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KARELIAN AWARDED ADDITIONAL DIAMOND LICENCES IN EASTERN FINLAND

- **Successful applications following release of sampling data by Geological Survey of Finland (“GTK”)**
 - **Indicator minerals recovered from basal till samples**
 - **New ground will augment Company’s existing Finnish diamond claims**
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Karelian Diamond Resources plc (**AIM: KDR**), which is exploring for diamonds in the Karelian Craton of Finland, is pleased to announce that it has been awarded all 41 claim reservations for which it had applied to augment the diamond claims already held by the Company. The applications followed detailed analysis of the recent release of data by the GTK from an extensive sampling programme carried out by them in an area of eastern Finland where there is no current ongoing diamond exploration but in which Karelian has carried out some regional exploration.

The programme comprised nearly 500 roadside sites from which samples, mostly representing basal tills, were collected by an excavator. The sampling data, made available by the GTK on 15 October 2006, includes the reported recovery of G9 and G10 pyrope garnet diamond indicator minerals, as well as large quantities of chromite grains.

Commenting today, Karelian chairman, Professor Richard Conroy, said: “We are delighted to have been awarded these new claim reservations over ground which complements our existing diamond claims in Finland. The GTK sampling data clearly shows that the new ground has potential to host diamond deposits and will form an integral part of our ongoing exploration strategy.”

Prior to the award of the new claim reservations, Karelian held 42 diamond claims in Finland, grouped geographically into four blocks. The largest block, Kuhmo, comprises 33 claims which cover the known diamondiferous pipe at Seitapera and 16 other mineral indicator anomalies identified by the Company’s till sampling programmes.

The Company believes that Finland has the potential to host world-class diamond deposits similar to those already discovered in the Russian sector of the Karelian Craton.

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