



## News Release

Toronto, 16 April 2008

### **Archangel Diamond Corporation reaches agreement with LUKOIL regarding the ownership and development of the Verkhotina diamond project, and receives NI 43-101 Technical Report and Preliminary Assessment for the Grib Pipe**

#### **Transaction highlights**

- Archangel will acquire a 49.99% interest in AGD, the holder of the Verkhotina Licence. LUKOIL will retain the remaining interest
- Initial cash payment of US\$100 million payable by Archangel to LUKOIL to acquire the AGD interest
- In addition, two deferred cash payments may become payable by Archangel:
  - US\$75 million upon a joint decision to construct a mine; and
  - US\$50 million upon commencement of commercial production
- Completion of the Transaction will settle the long-running dispute between Archangel and LUKOIL/AGD over the Verkhotina Project
- De Beers Group Services will provide technical services to AGD relating to the evaluation of the Grib Pipe and further exploration of the Verkhotina Licence Area
- Archangel and LUKOIL have agreed to fund further exploration and development costs on a pro-rata basis
- Completion of the Transaction is subject to a number of conditions precedent including receipt of applicable Russian government agency consents, and approval by the TSX Venture Exchange
- The proposed 49.99% interest in AGD represents an increased interest in the Verkhotina licence compared with the 40% interest which has been the subject of legal proceedings
- Archangel will undertake a private placement of securities to raise a proposed US\$200 million to provide the company with adequate funding, on terms to be determined
- De Beers and Firebird (respective interests of approximately 58% and 19% in Archangel) have conditionally agreed to participate in the proposed private placement which will be co-led by Canaccord Capital Corporation and RBC Capital Markets
- Prior to signing the Transaction agreements, Vagit Alekperov, President of LUKOIL, and Nicky Oppenheimer, Chairman of De Beers, met President Vladimir Putin on 15 April 2008

### **Verkhotina Diamond Project highlights**

- The Grib mineral resource comprises a large indicated mineral resource estimated to contain 50.2 million carats at US\$105 per carat and an inferred mineral resource estimated to contain 24.3 million carats at US\$119 per carat to a depth of 774 metres below surface
- By extending the resource at depth, the estimated resource represents an overall increase in diamond content from the 67.4 million carats of +1mm diamonds, at an average diamond value of US\$79 per carat, first reported by Archangel in 1999
- By volume, 63% of the mineral resource is classified as inferred and is thus subject to a high degree of uncertainty. However, by estimated value, 65% of the mineral resource is classified as indicated, thus underpinning the rationale for the Transaction
- Located directly below the estimated inferred and indicated mineral resources, an additional potential mineral deposit has been estimated to contain 6.8 million to 12.9 million carats at US\$118 per carat to a depth of 1,050 metres below surface, such estimated tonnage, grade and diamond value are conceptual in nature as they result from insufficient drilling to define a resource
- De Beers Group Services has prepared a Preliminary Assessment which will be used to guide ongoing evaluation and engineering work, and define the optimal scale of the operation and scope for a detailed feasibility study
- Further drilling and sampling are required to define the resource, particularly the inferred portion and the estimated diamond value
- Given the prospectivity of the region for the discovery of additional diamond deposits, further exploration will be carried out over the Verkhotina Licence Area
- On the basis of the conclusions in the De Beers Group Services Technical Report, and in comparison with other known diamond resources, the Grib Pipe represents one of the largest undeveloped diamond resources in the world

### **Part A - Introduction**

Archangel Diamond Corporation (“Archangel”) (TSXV: AAD) is pleased to announce that it has entered into definitive agreements with respect to the acquisition (the “Transaction”) from OAO LUKOIL (“LUKOIL”) of a 49.99% equity interest in OAO Arkhangelskoe Geologodobychnoe Predpriyatie (“AGD”), a Russian open joint stock company currently owned by LUKOIL and the holder of a licence (the “Licence”) for the exploration and mining of diamonds over an approximate 400 square kilometre area located approximately 115 kilometres north-northeast of the city of Arkhangelsk, northwest Russia (referred to as the “Verkhotina Licence Area”). LUKOIL will retain the remaining equity interest in AGD. The diamondiferous Grib kimberlite deposit (formerly Pipe 441 and referred to as the “Grib Pipe”) was discovered within the Verkhotina Licence Area in February 1996 when Hole 441 intersected 38 metres of kimberlite.

Completion of the Transaction will settle the claims pursued by Archangel as part of the Stockholm commercial arbitration against AGD and the lawsuit in the Denver District Court, State of Colorado, USA against LUKOIL.

