



July 19, 2007
Toronto, Ontario

VAA-TSX
vaapr2007-14

**VAALDIAM ANNOUNCES C\$19 MILLION UNDERWRITTEN PRIVATE PLACEMENT
FINANCING**

Not for distribution to United States newswire services or for dissemination in the United States

Vaalldiam Resources Ltd. ("Vaalldiam") (TSX-VAA) is pleased to announce that it has entered into an agreement with Canaccord Capital Corporation (the "Underwriter"), which has agreed to purchase, on an underwritten private placement basis, 21,500,000 subscription receipts of the Company (the "Subscription Receipts") at a price of Cdn\$0.90 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds to Vaalldiam of Cdn\$19,350,000 (the "Offering").

Each Subscription Receipt shall be deemed to be exchanged, without payment of any additional consideration and subject to adjustment, for one (1) unit of Vaalldiam (each a "Unit") on the earlier to occur of: (i) the Escrow Release Time (as defined below); and (ii) the Final Escrow Deadline (as defined below), in respect of the Subscription Receipts which remain outstanding after giving effect to the return of the Escrowed Funds (as herein defined) provided for below. Each Unit will be comprised of one common share of the Company (each an "Underlying Share") and one-half of one common share purchase warrant (each whole warrant, an "Underlying Warrant"). Each Underlying Warrant shall entitle the holder thereof to subscribe for one additional common share of the Company (a "Warrant Share") at an exercise price of \$1.20 per Warrant Share at any time prior to the day that is 24 months from the Closing Date (as herein defined) of the Offering.

Vaalldiam plans to use the net proceeds of the Offering to advance Vaalldiam's projects, including those proposed to be acquired pursuant to the planned acquisition by the Company of all of the outstanding shares of (i) Elkedra Diamonds NL (the "Elkedra Transaction"), and (ii) Great Western Diamonds Corp. (together with the Elkedra Transaction, the "Acquisitions") and for general corporate working capital purposes. The Acquisitions are described in more detail in the press release of Vaalldiam dated July 3, 2007.

Upon the closing of the Offering, 25% of the gross proceeds of the Offering shall be delivered to Vaalldiam, with the remaining 75% (the "Escrow Ratio") of the gross proceeds of the Offering to be deposited in escrow (the "Escrowed Funds").

The Escrowed Funds will be released from escrow to Vaalldiam (after deducting the applicable Underwriters' commission) immediately following the closing of the Elkedra Transaction (the "Escrow Release Time"), provided that the following conditions (the "Escrow Release Conditions") have been satisfied before the Escrow Release Time:

- a) all conditions precedent to the closing of the Elkedra Transaction shall have been satisfied or waived to the satisfaction of the Underwriter, acting reasonably; and
- b) to the extent required in accordance with the rules of the Toronto Stock Exchange (the "TSX"), the Elkedra Transaction and the issuance of the Units pursuant to the Offering, shall have been approved by the shareholders of Vaalldiam.

In the event that either (i) the Escrow Release Conditions are not satisfied by the Escrow Release Time, or (ii) the closing of the Elkedra Transaction does not occur on before 110 days after the Closing Date (the "Final Escrow Deadline"), the Escrowed Funds, plus any accrued interest

earned thereon, shall be returned *pro rata* to each holder of the Subscription Receipts in exchange for that number of Subscription Receipts held by such holder multiplied by the Escrow Ratio.

The Subscription Receipts will be offered in each of the provinces of Canada, offshore jurisdictions, and in the United States on a private placement basis pursuant to an exemption from the requirements of the United States Securities Act of 1933, as amended. Subject to restrictions in respect of sales from control blocks, the Subscription Receipts and the Underlying Shares will be subject to a four month hold period in Canada.

The Offering is scheduled to close on or about August 15, 2007 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX.

This news release is intended for distribution in Canada only and is not intended for distribution to United States newswire services or dissemination in the United States. The securities being offered have not, nor will they be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

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.