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PRESS RELEASE

Cosmos 1 Mini-Bulk Sample Yields 117 Macro Diamonds

- **Rio Tinto to continue funding Pimenta Bueno exploration program;**
- **117 macro diamonds recovered from Cosmos 1 pipe. Further mini-bulk sampling from surface recommended by Vaaldiam to confirm diamond distribution; and**
- **Five newly discovered geophysical anomalies to be tested.**

Vaaldiam Resources Ltd. (TSX-VAA) reports that results from Rio Tinto Desenvolvimentos Minerais Ltda. ("Rio Tinto") US$ 4.94 million first year exploration program on the Pimenta Bueno property have resulted in Rio Tinto committing to fund the second year of the exploration program. To date, 34 kimberlite pipes have been discovered within the area of the Pimenta Bueno property, situated in the State of Rondônia, Brazil. Twenty-four of the 34 known pipes occur in one large cluster and 15 of the 34 pipes have been found to be diamond-bearing on the basis of macro and micro diamond analyses. The recent discovery of five new geophysical anomalies by Rio Tinto provides the potential for the discovery of additional diamond bearing kimberlites.

Since commencing their exploration program, Rio Tinto has completed 5,255 metres of delineation drilling of 7 kimberlite pipes, as well as a mini-bulk sampling program involving the processing of approximately 164 tonnes of kimberlite extracted from 4 of the 8 kimberlites tested during the delineation drilling program.

In addition to the mini-bulk sampling program, Rio Tinto has continued reconnaissance exploration within the 248,000 hectare property, to define new targets which may represent undiscovered kimberlite bodies. Rio Tinto has collected approximately 300 alluvial samples for kimberlite indicator mineral analysis, which has resulted in the definition of 15 kimberlite indicator mineral anomalies requiring follow-up sampling and testing. Rio Tinto also completed 1,900 kilometers of helicopter electromagnetic surveying over a portion of the main cluster of kimberlites on the Pimenta Bueno property at the end of 2005. The electromagnetic survey produced a conductive response over the majority of the known kimberlites, and also identified five untested conductive anomalies with similar responses to the known kimberlites (first priority electromagnetic anomalies). Drill testing of these anomalies is underway, with the goal of discovering new, non-magnetic diamond bearing kimberlite pipes.

Ken Johnson, President of Vaaldiam said that *"we are pleased that Rio Tinto will continue to fund exploration of the Pimenta Bueno property. This positive decision reflects Rio Tinto's commitment to the project, and the potential of the Pimenta Bueno district as a whole".*

Mini-bulk Sampling Program

Mini-bulk sampling of the 2.5 hectare Cosmos 1 pipe resulted in the recovery of 117 macro diamonds (>0.850 mm) with a total weight of 2.45 carats. The two largest diamonds recovered from the Cosmos 1 pipe weighed 0.14 carats and 0.12 carats respectively. Rio Tinto has estimated that approximately 98.0 tonnes of kimberlite was recovered from 13 reverse circulation drill holes using a $5^1/_2$ inch tri-cone drill bit. Reduction of the kimberlite to >0.85 mm at the drill-site resulted in the recovery and delivery of 62.2 dry tonnes of kimberlite for processing by dense media separation at Rio Tinto's laboratory facility in Brasilia.

Additional mini-bulk sampling from surface of the Cosmos 1 pipe has been recommended by Vaaldiam to confirm the diamond distribution within the Cosmos 1 pipe, and provide a comparison of the diamond recoveries from surface sampling to those obtained from reverse circulation drilling.

Cosmos 3 Pipe

Mini-bulk sampling of the 12 hectare Cosmos 3 pipe resulted in the recovery of 16 diamonds with a total weight of 0.28 carats. An estimated 90.7 tonnes of kimberlite was recovered in 12 reverse circulation drill holes using a $5^1/_2$ inch tri-cone drill bit. Reduction of the sample to >0.85 mm resulted in the recovery of 56.5 dry tonnes of kimberlite for delivery and processing by dense media separation at Rio Tinto's laboratory facility in Brasilia. The Cosmos 3 pipe, and its satellite pipe Cosmos 4 (not tested by mini-bulk sampling) are situated 5 kilometers southwest of the Cosmos 1 pipe.

Pepper 4 Pipe

Ten reverse circulation drill holes were completed at the 7.5 hectare Pepper 4 pipe, producing an estimated 49.3 tonnes of kimberlite. Reduction of the kimberlite at the drill site to >0.85 mm resulted in the recovery of 32.6 tonnes of kimberlite for processing. A total of 25 diamonds totaling 0.42 carats in weight were recovered from this mini-bulk sample.

A summary of the size distribution for the diamonds recovered from the mini-bulk samples collected for each of the kimberlite pipes is available on the Company's website via the following link http://www.vaaldiam.com/pagefind.php?id=32. Results for the mini-bulk sample from the Pepper 13 pipe will be released shortly.

About Vaaldiam

Vaaldiam is a Canadian-based diamond exploration company primarily involved in the exploration and development of advanced-staged diamond properties in Brazil. In addition to the exploration program on the Pimenta Bueno, Vaaldiam is also focused on the development of its Duas Barras alluvial diamond property in Minas Gerais state, Brazil, which is scheduled to commence production in Q4-2006. A drilling program is also underway on the Brauna property in the state of Bahia in Brazil, where four kimberlite pipes are being delineated in advance of a mini-bulk sampling program scheduled for later this year. Vaaldiam has 81.4 million common shares outstanding and C$17.5 million of working capital available for the exploration and development of its diamond properties.

This release has been reviewed by José Ricardo Pisani, Vice President, Exploration who is a qualified person under National Instrument 43-101. For additional information regarding Vaaldiam please visit www.vaaldiam.com, or contact Ken Johnson, President and CEO or Robert Yeoman, Chief Financial 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.

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