The agreements between LUKOIL, De Beers and Archangel were signed on 15 April 2008 by Vagit Alekperov, President of LUKOIL, Nicky Oppenheimer, Chairman of De Beers, Gareth Penny, Managing Director of De Beers, Bruce Cleaver, Chairman of Archangel, and Tom Beardmore-Gray, Director of Archangel. The signing ceremony followed a meeting on 15 April 2008 between Vladimir Putin, President of the Russian Federation, Vagit Alekperov and Nicky Oppenheimer.

Archangel has received a NI 43-101 technical report (the “Technical Report”) prepared by De Beers Group Services (“DBGS”) which estimates a significant increase in the overall mineral resource since Archangel’s previous involvement in the Grib Pipe project dating back to 1999. As a result of the estimated resource figures stated in the Technical Report, Archangel and its technical advisor, DBGS,

believe that, in comparison with other known diamond resources, the Grib Pipe mineral resource is a world class resource which has reasonable prospects for economic extraction.

In its preparation of the Technical Report, DBGS undertook a preliminary assessment (“Preliminary Assessment”) of the Grib Pipe for the purpose of enabling Archangel and its advisors to further evaluate and plan the possible future development of the Grib Pipe.

Bruce Cleaver, Chairman of the Board of Archangel, comments:

*“I am delighted that LUKOIL and Archangel have reached an agreement regarding the ownership and development of the Verkhovina diamond project.*

*This settlement has been reached after close to two years of exhaustive and complex negotiations and brings to an end 10 years of legal disputes which have prevented Archangel from carrying out its core business and furthering the development of its core asset. The Archangel Board believes that the settlement is in the best interests of all Archangel’s shareholders.*

*I am extremely pleased that a meeting was held with President Vladimir Putin concerning the proposed collaboration with LUKOIL over the Verkhovina project.*

*I am also happy that we have received support for the settlement from our two significant shareholders, namely De Beers and Firebird.*

*I am excited about the prospects for the successful evaluation and development of the Grib Pipe. The Grib Pipe is amongst the largest known undeveloped diamond deposits in the world at the current time.*

*I also look forward to working with LUKOIL, one of Russia’s premier natural resource companies, on progressing the development of the Verkhovina diamond project to the benefit of all stakeholders.”*

## **Part B - The Transaction**

### ***BI. Acquisition of the interest in AGD***

Pursuant to the terms of a Share Purchase Agreement among Archangel, LUKOIL and De Beers Société Anonyme (“De Beers”), Archangel has agreed to acquire a 49.99% equity interest in AGD from LUKOIL for US\$100 million in cash (the “Initial Payment”) on the date of completion of the Transaction (“Completion”). LUKOIL will retain the remaining interest in AGD. The Initial Payment will be subject to adjustment, as determined by completion accounts, for agreed cash, debt and other working capital items existing in AGD as at Completion. In addition to the Initial Payment, two deferred cash payments may become payable by Archangel as follows:

- US\$75 million upon both LUKOIL and Archangel deciding to proceed with construction of a diamond mine at the Grib Pipe and AGD’s Board passing a decision to mine; and
- US\$50 million upon the commencement of commercial diamond production (as defined in the Share Purchase Agreement) from the Grib Pipe.

Completion of the Transaction is subject to, among others, the following conditions precedent:

- the receipt of all required consents or approvals from the Anti-Monopoly Service of the Russian Federation with respect to the Transaction and, if applicable, any approval required pursuant to the new draft Russian foreign investment law if enacted and in force prior to Completion; and
- the approval of the Transaction by the TSX Venture Exchange.

All conditions precedent must be satisfied prior to 1 June 2008 failing which either LUKOIL or Archangel is entitled to terminate the Transaction.

The Share Purchase Agreement contains other terms and conditions including:

- warranties and indemnities from LUKOIL which are limited in terms of scope, time and amount; and
- a put option in favour of Archangel pursuant to which Archangel can require LUKOIL to repurchase Archangel's interest in AGD for the purchase price paid by Archangel (and, in prescribed circumstances, other amounts invested by Archangel in AGD) in the event of claims over US\$50 million arising within 18 months of Completion relating to tax, environmental or restructuring matters.

***B2. Termination of legal proceedings***

Archangel, LUKOIL and AGD have concurrently entered into a Resolution Agreement in connection with the suspension and termination of the legal proceedings relating to the Stockholm arbitration tribunal and the claims before the Denver District Court, State of Colorado, USA. The parties have reserved all their rights and remedies in relation to these legal proceedings until settlement agreements specific to each legal proceeding have been executed and have come into effect following Completion.

