

**FOR IMMEDIATE RELEASE:**

**DIADEM ISSUES PROGRESS REPORT ON FRANKLIN DIAMOND PROJECT**

**TORONTO, September 27, 2007 – Diadem Resources Ltd. (TSX–V: "DRL")** today issued a progress report on the exploration program for its *Franklin Diamond Project* located on the Parry Peninsula in the Canadian Arctic. The Project is approximately 30 km northwest of Paulatuk in the Inuvialuit Settlement Region of the Northwest Territories. The current exploration program is a prelude to 5,000 metres of diamond drilling scheduled to commence in the spring of 2008. The estimated cost of the total program (including drilling, related ground gradiometer magnetic surveys, permitting and environmental impact studies) is up to \$3.0 million. The program will evaluate 10 known kimberlite pipes, six of which are known to be diamond-bearing, and 18 additional high-priority ground magnetic anomalies.

The following is the current status of the *Franklin Diamond Project* exploration program:

- The administration of the drill and other exploration programs and related permitting is being carried out on behalf of Diadem by Taiga Consultants Ltd. of Calgary, Alberta. Tim Sandberg, P. Geol. of Taiga, is Diadem's Qualified Person for such purpose under NI 43-101.
- Prior to the commencement of the drill program in 2008, further detailed ground gradiometer magnetic surveys will be carried out in 2007 by JVX Ltd. of Richmond Hill, Ontario. This will assist in determining the optimum drill location to accurately test each of the proposed drill targets. Mobilization is currently underway.
- As part of the permitting process, Diadem retained Kavik-Axys Inc., an affiliate of Jacques Whitford, to prepare and file a report to the Environmental Impact Screening Committee for its review and approval. This was a condition precedent to appropriate permits being issued.
- Applications for all required permits and approvals from the Inuvialuit Land Administration, Environmental Impact Screening Committee, Northwest Territories Water Board and the NWT Worker's Compensation Board are being processed and communications with organizations and individuals native to the project area are ongoing.
- A number of Inuvialuit contractors and sub-contractors will be providing a variety of services to Diadem over the duration of the exploration program which is expected to extend well into 2008.
- In order to minimize mobilization costs, in July 2007 Diadem transported bulk supplies and consumables (including diesel and helicopter fuel, calcium chloride and propane) to Paulatuk. These supplies will be required in the proposed exploration program. Taking advantage of the Project's good access to water transport, these supplies were delivered by barge from Hay River, NWT via the MacKenzie River and Arctic Ocean to Paulatuk. These supplies are now in place in Paulatuk awaiting commencement of the program.

To date, the Company has invested over \$3.2 million in the *Franklin Diamond Project*. To completely satisfy Diadem's 50% earn-in requirement the Company is required to expend an

additional \$800,000 on the lands north of the 68<sup>th</sup> parallel. It is expected that this will be easily satisfied when the 2007 exploration program is completed. When Diadem has satisfied its earn-in requirement at the end of 2007 it will form a 50/50 joint venture with Darnley Bay Resources Ltd. (DBR). Thereafter, DBR will be required to carry its 50% pro rata share of ongoing exploration and development expenses or suffer dilution of its interest. Diadem is the operator of the joint venture. If a decision is made to carry out a feasibility study for a diamond mine, Diadem has the right to fund the study and if the property is advanced to commercial production, Diadem's interest will increase to 75% and DBR's interest will decrease to 25%.

In 2004, Diadem and DBR negotiated an agreement with the Inuvialuit Regional Corporation (IRC) for access, for the purposes of mineral exploration, development and operation, and for royalties upon commercial production. Such an agreement with the indigenous peoples of the area is an essential ingredient of any project in the Arctic. The IRC or an affiliate has the right to back into the project for a participating 10% working interest when a decision is made to place a diamond mine into production. In such eventuality, the dilution will be shared equally between Diadem and DBR.

Management of Diadem continues to be focused on acquiring production or near-production mining opportunities in North America, especially those related to gold and diamonds. This objective is exemplified by Diadem's diamond exploration activities in the Franklin Bay area of the Northwest Territories.

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