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If you have sold or otherwise transferred all of your Ordinary Shares in Firestone Diamonds plc (the "**Company**") please send this document, together with the enclosed Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, this document and any accompanying documents should not be sent or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares please retain this document and the accompanying Form of Proxy and contact immediately the bank, stockbroker or other agent through whom the sale or transfer was effected.

The Directors, whose names appear in Part 1 of this document, accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of each of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

FIRESTONE DIAMONDS PLC

(Incorporated and registered in England and Wales with registered number 03589905)

Proposed cancellation of admission of Ordinary Shares to trading on AIM,

Adoption of New Articles

and

Notice of General Meeting

This document should be read in conjunction with the accompanying Form of Proxy and the definitions set out in this document. The whole of this document should be read, and in particular, your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. Your attention is drawn to the section entitled "General Meeting and Action to be Taken" on page 9 of this document.

Notice of a General Meeting of the Company to be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU on 13 March 2020 at 10.30 a.m. is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting, you are encouraged to complete and return the enclosed Form of Proxy in accordance with the instructions printed on the form. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company's Registrars, Link Asset Services at PXS, The Registry, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible and in any event so as to be received by the Company's Registrars by not later than 10.30 a.m. on 11 March 2020. Completion and posting of the Form of Proxy will not prevent a Shareholder from attending and voting in person at the General Meeting.

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EXPECTED TIMETABLE

	2020
Announcement of proposed Cancellation	25 February
Notice provided to the London Stock Exchange to notify it of the proposed Cancellation	25 February
Publication and posting of this document	25 February
Latest time and date for receipt of Forms of Proxy in respect of the General Meeting	11 March
General Meeting	13 March
Announcement of results of General Meeting	13 March
Expected last day of dealings in Ordinary Shares on AIM	25 March
Expected date of Cancellation ⁽¹⁾	26 March

Notes:

Each of the times and dates set out in the above timetable and mentioned in this document is based on the Company's current expectations and subject to change by the Company, in which event details of the new times and dates will be notified to the London Stock Exchange, where required, and the Company will make an appropriate announcement to a Regulatory Information Service.

References to times in this document are to London times unless otherwise stated.

Different deadlines and procedures for applications may apply in certain cases. For example, if you hold your Ordinary Shares through a CREST member or other nominee, that person may set an earlier date for application and payment than the dates noted above.

⁽¹⁾ The Cancellation requires the approval of not less than 75% of the votes cast by Shareholders at the General Meeting.

PART 1

LETTER FROM THE CHAIRMAN



(Incorporated and registered in England and Wales with registered number 03589905)

Directors:

Lucio Genovese	(Non-Executive Chairman)
Paul Bosma	(Chief Executive Officer)
Eileen Carr	(Non-Executive Director)
Keith Johnson	(Non-Executive Director)
Patrick Meier	(Non-Executive Director)
Ken Owen	(Non-Executive Director)
Michael Stirzaker	(Non-Executive Director)

Registered Office:

27 Clements Lane
London
EC4N 7AE

25 February 2020

Dear Shareholders

**Proposed cancellation of admission of Ordinary Shares to trading on AIM,
adoption of New Articles and
Notice of General Meeting**

1. INTRODUCTION

As announced by the Company earlier today, the Board has concluded that it is in the best interests of the Company and its Shareholders to cancel the admission of the Ordinary Shares to trading on AIM. Pursuant to Rule 41 of the AIM Rules, the Company (through its nominated adviser, Macquarie) has notified the London Stock Exchange of the date of the proposed Cancellation.

Implementation of the Cancellation is conditional on the Cancellation Resolution being passed at the General Meeting to be held on 13 March 2020 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. The Notice of General Meeting containing the full text of the Resolutions is set out at the end of this document. Subject to the Cancellation Resolution being passed at the General Meeting, it is anticipated that the Cancellation will become effective at 7.00 a.m. on 26 March 2020.

