

Karelian Diamond Resources plc

(â€œKarelianâ€ or â€œthe Companyâ€)

FINAL RESULTS FOR THE YEAR TO 31 MAY 2024**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 2024. Details of these can be found below and a full copy of the Annual Results can be viewed on the Company's website. During the period progress was made in developing the Company's prospects in both Finland and Ireland.

Highlights of the period included:

- The long awaited decision regarding mine boundaries for the Lahtojoki diamond deposit were finalised, post year end, at a hearing of the Finnish Land Court resulting in no change to the existing boundaries. This decision was an essential step as the Company proceeds with its plans for the proposed development of the Lahtojoki diamond deposit.
- Additionally, regarding the appeals by two landowners the majority of the items were rejected by the Land Court. Three items were referred back to the Land Survey to review.
- Analysis of basal till samples excavated at various target locations in the Kuhmo region of Finland, suggests that the Company's search for the source of the green diamond the Company discovered has narrowed, with garnets, identified in two sample locations. This suggests close proximity to a kimberlite source.
- The Company's exploration programme for Nickel, Copper and Platinum - Group Elements in Northern Ireland adds a significant, exciting and possibly very important wing to the Company's diamond exploration and development programme in Finland. The Company now holds three prospecting licences, totalling an area of approximately 750Km², in Northern Ireland.
- Samples from a stream sediment sampling programme over the prospecting licences dispatched for analysis and an independent assessment carried out.

Brendan McMorrow, Chairman of Karelian, said:

â€œI have pleasure in presenting the Company's Annual Report and Financial Statements for the year ended 31 May 2024. However, it is also tinged with great sadness as I do so following the passing of our founder and Executive Chairman, Professor Richard Conroy. It now falls to myself and the team to continue Richard's work and I look forward with confidence to continued success for the Company both in Finland, where we are looking to open a diamond mine, and in Northern Ireland where we have potential Nickel, Copper and Platinum - Group Elements deposits.â€

Annual Report and Accounts for the year to 31 May 2024

The full audited annual report and accounts for the year to 31 May 2024 has been posted to shareholders and will be published on the Company's website (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 12.30pm on 18 December 2024. A copy of the notice of AGM can be viewed on the Company's website.

Further Information:

Karelian Diamond Resources plc Brendan McMorrow, Chairman	+353-1-479-6180
Jones, Managing Director	
Allenby Capital Limited (Nomad) Nick Athanas / Nick Harriss	+44-20-3328-5656
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<http://www.kareliandiamondresources.com>

Chairman's statement

Dear Shareholder,

I have pleasure in presenting the Company's Annual Report and Financial Statements for the year ended 31 May 2024. However it is also tinged with

great sadness as I do so following the passing of our founder and Executive Chairman, Professor Richard Conroy after a brief illness.

Richard's accomplishments across the diverse range of medicine, politics and indeed mineral exploration garnered respect from all. His entrepreneurial and inquiring spirit was excited by the opportunities in mine exploration and development, and his skills, honed in zinc and gold projects in Ireland, spread to Finland where his vision of the Karelian Craton having the potential for a significant European diamond mine is being steadily realised by the Company. Equally, the Company's recent progress on its Copper, Nickel and Platinum-Group Elements project in Northern Ireland held true to his belief in the potential of Ireland to provide a European solution to the shortfall in critical minerals necessary for a modern economy. In Karelian Diamond Resources, we intend to continue to build on his substantial legacy and deliver on Richard's vision for the company.

The Lahtojoki Diamond Deposit

The mine boundaries for the Lahtojoki diamond deposit were finalised, post year end, at a hearing of the Finnish Land Court resulting in no change to the existing boundaries. This decision in relation to the boundaries was an essential and long awaited step as the Company proceeds with its plans for the proposed development of the Lahtojoki diamond deposit.

Additionally, regarding the appeals by two landowners regarding the amount of compensation payable to them, the majority of the items upon which they had based their claims were rejected by the Land Court, except for three items which were referred back to the Land Survey to review. The appellants were also required to contribute to the Company's legal costs.

