

MINING FLASHNOTE

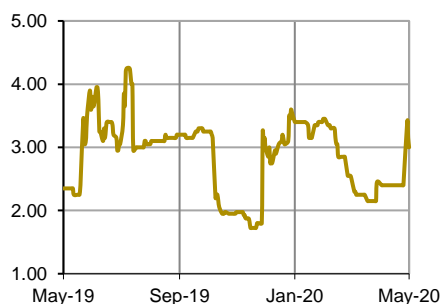
Karelian Diamond Resources (KDR AIM)

13 May 2020

Stock Data

Share Price:	3.00p
Market Cap (M):	£1.29
EV (M):	£1.27

Price Chart



52 Week Range

4.6p	3.00p	1.6p
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Company Summary

Karelian Diamond Resources was established in 2005 following the purchase of Karelian Diamonds Limited and Nordic Diamonds Limited. The company is currently exploring for diamonds in Finland.

MAIN SHAREHOLDERS	HOLDING
Professor Conroy	16.68%
Martello Holdings	9.13%
Mr Kevin Taylor	7.02%
Mr Fredrik Bjornberg	6.97%
Mr Alan Osborne	4.65%
Mr Steve Coomber	4.07%

Source: Bloomberg, Karelian Diamonds

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Karelian Announces the Granting of New Diamond Exploration Reservations

Event

Karelian Diamond Resources plc ("Karelian") has announced that TUKES (The Finnish Mining Authority) has granted the Company three strategic diamond exploration Reservations.

Highlights

The highlights of this announcement are:

- Potential for further discoveries around the Lahtojoki diamond deposit
- Reservations cover twenty regional Kimberlitic Indicator Anomalies in Kuhmo Area
- Kuhmo target area could be part of an emerging Kimberlite province

Comment

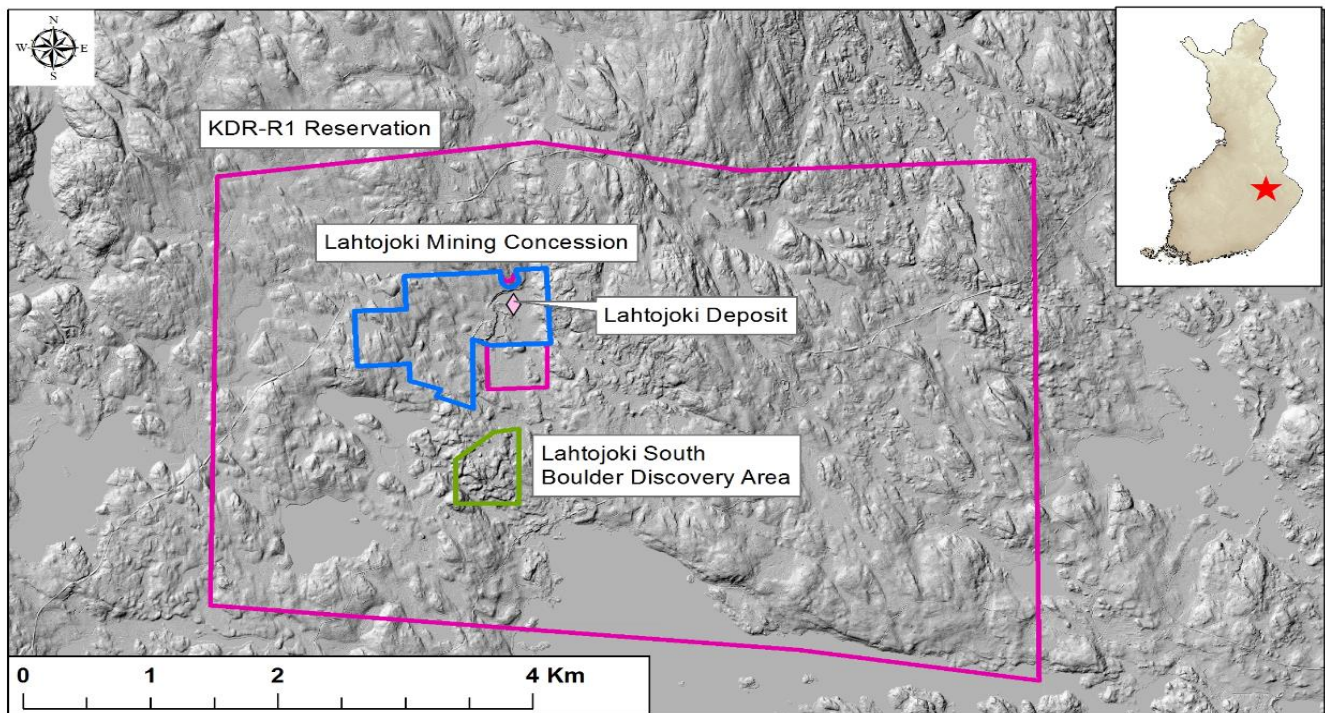
One of these diamond exploration Reservations (KDR-R1) is situated around the Company's approximately two hectare in size Lahtojoki kimberlite pipe diamond deposit which is within the Kaavi kimberlite field. (See Exhibit 1). This reservation covers an area of 26.75km² and has been granted for a year. The longest time frame these reservations are issued for is 2 years, so it at least ties up the area for a while. This is important as kimberlites tend to occur in clusters and therefore the areas surrounding a discovery need to be locked down. Other anomalies have already been discovered, hence the reason for the application.