The purpose of this document is to provide Shareholders with information on the background to and reasons for the Cancellation, explain the consequences of the Cancellation and why the Directors unanimously consider the Cancellation to be in the best interests of the Company and its Shareholders as a whole and seek Shareholders' approval for the Resolutions.

2. BACKGROUND TO AND REASONS FOR THE CANCELLATION

The Company acquired the Liqhobong Diamond Mine ("Liqhobong" or "the Project") by way of a reverse takeover of Kopane Diamond Developments plc in 2010 with the strategic focus of completing the Liqhobong Definitive Feasibility Study ("DFS") and subsequently developing Liqhobong. In November 2013 the Company updated its DFS for Liqhobong which reflected the basis upon which the Company intended to proceed with the financing and construction of the Project and later in November 2013 announced that ABSA Bank, acting through its Corporate and Investment Banking division, had received approval from its credit committee to provide a project debt finance facility of up to US\$82.4 million to Liqhobong Mining Development Company (Pty) Limited, the 75 per cent. owned subsidiary of the Company ("LMDC"). In addition to securing the US\$82.4

million Absa Bank debt facility the Company succeeded in raising an additional funding package to build and commission the main treatment plant at Lihobong which comprised bridge and mezzanine facilities (later converted to Eurobonds) and equity subscriptions from two new strategic investors, being RCF and Pacific Road, both leading mining-focused investment groups, together with a brokered equity placing with new and existing shareholders, totalling, in aggregate, US\$140.0 million. Construction of the Project commenced in June 2014 and in October 2016 the Company recovered the first diamonds as the Project moved into the production ramp-up phase.

After commencing mining production at the end of 2016, it became clear during 2017 that the anticipated average value of US\$107 per carat was not being achieved and as a result, LMDC would be unable to service its scheduled debt repayments to ABSA Bank. This culminated in the US\$25.0 million fund raising and debt restructuring announced during December 2017 that entailed an eighteen-month standstill on the ABSA Bank debt during which only interest was serviced. The standstill period came to an end mid-2019 and debt repayment resumed from June 2019 according to the revised schedule.

Due to the deteriorating diamond market and price pressure on the smaller stones that form the bulk of the diamonds recovered from Lihobong, the Company identified towards the end of 2019 that once again LMDC would be unable to service its ABSA Bank debt repayments as they became due and therefore embarked on a further round of discussions and negotiations with its principal lenders. This culminated in non-binding term sheets being signed at the end of 2019 with ABSA Bank and separately with RCF and Pacific Road as Bondholders agreeing in principle to another debt repayment standstill and to the provision of a temporary working capital facility.

The Company's financial results for the year ended 30 June 2019 announced during December 2019 shows that the Company made a loss of US\$56.9 million mainly due to a US\$41.6 million impairment charge brought about by a lower forward-looking revenue assumption based on expected lower diamond prices.

The Board still believes that the diamond market has the potential to improve but that it will take longer than had been previously anticipated and therefore everything possible needs to be done to ensure that the Company can survive the current downturn using its existing cash resources. In order to do so all costs and expenses have been reviewed critically including the costs associated with being listed. The Directors have conducted a review of the benefits and challenges of maintaining the Company's listing on AIM and after careful consideration, have concluded that it is no longer in the best interests of the Company and its shareholders.

The main reasons for coming to this conclusion are:

- Cost savings

The costs associated with maintaining the AIM listing (e.g. broking, Nomad, legal, financial, regulatory) provide minimal benefit and the funds can be better utilised to extend the Company's operating window. The need to preserve cash by all means possible to ensure the Company survives the current market downturn is the overriding principle for the Board and will include a review of operations, corporate structure and overheads including the composition of the Board.

- Share price and liquidity

The Company suffers from a lack of liquidity in trading of its Ordinary Shares due to the Bondholders holding 65 per cent. of the Company's issued ordinary share capital, and in addition, two minority shareholders hold approximately 18 per cent. This, combined with the poor diamond market and general negative sentiment towards the sector, has resulted in a material share price and consequent market capitalisation decline. The poor market conditions are expected to persist for the foreseeable future and therefore the Board sees limited value in maintaining the listing as it is unlikely to provide a positive platform for any corporate opportunities.