We will provide further updates on this matter as and when we are in a position to do so.

Diamond Exploration Programme in Finland

The Company is, however, not only involved in the development of the Lahtojoki diamond deposit in Finland, which it owns, but is also active in an increasingly exciting diamond exploration programme in Finland.

Diamond kimberlites are generally found in Cratons. These are areas of ancient crustal stability such as those found in Southern Africa and in Canada. The Karelian Craton which extends across Finland, is one of the largest Cratons in the world and has been proven to contain world class diamond deposits. In general terms the larger the Craton, the larger the kimberlites.

The presence of the Lahtojoki diamond deposit confirms that the Finnish section of the Karelian Craton is diamondiferous, and the sheer size of the Karelian Craton in Finland suggests the potential for the occurrence of a world class diamond deposit.

The Company has carried out an extensive and systematic exploration programme for diamonds in Finland using, *inter alia*, geology, geophysics, kimberlitic indicator trains, airborne and UAV (unmanned aerial vehicle) drone surveys together with excavation and drilling and the analysis of basal till samples. The programme led to the previous discovery of a green diamond in the Kuhmo region of Finland – the best possible kimberlitic indicator.

Analysis of basal till samples excavated at various target locations in the Kuhmo region of Finland, suggests that the Company's search for the source of the green diamond has narrowed, with garnets identified in two sample locations which suggest close proximity to a kimberlite source.

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

It is not entirely unusual for a company engaged in diamond exploration to be successful in Nickel, Copper and Platinum- Group Elements exploration. One of the most successful discoveries in this context was the Voisey's Bay nickel –copper – cobalt deposit in Labrador, Canada, one of the largest nickel discoveries in the world.

The Company's exploration programme for Nickel, Copper and Platinum-Group Elements in Northern Ireland adds a significant, exciting and possibly very important wing to the Company's diamond exploration and development programme in Finland.

The Company now holds three prospecting licences, totalling an area of approximately 750Km², in Northern Ireland. Samples from a stream sediment sampling programme over the prospecting licences were previously dispatched to Overburden Drilling Management Limited (ODM) in Canada for mineral concentration, picking and analysis for indicator mineralogy using ODM's trade-marked metamorphic/ magmatic massive sulphide indicator minerals (MMSIMS) technique. ODM has been a key contributor to numerous discoveries world-wide, including the Voisey's Bay discovery in Canada. The results of this programme, taken in conjunction with results from a previous programme indicate a highly anomalous river catchment area. Five samples each yielded over 1,000 indicator minerals for Nickel, Copper and Platinum mineralisation.

An independent assessment by Dr Larry Hulbert, an internationally recognised expert in Nickel, Copper and Platinum – Group Elements, confirmed the potential for Nickel, Copper and Platinum-Group Elements in the Company's licence areas in Northern Ireland. Dr Hulbert's review also noted marked resemblances to the Baraga Basin in Michigan that hosts the world class Eagle and Eagle East Nickel - Copper and Platinum-Group Elements deposits and recommended that the Eagle deposit should serve as Karelian's exploration model.

Environmental, Social and Governance Issues

Environmental, social and governance (ESG) issues are becoming increasingly critical in the Mining industry. Great emphasis is placed by the Company on these issues and 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 2024 was £237,160 (31 May 2023: loss of £291,467) and the net assets of the Company at 31 May 2024 were £9,741,609 (31 May 2023: £9,786,074). During the year there was a fundraising of £250,000 at 2.5 pence per ordinary share. Post year end a further fundraising of £328,747 at 1.5 pence per ordinary share was 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.

Future Outlook

I look forward with confidence to continued success for the Company both in diamond exploration and development in Finland and in Nickel, Copper and

Platinum-Group Elements exploration in Northern Ireland.

Brendan McMorrow

Chairman

26 November 2024

Professor Richard Conroy â€™ an Appreciation

Professor Richard Conroy (1933 â€“ 2024) â€™ Former Chief Executive and Chairman of the Board of Directors

Professor Richard T. W. L. Conroy, who died on the 14th October 2024, was a proud Irishman whose life in all its forms was an inspiration to all, especially those close to him and those who will remember him for his devotion to family, his great faith and enduring courtesy, and for his work in public office, medicine, education and natural resources exploration and development.

