

OCTOBER 3, 2007

## **KARELIAN'S ASSESSMENT OF SEITAPERÄ PIPE BEGINS TO TAKE SHAPE FOLLOWING COMPLETION OF SUMMER PROGRAMME**

- **Extensive Kimberlite Exposed In Trenches – 2,000kg Extracted For Analysis**
  - **Samples Sent For Micro-Diamond Testing At Lakefield Laboratories**
  - **Potential South-West Extension To Pipe Of Particular Interest**
  - **Sites Identified For Winter Drilling Programme At Seitaperä**
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Completion of the Summer work programme on its diamond projects in Finland has seen AIM-quoted Karelian Diamond Resources (KDR) make significant progress in assessing its Seitaperä kimberlite pipe, the largest known diamondiferous kimberlite in the country. Samples have been sent for micro-diamond testing, with results expected by year-end.

At Seitaperä, in the Kuhmo region, eight surface trenches have been dug by hydraulic excavator. Two encountered weathered kimberlite breccia at a depth of 3m-5m below surface, one trench encountered massive weathered kimberlite in the central portion of the pipe at 5m depth, and two others encountered massive fresh kimberlite dykes at a depth of 2m-3m. These dykes are more than 3m wide and feed the main pipe from the south-west and north-east. Over 2,000kg of kimberlite was extracted from the last three of these trenches.

Geochemical and petrographic analysis confirm the material to be micaceous olivine-bearing Group II kimberlite, and three individual 100kg samples have been dispatched to SGS Lakefield Laboratories in Canada for micro-diamond testing. The results are expected by the end of the year.

Integrating the latest trenching results with surface mapping and previous drilling information, has enabled the Company to delineate the surface expression of the pipe and select suitable sites for drill testing. Three inclined holes to test the sub-surface dimensions of the central and south-western portions of the pipe, and two large-diameter vertical holes for micro-diamond sample extraction are planned. The former are scheduled to commence in November and the latter, pending availability of a suitable drill rig, in early 2008. On completion it is planned to submit further samples from the large diameter boreholes for micro-diamond analysis.

The overall drilling results will be used further to define the shape and extent of the Seitaperä pipe, with particular attention on an indicated south-western extension which could potentially add significantly to the size of the pipe which extends over 4.2ha at surface.

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Elsewhere in the Kuhmo area a series of ten deep basal till samples, located at the convergence of previously identified kimberlite indicator mineral trains with aeromagnetic geophysical anomalies, were collected and sent for processing, together with a further six samples from other targets within Company claim areas. Results are expected by year-end and will be used to define drill targets for the planned early 2008 drilling campaign.

In the Joensuu area the Company has collected 57 kimberlite indicator mineral-in-till (KIM) samples as part of an ongoing programme of further sampling in several target areas. Previous results of samples collected from these areas early in 2007 include recovery of several chrome-pyrope garnets and kimberlitic ilmenite grains.

The recently completed sampling involved detailed infill work to further delineate already defined indicator mineral trains as well as reconnaissance work on individual targets. The Company hopes to receive the results from this work by end-2007.

### Further Information:

<i>Professor Richard Conroy, Chairman Karelian Diamond Resources plc.</i>	<b>Tel:</b> +353-1-661-8958
<i>Charles Dampney, City Capital Corporation Limited.</i>	<b>Tel:</b> + 44- 20-7842-5867
<i>Jeffrey Coburn/Simon Fox, John East &amp; Partners Limited</i>	<b>Tel:</b> +44-20-7628-2200
<i>Don Hall, Hall Public Relations and Corporate Affairs</i>	<b>Tel:</b> + 353-660-9377
<i>Ron Marshman/John Greenhalgh, City of London PR Limited.</i>	<b>Tel:</b> +44-20-7628-5518