3. PRINCIPAL EFFECTS OF THE CANCELLATION

The principal effects of Cancellation, which have been considered by the Directors, will be:

- there will no longer be a public market mechanism for Shareholders to trade in the Ordinary Shares and no price will be publicly quoted for the Ordinary Shares;

- however, the Ordinary Shares will remain freely transferable and the Company intends to implement a Matched Bargain Facility in order to give Shareholders an opportunity to trade the Ordinary Shares following Cancellation (see paragraph 5 below for further details). Notwithstanding this, the Ordinary Shares may be more difficult to sell compared to shares of companies trading on AIM;
- it is possible that, following publication of this document, the liquidity and marketability of the Ordinary Shares may be significantly reduced and the value of such shares may be consequently adversely affected;
- it may be more difficult for Shareholders to determine the market value of their investment in the Company at any given time;
- the AIM Rules will no longer apply to the Company and, accordingly, Shareholders will no longer be afforded the protections given by the AIM Rules. In particular the Company will not be bound to:
 - (i) make any public announcements of material events, or to announce interim or final results;
 - (ii) comply with any of the corporate governance practices applicable to AIM companies;
 - (iii) announce substantial transactions and related party transactions; or
 - (iv) comply with the requirement to obtain shareholder approval for reverse takeovers and fundamental changes in the Company's business;
- the Company will cease to retain a nominated adviser and broker;
- as an unlisted company, the Company may be subject to less stringent accounting disclosure requirements; and
- the Cancellation might have either positive or negative taxation consequences for Shareholders **(Shareholders who are in any doubt about their tax position should consult their own professional independent adviser immediately).**

The above considerations are not exhaustive and Shareholders should seek their own independent advice when assessing the likely impact of the Cancellation on them.

Notwithstanding the aforementioned the Company currently intends that it will continue to provide certain facilities and services to Shareholders that they currently enjoy as shareholders of an AIM company following the proposed Cancellation. It is intended that the Company will continue to:

- communicate information about the Company (including its annual accounts) to its Shareholders, as required by law;
- provide quarterly updates on operations at its Lihobong Diamond Mine;
- make any public announcements of material events, or to announce interim or final results;
- announce substantial transactions and related party transactions; and
- maintain its website and post updates on the website from time to time, although Shareholders should be aware there will be no obligation on the Company to include all of the information required under AIM Rule 26 or to update the website as required by the AIM Rules.

4. CANCELLATION PROCESS

Under the AIM Rules it is a requirement that, unless the London Stock Exchange otherwise agrees, the Cancellation must be conditional upon the consent of not less than 75 per cent. of votes cast by the Shareholders, given in a general meeting. Accordingly the Company is calling a General Meeting, notice of which is set out at the end of this document, and will propose a special resolution to approve the Cancellation.

Under the AIM Rules, the Company is required to give the London Stock Exchange at least 20 clear Business Days' notice of Cancellation and separately notify shareholders that it wishes to cancel the admission of its shares to trading on AIM. Accordingly the Directors (through the Company's nominated adviser, Macquarie) have notified the London Stock Exchange of the Company's intention, subject to the Cancellation Resolution being passed at the General Meeting, to cancel the Company's admission of the Ordinary Shares to trading on AIM on 26 March 2020. Cancellation will not take effect until at least five clear Business Days have passed following the passing of the Cancellation Resolution.

If the Cancellation Resolution is passed at the General Meeting, it is proposed that the last day of trading in Ordinary Shares on AIM will be 25 March 2020 and that Cancellation will take effect at 7.00 a.m. on 26 March 2020.

Upon the Cancellation becoming effective Macquarie will resign as nominated adviser to the Company and the Company will no longer be required to comply with the AIM Rules.

5. TRANSACTIONS IN THE ORDINARY SHARES FOLLOWING THE PROPOSED CANCELLATION

Shareholders should note that they are able to trade in the Ordinary Shares on AIM prior to the Cancellation.