His was a long and productive life exemplified by his many undertakings and achievements. He leaves a rich legacy not least amongst those who loved and admired him as family, neighbours, colleagues, and all who enjoyed his friendship, and amongst those dedicated colleagues and associates inspired by his incredible intellect, energy and passion.

Born in Birmingham in 1933, Richard returned to Ireland at age 5, prior to the demise of his father, himself a Professor of Spanish.

A gentleman, entrepreneur, businessman, diplomat and politician, Richard was deeply devoted to his family, and generous in contributing his deep knowledge, experience, and expertise to a wide range of disciplines across the many and varied fields in which he was successful. Qualified as a medical doctor, his pioneering work on the study of Circadian Rhythms gained him his PhD. In 1969 he was appointed Professor of Physiology at the Royal College of Surgeons in Ireland - one of the youngest ever professional appointments in the British Isles, and a post he held until his retirement in 1998.

A Founder Fellow of the Faculty of Occupational Medicine and an eundem Fellow of the Royal College of Physicians of Ireland, Richard brought his business acumen to the fore as Chairman of Tallaght Hospital Board, successfully overseeing its construction and commissioning, under budget and on time.

A proud Irishman and member of Fianna Fail, he was elected a member of Seanad Eireann on two separate occasions (1977-1981 & 1989-1993) holding posts as Government spokesman in the Upper House on Industry and Commerce, Foreign Affairs, and Northern Ireland. In local government, he served as a member of Dublin County Council for Ballybrack (1991-1994) and DÃºn Laoghaire-Rathdown County Council (1994-1999) holding the position of â€™ Cathaoirleachâ€™ (Chairman). Until his death, Richard also represented Ireland as member of the Executive Council and Chairman of the Irish group on the Trilateral Commission - a body founded in 1973 to foster closer cooperation between Western Europe, Japan, and North America.

A champion of the Irish natural resource sector, Richardâ€™s fascination with the world of geology, the process of exploration, the joy of discovery, and his unswerving drive to prove that Ireland is indeed a nation â€™ rich in natural resourcesâ€™ together combined to find expression in a way that younger generations now working in the sector may well reflect upon with admiration. His activities in the natural resource sector began with the establishment of Trans-International Oil Exploration Ltd in 1975 â€™ a venture that later merged with Aran Energy and was subsequently acquired by Statoil in 1979.

Enough to light the flame that was to inspire him throughout his commercial life, Richard founded Conroy Petroleum and Natural Resources in 1980 which, only six years later, went on to discover the Galmoy, Co. Kilkenny zinc and lead deposit.

Critical for the revival of the minerals industry in Ireland - it being the first commercial discovery since the Navan mine in 1970 - Richard brought Galmoy from a greenfield discovery through feasibility studies, the environmental impact phase, and the permitting process. This vital work led to the emergence of Galmoy as an operating mine, generating over 200 jobs within the local area, 300 additional jobs in the wider economy, and a contribution to the State of â‚¬65m in royalties, taxes, and rates. (Significant in this context was the discovery along trend in 1990 of the adjacent Lisheen deposit)

Before moving into gold exploration with the setting up of Conroy Diamonds and Gold, Richardâ€™s appetite for exploration had been whetted by the success of Stoneboy consortium whose discovery of the Pogo gold deposit in Alaska transformed into a world-class gold mine that is still in production.

With Conroy Diamonds and Gold formed, Richard turned his focus towards Clontibret in Co. Monaghan, inspired by his memory as a young man of a gold discovery made there in 1956, down what was an old Antimony mine.

Virtually in parallel, his knowledge of Finland, the story of a diamond found in till in Eastern Finland, and his awareness that significant diamond deposits existed across the border in Russia, together led Richard and Conroy Diamonds and Gold to conduct a diamond exploration programme in that country.

