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If you have sold or otherwise transferred all of your Existing Ordinary Shares in Firestone Diamonds plc (the "**Company**") prior to the date on which the Existing Ordinary Shares are marked 'ex-entitlement' you should deliver this document together with the enclosed Form of Proxy and, if relevant, the Application Form, 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 have sold or otherwise transferred only part of your holding of your Existing Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications which will be set out in the Application Form (if relevant).

This document is not a prospectus for the purposes of the Prospectus Rules and has not been approved by the UK Financial Conduct Authority (in its capacity as the UK Listing Authority or otherwise) pursuant to sections 85 and 87 of FSMA. In issuing this document the Company is relying on the exemption from issuing a prospectus in section 85(5) and paragraph 9 of Schedule 11A of FSMA and on paragraph 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). Applications in respect of the Open Offer from persons not falling within such exemptions will be rejected and the Open Offer contained in this document is not capable of acceptance by such persons. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 21 December 2017.

AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document. This document does not constitute a recommendation regarding securities of the Company.

FIRESTONE DIAMONDS PLC

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

Firm Placing of 147,888,528 New Ordinary Shares at 10 pence per share

Placing and Open Offer of 36,954,356 New Ordinary Shares at 10 pence per share

and

Notice of General Meeting

This document should be read in conjunction with the accompanying Form of Proxy and Application Form (where applicable) 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 referred to below and to the section headed "Risk Factors" in Part 3 of this document.

Notice of a General Meeting of the Company to be held at 4 More London Riverside, London SE1 2AU on 20 December 2017 at 10.00 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. 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, Kent BR3 4ZF, as soon as possible and in any event so as to be received by the Company's Registrars by not later than 10.00 a.m. on 18 December 2017. Completion and posting of the Form of Proxy will not prevent a Shareholder from attending and voting in person at the General Meeting.

This document is being sent to all Shareholders, but in relation to those Shareholders who are not Qualifying Shareholders (which means certain shareholders resident outside of the United Kingdom) it is being sent to them for information purposes only to enable them to exercise their rights as Shareholders vis-a-vis the General Meeting to be held. This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares to any person in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions, is not for distribution in or into the United States, Australia, Canada, South Africa, New Zealand or Japan. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States, or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, South Africa or Japan. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Firm Placing, the Placing and the Open Offer has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be,

filed with the Japanese Ministry of Finance in relation to the Firm Placing, the Placing and the Open Offer and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action. Subject to very limited exceptions, the New Ordinary Shares may not, directly or indirectly, be offered or sold within any territory other than the United Kingdom or offered or sold to a person within any territory other than the United Kingdom. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction. Persons (including, without limitation, nominees and trustees) receiving this document and/or an Application Form should not, in connection with the Open Offer, distribute or send this document and/or the Application Form into any jurisdiction when to do so would, or might contravene local securities laws or regulations or be contrary to the terms and conditions of the Open Offer. The New Ordinary Shares will on allotment rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares after Admission.

Macquarie Capital (Europe) Limited ("**Macquarie**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and sole broker to the Company in relation to the Fundraising and Admission and is not acting for any other persons in relation to the Fundraising and Admission. Macquarie is acting exclusively for the Company and for no one else in relation to the matters described in this document and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Macquarie, or for providing advice in relation to the contents of this document or any matter referred to in it. The responsibilities of Macquarie as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person, in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this document, or otherwise.

No liability is accepted by Macquarie nor does it make any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Fundraising and Admission and accordingly Macquarie disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document or any such statement, to the maximum extent permitted by law and the regulations to which it is subject. Macquarie has not authorised the contents, or any part, of this document. Macquarie may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Ordinary Shares and/or related instruments for its own account for the purposes of hedging any underwriting exposure or otherwise. Except as required by applicable law or regulation, Macquarie does not propose to make any public disclosure in relation to any such transactions.

The Open Offer closes at 11.00 a.m. on 19 December 2017. If you are a Qualifying Shareholder and wish to apply for New Ordinary Shares under the Open Offer you should follow the procedure set out in Part 2 of this document and, if you are a Qualifying Non-CREST Shareholder, complete and return the accompanying Application Form together with your appropriate remittance. Qualifying CREST Shareholders will not receive an Application Form, but will receive instead a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements which will be enabled for settlement on 5 December 2017. If you do not wish to participate in the Open Offer then you should not return your Application Form or send a USE instruction through CREST. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled thereto or by persons becoming so entitled, by virtue of a *bona fide* market claim arising out of the sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares are marked 'ex' the entitlement by the London Stock Exchange.

If the Basic Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 5 December 2017, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements credited to his stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer. Applications for Excess Entitlements pursuant to the Excess Application Facility may be made by Qualifying Shareholders provided that their Basic Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or to receive another Application Form they should contact Link Asset Services on 0371 664 0321. Calls are 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 helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Copies of this document will be available free of charge during normal business hours only on weekdays (excluding public holidays) from the date hereof until the Open Offer closes on 19 December 2017 and available for a period of twelve months from the date of this document on the Company's website www.firestonediamonds.com free of charge in accordance with the requirements of Rule 26 of the AIM Rules for Companies.

No person has been authorised to make any representations on behalf of the Company concerning the Firm Placing, the Placing and the Open Offer which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been authorised. No person should construe the contents of this document as legal, tax or financial advice and recipients of this document should consult their own advisers as to the matters described in this document.

This document contains (or may contain) certain forward-looking statements with respect to the Company, the Group and certain of its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("**IFRS**") applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations,

the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as at the date they are made. Except as required by the FCA, the London Stock Exchange or applicable law, the Company, Macquarie and their respective directors, officers, employees, agents, managers, members and partners expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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DIRECTORS AND ADVISERS

Directors	Lucio Genovese Stuart Brown Keith Johnson Kenric Owen Paul Sobie Deborah Thomas Michael Wittet Niall Young	<i>(Non-Executive Chairman)</i> <i>(Chief Executive Officer)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i>
Registered Office	The Triangle 5 – 17 Hammersmith Grove London W6 0LG	
Company Secretary	Prism Cosec 42 – 50 Hersham Road Walton-On-Thames Surrey KT12 1RZ	
Nominated Adviser and sole Broker	Macquarie Capital (Europe) Limited Ropemaker Place 28 Ropemaker Street London EC2Y 9HD	
Legal Advisers to the Company	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU	
Solicitors to the Nominated Adviser and sole Broker	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG	
Registrar	Link Asset Services The Registry 34 Beckenham Road Beckenham BR3 4TU	
Receiving Agent for the Open Offer	Link Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2017
Record Date and time for entitlement under the Open Offer	5.30 p.m. on 30 November
Announcement of the Firm Placing and the Placing and Open Offer	1 December
Announcement of the results of the Firm Placing and Placing	1 December
Dispatch of this document, the Forms of Proxy to Qualifying Shareholders and Application Forms to Qualifying Non-CREST Shareholders	1 December
Existing Ordinary Shares marked 'ex' entitlement by the London Stock Exchange	4 December
Basic Entitlements and Excess Entitlements credited to CREST accounts of Qualifying CREST Shareholders	5 December
Recommended latest time and date for requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST	4.30 p.m. on 13 December
Latest time and date for depositing Basic Entitlements and Excess Entitlements into CREST	3.00 p.m. on 14 December
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 15 December
Latest time and date for receipt of Forms of Proxy for the General Meeting	10.00 a.m. on 18 December
Latest time and date for receipt of completed Application Forms from Qualifying Shareholders and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 19 December
General Meeting	10.00 a.m. on 20 December
Announcement of results of the General Meeting and the Open Offer	20 December
Expected time and date of Admission and commencement of dealings in New Ordinary Shares	8.00 a.m. on 21 December
Expected time and date for CREST accounts to be credited with New Ordinary Shares	8.00 a.m. on 21 December
Share certificates in relation to New Ordinary Shares dispatched by	29 December

Notes:

Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company (with the agreement of Macquarie), in which event details of the new times and dates will be notified to the London Stock Exchange 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.

FUNDRAISING STATISTICS

Closing Price ¹	19.75 pence
Issue Price	10 pence
Number of Existing Ordinary Shares in issue on the Record Date	320,271,086
Number of Firm Placed Shares	147,888,528
Number of Open Offer Shares	36,954,356
Open Offer Basic Entitlement	3 Open Offer Shares for every 26 Existing Ordinary Shares
Number of New Ordinary Shares	184,842,884
Enlarged Issued Share Capital immediately following Admission	505,113,970
Gross proceeds of the Firm Placing	£14.8 million
Gross proceeds of the Placing and Open Offer	£3.7 million
Estimated net proceeds of the Fundraising	£17.8 million
Percentage of the Enlarged Issued Share Capital represented by the New Ordinary Shares	36.6 per cent.
ISIN of the Existing Ordinary Shares (and the New Ordinary Shares to be admitted to trading following the Fundraising)	GB00BKX59Y86
SEDOL of the Existing Ordinary Shares (and the New Ordinary Shares to be admitted to trading following the Fundraising)	BKX59Y8
ISIN of the Open Offer Entitlements	GB00BF0W1859
ISIN of the Excess Open Offer Entitlements	GB00BF0W1966
Legal Entity Identifier (LEI)	2138001NJUREOWJ89O78

Assuming no Ordinary Shares are issued between the date of this document and Admission.

