

18 August 2020



THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATIONS (EU) NO. 596/2014 ("MAR"). IN ADDITION, MARKET SOUNDINGS WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.

Karelian Diamond Resources plc

(“Karelian Diamonds” or the “Company”)

Placing to raise £420,000

Karelian Diamond Resources plc (AIM:KDR), the diamond exploration company focused on Finland, is pleased to announce the successful placing of 10,500,000 ordinary shares of €0.00025 each (“Ordinary Shares”) at a price of 4 pence per Ordinary Share (the “Placing Shares”) to raise £420,000 (the “Placing”) before expenses.

The net proceeds of the Placing will be used by the Company to explore the acreage surrounding the Lahtojoki diamond deposit and to expedite its technical assessment of the deposit, for exploration in the Kuhmo region of Finland where the Company has discovered a green diamond in till and for general working capital purposes.

The Placing Shares, which will represent approximately 19.6 per cent. of the share capital of the Company as enlarged by the Placing, have been subscribed for by new investors. The Placing price represents a discount of 23.8 per cent. to the closing mid-market price on 17 August 2020. The Placing has been arranged by Brandon Hill Capital Limited, the Company’s broker (“BHC”).

On Admission BHC will be granted warrants to subscribe for 525,000 new ordinary shares in the Company at an exercise price of 4 pence per Ordinary Share for a period of 30 months from Admission (the “Broker Warrants”). The Broker Warrants will not be transferable and will not be admitted to trading on AIM or any other stock market.

The issue of the Placing Shares and the possible issue of new Ordinary Shares from the exercise of the Broker Warrants, are made under the Company’s existing share authorities. An application will be made shortly for the Placing Shares to be admitted to trading on the AIM market of the London Stock Exchange with effect from 24 August 2020 (“Admission”).

In accordance with the FCA’s Disclosure Guidance and Transparency Rules, the Company confirms that on completion of the Placing and the Subscription, and following Admission, the Company's enlarged issued ordinary share capital will comprise 53,542,749 Ordinary Shares. The Company does not hold any Ordinary Shares in Treasury. Therefore, following Admission, the above figure may be used by shareholders in the Company as the denominator for the calculations to determine if they are required to notify their interest in, or a change to their interest in the Company, under the FCA’s Disclosure Guidance and Transparency Rules.

Professor Richard Conroy, Chairman, Karelian Diamond Resources plc, commented:

“The additional funds raised will be used to further accelerate the programme at Lahtojoki that was announced yesterday. We are pleased with the interest shown in the Company from certain new investors and look forward to updating shareholders as our exploration programme around the Lahtojoki diamond deposit progresses.”

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