

KARELIAN

DIAMOND RESOURCES



AIM: KDR

www.kareliandiamondresources.com

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**DEVELOPMENT
of
THE LAHTOJOKI DIAMOND DEPOSIT
and
DISCOVERY OF FURTHER DIAMOND DEPOSITS**

THE KARELIAN CRATON (BALTIC SHIELD)

A WORLD CLASS ADDRESS FOR DIAMONDS

- ◆ The Karelian Craton (Baltic Shield) straddles Finland and Russia and is larger in area than the diamond rich Canadian Slave Lake Craton
- ◆ Two world class diamond deposits have been discovered in the Russian sector – Lomonosov and the Grib Pipe
- ◆ The Finnish sector of the Craton with similar geology to the Russian sector also has the potential for world class diamond discoveries hence the Company's decision to explore for diamonds in Finland



LAHTOJOKI DIAMOND DEPOSIT

- ◆ Lahtojoki Diamond Deposit in Finland acquired
- ◆ Preliminary Economic Assessment (“PEA”) based on the data and reports by previous Operators completed. Positive outcome technically and financially
- ◆ Significant percentage of pink diamonds
- ◆ Mining Permit to proceed with development is currently being processed
- ◆ The Lahtojoki diamond deposit, when developed, will be the first diamond mine in Europe, outside Russia





Lahtojoki Diamonds

High (60%) gem quality diamonds

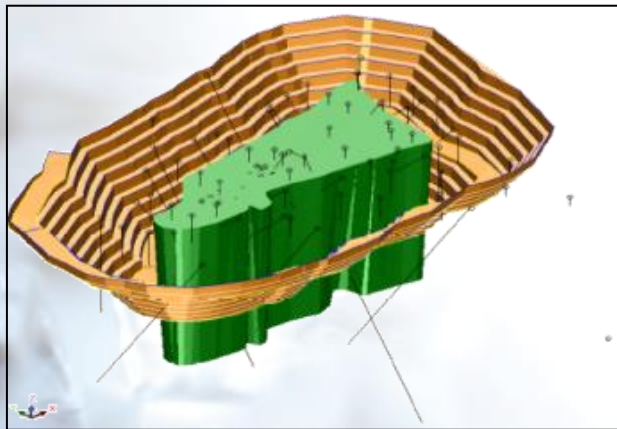


- ◆ Pink diamonds are present in the Lahtojoki deposit
- ◆ Pink diamonds only accounted for >5% of the production at the Argyle mine in Australia, yet generated c.50% of the revenue

Lahtojoki Pink Diamonds

PEA HIGHLIGHTS – LAHTOJOKI DEPOSIT

- ◆ PEA suggests 2.11M Carats recoverable with a gross value of US\$211M
- ◆ Mining operation recommended
- ◆ 5.6 million tonnes at c.40 cpht
- ◆ Nine year mine life indicated: Payback year 2
- ◆ IRR 55% and NPV (@8%) US\$39.1M



