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## **PRESS RELEASE**

### **VAALDIAM TERMINATES HOTISH PROPERTY OPTION WITH DIOS**

**Vaalldiam Resources Ltd. (VAA – TSX)** reports that, following a review of the results of the Company's exploration programs completed in 2005 on the Hotish Property, the Company has informed Dios Exploration Inc. that Vaalldiam will not proceed with further exploration of the Hotish property. Under the terms of the option agreement with Dios, Vaalldiam had the right to earn a 51% interest in the property, situated in the Otish Mountain District of Quebec, by spending C\$2.0 million on exploration of the property by April 2008, and by issuing a total of 100,000 common shares during the same period. With the termination of the option, Vaalldiam will not retain any rights to the Hotish property.

Included in Vaalldiam's current cash balance of C\$18.2 million is an amount of C\$1.8 million which was funded by the issuance of flow-through shares, and accordingly is to be spent on Canadian exploration initiatives. Vaalldiam is currently reviewing several high potential Canadian-based diamond exploration opportunities, which if acquired would be financed, at least in part, by the C\$1.8 million of flow through funds available to the Company.

#### **About Vaalldiam**

Vaalldiam is a Canadian-based diamond exploration company primarily involved in the exploration and development of the 248,000 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. Rio Tinto is currently focusing its attention on the bulk sampling of 9 of the known kimberlites, in an effort to recover commercial sized diamonds which will allow the estimation of diamond grade. A total of 164 tonnes of kimberlite has been extracted by Rio Tinto from 4 of the 9 kimberlites currently being evaluated, and diamond results are expected to be available in June. A technical report dated December 23, 2005, and amended on March 10, 2006 entitled "Technical Report on the Pimenta Bueno Project, Brazil, in respect to this project has been filed on [www.sedar.com](http://www.sedar.com).

In an initiative aimed at generating early cash flow, Vaalldiam is also advancing development of its Duas Barras alluvial diamond property in Minas Gerais state, Brazil. Delineation drilling is continuing utilizing three drill rigs, to define the diamond bearing alluvial gravels on a detailed basis for resource estimation and mine planning purposes. Engineering, processing plant design, and construction of additional accommodation and administrative buildings is underway, with the start of commercial production targeted for Q4-2006. A drilling program, utilizing three core rigs, 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 Paul Daigle, PGeo., Senior Project Geologist who is a qualified person under National Instrument 43-101. For additional information regarding Vaalldiam please visit [www.vaalldiam.com](http://www.vaalldiam.com), or contact Ken Johnson, President and CEO or Janet Reid, Manager, Investor Relations at (416) 363-6927.

This press release contains certain forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not anticipate", or "believes", or

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