The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Karelian Diamond Resources plc

("Karelian Diamonds" or "the Company")

30 November 2021

FINAL RESULTS FOR THE YEAR TO 31 MAY 2021
NOTICE OF ANNUAL GENERAL MEETING

Karelian Diamond Resources plc ("Karelian Diamonds") (AIM: KDR), the diamond exploration and development company focused on Finland, is pleased to report its audited accounts for the year to 31 May 2021.

Highlights:

- Lahtojoki diamond mine:
    - Work regarding ground rental compensation on behalf of TUKAS (The Finnish Mining Authority) is now in its final stage
    - The presence of pink diamonds in the Lahtojoki diamond deposit could substantially increase the potential profitability of any future mining operation
    - Process of gaining a full mining permit to develop the diamond deposit remains ongoing
- Exploration has continued on the Company's exploration acreage in the Kuhmo region, Finland
- Further diamondiferous kimberlites may exist adjacent to Lahtojoki
- In Ireland, sediment samples from Brookeborough showed highly anomalous amount of chromite
- Initial interpretation suggests a non-kimberlite source rock which is indicative of additional targets for mineralisation – nickel, copper and platinum
- Financing of £600,000 announced in late May 2021 with funds received post period end

Post period highlights:

- Amended Lahtojoki PEA, came to US$69m, representing a 77% increase on the 2017 estimate

- Initial interpretation of Brookeborough samples suggests a non-kimberlite source rock which is indicative of additional targets for mineralisation - nickel, copper and platinum - within Karelian's licence area

Professor Richard Conroy, Chairman, stated:

"The focus remains on delivering the diamond mine at Lahtojoki but work has also continued on the exploration acreage and other potential diamondiferous areas. The presence of pink diamonds in the Lahtojoki diamond deposit could substantially increase the potential profitability of any future mining operation and this is reflected in the amended PEA. We have made progress towards the development of a mine on the site with work going ahead as fast as the official process, and Covid, will allow".

Annual Report and Accounts for the year to 31 May 2021

The full audited annual report and accounts for the year to 31 May 2021 ("Annual Report") will be posted to shareholders today and will be published on the Company's website (www.kareliandiamondresources.com) today. 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 2.00pm on 22nd December 2021 at The Alex Hotel, 41-47 Fenian Street, Dublin, D02 H678, Ireland. 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.

For further information please contact:

Karelian Diamond Resources plc	
Professor Richard Conroy, Chairman	+353-1-479-6180
Allenby Capital Limited (Nomad)	
Nick Athanas / Nick Harriss	+44-20-3328-5656
First Equity Limited (Broker)	
Jason Robertson	+44-20-7330-1883
Lothbury Financial Services	
Michael Padley	+44-20-3290-0707
Hall Communications	
Don Hall	+353-1-660-9377

http://www.kareliandiamondresources.com

Key Information Extracted from Annual Report

Chairman's statement

Dear Shareholder,

I have great pleasure in presenting your Company's annual report and financial statements for the year ended 31 May 2021. The year has been one of further progress at the Company's two major diamond projects in Finland.

The process of gaining a full mining permit to develop the company's diamond deposit at Lahtojoki, with its potential for pink diamond production, continued. Work regarding ground rental compensation on behalf of TUKAS (The Finnish Mining Authority) is now in its final stages and vehicular access to the deposit has been granted. Post period, an amended preliminary economic assessment ("PEA") was compiled and showed a 77% increase on the 2017 PEA NPV8.

Despite delays related to the COVID-19 pandemic, exploration has continued on the Company's exploration acreage in the Kuhmo region of Finland, which the Company believes could be a new kimberlite province and, in Ireland, sample results suggest the presence of nickel, copper and platinum targets within the Karelian licence area.

During the year, as a consequence of Brexit, an extraordinary general meeting ("EGM") was required to ensure that the Company's shares could continue to be settled electronically on the AIM market.

