



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

29 November 2022

FINAL RESULTS FOR THE YEAR TO 31 MAY 2022
NOTICE OF ANNUAL GENERAL MEETING

Karelian Diamond Resources plc ("Karelian Diamonds") (AIM: KDR) is pleased to report its audited accounts for the year to 31 May 2022.

Highlights:

- The Company's exploration programmes during the year yielded excellent results in both Finland and Ireland including:
 - Samples from a kimberlite boulder recovered from the Company's Lahtojoki South exploration area indicated potential for the presence of diamonds.
 - A drone based geophysical survey in Finland resulted in the announcement post period end of the identification of twenty-three kimberlite targets in the Kuhmo area, where the Company has previously discovered a diamond in till. Many of the targets are extensive in size, ranging from 0.5 hectares to over 4.5 hectares, and appear highly prospective.
 - In Ireland, during a stream sediment survey, nickel, copper and platinum group metal indicators were discovered.
- On the diamond mining development side, the Company has, post period end, received confirmation that the required public meeting in relation to the land valuation proceedings for the Lahtojoki diamond deposit will be held in December 2022

Professor Richard Conroy, Chairman, stated:

"I am delighted that the required public meeting in relation to the land valuation proceedings, which had been severely delayed by Covid, will be held shortly and that we may now look forward to progressing the mining concession in relation to the Lahtojoki diamond deposit."

I am also very pleased that work has continued on the exploration acreage in both Finland and Ireland with excellent results. We have new targets in the Kuhmo area of Finland, whilst in County Fermanagh in Ireland, the highly anomalous numbers of indicators discovered add a new and very exciting dimension to the Company's mineral exploration interests."

Annual Report and Accounts for the year to 31 May 2022

The full audited annual report and accounts for the year to 31 May 2022 ("Annual Report") will be posted to shareholders today and will be published on the Company's website (www.kareliandiamondresources.com) shortly. Key elements can also be viewed at the bottom of this announcement.

Annual General Meeting

The annual general meeting of the Company ("AGM") will be held at The Conrad Dublin Hotel, Earlsfort Terrace Dublin, on 20th December 2022 at 10.30 am. A copy of the notice of AGM, which has been posted to shareholders, will be able to be viewed shortly on the Company's website.

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Key Information Extracted from Annual Report

Chairman's statement

Dear Shareholder,

I have pleasure in presenting the Company's Annual Report and Financial Statements for the year ended 31 May 2022.

The Company's exploration programmes during the year yielded excellent results in both Finland and Ireland.

A drone based geophysical survey in Finland resulted in the identification of twenty-three kimberlite targets in the Kuhmo area, where the Company has previously discovered a diamond in till, while in Ireland, during the course of a stream sediment survey to investigate the historically reported discovery of a diamond, nickel, copper and platinum group metal indicators were discovered.

Diamond Exploration and Development in Finland

Diamond deposits only form beneath areas of the earth's crust known as Cratons. The Karelian Craton stretches across Finland and north-western Russia and is one of the largest Cratons in the world. In the Russian sector of the Craton, two world class diamond deposits - Lomonosova and the Grib Pipe, have been found. Both are now in production as major diamond mines. The Company's objective is to find comparable deposits in the similar geology which is present in the Finnish sector of the Karelian Craton. The identification of a large number of kimberlite targets close to where the Company discovered a diamond in till is a significant step towards achieving this objective.

Kimberlite pipes enable diamonds, which are formed deep under the earth's crust, to reach the surface. There is of course no guarantee that a kimberlite pipe will contain diamonds, most kimberlites are in fact not diamondiferous. However, the presence of the diamond discovered by the Company down-ice of the kimberlite targets is a very positive sign that the kimberlites which have been identified by the Company in the Kuhmo area of Finland may be diamondiferous.