¹ Closing Price on 30 November 2017, being the latest practicable date prior to the announcement of the Fundraising.

PART 1 - LETTER FROM THE CHAIRMAN

FIRESTONE DIAMONDS PLC



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

Directors:

Lucio Genovese	(Non-Executive Chairman)
Stuart Brown	(Chief Executive Officer)
Keith Johnson	(Non-Executive Director)
Kenric Owen	(Non-Executive Director)
Paul Sobie	(Non-Executive Director)
Deborah Thomas	(Non-Executive Director)
Michael Wittet	(Non-Executive Director)
Niall Young	(Non-Executive Director)

Registered office:

The Triangle
5 - 17 Hammersmith Grove
London W6 0LG

1 December 2017

Dear Shareholders

**Firm Placing of 147,888,528 New Ordinary Shares at 10 pence per New Ordinary Share
Placing and Open Offer of 36,954,356 New Ordinary Shares at 10 pence per New Ordinary Share
Revised mining plan
Restructuring of debt facility
and
Notice of General Meeting**

1 INTRODUCTION

Earlier today the Company announced the results of a conditional fundraising to raise £18.5 million (US\$25 million) before expenses comprising a Firm Placing of £14.8 million (US\$20 million) and a Placing, subject to clawback under an Open Offer, of £3.7 million (US\$5 million) in each case through the issue of New Ordinary Shares at an issue price of 10 pence per New Ordinary Share in order, *inter alia*, to fund on-going operations at the Liqhobong Diamond Mine (the "**Fundraising**").

The Board is grateful for the continued support of its major Shareholders who have conditionally subscribed for the significant majority of the Fundraising.

The Issue Price represents a discount of 49.4 per cent. to the Closing Price on 30 November 2017 (the latest practicable date prior to the announcement of the Fundraising). Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will occur on or around 21 December 2017. The Firm Placing, Placing and the Open Offer are conditional, *inter alia*, on the passing of the Resolutions at the General Meeting. Shareholder approval will also be sought in respect of the Firm Placing, Placing and the Open Offer at the General Meeting which is convened for 10.00 a.m. on 20 December 2017 at 4 More London Riverside, London SE1 2AU.

The Directors recognise the importance of pre-emption rights to Shareholders and the Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of New Ordinary Shares at

the Issue Price. RCF, Pacific Road and Edwards Family Holdings have undertaken not to subscribe for any New Ordinary Shares under the Open Offer in order to allow for other Qualifying Shareholders to apply for Excess Shares under the Excess Application Facility.

The Company also announced on 1 December 2017 that it has:

- (a) formulated a revised mine plan to better cater for the current lower-than-expected diamond sale results in order to ensure the Company can mine sustainably should the lower average diamond values being achieved persist; and
- (b) reached agreement in principle with its lender, ABSA Bank Limited ("**ABSA**"), conditional upon, *inter alia*, completion of the Fundraising and approval of both commercial and political risk insurance by the Export Credit Insurance Corporation of South Africa ("**ECIC**"), to defer capital repayments under the ABSA Debt Facility for a period of 18 months from 1 January 2018 to 30 June 2019 and extend the final maturity date by 30 months to December 2023. Further details of these arrangements are set out at paragraph 6.1 of this Part 1.

The purpose of this document is to explain the background to, and the reasons for, the Fundraising and why the Directors consider the Fundraising to be in the best interests of the Company and its Shareholders as a whole. It also recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do themselves in respect of their own beneficial shareholdings.

2 BACKGROUND TO AND REASONS FOR THE FUNDRAISING AND USE OF PROCEEDS

Firestone is a diamond mining company with operations focused in Lesotho. Firestone commenced production at the Liqhobong Diamond Mine in Lesotho in October 2016. Liqhobong is owned 75 per cent. by Firestone and 25 per cent. by the Government of Lesotho. Lesotho is emerging as one of Africa's significant new diamond producers, hosting Gem Diamonds' Letseng Mine, Firestone's Liqhobong Diamond Mine and Namakwa Diamond's Kao Mine.

As announced on 29 September 2017, the Company has achieved lower than expected diamond prices in its sales for the last two quarters. Notwithstanding an improvement in the average diamond value received at the most recent sale on 9 October 2017 of US\$83 per carat, the Liqhobong Diamond Mine is still being affected by the combination of lower than expected occurrence of larger, better quality diamonds and on-going subdued market conditions for the lower quality diamonds.

The Liqhobong Diamond Mine is in the early stages of production. A degree of variability is to be expected during this period, particularly as mining operations are yet to access all of the areas of the ore body in a proportionate way. Since commencing operations in October 2016, around 0.6 million carats have been sold at an average value of US\$82 per carat. This compares to the Company's updated definitive feasibility study in 2013 which was based on an estimated average base case value of US\$107 per carat.

It was also announced on 29 September 2017 that the Company would require additional financing as well as a restructuring of its near-term debt obligations should it continue to achieve the current levels of diamond pricing. The Company has had productive discussions with its lender ABSA and its major Shareholders, the conclusion of which has been that the Fundraising, in conjunction with the amendments to the ABSA Debt Facility, is the best way to protect the interests of all stakeholders whilst enabling the Company, in the short term, to transition to a nine-year mine plan with higher near-term cash generation.

The revised mine plan will be focused in the near term on mining and treating ore over the whole ore body to obtain a more representative footprint than has been possible to date, as well as increasing the opportunity for the recovery of large gem stones which, by nature, are typically scarce and unpredictable. In the medium term, the Company will also be able to retain the flexibility to revert to the original 14-year plan should diamond prices recover materially.

The Fundraising, in conjunction with the amendments to the ABSA Debt Facility, is being undertaken in order to provide additional working capital to insulate the Company against any on-going weakness in the diamond market and any sustained under-recovery of larger, higher quality diamonds whilst, at the same time, allowing it to develop to a point where Liqhobong's long term potential is better understood. Using

a low-case diamond price assumption of US\$75 per carat, the Directors anticipate that including the net proceeds of the Fundraising and the 18 month standstill on capital repayments on the ABSA Debt Facility, Liqhobong will be cash flow break even after servicing all interest on the ABSA Debt Facility, working costs and stay in business capital as well as the necessary small corporate overhead.

The net proceeds of the Fundraising will be used:

- to fund mining activities and to provide sufficient headroom while diamond market prices remain subdued, thereby enabling the Company to achieve its objective of better understanding the true potential of the ore body;
- to service the December 2017 capital repayment of US\$5.2 million under the ABSA Debt Facility;
- to fund the debt service reserve account of the Group with US\$4.6 million in respect of the interest due under the ABSA Debt Facility during the standstill period; and
- for other general on-going working capital expenditure.

The Company will continue to review, on an on-going basis, the quality of stones recovered and realised diamond values. The Directors believe that by adopting the shorter nine-year mine plan, with the benefit of the flexibility of reverting to the longer 14-year plan, the Company will be best positioned to operate on a sustainable basis should the lower average diamond values persist with the optionality of taking advantage of the longer life of mine should the average diamond values received increase or should there be an improvement in market conditions.

3 REVISED MINE PLAN

The Company has formulated a revised nine-year mine plan in conjunction with its technical advisers which it believes will deliver the best returns in the medium term at low risk whilst at the same time offering optionality of taking advantage of the longer life of mine should the average diamond values increase or should there be an improvement in market conditions. Should this occur, the Company will be able to revert to the original 14-year mine plan. The revised plan is over a shorter nine-year period and involves the stripping of 76.0 million fewer waste tonnes. The Directors believe Liqhobong will be cash generative at an operational level using the revised plan. Furthermore, over the following 18 months, the mining in the pit will cover a far more representative area of the ore, which the Directors expect to improve the likelihood of recovering higher quality stones and, in turn, provide a truer representation of diamond quality and pricing than has been possible from the production at Liqhobong to date.

<i>Item</i>	<i>Unit</i>	<i>Existing mining plan (2015)</i>	<i>Revised mining plan (2017)</i>	<i>Difference</i>
Ore mined/treated	mt	50.9	32.9	(18.0)
Waste mined	mt	105.0	29.0	(76.0)
Total mined	mt	155.9	61.9	(94.0)
Average strip ratio	Waste/ore	2.1	0.9	(1.2)
Plant capacity	mtpa	3.6	3.6	-
In-situ grade	cpht	27.3	23.5	(3.8)
Average annual production	mcts pa	1.0	0.9	(0.1)
Opex cost	ZAR/t treated	192.9	175.5	(17.4)
Opex cost	US\$/t treated	14.5	13.0	(1.5)
Steady state operating exp.	US\$/carat	53.2	55.2	2.0
Royalty	%	7%	5%	(2%)
Diamond price escalation (real)	%	3%	3%	-
Total carats	Million	13.9	7.7	(6.2)
Life of open pit mine	Years	14	9	(5)

4 ILLUSTRATIVE EXAMPLES

4.1 *Year-end cash position following completion of the Fundraising*

The following table sets out illustrative examples of the Company's year-end cash position following completion of the Fundraising and amendment to the ABSA Debt Facility based on a US\$75, US\$80 and US\$90 per carat diamond price and a number of other assumptions, the key ones of which are summarised below.

