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PRESS RELEASE

NEW CLARA KIMBERLITE PIPE PROVES DIAMOND BEARING

VaalDiam Resources Ltd. (VAA-TSX.VN) has recovered diamonds from the first two surface samples taken from the new Clara kimberlite that was recently discovered by the Company on its 176,000 hectare Pimenta Bueno property in the State of Rondonia, Brazil. The two 1,000 litre samples of weathered kimberlite, which were excavated at the site of the two discovery auger holes, were processed by heavy mineral separation at Rio Tinto's laboratory in Brasilia to recover kimberlite indicator minerals. Twenty-six diamonds and abundant indicator minerals (i.e. garnets, diopsides, chromium spinels and ilmenites) were recovered from the two samples.

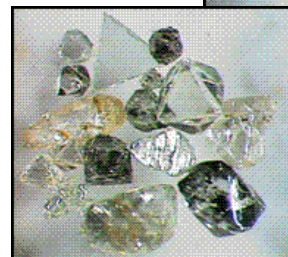
The samples were screened into four size fractions ranging from >0.300 mm to <0.850 mm and were processed for heavy mineral separation using dense media followed by magnetic separation. The following table presents the information on the diamonds recovered from these samples along with the kimberlite indicator minerals:

Sample No.	Stones	Stones	Stones
	+0.300 mm - 0.425mm	+0.425 mm– 0.600mm	+0.600 mm – 0.850 mm
MP0084	4	5	1
MP0085	9	4	3

One additional diamond was also recovered in the coarse (>0.850 mm) fraction of sample MP0085.

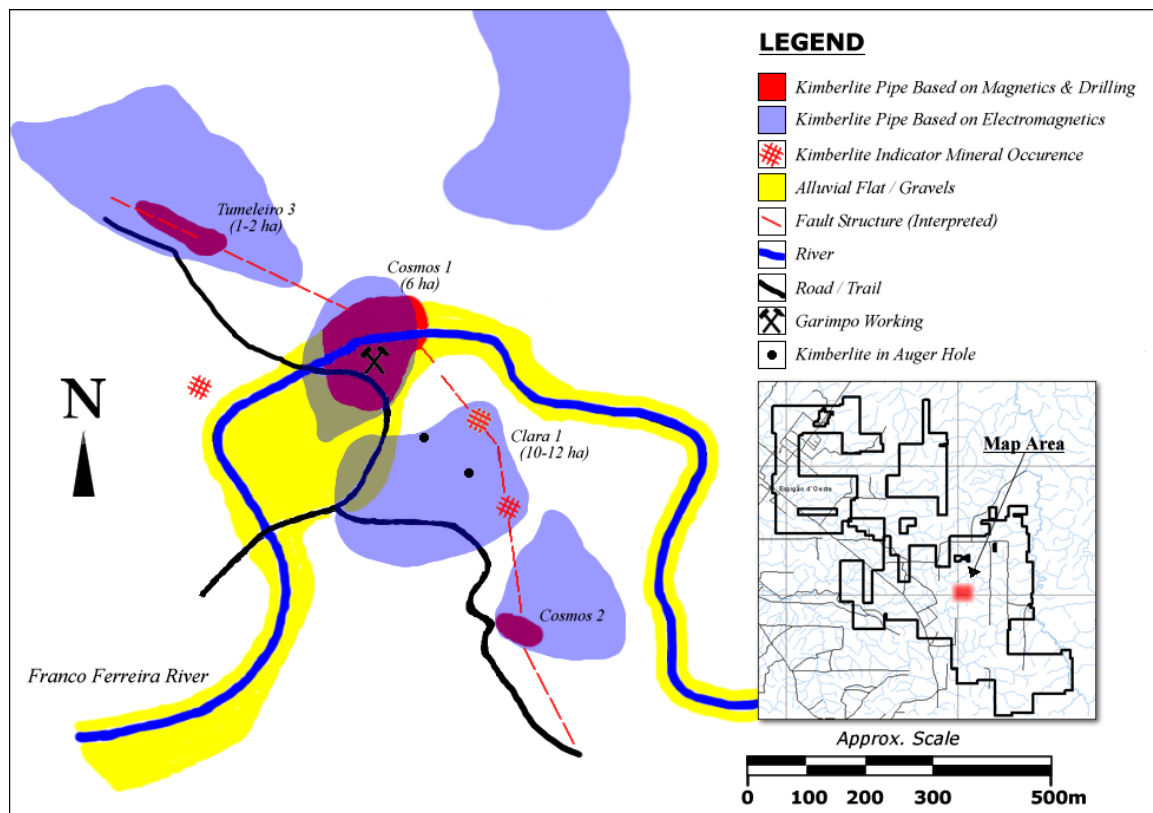
The diamonds are predominantly octahedrons and are colorless with only four stones exhibiting inclusions. Additional rock samples collected from the two pits for caustic fusion and micro diamond analyses are being processed at Rio Tinto's laboratory. The Clara kimberlite was intersected in two auger holes that were drilled to test a 12 hectare electromagnetic anomaly situated approximately 400 metres to the south of the diamond-bearing 9 hectare Cosmos 1 pipe, and less than 1 kilometre south of the diamond-bearing Tumeleiro 3 pipe, the size of which remains to be determined. The economic potential of Clara and that of the neighbouring diamondiferous pipes will be assessed by drilling and bulk sampling in the coming months. This discovery of the Clara pipe is significant given that the pipe is diamond bearing and it is the first time, to the Company's knowledge, that a kimberlite has been located from electromagnetic data in the Pimenta Bueno district. The Clara kimberlite shows no magnetic response and was therefore not apparent in the airborne magnetic data.

***To right:
 Diamonds from
 Sample MP0084.
 1 stone >0.600mm;
 5 stones >0.425mm;
 4 stones >0.300 mm***



***To left:
 Diamonds from
 Sample MP0085.
 1 stone > 0.850 mm;
 3 stones >0.600mm;
 4 stones >0.425mm;
 9 stones >0.300 mm***

In addition, Vaaldiam's electromagnetic survey identified two other anomalies, which are also non-magnetic, which lie within the Cosmos-Tumeleiro cluster. This initial electromagnetic survey covered only a very small area of the Cosmos-Tumeleiro cluster, which is comprised of 25 pipes, 14 of which are diamondiferous. The pipes in the cluster range in size from 1 hectare to 25 hectares. Most of the pipes are hidden under a thin layer of Carboniferous age siltstone that has protected them from erosion and has hindered exploration using traditional sampling methods.



Plan Map of the Clara Discovery Area

The Company also announces that it has decided to limit the size of the financing that was previously announced on August 10, 2004 to the minimum 6,250,000 Units at \$0.40 per Unit for gross proceeds of \$2,500,000. Westwind Partners Inc. and First Associates Investments Inc. were retained to act as agents in connection with the Offering.

Vaaldiam 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. Vaaldiam's primary focus at present is the development of the Pimenta Bueno diamond property in Brazil, where 15 of the 32 kimberlite pipes found thus far are diamond bearing.

For additional information regarding the Company please visit www.vaaldiam.com, or contact Kenneth W. Johnson, President and CEO, or Robert Yeoman, Vice President and Corporate Secretary, at (416) 363-6927.