The newly discovered kimberlite targets followed from a high resolution, drone based, magnetic survey. The survey was carried out up-ice of the location where the Company has previously discovered a diamond in till. During the survey over eighty flight lines (250km) were flown. Interpretation of the resultant data from the survey has led to the identification of the twenty-three kimberlite targets. Many of the targets are extensive in size, ranging from 0.5 hectares to over 4.5 hectares, and appear highly prospective.

On the diamond mining development side, it is very much to be hoped in relation to the Lahtojoki diamond deposit, which the Company has acquired, and which is known to contain a percentage of the very valuable pink diamonds, that the Company will soon receive its long awaited land valuation decisions. These decisions are required under Finnish law for mine permitting but have been greatly delayed by the Covid - 19 pandemic. The Company has just been notified that the required public meeting will be held in December 2022.

Ireland - Nickel, Copper and Platinum Prospectivity

The discovery in Northern Ireland, during the course of a diamond exploration programme by the Company on its Licence in Co Fermanagh, of highly anomalous numbers of indicators, particularly chromites, suggestive of the presence of nickel, copper and platinum group metals, adds a new and very exciting dimension to the Company's mineral exploration interests and will be actively followed up during the course of the coming year.

Ireland is already an international base metals province and significant gold discoveries have also been made. Management has been involved in both previous gold and base metal discoveries in Ireland.

Such discoveries of other minerals during diamond exploration programmes are not unknown, the most famous being the Voisey Bay world class nickel discovery in Canada.

Covid19

The Company has taken necessary measures in accordance with government guidelines to protect the health, safety, and wellbeing of its employees, contractors, and partners in Finland and Ireland. COVID-19 continues to limit field and laboratory work and, as described previously, has delayed permitting at the Company's diamond deposit at Lahtojoki. Despite these restrictions on operations, work has continued in relation to the Company's exploration and development programmes in both Finland and Ireland.

Environmental, Social and Governance Issues

Great emphasis is placed by the Company on Environmental, Social and Governance issues. The Company is committed to high standards of corporate governance and integrity in all of its activities and operations including rigorous health and safety compliance and environmental consciousness and promotes a culture of good ethical values and behaviour. The Company conducts its business with integrity, honesty and fairness and requires its partners, contractors and suppliers to meet similar ethical standards. Individual staff members must ensure that they apply and maintain these standards in all their actions.

It is a requirement that the Chairman of the Board regularly monitors and reviews the Company's ethical standards and cultural environment and where necessary takes appropriate action to ensure proper standards are maintained. The Company is fully committed to complying with all relevant health, safety and environment rules and regulations as these apply to its operations and all individuals working for the Company are aware of their responsibilities in providing a safe and secure working environment.

Finance

The profit after taxation from continuing operations for the financial year ended 31 May 2022 was €13,593 (31 May 2021: loss of €422,192) and the net assets of the Company at 31 May 2022 were €9,480,803 (31 May 2021: €9,495,866). The profit is generated as a result of the movement in fair value of warrants totalling €389,904.

Directors and Staff

I would like to express my deep appreciation of the support and dedication of Directors, staff, and consultants which has made possible the continued progress and success which the Company has achieved.

Outlook

I look forward to continued success both in relation to the Company's diamond interests in Finland, which are now at a particularly exciting stage, and also to the Company's new exploration programme for nickel, copper and platinum group metals in Northern Ireland. We also look forward to receiving the necessary land valuation decisions in addition to the planned diamond exploration work in Finland.

Professor Richard Conroy

Chairman

28 November 2022

Extract from the Independent Auditor's Report

The following section is extracted from the Independent Auditor's Report but shareholders should read in full the Independent Auditor's Report contained in the Annual Report.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to Note 1 in the financial statements, which indicates that as at 31 May 2022 the company had net current liabilities of €1,429,982.