US\$ per carat diamond price	Cash position at year end (US\$m)									
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
US\$75	11	12	13	12	12	10	17	38	67	80
US\$80	13	18	14	29	33	35	45	70	104	118
US\$90	18	31	47	61	75	84	102	135	178	196

The key assumptions to the illustrative examples above are:

- US\$ per carat diamond prices adjusted for real price inflation of 3 per cent. per annum);
- Lihobong operating assumptions consistent with the revised mine plan;
- ZAR:US\$ exchange rate of ZAR13.50:US\$1;
- maintenance capex of US\$2 million in FY2018, c.US\$1 million for FY2019 to FY 2026;
- US\$25 million equity raise and 18 month debt standstill (capital repayment) from January 2018 to 30 June 2019;
- opening cash balance of US\$4.3 million on 1 October 2017;
- additional net aggregate working capital inflows (dependent on timing of sales etc.) for FY18 to FY27 of c.US\$2 million; and
- only repayment of the ABSA Debt Facility modelled (i.e. excludes repayment of the Series A Bonds and the Series B Bonds).

4.2 *Revised mine plan NPV*

The following table sets out the indicative NPV of Lihobong following completion of the Fundraising and amendment to the ABSA Debt Facility based on a US\$75, US\$80, US\$90, US\$100, US\$110 and US\$120 per carat diamond price and a number of other assumptions, the key ones of which are summarised below.

US\$ per carat diamond price	US\$75	US\$80	US\$90	US\$100	US\$110	US\$120
NPV (US\$m)	114	141	195	240	284	328

The key assumptions to the indicative NPV of Lihobong above are:

- US\$ per carat diamond prices adjusted for real price inflation of 3 per cent. per annum;
- Lihobong operating assumptions consistent with the revised mine plan; and
- NPV before the repayment of the ABSA Debt Facility, the Series A Bonds and the Series B Bonds.

The information used to prepare the illustrative examples above has been compiled from a number of sources. The illustrative examples have not been audited and are based on a number of assumptions (including the key assumptions set out above). The illustrative examples do not constitute profit forecasts and the Company's actual cash position at year-end and/or NPV will be based on a number of factors, including future diamond price and exchange rates, which, if

different from the assumptions above would result in the Company's actual cash position at year-end and/or NPV being materially different from the tables set out above.

5 TRADING UPDATE

The Liqhobong Diamond Mine

Liqhobong construction was largely completed on-time and on-budget in October 2016 without a single lost time injury. Plant commissioning and ramp up activities were completed in June 2017 and steady state commercial production was reached at the end of June 2017. 365,891 carats were recovered during FY 2017, whilst diamond sales for the financial year saw 310,376 carats sold, generating total sale proceeds of US\$27.8 million, achieving an average value of US\$90 per carat. The Company has now reached over five million man-hours worked whilst maintaining its record of zero lost time injuries.

Of the 2,878,952 tonnes treated for the twelve months to 30 September 2017, 80 per cent. came from the lower grade K2 material in the pit with some dilution, seven per cent. came from the K4 material also with some dilution, 13 per cent. came from K5 and from historic mixed stockpiles used during the initial commissioning stages.

Summary of sales and diamond market update*

	Q3 FY 2017	Q4 FY 2017	Q1 FY 2018	Q2 FY 2018
Carats sold	127,590 cts	182,786 cts	195,330 cts	69,193 cts
Total sales	US\$13.7m	US\$14.1m	US\$13.5m	US\$5.7m
Average value	US\$107/ct	US\$77/ct	US\$69/ct	US\$83/ct

*Two sales per quarter except Q2 FY 2018 (one sale).

As reported in the 29 September 2017 operational update, the Company believes that the widely reported November 2016 Indian de-monetisation programme continues to impact on diamond pricing, in particular in the market for smaller stones that comprise the bulk of the run-of-mine goods sold in the Company's sales to date. The initial impact of the de-monetisation was a drop in prices as a result of demand reduction, which has been exacerbated by an oversupply of goods that has since kept pricing at depressed levels.

It was encouraging that the Company's October 2017 sale saw an improvement in pricing for both finer sized stones and larger stones and included the sale of a 133 carat gem-quality light yellow diamond (the largest diamond recovered at Liqhobong to date).

Near-term headwinds aside, the Directors believe that the long-term fundamentals of the diamond sector remain strong.

6 SUMMARY OF THE GROUP'S FINANCING ARRANGEMENTS

6.1 *The ABSA Debt Facility*

As announced on 11 April 2014, ABSA granted the Group a project debt finance facility of up to US\$82.4 million for the construction and commissioning of Liqhobong. The terms of the ABSA Debt Facility included a total term of 6.5 years, with an 18 month draw down period for construction and with the repayment of capital occurring in the final 4.5 years of the loan term.

ABSA has agreed, in principle, to: (i) an 18 month debt standstill on capital repayments for the period from 1 January 2018 to 30 June 2019; and (ii) an extension of the final maturity date by 30 months to December 2023. The financial covenants and definition of financial completion in the ABSA Debt Facility would also be revised to reflect the revised mine plan and remaining life of the facility and the cash sweep would be increased from 40 per cent. to 50 per cent. after provision for sufficient working capital. A credit review will be held in twelve months' time to assess actual performance against expectations and consider additional restructuring actions if necessary. ABSA will also have the ability to call a credit review before December 2018 or to declare default in the event of average diamond values for three consecutive sales being below US\$70 per carat, which is below the base case value of US\$75 per carat adopted by ABSA

for measurement during the standstill period. The Company also expects an increase of between 0.25 per cent. and 0.5 per cent. in the margin rates payable, together with a potential increase in the ECIC premium (depending on the outcome of the ECIC review). These amendments are conditional, *inter alia*, on:

- approval of both commercial and political risk insurance by the ECIC;
- the Company raising at least US\$20 million pursuant to the Fundraising;
- the Company's debt service reserve account to be expanded to cover 18 months' interest during the standstill period; and
- other customary conditions standard for facilities of this nature including documentation and the signing of material contracts.

An illustrative comparison of the scheduled capital repayment profiles of the existing and proposed ABSA Debt Facility are set out in the table below.

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Existing ABSA Debt Facility (US\$m)	19.5	22.1	20.3	15.9	-	-	-
Proposed ABSA Debt Facility (US\$m)	9.9	1.9	10.2	14.0	21.2	11.5	9.0

The Company believes that good progress is being made in relation to satisfying the conditions precedent for such amendments.

6.2 The Series A Bonds

As previously announced, on 26 May 2014, the Company entered into the Mezzanine Facility whereby US\$15.0 million was agreed to be provided by each of Pacific Road and RCF (US\$30.0 million in aggregate). The Mezzanine Facility has an interest rate of 8.0 per cent. per annum payable quarterly in arrears. All interest payments are payable in cash save that the Group may, at its discretion, provided that no event of default is subsisting and no requirement under Rule 9 of the Takeover Code to make a mandatory offer would be triggered, elect to satisfy such payment by way of the issue of new Ordinary Shares at an issue price equal to the 20 day VWAP of an Ordinary Share. The Mezzanine Facility is repayable on 20 August 2022.

On 24 April 2015 it was announced that the Mezzanine Facility was being restructured by way of an issue of quoted Eurobonds and, accordingly, the Company issued US\$30.0 million principal amount of Series A Bonds. The Series A Bonds have the same commercial terms (described in the Company's circular to Shareholders dated 24 April 2015) as the Mezzanine Facility.

As at the date of the Circular, the Company has issued 5,936,792 new Ordinary Shares and 5,341,480 new Ordinary Shares to RCF and Pacific Road respectively to satisfy the payment of interest under the Series A Bonds and it is currently the Directors intention to issue Ordinary Shares to satisfy such interest payments.

As part of the funding package provided by RCF and Pacific Road, each received 2014 Warrants entitling each of them to subscribe for 24,393,218 new Ordinary Shares.

6.3 The Series B Bonds

As previously announced, the Company entered into the ABSA Debt Facility for the purposes of building and commissioning the Lihobong Diamond Mine. Under the terms of the ABSA Debt Facility, the Company was required to secure a separate standby debt facility to fund any potential cost over-runs or delays in respect of the Lihobong Diamond Mine, to remain in place until the mine achieved technical and financial completion. RCF agreed to provide this facility by agreeing to subscribe for Series B Bonds.