The Directors are aware that certain Shareholders may be unable or unwilling to hold Ordinary Shares in the event the Cancellation is approved and becomes effective. Such Shareholders should consider selling their interests in the market prior to the Cancellation becoming effective.

In addition the Directors are aware that, should the Cancellation be approved by Shareholders, it would make it more difficult to buy and sell Ordinary Shares in the Company following the Cancellation. Therefore, the Company has arranged a Matched Bargain Facility to assist Shareholders to trade in the Ordinary Shares and this will be put in place from the day of Cancellation.

The Matched Bargain Facility will be provided by JP Jenkins. JP Jenkins is part of Peterhouse Capital Limited, which is authorised and regulated by the FCA, a Member of the London Stock Exchange and a NEX Exchange Corporate Adviser. Under the Matched Bargain Facility, Shareholders or persons wishing to acquire or dispose of Ordinary Shares will be able to leave an indication with JP Jenkins, through their stockbroker (JP Jenkins is unable to deal directly with members of the public), of the number of Ordinary Shares that they are prepared to buy or sell at an agreed price. In the event that JP Jenkins is able to match that order with an opposite sell or buy instruction, they would contact both parties and then effect the bargain. Should the Cancellation become effective and the Company put in place the Matched Bargain Facility, details will be made available to Shareholders on the Company's website at <https://www.firestonediamonds.com>.

Shareholders will continue to be able to hold their shares in uncertificated form (i.e. in CREST) and should check with their existing stockbroker whether they are willing or able to trade in unquoted shares. Shareholders wishing to trade shares through JP Jenkins must do so through a stockbroker and a comprehensive list of stockbrokers who have signed up to access the JP Jenkins platform is available on request.

Further information about the Matched Bargain Facility, including indicative prices and a history of transactions, will be available on JP Jenkins's website which is located at <https://jpjenkins.com>. Should the Cancellation proceed, Shareholders may contact JP Jenkins in relation to any queries regarding trading via the secondary market trading facility by emailing info@jpjenkins.com.

6. NEW ARTICLES

Should the Cancellation become effective, the Directors believe it would be prudent for the Company to adopt the New Articles which will, *inter alia*, remove references to AIM and make minor clarifications and general updates to the Company's existing articles of association where relevant so as to make them more appropriate for an unlisted public company.

A draft of the proposed New Articles (showing the full terms of the changes proposed to be made) may be inspected at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document up to and including the date of the General Meeting and at the place of the General Meeting for at least 15 minutes before and during the General Meeting.

7. BOARD COMPOSITION FOLLOWING CANCELLATION

Following the Cancellation, it is the Company's intention to rationalise the Board so that its composition is more appropriate for its current activities whilst, at all times, taking into account the interests of all Shareholders and sound corporate governance. It is the Company's current intention that the Board will consist of no less than four Directors, including an independent Chair.

8. RELATIONSHIP AGREEMENT

The Company has, conditional upon the Cancellation becoming effective, entered into the Relationship Agreement with RCF and Pacific Road pursuant to which the Bondholders, for so long as each Bondholder respectively continues to hold 20 per cent. or more of the voting capital of the Company, have given certain undertakings to the Company to the effect that the Company can, amongst other things, continue to operate on an independent basis, including that during the Transition Period, the Board shall be comprised of at least five Directors, two of which shall be independent and, following the Transition Period, the Board shall be comprised of at least four Directors, including an independent Chair who shall, in accordance with the New Articles, have a casting vote.

9. THE TAKEOVER CODE

Notwithstanding the Cancellation, under the Takeover Code the Company will continue to be subject to its terms for a period of ten years following the Cancellation for as long as the Company is considered by the Takeover Panel to have its place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man.

