

Vaaldiam Mining Inc. Converts Brauna Equity Stake to Royalty

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Vaaldiam Mining Inc. ('Vaaldiam' or 'the Company') (TSX: VAA) reports that it has agreed with its joint venture partners to terminate the March 2011 agreement whereby Vaaldiam increased its interest in the Brauna diamond project from 20% to 51%. In exchange for terminating its liability for financing and developing Brauna, Vaaldiam will convert its equity interest in Brauna to a 1% Gross Sales Royalty on all diamond production from the property. In addition, Vaaldiam should recover about \$800,000 currently held in escrow by its joint venture partners and also maintains its rights to explore the Brauna property for gold, which is known to occur on the property. Vaaldiam's joint venture partners now assume responsibility for developing the diamond project.

Vaaldiam CEO Robert Jackson said 'We are unable to finance Brauna because of the extreme volatility in capital markets, which started at roughly the same time that we entered into the agreement to increase our ownership of Brauna in March 2011. This is unfortunate because we believe Brauna has the potential to be a major diamond producer but we will still benefit from our Gross Sales Royalty, which requires no further investment by Vaaldiam. This deal also reverses our working capital deficit because it eliminates the Brauna property payments. We can now focus on our other properties in Brazil and on adding new properties. We had \$4.2 million in cash at June 30, 2011 and we believe we own good assets that are maturing well: 2.8 million shares of Freegold Ventures Limited valued at approximately \$2.0 million, 18.55% of Flemish Gold Corp. (a private company with gold properties in eastern Africa), as well as royalty rights on the Kwale titanium project in Kenya and the Pukaqaqa copper-gold project in Peru. In particular, the Kwale project is fully financed and expects to begin production in late 2013 with life-of mine revenues forecasted to exceed \$2 billion, representing \$30 million of royalty revenue to Vaaldiam. More than half of the revenue occurs in the first five years of production.'

For additional information regarding Vaaldiam please visit www.vaaldiam.com.

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Contacts:

Vaaldiam Mining Inc.
Robert Jackson, President and Chief Executive Officer
rjackson@vaaldiam.com
www.vaaldiam.com

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