

THREE DIAMOND EXPLORATION RESERVATIONS GRANTED IN LAHTOJOKI AND KUHMO

- **Potential for further discoveries around Lahtojoki diamond deposit**
 - **Reservations cover twenty regional Kimberlitic Indicator Anomalies in Kuhmo Area**
 - **Kuhmo target area could be part of emerging Kimberlite province**
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Introduction

Karelian Diamond Resources plc ("Karelian Diamonds") (AIM: KDR), is pleased to report that TUKES (The Finnish Mining Authority) has granted the Company three strategic diamond exploration Reservations. One of these diamond exploration Reservations (KDR-R1) is situated around the Company's approximately two hectare in size Lahtojoki kimberlite pipe diamond deposit which is within the Kaavi kimberlite field. The other two diamond Reservations (KDR-R2 and KDR-R3) are in the Kuhmo kimberlite field target area around the Company's Riihivaara kimberlite discovery and the Company's anomaly 5 target, where the Company discovered a green diamond in till.

All the Reservations are in the Karelian Craton in Finland where the Company is actively working on the discovery and development of economic diamond deposits.

Following a review of airborne geophysics and past exploration data the Board decided to apply for these new diamond exploration Reservations. These Reservations secure the adjacent ground to already held and known kimberlite bodies, which is important as Kimberlites tend to occur in clusters, and in both areas there are indications for the potential of new kimberlite discoveries.

The Company is also today providing an update on the impact of the COVID-19 outbreak on its activities.

The Lahtojoki KDR-R1 Reservation, Kaavi Area

The Lahtojoki KDR-R1 Reservation of 26.47km² has been granted by TUKES for a period of one year. This Reservation secures for the Company the potential for further discoveries in the immediate area.

This Reservation surrounds the Lahtojoki diamond deposit over which the Company holds a mining concession and where it is moving towards the potential development of a diamond mine.

The Reservation also surrounds the Diamond Exploration Permit over Lahtojoki South. In the Lahtojoki South Exploration Permit kimberlite boulders from an unknown kimberlite have been discovered (as previously announced by the Company on 12th January 2017).

The Reservation KDR-R1 area also has a number of high interest geophysical and kimberlite indicator mineral anomalies that have been identified by the Company and which the Board believe could add additional diamondiferous resource potential to the Lahtojoki diamond deposit (as previously announced by the Company on 19th September 2016).

The Kuhmo Area KDR-R2 and KDR-R3 Reservations

The Kuhmo KDR-R2 Reservation of 1,476.95km² and KDR-R3 Reservation of 1,453.24km² have been granted by TUKES for a period of two years, respectively.

These Reservations secure ground around a series of twenty regional kimberlite indicator anomalies that have been identified by the Company.

The Board believe that the series of kimberlites in the Kuhmo area could be part of a new emerging kimberlite province in this area. These include the Riihivaara kimberlite discovered by the Company and the largest (6.9 Hectare) diamondiferous kimberlite in Finland, the Seitaperä kimberlite pipe held by the Company, as well as a series of significant regional kimberlitic indicator mineral anomalies defined by the Company.

In the twenty regional anomalies in the KDR-R2 and KDR-R3 Reservation areas there are significant numbers of kimberlitic indicator minerals identified that include four G10 garnets, twenty three G9 garnets, as well as one hundred and thirty seven chromites of which twenty nine plot in the diamond inclusion field. These garnets and other minerals such as certain chromites are used to locate kimberlites and are referred to as kimberlitic indicator minerals. Some of these garnets, the G10's and certain G9's, are created under similar conditions to diamonds within the ultramafic mantle rocks underlying the crust and are therefore used as predictors of the presence of diamonds as well as chromites that plot in the diamond inclusion field.

COVID-19 update

Since the outbreak of the COVID-19 pandemic, the Company has taken necessary measures in accordance with government guidelines to protect the health, safety and wellbeing of its employees, contractors and partners in both Finland and Ireland. COVID-19 is presently restricting field and laboratory work in Finland given the restrictions on operations and movement. Other work related to the Company's exploration and development programme such as that described in today's announcement is, however, ongoing.

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

"The granting of these Reservations by TUKES is a key step forward for Karelian Diamonds and we consider this to be extremely important in regard to our future development of the Lahtojoki diamond deposit where any additional resources identified could dramatically change the magnitude of the project, and also the advancement of our exploration programme in the Company's Kuhmo target area in what appears to be a new emerging kimberlite province."

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