The Lahtojoki Diamond Mining Project
The Lahtojoki diamond mining project comprises a mining concession covering 71 hectares which includes a kimberlite pipe over a surface area of 16 hectares. A full mining permit to enable development of the deposit is currently being processed although delays have occurred due to COVID-19 restrictions. It appears that the deposit, as well as containing high quality colourless gem diamonds, also contains coloured diamonds, including pink diamonds.

Pink diamonds are highly sought after and are extremely scarce, typically commanding a price up to 20 times that of normal colourless diamonds.

The presence of pink diamonds in the Lahtojoki diamond deposit could, therefore, substantially increase the potential profitability of any future mining operation.

An example of the financial implications of the presence of pink diamonds is that, although pink diamonds made up less than 5% of production volumes, revenues from pink diamonds at the Rio Tinto-operated Argyle diamond mine in Australia accounted for 50% of the mine's revenue until its closure in late 2020. It is also relevant that production at the Rio Tinto-operated Argyle diamond mine in Australia accounted for 90% of global pink diamonds, so its closure also has had important implications on the supply side.

In relation to the Lahtojoki diamond deposit, PEA in 2017, based on a non-JORC resource of 2.25 million carats, estimated the deposit contained a value of $225m, with an NPV8 of $39m, with a nine year mine life. Post period, the 2017 PEA was amended by First Equity Limited, who act as broker to the Company, assuming 3% of recovered diamonds at Lahtojoki will be pink, with a pink diamond price 10 times that of colourless equivalents. Their unrisked NPV8, in the amended PEA, came to $69m, representing a 77% increase on the 2017 PEA PPV8 of $39 million.

The overall outlook for diamonds is encouraging with demand currently strong in China and the US, the two biggest diamond markets, with supply and inventories down. The Argyle mine is closed and the Directors are only aware of one major new mine currently being developed (LUAXE in Angola). In the view of ALROSA, the leading Russian diamond producer, a long term diamond deficit is developing so it may well be a very good time for the Company to be developing a new diamond mine in an excellent location.

Diamond Exploration Programmes

Kuhmo
The Kuhmo region of Finland, next to the border with Russia, lies within the Karelian Craton (or Baltic Shield) which overlies north and eastern Finland, along with the northwest tip of Russia. On the Russian side of the Craton, two world

class diamond deposits, Lomonsov and the Grib Pipe, have been discovered and ALROSA, the world's largest diamond miner, has indicated that, in its view, this diamond region will represent almost all its future growth.

The Board of Karelian believes that given the similar geology on the Finnish side of the Craton to that on the Russian side, the presence already demonstrated in Finland of the Company's Lahtojoki diamond deposit and the discoveries which the Company has made, the potential exists for similar world class diamond discoveries in Finland.

To date, Karelian has discovered a new kimberlite body at Riihivaara and a series of kimberlite anomalies, including Anomaly 5, where the Company has discovered a green diamond, together with numerous kimberlite indicator minerals in till.

Immediately post year end, an Unmanned Aerial Vehicle ("UAV") geophysical survey was completed in the Anomaly 5 target area. The results are now undergoing analysis and a follow up drilling programme is planned.

Lahtojoki
The Company is also carrying out exploration in the vicinity of the Lahtojoki diamond deposit. Kimberlites tend to occur in clusters and kimberlite boulders have been discovered to the south of Lahtojoki which cannot be derived from the Lahtojoki kimberlite. This encourages the belief that further diamondiferous kimberlites may exist adjacent to Lahtojoki.

Brookeborough, Ireland
The Colebrook River in County Fermanagh in Northern Ireland was the reported location of the discovery in 1816 of a diamond which became known as the Brookeborough diamond. No serious exploration for the source of this diamond was carried out until 1996, when a regional heavy mineral sediment sampling survey was carried out in Counties Fermanagh and Tyrone. The recovery of some chromites was reported. Such chromites could indicate the possible presence of kimberlite source rocks in the vicinity of where the Brookeborough diamond was discovered. However, no follow up work was ever conducted.