Lahtojoki Kimberlite showing proposed open pit

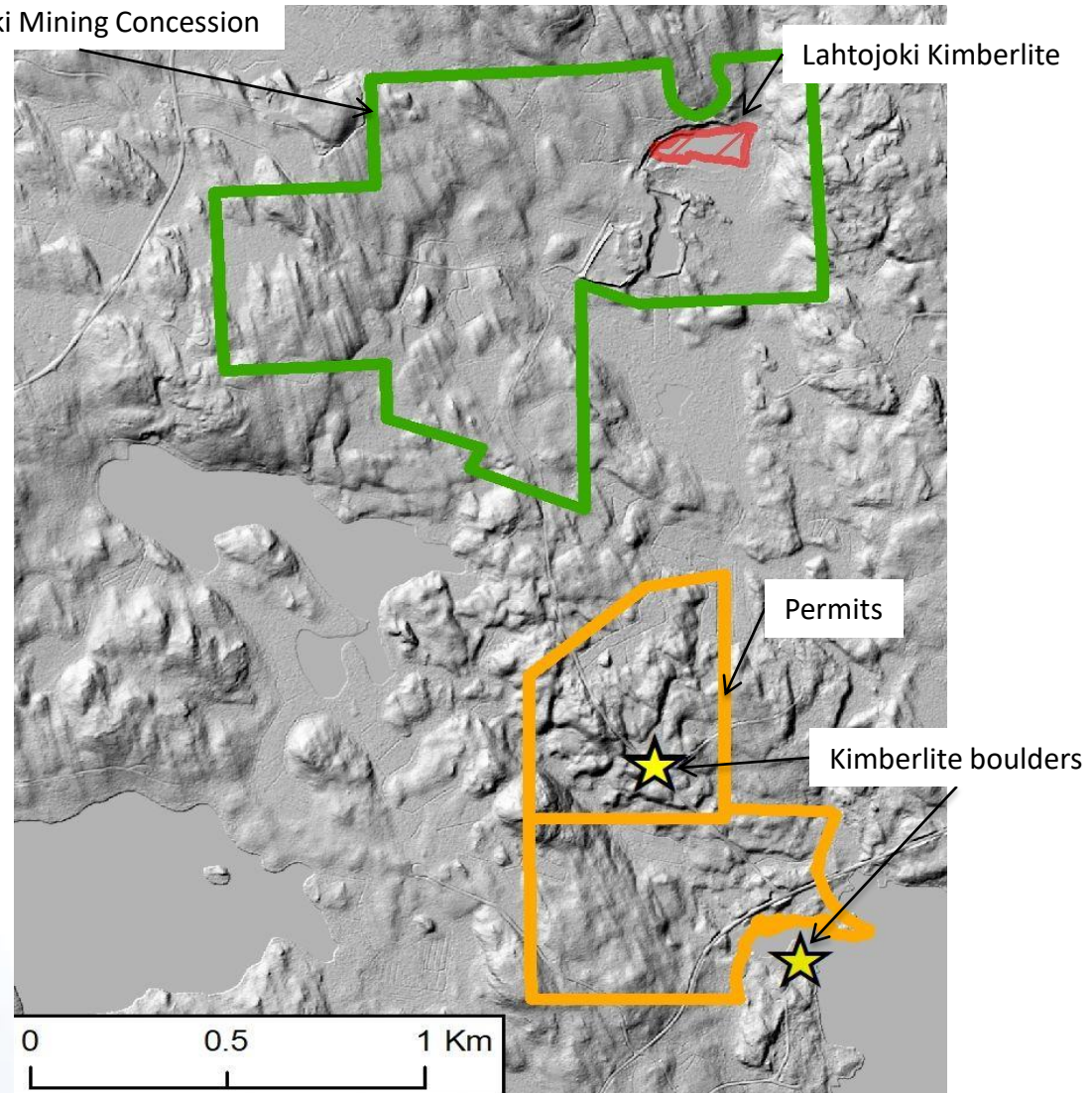


Lahtojoki Diamonds

LAHTOJOKI : ADJACENT POTENTIAL

- ◆ Kimberlites tend to occur in clusters
- ◆ Kimberlite boulders have been discovered to the south of Lahtojoki which cannot be derived from the Lahtojoki Kimberlite
- ◆ The ilmenite composition from the boulders suggests that the kimberlite has an even better diamond preservation index than Lahtojoki
- ◆ An Exploration Permit has been granted over the boulder area

