

FOR IMMEDIATE RELEASE

DIADEM CLOSES FLOW-THROUGH EQUITY FINANCING

TORONTO, December 21, 2006 - Diadem Resources Ltd. (TSX-V: "DRL") ("Diadem" or the "Company") is pleased to announce completion of a non-brokered private placement of approximately \$440,000 through the sale of 1,295,295 flow-through units ("FT Units") at \$0.34 per FT Unit. 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.

The gross proceeds of the placement of the FT Units will be used for the exploration of Diadem's *Duquesne West* gold project (located near Rouyn-Noranda, Quebec).

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 also takes this opportunity to correct the Press Release of November 17, 2006 which should have correctly indicated that the Company issued 3,532,354 share purchase warrants (which were a part of each Unit placed in the private placement which closed November 15, 2006) as apposed to the 4,767,654 share purchase warrants which were stated in such release.

Diadem Share Capitalization

After giving effect to the placements described herein, and the correction, Diadem has 18,944,647 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 24,544,333 common shares outstanding. All share issuances have received the approval of the TSX Venture Exchange.

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.

For further information, please contact:

Paul A. Carroll, Chairman and Chief Executive Officer

Phone: 416-369-7217

Email: paul.carroll@diademresources.com

Website: www.diademresources.com

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