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"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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

5 November 2018

FURTHER DISCOVERIES OF ORANGEITE (GROUP II KIMBERLITE) UP-ICE FROM GREEN DIAMOND DISCOVERY

Karelian Diamond Resources plc ("Karelian Diamonds") (AIM: KDR), the diamond exploration and development company focused on Finland, is pleased to announce that drill core sampling at depth has intersected orangeite (Group II Kimberlite), in two further drill holes up-ice of its green diamond discovery. The diamond was found in a till sample in Exploration Anomaly 5, in the Kuhmo region of eastern Finland.

Highlights

- Orangeite (Group II Kimberlite) intersected in two further drill holes additional to the orangeite intersected in drill hole KDR–18–02 (announced 18 October 2018)
- Orangeite in drill hole KDR–18–03 was intersected at 43.9m
- Orangeite in drill hole KDR–18–04 was intersected at 64.4m
- Results indicate an orangeite dyke with vertical continuity
- Results also indicate the orangeite dyke is open to depth and along strike

Orangeite (Group II Kimberlite) was intersected in KDR–18–03 at 43.9m, width 0.6m, and KDR–18–04 at 64.4m, width 1.3m. There is a 16.0m separation between the first intersection in KDR–18–02 (announced 18 October 2018) and the middle intersection in KDR–18–03 and a 17.0m separation between KDR–18–03 and the bottom intersection in KDR–18–04 giving a total separation of 33.0m. The KDR–18–04 intersection at 64.4m is at a vertical depth of 59.0m.

Orangeite (Group II Kimberlite) is a potentially diamondiferous host rock.

The name Orangeite comes from its first discovery near the Orange River in what was then the Orange Free State in South Africa.

Best known example of mined Orangeite is the major Finsch diamond mine 165km west of Kimberley in the Northern Cape Province in South Africa.

Interestingly, in its early days of production, the Finsch mine produced green diamonds.

The Kuhmo region of Finland, in which the Company has also discovered, at Riihivaara, a new kimberlite body (announced on 20 March 2015) lies on the central part of the Archean Karelian Craton and the Archean mantle of the Kuhmo region through which the kimberlites and orangeite (Group II Kimberlite) have ascended, has all the hallmarks for good diamond potential.

The Archean Craton which straddles Finland and Russia hosts two world class diamond mines, Lomonosov and the Grib Pipe in the Russian sector of the Craton.

Follow up exploration work will focus on further defining the orangeite (Group II Kimberlite) body and on the identification of any other potentially diamondiferous material in the area.

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:

"We are delighted by our discovery of an Orangeite body (Group II Kimberlite), which is a potentially diamondiferous host rock, showing vertical continuity of 33m and which remains open to depth and along strike."

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