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**PRESS RELEASE**

**DRILLING STARTS ON THE PIMENTA BUENO PROPERTY**

Vaalldiam Resources Ltd. (VAA-TSX.VN) reports that drilling has started on the Pimenta Bueno property in Rondônia, Brazil. Two drill rigs have been mobilized to the property and will initially focus on the delineation of the Clara-1 and Tumeleiro-3 pipes. The program will include the collection of composite mini-bulk samples from these bodies for micro diamond analysis. Recent surface sampling of both the Clara-1 and Tumeleiro-3 pipes has produced highly encouraging results (see Press Release dated November 4, 2004), with 72 diamonds having been recovered from 623.73 kilograms of rock from the Clara-1 pipe and 108 diamonds from 495.69 kilograms of rock from the Tumeleiro-3 pipe.

Both the Tumeleiro-3 and the new Clara-1 pipe lie in a cluster of five pipes that are situated within a well-defined area covering some 575 hectares. The pipes appear to lie along a north-northwest trending structural lineament, which hosts two other diamondiferous pipes known as Cosmos 1 and 2. Ground magnetic and electromagnetic surveys completed by Vaalldiam have identified at least 5 additional targets within and along this trend. These geophysical targets may represent new undiscovered kimberlite pipes and will be tested during this current drill campaign.

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.

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