

KARELIAN DIAMOND RESOURCES PLC

DIAMOND INDICATOR MINERALS AT RIIHIVAARA TARGET

- **Positive basal till sampling results - Twelve garnet indicator minerals recovered**
- **One grain determined to be eclogitic (G3) and one pyroxenitic (G4)**
- **Three G10 and five G9 diamond indicator minerals also recovered**

Karelian Diamond Resources plc ("Karelian") (**AIM: KDR, ESM: KDR.I**) is pleased to announce positive results from a basal till sampling programme on its Riihivaara target in the Kuhmo area, near the Company's 6.9 hectare diamondiferous Seitaperä kimberlite pipe in Eastern Finland. The results suggest that a diamondiferous kimberlite pipe or dyke is likely to exist in the Riihivaara area.

The till sampling programme at Riihivaara resulted in the recovery of twelve garnet indicator minerals, comprising three G10's, five G9's, one G4, one G3 and two G1's. Six of the positive results, including the G4 pyroxenitic garnet occurred within a single till sample. The adjacent sample had two positive results, including the eclogitic G3 garnet.

These garnets and other mantle-derived minerals are used to locate kimberlites and are referred to as kimberlite 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. There is a strong statistical correlation between G10 and certain G9 garnets, like those found in Riihivaara, and the presence of diamonds.

The sampling programme was undertaken on Karelian's behalf by the Geological Survey of Finland (GTK) in conjunction with the Company's technical staff. Sample analysis was undertaken in the GTK laboratories.

Dr. Hugh O'Brien, a diamond specialist with the GTK stated: *"G3 (eclogitic) and G4 (pyroxenitic) garnets are very unusual for eastern Finland. It is surprising to find eclogite-derived grains in this area, because the kimberlites found to date in the Kuhmo-Lentiira-Kostomuksha area are very poor in eclogite component, being rather much more dominated by peridotite indicators."*

Eclogite mantle material is significant as it tends to be associated with a much higher grade of diamonds than peridotite mantle material.

Professor Richard Conroy, Chairman commented:

“I am very pleased with the latest sample results which show a strong correlation with the presence of diamonds and the discovery of eclogitic material which tends to be associated with higher diamond grades, both very positive indicators .”

This release has been approved by Kevin McNulty PGeo, who is a member of the Company’s technical staff, who 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.

Further Information:

Professor Richard Conroy, Chairman, Karelian Diamond Resources plc

Tel: +353-1-661-8958

Simon Clements/Virginia Bull, Merchant Securities Limited (Nomad)

Tel: +44-20-7628-2200

Brian Farrell, IBI Corporate Finance Limited (ESM Adviser)

Tel: +353-1-637-7800

John Grant/Karen Kelly/David Lawman , XCAP Securities PLC (Broker)

Tel: +44-20-7101-7070

Michael Padley/Michael Spriggs, Lothbury Financial Services Limited

Tel: +44-20-7868-2010

Don Hall, Hall Communications

Tel: +353-1-660-9377

<http://www.kareliandiamondresources.com>