Archangel's management is currently also engaged in discussions with a view towards resolving historical arrangements relating to Almazny Bereg.

***B3. Governance of AGD and development of the Verkhotina Diamond Project***

The new charter of AGD, which is to be adopted at Completion, regulates the governance of AGD. Membership of the Board of Directors (supervisory board) and of the Management Board (executive board) will be shared between nominees of Archangel and LUKOIL, but LUKOIL, as majority shareholder in AGD, will be entitled to appoint the majority of the members of each Board as well as the General Director.

In addition, Archangel, LUKOIL and AGD have entered into a Project Agreement which sets out how the parties propose that the evaluation and development of the Grib Pipe together with prospecting over the remaining part of the Verkhotina Licence Area (the "Verkhotina Project") should be jointly carried out (through AGD), and jointly financed by Archangel and LUKOIL.

The Project Agreement also contains, among other matters, detailed provisions with respect to:

- key matters relating to the Verkhotina Project, the Verkhotina Licence and/or AGD which require to be agreed jointly between Archangel and LUKOIL, including the agreement of work programmes, budgets and cash calls;
- the pro-rata funding of the Verkhotina Project by Archangel and LUKOIL in accordance with agreed financing methods;
- restrictions on LUKOIL and Archangel from disposing of their shares in AGD during a defined lock-up period (the "Lock-up Period"), which will not extend past 31 December 2011, subject to prescribed circumstances under which LUKOIL may be required to make an early exit;
- pre-emption provisions in relation to each shareholder's interest in AGD;
- pre-emption provisions in favour of LUKOIL with respect to any sale of Archangel shares by De Beers;
- a call option in favour of LUKOIL which allows, in certain prescribed circumstances during the initial phase of the Verkhotina Project, LUKOIL to call for all of Archangel's shares in AGD should Archangel not wish to proceed to develop the Grib Pipe;
- provisions relating to dilution in the event of failure to provide required funds; and
- management of AGD as a joint venture vehicle.

#### ***B4. Technical services to be provided by De Beers Group Services***

The parties to the Project Agreement have also agreed that, upon Completion, AGD will retain DBGS as technical consultant pursuant to a Technical Services Agreement, the principle terms of which have been agreed, which will provide, inter alia, for:

- the appointment of DBGS by AGD to oversee the preparation of a feasibility study for the Grib Pipe together with other studies required pursuant to Russian mining regulations;
- the split of primary responsibilities between AGD, DBGS and specialist contractors in performing the evaluation of the Grib Pipe;
- the preparation by DBGS of a proposal for further exploration of the Verkhotina Licence Area and the provision of related exploration services by DBGS;
- the appointment by AGD of specialist contractors in conjunction with DBGS; and
- development programme deliverables by DBGS, and DBGS remuneration.

#### ***B5. De Beers Guarantee and Financing***

As a condition to entering into the Transaction, LUKOIL requires that De Beers guarantees the performance by Archangel of its obligations pursuant to the Share Purchase Agreement and Project Agreement, excluding the payment of the second deferred cash payment of US\$50 million and Archangel's funding obligations pursuant to the Project Agreement. The guarantee will terminate upon the occurrence of specified events such as the payment of the first deferred payment or the expiry of the Lock-up Period.

Archangel will undertake a financing in order to satisfy its obligations pursuant to the Transaction, retire existing loans and provide adequate working capital. Archangel will therefore be undertaking a private placement of securities (the "Financing") to raise a proposed US\$200 million, the terms of which are to be determined, and will engage the services of Canaccord Capital Corporation and RBC Capital Markets to act as agents for the financing.

De Beers has expressed its willingness to participate in the proposed private placement in an amount of up to approximately US\$116 million, equal to its current pro rata interest in Archangel, subject to determination of the definitive terms and pricing of the offering, Archangel otherwise securing subscriptions that would result in a minimum amount of US\$150 million in aggregate proceeds, TSX Venture Exchange acceptance and compliance with applicable Canadian securities laws. Firebird Global Master Fund Limited ("Firebird") and affiliated funds collectively constitute Archangel's second largest shareholder, and Firebird has further expressed its willingness to participate (either directly or through its affiliates) in the Financing in an amount of up to US\$25 million, subject to similar conditions other than the minimum offering size.