Lahtojoki Mining Concession

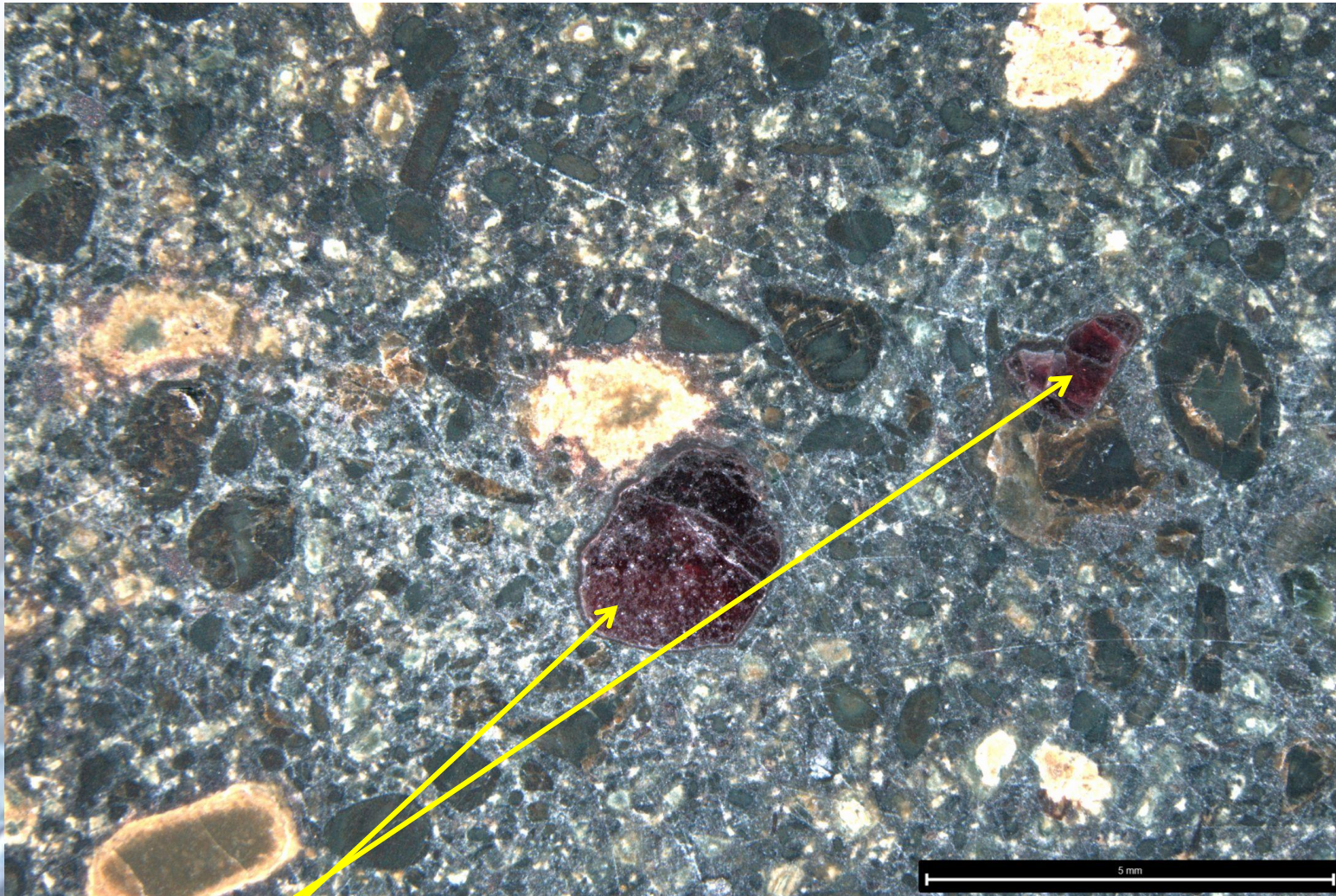




Photograph of Kimberlite boulder material



*Photograph of polished boulder cut surface
hypabyssal Kimberlite*



Two pyrope grains and at least 2 generations of olivine pseudomorphs

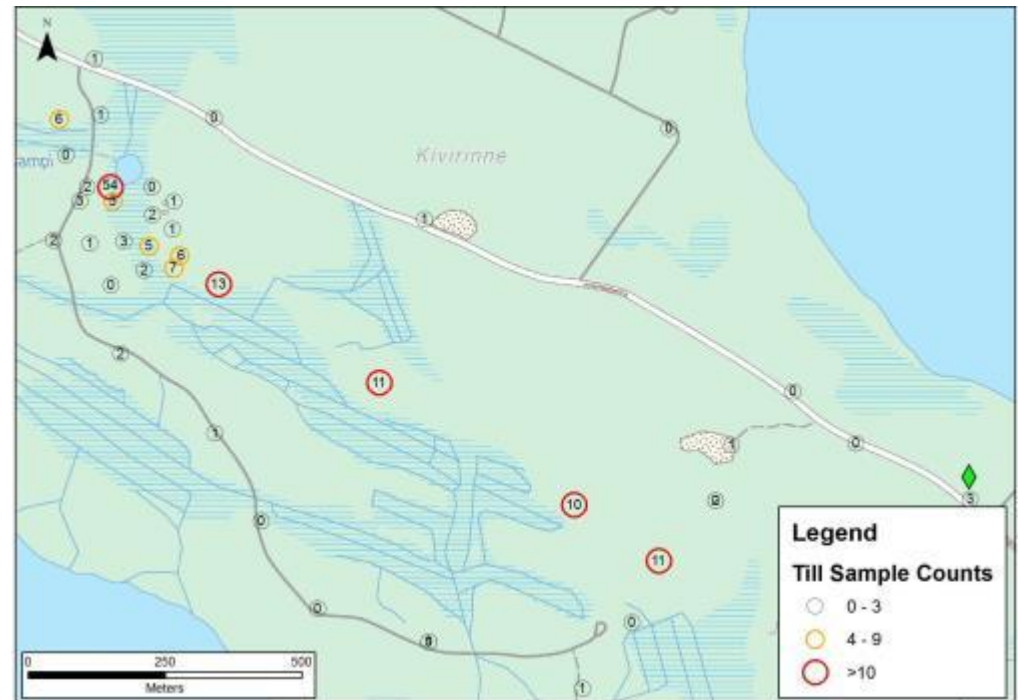
Diamond exploration in the Kuhmo region of Eastern Finland next to the Russian border:

Successes by the Company to date include:

- **Discovery of a green diamond in a till sample**
- **Discovery of a previously unknown kimberlite body at Riihivaara**
- **Discovery of twenty additional kimberlite anomalies in the Kuhmo region**
- **Demonstration that the Seitaperä kimberlite body is, at 6.9Ha, the largest kimberlite identified to date in Finland**

GREEN DIAMOND DISCOVERY

- ◆ Green diamond discovered by the Company in a till sample in Kuhmo Anomaly 5
- ◆ Such a discovery is a very rare and significant event in exploration
- ◆ ODM Laboratory, in Canada, which has processed more than 50,000 exploration till samples has recovered less than 10 naturally occurring diamonds
- ◆ High Kimberlite Indicator Minerals (KIM's) Count suggests close proximity to the source of the diamond
- ◆ Orangeite (Group II kimberlite) also discovered in Anomaly 5



Kuhmo diamond target displaying total KIM's and site of diamond discovery

GREEN DIAMOND DISCOVERY



- ◆ Sparkling clear crystal with clean faces
- ◆ Colour greenish
- ◆ Diameter 0.8mm
- ◆ Dodecahedron shape

