



Karelian Diamond Resources plc

("Karelian" or "the Company")

9 November 2016

**NEW KIMBERLITE BOULDER DISCOVERY 2.5KM SOUTH WEST OF
LAHTOJOKI DIAMOND DEPOSIT**

- **New Kimberlite Boulder Discovery 2.5km SW of Lahtojoki Diamond Deposit**
- **Further Six Kimberlite Boulders Found 500m from First Discovery**
- **Petrographic and Mineral Chemistry Suggest that the Boulders Represent a Kimberlite Type Not Known from Lahtojoki Diamond Deposit**
- **The Source for the Boulders is Possibly also Diamondiferous**

Karelian Diamond Resources plc ("Karelian") (AIM: KDR, ESM: KDRI), the diamond exploration company focused on Finland, is pleased to announce that it has received results and a report from the Geological Survey of Finland ("GTK"), commissioned by the Company on a Kimberlite boulder discovery to the Southwest of the Company's Lahtojoki diamond deposit.

A further six kimberlite boulders were subsequently found in a pit excavated by the GTK about 500m up ice direction from the original boulder discovery. (In Finland such a high number of kimberlite boulders are generally seen either directly over or in close proximity to the source in the bedrock i.e. the origin of the boulders found could be local.)

Known ice-flow direction suggests that the boulders could not have been derived from the Lahtojoki diamond deposit. Also, evidence from initial petrographic and mineral chemistry suggests that the boulders represent a kimberlite type not known from the Lahtojoki kimberlite pipe. It is, therefore, likely that the boulders originate from an, as yet, undiscovered kimberlite body.

Both basal till samples and kimberlite samples were processed for indicator mineral studies.

Initial analysis indicates low heat flow geotherm, excellent regarding the size of the mantle diamond window. The ilmenite composition resembles that of Lahtojoki but indicates even better diamond preservation index (redox conditions). The source for the boulders is possibly also diamondiferous.

A Claim Reservation over the area of interest has been applied for by Karelian. Further exploration, on behalf of Karelian, will be carried out by the GTK, with a view to locating the bedrock source.

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.

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

"I am very pleased by the discovery of these kimberlite boulders and the results of subsequent analysis which raises the possibility of another diamondiferous kimberlite close to our Lahtojoki diamond deposit. If confirmed this would further increase the financial and technical attractiveness of the Lahtojoki diamond deposit."

Further Information:

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