Following the amendment and restatement of the Series B Bonds announced on 22 June 2017, the Company was granted put options by RCF to require RCF to purchase any or all of the Series B Bonds at

a price of US\$1,000 per Series B Bond in minimum drawdowns of US\$2 million (and thereafter in US\$1 million increments), up to a maximum of US\$15.0 million.

As at the date of this document the Company had issued US\$7.0 million Series B Bonds with a further US\$8.0 million of Series B Bonds available.

In order to facilitate the ability of the holder of the Series B Bonds to elect to receive new Ordinary Shares, as opposed to cash on the redemption of the Series B Bonds by the Company, the Company agreed that, upon the exercise of a Series B Option, the Company will also issue RCF with the Series B Warrants. The Series B Warrants are attached to the Series B Bonds and, on redemption of the Series B Bonds by the Company, RCF (or any third party to whom the Series B Bonds have been transferred) may exercise the Series B Warrants such that they will receive such number of new Ordinary Shares as is equal to the applicable redemption amount divided by the applicable exercise price, as opposed to the applicable redemption amount in cash.

Further details of the Series B Bonds and the Series B Warrants are contained in the Company's circular to Shareholders dated 24 April 2015 and its announcement dated 22 June 2017.

7 FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2017

The Company announced its final results for the year to 30 June 2017 on 1 December 2017. A copy of the final results is available on the Company's website at www.firestonediamonds.com. Shareholders should read those results in full before making any application for Open Offer Shares.

8 DETAILS OF THE FUNDRAISING

The Company has conditionally raised £18.5 million (US\$25 million) before expenses, comprising: (i) a Firm Placing to raise £14.8 million; and (ii) a Placing, subject to clawback under an Open Offer to raise an additional £3.7 million, in each case through the issue of New Ordinary Shares at the Issue Price. The New Ordinary Shares will represent 36.6 per cent. of the Enlarged Issued Share Capital. Macquarie, as agent of the Company, has conditionally placed the Firm Placing Shares and the Placing Shares at the Issue Price pursuant to the Placing and Open Offer Agreement. The Fundraising is not underwritten.

Qualifying Shareholders are being offered the right to subscribe for Open Offer Shares in accordance with the terms of the Open Offer. Qualifying Shareholders are not being offered the right to subscribe for the Firm Placing Shares.

The Board considers the Firm Placing and the Placing and Open Offer to be an appropriate fundraising structure, providing certainty of funds to complete the plans outlined above whilst providing existing Shareholders with the opportunity to participate in the Fundraising through the Open Offer.

The terms and conditions of the Open Offer are set out in Part 2 of this document.

All elements of the Fundraising have the same Issue Price. The Issue Price of 10 pence per New Ordinary Share represents a 49.4 per cent. discount to the Closing Price of 19.75 pence per Existing Ordinary Share on 30 November 2017 (being the latest practicable date prior to the publication announcement of the Fundraising). The Issue Price has been set by the Directors following their assessment of market conditions and following discussions with its major Shareholders. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment necessary.

Further details of the terms of the Placing and Open Offer Agreement are set out at paragraph 2.1 of Part 5 of this document.

Firm Placing

Macquarie, as agent for the Company and pursuant to the Placing and Open Offer Agreement, has conditionally placed the Firm Placing Shares at the Issue Price to raise gross proceeds of £14.8 million. The Firm Placing Shares represent approximately 80.0 per cent. of the New Ordinary Shares and have been placed with institutional and other investors, including RCF and Pacific Road. The Firm Placing Shares are not subject to clawback.

Placing and Open Offer

The Directors recognise the importance of pre-emption rights to Shareholders and consequently 36,954,356 Open Offer Shares are being offered to existing Shareholders by way of the Open Offer. The Open Offer provides Qualifying Shareholders with an opportunity to participate in the Fundraising by subscribing for their respective Basic Entitlements and Excess Entitlements. RCF, Pacific Road and Edwards Family Holdings have undertaken not to subscribe for any New Ordinary Shares under the Open Offer in order to allow for other Qualifying Shareholders to apply for Excess Shares under the Excess Application Facility.

As part of the Placing and Open Offer, Macquarie as agent for the Company and pursuant to the Placing and Open Offer Agreement has conditionally placed the Placing Shares with Placees who have agreed to subscribe for the Placing Shares at the Issue Price.

Subject to the fulfilment of the conditions set out below and in Part 2 of this document, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares under the Open Offer at the Issue Price, payable in full on application and free of all expenses, *pro rata* to their existing shareholdings on the following basis:

3 Open Offer Shares for every 26 Existing Ordinary Shares

held by Qualifying Shareholders and registered in their name at the Record Date.

Open Offer Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be aggregated and made available under the Excess Application Facility. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Basic Entitlement.

If you have sold or otherwise transferred all of your Existing Ordinary Shares on or after the ex-entitlement Date, you are not entitled to participate in the Open Offer.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that under the Open Offer, unlike in a rights issue, any New Ordinary Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be placed with Placees pursuant to the Placing and Open Offer Agreement, and the net proceeds will be retained, for the benefit of the Company.

Application has been made for the Open Offer Entitlements of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements will be admitted to CREST on 5 December 2017.

The Open Offer Entitlements will also be enabled for settlement in CREST on 5 December 2017 to satisfy *bona fide* market claims only. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Further details of the Open Offer and the terms and conditions on which the Open Offer is being made, including the procedure for application and payment, are contained in Part 2 of this document and for Qualifying Non-CREST Shareholders on the accompanying Application Form. To be valid, Application Forms (duly completed) and payment in full for the Open Offer Shares applied for must be received by Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 11.00 a.m. on 19 December 2017.

Qualifying Non-CREST Shareholders will have received an Application Form with this document which

sets out their maximum entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them.

Qualifying Shareholders are also being given the opportunity, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements through the Excess Application Facility.

Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements. Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Basic Entitlements should complete the relevant sections on the Application Form. Shareholders who do not qualify for Basic Entitlements can participate in the Open Offer under the Excess Application Facility only.

Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 3.2 of Part 2 of this document for information on how to apply for Excess Entitlements pursuant to the Excess Application Facility. Applications for Excess Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Excess Entitlements and may be scaled back at the Company's absolute discretion.

Once subscriptions by Qualifying Shareholders under their Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether or not to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Application will be made for the Basic Entitlements and Excess Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST.

It is expected that New Ordinary Shares issued pursuant to subscriptions by Qualifying Shareholders exercising their Basic Entitlements and Excess Entitlements will be admitted to CREST at 8.00 a.m. on 21 December 2017. Such New Ordinary Shares will also be enabled for settlement in CREST at 8.00 a.m. on 21 December 2017. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Qualifying Non-CREST Shareholders will receive an Application Form with this document which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements on 5 December 2017. Qualifying CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of their Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Basic Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part 2 of this document. For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post, or by hand (during normal business hours only), to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 19 December 2017. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 11.00 a.m. on 19 December 2017.

Basis of allocation under the Fundraising

The Placing may be scaled back at the Company's absolute discretion in order to satisfy valid applications by Qualifying Shareholders under the Open Offer. The Open Offer is being made on a pre-emptive basis

to Qualifying Shareholders. Any New Ordinary Shares that are available under the Open Offer and are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements will be reallocated to the Placing.

The number of Placing Shares to be clawed back from Placees to satisfy valid applications by Qualifying Shareholders under the Open Offer will be calculated pro rata to each Placee's commitment to subscribe for Placing Shares.

Other information relating to the Fundraising

Each of the placing of the Firm Placing Shares, the Placing Shares and the issue of the Open Offer Shares is conditional, *inter alia*, upon Admission becoming effective by no later than 8.00 a.m. on 21 December 2017 (or such later time and/or date as Macquarie and the Company may agree being no later than 8.00 a.m. on 29 December 2017). The Placing is conditional on completion of the Open Offer.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 21 December 2017 (or such time and date being no later than 8.00 a.m. on 29 December 2017, as the Company may decide):

- Admission becoming effective by 8.00 a.m. on 21 December 2017 (or such later time or date not being later than 8.00 a.m. on 29 December 2017 as the Company may decide);
- the Placing and Open Offer Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- the Resolutions having been duly passed without amendment at the General Meeting and the Resolutions becoming unconditional.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 21 December 2017 (or such later time and date as the Company may decide being no later than 8.00 a.m. on 29 December 2017), the Open Offer will lapse and application monies will be returned by post to the Applicant(s) at the Applicant's risk and without interest, to the address set out in the Application Form, within 14 days thereafter.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

Settlement and dealings

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 21 December 2017. Further information in respect of settlement and dealings in the New Ordinary Shares is set out in paragraph 7 of Part 2 of this document.

Overseas Shareholders

Certain Overseas Shareholders may not be permitted to subscribe for Open Offer Shares pursuant to the Open Offer and should refer to paragraph 6 of Part 2 of this document.

