

**Karelian Diamond Resources plc**  
(“Karelian” or “the Company”)

**FINAL RESULTS FOR THE YEAR TO 31 MAY 2023**  
**NOTICE OF ANNUAL GENERAL MEETING**

Karelian Diamond Resources plc (AIM: KDR), the diamond exploration company focused on Finland, announces its Audited Accounts for the year ended 31 May 2023. Details of these can be found below and a full copy of the Annual Results can be viewed on the Company’s website. The period was one of further significant progress.

**Highlights of the period included:**

- Compensation to be paid by the Company to local landowners in relation to the establishment of the Lahtojoki mining concession area, in Finland, determined and paid.
- High resolution drone based magnetic survey carried out in the Kuhmo region, Finland. Over 250km were flown with more than twenty kimberlite targets identified in the area.
- An extensive follow-up programme which includes excavating and drilling on the potential diamondiferous kimberlite targets has commenced.
- Two additional Mineral Prospecting Licences, adjacent to the existing one, have been granted in Northern Ireland which will secure the Company’s land position in relation to its exploration programme for Nickel-Copper-Platinum mineralisation. The total exploration area is now 750km<sup>2</sup>.
- The exploration programme for Nickel, Copper and PGE in Northern Ireland has commenced.

**Professor Richard Conroy, Chairman of Karelian, said:**

*“The Company has made excellent progress with the National Land Survey’s procedures regarding the Lahtojoki diamond deposit in Finland now concluded and the determined compensation paid. New survey work in Finland has identified additional diamond targets and an excavation and drilling programme on the targets has begun. In Northern Ireland the Company has been granted new licences and the exploration programme for Nickel, Copper and PGE has commenced, the results from which could greatly increase Karelian’s potential value and also diversify the Company’s exploration programme.”*

**Annual Report and Accounts for the year to 31 May 2023**

The full audited annual report and accounts for the year to 31 May 2023 will be posted to shareholders today and will be published on the Company's website ([www.kareliandiamondresources.com](http://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 at 10:30am on 21 December 2023. A copy of the notice of AGM can be viewed on the Company's website.

**Further Information:**

<b>Karelian Diamond Resources plc</b> Professor Richard Conroy, Chairman	+353-1-479-6180
<b>Allenby Capital Limited (Nomad)</b> Nick Athanas / Nick Harriss	+44-20-3328-5656
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***Chairman's statement***

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Dear Shareholder,

I have pleasure in presenting the Company's Annual Report and Financial Statements for the year ended 31 May 2023.

The year was one of significant progress for the Company, both in relation to its diamond exploration and development programme in Finland and its Nickel, Copper and Platinum group metals exploration programme in Northern Ireland.

**The Lahtojoki Diamond Deposit**

A further significant step towards the development of the Lahtojoki diamond deposit was achieved when the National Land Survey of Finland determined, in December 2022, the compensation to be paid by the Company to local landowners in relation to the establishment of the Lahtojoki mining concession area, which has been approved by TUKES (the Finnish mining authority). The Survey's decision was announced on 14 December at a public meeting held in the Municipal Hall of Tuusniemi in Finland and the compensation amounted in total to €162,815. This compensation has been paid, bar for two landowners who have appealed the amount to be paid to them and a small boundary area, entitling the Company to land possession over the entire mining concession area.

The Lahtojoki diamond mining project comprises a mining concession covering 71 hectares (c.176 acres), including a kimberlite pipe with a surface area of 16 hectares (c.40 acres).

The diamond deposit at Lahtojoki, based on sampling to date, contained high quality colourless gem diamonds and also coloured diamonds, including pink diamonds which are highly sought after and can command prices up to 20 times that of normal coloured diamonds. This is particularly relevant at a time of low diamond prices.

The development of the diamond mine at Lahtojoki will, I believe, not only bring significant benefits to the Company, but also to the entire surrounding Kuopio Kaavi area and when in production is expected to be the first diamond mine in Europe outside Russia.

**Diamond Exploration Programme in Finland**

During the year there was significant progress made in the Company's diamond exploration programme in Finland. This included a detailed high-resolution, drone based, magnetic survey carried out by Radai Oy over the Company's diamond exploration licence area in the Kuhmo region, up ice of the green diamond discovery in till by the Company previously announced. Eighty-two flights totalling 250km were flown.