One of the first foreign companies granted an exploration licence after Finland had opened its doors to foreign investment, in order to facilitate this and other plans he had in mind, Karelian Diamond Resources was formed while Conroy Diamonds and Gold evolved into the more appropriately named Conroy Gold and Natural Resources. Pursuing his belief - triggered by his memory of gold found there in an old Antimony mine â€™ Richard steered Conroy Gold and Natural Resources towards Clontibret where - through an extensive exploration programme - a 517,00- ounce Au JORC Resource, open in all directions, has been defined there in the heart of what later proved to be the highly-prospective Longford-Down Massif.

Fervent in his belief that Ireland was an emerging gold province with significant potential for economic scale ore bodies, Richardâ€™s inquisitive mind led him to explore the wider potential of the region, a pursuit in which two district scale gold trends were discovered: the Orlock and Skullmartin discoveries with a combined surface gold anomalism of 90kms. This systematic approach to exploration recently led to the discovery of visible 123.0 g/t Au (native) gold in outcrop. In Finland, his leadership at Karelian Diamond Resources has moved the dial forward from a belief that diamonds may exist there to the discovery of a new emerging kimberlite province in that countryâ€™s Kuhmo region.

There, the Company has discovered the Riihivaara kimberlite and established the SeitaperÃ¤ kimberlite pipe as the largest (6.9Ha) kimberlite in Finland. In addition, the Company has discovered a green diamond in till and identified a series of significant regional kimberlitic indicator mineral anomalies.

Of special interest is the Lahtojoki diamond deposit acquired by the Company â€™ now at an advanced stage of being granted a mining permit to proceed with development. A key feature of the Lahtojoki diamond deposit highlighted by Richard is the significant percentage of coloured (pink) diamonds believed to be present there which, upon recovery, would create at Lahtojoki the first diamond mine in the EU. Richardâ€™s vision always was the discovery of world class deposits that could be proven economic through development into mines: a vision he demonstrated at Galmoy and Pogo, and currently in the development of Clontibret and at Lahtojoki.

Ever focused as he was, he had an amazing eye for detail, a naturally inquisitive mind, and an ability to look at things just slightly differently, manifest in the number of successes he has seen, and in his contention that a “little bit of luck” is very often the vital element that every successful explorer needs. Intrigued by that thought, and by the story of the discovery in 1816 of a diamond in Co. Fermanagh known as “The Brookeborough Diamond”, another major chapter in the life of Professor Richard Conroy has opened which, at his death, was coming to fruition. Code named the Fermanagh Ni-Cu-PGE project, it represents yet another example of the genius that Richard brought to his various undertakings. With the knowledge in the mid-1990s of the discovery in Fermanagh - revealing potential kimberlite indicator minerals - Richard felt that further investigation was warranted, particularly in conjunction with the TELLUS airborne geophysical data.

As the world class Nickel discovery at Voisey’s Bay in Canada would suggest, diamond exploration can sometimes lead to the discovery of Nickel-Copper-PGE. Following positive results from a stream sampling programme on Kareliah’s licences, the exploration programme carried out by the Company in Fermanagh led to an exciting new development: revealed in a detailed technical review was the potential for the discovery in Northern Ireland of a major Nickel, Copper, and Platinum Group elements deposit.

A steadfast and consistent voice in the support and promotion of the Irish exploration and mining industry, and the attractiveness of Ireland as a destination for inward investment, Richard was a popular and familiar delegate and exhibitor at leading industry-related events. A steadfast supporter of the Irish Association for Economic Geology, he attended all major events, always willing to provide sponsorship for activities - one being the Prospectors Developers Association Convention in Toronto.

From Medicine to Mining, Richard has left a rich and enduring legacy. Those close to him will be sustained by the memory of an exceedingly kind and courteous gentleman and a man of great faith; a loving family man devoted to his late wife Pamela, and to his daughters Deirdre and Sorca, his grandchildren, sons-in-law and their loved ones all. May he Rest in Peace.

Nā bheidh a leitháid arás ann, ar dheis Dá go raibh a anam dilis.

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 the Company recorded a loss of €237,160 for the financial year ended 31 May 2024 and had net current liabilities of €1,948,585 as at that date.

