

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

[11] June 2018

Karelian Diamond Resources plc (the "Company")

**CAPITAL RAISING
TOTAL VOTING RIGHTS**

Placing and subscription to raise [£500,000 (€569,390)]

- **Placing and subscription for a total of [11,111,111] new ordinary shares at 4.5 pence per share to raise [£500,000 (€569,390)] before expenses and issue of 388,889 Broker Warrants**
- **The proceeds will be applied primarily for exploration drilling programmes and the advancement of the Company's diamond projects and for other general working capital**

Karelian Diamond Resources plc (AIM: KDR), the diamond exploration company focused on Finland, is pleased to announce that it has conditionally raised [£500,000 (€569,390)], prior to expenses, through a placing and subscription (the "Placing") of a total of [11,111,111] new ordinary shares of €0.00025 in the capital of the Company (the "Placing Shares"), at a price of 4.5 pence per Placing Share (the "Placing Price").

The Placing is conditional, *inter alia*, on admission of the Placing Shares to trading on AIM. The Placing Shares will rank *pari passu* with the existing issued ordinary shares of €0.00025 in the capital of the Company ("Ordinary Shares").

Use of Proceeds

The Company intends to use the proceeds of the Placing to fund the further advancement of the Company's principal diamond opportunities including:

- Drilling to discover the source of the green diamond recently discovered in a till sample at Kuhmo
- Drilling of the Riihivaarä kimberlite which the Company has also recently discovered to test for micro diamonds;
- Micro diamond test work on drill core from the recently acquired Lahtojoki Diamond deposit;
- Undertake further till sampling to explore for diamond potential adjacent to the Lahtojoki diamond deposit; and
- initiate environmental studies and for working capital generally.

Directors Subscription

As part of the Placing, certain of the Directors have agreed to subscribe for an aggregate of [2,111,110] Placing Shares. The Directors' participation in the Placing and their resultant shareholding following admission of the Placing Shares to trading ("Admission") is as follows:

Placing Shares

Percentage

Director	Placing participation £	subscribed for		Resultant Shareholding No.	interest in the enlarged issued share capital
			No.		
Professor Richard Conroy*	20,000	[444,444]	[5,227,800]	[15.16]	
Maureen Jones	5,000	[111,111]	[639,990]	[1.86]	
Séamus FitzPatrick	20,000	[444,444]	[481,341]	[1.40]	
Dr Sorca Conroy	50,000	[1,111,111]	[1,129,911]	[3.28]	
	95,000	[2,111,110]	[7,479,042]	[21.69]	

* Of the [5,227,800] Ordinary Shares beneficially held by Professor Richard Conroy, 1,232,601 are held by Conroy Plc a company in which Professor Conroy has a controlling interest.

The participation of Professor Richard Conroy, Maureen Jones, Séamus FitzPatrick and Dr Sorca Conroy in the Placing is a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The independent director of the Company (being Louis Maguire), having consulted with the Company's Nominated Adviser, consider the terms of the Placing to be fair and reasonable insofar as the Shareholders are concerned.

Admission to AIM

Application has been made to AIM for the Placing Shares to be admitted to trading. It is expected that admission will become effective on [15] June 2018.

Following the issue of the Placing Shares, and for the purposes of the Disclosure and Transparency Rules, the Company's total issued share capital on Admission will consist of [34,489,178] Ordinary Shares.

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.

In conjunction with the Placing the Company is issuing 388,889 Broker Warrants, which are exercisable at [●] pence per warrant until 11 December 2020, to Brandon Hill.

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

"We are pleased to be able to fund an additional drilling programme and undertake further exploration work at Kuhmo. Following the recent discovery of the green diamond in the till sample at Kuhmo we are very enthusiastic about the opportunities for the Company and look forward to updating shareholders in due course. Moreover, the Board of the Company are contributing to the placing and the Company thanks them for their support."

Further Information:

Professor Richard Conroy, Chairman, Karelian Diamond Resources plc
Virginia Bull / Nick Harriss, Allenby Capital Limited (Nomad)
Jonathan Evans, Brandon Hill Capital
Michael Padley, Lothbury Financial Services
Don Hall, Hall Communications

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014. The information set out below is provided in accordance with the requirements of Article 19(3) of that Regulation.

1	Details of the person discharging managerial responsibilities/person closely associated	
a)	Name	Professor Richard Thomas Walter Lawrence Conroy
2	Reason for the notification	
a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
4	Details of the transaction(s):section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00025 each (“Ordinary Shares”)
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares: IE00BD09HK61
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 4.5 pence per ordinary share Volume – [444,444] Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	[11] June 2018
f)	Place of the transaction	Outside a trading venue

1	Details of the person discharging managerial responsibilities/person closely associated	
a)	Name	Maureen Theresa Anne Jones
2	Reason for the notification	
a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
4	Details of the transaction(s):section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00025 each ("Ordinary Shares")
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares: IE00BD09HK61
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 4.5 pence per ordinary share Volume – [111,111] Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	[11] June 2018
f)	Place of the transaction	Outside a trading venue

1	Details of the person discharging managerial responsibilities/person closely associated	
a)	Name	Séamus Philip FitzPatrick
2	Reason for the notification	

a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
4	Details of the transaction(s):section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00025 each ("Ordinary Shares")
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares: IE00BD09HK61
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 4.5 pence per ordinary share Volume – [444,444] Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	[11] June 2018
f)	Place of the transaction	Outside a trading venue

1	Details of the person discharging managerial responsibilities/person closely associated	
a)	Name	Dr Sorca Catriona Conroy
2	Reason for the notification	
a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification

3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
4	Details of the transaction(s):section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00025 each (“Ordinary Shares”)
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares: IE00BD09HK61
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 4.5 pence per ordinary share Volume – [1,111,111] Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	[11] June 2018
f)	Place of the transaction	Outside a trading venue