

FOR IMMEDIATE RELEASE

**DIADEM - DUQUESNE WEST GOLD PROJECT
LIZ ZONE MINERALIZATION EXTENDED 160 METERS DOWN DIP
WITH COMPOSITE ASSAY OF 8.9 GRAMS GOLD OVER 6.0 METERS**

TORONTO, October 18, 2006 - Diadem Resources Ltd. (TSX-V: "DRL") announced today that it has received additional assays back from holes DQ06-02 and DQ06-03 from the 5,000 meter diamond drilling program on its *Duquesne West* gold project (the "Project") in the Destor-Porcupine fault zone in Duparquet Township, Quebec, 32 km north of Rouyn-Noranda.

The main target of the current drilling program is the Liz Zone mineralization which begins at about 200 meters depth below surface and is known to continue down dip for an additional 300 meters. The higher grade core of the known Liz Zone gold mineralization strikes east - west over a distance of about 200 meters between grid lines 26+50E and 28+50E and dips steeply to the south. A vertical longitudinal section is available on the Diadem web site at:

<http://www.diademresources.com/projects/pdf/duquesne-liz-long-section.pdf>

The second hole, DQ06-02, was collared on line 26+00E and was designed to test the up dip extension of the Liz mineralized zone. The Liz Zone on this section appears to narrow upwards and this hole returned an intersection assaying 6.17 grams gold per tonne over 1.0 meters. Four additional narrow intervals of mineralization were encountered further down in the same hole and assayed: 16.6 g Au/t over 1.0 meter (343.6 to 344.6 m), 3.6 g Au/t over 1.0 meters (460.25 to 461.25 meters), 1.9 g Au/t over 1.4 meters (486.6 to 488.0), and 3.6 g Au/t over 0.8 meters (493.7 to 494.5 meters). One of the mineralized zones encountered below 460 meters can probably be correlated with the Fox Zone structure which is known to occur about 200 meters north of the Liz Zone and strikes parallel to it. The Fox structure hosts a historical gold resource and has individual composite assays of up to 25.4 g Au/t over 3.3 meters which will require future follow-up drilling.

The third hole, DQ06-03, was designed to test the down dip extension of the Liz Zone mineralization and it encountered 4.1 g Au/t over 19.5 meters (approx. 13 m true width) including a composite intersection of 8.9 g Au/t over 6.0 meters (approx. true width of 4 m) from 621.0 to 627.0 meters. This hole cut the Liz Zone approximately 160 meters below DQ03-16 (6.1 g Au/t over 9.1 m) which was drilled in 2003 and extended the zone a full 160 meters down dip on grid section 28+00E. Hole DQ06-03 intersected the Liz Zone about 285 meters below DQ06-01. The Liz Zone can now be traced over a strike length of greater than 200 meters and down dip over a distance of about 400 meters and it is still wide open.

Hole DQ06-04 was designed to intersect the Liz Zone about 100 meters to the west of DQ06-03. This hole was recently completed at a final length of 777 meters. Assays are pending. The drill program commenced on August 14th and a total of 2,664 meters have been drilled to date in 4 holes. Hole number 5, DQ06-05 is in progress.

For purposes of NI 43-101, Dave Gamble, P.Geo. and John P. Thompson, P.Eng. are the Qualified Persons who are supervising the exploration program for Diadem on the *Duquesne West* gold project. Diadem is employing a QA/QC program consistent with National Instrument 43-101 and industry best practices. The drill core was logged and split and half-core samples were analyzed

employing the appropriate gold fire assaying techniques at Expert Laboratory Inc. of Rouyn-Noranda, Quebec.

Hole No.	Easting	Northing	Depth meter	Comments
DQ06-01	L27+50E	8+00N	626	Liz Zone: 4.2 g Au/t over 10.3 m from 361.7 to 375.8 m including 7.55 g Au/t over 3.5 m from 362.5 to 366.0 m <u>other mineralization</u> 1.2 g Au/t over 1.0 m from 430.7 to 431.7 m 2.1 g Au/t over 1.0m from 475.0 to 76.0 m 15.8 g Au/t over 1.0 m from 557.0 to 558.0 m
DQ06-02	L26+00E	10+00N	535	Liz Zone: 6.17 g Au/t over 1.0 m from 249.0 to 250.0 m <u>other mineralization</u> 16.6 g Au/t over 1.0 m from 343.6 to 344.6 m 3.6 g Au/t over 1.0 m from 460.25 to 461.25 m 1.9 g Au/t over 1.4 m from 486.6 to 488.0 m 3.6 g Au/t over 0.8 m from 493.7 to 494.5 m
DQ06-03	L28+00E	7+40N	726	Liz Zone: 4.1 g Au/t over 19.5 m from 621.0 to 640.5 m including 8.9 g Au/t over 6.0 m from 621.0 to 627.0 m
DQ06-04	L27+00E	7+30N	777	Just completed
DQ06-05	L26+50E	7+50N		Just started
			2,664	

Diadem has the right to earn up to a 57.5% interest in the Duquesne West property in a joint venture with **Globex Mining Enterprises Inc. (GMX-Toronto, G1M-Frankfurt and GLBXF-U.S. Pink Sheets)** by making certain cash and stock payments and making staged exploration expenditures aggregating \$6.0 million.

