

## VAALDIAM REPORTS 2010 Q1 FINANCIAL RESULTS

**TORONTO – May 17, 2010** – Vaalldiam Mining Inc. (‘Vaalldiam’ or the ‘Company’) (TSX: VAA) reports that, for the three months ended March 31, 2010, it incurred a net loss of \$2,254,000 or \$0.04 per share compared to a net loss of \$1,647,000 or \$0.03 for the same period in 2009.

Vaalldiam ended the quarter with a strong cash position of \$15.1 million and working capital of \$10.4 million. During the quarter, Vaalldiam sold its 49% interest in the Pukaqaqa property in Peru to the majority partner Compañía Minera Milpo S.A.A. (‘Milpo’) for US\$7 million and completed the previously announced acquisition of Vaalldiam Resources Ltd. (‘VRL’). Vaalldiam has significant capital available to fund the advancement of VRL’s diamond and gold projects in Brazil. Vaalldiam’s strong management team expects to restart production at the Duas Barras property by the third quarter of 2010. Vaalldiam’s strategy is to use cash flow from disposing of non-core assets and imminent diamond production to sustain itself and to advance its high-potential diamond and gold properties in Brazil. It is well-positioned to exploit the strengthening market for rough diamonds.

### **Company Highlights**

#### Acquisition of Vaalldiam Resources Ltd.

On March 15, 2010, Tiomin Resources Inc. (‘Tiomin’) shareholders overwhelmingly approved the previously announced arrangement agreement whereby Tiomin acquired all of the outstanding common shares of VRL that it did not already own in an all-share transaction on the basis of 0.80 of a Tiomin common share for each VRL common share. Shareholders also approved the name change of Tiomin to Vaalldiam Mining Inc. and a ten-for-one share consolidation. On March 26, 2010, VRL delisted and the merged company commenced trading on the Toronto Stock Exchange as Vaalldiam under the symbol ‘VAA’.

#### Pukaqaqa Project in Peru

On February 19, 2010, the Company sold its 49% contributing equity interest in the Pukaqaqa copper-gold project in Peru to Milpo for US\$7,000,000 in cash, received during the quarter. The Company will also receive US\$4,000,000 if the project begins commercial production, a second payment of US\$4,000,000 one year later and a Net Smelter Return royalty (‘NSR’). The NSR is 1% on all mineral production if the quarterly LME copper price averages US\$3/lb or less and 2% above US\$3/lb. The NSR applies to the existing property package and to any properties subsequently acquired by Milpo within 15 kilometres of the boundaries of the existing property package.

#### Kwale Project in Kenya

On February 24, 2010 the Company and Base Iron Limited (‘BIL’) (ASX: BSE) signed a binding Heads of Agreement (‘HoA’) whereby BIL will acquire the Kwale Mineral Sands Project (‘Kwale’), all the intellectual property associated with Vaalldiam’s mineral sands projects in Africa and an option to acquire 100% of Tiomin Kenya Limited (‘TKL’) for \$3 million in cash on closing and a cash royalty of 1.5% of all product revenue from Kwale.

## Results of Operations

(Expressed in thousands of Canadian dollars, except share capital amounts)

	Mar. 31, 2010	Mar. 31, 2009
Loss before interest, equity loss and amortization	2,550	1,524
Loss before income tax	2,254	1,647
Loss per share	0.04	0.03
Total assets	33,764	58,400
Compensation expense relating to stock options	824	-
Working capital	10,358	17,034
Mineral properties	5,298	9,680
Deferred exploration and development	-	27,046
Share Capital:		
Common shares (000s)	71,388	48,081
Warrants (000s)	9,935	10,338
Options (000s)	4,617	4,357

## Cash Flow and Liquidity

As at March 31, 2010, Vaaldiam had a working capital surplus of \$10.4 million, compared with \$17.0 million at March 31, 2009. For the quarter ended March 31, 2010, Vaaldiam received cash of \$7.3 million from the sale of the Company's interest in the Pukaqaqa project in Peru and \$10.0 million from the maturity of a short-term investment. Vaaldiam used cash of \$2.7 million in operating activities and \$0.7 million in the acquisition of VRL, for a net increase in cash of \$13.8 million. With the current issues in the financial markets, it is important to note that the Company's treasury investment strategy ensured it was never exposed to asset backed commercial papers or sub-prime mortgages.

The information above should be reviewed in conjunction with the Company's unaudited consolidated financial statements and management discussion and analysis for the three months ended March 31, 2010 that will be available shortly on [www.sedar.com](http://www.sedar.com) and [www.vaaldiam.com](http://www.vaaldiam.com).

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