



THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 (WHICH FORMS PART OF DOMESTIC UK LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("EUWA")) ("UK MAR"). IN ADDITION, MARKET SOUNDINGS (AS DEFINED IN UK MAR) WERE TAKEN IN RESPECT OF CERTAIN OF THE MATTERS CONTAINED WITHIN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF INSIDE INFORMATION (AS DEFINED UNDER UK MAR). UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THOSE PERSONS THAT RECEIVED INSIDE INFORMATION IN A MARKET SOUNDING ARE NO LONGER IN POSSESSION OF SUCH INSIDE INFORMATION, WHICH IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

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

Fundraise of £250,000

Karelian Diamond Resources plc (AIM: KDR) is pleased to announce a placing to raise a total of £250,000 (before expenses) (the "**Fundraising**").

HIGHLIGHTS

- Karelian Diamonds has raised funds to enable it to advance both its diamond mining concession and exploration licences in Finland and in Ireland.
- The Fundraising strengthens its working capital position in advance of the proceedings meeting which will be held in December 2022 in relation to the mining concession at the Lahtojoki diamond deposit, which the Board believe contains both high quality colourless gem diamonds and coloured diamonds including highly valuable pink diamonds.
- Funds will also be used to initiate exploration work at the Company's two newly granted licenses in Northern Ireland, prospective for Nickel-Copper-Platinum mineralisation. The exploration targets are based on the mafic and/or ultramafic dyke-sill complexes in the area which are similar to those that are known to host the world class Noril'sk Nickel-Copper-Platinum deposit.

FUNDRAISING SUMMARY

The Fundraising was arranged at 2 pence per share (the "**Issue Price**"), representing a discount of 20 per cent. to the closing mid-market price of 2.5 pence on 28 November 2022.

- Placing of 12,500,000 ordinary shares of €0.00025 each ("**Ordinary Shares**") at a price of 2 pence per Ordinary Share to raise £250,000 before expenses (the "**Fundraising Shares**").

- Each Fundraising Share carries a warrant to subscribe for one new Ordinary Share at a price of 4 pence per Ordinary Share exercisable for a period of 2 years from the admission to trading on AIM of the Fundraising Shares (“**Admission**”), creating 12,500,000 warrants (“**Fundraising Warrants**”).
- The Fundraising has been arranged by Monecor (London) Ltd trading as OvalX, who are acting as placing agent to the Company for the purposes of the Fundraising. OvalX will be issued with 600,000 warrants at a price of 2 pence per Ordinary Share exercisable for a period of 2 years from Admission of the Fundraising Shares (“**Broker Warrants**”, and together with the Fundraising Warrants, the “**Warrants**”). Should all the above Warrants be exercised on or before 5 December 2024, this would generate an additional £512,000 of funding for the Company over and above the amount secured through this Fundraising. There can be no guarantee that any Warrants will be exercised in the future and that additional proceeds will be received by the Company.
- The Fundraising Shares will represent approximately 15.4 per cent. of the enlarged issued share capital of the Company and has been issued to a combination of mainly new investors and certain existing shareholders.
- The Fundraising has been conducted within the Company’s existing share authorities and is conditional on admission of the Fundraising Shares to trading on AIM becoming effective.

Professor Richard Conroy, Chairman, commented:

“I welcome the completion of this fundraising which comes as we look forward to an exciting time for the company with the promise of our newly awarded Irish Licences potentially leading to the discovery of Nickel-Copper-Platinum mineralisation, in addition to the upcoming National Land Survey proceedings meeting to come in December which is an important milestone in the journey to the development of a mine at Lahtojoki.”

ADMISSION, WARRANTS AND TOTAL VOTING RIGHTS

The issue of the Fundraising Shares and the possible issue of new Ordinary Shares from the exercise of the Warrants will be undertaken pursuant to the Company’s existing share authorities.

An application will be made shortly to the London Stock Exchange for Admission of the Fundraising Shares. It is expected that Admission will become effective and that dealings in the Fundraising Shares on AIM will commence on or around 5 December 2022.

OvalX will be issued with 600,000 Broker Warrants as part of their role in arranging the Fundraising. These Broker Warrants will be on the same terms as the Fundraising Warrants issued pursuant to the Fundraising.

Upon completion of the Fundraising, the Company will have a total of 29,875,000 warrants in issue.

The Warrants will not be admitted to trading on AIM or any other stock market and will not be transferable. The issuance of the Warrants is subject to Admission.

In accordance with the FCA’s Disclosure Guidance and Transparency Rules, the Company confirms that on completion of the Fundraising, and following Admission, the Company’s enlarged issued ordinary share capital will comprise 81,042,749 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.

Further information is available through the Company's website:
www.kareliandiamondresources.com

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