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**PRESS RELEASE**

**VAALDIAM PROVIDES NOTICE OF EARLY EXERCISE OF WARRANTS**

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless an exemption from such registration is available.*

**Vaaldiam Resources Ltd. (VAA – TSXV)** announced today that it will be providing notice to all holders of the 5,088,483 remaining common share purchase warrants issued in connection with Vaaldiam's June 2005 private placement, of the Company's decision to accelerate the expiry date of such warrants from December 16, 2006 to April 3, 2006, in accordance with their terms. Each warrant entitles the owner to acquire one common share at \$0.80 per share.

The warrants contain a provision which permits the expiry date to be accelerated in the event that the closing price of Vaaldiam's common shares on the TSX Venture Exchange remains above \$1.00 for 21 consecutive trading days. Based on today's closing price of \$1.25 this condition has now been met and Vaaldiam will therefore accelerate the expiry date of the warrants by giving notice to the holders thereof. Pursuant to the terms of the warrants, the accelerated expiry date will be the 30<sup>th</sup> day after the date on which notice is given by Vaaldiam in accordance with the terms of the warrant certificates. All other terms of the warrants remain unchanged.

**About Vaaldiam**

Vaaldiam is a Canadian-based diamond exploration company primarily involved in the exploration and development of the 247,085 hectare Pimenta Bueno diamond property in the state of Rondônia, Brazil currently under option to Rio Tinto. To date, 34 kimberlite pipes have been discovered within the property area. Twenty-four of the 34 known pipes occur in one large cluster and 15 of the 34 pipes have been found to be diamond-bearing on the basis of macro and micro diamond analyses. In an initiative aimed at generating early cash flow, Vaaldiam is also advancing development of its Duas Barras alluvial diamond property in Minas Gerais state, Brazil, targeting production in Q3 – 2006. A drilling program is also underway on the Brauna property in the state of Bahia in Brazil, where four kimberlite pipes are being delineated in advance of a mini-bulk sampling program scheduled for later this year. Vaaldiam also has an exploration option on the Hotish property in the Otish Mountain District of the Province of Quebec. Assuming all of the warrants are exercised prior to the accelerated expiry date, Vaaldiam will have approximately C\$19 million in working capital available for development of its projects.

For additional information regarding Vaaldiam please visit [www.vaaldiam.com](http://www.vaaldiam.com), or contact Ken Johnson, President and CEO or Robert Yeoman, Chief Financial Officer or Janet Reid, Manager, Investor Relations at (416) 363-6927.

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