

VAAALDIAM REPORTS 2011-Q3 FINANCIAL RESULTS

TORONTO – November 9, 2011 – Vaalldiam Mining Inc. (‘Vaalldiam’ or the ‘Company’) (TSX: VAA) reports that, for the three and nine months ended September 30, 2011, it has recorded a net loss of \$1,161,000 and \$9,657,000 or \$0.02 and \$0.13 per share compared to net income of \$672,000 and a net loss of \$763,000 or net income per share of \$0.01 and net loss per share of \$0.01 for the same periods in 2010.

Vaalldiam ended the period with a cash position of \$3.1 million and working capital of \$4.0 million. Vaalldiam also holds 10.6 million shares in Flemish Gold Corp. (‘Flemish’), which is focused on gold exploration in sub-Saharan Africa, 2.8 million shares in Freegold Ventures Ltd. (TSX: FVL) and royalty interests in the Kwale mineral sands project in Kenya, the Pukaqaqa copper-gold project in Peru, the Braúna kimberlite project in Brazil, and the Crypto zinc-copper-indium project in the United States. Vaalldiam owns the patent for the TSR process which is used to upgrade ilmenite into synthetic rutile. Vaalldiam also owns the Chapada diamond mine in Mato Grosso, Brazil, which is on care and maintenance, as well as 100% interest in the gold deposit at Braúna and a kimberlite project in Brazil.

The Company has retained Raymond James Ltd., an investment bank, as its financial advisor to identify and analyse the strategic alternatives available to the Company with respect to its portfolio of royalty assets with a view to undertaking one or more transactions that will recognize the full value of the Company and/or its assets.

Company Highlights

Braúna Project

On March 4, 2011, Vaalldiam entered into an arrangement the (‘‘March Agreement’’) with the joint venture partners of the Braúna project to restructure the existing arrangement and to increase the ownership interest of the Company in the Braúna project from 20% to 51% by paying a transaction consideration of US\$6.5 million over 15 months to the existing partners and financing the project development cost to production (see press release of March 4, 2011). The Company elected not to make a payment of US\$1.5 million owed to its joint venture partners in the Braúna project on August 4, 2011 that was due under the terms of the March Agreement. Instead, the Company negotiated a new agreement with the joint venture partners on September 30, 2011 (the ‘‘September Agreement’’).

Under the terms of the September Agreement, the Company agreed with its joint venture partners to terminate the March Agreement and to recover approximately US\$800,000 currently held in escrow by its joint venture partners. In exchange for terminating its liability for financing and developing Braúna, the Company will convert its 51% equity interest in Braúna to a 1% Gross Sales Royalty on all diamond production from the property. The joint venture partners have now resumed the exploration and development program at Braúna. The Company will also maintain its rights to explore the Braúna property for gold.

Duas Barras Mine

On November 1, 2011, the Company entered into an agreement to sell the Duas Barras mineral rights and its plant and equipment for R\$1.33 million, of which a non-refundable deposit of R\$250,000 was received on November 7, 2011. It is expected that the sale will close in November 2011 when the definitive agreements will be signed and the balance of the proceeds received.

Selected Financial Information

(Expressed in thousands of Canadian dollars, except share capital amounts):

	September 30, 2011	September 30, 2010
Net loss (income) for the quarter	1,161	(672)
Loss (income) per share	0.02	(0.01)
Total assets	21,968	33,147
Working capital	3,954	9,524
Mineral properties	1,758	10,364
Share Capital:		
Common shares (000s)	71,635	71,627
Warrants (000s)	6,094	9,844
Options (000s)	4,997	4,807

Cash Flow and Liquidity

As at September 30, 2011, Vaaldiam had working capital of \$4.0 million, compared with \$9.5 million at September 30, 2010. For the nine months ended September 30, 2011, Vaaldiam used cash of \$5.2 million, which included cash used in operations of \$4.0 million, expenditures on plant and equipment and mine development of \$0.7 million and a payment of \$0.9 million with respect to the March agreement, offset by proceeds on disposal of investments and equipment of \$0.3 million.

International Financial Reporting Standards (“IFRS”)

The Company adopted IFRS on January 1, 2011, with a transition date of January 1, 2010. Under IFRS 1 First-time Adoption of IFRS, the IFRS are applied retrospectively at the transition date of January 1, 2010. The effect of the transition from Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) to IFRS is not material and the explanation of how the transition from Canadian GAAP to IFRS has affected Vaaldiam’s financial position, financial performance and cash flows are set out in the financial statements.

The information above should be reviewed in conjunction with the Company’s consolidated financial statements, which were prepared in accordance with Canadian GAAP, and management discussion and analysis for the year ended December 31, 2010, along with the condensed consolidated financial statements for the three months ended March 31, 2011, which were prepared in accordance with IFRS, all of which are available on www.sedar.com and www.vaaldiam.com.

This release has been reviewed by Katya Masun P.Ge., who is a qualified person under National Instrument 43-101. For further information on Vaaldiam please contact:

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Certain of the information contained in this news release constitutes ‘forward-looking statements’ within the meaning of securities laws. Such forward-looking statements, including but not limited to those with respect to the prices of metals and minerals, purchase payments, royalty payments, estimated future production and estimated costs of future production involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any forecast results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual prices of metals and minerals, the actual results of current exploration, development and mining activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the documents of the Company filed from time to time with the Ontario Securities Commission.