Following a review of these regional sampling survey results, together with analysis of airborne geophysical data from the Tellus survey in Northern Ireland and an overall geological assessment, it was decided by the Company that a detailed heavy mineral stream sediment survey at sample sites on the Colebrook River around the reported discovery location of the diamond was merited.

Sediment samples were taken and have been dispatched to Canada for mineral concentrating, picking and analysis. The results of the sediment sample analysis showed highly anomalous amounts of chromite in all samples. Forsterite olivine and metamorphic massive sulphide indicator minerals ("MMSIM's") were also reported.

Initial interpretation suggests a non-kimberlite source rock which is indicative of additional targets for mineralisation – nickel, copper and platinum, within Karelian's licence area. Relating the results with other sampling programmes in known areas of Nickel–Copper–Platinum mineralisation globally indicates the Company's data should be considered as highly anomalous.

Platinum Group Metals are classified as critical metals. Nickel and copper are important metals in the energy transition.

These exciting results heighten the prospectivity of the Company's exploration programme in Northern Ireland and add an additional dimension to the Company's exploration interests.

COVID-19
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 but, despite these restrictions on operations, work has continued in relation to the Company's exploration and development programmes.

COVID-19 has also delayed the due process in relation to the granting of a mining permit over the Lahtojoki diamond process. In relation to COVID-19, Directors and executives took a reduction in salaries and fees in line with technical and field staff taking a reduction in salaries over a 9 month period.

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.

Extraordinary General Meeting and Migration to Euroclear
An EGM was held on the 17th February 2021 to maintain electronic trading in the Company's shares post-Brexit. The settlement system relating to the Company's shares needed, as a consequence of Brexit, to move from CREST in London to Euroclear Bank in Belgium. At the EGM, the necessary resolutions were passed enabling the Company's shares to continue to be settled electronically on the AIM market in London.

This will be the Company's first AGM since migration of the holding and settlement of uncertificated shares in the Company from CREST to the Euroclear Bank system. The processes and timelines for submitting proxy appointments or voting instructions for the AGM will differ from the comparable processes and timelines that applied in CREST for previous shareholder meetings.

Additional explanatory information is included in the Notice of Annual General Meeting, and it will be important for relevant shareholders to confirm the procedures with their stockholder, custodian, or other intermediary as they may vary depending on the specific arrangements that are in place for individual shareholders.

Finance
The loss after taxation from continuing operations for the financial year ended 31 May 2021 was €422,192 (2020: €446,710) and the net assets of the Company at 31 May 2021 were €9,495,866 (2020: €9,126,781).

In August 2020 the Company raised £420,000 through a placing of 10,500,000 ordinary shares at a price of 4 pence per ordinary share.

In May 2021 a further financing of £600,000 was carried out through a placing and subscription of 13,000,000 ordinary shares at a price of 4 pence per ordinary share, to raise £520,000 and a further 2,000,000 shares were issued at the same time in conjunction with the conversion of £80,000 of existing debt owed to the Managing Director, Maureen Jones, and myself, also at a price of 4 pence per ordinary share.

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.

Future Outlook
I look forward to continued success both in relation to progress in the development of a diamond mine at Lahtojoki and in the Company's exploration programmes.

Professor Richard Conroy
Chairman
30 November 2021

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 your attention to Note 1 in the financial statements, which indicates that the company incurred a net loss of €422,192 during the financial year ended 31 May 2021 and, as of that date, the Company had net current liabilities of €721,166.

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

- Obtained an understanding of the company's 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, assessed the design and determined the implementation of these controls;
- Evaluated directors' plans and their feasibility by challenging the key assumptions used in the cash flow forecast provided by agreeing the inputs to expenditure commitments and other supporting documentation;
- Obtained an understanding of directors' plans to enable the company to raise the funds required to meet the expenditure commitments of the company;
- Inspected confirmations received by the company from the directors and former directors 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;
- Assessed the mechanical accuracy of the cash flow forecast model;
- Assessed the adequacy of the disclosures made in the financial statements

As stated in Note 1, these events or conditions along with other matters as set forth in Note 1 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.