Under Rule 9 of the Takeover Code, when any person or group of persons acting in concert, individually or collectively, are interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but do not hold shares carrying more than 50 per cent. of the voting rights of a company and such person or any person acting in concert with him acquires an interest in any other shares, which increases the percentage of the shares carrying voting rights in which he is interested, then that person or group of persons is normally required by the Panel to make a general offer in cash to all shareholders of that company at the highest price paid by them for any interest in shares in that company during the previous 12 months. Rule 9 of the Takeover Code further provides that where any person, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company to which the Takeover Code applies and acquires additional shares which carry voting rights, then that person will not generally be required to make a general offer to the other shareholders to acquire the balance of the shares not held by that person or his concert parties.

At the date of this document, RCF holds an interest in 225,234,848 Ordinary Shares representing 32.55 per cent. of the existing issued Ordinary Shares and voting rights in the Company and Pacific Road holds an interest in 224,639,536 Ordinary Shares representing 32.47 per cent. of the existing issued Ordinary Shares and voting rights in the Company. At a general meeting held on 17 October 2019, the Directors were granted authority to issue up to 195,309,376 Ordinary Shares, in aggregate, to RCF and Pacific Road during the period to 30 June 2020 to service interest payments due under the Series A Bonds which would, during such period, increase the interests of the Bondholders to a maximum of 34.79 per cent. and 34.71 per cent. respectively. However the Takeover Panel has agreed to waive the obligation on the Bondholders to make a mandatory offer to all Shareholders under Rule 9 of the Takeover Code which would be triggered as a result of the increase in the voting rights in the Company of each Shareholder above 30 per cent. Arrangements to service interest payments beyond 30 June 2020 will be addressed by the Company and the Bondholders in due course but if further Ordinary Shares are issued to the Bondholders after 30 June 2020, the Company may be required to seek a further waiver from the Takeover Panel.

When determining whether a Company's place of central management and control is based in the United Kingdom, the Channel Islands or the Isle of Man, the Takeover Panel will look at the structure of the board, the functions of the directors and where they are resident. If, following the re-composition of the Board as described in paragraph 7 above, the majority of the Directors are resident outside of the United Kingdom, the Takeover Panel may determine that the Takeover Code no longer applies to the Company. However, in that case, the Company's existing articles of association (and, subject to their adoption, the New Articles) contain equivalent provisions to Rule 9 of the Takeover Code and these would automatically take effect to give comparable protection in this regard to Shareholders.

Following the expiry of the ten-year period from the date of the Cancellation referred to above, the Company will no longer be subject to the provisions of the Takeover Code. A summary of the protections afforded to Shareholders by the Takeover Code which will be lost is set in Part 2 of this document. The New Articles will, however, continue to protect Shareholders on equivalent terms to Rule 9 of the Takeover Code.

10. IRREVOCABLE UNDERTAKINGS

The Company has received irrevocable undertakings from RCF, Pacific Road and Edwards Family Holdings Ltd to vote in favour of the Resolutions at the General Meeting in respect of, in aggregate, 513,346,739 Ordinary Shares representing 74.19 per cent. of the existing issued ordinary share capital of the Company.

11. GENERAL MEETING AND ACTION TO BE TAKEN

The Resolutions will be proposed at the General Meeting to be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU at 10.30 a.m. on 13 March 2020.

You will find enclosed a Form of Proxy for use at the General Meeting.

Whether or not you intend to be present at the General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it as soon as possible and in any case so as to be received by the Company's Registrars at Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.30 a.m. on 11 March 2020. If you hold shares in CREST you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Link Asset Services (CREST Participant ID: RA10) so that it is received by no later than 10.30 a.m. on 11 March 2020. The return of the Form of Proxy or transmission of a CREST Proxy Instruction will not prevent you from attending the meeting and voting in person if you wish and are entitled to do so.

12. RECOMMENDATION

In conclusion, the Board believes that it is in the best interests of Shareholders, employees and lenders to reduce costs and preserve cash by all means possible to ensure the Company survives the market downturn. Accordingly the Directors consider that Cancellation and approval of the Cancellation Resolution is in the best interests of the Company and its members as a whole. The Directors therefore unanimously recommend that you vote in favour of the Resolutions as, where relevant, they intend to do in respect of their aggregate beneficial shareholdings of 3,980,219 Ordinary Shares, representing 0.58 per cent. of the total number of issued shares in the Company.

