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PRESS RELEASE

VAALDIAM ANNOUNCES \$ 5,000,000 PRIVATE PLACEMENT

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Vaalldiam Resources Ltd. (VAA – TSX VN) announced today that it has entered into an agreement with Westwind Partners Inc. and First Associates Investments Inc. (the “Agents”) to complete a private placement financing to raise up to \$5,000,000, subject to all required regulatory approvals. Pursuant to the financing agreement with the Agents, Vaalldiam will issue Units that will be priced 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 thereof 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 offering by an additional \$2,000,000 for total gross proceeds of \$7,000,000. The financing is scheduled to close on or about August 5, 2004, and is being completed in place of the financing previously announced pursuant to the press release of the Company dated March 29, 2004.

Proceeds of the offering will primarily be used to advance the exploration and development of the Pimenta Bueno property in Brazil. To date, 32 kimberlite pipes have been discovered on the Pimenta Bueno property, including the recently discovered “Clara Pipe”. Based on sampling, 15 of the 32 known pipes are diamond-bearing. From the results of this preliminary sampling effort, micro diamond analyses and mineral chemistry studies indicate that 11 of the diamond-bearing pipes may have economic potential. These 11 kimberlites are now being assessed. Twenty-four of the 32 known kimberlite pipes occur in one large cluster covering some 50,000 hectares.

In addition, the Company has identified 37 priority geophysical anomalies some of which could be new, additional kimberlite pipes. Exploration work completed thus far on these 37 priority anomalies strongly suggests that additional kimberlite pipes, with high interest mineral chemistry, will be discovered on the property, over and above the 32 pipes discovered to date.

The 176,000 hectare Pimenta Bueno property lies adjacent to the Roosevelt Indian Reserve, where two kimberlite pipes were reportedly discovered during the last two years. Vaalldiam holds the largest land position in this prime district which is quickly developing into South America’s most active diamond producing area.

Vaalldiam is a Canadian based diamond exploration company with the objective of becoming a leading producer of superior quality diamonds, through the systematic exploration and development of properties situated in the most prospective areas. Vaalldiam currently has 35,924,279 common shares outstanding.

To obtain additional information regarding the Company please visit www.vaalldiam.com. You can also contact Kenneth W. Johnson, President and CEO, or Robert Yeoman, Vice President and Corporate Secretary, for additional information at (416) 363-6927.

- 30 -

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.