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PRESS RELEASE

DRILLING DOUBLES THE SIZE OF BRAÚNA 7 PIPE

Vaalldiam Resources Ltd. (VAA – TSX) (60% interest) and partner Majescor Resources Inc. (MAJ – TSXV) (40% interest) report that their initial phase of delineation drilling of the Braúna 7 kimberlite has increased the surface area of the pipe to 1.0 hectare. Commenting on the results of the drilling program at Braúna 7, José Ricardo Pisani, Vice-President, Exploration for Vaalldiam said that *“the drilling program indicates that the pipe is double the size of the original estimate of 0.5 hectares, which was based on surface exposures of weathered kimberlite. There is a good chance that additional drilling could further expand the size of this pipe, as there is an untested magnetic anomaly which appears to tie on to the northwestern end of the pipe which may represent a new satellite body.”*

A total of 17 core holes totaling 2,033.5 metres were completed at the Braúna 7 pipe during the current campaign. The drilling completed thus far indicates that Braúna 7 kimberlite is an elongated body comprised of two lobes defined as the “main lobe” which measures approximately 220 metres by 30 metres on surface, and the “southeast lobe” which measures 70 metres by 40 metres. The two lobes lie along the same northwest-trending kimberlite dike system as the new Braúna 18 occurrence, which lies 500 metres to the northwest, and the 1.7 hectare Braúna 3 pipe which is situated approximately 1,000 metres northwest of Braúna 18. A plan map showing the location of the kimberlite occurrences, and a table summarizing the drilling completed at Braúna 7, are available for viewing on the Company’s website at <http://www.vaalldiam.com/pagefind.php?id=39>.

Vaalldiam and partner Majescor will immediately start a mini-bulk sampling program to determine the diamond content of the larger pipes on the Braúna property. The partners plan on extracting a total of 100 tonnes of kimberlite from two pipes, namely the 1.7 hectare Braúna 3 pipe and the 1.0 hectare Braúna 7 pipe. Vaalldiam, who is the operator of the joint venture, has recommended that the mini-bulk samples be collected through a series of vertical shafts which will be excavated through the 3 to 5 metre thick calcrete cover which overlies the pipes, to extract saprolitic kimberlite for macrodiamond analysis. The planned extraction of the kimberlite samples from the shafts will allow the partners to maximize the sample coarseness which will help minimize diamond breakage. To provide for an efficient turn-around of the mini-bulk sample results, Vaalldiam has purchased a small dense media plant from De Beers Brasil Ltda. which will be utilized by the joint venture to process the mini-bulk samples extracted from the Braúna pipes. The diamond recovery plant consists of a crushing and feed circuit, a 300 kilogram per hour dense media module, and a secure diamond recovery circuit. The recovery plant is designed as a “hands-off” unit, to ensure the security of the sample process. The plant is currently being transported to the town of Nordestina, which is situated less than 5 kilometres from the main cluster of pipes. The recovery plant is expected to be operational by mid-September.

About Vaalldiam

Vaalldiam is a Canadian-based diamond exploration company primarily involved in the exploration and development of advanced-staged diamond properties in Brazil. On its Pimenta Bueno diamond property in Rondônia state, Brazil, joint venture partner Rio Tinto has committed to the second year of exploration work and is currently drill-testing new geophysical targets which may lead to the discovery of additional kimberlite pipes. Delineation and sampling of the known kimberlites is also underway, and is focused on defining targets for bulk sampling later this year. Vaalldiam is also focused on the development of its Duas Barras alluvial diamond property in

Minas Gerais state, Brazil, where an indicated gravel resource of 1.7 million cubic metres and an inferred resource of approximately 1.0 million cubic metres, containing a combined 430,000 carats has been delineated by bulk sampling and drilling. Mine construction is currently underway, with production scheduled to commence in Q4-2006. Vaaldiam has 81.4 million common shares outstanding and approximately C\$16.5 million in cash 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 & C.E.O. at (416) 363-6927, or Janet Reid, Manager, Investor Relations at (416) 822-4404.

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