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PRESS RELEASE

VAALDIAM TO DOUBLE PRODUCTION FROM ITS DUAS BARRAS DIAMOND MINE

Vaalldiam Resources Ltd. (VAA – TSX) has entered into an agreement to acquire the neighbouring mine and extensive concessions adjoining its Duas Barras mine in the State of Minas Gerais, Brazil. Vaalldiam's acquisition of RST Recursos Minerais Ltda. ("RST"), a Brazilian-registered company and owner of the producing Peçanha diamond mine, also provides Vaalldiam with a second 2,000 tonne per day diamond recovery plant and new mining fleet which will immediately increase diamond production at Duas Barras. The acquisition of RST significantly expands the Company's operations in the historic Diamantina diamond district, and strengthens Vaalldiam's position as South America's largest diamond producer.

The benefits of the acquisition include:

- **Fully Permitted Mine with Current Diamond and Gold Production:** Located immediately adjacent to Vaalldiam's 100%-owned Duas Barras mine, RST's landholdings comprise 24 mining and exploration concessions covering approximately 110 kilometres of the Jequitinhonha River, a prolific diamond producing area for over 250 years;
- **Long Life of Mine and Sustained Growth:** A documented non-NI43-101 compliant volume of alluvial gravels ranging from 75 to 150 million cubic metres within the RST properties. RST's Peçanha mine represents the eastern extension of the Duas Barras deposit, where Vaalldiam has recovered over 30,000 carats of gem quality diamonds during the first six months of commercial production from September 2007. Acquisition of the RST concessions increases Vaalldiam's exploration potential from just four kilometres of the Jequitinhonha River to 110 kilometres of potentially diamondiferous paleochannels and terrace deposits. The acquisition provides significant opportunity for further expansion of production in the district;
- **More High Value Diamonds and Gold:** Diamonds produced from this region generate average sales values ranging from US\$150 to US\$180 per carat. Sales of approximately 30,000 carats of diamonds from Vaalldiam's Duas Barras mine, situated across the river from RST's operation, have an average value of US\$165 per carat. Gold is also an important by-product of the diamond production in this region, generating gross sales revenues based on current gold prices ranging from US\$3 to US\$5 per cubic metre of gravel mined;
- **Opportunity to Immediately Increase Production:** Included in the transaction is a newly constructed 100 tonne per hour dense media plant, spare parts, and new mobile mining equipment with an estimated replacement value of US\$8.5 million;
- **Existing Infrastructure:** Vaalldiam will gain access to an extensive existing infrastructure and support facilities which includes a fully operational fabrication workshop, maintenance buildings, office and accommodation buildings and warehouse facilities with an appraised value of US\$1.85 million;
- **Exploration Data:** Resource delineation will be fast-tracked through the use of an extensive database of historic exploration data consisting of drilling and bulk sampling data and over 20 years of production information.

Ken Johnson, President and Chief Executive Officer of Vaalldiam commented that *"our acquisition of RST is in line with our strategy to consolidate the Brazilian diamond sector, and significantly strengthens Vaalldiam's position as the dominant diamond producer in South America. The RST acquisition immediately expands our Diamantina district mining operations and allows us to reach our target of 100,000 carats of annual production for the district sooner than planned."*

Under the terms of the acquisition agreement, Vaaldiam will acquire RST for a cash payment of US\$9 million and the issuance of common shares of Vaaldiam in the amount of US\$1.5 million. The terms of the transaction are as follows:

- July 1, 2008: Vaaldiam paid the shareholders of RST US\$500,000 and US\$1.5 million of Vaaldiam common shares;
- August 15, 2008: Vaaldiam will pay the shareholders of RST the balance owing of US\$8.5 million.

About RST:

RST holds title to 24 mining and exploration concessions and 9 exploration claims under application, immediately adjacent to, and down river from, Vaaldiam's Duas Barras mine. RST acquired the concessions in 2004 from Mineração Te jucana SA ("Te jucana"), a Brazilian registered company that produced diamonds and gold from large scale dredging operations for more than 25 years (1967-1995). Extensive mining records from Te jucana's operations show that over 700,000 carats were recovered from approximately 20 of the 110 kilometres of contiguous mining and exploration licences along the river. Te jucana also completed a significant amount of exploration within their concessions, consisting of more than 2,600 percussion drill holes and results from 4,866 cubic metres of bulk sampling that returned an average recovered grade of 0.09 carats per cubic metre from twelve bulk sampling sites. The extensive and meticulously documented exploration data produced by Te jucana is included in the acquisition transaction. A presentation on Vaaldiam's acquisition of RST is available on Vaaldiam's website at <http://www.vaaldiam.com/mining/pdf/duas-barras-acquisition.pdf>.

Financing:

Vaaldiam has also completed a non-brokered private placement financing involving the issuance of 7,277,429 common shares at \$0.35 per share for a total of US\$2,500,000.

About Vaaldiam Resources:

With two debt-free alluvial mines in production in Brazil, Vaaldiam is South America's largest diamond producer. Vaaldiam is currently advancing its Braúna kimberlite project towards a feasibility study to be completed later this year, following completion of the 5,000 tonne bulk sampling program currently underway with the construction of a new diamond recovery plant. Vaaldiam is also developing its Rondônia diamond projects which include the Pimenta Bueno and Ariquemes kimberlite clusters. Vaaldiam's strategy is to use any cash flow generated from its alluvial mines to directly fund the exploration and development of its Brazilian kimberlite properties.

This release has been reviewed by José Ricardo Pisani, Vice President, Exploration, who is a qualified person under National Instrument 43-101. Technical information contained in this release was also reviewed by Brent Jellicoe, P.Geo., Vice President, Exploration and Evaluation, and Katya Masun, P.Geo., Senior Resource Geologist, who are qualified persons under National Instrument 43-101 and supervised the due diligence review of the technical information prior to the transaction. 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

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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.

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