Jeremy S. Brett International Consulting Limited ("Brett Consulting") was retained by the Company to interpret the drone aeromagnetic data generated by the survey. Mr. Brett is a senior geophysical consultant with over 28 years of mineral exploration experience in geophysics across a wide variety of ore deposit settings. He has explored extensively for kimberlites in Africa, North America and South America.

The geophysical interpretation by Brett Consulting led to the identification of over twenty kimberlite targets in the area. The targets ranged from 0.5 hectares to 4.7 hectares in size and "*with a high ratio of highly ranked targets*" based on their magnetic signature.

The interpretation by Brett Consulting also highlighted potential underlying structural controls to the emplacement of Kimberlite bodies. This data can be applied in a wider context to the overall Kuhmo region.

Previous work by the Company on the Kuhmo licence area included kimberlite indicator mineral sampling, during which the green diamond was discovered. Further kimberlite indicator mineral sampling in the area encountered highly anomalous kimberlite indicators, including G9 and G10 garnets, which are known indicators of diamond prospectivity. Follow-up drilling resulted in the discovery of a kimberlite dyke, confirming the presence of kimberlites in the immediate area.

An extensive follow-up programme, which includes excavating and drilling on the potential diamondiferous kimberlite targets identified by the geophysical interpretation and indicator till sampling, has commenced. This includes a pitting programme over a series of more than twenty kimberlite targets which has been completed, post period.

#### **Exploration for Nickel, Copper and Platinum Group Metals in Northern Ireland**

Two additional Mineral Prospecting Licences were granted in October 2023, which will secure the Company's land position in relation to its exploration programme for Nickel-Copper-Platinum mineralisation in Northern Ireland.

The licence applications were made following the discovery, on the Company's KDR-1 licence in Northern Ireland, of indicator minerals, including anomalous amounts of chromite, forsterite olivine and magmatic massive sulphide indicator minerals, which are indicative of the possible presence of Nickel-Copper-Platinum mineralisation.

The licences, KDR-2 and KDR-3, are valid for a period of six years, cover an area of approximately 500km<sup>2</sup> and are adjacent to the Company's existing KDR-1 licence, giving an increased total exploration area of approximately 750km<sup>2</sup>.

The Nickel-Copper-Platinum 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.

Ireland is already a well-established mining area, with a world class zinc mine, Tara, and other major zinc/lead discoveries in the Lower Carboniferous limestones, together with a series of significant orogenic gold discoveries in both Northern Ireland and the Republic of Ireland.

The exploration programme for Nickel, Copper and Platinum Group Metals is an exciting new development for the Company with positive results from a stream sediment sampling programme duly announced in October 2023.

#### **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 its activities and operations, including

rigorous health and safety compliance, environmental consciousness and the promotion of a culture of good ethical values and behaviour.

### **Financials**

The loss after taxation from continuing operations for the financial year ended 31 May 2023 was €291,467 (31 May 2022: profit of €13,593) and the net assets of the Company at 31 May 2023 were €9,786,074 (31 May 2022: €9,480,803). During the year there was a fundraising, debt capitalisation and creditor conversion totalling £250,000 at 2.5 pence per share together with a convertible loan of £112,500, convertible at 5 pence per share. Post year end a further fundraising of £250,000 at 2.5 pence per share was also concluded.

### **Directors and Staff**

I would like to express my very 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 for the Company both in diamond exploration and development in Finland and in nickel, copper and platinum group metals exploration in Ireland.

### **Professor Richard Conroy**

#### **Chairman**

28 November 2023

### ***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 2023 the company had net current liabilities of €1,241,046.

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;
- assessing the mechanical accuracy of the cash flow forecast model; and
- assessing the adequacy of the disclosures made in the financial statements.

**Statement of profit or loss  
as at 31 May 2023**

	2023 €	2022 €
<b>Continuing operations</b>		
Operating expenses	(297,386)	(369,019)
Movement in fair value of warrants	9,565	389,904
<b>(Loss)/profit before finance costs and taxation</b>	<b>(287,821)</b>	20,885
Interest expense	(3,646)	(7,292)
<b>Net finance costs</b>	<b>(3,646)</b>	(7,292)
<b>(Loss)/profit before taxation</b>	<b>(291,467)</b>	13,593
Income tax expense	-	-
<b>(Loss)/profit for the financial year</b>	<b>(291,467)</b>	13,593
<b>(Loss)/ earnings per share</b>		
Basic and diluted (loss)/earnings per share	<b>(0.0038)</b>	0.0002

The total (loss)/profit for the financial year is entirely attributable to equity holders of the Company.