ANOMALY 5

ORANGEITE (GROUP II) KIMBERLITE DISCOVERED



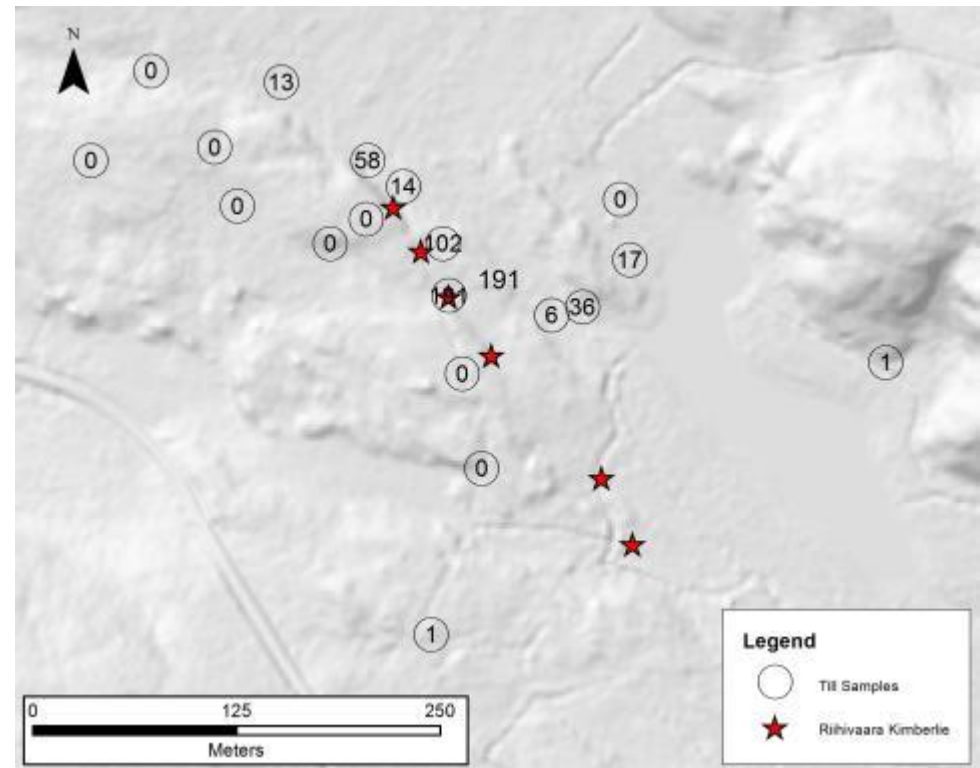
Orangeite (Group II Kimberlite) Discovery



Drill core from Anomaly 5

RIIHIVAARA: KARELIAN KIMBERLITE DISCOVERY

- ◆ New kimberlite body discovered by the Company at Riihivaara in the Kuhmo region of Finland
- ◆ Indicator Mineral analysis indicates that the kimberlite is likely to be diamondiferous
- ◆ Group I Eclogitic pyropes present
- ◆ Geotherm prospective for diamonds. Kimberlite has sampled well into the diamond stability field
- ◆ 350m strike length indicated to date, width up to 2m, open along strike and at depth



Riihivaara Kimberlite and total KIM's

RIIHIVAARA KIMBERLITE DISCOVERY



Kimberlite discovery pit



Kimberlite discovered by Karelian

RIIHIVAARA DRILL CORE KIMBERLITE INTERSECTED



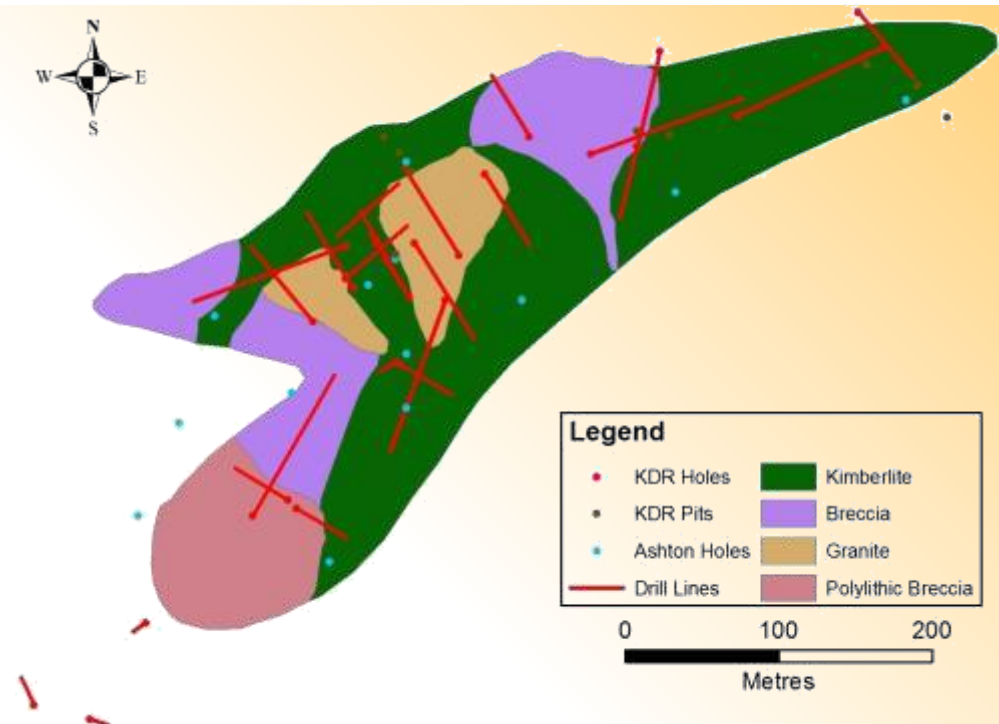
Olivine macrocrystic kimberlite



Purple pyrope 6mm xenocryst
with presumed kelyphytic rim

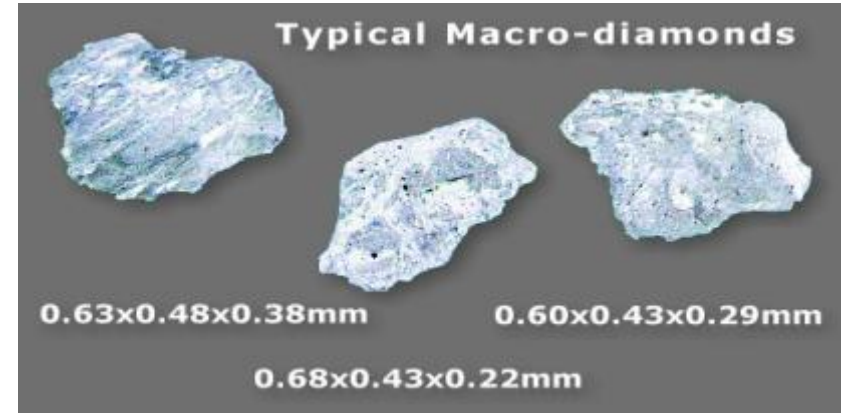
SEITAPERÄ: DIAMONDIFEROUS ORANGEITE (GROUP II) KIMBERLITE

- ◆ Macro and micro diamonds from drill core
- ◆ 6.9ha Orangeite (Group II) Kimberlite defined
- ◆ Shown by Company to be the largest known kimberlite in Finland to date
- ◆ Abundant mantle xenoliths in kimberlite



SEITAPERÄ DIAMONDIFEROUS PIPE – DIAMONDS RECOVERED

- ◆ 67 diamonds recovered from 100kg sample
- ◆ Included 6 macro-diamonds (>0.5mm)
- ◆ Good white colour, clarity and preservation
- ◆ Confirms Seitaperä is diamondiferous, in keeping with mineral chemistry results
- ◆ Abundant peridotite mantle xenoliths



SUMMARY

- ◆ LAHTOJOKI DIAMOND DEPOSIT – PINK DIAMONDS PRESENT; MINING PERMIT AWAITED
- ◆ ADJACENT DIAMOND POTENTIAL TO LAHTOJOKI
- ◆ KUHMO GREEN DIAMOND DISCOVERY
- ◆ RIIHIVAARA KIMBERLITE DISCOVERY
- ◆ SEITAPERÄ: LARGE 6.9HA DIAMONDIFEROUS KIMBERLITE PIPE
- ◆ OTHER EXPLORATION TARGETS UNDER APPLICATION: LIPERI AND SALLA



RIIHIVAARA KIMBERLITE



LAHTOJOKI DIAMOND DEPOSIT



KUHMO GREEN DIAMOND

Karelian Diamond Resources