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. As part of its transition, Diadem made the decision to restrict itself to North America, for the near term at least.

Diadem continues work on its *Franklin* diamond exploration project in the Northwest Territories, Canada, where it has identified 13 high priority drill targets in addition to the 10 known kimberlite pipes already identified. In recognition of the large expenditures required for diamond exploration in the far north, Diadem is endeavouring to identify a senior industry partner to drill test the 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.

For further information, please contact:

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E

2200E
UTM 639680mE

2400E
UTM 639880mE

2600E
UTM 640080mE

2800E
UTM 640280mE

3000E
UTM 640480mE

3200E
UTM 640680mE

Surface

Surface

-200m

-200m

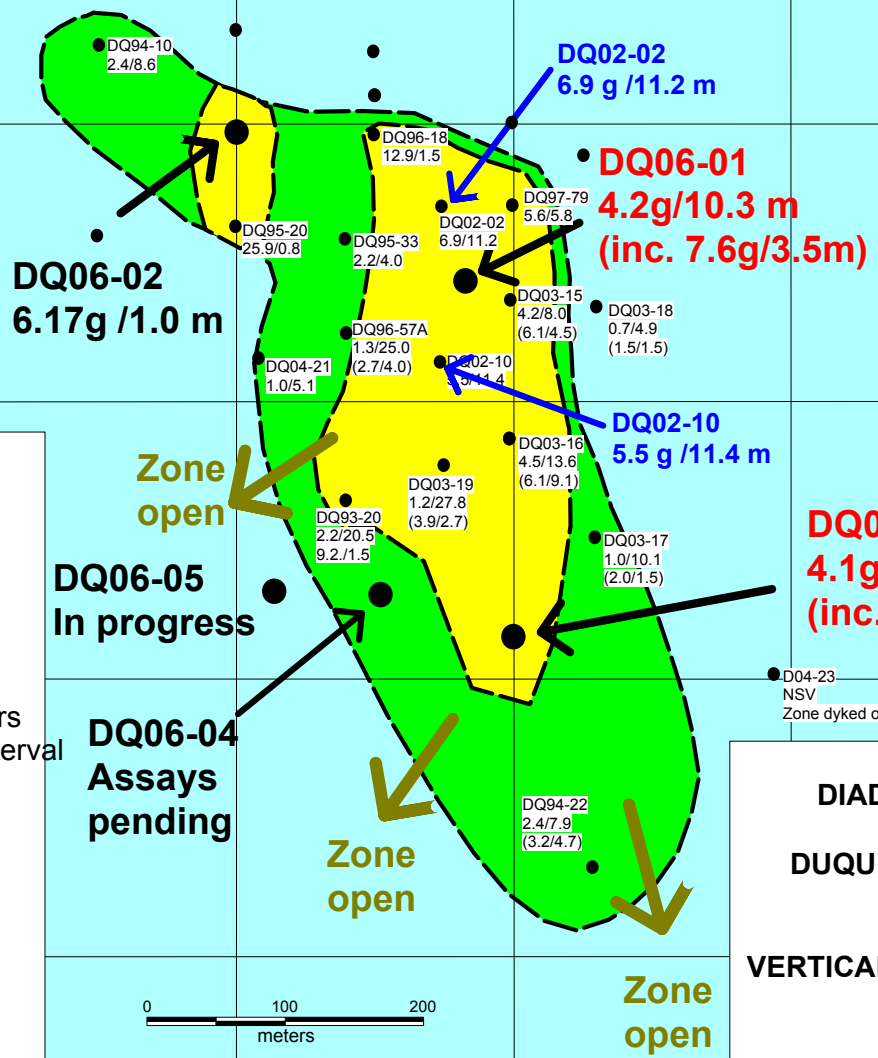
-400m

-400m

-600m

LEGEND

- Previous DDH
- 2006 DDH Program
- DQ03-20 6.9/10.2 (9.3/2.1) DDH Number g/t Au over width in meters Included higher grade interval (gms/t over m)
- NSV No significant values
- Mineralized envelope (1 to 3 g/t Au)
- Higher grade core (> 3.0 g/t Au)



DIADEM RESOURCES LTD
DUQUESNE WEST PROPERTY
LIZ ZONE
VERTICAL LONGITUDINAL SECTION
(Looking North)