Income Statement for the financial year ended 31 May 2021

	2021	2020
	€	€
Continuing operations		
Operating expenses - other	**(370,370)**	(443,448)
Operating expenses - Share-based payment expense	**(46,519)**	-
Movement in fair value of warrants	**5,250**	-
Loss before finance costs and taxation	**(411,639)**	(443,448)
Interest expense	**(10,553)**	(3,262)

Net finance cost	**(10,553)**	(3,262)
Loss before taxation	**(422,192)**	(446,710)
Income tax expense	**-**	-
Loss for the financial year	**(422,192)**	(446,710)
Loss per share		
Basic and diluted loss per share	**(0.0082)**	(0.0111)

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

Statement of Comprehensive Income for the financial year ended 31 May 2021

	2021	2020
	€	€
Loss for the financial year	**(422,192)**	(446,710)
Income recognised in other comprehensive income	**-**	-
Total comprehensive loss for the financial year	**(422,192)**	(446,710)

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 2021

	31 May 2021	31 May 2020
	€	€
Assets		
Non-current assets		
Intangible assets	**10,766,576**	10,523,570
Financial assets	**4**	4
Total non-current assets	**10,766,580**	10,523,574
Current assets		
Cash and cash equivalents	**61,778**	15,942
Other receivables	**652,957**	118,991
Total current assets	**714,735**	134,933
Total assets	**11,481,315**	10,658,507
Equity		
Capital and reserves		
Share capital presented as equity	**3,191,807**	3,185,432
Share premium	**9,959,181**	9,150,829
Share-based payments reserve	**450,658**	456,624
Retained deficit	**(4,105,780)**	(3,666,104)
Total equity	**9,495,866**	9,126,781
Liabilities		
Non-current liabilities		
Warrant liabilities	**389,904**	-
Convertible loan	**159,498**	148,945

Derivative liability	**146**	146
Total non-current liabilities	**549,548**	149,091
Current liabilities		
Trade and other payables	**1,435,901**	1,288,973
Related party loans	**-**	93,662
Total current liabilities	**1,435,901**	1,382,635
Total liabilities	**1,985,449**	1,531,726
Total equity and liabilities	**11,481,315**	10,658,507

The financial statements were approved by the Board of Directors on 30 November 2020 and authorised for issue on 30 November 2021.

Statement of changes in equity for the financial year ended 31 May 2021

	Share capital €	Share premium €	Share-based payment reserve €	Retained deficit €	Total equity €
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**
Balance at 1 June 2019	3,183,294	8,768,276	456,624	(3,218,415)	9,189,779
Share issue	2,138	382,553	-	-	384,691
Share issue costs	-	-	-	(979)	(979)
Loss for the financial year	-	-	-	(446,710)	(446,710)
Balance at 31 May 2020	3,185,432	9,150,829	456,624	(3,666,104)	9,126,781

Statement of Cash Flows for the financial year ended 31 May 2021

	2021	2020
	€	€
Cash flows from operating activities		
Loss for the financial year	**(422,192)**	(446,710)
Adjustments for:		
Expense recognised in income statement in respect of		
equity settled share-based payments	**46,519**	-
Movement in fair value of warrants	**(5,250)**	-
Interest expense	**10,553**	3,262
	(370,370)	(443,448)
Increase in trade and other payables	**146,927**	350,280
Increase in other receivables	**(762,367)**	(11,774)
Advances from/(repayments to) Conroy Gold and Natural Resources P.L.C.	**228,402**	(4,228)
Net cash used in operating activities	**(757,408)**	(109,170)
Cash flows from investing activities		
Investment in exploration and evaluation	**(243,006)**	(370,837)
Net cashused in investing activities	**(243,006)**	(370,837)
Cash flows from financing activities		
Issue of share capital	**1,068,988**	320,266
Share issue costs	**(23,450)**	(979)
Repayment on loans	**712**	-
Proceeds from convertible loan issue	**-**	145,829
Net cash provided by financing activities	**1,046,250**	465,116
Increase/(decrease) in cash and cash equivalents	**45,836**	(14,891)
Cash and cash equivalents at beginning of financial year	**15,942**	30,833

Cash and cash equivalents at end of financial year	**61,778**	15,942

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 30 November 2021.

