

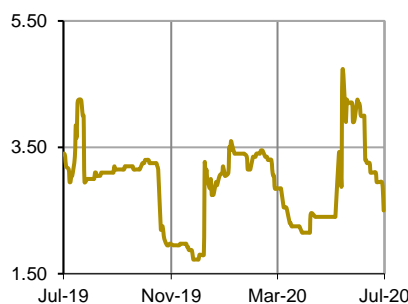
Karelian Diamond Resources (KDR AIM)

02 July 2020

Stock Data

Share Price:	2.20p
Market Cap (M):	£0.95
EV (M):	£0.93

Price Chart



52 Week Range

4.6p		2.20p
1.6p		

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	12.05%
Mr Richard Taberner	7.02%
Richard Thomas	6.07%
Mr Alan Osborne	5.05%

Source: Bloomberg, Karelian Diamonds

Karelian Announces an Update on the Agreement with Rio Tinto

Event

Karelian Diamond Resources plc ("Karelian") has released an update on the status of its confidentiality agreement (with Back In Rights) with Rio Tinto Mining and Exploration Limited ("Rio Tinto") (the "Agreement").

Comment

The Agreement was originally announced on 22 July 2010 and subsequently extended to 30 June 2020, as announced by the Company on 26 June 2014.

Under the Agreement, Rio Tinto has been disclosing to Karelian Diamonds confidential information relating to exploration in Finland for the purpose of Karelian Diamonds considering that information in relation to the Company's potential and existing exploration programmes in Finland. In consideration of Rio Tinto disclosing the confidential information to it, Karelian Diamonds had agreed that Rio Tinto would have the option (exercisable at its discretion) to earn a 51 per cent interest in any project identified by Karelian Diamonds in Finland by Rio Tinto paying the direct cash expenditures incurred in developing the project subject to certain conditions.

As of yesterday's date Karelian Diamonds and Rio Tinto have not entered into a further extension on the Agreement and as a result the Agreement (including the Back In Rights) has subsequently lapsed as of yesterday.

However, reading between the lines, and the announcement did state "A further announcement will be made in due course should any subsequent agreement be reached or entered into between Karelian Diamonds and Rio Tinto" and "we have had a positive and constructive relationship with Rio Tinto for a number of years and the confidential information made available to Karelian has assisted in the Company's knowledge base and progression of its mineral exploration programme. Whilst no agreement has been entered into at this stage to extend the agreement with Rio Tinto I look forward to our maintaining a good relationship moving forward," perhaps the relationship between Karelian and RIO is stronger than it at first appears.

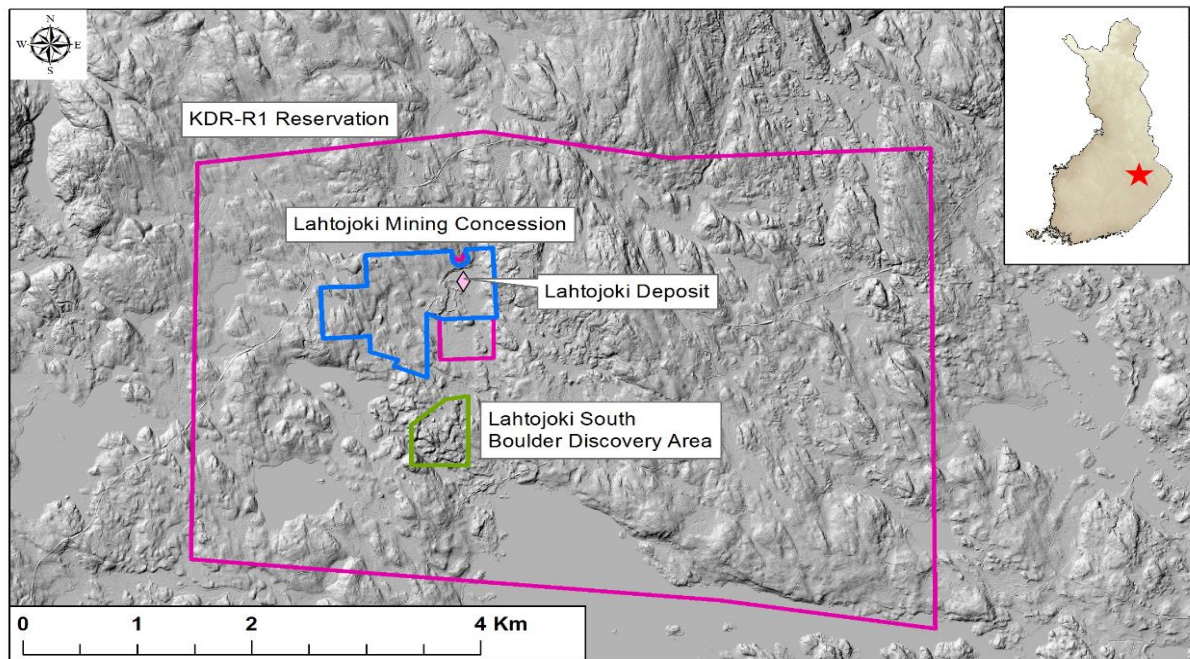
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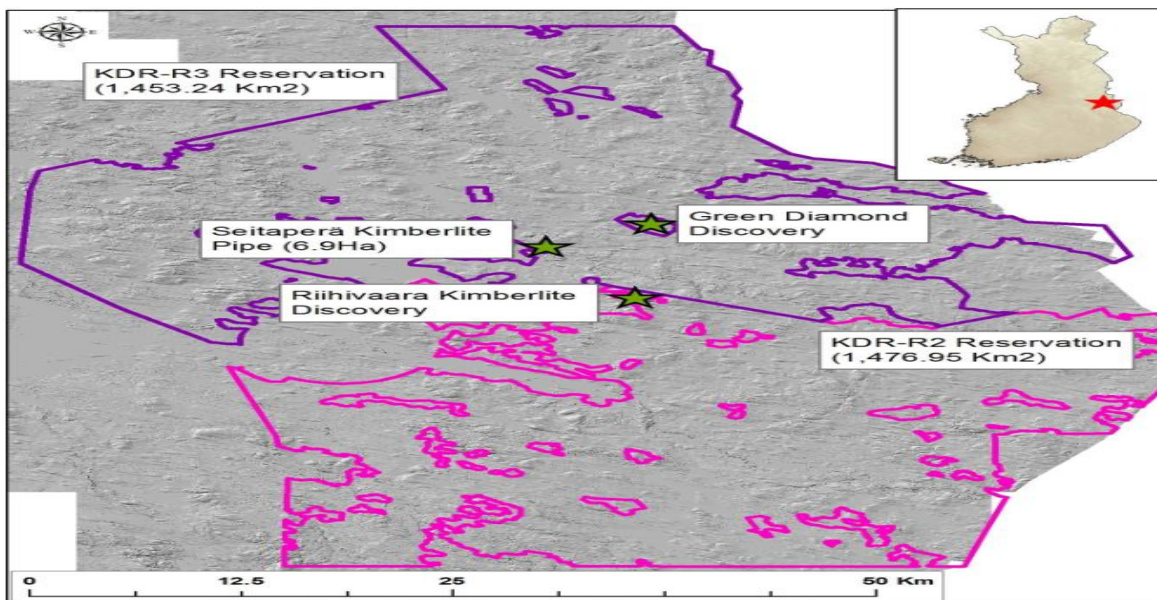
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Exhibit 1: Location of Lahtojoki Mining Concession and Reservation



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 02 July 2020

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

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