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## **PRESS RELEASE**

### **Processing of Initial Mini-Bulk Samples from Pimenta Bueno Property Nearing Completion**

Vaal diam's joint venture partner, Rio Tinto Desenvolimentos Minerais Ltda. ("Rio Tinto") has reported that the processing of 164 tonnes of kimberlite from four pipes is nearing completion and diamond recovery results for the four mini-bulk samples should be available in June. The four kimberlite pipes sampled form part of a cluster of kimberlite pipes situated on Vaal diam's Pimenta Bueno diamond property in the State of Rondônia, Brazil. The mini-bulk samples collected by reverse circulation drilling of the Cosmos 1, Cosmos 3, Pepper 4 and Pepper 13 pipes comprise part of a cluster of nine diamondiferous kimberlite pipes currently being evaluated by Rio Tinto.

At the 2.5 hectare Cosmos 1 pipe, a total of 13 reverse circulation drill holes totaling 2,576 metres, were completed resulting in the recovery of 62.2 tonnes (dry weight) of kimberlite. The 13 holes comprised a combination of vertical and angled holes, which tested different portions of the pipe to a maximum depth of 250 metres. At the 12.0 hectare Cosmos 3 pipe, situated 5 kilometers to the southwest of the Cosmos 1 pipe, a total of twelve holes totaling 2,461 metres were completed, resulting in the recovery of 56.3 tonnes (dry weight) of kimberlite. Nine holes totaling 1,896 metres were completed at the 7.5 hectare Pepper 4 pipe, resulting in the recovery of 32.6 tonnes of kimberlite. At the Pepper 13 pipe, a 1.5 hectare satellite body to the Pepper 4 pipe, three reverse circulation holes were completed totaling 501 metres, resulting in the recovery of 12.7 tonnes of kimberlite for processing.

The mini-bulk samples were shipped in sealed ore bags by secure transport for processing and macro-diamond recovery at Rio Tinto's laboratory in Brasilia. Rio Tinto is processing each of the samples in two different batches, each representing two different size fractions. Kimberlite material which ranges in size from +0.850 mm to - 6.00 mm is being processed without crushing through Rio Tinto's 1 tonne per hour dense media plant, and diamonds are recovered from the resulting concentrate by hand picking in a secure setting. The +6.00 mm size fraction is being passed through a crushing circuit, and the crushed -6.00 mm material is currently being processed separately for each sample. The diamond recoveries for the two different size fractions from each sample will be combined to report the total diamond recovery for each sample. Diamond recoveries for the four mini-bulk samples are expected to be available in June.

In addition to the mini-bulk sampling program, Rio Tinto has continued reconnaissance exploration within the 248,000 hectare property, to define new targets which may represent new, undiscovered kimberlite bodies. Rio Tinto has collected approximately 300 alluvial samples for kimberlite indicator mineral analysis, which has resulted in the definition of 15 kimberlite indicator mineral anomalies requiring follow-up sampling and testing. Rio Tinto also completed 1,900 kilometers of helicopter electromagnetic surveying over a portion of the main cluster of kimberlites on the Pimenta Bueno property at the end of 2005. The electromagnetic survey produced a conductive response over the majority of the known kimberlites, and also identified five untested conductive anomalies with similar responses to the known kimberlites (5 first priority electromagnetic anomalies). Drill testing of these anomalies is expected to commence shortly, with the goal of discovering new, non-magnetic kimberlite pipes.

### **About Vaal diam**

Vaal diam is a Canadian-based diamond exploration company primarily involved in the exploration and development of the 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, which is scheduled to commence production in Q4-2006. 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.

This release has been reviewed by José Ricardo Pisani, Vice President, Exploration and Paul Daigle, PGeo., Senior Project Geologist who are both qualified persons under National Instrument 43-101. 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.

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