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Karelian Diamond Resources plc
("Karelian Diamonds" or "the Company")

13 August 2018

NEW MICRO-DIAMOND RESULTS FROM LAHTOJOKI DIAMOND DEPOSIT

Karelian Diamond Resources plc ("Karelian Diamonds") (AIM: KDR), is pleased to announce the micro-diamond results on drill core from the previously untested Eastern Lobe of the Lahtojoki two hectare diamond deposit over which the Company holds a mining concession.

The analyses, performed by Microlithics Laboratories Inc. in Thunder Bay, Canada have yielded micro-diamond results comparable to those for the smaller Central and Western portions. The results indicate the potential for high quality diamonds of good colour and shape.

Highlights

- **Micro-diamond results from previously untested larger Eastern Lobe of deposit comparable to micro-diamond results in smaller Western and Central portions.**
- **Results give increased confidence for economics of deposit.**
- **Potential for high quality diamonds of good colour and shape indicated.**

Professor Richard Conroy, Chairman, Karelian Diamond Resources plc commented:

"These early-stage results not only serve to confirm the validity of earlier analyses by a previous operator, but also indicates that the grade, modelled at 40 carats per hundred tonnes from past micro-diamond results, could be reasonably extended into the Eastern Lobe of the Kimberlite at depth. As such they give the Company increased confidence in an economically robust project, as outlined in the PEA undertaken in 2017."

Further Information

- The Eastern Lobe represents the widest part of the Lahtojoki diamond deposit and hosts a high proportion of the overall tonnage of the deposit.
- The core samples were taken from previously untested archived drill core from the Eastern Lobe from three drill holes at the-down-hole depth intervals of between 58.75 m and 77.30 m.

- The laboratory processed 93.19 kg of (dry) kimberlite, and recovered 61 individual diamonds of between +106 µm and +850 µm in size, including one commercial-sized diamond, a white octadodecahedron weighing 0.01 ct.
- The results are comparable to the historical micro-diamond results from the smaller Western and Central portions of the Lahtojoki deposit and confirm and validate the historical sampling results. A summary of the current results and comparison with historical results is presented in tabular form below:

kg	#>106 µm	#>150 µm	#>212 µm	#>300 µm	#>425 µm	#>600 µm	#>850 µm	Total
93.19	23	21	6	6	2	2	1	61

	kg	Stones	Stn/100kg	-450µm:+450µm*	#+850µm	% Stns +850µm
Historical	1,771.17	1,096	61.9	6.3:1	21	1.9%
KDR 2018	93.19	61	65.5	6.6:1	1	1.6%

* Ratio of +150-450µm versus +450µm-1,180µm micro-diamonds.

- The general quality of the micro-diamonds, based on a number of quantitative indicators appears to be good. The majority (63%) of the micro-diamonds are of octahedral or octadodecahedral shape. (Micro)inclusions in the crystals are either absent or very slight and the vast majority (90%) of the stones are white/colourless.
- While micro-diamond characteristics are not necessarily guaranteed to be similar in the commercial-sized diamond population, these attributes do indicate the potential for high quality diamonds of good colour and shape.

The Lahtojoki Project – PEA Economics

The 2017 PEA indicates 2+M carats recoverable with an in-situ value of US\$211 million, and recommended an open/vertical pit mining operation. The life-of-mine is 9+ years with payback by year two, an IRR of 55% and an NPV (@8%) of US\$ 39.1M.

This release has been approved by Kevin McNulty PGeo, who is a member of the Company's technical staff and holds a BSc/MSc in Geology and Remote Sensing, in accordance with the guidance note for Mining, Oil & Gas Companies issued by the London Stock Exchange in respect of AIM Companies, which outlines standards of disclosure for mineral projects.

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