

KARELIAN MOVES TO DETERMINE ECONOMIC VIABILITY OF ITS SEITAPERÄ KIMBERLITE PIPE

- **Work On Mantle-Derived Inclusions To Demonstrate Diamond Grade**
 - **Successful Outcome Would Be Followed By Large Diameter Drilling**
 - **Regional Exploration Continues To Identify Targets For Drilling And Follow-Up**
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With its Seitaperä kimberlite in Finland now of sufficient size to be a feasible development target, Karelian Diamond Resources plc (**AIM: KDR**) is moving to determine economic viability. The pipe, which measures 6.9ha at surface and 5.2ha at 50m depth, is the largest kimberlite yet discovered in Finland.

In the interim report to November 2007, chairman Professor Richard Conroy says that mantle-rich areas within the pipe, encountered in recent drilling, will now be subject to micro-diamond studies to determine their diamond grade whilst additional drilling will attempt to extend the areas of mantle-derived inclusions.

“If the outcome is successful, the next step will be to bulk sample these areas to confirm grade, and obtain diamond size distribution and quality data to arrive at a diamond value. Should a kimberlite with economic potential be confirmed, there should be every expectation that it can be developed as a successful and profitable mine within a realistic time frame”, he adds.

One of the four recently drilled holes at Seitaperä intersected 85m of kimberlite, within which was a significant zone (+20m) carrying abundant garnet-peridotite xenoliths (inclusions) derived from the earth’s mantle (where diamonds are formed). This potentially diamond-bearing material, representing 20p.c.-40p.c. of the total drill core, will now be subjected to detailed evaluation, including a mineral chemistry study of the pyrope garnets and other diamond indicator minerals present to determine diamond bearing potential. If the results are sufficiently positive, large diameter drilling of this zone will be undertaken to extract sufficient material for micro-diamond analysis.

In summary, the chairman says that results to date have confirmed the Company’s belief that the Seitaperä kimberlite is a project worthy of detailed evaluation. Regionally, Karelian has identified a number of other likely kimberlite bodies which it is preparing to drill test, as well as further new indicator mineral trains which it continues to follow up.

All of the Company’s exploration activities are focused on the Finnish sector of the Karelian Craton, a geological structure which extends into Russia where it hosts two world-class diamond deposits. Karelian believes the Finnish sector of the craton remains under-explored even though it is larger than Canada’s Slave Craton.

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