**Statement of comprehensive income  
as at 31 May 2023**

	2023 €	2022 €
<b>(Loss)/profit for the financial year</b>	<b>(291,467)</b>	13,593
Income recognised in other comprehensive income	-	-
<b>Total comprehensive (loss)/profit for the financial year</b>	<b>(291,467)</b>	13,593

The total comprehensive (loss)/profit for the financial year is entirely attributable to equity holders of the Company.

**Statement of financial position  
as at 31 May 2023**

	31 May 2023 €	31 May 2022 €
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	11,265,894	10,910,931
<b>Total non-current assets</b>	<b>11,265,894</b>	10,910,931
<b>Current assets</b>		
Cash and cash equivalents	116,038	117,868
Other receivables	79,003	60,178

<b>Total current assets</b>	<u>195,041</u>	<u>178,046</u>
<b>Total assets</b>	<u>11,460,935</u>	<u>11,088,977</u>
<b>Equity</b>		
<b>Capital and reserves</b>		
Share capital presented as equity	3,200,882	3,191,807
Share premium	10,546,844	9,959,181
Share-based payments reserve	450,658	450,658
Retained deficit	(4,412,310)	(4,120,843)
<b>Total equity</b>	<u>9,786,074</u>	<u>9,480,803</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Derivative liability	10,304	146
Convertible loan	119,246	-
Warrant liabilities	109,224	-
<b>Total non-current liabilities</b>	<u>238,774</u>	<u>146</u>
<b>Current liabilities</b>		
Trade and other payables	1,436,087	1,441,238
Convertible loan	-	166,790
<b>Total current liabilities</b>	<u>1,436,087</u>	<u>1,608,028</u>
<b>Total liabilities</b>	<u>1,664,859</u>	<u>1,608,174</u>
<b>Total equity and liabilities</b>	<u>11,460,935</u>	<u>11,088,977</u>

The financial statements were approved by the Board of Directors on 27 November 2023 and authorised for issue on 28 November 2023.

**Statement of changes in equity  
for the financial year ended 31 May 2023**

	Share capital €	Share premium €	Share-based payment reserve €	Retained deficit €	Total equity €
Balance at 1 June 2022	3,191,807	9,959,181	450,658	(4,120,843)	9,480,803
Share issue	9,075	610,824	-	-	619,899
Share issue costs	-	(23,161)	-	-	(23,161)
Share-based payments	-	-	-	-	-
(Loss) for the financial year	-	-	-	(291,467)	(291,467)
<b>Balance at 31 May 2023</b>	<u>3,200,882</u>	<u>10,546,844</u>	<u>450,658</u>	<u>(4,412,310)</u>	<u>9,786,074</u>
Balance at 1 June 2021	3,191,807	9,959,181	450,058	(4,105,780)	9,495,866
Share issue costs	-	-	-	(28,656)	(28,656)
Profit for the financial year	-	-	-	13,593	13,593
<b>Balance at 31 May 2022</b>	<u>3,191,807</u>	<u>9,959,181</u>	<u>450,658</u>	<u>(4,120,843)</u>	<u>9,480,803</u>

**Statement of cash flows  
for the financial year ended 31 May 2023**

2023

2022

	€	€
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(291,467)	13,593
<i>Adjustments for:</i>		
Movement in fair value of warrants	109,224	(389,904)
Interest expense	3,646	7,292
	<u>(178,597)</u>	<u>(369,019)</u>
Increase in trade and other payables	1,361	75,340
(Increase) in other receivables	(18,825)	(11,872)
Advances/(repayment to) from Conroy Gold and Natural Resources P.L.C.	119,246	(70,000)
<b>Net cash used in operating activities</b>	<u>(76,815)</u>	<u>(375,550)</u>
<b>Cash flows from investing activities</b>		
Investment in exploration and evaluation	(354,963)	(144,355)
<b>Net cash used in investing activities</b>	<u>(354,963)</u>	<u>(144,355)</u>
<b>Cash flows from financing activities</b>		
Issue of share capital	453,109	604,651
Share issue costs	(23,161)	(28,656)
<b>Net cash provided by financing activities</b>	<u>429,948</u>	<u>575,995</u>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(1,830)</b>	56,090
<b>Cash and cash equivalents at beginning of financial year</b>	<u>117,868</u>	<u>61,778</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>116,038</u>	<u>117,868</u>

## 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.

The principal activity of the Company during the financial year is a mineral exploration and development company.

