



June 24, 2008

Overall Prospectivity of Kuhmo Area In Finland Leads To Karelian Taking Dominant Position

**KARELIAN APPLIES FOR NEW DIAMOND LICENCES AT KUHMO
PROMPTED BY CONSISTENTLY GOOD
MINERAL CHEMISTRY RESULTS IN THE AREA**

- **Two Applications For Known Kimberlites To North Of Seitaperä Diamondiferous Pipe**
- **Total 61.5km² Of Claim Reservations Awarded in Kuhmo Area**
- **New Magnetic Targets Lined Up In Anticipation Of Positive Ice Drilling**
- **Major Micro-Diamond Sample From Seitaperä Sent For Analysis**

Karelian Diamond Resources plc (AIM:KDR) is pleased to announce that the Company has been awarded seven claim reservations in the Kuhmo area of Eastern Finland. The Company has also applied for four further mineral claims in the same area.

In addition, a 100kg sample from the Company's diamondiferous Seitaperä kimberlite pipe has been sent (early June) for micro-diamond analysis to SGC Lakefield Laboratories in Canada. The material was selected from two boreholes in the centre of the pipe at depths of between 20m and 50m and includes about 20p.c. of mantle xenolith material. Subject to laboratory turn-around times, the results are expected in the near future.

The claim applications cover two further known kimberlite occurrences to the immediate north of the Seitaperä, known as Havukkasuo (Kimberlite 18) and Lentiira (Kimberlite 24). Only limited work previously has been carried out on these kimberlites, but this included 17 drill holes into Havukkasuo (340 m), five of which intersected kimberlite, and 12 holes into Lentiira (182 m), 11 of which intersected kimberlite. In addition, Karelian has been granted a series of seven claim reservations totalling 61.5 km² in area around Seitaperä and Riihivaara target areas.

The decision to acquire and investigate the additional known kimberlites in the Kuhmo area has been prompted by ongoing and consistently favourable mineral chemistry results from the area, as well as encouraging results from the Seitaperä kimberlite itself.

DISTINCTIVE PYROPE GARNETS PRESENT

In particular, pyrope garnets from the Seitaperä kimberlite show a distinct sub-population (14 per cent.) of harzburgitic G10 garnets, including hi-Chrome G10s (15per cent.), the presence of which is a consistent feature of most economically diamondiferous kimberlites.

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Similarly, chromites recovered from the Seitaperä kimberlite and the local and regional till show encouraging chemistry. Some 23 per cent. of all chromites recovered from the actual kimberlite have chemistries consistent with formation in the diamond-stability field (so-called DI or diamond intergrowth and diamond inclusion chromites). In glacial till associated with the Seitaperä kimberlite, 12 per cent of chromites are DI-type, and the regional Kuhmo till still yields over 0.6 per cent. DI-chromites. Unlike pyrope garnets, the vast majority of chromites recovered from till can have a non-kimberlite origin, and the kimberlitic grains are distinguished on the basis of their mineral chemistry.

In view of these positive results obtained by the Company on its Seitaperä kimberlite, and given the pipe's recent significant increase in size and increased diamond potential, the overall prospectivity of the Kuhmo area has been re-assessed, and is now considered to warrant a more detailed evaluation – hence the application for further claim reservations and claims.

WORK TO ADVANCE SEITAPERÄ KIMBERLITE

Work will concentrate on advancing the Seitaperä kimberlite, evaluating the adjacent known kimberlites, and discovering any associated kimberlites which may form part of a wider cluster of pipes and/or dykes. Drilling through lake ice at Kuhmo on a five hectare anomaly – the most promising target there - was postponed through mild weather, and is rescheduled for this coming winter. In anticipation of positive results, Karelian has continued the search nearby and recently identified a number of new magnetic targets which would also then be tested.

Commenting today, Professor Conroy, Chairman of Karelian Diamond Resources, said: “Our recent and consistently encouraging results from Seitaperä show that kimberlites previously considered as dykes can in fact be substantial pipes with significant diamond potential. As kimberlites normally occur in clusters of related pipes, it is prudent to acquire and evaluate all known bodies associated with the Seitaperä kimberlite, and at the same time reserve adjacent ground to fully test all identifiable anomalies. These claims and reservations go a long way to securing a dominant position in the highly prospective Kuhmo kimberlite field in Eastern Finland”.

Details of the mineral chemistry and geophysical results to date can be viewed on the Company's website at: <http://www.kareliandiamondresources.com/projects/kuhmo.php>

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