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

20 March 2026

FUNDRAISING OF £290,000

OPERATIONAL AND CORPORATE UPDATE

Karelian Diamond Resources PLC (AIM: KDR), the diamond and natural resources exploration company focused on Finland and Ireland, is pleased to announce a fundraising of £290,000. The fundraise has been undertaken via an issue of unsecured convertible loan notes ("CLNs" or "Loan Notes") to a combination of new investors and existing shareholders in the Company (the "Fundraise").

Highlights

- £290,000 raised from new and existing investors.
- Unsecured and unlisted CLNs issued.
- Conversion price of 1.5 pence per share, a 300% premium to the closing mid-market price of 0.375 pence for the Company's ordinary shares of €0.00025 ("Ordinary Shares") on 19 March 2026 (last practicable date prior to this announcement).
- The proceeds from the Fundraise will support:
 - ongoing initial drilling at Anomaly 5 in Finland within the current weather window;
 - the progress of exploration on the Company's licences in Northern Ireland in which it has already identified significant potential for Nickel-Copper-Platinum Group Elements (PGE); and
 - the continued interaction with potential strategic and financial partners for its projects in addition to providing working capital for the Company.

Key Terms of CLNs

AMOUNT	£290,000
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TERM	3 years
SECURITY	Unsecured
INTEREST RATE	8% per annum
CONVERSION PRICE	1.5p per share
CONVERSION TERMS	<ul style="list-style-type: none"> • In the event conversion occurs in year 1, a full year's interest of 8% applies. Thereafter the interest amount converting will be the amount of interest accrued as at the date of conversion (effective price of 1.39p year 1). • Conversion will be at the discretion of the CLN holder during the term of the Loan Notes but shall be automatic if the volume-weighted average price of the Ordinary Shares exceeds 3p for more than five trading days during any ten-day period or in the event of a takeover of the company.
LISTING	<ul style="list-style-type: none"> • No listing or admission to trading on any securities market will be sought for the Loan Notes.

Further Background

The Company has decided to raise these funds via an issue of unsecured convertible loan notes rather than through a conventional placing of new equity. In making this decision, the Board was mindful of the absolute need to avoid immediate and potentially material dilution for shareholders, with Karelian's share price currently at a level which the Board believes undervalues the current and future prospects of the Company.

With this in mind, the Board is particularly pleased that a number of new investors and existing shareholders have recognised this material undervaluation of the Company's shares, by subscribing for Loan Notes with a conversion price of 1.5 pence per share, compared to the closing mid-market price of 0.375 pence of the Ordinary Shares of Karelian on 19 March 2026.

Operational Update

The Company has been progressing with follow on exploration work building on the outcomes of Dr Larry Hulbert's report (announced by the Company in June 2024) and in late 2025 entered into an enterprise partnership with Trinity College Dublin on a work programme jointly funded by Research Ireland to be carried out on the Platinum Group Element potential of the Company's licence areas in Ireland over the coming years.

In June 2025 the Company announced that it had identified the site of the historic Cappagh Copper Mine as a significant new target for investigation within the relevant licence area (KDR4). This provides the Company with a tangible copper target in addition to the targets identified by Dr Hulbert's report and an initial exploration programme has been planned to help unlock the full potential of the Company's licence areas.

A clear work programme and strategy have been identified for the Company's exploration assets in Finland as the Company is focusing its efforts on carefully progressing exploration work, positioning the Company well for a recovery in the retail sentiment towards natural diamonds while seeking an industry focused partner to

progress its assets including the Lahtojoki Deposit. Carrying out an initial drilling programme in the current weather window at the geophysical “Anomaly 5” target in the Kuhmo region is part of this strategy. It lies up-ice of the green-diamond find and carries a near-source kimberlitic indicator minerals signature from glacial till sampling.

Corporate Update

The Board is also working on a plan to address the payables owing to current and former board members in relation to both salaries and directors’ fees which continue to be deferred by both current and former directors. The plan would look to effectively align the payments of amounts owed with future Company success.

In addition, as most recently announced on 2 February 2026, the Company remains in discussions to formalise an extension of the term of its existing convertible loan of £112,500 with Conroy Gold and Natural Resources plc (the “Conroy CLN”) (details of which were originally announced on 19 May 2023). The term of the Conroy CLN ended in November 2024 and the parties have already agreed in principle to extend the term of the Conroy CLN to, as a minimum, 30 November 2026. As previously announced the parties are also in discussions to amend the conversion price of the Conroy CLN as part of the variation agreement. This remains subject to, *inter alia*, finalisation of a variation agreement and any necessary regulatory approvals under the AIM Rules for Companies. At this stage the parties have not reached agreement on the terms of any variation and a further announcement will be made in due course.

The Company has also appointed Albr Capital Limited as Corporate Broker to the Company.

Mr Brendan McMorrow, the Company's Chairman, commented:

"The Board welcomes this fundraising which supports the Board's view of the Company's assets being materially undervalued at present as both new and existing shareholders have taken part at a clear premium to the current market price of our Ordinary Shares. The Company is looking forward to progressing with the work programmes on its highly prospective Nickel, Copper and Platinum Group Element targets in Northern Ireland together with the ongoing drilling programme in the current weather window at its Anomaly 5 prospect in Finland. The completion of this fundraise at a significant premium underpins the Board's confidence regarding the prospects for the Company."

Further Information:

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