Going concern

The Company incurred a loss of €422,192 (2020: a loss of €446,710) for the financial year ended 31 May 2021.The Company had net assets of €9,495,866 (2020: €9,126,781) at that date. The Company had net current liabilities of €721,166 (2020 :net current liabilities of €1,247,702) at the statement of financial position date.

The Directors, Professor Richard Conroy, Séamus P. FitzPatrick, Maureen T.A. Jones, Dr.Sorċa Conroy, Brendan McMorrow, Howard Bird and former Directors James P. Jones and Louis J. Maguire, have confirmed that they will not seek repayment of amounts owed to them by the Company of €921,969 (2020: €902,805) 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 2022. As set out further in the Chairman's statement, the Company expects to incur capital expenditure in 2021 and 2022, consistent with its strategy as an exploration company. The Directors recognise that net current liabilities of €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, on the basis of the equity raised during the financial year, 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

The Company has adopted the following amendments to standards for the first time for its annual reporting year commencing 1 June 2020:

- Amendments to references to the Conceptual Framework in IFRS Standards – Effective date 1 January 2020;
- Amendments to IFRS 3 Business Combinations – Definition of a Business – Effective date 1 January 2020;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform – Effective date 1 January 2020;
- Amendment to IFRS 16 about providing lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification – Effective date 1 June 2020; and
- Amendments to IAS 1 and IAS 8 regarding definition of material used in the Conceptual Framework – Effective date 1 January 2020.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 May 2021 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 2020. 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.

- 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; and
- IFRS 4 amendments regarding the expiry date of the deferral approach – Effective date 1 January 2023.

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;
- IFRS 1 amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) – Effective date 1 January 2022;
- IFRS 3 amendments updating a reference to the Conceptual Framework – Effective date 1 January 2022;
- 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;
- 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 17 Insurance contracts – Effective date deferred to 1 January 2023;
- IAS 1 amendments regarding the classification of liabilities - Effective date 1 January 2023;
- IAS 1 amendments regarding the disclosure of accounting policies - Effective date 1 January 2023;
- IAS 8 amendments regarding the definition of accounting estimates – Effective date 1 January 2023;
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction – Effective date 1 January 2023;
- 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; and
- IAS 37 amendments regarding the costs to include when assessing whether a contract is onerous – Effective date 1 January 2022.

Basic loss per share

	2021	2020
	€	€
Loss for the year attributable to equity holders of the Company	**(422,192)**	(446,710)
Number of ordinary shares at start of the financial year	**43,042,749**	34,489,178
Number of ordinary shares issued during the financial year	**25,500,000**	8,553,571
Number of ordinary shares at end of the financial year	**68,542,749**	43,042,749
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**51,434,530**	40,243,826
Basic and diluted loss per ordinary share	**(0.0082)**	(0.0111)

Diluted loss per share

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

2. Intangible assets

Exploration and evaluation assets

Finland	**31 May**	31 May
Cost	**2021**	2020
	€	€
At 1 June	**10,523,570**	10,152,733
Expenditure during the financial year:		
• Licence and appraisal costs	**163,705**	208,378
• Other operating expenses (Note 2)	**79,301**	162,459
At 31 May	**10,766,576**	10,523,570

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.

3. Cash and cash equivalents

	31 May	31 May
	2021	2020
	€	€
Cash held in bank accounts	**61,778**	15,942

	61,778	15,942

4. Non-current liabilities

Warrant liabilities

During the year ended 31 May 2021, 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 2021, the warrants in issue were fair valued with the movement in fair value being recorded in the income statement.

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 a for a minimum of €60,761 (£50,000) of loan notes. The amount of €146 (2020: €146) relates to derivative liability attached to the convertible loan note. The convertible loan amounted to €159,498 (2020: €148,945) at 31 May 2021.