If Archangel fails to raise the minimum offering by Completion, De Beers has agreed to provide an unsecured, non-convertible, interest bearing standby term loan to Archangel in the amount of US\$115 million in order to ensure that Archangel has sufficient funds to meet the Initial Payment and short term working capital requirements. If drawn, Archangel has a best endeavours obligation to repay the standby loan within nine months and an absolute obligation to repay the standby loan within twelve months from the date of drawdown, and interest would be payable at LIBOR plus 3.5% per annum. In consideration for the provision of the standby loan facility, Archangel has agreed to pay De Beers a corporate finance fee of 1% flat based on the US\$115 million standby loan facility commitment

The standby loan facility constitutes a related party transaction pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders In Special Transactions* ("MI 61-101") and is exempt from the minority approval requirement pursuant to Section 5.7(f) of MI 61-101 and is otherwise exempt from the requirement to obtain an independent valuation pursuant to Section 5.5(b) of MI 61-101.

The independent committee of the Board of Directors of Archangel, being comprised of those directors independent of De Beers as determined pursuant to Part 7 of MI 61-101, has concluded that the standby loan facility provided by De Beers contains reasonable commercial terms that are no less advantageous to Archangel than if the standby loan facility had been obtained from a person dealing at arm's length with Archangel. No member of the independent committee will receive any payment or other benefit from Archangel, an interested party or a successor to any of them that is contingent upon completion of the Transaction.

#### ***B6. AGD***

Prior to its privatisation in 1996, AGD was a Russian State-owned enterprise involved primarily in the mineral and oil and gas exploration and production business in Russia. Post its privatisation and subsequent acquisition by LUKOIL, LUKOIL undertook a re-organisation pursuant to which it transferred substantially all of AGD's oil and gas assets and businesses primarily to other LUKOIL affiliates.

To the extent that the completion accounts of AGD prepared as at the date of Completion show that AGD has liabilities that do not relate to the Verkhovina Project, LUKOIL will procure that AGD is funded and held harmless in respect of such liabilities.

#### ***B7. The Verkhovina Licence***

Pursuant to the terms of the Share Purchase Agreement and Project Agreement, and subject to applicable laws and obtaining any required consents, Archangel and LUKOIL have agreed to use reasonable endeavours to procure that the Licence will, as soon as reasonably practicable after Completion, be transferred from AGD to a newly established Russian joint stock company. Such new company will be directly or indirectly owned by the parties in the same proportions as their ownership interest in AGD upon Completion.

### **Part C - Verkhovina Project**

#### ***C1. Grib Pipe resource***

The Technical Report estimated a total indicated mineral resource for the Grib Pipe of approximately 39.5 million tonnes of kimberlite down to 618 metres below surface, containing an estimated 50.2 million carats of +1.0mm diamonds at an average grade of 127 carats per hundred tonnes. In addition, the Technical Report estimated an inferred mineral resource of 62.7 million tonnes of kimberlite down to 774 metres below surface, containing an estimated 24.3 million carats of +1.0mm diamonds at an average grade of 39 carats per hundred tonnes.

Based on the July 2007 Diamond Trading Company ("DTC") price book (the DTC being the diamond marketing arm of De Beers), average unfactorised diamond values of US\$105 per carat and US\$119 per carat respectively are estimated for the indicated and inferred portions of the mineral resource. The unfactorised resource estimate, which excludes potential production losses due to screening and diamond lock-up at a 1.0mm bottom cut-off, is set out in Table 1. This represents the best estimate of the diamond content and corresponding US dollar per carat values above a strict 1.0mm bottom cut-off. The indicated and inferred resources are declared separately in accordance with NI 43-101. Both the indicated and inferred resources are categorised as such by having "reasonable prospects for economic extraction" pursuant to NI 43-101.

By extending the resource at depth, the estimated resource represents an overall increase in diamond content from that first reported by Archangel in 1999, which estimated a factorised resource for the Grib Pipe of approximately 98.4 million tonnes of kimberlite down to 500 metres, containing an estimated 67.4 million carats of +1mm diamonds at an average grade of 69 carats per hundred tonnes. At the time, De Beers' personnel estimated an average diamond value of US\$79 per carat. The 1999

estimate pre-dated the implementation of NI 43-101, did not use categories defined in NI 43-101 and was reported in Archangel's continuous disclosure documents at the time.

