

FOR IMMEDIATE RELEASE

**DIADEM FLOW-THROUGH EQUITY FINANCING OF OVER \$1.6 MILLION
WITH MINERALFIELDS AND OTHER INVESTORS**

TORONTO, November 17, 2006 - Diadem Resources Ltd. (TSX-V: "DRL") ("Diadem" or the "Company") is pleased to announce completion of a non-brokered private placement of approximately \$1.6 million through the sale of 4,767,654 flow-through units ("FT Units") at \$0.34 per FT Unit to the MineralFields Group and two other undisclosed investors. Each FT Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one non flow-through common share at a price of \$0.45 per common share during the 12 months immediately following the date of the placement and at a price of \$0.60 per common share during the second 12 month period following the date of the placement. In addition, one undisclosed party subscribed for 110,000 non flow-through common shares for gross proceeds of \$33,000 with no share purchase warrants attached.

In connection with the placement of the FT Units, the Company provided common share purchase options as finders' fees to the applicable market intermediaries entitling the holders thereof to purchase 381,412 non flow-through common shares on the same terms as the warrants constituting part of the FT Units.

The gross proceeds of the placement of the FT Units 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).

All securities issued pursuant to these private placements will be subject to a hold period of four-months following the closing of the placement.

Diadem Share Capitalization

After giving effect to the placements described herein, Diadem will have 17,649,352 common shares outstanding. On a fully diluted basis, assuming exercise of all the share purchase warrants, placement options and incentive stock options granted under its stock option plan, Diadem would have 23,189,043 common shares outstanding. All share issuances have received the approval of the TSX Venture Exchange.

About MineralFields

MineralFields Group (a division of Pathway Asset Management) is a Toronto-based mining fund with significant assets under administration that offers its tax-advantaged super flow-through limited partnerships to investors throughout Canada during most of the calendar year, as well as hard-dollar resource limited partnerships to investors throughout the world. Information about the MineralFields Group is available at www.mineralfields.com.

About Diadem

Diadem is expanding its focus from pure diamond and gold exploration to production and near-production mining opportunities, especially related to gold. The acquisition of the option to acquire 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. Diadem also made the decision to restrict its activities to North America, for the near term at least.

Diadem continues with its *Franklin* diamond exploration project in the Northwest Territories, 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 around which kimberlite indicator minerals have been found.

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