



September 16, 2004
Toronto, Ontario

VAA-TSX.VN
vaapr2004-13

PRESS RELEASE

VAALDIAM CLOSES \$2,500,000 EQUITY FINANCING

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Vaalldiam Resources Ltd. (VAA: TSX VENTURE) is pleased to announce the closing of the private placement, previously announced on July 12, 2004, consisting of 1,250,000 flow-through shares at a price of \$0.40 per share and 5,000,000 Units at a price of \$0.40 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, each whole warrant being exercisable to acquire one common share of the Company at an exercise price of \$0.50 per common share at any time until September 15, 2005, for total gross proceeds of \$2,500,000. Westwind Partners Inc. and First Associates Investments Inc. acted as agents on this offering.

The net proceeds of the offering will be used for the exploration of diamond projects in Brazil, Canada and for general corporate purposes.

The Company is a Canadian based diamond exploration company primarily involved in the exploration and development of the Pimenta Bueno diamond property, situated in the State of Rondonia, Brazil. To date, 32 kimberlite pipes have been discovered on this 176,000 hectare property, including the recently discovered "Clara Pipe". Based on sampling, 15 of the 32 known pipes are diamond-bearing. From the results of this preliminary sampling effort, micro diamond analyses and mineral chemistry studies indicate that 11 of the diamond-bearing pipes may have economic potential. These 11 kimberlites are now being assessed. Twenty-four of the 32 known kimberlite pipes occur in one large cluster covering some 50,000 hectares. The Company also holds an option to earn a 60% interest in the Central and Eastern Block properties of Santoy Resources Ltd. in the Otish Mountains area of Quebec, where 31 isolated magnetic targets have been identified which may be favourable for the discovery of kimberlite pipes.

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

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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.