Yours faithfully

Lucio Genovese
Non-Executive Chairman

PART 2

THE TAKEOVER CODE

The Takeover Code currently applies to the Company and will do so for ten years following the Cancellation for as long as the Company's place of central management and control is based in the United Kingdom, the Channel Islands or the Isle of Man. However, once the ten year period referred to has expired, the Takeover Code will not apply to the Company and will not apply to any offer made to Shareholders to acquire their Ordinary Shares subsequent to the ten year period following the Cancellation.

Shareholders should note that, if the Cancellation becomes effective, they will still continue to receive the protections afforded by the Takeover Code in the event that there is a subsequent offer to acquire their Ordinary Shares, which protection will endure until the expiry of ten years from the date of the Cancellation.

Brief details of the Takeover Panel (the "**Panel**"), the Takeover Code and the protections given by the Takeover Code are described below.

The Takeover Code

The Takeover Code is issued and administered by the Panel. The Company is a company to which the Takeover Code applies and its Shareholders are accordingly entitled to the protections afforded by the Takeover Code.

The Takeover Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The Takeover Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

The General Principles and Rules of the Takeover Code

The Code is based upon a number of general principles (the "**General Principles**") which are essentially statements of standards of commercial behaviour. For your information, these General Principles are set out in Part 1 of Appendix 1 below. The General Principles apply to all transactions with which the Takeover Code is concerned. They are expressed in broad general terms and the Takeover Code does not define the precise extent of, or the limitations on, their application. They are applied by the Panel in accordance with their spirit to achieve their underlying purpose.

In addition to the General Principles, the Takeover Code contains a series of Rules, of which some are effectively expansions of the General Principles and examples of their application and others are provisions governing specific aspects of takeover procedure. Although most of the Rules are expressed in more detailed language than the General Principles, they are not framed in technical language and, like the General Principles, are to be interpreted to achieve their underlying purpose. Therefore, their spirit must be observed as well as their letter. The Panel may derogate or grant a waiver to a person from the application of a Rule in certain circumstances.

Giving up the protection of the Takeover Code

A summary of key points regarding the application of the Takeover Code to takeovers generally is set out in Part 2 of Appendix 1 below. You are encouraged to read this information carefully as it outlines certain important protections which will cease to apply ten years following Cancellation.

APPENDIX 1

Part 1: The General Principles of the Takeover Code

1. All holders of the securities of an offeree company of the same class must be afforded equivalent treatment; moreover, if a person acquires control of a company, the other holders of securities must be protected.
2. The holders of the securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on the bid; where it advises the holders of securities, the board of the offeree company must give its views on the effects of implementation of the bid on employment, conditions of employment and the locations of the company's places of business.
3. The board of an offeree company must act in the interests of the company as a whole and must not deny the holders of securities the opportunity to decide on the merits of the bid.
4. False markets must not be created in the securities of the offeree company, of the offeror company, or of any other company concerned by the bid in such a way that the rise or fall of the prices of the securities becomes artificial and the normal functioning of the markets is distorted.
5. An offeror must announce a bid only after ensuring that he/she can fulfil in full any cash consideration, if such is offered, and after taking all reasonable measures to secure the implementation of any other type of consideration.
6. An offeree company must not be hindered in the conduct of its affairs for longer than is reasonable by a bid for its securities.

Part 2: Detailed application of the Takeover Code

The following is a summary of key provisions of the Takeover Code which apply to transactions to which the Takeover Code applies. You should note that ten years after the Cancellation the following protections afforded by the Takeover Code will be given up.

Equality of treatment

General Principle 1 of the Takeover Code states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment. Furthermore, Rule 16.1 requires that, except with the consent of the Panel, special arrangements may not be made with certain shareholders in the Company if there are favourable conditions attached which are not being extended to all shareholders.

