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KARELIAN COMMENCES DRILLING OF DIAMONDIFEROUS SEITAPERÄ KIMBERLITE PIPE

- **Pipe Confirms Right Conditions To Host Diamonds Are Present At Kuhmo**
 - **Previous Operator Analysed Only Very Small Sample Of Kimberlite**
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Karelian Diamond Resources plc (Karelian) is pleased to announce that it has commenced drilling of the known diamondiferous Seitaperä kimberlite pipe on its licences near Kuhmo in Finland. The drilling is being carried out by the Geological Survey of Finland under contract to Karelian.

The Seitaperä pipe, which has a surface area of approximately 4 hectares, was discovered by Malmikaivos Oy in 1993 but was never fully explored. Only a very limited number of vertical drill holes were completed by Malmikaivos Oy and its partner Ashton before the latter withdrew from the area to focus on other Finnish claims some 120km away. However, a 13.3t composite sample from the Seitaperä pipe was reported to have returned a grade of 1.09 carats per hundred tonnes.

The Seitaperä pipe shows that the right geochemical conditions exist to host diamonds in the Kuhmo area. Karelian has discovered 16 separate indicator mineral anomalies in the same general area as the Seitaperä pipe. It has also encountered kimberlitic material in a preliminary trenching programme in Riihivaara that followed a detailed magnetic survey of one of those anomalies.

The Company believes that these developments, together with the fact that kimberlites typically occur in clusters, suggest that multiple sources of diamonds may exist in the Kuhmo area.

The objective of the current follow-up drilling programme by Karelian on the Seitaperä pipe is to re-assess the geology, diamond potential and extent of the pipe as well as its significance in relation to other potential sources of kimberlitic pipes found by Karelian in the Kuhmo area.

Further Information:

Professor Richard Conroy, Chairman Karelian Diamond Resources plc. Tel: +-353-1-661-8958

Charles Dampney, City Capital Securities Limited. Tel: + 353 - 20-7822-7107

Jeffrey Coburn/Simon Clements, John East & Partners Limited Tel: +44-20-7628-2200

Ron Marshman/John Greenhalgh, City of London PR Limited. Tel: +44-20-7628-5518

Don Hall, Corporate and Public Relations, Tel: +- 353-1-660- 9377

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