

22 July 2010

KARELIAN DIAMOND RESOURCES PLC

AGREEMENT WITH RIO TINTO MINING AND EXPLORATION LIMITED IN RELATION TO FINLAND EXPLORATION DATA

- **Agreement signed with Rio Tinto**
- **Confidential information and geological samples will also be made available by Rio Tinto**
- **51 per cent. back in agreement with Rio Tinto for any major diamond or other mineral discovery**

Karelian Diamond Resources plc (“Karelian”) (**AIM:KDR, ESM: KDR**), is pleased to announce that it has concluded a Confidentiality Agreement (with Back in Rights) with Rio Tinto Mining and Exploration Limited (“Rio Tinto”). Under the agreement, Rio Tinto will disclose to Karelian confidential information and physical geological samples relating to exploration in Finland for the purpose of Karelian considering that information in relation to Karelian’s potential and existing exploration programmes in Finland.

In consideration of Rio Tinto disclosing the confidential information to it, Karelian has agreed that Rio Tinto will have the option to earn a 51 per cent. interest in any project identified by Karelian in Finland by Rio Tinto paying the direct cash expenditures incurred in developing the project subject to the following conditions:

1. For diamond projects the option will be triggered if Karelian completes 10 tons or more of bulk sampling for diamond exploration; and
2. For all other minerals the option will be triggered if Karelian discovers a resource with an in situ value that is equal to or greater than the in situ value of 3 million ounces of gold in a JORC compliant resource calculation.

The Rio Tinto Group is one of the largest mining companies in the world with interests spanning aluminium, copper, diamonds, iron ore, coal, uranium, gold and industrial minerals. Rio Tinto Diamonds is the third largest supplier of diamonds in the world with diamond production ranging from the unique pink diamonds of the Argyle mine in Australia to the spectacular whites of Diavik’s high value gemstones in Canada.

Karelian Chairman Professor Richard Conroy said:

“I am delighted with the Agreement with Rio Tinto. The confidential information and physical samples now being made available to Karelian will be a significant addition to Karelian’s existing knowledge base and mineral exploration programme, which itself has already led to the delineation by Karelian of the largest diamondiferous kimberlite pipe yet discovered in Finland. The Company’s objective remains to make a major diamond discovery in Finland comparable to the world class discoveries already made on the Russian side of the structure.”

Further Information:

Professor Richard Conroy, Chairman, Karelian Diamond Resources plc
Simon Clements/Virginia Bull, Merchant Securities Limited (Nomad)
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