As stated in Note 1 in the financial statements, 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

for the financial year ended 31 May 2024

	2024 €	2023 €
Continuing operations		
Operating expenses	(418,312)	(297,386)
Movement in fair value of warrants	187,628	9,565
Operating loss	(230,684)	(287,821)
Interest expense	(6,476)	(3,646)
Total finance costs	(6,476)	(3,646)
Loss before taxation	(237,160)	(291,467)
Income tax expense	-	-
Loss for the financial year	(237,160)	(291,467)
Loss per share		
Basic and diluted loss per share	(0.0023)	(0.0038)

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 2024

2024 €	2023 €
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Loss for the financial year	(237,160)	(291,467)
Income recognised in other comprehensive income	-	-
Total comprehensive loss for the financial year	(237,160)	(291,467)

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 2024

	31 May 2024 â,¬	31 May 2023 â,¬
Assets		
Non-current assets		
Intangible assets	11,690,194	11,265,894
Total non-current assets	11,690,194	11,265,894
Current assets		
Cash and cash equivalents	39,597	116,038
Other receivables	81,551	79,003
Total current assets	121,148	195,041
Total assets	11,811,342	11,460,935
Equity		
Capital and reserves		
Share capital presented as equity	3,203,532	3,200,882
Share premium	10,736,889	10,546,844
Share-based payments reserve	450,658	450,658
Retained deficit	(4,649,470)	(4,412,310)
Total equity	9,741,609	9,786,074
Liabilities		
Non-current liabilities		
Derivative liability	-	10,304
Convertible loan	-	119,246
Warrant liabilities	-	109,224
Total non-current liabilities	-	238,774
Current liabilities		
Trade and other payables	1,903,601	1,436,087
Convertible loan	125,722	-
Derivative liability	10,304	-
Warrant liabilities	30,106	-
Total current liabilities	2,069,733	1,436,087
Total liabilities	2,069,733	1,674,861
Total equity and liabilities	11,811,342	11,460,935

The financial statements were approved by the Board of Directors on 22 November 2024 and authorised for issue on 26 November 2024.

Statement of changes in equity

for the financial year ended 31 May 2024

	Share capital â,¬	Share premium â,¬	Share-based payment reserve â,¬	Retained deficit â,¬	Total equity â,¬
Balance at 1 June 2023	3,200,882	10,546,844	450,658	(4,412,310)	9,786,074
Share issue	2,650	298,555	-	-	301,205
Share issue costs	-	(108,510)	-	-	(108,510)
Loss for the financial year	-	-	-	(237,160)	(237,160)
Balance at 31 May 2024	3,203,532	10,736,889	450,658	(4,649,470)	9,741,609
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)
Loss for the financial year	-	-	-	(291,467)	(291,467)
Balance at 31 May 2023	3,200,882	10,546,844	450,658	(4,412,310)	9,786,074

Statement of cash flows

for the financial year ended 31 May 2024

	2024 â‚¬	2023 â‚¬
Cash flows from operating activities		
Loss for the financial year	(237,160)	(291,467)
<i>Adjustments for:</i>		
Movement in fair value of warrants	(187,628)	109,224
Interest expense	6,476	3,646
	<u>(418,312)</u>	<u>(178,597)</u>
Increase in trade and other payables	444,507	1,361
Increase in other receivables	(2,548)	(18,825)
Net cash from/(used) in operating activities	<u>441,959</u>	<u>(17,464)</u>
Cash flows from investing activities		
Expenditure on intangible assets	(424,300)	(354,963)
Net cash used in investing activities	<u>(424,300)</u>	<u>(354,963)</u>
Cash flows from financing activities		
Issue of share capital	301,205	453,109
Share issue costs	-	(23,161)
Advance from Conroy Gold and Natural Resources Plc	23,007	119,246
Net cash provided by financing activities	<u>324,212</u>	<u>549,184</u>
Decrease in cash and cash equivalents	<u>(76,441)</u>	<u>(1,830)</u>
Cash and cash equivalents at beginning of financial year	<u>116,038</u>	<u>117,868</u>
Cash and cash equivalents at end of financial year	<u>39,597</u>	<u>116,038</u>

Extracted notes from the financial statements

1. Material 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 Shannon Airport House, Shannon Free Zone, Shannon, Co. Clare, V14E370, Ireland.

