

ACQUISITION OF DIAMOND MINING PERMIT OVER THE LAHTOJOKI DIAMOND PROJECT IN FINLAND

- **Acquisition of Diamond Mining Permit from A & G Mining Oy**
 - **Purchase Price €150,000 plus a Royalty**
 - **Potential to develop a low strip open pit diamond mine**
 - **Lahtojoki is Located in the Kuopio - Kaavi Region of Finland**
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Karelian Diamond Resources plc (“Karelian”) (AIM: KDR, ESM: KDRI), is pleased to announce that it has entered into an agreement with A & G Mining Oy (“AGM”) to acquire the diamond Mining Permit over the Lahtojoki diamond project in Finland.

The purchase price is €150,000, comprising an initial purchase price of €50,000 plus a further €100,000 after twenty four (24) months unless Karelian decides not to develop the project. A royalty to AGM of 1% is payable either in diamonds or cash on diamond production up to 2.5 million carats and 2% payable on diamond production above 2.5 million carats.

The Lahtojoki diamondiferous kimberlite pipe is situated in the Kuopio – Kaavi region of Finland in a highly favourable location with excellent infrastructure including good road access and power distribution and local technical and logistics availability.

The Company believes that the Lahtojoki diamondiferous kimberlite pipe has the potential to become a profitable low strip ratio open pit diamond mine. It will now review the exploration and feasibility work conducted to date at Lahtojoki and carry out any further studies deemed appropriate.

The acquisition of the valid Mining Permit over the Lahtojoki project area will allow the Company, should it so decide, and subject to any relevant environmental assessments or requirements, to proceed through to the development of the project.

Finland has a well-developed mining industry and is highly ranked for mining investment attractiveness in the prestigious Fraser Institute rankings for mining jurisdictions worldwide.

The acquisition has been given legally binding governmental approval by the Finnish Safety and Chemical Agency (“TUKES”) of the transfer of the Mining Permit to Karelian.

This release has been approved by Michael Brennan (MSc., SAImm), who is a member of the Company's technical staff, 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 commented:

“The acquisition of a Mining Permit over the Lahtojoki diamond project is excellent news. It is potentially a low cost way for Karelian to take its initial step toward becoming a diamond producer. This complements our diamond exploration programme in Finland and confirms our view that Finland could become a major diamond province”.

Further Information:

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