

DARNLEY BAY RESOURCES LIMITED

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NEWS RELEASE

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Diadem Resources Ltd, under our joint venture agreement, is carrying out follow-up till sampling on the Franklin Diamond Project near the hamlet of Paulatuk, Northwest Territories. The till sampling program is being carried out on 21 potential drill targets, the majority of which have been identified from current airborne magnetic gradiometry surveys.

The portion of the Franklin Diamond Project north of 68 degrees latitude (the joint venture area) consists of an area of approximately 1,000,000 acres. Diadem commenced a planned 60,000 line-km airborne magnetic gradiometry survey over the Franklin Diamond Project earlier in 2005. Currently 44,000 line-km of the survey have been flown and the balance of the survey should be complete by October 2005.

Preliminary interpretation of the initial 22,573 line-km of the survey over the Parry Peninsula is complete and a number of targets have been selected for follow-up till sampling. In total, there are 21 geophysical targets of interest in the initial survey, of which four comprise high probability kimberlite targets with magnetic signatures similar to the known, drill-confirmed, kimberlite pipes within the Parry Peninsula Kimberlite Field.

The 21 geophysical targets to be evaluated consist of two known kimberlite targets that will be till sampled for benchmarking purposes. A further two that were previously drill-tested in 2000 will also be till sampled because it is likely that previous drilling did not penetrate the targets of interest. An additional five potential drill targets for which there are existing ground magnetic surveys, completed by Diadem in 2004, and 12 targets highlighted by this year's airborne survey, will be till sampled as well. It is anticipated that the surface till sampling will assist Diadem in identifying and prioritizing geophysical targets for additional follow-up, including core drilling, in 2006.

The Franklin Diamond Project hosts the Parry Peninsula Kimberlite Field that is currently the only known kimberlite field in the Lena West Area. The geology of the Project area is such that it facilitates direct targeting of kimberlites by airborne geophysics.

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