	31 May 2021 €	31 May 2020 €
Opening Balance	**148,945**	-
Loan issued on 10 December 2019	**-**	145,829
Derivative liability element	**-**	(146)
Interest payable	**10,553**	3,262
	159,498	148,945

5. Current liabilities

Trade and other payables

	31 May 2021 €	31 May 2020 €
Accrued Directors' remuneration		
Fees and other emoluments	**658,720**	639,555
Pension contributions	**263,250**	263,250
Other creditors and accruals	**343,998**	386,168
Amount due to related party (see note 15 (c))	**169,933**	-
	1,435,901	1,288,973

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.

Related party loans

	31 May 2021 €	31 May 2020 €
Opening balance 1 June	**93,662**	158,087
Loan conversion to equity*	**(92,950)**	(71,425)
Loan repayment	**(712)**	-
Loan advances**	**-**	7,000
Closing balance 31 May	**-**	93,662

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.

**This amount relates to a loan provided by Maureen T.A. Jones to the Company.

6. Commitments and contingencies

At 31 May 2021, there were no capital commitments or contingent liabilities (2020: €Nil) recognised at the reporting 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.

7. Related party transactions

(a) Details of Directors' loans advanced by Professor Richard Conroy and Maureen T.A. Jones are outlined in Note 12 of the financial statements.

(b) 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 2021, Conroy Gold and Natural Resources P.L.C. incurred costs totalling €54,872 (2020: €40,818) 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:

	2021	2020
	€	€
Office salaries	**49,048**	80,144
Other operating expenses	**5,824**	9,851
Rent and rates	**-**	(49,177)*
	54,872	40,818

*This amount is rechargeable to Conroy Gold and Natural Resources P.L.C.

(c) At 31 May 2021, the Company owed €169,933 to Conroy Gold and Natural Resources P.L.C. (2020: €58,469 owed from). Amounts owed to Conroy Gold and Natural Resources P.L.C. were included within trade and other payables during the current year. Amounts owed from Conroy Gold and Natural Resources P.L.C. were included within other receivables in the prior year. During the financial year ended 31 May 2021, €173,530 was received from (2020: €45,046 was paid to) Conroy Gold and Natural Resources P.L.C. During the financial year ended 31 May 2021, the Company was charged €54,872 (2020: €40,818) by Conroy Gold and Natural Resources P.L.C. in respect of the allocation of certain costs as detailed in Note 15(b).

(d) At 31 May 2021, Brendan McMorrow was owed €24,167 (2020: €20,417) in respect of his services and also an amount of €13,700 (2020: €10,200) 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) An analysis of remuneration for each Director of the Company in the current financial year (prior to amounts transferred to intangible assets) is as follows:

	Fees	Salary	Total
	€	€	€
Professor Richard Conroy	**12,500**	**40,625**	**53,125**
Maureen T.A. Jones	**6,250**	**31,250**	**37,500**
Brendan McMorrow	**6,250**	**-**	**6,250**
Séamus P. FitzPatrick	**6,250**	**-**	**6,250**
Dr. Sorċa Conroy	**6,250**	**-**	**6,250**
Howard Bird	**6,250**	**-**	**6,250**
	43,750	**71,875**	**115,625**

An analysis of remuneration for each Director of the Company in the prior financial year (prior to amounts transferred to intangible assets) is as follows:

	Fees	Salary	Total
	€	€	€
Professor Richard Conroy	17,500	56,875	74,375
Maureen T.A. Jones	8,750	43,750	52,500
Brendan McMorrow	8,750	-	8,750
Séamus P. FitzPatrick	8,750	-	8,750
Dr. Sorċa Conroy	8,750	-	8,750
Howard Bird	5,833	-	5,833
Louis J. Maguire	5,417	-	5,417
	63,750	100,625	164,375

(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), 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.

8. Post balance sheet events

COVID-19 continues to limit field and laboratory work given the restrictions on operations and movement and other work also continues in relation to the Company's exploration and development programme.

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

9. Approval of the audited financial statements for the financial year ended 31 May 2021

These audited financial statements were approved by the Board of Directors on 30 November 2021. 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.