As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the company's relevant controls over the preparation of cash flow forecasts and approval of the projections and assumptions used in cash flow forecasts to support the going concern assumption;
- assessing the design and determining the implementation of these relevant controls;
- evaluating directors' plans and their feasibility by agreeing the inputs used in the cash flow forecast to expenditure commitments and other supporting documentation;
- challenging the reasonableness of the assumptions applied by the directors in their going concern assessment;
- obtaining confirmations received by the company from the directors and former directors evidencing that they will not seek repayment of amounts owed to them by the company within 12 months of the date of approval of the financial statements, unless the company has sufficient funds to repay;
- understanding the status of the discussions in relation to the extension or conversion of the convertible loan note which is due to expire on 10 December 2022;
- assessing the mechanical accuracy of the cash flow forecast model; and
- assessing the adequacy of the disclosures made in the financial statements.

Income Statement for the financial year ended 31 May 2022

	2022	2021
	€	€
Continuing operations		
Operating expenses	(369,019)	(370,370)
Share-based payment expense	-	(46,519)
Movement in fair value of warrants	389,904	5,250
Profit/(loss) before finance costs and taxation	20,885	(411,639)
Interest expense	(7,292)	(10,553)
Net finance costs	(7,292)	(10,553)
Profit/(loss) before taxation	13,593	(422,192)
Income tax expense	-	-
Profit/(loss) for the financial year	13,593	(422,192)
<i>Earnings/(loss) per share</i>		
Basic and diluted earnings/(loss) per share	0.0002	(0.0082)

Statement of Comprehensive Income for the financial year ended 31 May 2022

	2022	2021
	€	€
Profit/(loss) for the financial year	13,593	(422,192)

Income recognised in other comprehensive income	-	-
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Total comprehensive profit/(loss) for the financial year	13,593	(422,192)
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The total comprehensive loss for the financial year is entirely attributable to equity holders of the Company.

Statement of Financial Position as at 31 May 2022

	31 May 2022	31 May 2021
	€	€
Assets		
Non-current assets		
Intangible assets	10,910,931	10,766,576
Financial assets	-	4
Total non-current assets	10,910,931	10,766,580
Current assets		
Cash and cash equivalents	117,868	61,778
Other receivables	60,178	652,957
Total current assets	178,046	714,735
Total assets	11,088,977	11,481,315

Equity

Capital and reserves

Share capital presented as equity	3,191,807	3,191,807
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Share premium	9,959,181	9,959,181
Share-based payments reserve	450,658	450,658
Retained deficit	(4,120,843)	(4,105,780)
Total equity	9,480,803	9,495,866

Liabilities

Non-current liabilities

Derivative liability	146	146
Convertible loan	-	159,498
Warrant liabilities	-	389,904
Total non-current liabilities	146	549,548

Current liabilities

Trade and other payables	1,441,238	1,435,901
Convertible loan	166,790	-
Total current liabilities	1,608,028	1,435,901

Total liabilities	1,608,174	1,985,449
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Total equity and liabilities	11,088,977	11,481,315
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The financial statements were approved by the Board of Directors on 28 November 2022 and authorised for issue on 29 November 2022.

Statement of changes in equity for the financial year ended 31 May 2022

	Share capital €	Share premium €	Share-based payment reserve €	Retained deficit €	Total equity €
Balance at 1 June 2021	3,191,807	9,959,181	450,658	(4,105,780)	9,495,866
Share issue costs	-	-	-	(28,656)	(28,656)
Profit for the financial	-	-	-	13,593	13,593

year					
Balance at 31 May 2022	3,191,807	9,959,181	450,658	(4,120,843)	9,480,803
Balance at 1 June 2020	3,185,432	9,150,829	456,624	(3,666,104)	9,126,781
Share issue	6,375	1,156,987	-	-	1,163,362
Warrant issue	-	(348,635)	-	-	(348,635)
Share issue costs	-	-	-	(23,450)	(23,450)
Transfer from share-based payment reserve to retained deficit	-	-	(5,966)	5,966	-
Loss for the financial year	-	-	-	(422,192)	(422,192)
Balance at 31 May 2021	3,191,807	9,959,181	450,658	(4,105,780)	9,495,866