Action to be taken in respect of the Open Offer

If you are a Qualifying Non-CREST Shareholder you will find an Application Form accompanying this document which gives details of your Basic Entitlement (i.e. the number of Open Offer Shares available to you). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure set out at paragraph 3.1 of Part 2 of this document and on the Application Form itself and post it in the accompanying envelope (for use within the UK only), or return it by hand (during normal business hours only), together with payment in full in respect of the number of Open Offer Shares applied for to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received

no later than 11.00 a.m. on 19 December 2017, having first read carefully Part 2 of this document and the contents of the Application Form. If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. As a Qualifying CREST Shareholder you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement. You should refer to the procedure set out at paragraph 3.2 of Part 2 of this document.

The latest time for applications to be received under the Open Offer is 11.00 a.m. on 19 December 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlement or your Basic Entitlement has been credited to your stock account in CREST. The procedures for application and payment are set out in Part 2 of this document. Further details also appear on the Application Form which has been sent to Qualifying Shareholders. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you are in any doubt as to the procedure for acceptance, please contact Link Asset Services on 0371 664 0321. Calls are 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 helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you are in any doubt as to the contents of this document and/or the action you should take, you are recommended to seek your own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the UK or, if you are outside the UK, from an appropriately authorised independent financial adviser, without delay.

Shareholders should read the whole of this document and not rely solely on the summary information in this letter.

9 RELATED PARTY TRANSACTIONS

9.1 *Participation in the Firm Placing by the Directors*

The following Directors are subscribing for New Ordinary Shares at the Issue Price pursuant to the Fundraising.

<i>Director</i>	<i>No. of Ordinary Shares held prior to the Fundraising</i>	<i>No. of Ordinary Shares subscribed pursuant to the Fundraising</i>	<i>No. of Ordinary Shares held following completion of the Fundraising</i>	<i>Percentage of Enlarged Issued Share Capital held following completion of the Fundraising</i>
Lucio Genovese	2,846,944	739,372	3,586,316	0.71
Stuart Brown	507,148	369,686	876,834	0.17
Keith Johnson	282,997	110,906	393,903	0.08

The Directors are subscribing for New Ordinary Shares directly with the Company and not as Placees.

9.2 *Participation in the Fundraising by RCF and Pacific Road*

RCF and Pacific Road currently hold 77,083,679 Ordinary Shares (24.07 per cent. of the existing issued ordinary share capital) and 76,488,367 Ordinary Shares (23.88 per cent. of the existing issued ordinary share capital) respectively, making them substantial shareholders in the Company for the purpose of the AIM Rules. RCF is subscribing for 44,362,292 Firm Placing Shares and 14,780,320 Placing Shares and Pacific Road is subscribing for 44,362,292 Firm Placing Shares and 14,780,320 Placing Shares and therefore these constitute related party transactions in accordance with Rule 13 of the AIM Rules. Following the Fundraising (and assuming no Placing Shares subscribed by RCF or Pacific Road are clawed-back under the Open Offer), RCF will hold 136,226,291 Ordinary Shares (26.97 per cent. of the Enlarged Issued Share Capital) and Pacific Road will hold 135,630,979 Ordinary Shares (26.85 per cent. of the Enlarged

Issued Share Capital). The Directors (apart from Mr. Keith Johnson and Mr. Niall Young, who are RCF's nominee and Pacific Road's nominee on the Board respectively and therefore are not deemed to be independent) consider, having consulted with Macquarie, that the participation of RCF and Pacific Road in the Firm Placing is fair and reasonable insofar as Shareholders are concerned.

For the avoidance of doubt, following completion of the Fundraising: (i) RCF will continue to hold 2014 Warrants entitling them to subscribe for 24,393,218 new Ordinary Shares and the Series B Warrants; (ii) Pacific Road will continue to hold 2014 Warrants entitling them to subscribe for 24,393,218 new Ordinary Shares; and (iii) the Company currently intends to continue to issue new Ordinary Shares to RCF and Pacific Road to satisfy future payment of interest under the Series A Bonds.

10 THE PLACING AND OPEN OFFER AGREEMENT

Pursuant to the terms of the Placing and Open Offer Agreement, Macquarie, as agent for the Company, has agreed to use its reasonable endeavours to procure subscribers for the Firm Placed Shares and the Placing Shares at the Issue Price. The Placing and Open Offer Agreement is conditional upon, among other things, the conditions set out at paragraph 8 of this Part 1 and none of the warranties or undertakings given to Macquarie prior to Admission being or becoming untrue, inaccurate or misleading.

The Placing and Open Offer Agreement contains customary warranties given by the Company in favour of Macquarie in relation to, among other things, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Macquarie (and its affiliates) in relation to certain liabilities which they may incur in respect of the Fundraising.

Macquarie has the right to terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission. In particular, in the event of breach of the warranties or a material adverse change or if the Placing and Open Offer Agreement does not become unconditional.

11 GENERAL MEETING

The General Meeting of the Company, notice of which is set out at the end of this document, is to be held at 10.00 a.m. on 20 December 2017, at the offices of 4 More London Riverside, London SE1 2AU. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions in order to approve the Fundraising.

A summary and explanation of the Resolutions is set out below. Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Resolutions contained in the Notice of General Meeting at pages 55 to 56 of this document.

Resolution 1: Authority to allot shares

This ordinary resolution will grant the Directors authority to allot the New Ordinary Shares for the purposes of the Fundraising. The authority given by this Resolution will expire 90 days after the date of the passing of the Resolution. This authority will be in addition to any authority proposed to be given to the Directors at the 2017 annual general meeting.

Resolution 2: Disapplication of pre-emption rights

Conditional on the passing of Resolution 1, Resolution 2 disapplies the statutory pre-emption rights in respect of the allotment of the New Ordinary Shares to be allotted pursuant to Resolution 1 in connection with the Fundraising. The authority given by this Resolution will expire 90 days after the date of the passing of the Resolution.

12 ACTION TO BE TAKEN IN RELATION TO THE GENERAL MEETING

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 4ZF no later than 10.00 a.m. on 18 December 2017. 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 10.00 a.m. on 18 December 2017. 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.

13 **RISK FACTORS AND ADDITIONAL INFORMATION**

The attention of Shareholders is drawn to the risk factors, taxation and additional information set out at Parts 3, 4 and 5 of this document respectively.

The tax information set out at part 4 of this document is intended only as a general guide to the current UK tax position. Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser immediately.

14 **RECOMMENDATION AND VOTING INTENTIONS**

The Board believe that the Fundraising is in the best interests of the Shareholders and the Company as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions as they and Shareholders connected with them intend to do so in respect of their aggregate beneficial holdings of Ordinary Shares.

Yours faithfully

Lucio Genovese
Non-Executive Chairman
Firestone Diamonds plc

PART 2 - TERMS AND CONDITIONS OF THE OPEN OFFER

1 INTRODUCTION

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price pro rata to their existing holdings. Qualifying Shareholders will be able to apply for their Basic Entitlements. Qualifying Shareholders will also be entitled, provided they have taken up their Basic Entitlements in full, to apply under the Excess Application Facility.

The Firm Placing Shares, which represent approximately 80.0 per cent. of the Fundraising, have been placed with institutional and other investors at the Issue Price, are not being offered to Qualifying Shareholders and do not form part of the Open Offer.

The Issue Price of the Open Offer Shares is the same as for the Firm Placing Shares and the Placing Shares and represents a discount of 49.4 per cent. to the closing price of 19.75 pence per Existing Ordinary Share on 30 November 2017 (being the last Business Day before the announcement of the Fundraising).

A summary of the arrangements relating to the Open Offer is set out below. This document and, where relevant, the Application Form contains the formal terms and conditions of the Open Offer.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 19 December 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlements under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are further set out below in this Part 2.

2 THE OPEN OFFER

The Company hereby invites Qualifying Shareholders to apply, on and subject to the terms and conditions set out herein and in the Application Form (in respect of shares held in certificated form) and subject to the articles of association of the Company, for Open Offer Shares at the Issue Price, free from all expenses, payable in cash in full on application. The closing mid-market price for an Ordinary Share, on 30 November 2017 (being the last practicable date before the announcement of the Fundraising) was 19.75 pence.

Subject to fulfilment of the conditions set out below and (in respect of Ordinary Shares held in certificated form) in the Application Form, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares at the Issue Price payable in full on application and free of all expenses, pro rata to their existing shareholdings, on the basis of:

3 Open Offer Shares for every 26 Existing Ordinary Shares

held at the Record Date. Basic Entitlements and where relevant, Excess Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares. Fractions of Open Offer Shares will not be allotted but aggregated under the Excess Application Facility, each Qualifying Shareholder's entitlement being rounded down to the nearest whole number.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum basic entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Basic Entitlements pursuant to the Excess Application Facility.

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 3(ii) of this Part 2 for information on how to apply for Open Offer Shares pursuant to the Excess Application Facility.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once subscriptions by Qualifying Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Any monies paid for applications in excess of their Basic Entitlements which are not so satisfied will be returned to the Applicant (at the Applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement.

Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Restricted Jurisdiction) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including without limitation a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of this Part 2.

