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CAPACITY OF SEITAPERÄ PIPE TO CARRY DIAMOND-BEARING MATERIAL NOW CLEARLY DEMONSTRATED

- Licence Applications Submitted Over Two Other Known Kimberlites In Kuhmo Area
 - Current And Earlier Sampling Suggests Joensuu Area Also Likely To Contain Kimberlites
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Karelian Diamond Resources plc (**AIM:KDR**), in its interim report for the six months ended November 2008, says it has now completed 24 drill holes, totalling over 1,500m, into its Seitaperä kimberlite pipe in the Kuhmo area of Eastern Finland which, with a surface area of 6.9 ha, is three times bigger than the next largest pipe in Finland.

The drill core has provided extensive intersections of hypabyssal kimberlite carrying significant quantities of mantle material, including peridotite containing both G9 and G10 garnets. This material originates in the diamond stability zone of the Upper Mantle and its presence demonstrates the capacity of the Seitaperä Kimberlite to carry diamond-bearing material.

To date, analysis of drill core samples from the pipe (which is ongoing) has yielded both highly positive mineral chemistry results and recovered a significant number of micro-diamonds.

Chairman, Professor Richard Conroy says:

“There has been only limited historical diamond exploration in the Kuhmo area, but when this is considered in conjunction with the results achieved by Karelian, the area’s potential for diamondiferous kimberlites is clearly demonstrated.”

As a result of these encouraging indications, Karelian has applied for licences covering the two other known kimberlite occurrences in the area – Kimberlites 18 (Havukkasuo) and 24 (Lentiira).

Karelian also continues to explore in the Joensuu area of Eastern Finland, where recent sampling programmes recovered kimberlite indicator minerals, including G9 and G10 garnets. These results, taken in conjunction with those from earlier work, increase the likelihood that the Joensuu area could also contain a number of kimberlite pipes.

The Company reported a loss of for €112,612 the half year, compared with a loss of €101,500 in the corresponding period of 2007-08.

COPIES OF INTERIM REPORT AVAILABLE ON REQUEST

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