Lahtojoki is a relatively small kimberlite and its development is therefore challenging. However, the assumptions used in the original studies are thought to be conservative since it is now known that the pipe contains "fancies" or coloured stones, including some pinks which are expected to have a significant impact on valuations. Currently, Karelian are moving through regulatory issues for the development of this pipe, including environmental issues.

The Kuhmo KDR-R2 and KDR-R3 Reservations of 1,476.95km² and 1,453.24km² respectively, (exhibit 2) have each been granted by TUKES for a period of two years. These Reservations secure ground around a series of twenty regional kimberlite indicator anomalies that have been identified by the Company.

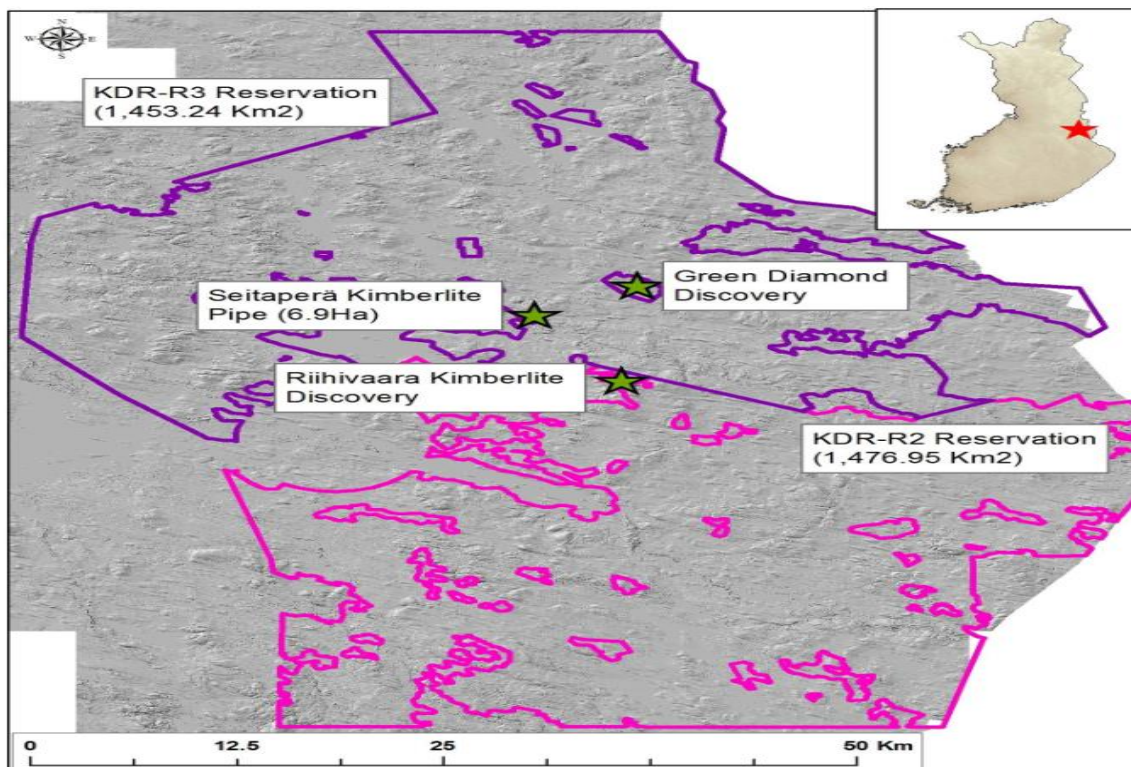
The Board believe that the series of kimberlites in the Kuhmo area could be part of a new emerging kimberlite province in this area. These include the Riihivaara kimberlite discovered by the Company and the largest (6.9 Hectare) diamondiferous kimberlite in Finland, the Seitaperä kimberlite pipe held by the Company, as well as a series of significant regional kimberlitic indicator mineral anomalies defined by the Company.

Exhibit 1: Location of Lahtojoki Mining Concession and Reservation



Source: Karelian Diamond Resources

Exhibit 2: Location of KDR-R2 and KDR-R3 Reservations



Source: Karelian Diamond Resources

Research Disclosures

Peter Rose

Peter has 34 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 13 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 13 May 2020

Company Name	Disclosure
Karelian Diamond Resources (KDR AIM)	1, 2, 7, 8, 9

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