

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014. With the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.



12 April 2017

## CAPITAL RAISING TOTAL VOTING RIGHTS

**Placing to raise £775,000 (€914,500)**

- **Placing of 172,222,220 new ordinary shares at 0.45 pence per share together with 57,407,408 warrants to raise £775,000 (€914,500) before expenses and issue of 22,222,223 Broker Warrants**
- **Proceeds of the placing to be applied to fund the advancement of the Company's principal diamond opportunities and in particular the Lahtojoki Diamond Project, its exploration at Riihivaara and for working capital**

Karelian Diamond Resources plc (AIM: KDR, ESM: KDRI), the diamond exploration company focused on Finland, is pleased to announce that it has conditionally raised £775,000 (ca.€915,000), prior to expenses, through a placing (the "Placing") of 172,222,220 ordinary shares of €0.00001 in the capital of the Company (the "Placing Shares") and 57,407,408 warrants all at an exercise price of 0.80 pence per warrant (the "Warrants"), together the "Placing Units", at a price of 0.45 pence per Placing Unit (the "Placing Price").

The Placing is conditional, *inter alia*, on admission of the Placing Shares to trading on AIM and the Enterprise Securities Market operated by the Irish Stock Exchange Limited ("ESM"). The Placing Shares will rank *pari passu* with the existing issued ordinary shares of €0.00001 in the capital of the Company ("Ordinary Shares").

The Warrants can be exercised at any time from admission of the Placing Shares to the second anniversary of the anticipated admission of the Placing Shares, being 28 April 2019.

Following the recent discovery of a diamond in a till sample, the Company intends to use the proceeds of the Placing to fund the further advancement of the Company's principal diamond opportunities and in particular the recently acquired Lahtojoki Diamond Project, its exploration at Riihivaara where the Company has discovered a potential new diamond source and for working capital generally.

As part of the Placing, certain of the Directors have subscribed for an aggregate of 38,888,880 Placing Units, consisting of 38,888,880 Placing Shares and 12,962,960 Warrants. The Directors' participation in the Placing and their resultant shareholding following admission of the Placing Shares to trading ("Admission") is as follows:

Director	Placing participation £	Placing Shares subscribed for No.	Resultant Shareholding No.	Percentage interest in the enlarged issued share capital	Warrants received No.
Professor Richard Conroy*	125,000	27,777,770	119,583,938	20.46	9,259,257

Maureen Jones	27,500	6,111,110	13,221,985	2.26	2,037,037
James P. Jones	22,500	5,000,000	9,481,539	1.62	1,666,666
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	175,000	38,888,880	142,287,462	24.34	12,962,960

\* Of the 119,583,938 Ordinary Shares beneficially held by Professor Richard Conroy, 30,815,030 are held by Conroy Plc a company in which Professor Conroy has a controlling interest.

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

Application has been made to AIM and ESM for the Placing Shares to be admitted to trading. It is expected that admission will become effective on 28 April 2017.

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 584,451,698 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 22,222,223 Broker Warrants, also exercisable at 0.80 pence per warrant until 28 April 2019, to Beaufort Securities.

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

*"This placing, with the promise of more to come via the warrants, will allow us to do follow-up work on our diamond discovery in Kuhmo, an extremely rare and positive event. It will also allow us to do further work at the Lahtojoki diamond deposit where we have a Mining Permit, as well as on the Riihivaara Kimberlite Body, which we discovered. With the funds raised we now look to build on these successes."*

**Further Information:**

<i>Professor Richard Conroy, Chairman, Karelian Diamond Resources plc</i>	<b>Tel: +353-1-661-8958</b>
<i>Virginia Bull/James Thomas/Nick Harriss, Allenby Capital Limited (Nomad)</i>	<b>Tel: +44-20-3328-5656</b>
<i>Ger Heffernan/Jan Fitzell, IBI Corporate Finance Limited (ESM Adviser)</i>	<b>Tel: +353-7662-34800</b>
<i>Jon Belliss/Elliot Hance, Beaufort Securities Limited (Broker)</i>	<b>Tel: +44-20-7382-8300</b>
<i>Michael Padley, Lothbury Financial Services Limited</i>	<b>Tel: +44-20-3290-0707</b>
<i>Don Hall, Hall Communications</i>	<b>Tel: +353-1-660-9377</b>

<http://www.kareliandiamondresources.com>

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	<b>Details of the person discharging managerial responsibilities/person closely associated</b>
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a)	Name	Professor Richard Thomas Walter Lawrence Conroy
<b>2</b>	<b>Reason for the notification</b>	
a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
<b>3</b>	<b>Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
<b>4</b>	<b>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</b>	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00001 each ("Ordinary Shares")
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares: IE00B01ZSK94
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 0.45 pence per ordinary share Volume – 27,777,770 Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	28 April 2017
f)	Place of the transaction	Outside a trading venue

1	<b>Details of the person discharging managerial responsibilities/person closely associated</b>	
a)	Name	Maureen Theresa Anne Jones
2	<b>Reason for the notification</b>	
a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
3	<b>Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
4	<b>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</b>	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00001 each ("Ordinary Shares")
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares:  IE00B01ZSK94
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 0.45 pence per ordinary share  Volume – 6,111,110 Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A

e)	Date of the transaction	28 April 2017
f)	Place of the transaction	Outside a trading venue

<b>1</b>	<b>Details of the person discharging managerial responsibilities/person closely associated</b>	
a)	Name	James ("Jim") Patrick Jones
<b>2</b>	<b>Reason for the notification</b>	
a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
<b>3</b>	<b>Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
<b>4</b>	<b>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</b>	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00001 each ("Ordinary Shares")
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares:  IE00B01ZSK94
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 0.45 pence per ordinary share
		Volume – 5,000,000 Ordinary Shares

d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	28 April 2017
f)	Place of the transaction	Outside a trading venue