

Karelian Diamond Resources plc

Notice of Annual General Meeting

(Registered in Ireland No. 382499)

NOTICE is hereby given that the Annual General Meeting of Karelian Diamond Resources plc (the "Company") will be held at The Davenport Hotel, 8-10 Merrion Street Lower, Dublin 2 on Friday, 9th December 2016 at 12:00 noon for the purposes of transacting the following business:

- 1 To receive and consider the Financial Statements for the year ended 31 May 2016 together with the Directors' and Independent Auditor's Reports thereon (Resolution No. 1).
- 2 To re-elect as Directors the following persons:
Mr Louis Maguire (Resolution No. 2 (a))
Miss Maureen Jones (Resolution No. 2 (b))
- 3 To authorise the Directors to fix the remuneration of the Auditors (Resolution No. 3).
- 4 To consider and, if thought fit, pass the following resolution as a Special Resolution (Resolution No. 4):
THAT:
 - (a) each of the issued ordinary shares of €0.01 each in the capital of the Company be and is hereby subdivided into and reclassified as one ordinary share of €0.00001 and one deferred share of €0.00999 ("Deferred Share"), the Deferred Shares having the rights attaching thereto set out in the new Article 2 referred to in paragraph (b) below and that each of the unissued ordinary shares at €0.01 each in the capital of the Company be and hereby sub-divided into one thousand ordinary shares of 0.00001 each; and
 - (b) subject to, and with effect from, the reclassification referred to in paragraph (a) above, article 2 of the articles of association of the Company shall be replaced with the following new article 2:
 - "2(A) *The authorised share capital of the Company is €5,000,000 divided into 182,532,751,034 ordinary shares of €0.00001 each ("ordinary shares") and 317,785,034 deferred shares of €0.00999 each ("Deferred Shares"), (of which at the date of adoption of this Article 2, 317,785,034 ordinary shares and 317,785,034 Deferred Shares are in issue and credited as fully paid).*
 - (B) *The Deferred Shares have the following rights and privileges and are subject to the following limitations:*
 - (i) *AS REGARDS INCOME:*
The Deferred Shares shall not be entitled to any dividends or to any other right or participation in the profits of the Company.
 - (ii) *AS REGARDS CAPITAL:*
On a return of assets on liquidation, each Deferred Share shall confer on the holder(s) thereof an entitlement to receive out of the assets of the Company available for distribution amongst the members (subject to the rights of any new class of shares with preferred rights) the amount paid up or credited as paid up on the Deferred Share after (but only after) payment shall have been made to the holders of the ordinary shares of €0.00001 each of the amounts paid up or credited as paid up on such shares and the sum of €1,000,000 in respect of each ordinary share held by them respectively. The holder(s) of the Deferred Shares shall have no further right to participate in the assets of the Company.
 - (iii) *AS REGARDS VOTING:*
The holder(s) of the Deferred Shares shall not be entitled to vote upon any resolution and shall not be entitled to receive notice of, attend any general meeting or be part of the quorum thereof.
 - (iv) *AS REGARDS VARIATION OF RIGHTS:*
Any reduction of capital involving the cancellation of the Deferred Shares for no consideration shall not be deemed to be a variation of the rights attaching to such deferred shares nor a modification or abrogation of the rights or privileges attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by a Special Resolution passed by the holders of the ordinary shares without notice thereof being given to the holder(s) of the Deferred Shares and without any sanction or approval on the part of any holder(s) of the Deferred Shares.

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(v) *FURTHER ISSUES:*

The special rights conferred upon the holder(s) of the Deferred Shares shall be deemed not to be modified, varied or abrogated by the creation or issue of further shares ranking pari passu with or in priority to the Deferred Shares.”

- 5 To consider and, if thought fit, pass the following resolution as an Ordinary Resolution (Resolution No. 5):
“That the directors of the Company be generally and unconditionally authorised to allot and issue relevant securities (as defined by Section 1021 of the Companies Act, 2014) up to a maximum of the amount of the authorised but as yet unissued share capital of the Company at the close of business on the date of the passing of this resolution, provided however, that any shares which have been re-purchased shall be deemed never to have been issued for the purpose of calculating the maximum amount of shares which may be issued. The authority hereby conferred shall expire in five years less one day from the date of this Annual General Meeting unless previously renewed, varied or revoked by the Company in general meeting. The Company may make any offer or agreement before expiry of this authority which would or might require relevant securities to be allotted after this authority has expired and the directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding that the authority hereby conferred has expired.”
- 6 To consider and, if thought fit, pass the following resolution as a Special Resolution (Resolution No. 6):
“That, for the purposes of Sections 1023 of the Companies Act, 2014 and subject to the Directors being authorised pursuant to Article 10 of the Articles of Association of the Company, the Directors be empowered to allot equity securities for cash pursuant to and in accordance with Article 11 of the Articles of Association of the Company. The authority hereby conferred shall expire at the close of business on the date of the next Annual General Meeting of the Company unless previously revoked or renewed in accordance with the provisions of the Companies Act, 2014.”
- 7 To transact any other business.

By Order of the Board

Dated this 16th day of November 2016

James P Jones F.C.A.

Secretary

Registered Office

9 Merrion Square North

Dublin 2

Do2 WN50

Notes

1. *The holders of the Ordinary Shares are entitled to attend and vote at the above General Meeting of the Company. A holder of Ordinary Shares may appoint a proxy or proxies to attend, speak and vote instead of him/her. A proxy need not be a member of the Company.*
2. *A Form of Proxy is enclosed for use by Shareholders unable to attend the meeting. Proxies to be valid must be lodged with the Company's Registrars, **Capita Asset Services, Shareholders solutions (Ireland), 2 Grand Canal Square, Dublin 2 DO2 A342** not less than 48 hours before the time appointed for the holding of the meeting.*
3. *In the case of joint holders, the vote of the senior who tenders a vote, either in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members.*
4. *The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, specifies that only those shareholders registered in the Register of Members of the Company as at 6:00 pm on 7th December 2016 (or in the case of an adjournment as at 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries in the Register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.*