Statement of Cash Flows for the financial year ended 31 May 2022

	2022	2021
	€	€
Cash flows from operating activities		
Profit/(loss) for the financial year	13,593	(422,192)
<i>Adjustments for:</i>		
Movement in fair value of warrants	(389,904)	(5,250)
Interest expense	7,292	10,553
Expense recognised in income statement in respect of equity settled share-based payments	-	46,519
	(369,019)	(370,370)
Increase in trade and other payables	75,340	146,927
Increase in other receivables	(11,872)	(762,367)
(Repayment to)/advances from Conroy Gold and Natural Resources P.L.C.	(70,000)	228,402
Net cash used in operating activities	(375,550)	(757,408)
Cash flows from investing activities		
Investment in exploration and evaluation	(144,355)	(243,006)

Net cash used in investing activities	(144,355)	(243,006)
Cash flows from financing activities		
Issue of share capital*	604,651	1,068,988
Share issue costs*	(28,656)	(23,450)
Repayment on loans	-	712
Net cash provided by financing activities	575,995	1,046,250
Increase in cash and cash equivalents	56,090	45,836
Cash and cash equivalents at beginning of financial year	61,778	15,942
Cash and cash equivalents at end of financial year	117,868	61,778

* On 27 May 2021, the Company completed a share placing and subscription raising funds amounting to €604,651 with share issue costs of €28,656 being incurred. These funds were received in early June 2021 while the share issue costs were paid in the same period.

1. Accounting policies

Reporting entity

Karelian Diamond Resources P.L.C. (the “Company”) is a company domiciled in Ireland. The Company is a public limited company incorporated in Ireland under registration number 382499. The registered office is located at 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland.

Basis of preparation

The financial statements are presented in euro (“€”). The € is the functional currency of the Company. The financial statements are prepared under the historical cost basis except for derivative financial instruments which, if any, are measured at fair value at each reporting date.

The preparation of financial statements requires the Board of Directors and management to use judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Details of significant judgements are disclosed in the accounting policies.

The financial statements were authorised for issue by the Board of Directors on 28 November 2022.

Going concern

The Company recorded a profit of €13,593 (31 May 2021: a loss of €422,192) for the financial year ended 31 May 2022. The Company had net assets of €9,480,803 (31 May 2021: €9,495,866) at that date. The Company had net current liabilities of €1,429,982 (31 May 2021: net current liabilities of €721,166) at the statement of financial position date.

The Directors, Professor Richard Conroy, Séamus P. FitzPatrick, Maureen T.A. Jones, Dr. Sorca Conroy, Brendan McMorrow, Howard Bird and former Director James P. Jones, have confirmed that they will not seek repayment of amounts owed to them by the Company of €1,106,970 (31 May 2021: €921,969) within 12 months of the date of approval of the financial statements, unless the Company has sufficient funds to repay.

Conroy Gold and Natural Resources P.L.C. have confirmed that it will not seek repayment of amounts owed to it by the Company of €199,806 (31 May 2021: €169,933) for a minimum period of 12 months from the date of approval of the financial statements, unless the Company has sufficient funds to repay.

The Directors are aware that the term of the convertible loan note expires on 10 December 2022 and have started discussions with the loan note holder in relation to extension or conversion. The directors are confident that these discussions will be satisfactorily concluded.

The Board of Directors have considered carefully the financial position of the Company and in that context, have prepared and reviewed cash flow forecasts for the period to 30 November 2023. As set out further in the Chairman's statement, the Company expects to incur capital expenditure in 2022 and 2023, consistent with its strategy as an exploration company. The Directors recognise that net current liabilities of €1,429,982 (31 May 2021: €721,166) is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. In reviewing the proposed work programme for exploration and evaluation assets and, the results obtained from the exploration programme and the prospects for raising additional funds as required, the Board of Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that would arise if the Company was unable to continue as going concern.