**Table 1. Mineral resource statement (April 2008)**

| <b>SUMMARY OF MINERAL RESOURCE – UNFACTORISED</b>  |                          |            |            |            |              |             |
|--|--------------------------|------------|------------|------------|--------------|-------------|
| Litho-facies   | Volume (m <sup>3</sup> ) | Tonnes     | Average SG | Carats     | Carats /100t | US\$ /carat |
| <b>INDICATED RESOURCE to 618m depth (-510m elevation)</b>  |                          |            |            |            |              |             |
| TK   | 16,716,900               | 39,464,400 | 2.36       | 50,192,000 | 127          | 105         |
| <b>INFERRED RESOURCE to 618m depth ( -510m elevation )</b>   |                          |            |            |            |              |             |
| CFU1   | 4,629,500                | 9,856,200  | 2.13       | 4,410,200  | 45           | 128         |
| CFU2   | 8,434,500                | 17,219,100 | 2.04       | 1,847,800  | 11           | 117         |
| CFU3   | 643,900                  | 1,372,600  | 2.13       | 549,000    | 40           | 113         |
| CFU4   | 336,900                  | 716,300    | 2.13       | 71,600     | 10           | 127         |
| XTB  | 11,913,100               | 27,419,300 | 2.30       | 10,365,100 | 38           | 125         |
|  | 25,957,900               | 56,583,500 | 2.18       | 17,243,700 | 30           | 125         |
| <b>INFERRED RESOURCE from 618m depth to 774m depth (-510m to -666m elevation)</b>  |                          |            |            |            |              |             |
| TK   | 2,452,600                | 6,090,600  | 2.48       | 7,009,800  | 115          | 105         |
| Notes:<br>1. A strict bottom cut-off of 1.00 mm (+2 diamond sieve) has been applied.<br>2. Diamond values are based on the July 2007 DTC price book.<br>3. The above figures represent estimates of the in-situ diamond content.<br>4. An average surface elevation of 108m above mean sea level is assumed.<br>5. CFU1 to CFU4 represent Crater Facies Units 1 to 4, TK represents Tuffisitic Kimberlite and XTB represents Xenotuff Breccia. |                          |            |            |            |              |             |

DBGS has also produced estimates of tonnage, grade and average diamond value down to a depth of 1,050 metres below surface based on existing sampling and a reasonable level of geoscientific knowledge. This data is disclosed in Table 2 as a “potential mineral deposit”.

**Table 2. Potential mineral deposit**

| <b>SUMMARY OF POTENTIAL MINERAL DEPOSIT - UNFACTORISED</b>  |                          |            |            |            |              |             |
|---|--------------------------|------------|------------|------------|--------------|-------------|
| Litho-facies  | Volume (m <sup>3</sup> ) | Tonnes     | Average SG | Carats     | Carats /100t | US\$ /carat |
| <b>POTENTIAL MINERAL DEPOSIT from 774m to 1050m depth (-666m to -942m elevation)</b>  |                          |            |            |            |              |             |
| TK (Max)  | 1,516,700                | 3,703,000  | 2.44       | 4,355,800  | 118          | 105         |
| TK (Min)  | 1,103,000                | 2,691,300  | 2.44       | 2,302,400  | 86           | 105         |
| <b>POTENTIAL MINERAL DEPOSIT from 618m to 1050m depth (-510m to -942m elevation)</b>  |                          |            |            |            |              |             |
| XTB (Max)   | 9,833,800                | 23,296,200 | 2.37       | 8,517,800  | 37           | 125         |
| XTB (Min)   | 7,151,800                | 16,942,500 | 2.37       | 4,505,200  | 27           | 125         |
| TOTAL (Max)   | 11,350,500               | 26,999,200 | 2.38       | 12,873,600 | 48           | 118         |
| TOTAL (Min)   | 8,254,800                | 19,633,800 | 2.38       | 6,807,600  | 35           | 118         |
| Notes:<br>1. A strict bottom cut-off of 1.0mm (+2 diamond sieve) has been applied.<br>2. Diamond values are based on the DTC July 2007 price book.<br>3. The above figures represent estimates of the in-situ diamond content.<br>4. An average surface elevation of 108m above mean sea level is assumed.<br>5. The potential mineral deposit was calculated as an extension of the Inferred resource above. Maximum and minimum values for volume and grade were taken at 0.80 and 1.10 of the estimates, keeping dollar per carat and density constant.<br>6. The net effect on total carats is a lower limit of 64% and an upper limit of 121%. |                          |            |            |            |              |             |

The estimated tonnage and grade for the potential mineral deposit below the existing mineral resources are conceptual in nature. There has been insufficient exploration to define a mineral resource below the -666 metres elevation (774 metres below surface). It is uncertain if further exploration will result in the potential mineral deposit below -666 metres elevation being delineated as a mineral resource. The ranges of potential tonnes and grade represent a qualitative estimate of range by the DBGS Qualified Persons based on their assessment of the data.

