

9 December 2016

**Karelian Diamond Resources Plc**  
("KDR" or the "Company")

**AGM STATEMENT**

**RESULT OF ANNUAL GENERAL MEETING**

At today's Annual General Meeting of Karelian Diamond Resources Plc (AIM: KDR, ESM: KDRI), the diamond exploration company focused on Finland, the Chairman, Professor Richard Conroy, made the following comments:

*"The year has been an excellent one for your Company. We have acquired the Lahtojoki diamond deposit together with a Mining Permit for its development, which we are proceeding with, and the Company's own exploration programme showed further success with mineral analysis indicating that the Riihivaarä kimberlite body we discovered last year is likely to be diamondiferous.*

*"The Lahtojoki diamond deposit and your Company's diamond exploration programme are both located in the Karelian Craton in Finland. As we have previously stated, the diamond prospectivity of this craton has been demonstrated by the discovery and development of the world class Lomonosova and Grib Pipe diamond deposits in the Russian sector. Our objective is to discover, or acquire, as in the case of Lahtojoki, diamond deposits in the Finnish sector of the craton.*

*"On acquiring the Lahtojoki property we received a Mining Permit for its development from the Finnish Safety and Chemical Agency. We believe that Lahtojoki has the potential to become a profitable open pit diamond mine and the data we received with the acquisition will allow us to expedite the work needed for a development programme.*

*"At Riihivaarä the kimberlite has been sampled to a modelled depth of greater than 200km, within the diamond stability field. 355 garnet analyses were carried out by Rio Tinto in their laboratories and the results indicated that the geotherm is prospective for diamonds. The geotherm in Riihivaarä is similar to that in the Kaavi-Kuopio kimberlite field in Finland where we have acquired the Lahtojoki licence, and to kimberlite fields in Southern Africa.*

*"I am also delighted that Rio Tinto Mining and Exploration Limited has agreed to extend their agreement with us to 2020.*

*"We have made significant progress in the year and the acquisition of Lahtojoki may well deliver a mine faster than we previously thought. And as a result we now have a combined exploration and development programme."*

The Company is also pleased to announce that all resolutions were duly passed. Pursuant to the passing of Resolution 4, the Capital Reorganisation announced on 17 November 2016 will take effect from close of business today.

Following the Capital Reorganisation becoming effective, the issued share capital will comprise 317,785,034 Ordinary Shares and 317,785,034 Deferred Shares, and the value of the paid-up share capital will remain €3,177,850.34. The 317,785,034 Ordinary Shares will be admitted to trading on AIM and on ESM from Monday 12 December 2016. The above figure may be used by shareholders

as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company, under the Disclosure and Transparency Rules.

(All definitions used in this announcement are as per the circular sent to the Company's shareholders on 17 November 2016.)

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