Statement of compliance

The Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union ("EU") and the requirements of the Companies Act 2014.

Recent accounting pronouncements

(i) New and amended standards adopted by the Company

The Company has adopted the following amendments to standards for the first time for its annual reporting year commencing 1 June 2021:

- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39 regarding replacement issues in the context of the IBOR reform – Phase 2 - Effective date 1 January 2021;
- Amendments to IFRS 4 Insurance Contracts- deferral of IFRS 9 – Effective 1 January 2021;

The adoption of the above amendments to standards had no significant impact on the financial statements of the Company either due to being not applicable or immaterial.

(ii) New standards and interpretations not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 May 2022 reporting periods and have not been early adopted by the Company.

The following amendments to standards adopted and endorsed by the EU have been issued by the International Accounting Standards Board to date and are not yet effective for the financial year from 1 June 2021. The Board of Directors is currently assessing whether these standards once adopted by the Company will have any impact on the financial statements of the Company.

- IFRS 4 amendments regarding the expiry date of the deferral approach – Effective date 1 January 2023;
- IAS 8 amendments regarding the definition of accounting estimates – Effective date 1 January 2023;
- IAS 1 amendments regarding the disclosure of accounting policies - Effective date 1 January 2023;
- IFRS 17 Insurance contracts – Effective date deferred to 1 January 2023.
- Amendment to IFRS 16 about providing lessees with an extension of one year to exemption from assessing whether a COVID-19-related rent concession is a lease modification – Effective date 1 April 2021;
- IFRS 3 amendments updating a reference to the Conceptual Framework – Effective date 1 January 2022;
- IAS 16 amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use – Effective date 1 January 2022;
- IAS 37 amendments regarding the costs to include when assessing whether a contract is onerous – Effective date 1 January 2022.
- IFRS 1 amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) – Effective date 1 January 2022; and
- IFRS 9 amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the “10 per cent” test for derecognition of financial liabilities) – Effective date 1 January 2022;

The following new standards and amendments to standards have been issued by the International Accounting Standards Board but have not yet been endorsed by the EU, accordingly, none of these standards have been applied in the current year. The Board of Directors is currently assessing whether these standards once endorsed by the EU will have any impact on the financial statements of the Company.

- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture – Postponed indefinitely;
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction – Effective date 1 January 2023.
- Amendments to IFRS 16 Leases: Lease liability in a sale and leaseback – Effective date 1 January 2024; and

- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current – Effective date 1 January 2024.

2. Profit/(loss) per share

Basic profit/(loss) per share

	2022	2021
	€	€
Profit/(loss) for the year attributable to equity holders of the Company	13,593	(422,192)
Number of ordinary shares at start of the financial year	68,542,749	43,042,749
Number of ordinary shares issued during the financial year	-	25,500,000
Number of ordinary shares at end of the financial year	68,542,749	68,542,749
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	68,542,749	51,434,530
Basic and diluted profit/(loss) per ordinary share	0.0002	(0.0082)

Diluted profit/(loss) per share

The effect of share options and warrants is anti-dilutive

3. Intangible assets

Exploration and evaluation assets

Finland	31 May	31 May
Cost	2022	2021

	€	€
At 1 June	10,766,576	10,523,570
Expenditure during the financial year:		
• Licence and appraisal costs	10,114	163,705
• Other operating expenses	134,241	79,301
At 31 May	10,910,931	10,766,576

Exploration and evaluation assets relate to expenditure incurred in the development of mineral exploration opportunities. These assets are carried at historical cost and have been assessed for impairment in particular with regard to the requirements of IFRS 6: *Exploration for and Evaluation of Mineral Resources* relating to remaining licence or claim terms, likelihood of renewal, likelihood of further expenditure, possible discontinuation of activities as a result of specific claims and available data which may suggest that the recoverable value of an exploration and evaluation asset is less than its carrying amount.

