Form 51 – 102F3

Material Change Report

Item 1 Name and Address of Company

Diagem Inc. (the "Corporation")
1501 McGill College Avenue
Suite 2900
Montréal, Québec
H3A 3M8

Item 2 Date of Material Change

July 21, 2006

Item 3 News Release

A press release was issued by the Corporation on July 20, 2006 and filed on Sedar.

Item 4 Summary of Material Change

The Corporation announced the completion of an equity financing of $6,536,476.

Item 5 Full Description of Material Change

The Corporation has completed a financing of $6,536,476 comprised of 65,364,760 common shares at $0.10 per share pursuant to a private placement which raised $4,575,000 and the concurrent conversion of all outstanding shareholder loans totalling $1,961,476 in capital and accrued interest with the result that the Corporation is presently without debt. The net cash proceeds of the financing will be used to fund the Corporation's ongoing exploration in Brazil for both primary and secondary sources of diamonds and provide working capital.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable

Item 7 Omitted Information

Not applicable

Item 8 **Executive Officer**

Paul Einarson
Chief Financial Officer
(514) 866-6001, ext. 251

Item 9 **Date of report**

July 21, 2006

DIAGEM INC.

(signed) Paul Einarson

Paul Einarson
Chief financial Officer