### 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 2023.

### Going concern

The Company recorded a loss of €291,467 (31 May 2022: profit of €13,593) for the financial year ended 31 May 2023. The Company had net assets of €9,786,074 (31 May 2022: €9,480,803) at that date. The Company had net current liabilities of €1,241,046 (31 May 2022: net current liabilities of €1,429,982) at the statement of financial position date.

The Directors, Professor Richard Conroy, Séamus P. FitzPatrick, Maureen T.A. Jones, Dr. Sorca Conroy, Brendan McMorro, 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 €1,291,969 (31 May 2022: €1,106,970) within 12 months of the date of approval of the financial statements, unless the Company has sufficient funds to repay.

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 2024. As set out further in the Chairman's statement, the Company expects to incur capital expenditure in 2023 and 2024, consistent with its strategy as an exploration company. The Directors recognise that net current liabilities of €1,241,046 (31 May 2022: €1,429,982) 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 2022:

- 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 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 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 2023 reporting periods and have not been early adopted by the Company.

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 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 (Loss)/profit per share

*Basic (loss)/profit per share*

	2023	2022
	€	€
<b>(Loss)/profit for the year attributable to equity holders of the Company</b>	<b>(291,467)</b>	13,593
Number of ordinary shares at start of the financial year	68,542,749	68,542,749
Number of ordinary shares issued during the financial year	<u>25,950,000</u>	
Number of ordinary shares at end of the financial year	<u>94,492,749</u>	<u>68,542,749</u>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>76,460,146</u>	<u>68,542,749</u>
<b>Basic and diluted (loss)/profit per ordinary share</b>	<u><b>(0.0038)</b></u>	<u>0.0002</u>

*Diluted (loss)/profit per share*

The effect of share options and warrants is anti-dilutive.

## 3 Intangible assets

**Exploration and evaluation assets**

	31 May	31 May
<b>Cost</b>	<b>2023</b>	2022
	€	€
<i>At 1 June</i>	<b>10,910,931</b>	10,766,576
Expenditure during the financial year:		
• Licence and appraisal costs	<b>269,314</b>	10,114
• Other operating expenses (Note 2)	<u>85,649</u>	<u>134,241</u>
<i>At 31 May</i>	<u><b>11,265,894</b></u>	<u>10,910,931</u>

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	31 May
	2023	2022
	€	€

Cash held in bank accounts	<u>116,038</u>	<u>117,868</u>
	<u>116,038</u>	<u>117,868</u>

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 2023, a total amount of €24,500 (31 May 2022: €24,500) relates to these collateral deposits and are treated as restricted cash balances.

## 5 Non-current liabilities

### Warrant liabilities

During the year ended 31 May 2023, 18,500,000 warrants were issued with a sterling exercise price and expiry of between 18 and 24 months. No new warrants were issued in the prior year. The fair value amount at grant date was valued using the Black Scholes Model and recorded as warrant liabilities. At 31 May 2023, the warrants in issue were fair valued with the movement in fair value being recorded in the statement of profit or loss. See Note 15 for further details.

### Convertible loan

On 26 May 2023, the Company entered into a convertible loan note agreement for a total amount of €129,550 (£112,500) with Conroy Gold and Natural Resources P.L.C. which is both a shareholder in the company and has a number of other connections as noted in Note 15. The convertible loan note is unsecured, has a term of 18 months 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 5 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.

The amount of €10,304 relates to derivative liability attached to the total convertible loan note above and the net amount of €119,246 is recorded as the value of the convertible loan at 31 May 2023. As the loan note was entered close to the year end, no interest was accrued due to it being immaterial.

The convertible loan amounted to €129,550 at 31 May 2023 and is classified as a non-current liability.

