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## **PRESS RELEASE**

### **UPDATE ON PROPOSED MERGER WITH ELKEDRA AND TAKEOVER BID OF GREAT WESTERN DIAMONDS**

Vaalldiam Resources Ltd. (VAA – TSX) is pleased to provide an update on the status of the previously announced (see press release dated July 3, 2007) merger with Elkedra Diamonds NL (EDN – ASX/AIM) (“Elkedra”) and the take-over bid for Great Western Diamonds Corp. (GWD – TSXV).

#### **Elkedra Transaction**

Under the terms of the proposed Elkedra Scheme of Arrangement, Vaalldiam will issue 0.52 of a Vaalldiam share for each Elkedra share held by Elkedra shareholders.

The directors of Elkedra have unanimously voted to support the Elkedra Scheme of Arrangement and have agreed to recommend the transaction to shareholders. Vaalldiam has executed lock-up agreements pursuant to which a number of existing shareholders have agreed to vote an aggregate of 19.9 million Elkedra shares in favour of the offer, representing approximately 19% of all outstanding Elkedra shares.

The Scheme Booklet containing the notice of meeting and the information necessary for Elkedra shareholders to make a decision on how to vote at the scheme meeting was mailed to Elkedra shareholders on Friday, 28 September 2007.

The important dates pertaining to the Elkedra transaction are:

Proxies to be received not later than 11:30am (Perth, Western Australia time):	27 October 2007
Meeting of Elkedra shareholders to approve the scheme of arrangement:	29 October 2007

If Elkedra shareholders approve the Scheme, the expected timetable is:

Final Court Approval:	2 November 2007
The Scheme becomes binding (Effective Date):	8 November 2007
Last day of ASX trading in Elkedra Shares:	8 November 2007
Record date for determining entitlements (Record Date):	15 November 2007
Dispatch of holding statements for new Vaalldiam Shares and trading in new Vaalldiam Shares on the TSX commences:	23 November 2007

#### **Great Western Transaction**

Vaalldiam has also proposed to make an offer to acquire all of the outstanding shares of explorer Great Western Diamonds Corp. (“Great Western”) in exchange for Vaalldiam shares. Under the proposed Offer, Vaalldiam would acquire all of the outstanding shares of Great Western for shares of Vaalldiam at an exchange ratio of 0.45 of a Vaalldiam share for each Great Western share. The successful completion of the Elkedra Scheme of Arrangement, which involves regulatory, court and shareholder approval, is a condition precedent to the completion of the takeover of Great Western. It is anticipated that the final court approval ratifying the Elkedra Scheme of Arrangement will be obtained on or about November 2, 2007, following which it is

anticipated that Vaaldiam will formally make its Offer to acquire the shares of Great Western by mailing a takeover bid circular to Great Western shareholders.

The board of directors of Great Western has approved the proposed Offer and agreed to support the transaction pursuant to a support agreement executed with Vaaldiam. Vaaldiam has executed lock-up agreements with major shareholders who together hold an aggregate of 46.5% of Great Western's issued and outstanding shares. Under the terms of the lock-up agreements these shareholders have irrevocably agreed to tender 43,619,779 Great Western shares to the Offer. One of the conditions in Vaaldiam's proposed Offer will be that the number of Great Western shares deposited under the Offer shall constitute not less than 66 <sup>2</sup>/<sub>3</sub>% of the outstanding Great Western shares on a fully diluted basis.

## **OVERVIEW OF THE PROPOSED CONSOLIDATED GROUP**

If the Elkedra Scheme of Arrangement and the Great Western Offer are successfully completed, the resulting entity will be a leading diamond production, exploration and development company with a pro forma market capitalization in excess of C\$170 million.

