

## Placing to Raise £550,000

- **Placing of 27,500,000 new ordinary shares at 2 pence per share to raise £550,000 before expenses due to demand from existing shareholders**
- **Proceeds of the placing to be applied to implement ongoing programmes at its various diamond prospects in Finland**
- **Placing due to further demand from institutional and retail shareholders**

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Karelian Diamond Resources plc (“Karelian”) (AIM: KDR, ESM: KDRI), the diamond exploration company focused on Finland, announces that it has conditionally raised £550,000, before expenses, through a placing (“the Placing”) of 27,500,000 ordinary shares (“Placing Shares”) of EUR0.01 in the capital of the Company (“Ordinary Shares”). The Placing Shares have been placed at a price of 2 pence per Placing Share (“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 EUR 0.01 in the capital of the Company (“Ordinary Shares”).

The Company intends to use the net proceeds of the Placing primarily to implement the Company’s ongoing programmes at its various diamond prospects in Finland and for working capital generally.

Application has been made to AIM and ESM for the Placing Shares to be admitted to trading. Admission and trading are expected to commence on 17 January 2014.

On admission of the 27,500,000 Placing Shares, the Company will have 235,200,008 Ordinary Shares in issue in total. Professor Richard Conroy holds 68,356,701 Ordinary Shares in the Company, representing approximately 29.1% per cent. of the Company’s enlarged share capital and total voting rights following the Placing.

**Professor Richard Conroy, Chairman, commented:**

*“Due to demand from existing investors following the placing on 7 January 2014 we are delighted to accept further investment from supportive shareholders who have continued to buy shares in the Company.*

*As a result, Karelian is delighted to be in its strongest financial position in the company’s history: with this latest placing the company has raised £2 million cumulatively over the last two months.*

*The management team can now focus on developing the diamond prospects in Finland, and looks forward to updating its investors as to its progress.”*

**Further Information:**

*Professor Richard Conroy, Chairman, Karelian Diamond Resources plc*  
*Simon Clements/Virginia Bull, Sanlam Securities UK Limited (Nomad)*  
*Ger Heffernan, IBI Corporate Finance Limited (ESM Adviser)*  
*Jon Belliss/Abigail Wayne, XCAP Securities PLC (Broker)*  
*Michael Padley/Michael Spriggs, Lothbury Financial Services Limited*  
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