



October 6, 2004  
Toronto, Ontario

VAA-TSX.V  
vaapr2004-16

## **PRESS RELEASE**

### **VAALDIAM CLOSES ADDITIONAL EQUITY FINANCING**

*Not for Distribution to U.S. News Wire Services or for Dissemination in the U.S.*

Vaalldiam Resources Ltd. (VAA: TSX VENTURE) has closed a second tranche of its previously announced private placement; with the second tranche consisting of 200,000 Units at a price of \$0.40 per Unit for total gross proceeds from the second tranche of \$80,000. Details of the first tranche of this private placement were announced on September 16, 2004. Each Unit is comprised of one common share of the Company and one half of one common share purchase warrant, each whole warrant being exercisable to acquire one common share of the Company at an exercise price of \$0.50 per common share at any time until the first anniversary of the issuance. This brings the total number of Units issued pursuant to this offering to 5,200,000 Units, in addition to 1,250,000 flow-through shares issued at \$0.40 per share, for total gross proceeds of \$2,580,000. Westwind Partners Inc. and First Associates Investments Inc. acted as agents with respect to this offering.

The net proceeds of the offering will be used for the exploration of diamond projects in Brazil, Canada and for general corporate purposes.

The Company is a Canadian based diamond exploration company primarily involved in the exploration and development of the Pimenta Bueno diamond property, situated in the State of Rondonia, Brazil. To date, 32 kimberlite pipes have been discovered on this 176,000 hectare property, including the recently discovered "Clara Pipe". Based on sampling, 15 of the 32 known pipes are diamond-bearing. From the results of this preliminary sampling effort, micro diamond analyses and mineral chemistry studies indicate that 11 of the diamond-bearing pipes may have economic potential. These 11 kimberlites are now being assessed. Twenty-four of the 32 known kimberlite pipes occur in one large cluster covering some 50,000 hectares. The Company also holds an option to earn a 60% interest in the Central and Eastern Block properties of Santoy Resources Ltd. in the Otish Mountains area of Quebec, where 31 isolated magnetic targets have been identified which may be favourable for the discovery of kimberlite pipes. On September 22, 2004 the Company announced the commencement of an exploration program on the Central and Eastern Block properties in the Otish Mountains.

For additional information regarding the Company please visit [www.vaalldiam.com](http://www.vaalldiam.com), or contact Kenneth W. Johnson, President and CEO, or Robert Yeoman, Vice President and Corporate Secretary, at (416) 363-6927.

- 30 -

*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*