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PRESS RELEASE

MINING PERMIT GRANTED FOR VAALDIAM'S DUAS BARRAS PROPERTY

Vaaldiam Resources Ltd. (VAA – TSX) reports that the Brazilian National Department of Mineral Production (“DNPM”) has approved Vaaldiam’s application for a mining permit for its 75%-owned Duas Barras alluvial diamond property, located along the Jequitinhonha River in the historic Diamantina diamond district, Minas Gerais, Brazil. Delineation drilling and bulk sampling on the Duas Barras property has defined an indicated gravel resource of approximately 1.7 million bank cubic metres and an inferred gravel resource of approximately 1 million bank cubic metres each at an estimated grade of 0.16 carats/m³, representing an in-situ resource of approximately 430,000 carats of diamonds.

Ken Johnson, President of Vaaldiam commented that *“the approval of our mining permit application by the DNPM paves the way for our planned production startup later this year. Construction of our new diamond recovery plant is now underway, and commissioning of the new plant is expected to start during the fourth quarter of 2006”*.

The mining permit is the final licence that is required by the DNPM. With the approval of the mining permit, Vaaldiam can now apply to the Minas Gerais state environmental agency, Conselho Estadual de Política Ambiental (“COPAM”), for a Licence of Operation, which is granted by COPAM when the mine construction phase has been completed. Project engineers, Multigeo-Mineração, Geologia e Meio Ambiente Ltda. of São Paulo, Brazil have designed the new diamond recovery plant with the capacity to process approximately 80 m³/hour of mined gravel, equivalent to an annual rate of approximately 240,000 bank m³ of gravel, yielding an estimated 38,000 carats/year. Test work is also underway to determine the gold content of the diamond-bearing gravels included in the resource. Heavy mineral concentrates produced during the processing of the fine <2 mm fraction of the bulk sample plant feed, currently are being analyzed to determine the in-situ grade and expected metallurgical recovery of the finely-sized, by-product gold.

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 & C.E.O. 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.