



Karelian Diamond Resources plc

("Karelian Diamonds" or the "Company")

Notice of extraordinary general meeting to maintain electronic trading in the Company's shares post Brexit

Karelian Diamond Resources plc (AIM: KDR), the diamond exploration and development company focused on Finland, announces that it has convened an extraordinary general meeting of the Company to be held at Unit 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland on 17 February 2021 at 12.00 noon (the "EGM").

The business of the EGM will be to consider and, if thought fit, approve certain resolutions which are necessary to effect a technical change to how, and where, the electronic settlement of trading in the Company's shares occurs. Settlement is the process that occurs following a trade in the Company's shares when payment is made and ownership of the shares transfers. This change is a consequence of the end of the transition period following the United Kingdom's departure from the European Union ("Brexit") and will not alter where the Company's shares are listed or traded.

Background to the EGM

As a consequence of Brexit, the settlement system relating to trading in the Company's shares needs to move from CREST in London to Euroclear Bank in Belgium ("Migration"). Migration is expected to occur on 15 March 2021. However, if the resolutions proposed for the EGM are passed, the Company's shares will continue to be traded on the AIM market in London.

There is no meaningful alternative to Migration and failure to migrate would remove the Company's access to electronic trade settlement. This would seriously risk the Company's ability to retain admission of its shares to trading on AIM and, importantly, a market for its ordinary shares. Therefore, the board is asking all shareholders to support the resolutions proposed for the EGM by voting in favour of all the resolutions being proposed at the EGM or appointing a proxy to do so on their behalf.

A circular, which includes the notice of the EGM (the "Circular"), and a form of proxy will be posted to shareholders later today. The Board strongly urges shareholders to review the contents of the Circular in their entirety, including the documents referred to therein, and consider the Board's recommendation to vote in favour of the resolutions being proposed at the EGM.

In economic terms, shareholders' interest in their shares is largely unaffected by Migration but there are some technical changes to how their interest is held and therefore shareholders are recommended to read the Circular.

The Circular, the form of proxy and copies of the documents referred to in the Circular will be available to view shortly on the Company's website, www.kareliandiamondresources.com and will be available for inspection during normal business hours on any business day from the date of the Notice of EGM until the EGM at the registered office of the Company at Unit 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland.

Public Health Guidelines and the EGM

The well-being of shareholders and employees is a primary concern for the Board. The Board is closely monitoring the COVID-19 situation and will take all recommendations and applicable law into account in the conduct of the EGM. Based on the latest available guidance from the Health Service Executive

(“HSE”) in Ireland the Board expects the EGM to proceed on 17 February 2021 but under very constrained circumstances.

In line with the measures advised by the HSE and Irish Government recommendations on public gatherings, we have put in place a number of measures to minimise the risk of spreading the Coronavirus (Covid-19) at the EGM and we encourage all Shareholders, on this occasion, to complete and return their Forms of Proxy as soon as possible to ensure their vote is registered at the EGM and to minimise the need to attend in these unprecedented circumstances. In light of the unprecedented circumstances arising from the Covid-19 pandemic, the Board would ask that Shareholders refrain from physical attendance at the EGM.

Given the severity of the circumstances and the health risks involved, the Directors will take all appropriate safety measures to ensure the safety of any attendees and others involved in the EGM, including restricting attendance at the EGM, should it be deemed necessary or desirable.

Proxy voting can be carried out in advance of the EGM by completing the form of proxy to the Company’s Registrar, Link Registrars Limited at P.O. Box 1110, Maynooth, Co. Kildare, Ireland (if delivered by post) or Link Registrars Limited, Block C, Maynooth Business Campus, Maynooth, Co. Kildare, W23 F854, Ireland (if delivered by hand during normal business hours). To be valid, Forms of Proxy, and any authority under which they are signed, must be lodged not less than 48 hours before the time appointed for the holding of the meeting.

For further instructions on proxy voting, shareholders should read carefully the form of Proxy and the notes to the Notice of EGM.

Any relevant updates regarding the EGM, including any changes to the arrangements outlined in the Circular, will be announced via a Regulatory Information Service and will be available on www.kareliandiamondresources.com.

In the event that it is not possible to hold the EGM either in compliance with public health guidelines or applicable law or where it is otherwise considered that proceeding with the EGM as planned poses an unacceptable health and safety risk, the EGM may be adjourned or postponed or relocated to a different time and/or venue, in which case notification of such adjournment or postponement or relocation will be given in accordance with applicable law.

Shareholders may submit questions relating to the business of the meeting in advance (so as to be received no later than 12:00 noon on 15 February 2021) by email to kdr-egm@kareliandiamondresources.com. Questions submitted using this method will be posted in a statement on the Company's website.

For further information please contact:

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