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PRESS RELEASE

VAALDIAM STRIKES NEW DEAL WITH RIO TINTO

Vaalldiam Resources Ltd. (VAA-TSX) has secured an agreement with Rio Tinto Desenvolvidimentos Mineraiis Ltda. ("Rio Tinto") transferring operatorship and 100% ownership of the Southern Block of the Pimenta Bueno diamond project to Vaalldiam. Rio Tinto retain an option to back-in to a 60% interest in any kimberlite pipe that meets Rio Tinto's development criteria. In the event Rio Tinto decide to develop one of these kimberlite pipes they will complete and fully fund a feasibility study. Should the feasibility study meet their criteria and Rio Tinto decide to develop a mine they will fully fund the construction of the mine and Vaalldiam will retain a 40% equity interest in cash flow from the mine. In such a case, Vaalldiam will not need to raise development equity funding.

The Southern Block of the Pimenta Bueno property encompasses 38 kimberlite pipes and 3 dike systems. The Pimenta Bueno property in Rondonia State, Brazil is comprised of 208,000 hectares in the Southern Block and 40,000 hectares in the Northern Block. Eighteen of the pipes are diamond bearing based on sampling completed to date. To date, four of the 38 pipes have been mini-bulk sampled with less than 200 tonnes of kimberlite having been collected thus far.

Vaalldiam has mobilized a highly experienced exploration team to the property whose focus will be a mini-bulk sampling program on the Cosmos 1 and 2 diamond bearing kimberlites. Vaalldiam will sample the Pimenta Bueno pipes using the same bulk sampling methods that were successfully used on the Brauna kimberlites, located in Bahia State, Brazil. This method involves the collection of 250 tonnes of kimberlite from vertical shafts excavated to a depth of 30 metres. The extraction of samples in this manner provides the maximum sample coarseness in order to minimize diamond breakage. This form of excavation is also a more cost effective method of bulk sampling than using a drill to recover bulk sample material.

During 2006 Rio Tinto sampled the 2.3 hectare Cosmos 1 pipe which resulted in the recovery of 117 macro diamonds (>0.850 mm) with a total weight of 2.45 carats. The two largest diamonds recovered weighed 0.14 carats and 0.12 carats. A total of 62.2 dry tonnes of kimberlite was collected from the pipe using 5¹/₂ inch reverse circulation drilling of 13 holes to approximately 200 metre vertical depth. The sample was processed by screening and dense media separation at Rio Tinto's laboratory facility in Brasilia (reported on July 4, 2006). Vaalldiam's proposed 200 tonne mini-bulk shaft sample from the Cosmos 1 pipe is expected to produce a larger number of diamonds to determine the diamond distribution. A smaller, 50 tonne mini-bulk sample will also be extracted from the diamond bearing Cosmos 2 pipe approximately 500 metres to the southeast of the Cosmos 1 pipe. This 1 hectare pipe was discovered by De Beers in the 1970s and has not yet been tested by bulk sampling.

In addition, Vaalldiam will immediately explore three kimberlite indicator mineral anomalies in the area surrounding the Cosmos kimberlites, which do not appear to be associated with any known pipes. Very fresh kimberlite indicator minerals were recovered in three separate areas suggesting the nearby presence of additional kimberlites.

Ken Johnson, President of Vaalldiam, commented that *"we are extremely encouraged by the potential of the Pimenta Bueno district as it continues to produce large, high-value diamonds from alluvial deposits that appear to be closely associated with kimberlite occurrences in the district. Some of the kimberlite pipes discovered to date on the property are quite large, with surface*

areas in excess of 20 hectares, indicating excellent potential for large tonnage deposits. We remain confident that the Pimenta Bueno property has the potential to deliver a world-class diamond deposit. It is generally recognized that the Pimenta Bueno kimberlite pipes are similar occurrences to the producing kimberlite pipes found in South Africa. Under this new agreement Vaaldiam can now focus on the economic evaluation of these pipes.”

Rio Tinto's back in rights are triggered when Vaaldiam recovers at least 200 carats of commercial sized diamonds from a bulk sample on any kimberlite in the Southern Block. Should Rio Tinto progress through to mine construction, it will provide Vaaldiam's 40% share of costs which are to be recovered by Rio Tinto from future cash flows on a non-recourse basis. Should Rio Tinto not exercise its option, Vaaldiam would continue to own 100%. Any alluvial deposits developed on the property would be 100% owned by Vaaldiam. Vaaldiam continues to retain 100% ownership of the 40,000 hectares Northern Block of the Pimenta Bueno property.

Vaaldiam is a Canadian-based diamond exploration company primarily involved in the exploration and development of advanced-staged diamond properties in Brazil. Vaaldiam's 100% owned Duas Barras Mine is in the final stages of commissioning and is projected to produce 25,000 carats through the remainder of 2007, increasing to 50,000 carats of annual production in 2008. The Duas Barras deposit contains an indicated resource of approximately 1.7 million bank cubic metres at an estimated grade of 0.16 carats/m³ and 0.18 grams Au/m³, representing an in-situ diamond resource of 270,000 carats and 306 kilograms (9,838 ounces) of gold. In addition, the deposit contains an inferred resource of approximately 1 million bank cubic metres at an estimated grade of 0.16 carats/m³ and 0.18 grams Au/m³, representing an in-situ diamond resource of 160,000 carats and 180 kilograms (5,787 ounces) of gold. The independent valuation of 169.15 carats of diamonds recovered during the bulk sampling program indicated an average value of US \$197 per carat. Vaaldiam also holds a 100% interest in the Braúna kimberlites, where the Company has announced the commencement of a bulk sampling program which will test at least three of the four diamond bearing pipes discovered on the property. Mini-bulk sampling of the Braúna 3 kimberlite pipe resulted in the recovery of 59 macro diamonds (>0.850 mm) with a total weight of 8.29 carats from 39.9 dry tonnes of kimberlite, indicating a recovered grade of 20.78 carats per hundred tonnes.

This release has been reviewed by José Ricardo Pisani, Vice President, Exploration who is Vaaldiam's qualified person under National Instrument 43-101. For additional information regarding Vaaldiam please visit www.vaaldiam.com or contact Ken Johnson, President and Chief Executive Officer 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 variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations; risks related to joint venture operations; actual results of current exploration activities; changes in project parameters as plans continue to be refined, future prices of resources; possible variations in reserves, grade or recovery rates, accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.