If you have received an Application Form with this document, please refer to paragraphs 3(i) and 4(i) of this Part 2.

If you hold your Ordinary Shares in CREST and have received a credit of Basic Entitlements and Excess Entitlements to your CREST stock account, please refer to paragraphs 3(ii) and 4(ii) of this Part 2 and also to the CREST Manual for further information on the CREST procedures referred to below.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission of the Open Offer Shares will become effective and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 21 December 2017.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Basic Entitlements and Excess Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Basic Entitlements and Excess Entitlements will be admitted to CREST at 8.00 a.m. on 5 December 2017. Such Basic Entitlements and Excess Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 5 December 2017. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying Non-CREST Shareholders will have received an Application Form with this document which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements on 5 December 2017.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank *pari passu* for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

The Basic Entitlements and any Excess Entitlements of Qualifying CREST Shareholders will be registered in uncertificated form and credited to their stock account in CREST. The Basic Entitlements and any Excess Entitlements of Qualifying Non-CREST Shareholders will be registered in certificated form and sent to Qualifying Non-CREST Shareholders. The action to be taken in relation to the Open Offer is described in paragraph 3 below.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 21 December 2017 (or such time and date being no later than 8.00 a.m. on 29 December 2017, as the Company may decide):

- Admission becoming effective by 8.00 a.m. on 21 December 2017 (or such later time or date not being later than 8.00 a.m. on 29 December 2017 as the Company may decide);
- the Placing and Open Offer Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- the Resolutions having been duly passed without amendment at the General Meeting.

It is expected that Admission will occur and dealings in the Open Offer Shares will commence at 8.00 a.m. on 21 December 2017.

If the conditions are not fulfilled on or before 8.00 a.m. on 21 December 2017 (or such later date, time and being not later than 8.00 a.m. on 29 December 2017, as the Company may decide) application monies are expected to be returned without interest by crossed cheque in favour of the Applicant(s) (at the Applicant's risk) by post for Qualifying non-CREST Shareholders and through CREST for Qualifying CREST Shareholders as soon as practicable after that date and any Basic Entitlements or Excess Entitlements admitted to CREST will be disabled.

The Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. Qualifying CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's claims processing unit.

Completed Application Forms (in respect of shares held in certificated form), accompanied by full payment, should be returned by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 19 December 2017.

The Open Offer Shares will represent approximately 7.3 per cent. of the Enlarged Issued Share Capital.

Further terms of the Open Offer are set out in this Part 2 and, where relevant, in the Application Form.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this document, including in particular the important information set out in the letter from the Chairman in Part 1 of this document, as well as this Part 2.

3 PROCEDURE FOR APPLICATION AND PAYMENT

Save as provided in paragraph 6 of this Part 2 in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your entitlement under the Open Offer, including the Excess Application Facility, or you have Basic Entitlements and Excess Entitlements credited to your CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date and who take up Open Offer Shares under their entitlement will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 3(ii)(f) of this Part 2.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be

able to take the necessary action specified below to apply under the Open Offer in respect of their Basic Entitlements and Excess Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Basic Entitlements and Excess Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service operated by the London Stock Exchange giving details of the revised dates.

3.1 Qualifying non-CREST Shareholders (Shareholders who hold share certificates and receive an Application Form in respect of their Open Offer Entitlement)

(a) General

Subject to the provisions set out in this Part 2 in relation to the Overseas Shareholders, Qualifying Non-CREST Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying Non-CREST Shareholder's name at close of on the Record Date.

It also shows the number of Open Offer Shares for which such relevant Qualifying Non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in paragraph 2 of this Part 2, above. Qualifying Non-CREST Shareholders may also apply for less than their maximum Basic Entitlements.

The instructions and other terms set out in the Application Form constitute part of the terms of the Open Offer.

The Excess Application Facility enables Qualifying Shareholders who have taken up their full Basic Entitlements to apply for additional Open Offer Shares in excess of their Basic Entitlements. Applications in excess of the Basic Entitlements will only be satisfied to the extent that applications made by other Qualifying Shareholders are less than their full Basic Entitlements and may therefore be scaled down at the Company's sole discretion.

The instructions and other terms which are set out in the Application Form constitute part of the terms of the Open Offer.

(b) Market Claims

Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form which is personal to the Qualifying Non-CREST Shareholders(s) named thereon and may not be assigned, transferred or split except in the circumstances described below. The Application Form represents the right to apply for Open Offer Shares and is not a document of title and cannot be separately traded. It is transferable only to satisfy legitimate market claims in relation to market purchases pursuant to the rules of the London Stock Exchange prior to the Existing Ordinary Shares being marked "ex" the entitlement to the Open Offer. Applications may be split or consolidated only to satisfy *bona fide* market claims up to 3.00 p.m. on 15 December 2017.

Qualifying Non-CREST Shareholders may also apply for Excess Entitlements in excess of their Basic Entitlement to Open Offer Shares by completing Boxes 3 and 4 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their Basic Entitlement) and submitting the amount payable on such application. Further details of the Excess Application Facility are set out in paragraph 3(i)(f) of this Part 2.

Any Qualifying Non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer, should consult his stockbroker or other professional adviser as soon as possible since the invitation to acquire New Ordinary Shares under the Open Offer may represent a benefit which can be claimed from him by the purchaser or transferee under the rules of the London Stock Exchange. Qualifying Non-CREST Shareholders who have sold all or part

of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the purchaser or transferee or the bank, stockbroker or other agent through whom or by whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the United States of America, Australia, Canada, South Africa, New Zealand or Japan. Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, being 4 December 2017. Application Forms may be split up to 3.00 p.m. on 15 December 2017.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3(ii) below.

A Qualifying Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to Link Asset Services. However, he or she is strongly encouraged to still complete and return the Form of Proxy to Link Asset Services.

(c) *Application Procedures*

Applications for Open Offer Shares (including under the Excess Application Facility) by Qualifying Non-CREST Shareholders may only be made on the Application Form, which is personal to the Qualifying Non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Qualifying Non-CREST Shareholders may also apply for Open Offer Shares in excess of their Basic Entitlement to Open Offer Shares up to the maximum amount of their Excess Entitlements by completing Boxes 3 and 4 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their Basic Entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 3(i)(f) of this Part 2.

A Qualifying Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to Link Asset Services. However, he or she is strongly encouraged to still complete and return the Form of Proxy to Link Asset Services.

If you are a Qualifying Non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer (including any application for any Excess Entitlements under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions on it and send it by post or deliver it by hand (during normal business hours only) with the appropriate remittance, to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, UK so as to arrive no later than 11.00 a.m. on 19 December 2017. A reply paid envelope is enclosed for use by Qualifying Non-CREST Shareholders in connection with the Open Offer. Your Application Form will not be valid unless you sign it.

The Application Form represents a right personal to the Qualifying Non-CREST Shareholders to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange.

Application Forms may be split up to 3.00 p.m. on 15 December 2017 but only to satisfy such *bona fide* market claims. Qualifying Non-CREST Shareholders who have before the ex entitlement date

sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying Non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part 2, in the letter from the Chairman of the Company in Part 1, in the Application Form and in the articles of association of the Company) be allocated the Open Offer Shares applied for in full at the Issue Price (subject to the Company's discretion to accept, reject or scale back any application for any Open Offer Shares).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or a duly endorsed banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of Link Asset Services, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

Please note that Link Asset Services cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement(s) to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Company may in its absolute discretion elect to accept Application Forms and remittances after 11.00 a.m. on 19 December 2017. The Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 19 December 2017 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares concerned, and undertaking to lodge the relevant Application Form in due course.

(d) *Payments*

All payments must be in pounds sterling and cheques or duly endorsed banker's drafts should be made payable to "Link Market Services Limited re: FIRESTONE DIAMONDS PLC Open Offer A/C" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques may not be accepted except building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the back of the building society cheque or bankers' draft on the reverse to such effect.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Link Asset Services to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Application monies will be paid into a separate non-interest bearing bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 21 December 2017 or such later time and date as the Company may decide (being no later than 29 December 2017), the Open Offer will lapse and application monies will be returned by post to Applicant(s), at the Applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

The Company shall as soon as possible after 21 December 2017 refund any payment received with respect to an application for a number of Open Offer Shares in respect of a Basic Entitlement which has been rejected in whole or in part by the Company.