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

Basis of preparation

The financial statements are presented in Euro (â‚¬). The â‚¬ 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 26 November 2024.

Going concern

In preparing the financial statements, the directors consider it appropriate to use the going concern assumption, which assumes the company will have sufficient resources to enable it to meet its liabilities as they fall due. The Company recorded a loss of â‚¬237,160 (31 May 2023: loss of â‚¬291,467) for the financial year ended 31 May 2024. The Company had net assets of â‚¬9,741,609 (31 May 2023: â‚¬9,786,074) at that date. The Company had net current liabilities of â‚¬1,948,585 (31 May 2023: â‚¬1,241,046) at that date. The Company had cash and cash equivalents of â‚¬39,597 (31 May 2023: â‚¬116,038) at 31 May 2024. As set out in the Chairman’s statement, the Company expects to incur capital expenditure in 2024 and 2025, consistent with its strategy as an exploration company.

The 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 2025. The Directors recognise that net current liabilities of â‚¬1,948,585 (31 May 2023: â‚¬1,241,046) 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 this context the Board of Directors note that the going concern is on the basis that all directors, namely, Brendan McMorow, Maureen T.A. Jones, Howard Bird, Dr. Sorca Conroy and S amus P. FitzPatrick, and former Directors namely James P. Jones and Professor Richard Conroy (and his beneficiaries), will not seek repayment of amounts owed to them by the Company of â‚¬1,476,970 (31 May 2023: â‚¬1,291,969) for a minimum period of 12 months from the date of approval of the financial statements, unless the Company has sufficient funds to repay. All of these Directors and former Directors have confirmed this to be the case. Furthermore Conroy Gold and Natural Resources plc (a shareholder in the Company which it has a cost sharing arrangement as set out in note 14 (b)) in the financial statements has confirmed that it will not seek repayment of any amounts due unless the Company has sufficient funds to repay for a similar period. The cashflows include plans to raise funds to carry out the activities of the company and the Board of Directors are confident that adequate funds can be raised through strategic partnerships or direct market fundraising to meet their objectives. To mitigate the risk of the timing and scale of investment not being met, the Board and management continue to take actions to monitor and manage the cost base and project implementation plans as appropriate.

In reviewing the proposed work programme for exploration and evaluation assets, the results obtained from the exploration programme, the support noted above from the Board (and past Board members), the funds raised post year end 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 (      ) 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 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;
- IAS 12 amendments regarding Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Effective date 1 January 2023;
- IAS 12 amendments regarding International Tax Reform and Pillar Two Model Rules – Effective date 1 January 2023;
- IFRS 17 Insurance contracts – Effective date to 1 January 2023;
- IFRS 17 amendments regarding initial application of IFRS 17 and IFRS 9 of comparative information; and
- IFRS 4 amendments regarding extension of the Temporary Exemption from Applying IFRS 9 – Effective date 1 January 2023

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 2024 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 IAS 21 Lack of Exchangeability – Effective date 1 January 2025;
- Amendments to IFRS 9 and IFRS 7 regarding classification and measurement of financial instruments – Effective date 1 January 2026;
- Annual Improvements to IFRS Accounting Standards – Volume 11 – Effective date 1 January 2026;
- IFRS 18 Presentation and Disclosure in Financial Statements – Effective date 1 January 2027;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures – Effective date 1 January 2027;
- IFRS S1 General Requirements for Disclosure of Sustainability-related financial information;
- IFRS S2 Climate-related disclosures;
- Amendments to SASB standards regarding enhancement of their international applicability;
- Amendments to IAS 7 and IFRS 17 regarding supplier finance arrangements – Effective date 1 January 2025;
- 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.

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.

