling. The objective of the drilling should be to outline the dimensions and size of the pipes and also to collect larger samples for micro-diamond analysis."

In recognition of the large amounts of money involved in diamond exploration in the far north, Diadem is endeavouring to identify a senior industry partner to drill test known diamondiferous kimberlite pipes and highly prospective geophysical targets that have magnetic signatures similar to known kimberlite pipes and around which kimberlite indicator minerals have been found down ice.

This news release has been prepared by Thomas Skimming P.Geol., P.Eng who is Diadem's Qualified Person for such purpose under NI 43-101.

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 was a step in that transition. The Company also currently is considering other such opportunities. At the same time, Diadem continues work on the Franklin diamond exploration project in the Northwest Territories, Canada, as outlined above.

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