Vaaldiam recently announced (15 August 2007) that it had closed an underwritten private placement of 29,250,000 subscription receipts raising C\$26,325,000. 75% of these proceeds are held in escrow and will be released on the closing of Vaaldiam's acquisition of Elkedra. The combined group would therefore have the financial capacity and strong management expertise to realise the potential value of the extensive exploration and development portfolio and to capitalise on future acquisition opportunities.

The key attributes of the combined group will be:

### **A Diversified Project Pipeline**

- 100% interest in two producing alluvial diamond mines in Brazil, both with expected mine lives in excess of 8 years and with combined projected production of 50,000 carats in 2007 and over 85,000 carats by 2008
- 100% interest in advanced-stage kimberlite exploration properties in Brazil at Brauna (Bahia State), Pimenta Bueno and Ariquemes (Rondonia State) and in Canada at the Candle Lake and Centennial projects (Fort a la Corne, Saskatchewan)
- 100% interest in 53 kimberlite deposits and control of approximately 1.5 million hectares of diamond exploration concessions in Brazil and Canada

### **Increased Financial Capacity**

- Pro forma market capitalization in excess of C\$170 million with approximately 210 million shares outstanding
- It is anticipated that the increased market capitalization, liquidity and corporate profile will improve investor awareness and attract the attention of a broader group of international investors, particularly within the North American markets

### **Strong Management and Board**

- An enhanced combined executive management team with extensive and proven experience in diamond discovery, project development, mine operations, project finance and marketing
- Ken Johnson will continue as President and Chief Executive Officer while Peter Marrone will continue as Chairman
- Donald Best, Elkedra's Chairman and Sam Randazzo, Elkedra's Executive Director will join Vaaldiam's executive management team as Vice President of Operations and Vice President of Business Development, respectively
- José Ricardo Pisani will continue as Vaaldiam's Vice President of Exploration, and will also assume the position of Managing Director of Vaaldiam do Brasil Ltda., Vaaldiam's Brazilian subsidiary
- Brent Jellicoe, President and Chief Executive Officer of Great Western will join Vaaldiam's executive management team as Vice President of International Exploration

This release has been reviewed by José Ricardo Pisani, Vice President of Exploration who is Vaaldiam's qualified person under National Instrument 43-101. For additional information regarding Vaaldiam please visit [www.vaaldiam.com](http://www.vaaldiam.com) or contact Ken Johnson, President and Chief Executive Officer or Janet Reid, Manager Investor Relations at (416) 363-6927.

*This news release may contain forward looking statements, being statements which are not historical facts, including, without limitation, statements regarding the proposed acquisition of Elkedra by Vaaldiam, the proposed acquisition of Great Western by Vaaldiam and discussions of future plans and objectives. There can be no assurance that such statements will prove accurate. Such statements are necessarily based upon a number of estimates and assumptions that are subject to numerous risks and uncertainties that could cause actual results and future events to differ materially from those anticipated or projected. Important factors that could cause actual results to differ materially from Vaaldiam's expectations are in Vaaldiam's documents filed from time to time with the Toronto Stock Exchange and provincial securities regulators, most of which are available at [www.sedar.com](http://www.sedar.com). Vaaldiam disclaims any intention or obligation to revise or update such statements.*

*The following factors, among others, related to the proposed acquisition of each of Elkedra and Great Western and future plans and objectives could cause actual results or developments to differ materially from the results or developments expressed or implied by forward looking statements: the Vaaldiam shares to be issued in connection with the Elkedra offer or the Great Western offer may have a market value lower than expected; the businesses of Vaaldiam and Elkedra and the businesses of Vaaldiam and Great Western may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; the expected combination benefits from the acquisition of each of Elkedra and Great Western may not be fully realized by Vaaldiam or not realized within the expected time frame; Vaaldiam cannot determine the number of Elkedra shareholders or Great Western shareholders who may accept the Elkedra offer or the Great Western offer, respectively; the possible delay in the completion of the steps required to be taken for the acquisition of either Elkedra or Great Western and the ultimate combination of Vaaldiam with each of Elkedra and Great Western.*