2. Loss per share

Basic loss per share

	2024 â‚¬	2023 â‚¬
Loss for the year attributable to equity holders of the Company	(237,160)	(291,467)
Number of ordinary shares at start of the financial year	94,492,749	68,542,749
Number of ordinary shares issued during the financial year	10,600,000	25,950,000
Number of ordinary shares at end of the financial year	105,092,749	94,492,749
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	101,040,146	76,460,146
Basic and diluted loss per ordinary share	(0.0023)	(0.0038)

Diluted loss per share

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

3. Intangible assets

Exploration and evaluation assets

Cost	31 May 2024 â‚¬	31 May 2023 â‚¬
<i>At 1 June</i>	11,265,894	10,910,931
Expenditure capitalised during the financial year:		
• Licence and appraisal costs	246,586	269,3143
• Other operating expenses	177,714	85,649
<i>At 31 May</i>	11,690,194	11,265,894

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.Â

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.

Mineral interests are categorised as follows:

Finland

Cost	31 May 2024 â,¬	31 May 2023 â,¬
At 1 June	11,223,401	10,910,931
Expenditure capitalised during the financial year:		
• Licence and appraisal costs	157,299	263,421
• Other operating costs	121,038	49,049
At 31 May	<u>11,501,738</u>	<u>11,223,401</u>

Northern Ireland

Cost	31 May 2024 â,¬	31 May 2023 â,¬
At 1 June	42,493	-
Expenditure capitalised during the financial year:		
• Licence and appraisal costs	89,287	5,893
• Other operating costs	56,676	36,600
At 31 May	<u>188,456</u>	<u>42,493</u>

4. Cash and cash equivalents

	31 May 2024 â,¬	31 May 2023 â,¬
Cash held in bank accounts	<u>39,597</u>	<u>116,038</u>
	<u>39,597</u>	<u>116,038</u>

Certain of the above bank accounts are held for the purpose of holding collateral deposits related to the Finnish licenses. As at 31 May 2024, a total amount of â,¬24,500 (31 May 2023: â,¬24,500) relates to these collateral deposits and are treated as restricted cash balances.

5. Non-current liabilities

Convertible loan

On 26 May 2023, the Company entered into a convertible loan note agreement for a total amount of â,¬129,550 (Â£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 14 in the financial statements. 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 at a price of 5 pence per ordinary share. 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.Â Â Â The amount of â,¬10,304 relates to the derivative liability attached to the total convertible loan note above and the net amount of â,¬119,246 is recorded as the value of the convertible loan at 31 May 2023. The loan incurred interest of â,¬6,476 in the current year. No interest was accrued in prior year due to it being immaterial.Â The Company is in discussions to extend the term of this loan however as at the date of signing of the financial statements, no formal agreement has been reached as yet.

The convertible loan amounted to â,¬136,026 (2023: â,¬129,550) at 31 May 2024 and is classified as a current liability as at year end 31 May 2024 (see note 11 in the financial statements).

	31 May 2024 â,¬	31 May 2023 â,¬
Opening balance	-	-
Interest payable	-	-
Derivative liability	-	10,304
Convertible loan	-	119,246
	<u>-</u>	<u>129,550</u>

6. Current liabilities

Trade and other payables

	31 May 2024 â,¬	31 May 2023 â,¬
Accrued Directorsâ€™ remuneration		
Â Â Â Fees and other emoluments	1,213,720	1,028,718
Â Â Â Pension contributions	263,250	263,250

Amount due to related party	144,551	5,023
Warrant liabilities	30,106	-
Derivative liability	10,304	-
Convertible Loan	125,722	-139,096
Other creditors and accruals	282,080	
	<u>2,069,733</u>	<u>1,436,087</u>

As at 31 May 2024, director fees amounting to €54,167 (31 May 2023: €44,167) due to Brendan McMorow are included in Fees and other emoluments.

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.

Warrant liabilities

During the year ended 31 May 2024, 10,000,000 warrants were issued with a sterling exercise price and expiry of 12 months. 18,500,000 warrants with a sterling exercise price and expiry between 18 and 24 months 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 2024, the warrants in issue were fair valued with the movement in fair value of €187,628 (2023: €9,565) being recorded in the statement of profit or loss and a fair value of €30,106 (2023: €109,224) recorded in the statement of financial position. Warrants at 31 May 2024 have a 12 month expiry, hence it has been reclassified to current liabilities. See Note 15 in the financial statements for further details.