(e) *Effect of Application*

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (i) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (ii) confirm to the Company and Macquarie that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group and the Ordinary Shares contained within this document;
- (iii) represent and warrant to the Company and Macquarie that if you have received some or all of your Basic Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Basic Entitlements by virtue of a *bona fide* market claim;
- (iv) represent and warrant to the Company and Macquarie that you are not a citizen or resident of a Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within a Restricted Jurisdiction or to a resident of a Restricted Jurisdiction or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
- (v) represent and warrant to the Company and Macquarie that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis;
- (vi) represent and warrant to the Company and Macquarie as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in a Restricted Jurisdiction, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into a Restricted Jurisdiction; (ii) you are not and were not located in a Restricted Jurisdiction at the time you accepted the Application Form or at the time

you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside a Restricted Jurisdiction at the time he or she instructed you to submit the Application Form;

- (vii) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this document and the Application Form, subject to the articles of association of the Company;
- (viii) confirm that in making the application you are not relying on and have not relied on the Company or Macquarie or any person affiliated with the Company or Macquarie in connection with any investigation of the accuracy of any information contained in this document or your investment decision;
- (ix) represent and warrant to the Company and Macquarie that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (x) represent and warrant to the Company and Macquarie that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "**Exchange Information**"), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, Macquarie, nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in this document, the Application Form or any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xii) represent and warrant to the Company and Macquarie that the purchase by you of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form. Shareholders are

nevertheless requested to complete and return the enclosed Form of Proxy for use at the General Meeting to be held at 4 More London Riverside, London SE1 2AU at 10.00 a.m. on 20 December 2017.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. For all enquiries in relation to the procedure for application for Qualifying Non-CREST Shareholders under the Open Offer please contact Link Asset Services on 0371 664 0321. Calls are 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 helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot comment on the merits of the Open Offer or provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(f) *The Excess Application Facility*

The Excess Application Facility enables Qualifying Shareholders who have taken up their Basic Entitlements in full to apply for additional Open Offer Shares.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by their Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once applications by Qualifying Shareholders for their Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Qualifying Non-CREST Shareholders who wish to apply for additional Open Offer Shares in excess of their Basic Entitlements must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the 36,954,356 Open Offer Shares being made available to Qualifying Shareholders as a result of applications made in respect of the Excess Application Facility, resulting in a scaling back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility and from whom payment in full for such Open Offer Shares has been received in cleared funds will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for under the Excess Application Facility but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

Fractions of Open Offer Shares will be aggregated and issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

3.2 *If you have Basic Entitlements and Excess Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer*

(a) *General*

Subject as provided in paragraph 6 of this Part 2 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Basic Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Basic Entitlement under the Excess Application Facility. Further details of Excess Application Facility can be found in paragraph 3 (ii) (j) of this Part 2.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlements and Excess Entitlements have been

allocated.

If for any reason the Basic Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 5 December 2017 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess Entitlements) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please contact Link Asset Services on 0371 664 0321. Calls are 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 helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot comment on the merits of the Open Offer or provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares (including any applications for Excess Entitlements) as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

The Basic Entitlements and Excess Entitlements will have separate ISIN/SEDOL numbers and will constitute separate securities for the purposes of CREST. Although Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and Excess Entitlement(s) will thereafter be transferred accordingly.

(c) *USE Instructions*

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Basic Entitlements and Excess Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) an Unmatched Stock Event ("**USE**") instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Link Asset Services under the participant ID and member account ID specified below, with a number of Basic Entitlements or Excess Entitlements corresponding to the number of Open Offer Shares or Excess Entitlements applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Link Asset Services in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Entitlements referred to in (i) above.

(d) *Content of USE Instructions in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to Link Asset Services as receiving agent);
- (ii) the ISIN of the Basic Entitlement. This is GB00BF0W1859;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of Link Asset Services, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of Link Asset Services, in its capacity as CREST receiving agent. This is 29447FIR;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 19 December 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 19 December 2017.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 19 December 2017 in order to be valid is 11.00 a.m. on that day.

(e) *Content of USE Instructions in respect of Excess Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess Entitlement(s) being delivered to Link Asset Services) not exceeding the maximum amount of the Excess Entitlement;
- (ii) the ISIN of the Excess Entitlement. This is GB00BF0W1966;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Entitlements are to be debited;
- (v) the Participant ID of Link Asset Services in its capacity as a CREST receiving agent, which

is 7RA33;

- (vi) the CREST member account ID of Link Asset Services in its capacity as CREST receiving agent, which is 29447FIR;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be before 11.00 a.m. on 19 December 2017; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 19 December 2017.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle in order to be valid is 11.00 a.m. on 19 December 2017.

Please note that automated CREST generated claims and buyer protection will not be offered on the Excess Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 21 December 2017, or such later time and date as the Company may decide (being no later than 29 December 2017), the Open Offer will lapse, the Basic Entitlements and Excess Entitlements admitted to CREST will be disabled and Link Asset Services will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The Open Offer cannot be revoked once all conditions have been satisfied.

(f) *Deposit of Basic Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements and Excess Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form.

Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form. A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and Excess Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 19 December 2017. In particular, having regard to normal processing times in CREST and on the part of Link Asset Services, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements in CREST, is 3.00 p.m. on 15 December 2017, and the recommended latest time for receipt by

Euroclear UK & Ireland of a dematerialised instruction requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST is 4.30 p.m. on 13 December 2017, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements and Excess Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements and Excess Entitlements prior to 11.00 a.m. on 19 December 2017.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the warranties and representations on page 2 of the Application Form, and a declaration to the Company from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any of the Restricted Jurisdictions and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 19 December 2017 will constitute a valid application under the Open Offer.

(h) *CREST Procedures and Timings*

CREST members and (where applicable) their CREST Sponsors should note that Euroclear UK & Ireland does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 19 December 2017. In this connection CREST members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Incorrect or Incomplete Applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Link Asset Services reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares and/or Excess Entitlements as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest).

(j) *The Excess Application Facility*

Provided that a Qualifying CREST Shareholder chooses to take up their Basic Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for additional Open Offer Shares in excess of their Basic Entitlements. Any such applications will be granted at the absolute discretion of the Company.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding

applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once subscriptions by Qualifying Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

An Excess Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part 2 in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Entitlement in order for any applications for Excess Entitlements to be settled through CREST. The credit of such Excess Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess Entitlement as an Excess Entitlement is subject to scaling back at the Company's absolute discretion in accordance with the provisions of this document.

To apply for Excess Entitlements pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the relevant Basic Entitlement(s) be transferred, the Excess Entitlements will not transfer with the Basic Entitlement(s) claim, but will be transferred as a separate claim.

Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed the number of Open Offer Shares being made available, resulting in a scaling back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility, and from whom payment in full for the Excess Entitlement has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest, and at the Applicant's sole risk.

Fractions of Open Offer Shares will be aggregated and issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(k) *Effect of Valid Application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Link Asset Service's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) confirm to the Company and Macquarie that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;

- (iii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the articles of association of the Company;
- (iv) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (v) represent and warrant to the Company and Macquarie that he is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company and that he is able to accept the invitation by the Company of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (vi) represent and warrant to the Company and Macquarie that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (vii) confirm that in making such application he is not relying on any information in relation to the Company other than that contained in publicly available information and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that he will be deemed to have had notice of all the information concerning the Group contained within this document;
- (viii) represent and warrant to the Company and Macquarie that he is the Qualifying Shareholder originally entitled to the Basic Entitlements or that he has received such Basic Entitlements and Excess Entitlements by virtue of a *bona fide* market claim;
- (ix) represent and warrant to the Company and Macquarie that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (x) confirm that in making the application he is not relying on and have not relied on the Company, Macquarie or any person affiliated with the Company or Macquarie in connection with any investigation of the accuracy of any information contained in this document or your investment decision;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "**Exchange Information**"), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, Macquarie nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the

Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and

- (xii) warrant and represent to the Company and Macquarie that the purchase by him of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

(l) *Company's discretion as to Rejection and Validity of Applications*

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 2;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Link Asset Services receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Link Asset Services have received actual notice from CREST of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Registrar in connection with CREST.

(m) *Issue of Open Offer Shares in CREST*

Basic Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 19 December 2017. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day Link Asset Services will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' Basic Entitlements with effect from the next Business Day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

4 MONEY LAUNDERING REGULATIONS

4.1 Holders of Application Forms

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2017, the money laundering provisions of the Criminal Justice Act 1993, Part 5III of the Financial Services and Markets Act 2000 and the Proceeds of Crime Act 2002 (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms) (together, the "**Regulations**"), that Link Asset Services Agent may, in its absolute discretion, require verification of your identity to the extent that you have not already provided the same. Pending the provision to Link Asset Services of evidence of your identity, definitive certificates in respect of Open Offer Shares may be retained at its absolute discretion.

If within a reasonable time after a request for verification of identity but in any event by 11.00 a.m. on 19 December 2017, Link Asset Services has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the monies payable on acceptance of the application will, if paid, be returned without interest and net of bank charges at the Applicant's Risk by cheque to the Applicant(s) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 15 December 2017), by the person(s) named in Box 1 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (i) ask the building society or bank to endorse the back of the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please contact Link Asset Services on 0371 664 0321. Calls are 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 helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes;
- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques may be accepted unless covered by (i) above.

In any event, if it appears to Link Asset Services that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

The verification of identity requirements will not usually apply:

- (1) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing);

- (2) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (3) if the applicant (not being an applicant who delivers their application in person) makes payment by way of a cheque drawn on an account in the applicant's name.

In other cases the verification of identity requirements may apply.