Information to shareholders

General Principle 2 requires that holders of securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on a bid. Consequently, a document setting out full details of an offer must be sent to the offeree company's shareholders.

The opinion of the offeree board and independent advice

The board of the offeree company is required by Rule 3.1 of the Takeover Code to obtain competent independent advice on an offer and the substance of such advice must be made known to its shareholders. Rule 25.2 requires that the board of the offeree company must send to the offeree company's shareholders and persons with information rights its opinion on the offer and its reasons for forming that opinion. That opinion must include the board's views on: (i) the effects of implementation of the offer on all the company's interests, including, specifically, employment; and (ii) the offeror's strategic plans for the offeree company and their likely repercussions on employment and the locations of the offeree company's places of business.

The circular from the offeree company must also deal with other matters such as interests and recent dealings in the securities of the offeror and the offeree company by relevant parties and whether the directors of the offeree company intend to accept or reject the offer in respect of their own beneficial shareholdings.

Rule 20.1 states that information about the companies involved in the offer must be made equally available to all offeree company shareholders and persons with information rights as nearly as possible at the same time and in the same manner.

Optionholders and holders of convertible securities or subscription rights

Rule 15 of the Takeover Code provides that when a Takeover Code offer is made for voting equity share capital or other transferable securities carrying voting rights and the offeree company has convertible securities outstanding, the offeror must make an appropriate offer or proposal to the stockholders to ensure their interests are safeguarded. Rule 15 also applies in relation to holders of options and other subscription rights.

DEFINITIONS

In this document the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

ABSA Bank	ABSA Bank Limited
ABSA Debt Restructuring	the proposed complete restructuring of the US\$82.4 million senior secured term facility provided to LMDC by ABSA Bank anticipated to be completed by 31 July 2020
AIM	the AIM market operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies
AIM Rules for Companies	the rules of AIM as set out in the publication entitled "AIM Rules for Companies" published by the London Stock Exchange from time to time
Board of Directors	the board of directors of the Company for the time being
Bondholders	RCF and Pacific Road
Business Day	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading
Cancellation	the proposed cancellation of admission of the Ordinary Shares to trading on AIM, subject to the passing of the Cancellation Resolution and in accordance with Rule 41 of the AIM Rules
Cancellation Resolution	Resolution number 1 to be proposed at the General Meeting
Company or Firestone	Firestone Diamonds plc, a company incorporated in England and Wales with registered number 03589905 and having its registered office at 27 Clements Lane, London EC4N 7AE
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
CREST Proxy Instruction	the appropriate CREST message made to appoint a proxy, properly authenticated in accordance with Euroclear's specifications
CREST Regulations	the Uncertificated Securities Regulations 2001 (as amended)
Directors	the directors of the Company from time to time
General Meeting	the general meeting of the Company to consider the Resolutions, convened for 10.30 a.m. on 13 March 2020
Euroclear	Euroclear UK & Ireland Limited
Eurobond Debt Restructuring	the proposed restructuring of the Series A and Series B Bonds anticipated to be completed by 31 July 2020
Form of Proxy	the form of proxy accompanying this document relating to the General Meeting

