

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").*



**Karelian Diamond Resources plc**  
(“Karelian” or “the Company”)

**12 January 2017**

## **RECENTLY DISCOVERED KIMBERLITE BOULDER IS DERIVED FROM AN UNDISCOVERED KIMBERLITE**

- **Analysis Of The Recently Discovered Kimberlite Boulder Shows Clearly It Is Not Derived From The Lahtojoki Diamondiferous Kimberlite Pipe**
- **No Kimberlites Are Known In An Up Ice Direction From The Discovery Site**
- **Thin Section Of The Boulder Proves The Sample To Be An Altered Hypabyssal Kimberlite.**
- **Previous Indicator Mineral Compositions Indicate Diamond-Bearing Mantle Has Been Sampled.**

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Karelian Diamond Resources plc (“Karelian”) (AIM: KDR, ESM: KDRI), the diamond exploration company focused on Finland, is pleased to announce that it has received further results and a report from the Geological Survey of Finland (“GTK”) on the kimberlite boulder discovery made 2.5km SW of the Lahtojoki Diamond Deposit (announced on 9 November 2016), which shows that this boulder is derived from an undiscovered kimberlite.

Thin section and field emission scanning electron microscopy (FESEM) work provides textural and elemental information of the boulder sample. Thin section of the boulder proves the sample to be an altered hypabyssal kimberlite.

The location of the boulder could have potentially been the result of an older SSW ice flow direction transporting a block of material from the Lahtojoki kimberlite to the boulder discovery location. However, given that Lahtojoki is a diatreme filled with tuffisitic or tuffisitic breccia kimberlite, it is clear this boulder material is not derived from the Lahtojoki pipe.

The most likely explanation for the source of this boulder is that it is derived from an undiscovered kimberlite up ice from the initial discovery site.

Previous work on the mantle-derived indicator mineral compositions from the boulder material indicates a similar Archean diamond-bearing mantle has been sampled by this kimberlite.

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:**

*“This information offers the prospect of there being a new additional undiscovered kimberlite in the vicinity of the Lahtojoki Mining Permit which has a mineral composition indicating that it has sampled the diamond-*

bearing mantle. This is very exciting indeed and, as hoped, significantly increases the attractiveness of the Lahtojoki Diamond Deposit.”

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