

KARELIAN

DIAMOND RESOURCES

Karelian Diamond Resources plc
("Karelian" or "the Company")

18 October 2017

KUHMO DIAMOND DISCOVERY UPDATE

- **Extensive Work Programme Underway To Find Source of Kuhmo Diamond**
- **Series of Pits Planned For Till Sampling and Bedrock Identification Programme**
- **Ground Geophysics Scheduled**
- **Analysis of Airborne Geophysics**
- **Scanning Electron Microscopy (SEM) on Laboratory Samples Showing High Indicator Counts**

Karelian Diamond Resources plc ("Karelian Diamonds") (AIM: KDR, ESM: KDRI) is pleased to announce that an extensive work programme is underway to find the source of the green diamond discovered by the Company in the Kuhmo area of Finland, as announced on 31 January 2017. The work programme follows on from the high kimberlite indicator minerals ("KIMs") counts recently reported on 25 September 2017, which has considerably narrowed down the search area.

The objective of the programme is to locate the kimberlite body from which the green diamond originated. As a kimberlite body erodes over millions of years KIMs spread out to form a fan shaped train which may extend for many kilometres. The work programme is designed to identify the kimberlite train and follow it back to source.

This includes a systematic excavator pit programme for till sampling and bedrock identification together with analysis of airborne geophysics and a ground geophysical survey as well as analyses by Scanning Electron Microscopy of previously taken samples showing high indicator counts for precise classification.

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:

"The search area for the source of the green diamond discovered by Karelian Diamonds in Finland has already been narrowed down considerably and this follow up work will help us to pinpoint the kimberlite body. I am excited by the results from the programme to date."

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