

## **NEWS RELEASE**

### **DARNLEY BAY RESOURCES AND DIADEM RESOURCES ANNOUNCE NEW JOINT VENTURE**

**Toronto, ON – July 9, 2010** – Darnley Bay Resources Limited (“Darnley Bay”) (TSX VENTURE: DBL) and Diadem Resources Ltd. (“Diadem”) (TSX VENTURE: DRL) are pleased to announce that they have agreed on the principal terms of a 50/50 joint venture agreement for exploration and production of diamonds and minerals on the Parry Peninsula, Northwest Territories. The agreement represents a renewed commitment by the companies to locate a diamond mine in the region.

The property currently encompasses 33 mineral claims. These claims are located on Inuvialuit 7(1)(b) lands northwest of Paulatuk NT. Work on these claims is subject to a cooperation agreement between the Inuvialuit Regional Corporation and the joint venture, and all other terms and conditions for development on Inuvialuit lands.

The terms of the agreement include the following:

- The joint venture will be co-managed by the two companies;
- Diadem will be responsible for the first \$2 million in exploration expenditures, with \$1 million to be recovered directly by Diadem from Darnley Bay’s share of the eventual diamond production of the joint venture; and
- Diadem has a 180-day option to extend the joint venture to include diamond exploration and production on ten prospecting permits currently held by Darnley Bay south and southwest of Paulatuk, where the two companies previously explored for diamonds, upon payment of certain fees and expenditures to Darnley Bay.

Darnley Bay has received all necessary permits to carry out exploration and drilling on the properties in the Paulatuk region (see Darnley Bay’s news release of June 28, 2010). The joint venture’s drilling and exploration plans were included in the permitting process, and therefore work may proceed immediately. In 2000, Darnley Bay located ten kimberlite pipes within the Parry Peninsula claim group, of which six proved diamondiferous. Subsequent to these initial discoveries a total of 38 kimberlitic targets, including the original ten kimberlites, were identified and prioritized for detailed study. The two companies are completing a review of the exploration data, including prior drilling, indicator mineral sampling, airborne and ground geophysics, to prioritize the new kimberlite pipe targets for drilling and determine which known pipes require further drill assessment.

Darnley Bay personnel Stephen Reford and Don Yamkowy, and Diadem personnel Aimé Bertrand and Ed Schiller, visited Paulatuk and Inuvik in late May-early June, 2010 to lay the groundwork for the upcoming drill program. Aurora Geosciences, under project manager Lou Covello, has commenced Darnley Bay’s metals exploration south of Paulatuk. The program will be expanded to incorporate the Parry Peninsula work, taking advantage of synergies so that costs are reduced and a greater proportion of each company’s budget is applied to drilling.

## **About Darnley Bay Resources Limited:**

The Company was formed in 1993 to explore and develop an area of geophysical significance in the Northwest Territories of Canada. The Company's objectives are to secure and maintain successful financing partnerships to continue exploration for base metals, precious metals and diamonds that will result in the development of a profitable mining venture.

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## **Forward-Looking Information**

*This release includes certain statements that may be deemed “forward-looking statements”. All statements in this release, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the statements. There are certain factors that could cause actual results to differ materially from those in forward-looking statements. These include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. For more information on the Company, investors should review registered filings at [www.sedar.com](http://www.sedar.com).*

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