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 in the financial year ending 31 May 2023.

On 26 May 2023, the Company entered into a convertible loan note agreement with an 18 month term as set out in Note 10. The convertible is classified as a current liability for the year ended 31 May 2024.

	31 May 2024	31 May 2023
Opening balance	€129,550	€166,790
Interest payable	€6,476	€3,646
Conversion to ordinary equity	-	(170,436)
26 May 2023 convertible loan	-	129,550
Closing balance	<u>€136,026</u>	<u>€129,550</u>

7. Commitments and contingencies

At 31 May 2024, there were no capital commitments or contingent liabilities (31 May 2023: 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 2024, Conroy Gold and Natural Resources P.L.C. incurred costs totalling €115,048 (31 May 2023: €46,178) 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:

	2024	2023
	€	€
Salaries	71,738	25,558
Rent and rates	13,310	10,145
Other operating expenses	30,000	10,475
	<u>115,048</u>	<u>46,178</u>

- (b) At 31 May 2024, the Company owed €144,551 to Conroy Gold and Natural Resources P.L.C. (31 May 2023: €5,023 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 2024, the Company received €23,007 from (31 May 2023: €32,500 was paid to) Conroy Gold and Natural Resources P.L.C. as part of the cost sharing arrangement. During the financial year ended 31 May 2024, the Company was charged €115,048 (31 May 2023: €46,178) by Conroy Gold and Natural Resources P.L.C. in respect of the allocation of certain costs as detailed in Note 14(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 (c) detailed in Note 12 and a further €129,550 (€112,500) into a convertible loan instrument as detailed in Note 10. The Company is in discussions to extend the term of this loan.

- (c) At 31 May 2024, Brendan McMorow was owed €54,167 (31 May 2023: €44,167) in respect of his services as a director. He invoiced the company an amount of €NIL (31 May 2023: €9,000) during the year for other services rendered of which €NIL (31 May 2023: €NIL) was outstanding at 31 May 2024. 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 €148,250 (2023: €139,824) including an amount of €33,250 (31 May 2023: €14,824) payable to the Company Secretary Cathal Jones in respect of services provided.

(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 in the financial statements), a convertible loan from a shareholder (which is detailed in Note 11 in the financial statements) 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 that an assessment prepared by independent geological consultant, Dr Larry Hulbert, confirms the potential for Nickel, Copper and Platinum-Group Elements, in the Company's licence areas in Northern Ireland. A series of targets within the Company's licence area in Northern Ireland were identified by Dr Hulbert during the course of his review and recommended for follow up.

The Company announced on 13th August 2024 that it had received the decision of the Finnish Land Court which brought finalisation to the establishment of the mine boundaries, with no change ensuing. It further announced that in regards to the amount of compensation payable to the two appellant landowners, the majority of the items upon which they based their claims were rejected by the Finnish Land Court except for three items which were referred back to the National Land Survey to review. The appellants were also required to contribute to the Company's legal costs. On 18th October 2024, the Company announced that the sixty day appeal period to this decision had now passed and that as such, the decision now had gained legal force.

On 1 July 2024, the Company raised €386,761 (£328,747) before expenses through the issue of 21,916,479 new ordinary shares at a price of €0.015 per ordinary share in order to fund its exploration activities and for working capital purposes. In addition and at the same time as the fundraising, the Company converted amounts owing to certain parties totalling €29,709 (£25,253) into equity by the issuing of 1,683,516 new ordinary shares at the same price. Each of the new shares noted above carry a half warrant such that the holder of one whole warrant can subscribe for one new ordinary share at a price of €0.03 per share for a period of 12 months from the admission to trading of the new shares issued on 1 July 2024.

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

10. Approval of the financial statements for the financial year ended 31 May 2024

The financial statements were approved by the Board of Directors on 22 November 2024 and authorised for issue on 26 November 2024. 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 Shannon Airport House, Shannon Free Zone, Shannon, Co. Clare, V14E370 Ireland.
