

**FOR IMMEDIATE RELEASE**

**DIADEM REPORTS ON STATUS OF EFFORTS TO COMPLETE PRIVATE PLACEMENT**

**TORONTO, December 31, 2008 - Diadem Resources Ltd. (TSX-V: "DRL")** announced today that the TSX Venture Exchange (TSX-V) has extended until January 9, 2009 its deadline for final approval of the proposed initial \$1.5 million financing contemplated by Diadem's financing agreement with Wakabayashi Fund LLC of Tokyo, Japan. However, based on the lack of progress to date, Diadem reported that the extended deadline is unlikely to be met. The financing agreement was entered into September 30, 2008 to assist Diadem in structuring and arranging one or more financings over a six month period (see earlier news release dated October 15, 2008). The financings are planned to provide up to \$6 million of funding for general corporate purposes and to carry out a drilling program at its Franklin Diamond Project located on the Parry Peninsula in the Canadian Arctic. Although Wakabayashi Fund did not raise funding by October 31, 2008, thus giving Diadem the right to terminate the agreement, because of the current global economic turmoil Diadem has not yet exercised that right to terminate the agreement, which right remains in effect.

By June 30, 2008 Diadem had earned into its 50% interest in the Franklin Diamond Project. Preliminary plans have been developed for a 2009 drilling program at an estimated cost of \$2.9 million. In addition to arranging the necessary financing, in order to carry out the drilling program Diadem will need to complete the requisite permitting and extend its current land access agreement with the Inuvialuit Regional Corporation.

Paul Carroll, Chairman and CEO of Diadem, said "Despite extremely difficult market conditions, which have become dramatically worse since signing the agreement with Wakabayashi Fund, we hope to benefit from its capital raising experience and its relationships in North America, Asia and the Islamic world." "It is certainly grim out there, especially for juniors like Diadem" he said.

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