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PRESS RELEASE

GOLD RESULTS INCREASE REVENUE POTENTIAL OF DUAS BARRAS DIAMOND DEPOSIT

VaalDiam Resources Ltd. (VAA – TSX) (75% interest) reports that the analysis of gold concentrates recovered during bulk sampling of the Duas Barras alluvial diamond deposit has indicated an average in-situ fine gold grade of 0.18 grams of gold per cubic metre (182 mg Au/m³ or 0.006 oz Au/tonne) for the deposit. With these gold results, the Duas Barras deposit contains an indicated resource of approximately 1.7 million bank cubic metres at an estimated grade of 0.16 carats/m³ and 0.18 grams Au/m³, representing an in-situ diamond resource of 270,000 carats and 306 kilograms (9,838 ounces) of gold. In addition, the deposit contains an inferred resource of approximately 1 million bank cubic metres at an estimated grade of 0.16 carats/m³ and 0.18 grams Au/m³, representing an in-situ diamond resource of 160,000 carats and 180 kilograms (5,787 ounces) of gold. A recent independent valuation of 169.15 carats of diamonds recovered during the bulk sampling program indicated an average value of US \$197 per carat (as reported on September 19, 2006).

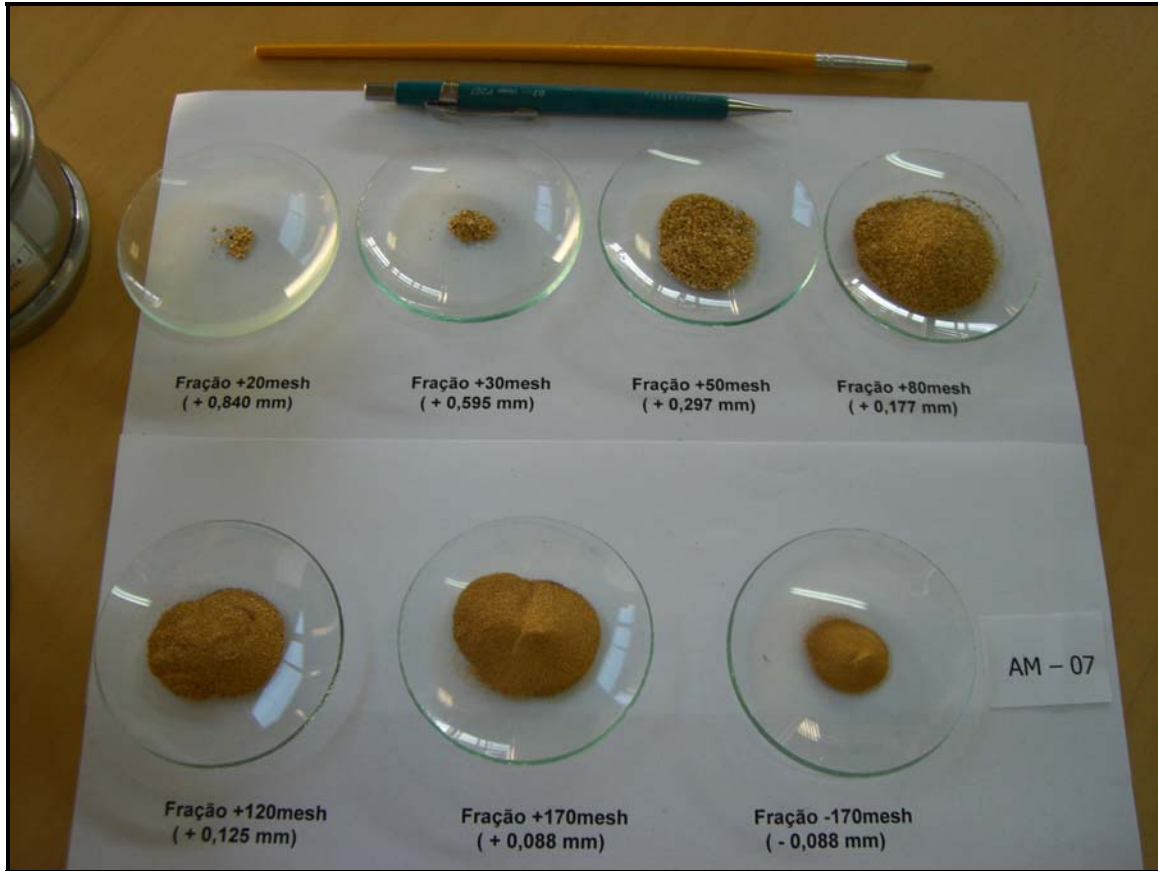
The President of Vaaldiam, Ken Johnson said that “the gold results suggest that the recovery of the free gold by simple, low cost gravity methods will have a significant positive impact on the revenue potential of the Duas Barras operation. At today’s gold prices, the gold grade indicates that the recovery of the fine gold has the potential to add approximately US\$3.50 per cubic metre to the value of the diamond-bearing gravels at Duas Barras. This potential revenue, if maintained during the proposed mining operation, will cover a significant portion of our projected mining costs.”

The following table summarizes the results of the gold analyses, and the corresponding diamond grade (as last reported on August 15, 2006) for bulk samples extracted from Pit #1 situated in the central area of the Duas Barras deposit.

Sample Geology	Sample Volume (m ³)	Recovered Gold (grams)	In Situ Gold Grade (grams/m ³)	In Situ Fine Gold Grade Grams/m ³ @ 90% Purity	Corresponding Diamond Grade (ct/m ³)	Corresponding Diamond Grade (cpht)
Upper Gravels	471.30	2.27	0.005	0.004	-	-
Intermediary Gravels	144.60	49.98	0.346	0.311	0.03	1.70
Transitional Gravels	827.50	191.91	0.232	0.209	0.07 ¹	3.75 ¹
Basal Gravels	283.10	52.74	0.186	0.168	0.23 ¹	12.90 ¹

1. As last reported on August 15, 2006 in press release vaapr2006-24.

The gold analyses were completed by Nomos Laboratório of Rio de Janeiro, Brazil, a metallurgical laboratory which specializes in the analysis and treatment of precious metal ores. The gold results were produced by gravity separation of the samples to produce a concentrate consisting of fine free gold. Screening of the gold concentrates (Tyler Mesh screens) indicates that 80% of the gold particles are > 100 microns in size, which suggests that the gold can be easily recovered using standard, low-cost gravity methods.



Fine gold recovered from one of the bulk samples at Duas Barras

Construction of the Company's new diamond recovery plant is currently underway, and its commissioning is expected to start during the fourth quarter of 2006. The new plant has been designed to process about 80 bank m³/hour of gravel, equivalent to an annual rate of 240,000 bank m³, to recover an estimated 38,000 carats of diamond and 43 kilograms of gold per year.

This release has been reviewed by José Ricardo Pisani, Vice President, Exploration and Paul Daigle, P.Geo. Senior Project Geologist who are qualified persons 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.

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