The Board of Directors have considered the proposed work programmes for the underlying mineral resources. They are satisfied that there are no indications of impairment.

The Board of Directors note that the realisation of the intangible assets is dependent on further successful development and ultimate production of the mineral resources and the availability of sufficient finance to bring the resources to economic maturity and profitability.

4. Cash and cash equivalents

	31 May 2022 €	31 May 2021 €
Cash held in bank accounts	117,868	61,778
	117,868	61,778

During the year ended 31 May 2022, four new Nordea Bank accounts were opened for the purpose of holding collateral deposits related to the Finnish licenses. As at 31 May 2022, a total amount of €24,500 (31 May 2021: €Nil) relates to these collateral deposits and are treated as restricted cash balances.

5. Non-current liabilities

Warrant liabilities

During the year ended 31 May 2022, no new warrants were issued. During the prior year, 16,775,000 warrants were issued with a sterling exercise price and expiry of thirty months. The fair value amount at grant date was valued using the Black Scholes Model and recorded as warrant liabilities. At 31 May 2022, the warrants in issue were fair valued with the movement in fair value being recorded in the income statement. See Note 16 of the financial statements for further details.

Convertible loan

On 10 December 2019, the Company entered into a convertible loan note agreement for a total amount of €145,829 (£120,000) with one of its shareholders. The convertible loan note is unsecured, has a term of three years and attracts interest at a rate of 5% per annum which is payable on the maturity or conversion of the convertible loan. The conversion price is 10 pence. The shareholder has the right to seek conversion of the principal amount outstanding on the convertible loan note and all interest accrued at any time during the term.

Any conversion of the convertible loan note will be for a minimum of €60,761 (£50,000) of loan notes. The amount of €146 (31 May 2021: €146) relates to derivative liability attached to the convertible loan note. The convertible loan amounted to €166,790 (31 May 2021: €159,498) at 31 May 2022 and is classified as a current liability.

	31 May	31 May
	2022	2021
	€	€
Opening Balance	-	148,945
Interest payable	-	10,553
Derivative liability element	-	-
	-	159,498

6. Current liabilities

Trade and other payables

	31 May	31 May
	2022	2021
	€	€
Accrued Directors' remuneration		
Fees and other emoluments	843,720	658,720
Pension contributions	263,250	263,250

Amount due to related party (see note 8 (c))	199,806	169,933
Other creditors and accruals	134,462	343,998
	1,441,238	1,435,901

As at 31 May 2022, director fees amounting to €34,167 (31 May 2021: € 24,167) due to Brendan McMorrow is included in Fees and other emoluments. As at 31 May 2022, an amount of €2,500 (31 May 2021: €13,700) payable to Brendan McMorrow for other services rendered by him is included in other creditors and accruals.

It is the Company's practice to agree terms of transactions, including payment terms with suppliers. It is the Company's policy that payment is made according to the agreed terms. The carrying value of the trade and other payables approximates to their fair value.

Convertible loan

See note 11 of the financial statements for details. The convertible loan is classified as a current liability for the year ended 31 May 2022.

	31 May	31 May
	2022	2021
	€	€
Opening Balance	159,498	-
Interest payable	7,292	-
Derivative liability element	-	-
	166,790	-

The Directors are aware that the term of the convertible loan note expires on 10 December 2022 and are in regular contact with the loan note holder who is both supportive and a significant shareholder in the Company. A number of options are available to deal with this matter including, full or part repayment of amounts due, conversion of the principal and interest on the loan or extension of the loan note term.