General Meeting or GM	the general meeting of the Company, notice of which is set out at pages 16 to 17 of this document, and including any adjournment(s) thereof
JP Jenkins	JP Jenkins Ltd, New Liverpool House, 15 Eldon Street, London EC2M 7LD
Link Asset Services or Registrar	a trading name of Link Market Services Limited, a company incorporated in England and Wales with registered number 02605568 and having its registered office at The Registry, Beckenham, Kent, BR3 4TU
LMDC	has the meaning given to it in paragraph 2 of Part 1 of this document
London Stock Exchange	London Stock Exchange plc
Macquarie	Macquarie Capital (Europe) Limited, a private limited company incorporated in England and Wales under registered number 03704031 and having its registered office at Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, the Company's nominated adviser
Matched Bargain Facility	the unregulated match bargain trading platform managed by JP Jenkins which the Company proposes to implement for the trading of Ordinary Shares following the Cancellation
New Articles	the new articles of association of the Company to be adopted subject to the passing of Resolution 2 to be proposed at the General Meeting
Notice of General Meeting	the notice of General Meeting, set out at pages 16 to 17 of this document
Ordinary Shares	the ordinary shares of one penny each in the capital of the Company
Pacific Road	together, (i) Pacific Road Resources Fund II L.P., represented by Pacific Road Capital Management GP II Limited; and (ii) Pacific Road Resources Fund II represented by Pacific Road Capital II Pty Limited
Panel	the Panel on Takeovers and Mergers
RCF	Resource Capital Fund VI L.P. represented by RCA VI GP Ltd
Relationship Agreement	the relationship agreement dated 25 February 2020 between the Company and the Bondholders, further details of which are set out in paragraph 8 of Part 1 of this document
Resolutions	the resolutions to be proposed at the General Meeting which are set out in full in the Notice of General Meeting; references to numbered Resolutions are those as numbered in the Notice of General Meeting
Series A Bonds	the US\$30 million 8.00 per cent. bonds subscribed for by RCF and Pacific Road in the Company
Series B Bonds	the US\$7 million 8.00 per cent. bonds subscribed for by RCF in the Company
Shareholders	holders of existing Ordinary Shares
Takeover Code	the City Code on Takeovers and Mergers

Transition Period	the period from the date of the General Meeting until the completion of the ABSA Debt Restructuring and Eurobond Debt Restructuring
uncertificated or uncertificated form	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
US\$	dollars, the legal currency of the United States
£	pounds sterling, the legal currency of the United Kingdom

NOTICE OF GENERAL MEETING

FIRESTONE DIAMONDS PLC

(Incorporated and registered in England and Wales with registered number 03589905)

NOTICE IS HEREBY GIVEN that a General Meeting of Firestone Diamonds plc (the "**Company**") will be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU at 10.30 a.m. on 13 March 2020, for the purpose of considering and, if thought fit, passing the following Resolutions which will each be proposed as special resolutions.

SPECIAL RESOLUTIONS

1. **THAT**, the admission of the ordinary shares of one penny each in the capital of the Company to trading on AIM, a market operated by London Stock Exchange plc, be cancelled (the "**Cancellation**") and that the Company's directors and officers, or persons authorised by the directors of the Company, be authorised and directed to execute all documents and take all necessary actions in connection with the Cancellation.
2. **THAT**, subject to and conditional upon the Cancellation becoming effective, the draft articles of association produced to the meeting and, for the purposes of identification, initialled by the Chairman, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

Dated: 25 February 2020

By order of the Board
Prism CoSec

Company Secretary

Notes:

Entitlement to attend and vote

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at close of business on 11 March 2020 (or, if the meeting is adjourned, close of business on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

Proxies

2. A Shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a Shareholder of the Company. A Shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. Failure to specify the number of Ordinary Shares each proxy appointment relates to or specifying a number which when taken together with the numbers of Ordinary Shares set out in the other proxy appointments is in excess of the number of Ordinary Shares held by the Shareholder may result in the proxy appointment being invalid. A proxy may only be appointed in accordance with the procedures set out in notes 4 and 5 below and the notes to the proxy form. The appointment of a proxy will not preclude a Shareholder from attending and voting in person at the meeting.
3. A Form of Proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's Registrar on 0371 6640300 (calls will be charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales) or the proxy form may be photocopied. State clearly on each proxy form the number of Ordinary Shares in relation to which the proxy is appointed. To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's Registrar, Link Asset Services PXS, 34 Beckenham Road, Beckenham BR3 4TU no later than 10.30 a.m. on 11 March 2020 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).
4. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's Registrar, Link Asset Services (CREST participant ID RA10) no later than 10.30 a.m. on 11 March 2020 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Certificated Securities Regulations 2001.

Corporate representatives

5. A Shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual Shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same Ordinary Shares.