## ***C2. Preliminary Assessment***

DBGS has prepared the Preliminary Assessment based on the information obtained over the course of its review. This Preliminary Assessment is the first in a series of development and evaluation studies for the Grib Pipe assessing main design sensitivities surrounding the economic characteristics of open-pit mining operations. The Preliminary Assessment is only a tool to guide ongoing evaluation and engineering work to define the optimal mining method and scale of the operation for a detailed feasibility study. As a result of the Preliminary Assessment, DBGS has identified further work which should be undertaken to progress the development of the Grib Pipe including:

- undertaking additional geotechnical and hydrological drilling to provide reliable mine design parameters from which to optimise pit slope design and possibly adopt methodologies to steepen pit slopes which would (i) reduce operating costs, (ii) potentially deepen a proposed open pit and (iii) potentially extend the life of the proposed mine;
- undertaking a bulk sampling exercise during years 2009 and 2010, focusing on the inferred portion of the mineral resource and the estimated diamond value, the primary purpose of which would be to upgrade the inferred portion of the mineral resource and reduce the uncertainty associated with the estimated diamond value;
- developing an optimal engineering design for a mining and treatment complex for the Grib Pipe;
- undertaking a work programme to explore various opportunities to optimise project returns by reducing and deferring capital and operating costs, bringing production on-stream as soon as possible and maximising economies of scale; and
- undertaking further exploration on other parts of the Verkhotina Licence Area. Archangel management and DBGS believe that the Verkhotina Licence Area remains prospective for diamondiferous kimberlites.

In addition to these specific technical work streams and in order to further unlock the economic potential of the Grib Pipe resource, Archangel's management intends to explore potential synergies within the region.

The Technical Report, which has been compiled by "Qualified Persons" Johan Ferreira (Professional Natural Scientist) and Wolf Skublak (Professional Engineer), has been filed on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

Mr Johan Ferreira and Mr Wolf Skublak, Qualified Persons, of DBGS are the persons responsible for the technical information contained in this news release.

DBGS is not independent from Archangel for the purposes of NI 43-101.

## **Part D - Trading halt**

Archangel is attending to initial submissions with the TSX Venture Exchange for the purpose of facilitating a resumption in trading in Archangel common shares. A date for the resumption in trading of Archangel's common shares will be determined at the discretion of the TSX Venture Exchange and Archangel will advise the public of such resumption at the appropriate time.

## **Part E – Risk factors**

An investment in securities of Archangel is speculative and involves a number of significant risk factors. In addition to those risks normally associated with mining exploration, Archangel faces a number of risks specific to the Transaction, the relationship among the stakeholders and, generally, those associated with undertaking business in Russia. The disclosure in this news release should be considered in the context of these risks which relate to, among other things: verification of information provided to Archangel regarding AGD and its business; tax and environmental risks

relating to AGD's present and past business activities and restructurings; uncertainties relating to Russian legislation and mining licences; corporate governance of AGD and minority shareholder protection in Russia; and repayment risk associated with the standby loan facility.

Investors are encouraged to review the Material Change Reports referred to under "Other Information" below for a more comprehensive and detailed list of risks and uncertainties facing Archangel.

## **Part F - Other information**

Two separate Form 51-102F3 Material Change Reports which will provide further details regarding the Transaction and the Technical Report will be filed in accordance with Canadian Securities laws, and investors are encouraged to review these reports. These reports will also set out risks and uncertainties relating to the business and affairs of Archangel and an investment in Archangel securities. Copies of these reports will be available without charge upon request to Archangel at Suite 400 - 65 Overlea Boulevard, Toronto, ON, M4H 1P1 (E-mail: [general@archangeldiamond.com](mailto:general@archangeldiamond.com)) and will also be available for review with other Archangel disclosure documents through the Internet under Archangel's company profile on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

This news release is not an offer for the sale of securities in the United States. The securities described herein may not be offered or sold in the United States absent registration or an exemption from registration, and any public offering (as such term is defined under United States federal securities laws) of the securities to be made in the United States would be made only by means of a prospectus that would be obtained from Archangel and that would contain detailed information about Archangel and its management as well as financial statements.

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reliance on forward-looking statements. Archangel does not undertake to update any forward-looking statements or financial projections, except in accordance with applicable securities laws.

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