	31 May 2023	31 May 2022
	€	€
Opening Balance	-	-
Interest payable	-	-
Derivative liability	10,304	-
Convertible loan	<u>119,246</u>	-
	<u>129,550</u>	<u>-</u>

## 6 Current liabilities

### Trade and other payables

	31 May 2023	31 May 2022
	€	€
Accrued Directors' remuneration		
Fees and other emoluments	1,028,718	843,720
Pension contributions	263,250	263,250
Amount due to related party (see note 14 (b))	5,023	199,806
Other creditors and accruals	<u>139,096</u>	<u>134,462</u>
	<u>1,436,087</u>	<u>1,441,238</u>

As at 31 May 2023, director fees amounting to €44,167 (31 May 2022: €34,167) due to Brendan McMorrow are included in Fees and other emoluments. As at 31 May 2023, an amount of €NIL (31 May 2022: €2,500) 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

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 total amount outstanding as at 31 May 2022 including accrued interest was €166,790. This agreement was varied in December 2022 and the loan note holder exercised their conversion rights to convert the loan and all accrued interest (totalling £138,000) into 3,450,000 new ordinary shares in the company on 20 December 2022.

	<b>31 May 2023</b>	31 May 2022
	<b>€</b>	€
Opening Balance	<b>166,790</b>	159,498
Interest payable	<b>3,646</b>	7,292
Conversion to ordinary equity	<b>(170,436)</b>	-
	<u>-</u>	<u>166,790</u>

#### 7 Commitments and contingencies

At 31 May 2023, there were no capital commitments or contingent liabilities (31 May 2022: €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

(a) 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 2023, Conroy Gold and Natural Resources P.L.C. incurred costs totalling €46,178 (31 May 2022: €100,313) 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:

	<b>2023</b>	2022
	<b>€</b>	€
Office salaries	<b>25,558</b>	72,469
Rent and rates	<b>10,145</b>	15,850
Other operating expenses	<b>10,475</b>	11,994
	<u><b>46,178</b></u>	<u>100,313</u>

(b) At 31 May 2023, the Company owed €5,023 to Conroy Gold and Natural Resources P.L.C. (31 May 2022: €199,806 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 2023, the Company received €32,500 from (31 May 2022: €70,000 was paid to) Conroy Gold and Natural Resources P.L.C. During the financial year ended 31 May 2023, the Company was charged €46,178 (31 May 2022: €100,313) by Conroy Gold and Natural Resources P.L.C. in respect of the allocation of certain costs as detailed in Note 15(a). In May 2023, Conroy Gold and Natural Resources P.L.C. converted amounts owing to it equivalent to €143,943 (£125,000) into ordinary equity as detailed as part of the "share issue (b)" detailed in Note 12 and a further €129,550 (£112,500) into a convertible loan instrument as detailed in Note 10.

(c) At 31 May 2023, Brendan McMorro was owed €44,167 (31 May 2022: €34,167) in respect of his services as a director. He invoiced the company an amount of €9,000 (31 May 2022: €2,500) during the year for other services rendered of which €Nil (31 May 2022: €2,500) was outstanding at 31 May 2023. These amounts are included in the trade and other payables balance in the statement of financial position.

(d) Key management personnel are considered to be the Board of Directors and other key management. The compensation of all key management personnel during the year was €199,824 (2022: €185,000). Further analysis of remuneration for each Director of the Company is set out in note 2.

(e) Details of share capital transactions with the Directors are disclosed in the Directors' Report.

(f) Apart from Directors' remuneration (detailed in Note 2 and Note 4), loans from two shareholders (who are also Directors which is detailed in Note 12), convertible loan from a shareholder (which is detailed in

Note 11) 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 the completion of a stream sampling programme in Northern Ireland where subsequent indicator mineral and microprobe analysis results confirmed the prospectivity of the Company's licence area for nickel, copper and platinum group metals.

The Company also announced that it has completed a pitting programme over a series of more than twenty kimberlite target locations in the Kuhmo region of Finland. The resulting glacial till samples have been sent for kimberlite indicator mineral testing.

The Company also raised funds of £250,000 in October 2023 (including £100,000 from Board members) with a view to carrying out follow up exploration in Northern Ireland and to continue its ongoing work in Finland.

There were no further important events to note post year end.

**10 Approval of the audited financial statements for the financial year ended 31 May 2023**

These audited financial statements were approved by the Board of Directors on 27 November 2023 and authorised for issue on 28 November 2023. A copy of the audited financial statements will be available on the Company's website [www.kareliandiamondresources.com](http://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.