



May 10, 2005
Toronto, Ontario

VAA-TSXV
vaapr2005-07

PRESS RELEASE

**DRILLING EXPANDS SIZE OF PEPPER 4 KIMBERLITE
Surface Area Exceeds Seven Hectares**

Vaalldiam Resources Ltd. (VAA-TSXV) has completed the first two core holes, with two additional holes underway, at the Pepper 4 kimberlite pipe, situated on its 100%-owned Pimenta Bueno property in Brazil. The Pepper 4 kimberlite pipe is just one of seven diamondiferous kimberlite pipes that lie within a 2.5 kilometer radius. These seven pipes form part of a larger cluster of 24 kimberlite pipes (twelve of which are mineralized) that have been found in the southern half of the Pimenta Bueno property.

Drill hole PP4 - 01, a vertical core hole positioned to test the centre of a seven hectare magnetic anomaly, intersected kimberlite at a depth of 31.45 metres. The hole was terminated in kimberlite at a depth of 162 metres with a total of 130.6 metres of kimberlite being sampled (approximately 550 kg) in drill hole PP4 - 01. A second vertical hole PP4 - 02, located 134 metres to the east of drill hole PP4 - 01, and positioned to test the interpreted margin of the magnetic anomaly, was terminated at a depth of 50 metres having intersected 47 metres of altered and silicified siltstones. The alteration evident in the siltstones is interpreted by Vaalldiam geologists to represent the contact zone surrounding the kimberlite pipe. A third angled hole PP4 - 03 (-45°) which was located at the same collar position as hole PP4 - 02 and was drilled in a westerly direction towards the centre of the magnetic anomaly, intersected tuffitic kimberlite breccia at a down-hole depth of 31.2 metres. This drill hole is currently at a depth of 71 metres and remains in kimberlite. A fourth drill hole PP4 - 04 is currently underway and has been positioned to test the northern limit of the Pepper 4 magnetic anomaly, approximately 105 metres to the north of drill hole PP4 - 01. This hole intersected kimberlite at a depth of 32 metres.

Based on the drilling completed to date, coupled with the information derived from the detailed ground magnetic survey completed by Vaalldiam earlier this year, the Pepper 4 pipe covers a minimum surface area of seven hectares. The pipe is covered by approximately 30 metres of siltstone and is comprised of tuffitic kimberlite breccia. Several different phases of kimberlite are evident in the drilling completed by Vaalldiam, indicating that the Pepper 4 pipe is a multi-phase intrusion, which will require a systematic and representative sampling effort to fully assess the diamond content and economic potential of the pipe.

Two drills are currently working on the property during this campaign to delineate and sample a total of nine mineralized kimberlite pipes. The selection of the nine kimberlite pipes was based on favorable microdiamond and mineral chemistry results produced during preliminary sampling, which provide evidence of equilibration well within the diamond stability field at the local geotherm of 36mW/m². The drill program will involve the completion of four to six vertical and/or angled drill holes into each of the pipes. The drill holes are being 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. A plan map showing the location of the Pepper 4 pipe and the position of the drill holes is available on Vaalldiam's website through the following link: www.vaalldiam.com/pepper4.

Vaalldiam 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, Vaalldiam 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. An update on the progress on the Duas Barras project will be provided in the coming weeks.

This release has been reviewed by Dr. Luiz Bizzi, Vaalldiam's Chief Diamond Consultant, who is a Qualified Person under National Instrument 43-101. For additional information regarding Vaalldiam please visit www.vaalldiam.com, or contact 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.