

24 November 2014

**Karelian Diamond Resources plc**  
("Karelian" or "the Company")

**Publication of Report and Accounts and Extension of Warrants**

Karelian (AIM: KDR, ESM: KDRI), the diamond exploration company focused on Finland, announces that following the release on 21 November 2014 of its audited results for the year ended 31 May 2014, it has posted its annual report and accounts for the year to shareholders. A copy of the report and accounts is also available to download from the Company's website at <http://www.kareliandiamondresources.com>

In addition, the Company also announces a proposed five year extension to the expiry date of 12,852,377 unexercised warrants held by directors of the Company, details of which are set out below.

The warrants were originally granted in 2007. The directors had at that time waived their entitlement to all amounts of unpaid fees and salaries that accrued to them since incorporation of the Company, totaling an aggregate of €639,777.

The directors have continued to support the Company having made further fee and salary sacrifices. In addition, the exercise price of the warrants remains at a significant premium to the current share price of the Company's ordinary shares. Accordingly, after careful consideration by the board and subject to ratification by the shareholders at the Company's annual general meeting, the board considers it appropriate to extend the life of the warrants. The directors' interests and the terms of the warrants subject to the extension are as follows:

<b>Director</b>	<b>Number of warrants</b>	<b>Exercise price</b>	<b>Previous expiry date</b>	<b>Proposed expiry date</b>
Professor R Conroy	5,521,049	€0.10	16/11/2017	16/11/2022
Maureen Jones	4,191,275	€0.10	16/11/2017	16/11/2022
Jim Jones	2,604,389	€0.10	16/11/2017	16/11/2022
Seamus Fitzpatrick	232,201	€0.10	16/11/2017	16/11/2022
Louis Maguire	232,201	€0.10	16/11/2017	16/11/2022
Roger Chaplin	<u>71,262</u>	€0.10	16/11/2017	16/11/2022
	<u>12,852,377</u>			

The entry into the warrant extension with the directors referred to above constitutes a related party transaction as defined by the AIM Rules. The independent director, being Dr Sorca Conroy, having consulted with the Company's Nominated Adviser and ESM adviser, considers that the terms of the warrant extension are fair and reasonable insofar as shareholders are concerned.

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