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PRESS RELEASE

**Vaaldiam Identifies 14 New Kimberlite Pipes
At Pimenta Bueno**

Vaaldiam Resources Ltd. (VAA-TSX.V) reports that the exploration data generated by Rio Tinto Desenvolvidimentos Minerais Ltda., which Vaaldiam recently acquired in connection with joint venture arrangements entered into with Rio Tinto, is very encouraging. The data encompasses the area of Vaaldiam's Pimenta Bueno diamond property in Brazil. The information indicates that;

- The number of known kimberlite pipes at Pimenta Bueno has now increased to 31 in total with 14 new pipes evident from the data;
- Over 50% of the kimberlite pipes appear to be diamond-bearing;
- Indicator mineral chemistry and the micro diamond results support the view that there is potential for economic diamondiferous kimberlite pipes at Pimenta Bueno; and
- In addition to the 31 known pipes, there are at least 17 untested priority magnetic anomalies with signatures that are identical to known kimberlites in the area.

Twenty-five of the known kimberlite pipes occur in a large cluster covering an area of 500 sq kms, while 6 pipes occur outside the main cluster. Exploration has indicated that the pipes range in surface area from one hectare up to 25 hectares in size.

The large cluster of kimberlite pipes has been classified into two groups, the Cosmos-Tumeleiro pipes and the Pepper pipes. Based on the data reviewed, all five of the Cosmos-Tumeleiro bodies appear to be diamond-bearing, the ones with the highest potential being Tumeleiro 01 and 03. Eight of the 15 Pepper intrusions appear to be diamond-bearing, with Pepper 04 returning the most promising results.

Name of Pipe	Cerejeira-01	Tumeleiro-01	Tumeleiro-03	Pepper-04
Sample Type	rock	rock	rock	rock
Total Weight Treated (kg)	227.1	401.3	401.3	805.87
Sieve Size (mm square mesh)	Diamonds Recovered			
>1.18	2	0	1	0
0.85 to 1.18	5	3	3	1
0.60 to 0.85	1	1	2	3
0.42 to 0.60	3	5	7	5
0.30 to 0.42	1	3	16	14
0.21 to 0.30	2	4	14	14
0.12 to 0.21	2	4	31	20
Total # of Diamonds Recovered	16	20	74	57

In addition, six other pipes have yielded positive micro diamond results, indicating that over 50% of the pipes at Pimenta Bueno are diamond-bearing. All but two of the intrusions are diatreme facies kimberlites, while the remaining two are fissure-type. Diamonds produced

from alluvial deposits associated with the kimberlites in the Pimenta Bueno district typically yield an average sales value in excess of US\$100 per carat. The high percentage of diamondiferous kimberlites and the opportunity for new discoveries makes this a very exciting property with excellent potential for the discovery of an economic deposit.

Vaaldiam acquired the exploration data under the terms of an agreement recently signed with Rio Tinto (see News Release dated November 26, 2003). The agreement provides Vaaldiam with all of the exploration data that was amassed while exploring for diamonds in the Pimenta Bueno district prior to 1996. Under the agreement, Rio Tinto has an option to acquire up to a 51% interest in the northern one-third and southern two-thirds of the property by spending US\$7.5 million and US\$5.0 million respectively on exploration over a three year period. Rio Tinto has the right to exercise its option to earn a 51% interest in either or both of the northern and southern blocks following a due diligence review of exploration results generated by Vaaldiam during its initial phase of exploration, which is currently underway.

The database comprises four airborne magnetic and radiometric survey blocks, and includes all ground geophysical, geochemical surveys data, drilling information, indicator minerals and analytical results produced during the ground exploration programs that followed. Acquisition of this database will allow Vaaldiam to fast-track its exploration program at Pimenta Bueno, and may lead to further property acquisitions in the district.

Vaaldiam is re-processing the airborne geophysical data using state-of-the-art software that is aimed at enhancing the magnetic responses associated with kimberlites in this district. Preliminary results from this re-processing indicate the presence of 17 untested, priority magnetic anomalies, 12 of which are within the Cosmos-Tumeleiro/Pepper cluster. Another five anomalies are located immediately south of the Carolina pipe, a one hectare kimberlite with associated alluvial deposits located just outside Vaaldiam's property boundary. According to an independent review by Watts, Griffis and McQuat, small-scale diamond production from the alluvial and colluvial deposits associated with the Carolina reportedly *"totalled some 10,000 to 12,000 carats during the approximately seven months of production during 2002. The quality of the stones sold reportedly averaged US\$200 per carat and a large 56.3 carat stone sold for \$250,000"*.

Coincidental with the re-processing of the data, Vaaldiam has commissioned Aeroquest Surveys to complete an airborne magnetic survey over the northern one-third of the property. The new survey will be flown at 200 meter line-spacing and 100 meter ground clearance using a fixed wing gradiometer system, and once merged with the Rio Tinto data will provide complete magnetic coverage of the Pimenta Bueno property. Vaaldiam's exploration crews are on the property, and are following up anomalous areas that have been identified. In addition, Vaaldiam will complete additional sampling of the priority pipes in the Cosmos-Tumeleiro/Pepper cluster. Sampling of the other known pipes on the property will be completed in subsequent exploration programs.

For additional information please visit www.vaaldiam.com, or contact Kenneth W. Johnson, President and CEO, at (905) 845-8920 or Robert Yeoman, Vice President and Corporate Secretary, at (416) 363-6927.

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