Related party loans

31 May	31 May
2022	2021

	€	€
<i>Opening balance 1 June</i>	-	93,662
Loan conversion to equity*	-	(92,950)
Loan repayment	-	(712)
<i>Closing balance 31 May</i>	-	-

Prior to the various placings of shares, the immediate funding requirements of the Company had been financed by advances from Professor Richard Conroy (Director, executive chairman and major shareholder) and Maureen T.A. Jones (Director, Managing Director and shareholder). There is no interest payable in respect of these loans, no security has been attached to these loans and there is no repayment or maturity terms.

*On 27 May 2021, Professor Richard Conroy capitalised loans amounting to €85,979 (£74,000) into 1,850,000 new ordinary shares of nominal value €0.00025 each. On 27 May 2021, Maureen Jones capitalised loans amounting to €6,971 (£6,000) into 150,000 new ordinary shares of nominal value €0.00025 each.

7. Commitments and contingencies

At 31 May 2022, there were no capital commitments or contingent liabilities (31 May 2021: €Nil) recognised at the balance sheet date. Should the Company decide to further develop the Lahtojoki project, an amount of €40,000 is payable by the Company to the vendors of the Lahtojoki mining concession.

8. Related party transactions

- Details of Directors' loans previously advanced by Professor Richard Conroy and Maureen T.A. Jones are outlined in Note 12 of the financial statements.
- The Company shares office accommodation with Conroy Gold and Natural Resources P.L.C. which has certain common Directors and shareholders. For the financial year ended 31 May 2022, Conroy Gold and Natural Resources P.L.C. incurred costs totalling €100,313 (31 May 2021: €54,872) on behalf of the Company. These costs were recharged to the Company by Conroy Gold and Natural Resources P.L.C.

These costs are analysed as follows:

	2022	2021
	€	€
Office salaries	72,469	49,048
Rent and rates	15,850	-
Other operating expenses	11,994	5,824

100,313

54,872

- c) At 31 May 2022, the Company owed €199,806 to Conroy Gold and Natural Resources P.L.C. (31 May 2021: €169,933 owed to). Amounts owed to Conroy Gold and Natural Resources P.L.C. were included within trade and other payables during the current year. During the financial year ended 31 May 2022, the Company paid €70,000 to (31 May 2021: €173,530 was received from) Conroy Gold and Natural Resources P.L.C. During the financial year ended 31 May 2022, the Company was charged €99,873 (31 May 2021: €54,872) by Conroy Gold and Natural Resources P.L.C. in respect of the allocation of certain costs as detailed in Note 8(b).
- d) At 31 May 2022, Brendan McMorrow was owed €34,167 (31 May 2021: €24,167) in respect of his services as a director and also an amount of €2,500 (31 May 2021: €13,700) payable to him for other services rendered. These amounts are included in the trade and other payables balance in the statement of financial position.
- e) Refer Note 2 of the financial statements for an analysis of remuneration for each Director of the Company.
- f) Details of share capital transactions with the Directors are disclosed in the Directors' Report.
- g) Apart from Directors' remuneration (detailed in Note 2 and Note 4 of the financial statements), loans from two shareholders (who are also Directors which is detailed in Note 6), convertible loan from a shareholder (which is detailed in Note 7) and share capital transactions (which are detailed within the Directors' Report), there have been no contracts or arrangements entered into during the financial year in which a Director of the Company had a material interest.

9. Post balance sheet events

Post year end, the Company announced that the geophysical interpretation of drone based aeromagnetic data has identified twenty three Kimberlite targets in the area surveyed.

The Company's application for two additional mineral prospecting licences in Northern Ireland were granted.

The final meeting in relation to the Company's diamond mine development at Lahtojoki with the National Land Survey of Finland was postponed from June 2022 until December 2022.

There were no further material events subsequent to the reporting date which necessitate revision of the figures or disclosures included in the financial statements.

10. Approval of the audited financial statements for the financial year ended 31 May 2022

These audited financial statements were approved by the Board of Directors on 28 November 2022. A copy of the audited financial statements will be available on the Company's website www.kareliandiamondresources.com and will be available from the Company's registered office at 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland.