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GROUND MAGNETICS IDENTIFIES SIGNIFICANT NEW ANOMALIES NEAR KARELIAN'S DIAMONDIFEROUS KIMBERLITE PIPE

- **Drill-Testing Planned Next Month on Multi-Lobed Magnetic Target Beneath Lake**
 - **Second Anomaly Covers Presumed Submerged Section Of Known Pipe**
 - **Drilling Also Scheduled For Three Further Magnetic/Indicator Mineral Targets**
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AIM-quoted Karelian Diamond Resources plc is pleased to announce that recently completed ground magnetic surveys over frozen lakes in the vicinity of the Company's Seitaperä diamondiferous kimberlite pipe in Finland have identified significant new anomalies which the Company plans to drill-test next month, if sufficient ice thickness is present over the lakes.

The Company has recently completed a circa 90 hectare ground magnetometer survey over a prominent airborne magnetic anomaly identified previously as a result of re-processing of aeromagnetic data, flown at 200m line spacing, by the Company in mid-2007. On the basis of this, the Company commissioned the GTK, the Geological Survey of Finland to undertake a ground-based survey at 25m line spacing to better resolve this prominent target ahead of a decision to drill-test it.

The ground survey, completed in January this year, has defined a substantial (+5 hectares) target with three distinct lobes. The magnetic signature is well-defined and shows a high contrast (up to 1,000 nanoteslas) with the surrounding basement rocks. The target is located beneath a major lake at a water depth of 4m-12m. Because of the location, kimberlite indicator mineral studies are of limited value as an exploration approach, although indicator minerals have been recovered from the general vicinity, including G9 and G10 garnets.

The second ground magnetic survey covered 9 hectares over the presumed submerged section of the Seitaperä pipe itself. It identified further magnetic lobes, similar to those present over the land-based portion of the pipe, and these have been earmarked for drill-testing.

The proposed winter drilling of both these targets will depend on sufficient ice thickness being present over each of the respective lakes.

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The Company is also planning to drill-test three further magnetic targets associated with two pronounced kimberlite indicator mineral trains in the Riihivaara area, near Kuhmo. Work over the past two years has established two indicator mineral trains, including numerous G9 and G10 garnets. The planned drilling will include a series of three to five short holes on each of the three targets.

More than 10 percent of Finland is covered by lakes, and the proportion is significantly higher in the Kuhmo area of the country. The Company considers this lake environment to be an important potential location for undiscovered kimberlites. Significant kimberlite discoveries have been made under lakes in glacial environments in the past, not least the Diavik kimberlites in Lac de Gras, Canada.

This release has been approved by the Company's technical staff who include; Stephen Grimmer, who holds a PhD in Geochemistry/MSc in Exploration Geology, 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.

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