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PRESS RELEASE

**DRILLING OF PRIORITY PIPES STARTS IN BRAZIL
First Drill Hole Hits Kimberlite at 31 Meters**

Vaaldiam Resources Ltd. (VAA-TSXV) has commenced core drilling on its 100%-owned Pimenta Bueno property in Brazil. Two drills have been mobilized to the property to delineate and sample up to nine kimberlite pipes. The selection of the nine kimberlite pipes was based on favorable microdiamond and mineral chemistry results produced during preliminary sampling. The first drill hole, positioned to test the Pepper 4 kimberlite, has encountered weathered kimberlite at a depth of 31.45 meters. The vertical hole is projected to sample the pipe to a depth of 150 meters.

The Pepper 4 kimberlite pipe is just one of seven diamondiferous kimberlite pipes that lie within a two kilometer radius. These seven pipes form part of a larger cluster of 24 kimberlite pipes that have been found in the southern half of the Pimenta Bueno property. The drill program will involve the completion of four to six vertical and/or angled drill holes into each kimberlite pipe. The drill holes will be positioned on a grid pattern to test different areas of each pipe, and to delineate the boundaries of each of the pipes. It is anticipated that approximately two to four tonnes of kimberlite will be collected from each pipe for microdiamond analysis.

In addition to the delineation drilling to be completed on the nine known kimberlite pipes, Vaaldiam will also drill nine other, previously untested, magnetic anomalies that were identified during the 2004 exploration program. These nine anomalies represent high interest dipole and tripole magnetic responses and indicator minerals that are usually indicative of kimberlite pipes in the Pimenta Bueno district. High interest kimberlitic chromites and G10 garnets have been recovered in both alluvial and soil samples that have been collected from the anomalies. Soil sampling over one of the magnetic anomalies produced two +0.300 mm diamonds, in addition to the G10 garnets and other important kimberlitic indicator minerals.

Simultaneously with the planned drill program, Vaaldiam is continuing with its reconnaissance exploration program to generate new targets. The focus is on an area to the west of the Cosmos-Tumeleiro-Clara kimberlite cluster, where a 200 liter alluvial sample has resulted in the recovery of abundant G10 garnets, including eclogitic garnets which as yet cannot be sourced back to a known pipe. Kimberlitic chromites and ilmenites, whose mineral chemistry falls within the diamond stability field, were also recovered in this sampling. The fresh surface textures of the indicator minerals recovered suggest that a source pipe might lie within two kilometres of the sample location, likely along the northwest-trending structural lineament. This lineament appears to control the emplacement of the diamondiferous Cosmos 3 and 4 pipes to the southeast. Detailed follow-up sampling and ground geophysics is presently underway in an attempt to isolate the source of these high interest indicator minerals.

Vaaldiam Options Hotish Diamond Property in Quebec

Vaaldiam recently entered into an option agreement with Dios Exploration Inc. (DOS-TSXV) to earn a 51% interest in Dios' Hotish diamond property in Quebec. The Hotish property is located between the Tichegami and Papaskwasati Rivers in the Otish Mountains area of northern Quebec. The Hotish property consists of 923 claims covering 49,199 hectares.

The Hotish property is within the Mistassini-Lemoyne structure that hosts the diamond bearing Renard kimberlites which are currently being developed by Ashton Mining Canada Inc. and SOQUEM 100 kilometers to the north of the Hotish property. The presence of several kimberlitic indicator mineral dispersal trains that fall within the diamond stability window, kimberlite boulders and sills on the Hotish property suggest further diamond potential.

Under the terms of the agreement with Dios, Vaaldiam has an exclusive option to acquire a 51% interest in the Hotish property by spending \$2,000,000 on exploration of the property before April 12, 2008 and, subject to regulatory approval, issuing to Dios a total of 100,000 common shares of Vaaldiam over three years.

Option Agreement with Santoy Resources Terminated

Following a technical review of the exploration results obtained from the Company's 2004 exploration program on the Centre and East Block properties, situated in the Otish Mountain district of Quebec, the Company has notified Santoy Resources of the Company's decision to terminate the option on the properties.

Vaaldiam is a Canadian based diamond exploration company primarily involved in the exploration and development of the 176,000 hectare Pimenta Bueno diamond property in the state of Rondônia, Brazil. To date, 33 kimberlite pipes have been discovered within the property area. Twenty-four of the 33 known pipes occur in one large cluster and 15 of the 33 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, the Company is also completing a feasibility study of the Duas Barras alluvial diamond property in Minas Gerais state, Brazil, which includes the processing of a bulk sample and drilling to confirm gravel resources.

This release has been reviewed by Dr. Luiz Bizzi, Vaaldiam's Chief Diamond Consultant, who is a Qualified Person under National Instrument 43-101. For additional information regarding the Company please visit www.vaaldiam.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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