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**PRESS RELEASE**

**VAALDIAM ANNOUNCES PROPOSED \$5,000,000 PRIVATE PLACEMENT**

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**Vaalldiam Resources Ltd. (VAA – TSXV)** announced today that it has entered into an agreement with Westwind Partners Inc. and Wellington West Capital Markets Inc. as equal co-lead agents (together the "Agents") to complete a best efforts private placement financing to raise up to \$5,000,000, subject to receipt of all required regulatory approvals. Pursuant to the engagement agreement with the Agents, up to \$4,000,000 of the offering will be comprised of units (the "Units"), and up to \$1,000,000 of the offering will be comprised of flow-through shares ("Flow-Through Shares"). The price of both the Units and the Flow-Through Shares will be determined in the context of the market.

Each Unit will consist of one common share of the Company and one-half of one common share purchase warrant. Each full common share purchase warrant (to be priced in the context of the market) will entitle the holder to acquire one additional common share of the Company for a period of 12 months from the date of issuance. The Agents will have the option, exercisable at any time up to 30 days following the closing of the offering, to increase the size of the Unit offering by an additional \$1,500,000 for total gross proceeds of \$6,500,000. The financing is scheduled to close on or about June 7, 2005.

Proceeds of the Unit offering will be used to advance the Pimenta Bueno and Duas Barras projects in Brazil and for general corporate purposes, and the proceeds of the Flow-Through Share portion of the offering will be used for exploration work on Vaalldiam's Canadian exploration properties.

The Company has agreed to pay the Agents a commission of 6% of the gross proceeds of the Offering and issue broker warrants to the Agents entitling them to purchase common shares of the Company in an amount equal to 6% of the number of Flow-Through Shares and Units sold under the private placement at an exercise price equal to the offering price at any time until the first anniversary of the closing of the offering.

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. Vaalldiam also has an exploration option on the Hotish properties in the Otish Mountain District of the Province of Quebec.

For additional information regarding Vaalldiam please visit [www.vaalldiam.com](http://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.*