For applications over £12,500 (being the approximate equivalent to 15,000 Euros), Qualifying non-CREST Shareholders are also requested to submit with the Application Form as documentary evidence of identity and address one certified copy document from each of the following lists (as appropriate):

Personal identity documents (UK resident individuals)

- current signed passport;
- Northern Ireland Voter's Card;
- current full UK driving licence;
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit; or
- HM Revenue & Customs tax notifications e.g. tax assessment, statement of account or notice of coding.

Evidence of address (UK resident individuals)

- recent utility bill or utility statement (mobile telephone bills are not acceptable);
- local authority tax bill (current year);
- current UK driving licence (if not used for evidence of name);
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit (provided one or other has not been used as evidence of personal identity); or
- HM Revenue & Customs correspondence addressed to you at stated address (provided HM Revenue & Customs notifications have not been used as evidence of personal identity).

If you are a corporation, please supply:

- a certified copy of your articles of association or statutes or published accounts or certificate of incorporation or trade register entry or certificate of trade;
- the names, addresses and specimen signatures of all directors; and
- evidence of identity and address as stated above for each director.

All certified documents must be certified by a professional person such as a lawyer or attorney, notary or an official entity such as an embassy, consulate or high commission of the country of issue.

Neither Link Asset Services nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Regulations.

4.2 Basic Entitlements and Excess Entitlements in CREST

If you hold your Basic Entitlements or Excess Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlements (and Excess Entitlements) as agent for one or more

persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, Link Asset Services is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Link Asset Services before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Company, Macquarie and Link Asset Services such information as may be specified by Link Asset Services as being required for the purposes of the Regulations. Pending the provision of evidence satisfactory to Link Asset Services as to identity, Link Asset Services may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

5 TAXATION AND STAMP DUTY

If you are in any doubt as to your tax position you should consult your professional adviser without delay.

6 OVERSEAS SHAREHOLDERS

In respect of persons not resident in the United Kingdom or who are citizens of countries other than the United Kingdom the Open Offer may be affected by the laws or regulatory requirements of jurisdictions outside the United Kingdom. It is the responsibility of each Overseas Shareholder to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection with the Open Offer and voting at the General Meeting. No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him/her or such Application Form could lawfully be used without compliance with any registration or other legal or regulatory requirements other than any which may have been fulfilled.

In particular, the Open Offer Shares have not been registered under the United States Securities Act of 1933 (as amended) or the relevant securities legislation in Australia, Canada, South Africa, New Zealand or Japan and therefore the Open Offer Shares may not be offered, sold, transferred or delivered directly or indirectly in the United States of America, Australia, Canada, South Africa, New Zealand or Japan or their respective territories and possessions. No application form will be accepted from, any Shareholder who is unable to give the warranty set out in the Application Form or who the Company or its agent has reason to believe is ineligible to apply.

It is the responsibility of any person receiving a copy of this document or an Application Form and wishing to make an application to subscribe for the Open Offer Shares to satisfy himself/herself as to the full observance of the laws and regulatory requirements of any relevant territory, including the obtaining of all necessary governmental or other consents which may be required or observing any other formalities needing to be observed in such territory and the payment of any taxes due in such jurisdiction.

None of the Company, Macquarie, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

The Company, Link Asset Services and Macquarie reserve the right to treat as invalid any application, or purported application, to subscribe for Open Offer Shares pursuant to the Open Offer which appears to the Company or its agent to have been executed, effected or despatched in a manner which may involve a breach of the securities legislation of any jurisdiction or which does not include the warranties set out in the Application Form. Completion of an Application Form shall constitute a warranty that the Shareholder is eligible to apply.

7 ADMISSION, SETTLEMENT AND DEALINGS

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Subject to the Fundraising becoming unconditional in all respects, it is expected that Admission will become effective and that dealings in the Open Offer Shares will commence at 8.00 a.m. on 21 December 2017.

Basic Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 19 December 2017 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 21 December 2017). On this day, Link Asset Services will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 21 December 2017). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Basic Entitlements and Excess Entitlements, and to allot and/or issue any Open Offer Shares in certificated form.

In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Link Asset Services in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be dispatched by post by 29 December 2017.

No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. All documents or remittances sent by or to Applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to the Application Form.

8 DILUTION

The share capital of the Company in issue at the date of this document will (assuming that all of the Firm Placing Shares, the Placing Shares and the Open Offer Shares are issued) be increased approximately 57.7 per cent. as a result of the Fundraising. Those Shareholders (who are not placees under the Firm Placing or the Placing) who do not take up their Basic Entitlements or Excess Entitlements will suffer a reduction of 36.6 per cent. in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission.

PART 3 - RISK FACTORS

Potential investors should carefully consider the risks described below before making a decision to invest in the Company. This Part 3 contains what the Directors believe to be certain of the principal risk factors associated with an investment in the Company. It should be noted that this list is not exhaustive and that other risk factors will apply to an investment in the Company. If any of the following risks actually occur, the Company's business, financial condition and/or results or future operations could be materially adversely affected. In such circumstances, the trading price of the New Ordinary Shares could decline and an investor may lose all or part of their investment. There can be no certainty that the Company will be able to implement successfully the strategy set out in this document or documents referred to in this document. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial, may also have an adverse effect on the Company.

This document contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company which are described below and elsewhere in this document. Prospective investors should carefully consider the other information in this document. The risks listed below do not necessarily comprise all the risks associated with an investment in the Company.

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent financial adviser duly authorised under FSMA and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

The Group's principal activity is the exploration and mining of diamonds. As with any business in this sector, there are risks and uncertainties relevant to the Group's business. Certain of these risk factors affect the majority of businesses, some are common to businesses in the diamond mining sector and others are more specific to the Group.

Operational and Industry Risks

Exploration, Development and Mining Risks

The successful exploration, development and mining of diamonds is subject to a number of risks and hazards which even a combination of careful evaluation, experience and knowledge may not eliminate. These risks include environmental hazards, industrial accidents, fires, the encountering of unusual or unexpected geological formations, pit side wall failures, flooding, earthquakes, damage to diamonds during the mining and/or processing phase of operations and periodic interruptions of utilities due to inclement or hazardous weather conditions (for example, heavy snowfall). These occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, reduced production and delays in mining, asset write-downs, monetary losses and possible legal liability.

Estimates of Reserves and Resources

The estimation of the Group's resources and reserves and their anticipated production profiles comply with standard evaluation methods generally used in the international mining industry. In respect of these estimates, no assurance can be given that the anticipated revenues, tonnages and grades will be achieved, that the indicated level of recovery will be realised or that the kimberlitic resources can be mined or processed profitably. Actual resources may not conform to expectations and the volume and grade of ore recovered may be below the estimated levels. There can be no assurance that recoveries in small-scale laboratory tests will be duplicated in larger-scale tests under on-site conditions or during production. Reserve data are not indicative of future results of operations. If the Group's actual reserves and resources are less than current estimates, the Group's results or operations or financial position may be materially and adversely affected.

Diamond Market Risks

The business of the Group is focused on the exploration and mining of diamonds. The marketability of diamonds is affected by and dependent on numerous factors beyond the control of the Group, the precise effects of which cannot be accurately predicted. These factors include market fluctuations, general economic activity, action taken by other diamond companies or nations where diamonds are mined, the supply of rough diamonds to the market, consumer demand for polished diamonds and the availability and pricing of other substitute material (including synthetic diamonds), government regulation relating to taxation, royalties, production levels, imports and exports, land tenure and land use, mining licences, health and safety and the environment.

Depending on demand and pricing within the diamond market, the Group may determine that it is not economically feasible to continue production which could have an adverse impact on the Group's business, results of operations and financial condition. In such circumstances the Group may curtail or suspend some or all of its production activities.

Title and Licenses

The Group requires a number of licenses, leases, approvals, permits and regulatory consents, in respect of its operations as well as work and environment permits (collectively, "**Authorisations**"). The Group has obtained all Authorisations, which are material to the mining of the Liqhobong Diamond Mine. The political, legal and regulatory regime within Lesotho is still developing and there can be no assurance that the Group has or will have every necessary or desirable Authorisation required at any one time to conduct the Group's operations. Any delays in being awarded the relevant Authorisations may affect the Group's financial position. Furthermore, there is a risk that such Authorisations could be terminated, revoked, withdrawn, suspended, unavailable for renewal following expiry or become commercially unviable. Whilst the Group has investigated its title to and rights over interests in and relating to its mining assets and rights, this should not be construed as a guarantee of the Group's title to such assets. The Group's assets may be subject to prior unregistered agreements or transfers that have not been recorded or detected through title research and title may be affected by undetected defects. There can be no assurance that title to some of the Group's assets will not be challenged or impugned.

Single Principal Asset

The Liqhobong Diamond Mine is the Group's main asset and is the Group's main source of revenue. In the event that the Liqhobong Diamond Mine is unable to maintain a steady-state of production, whether due to operational failings or *force majeure* events, then a reduction in targets or the suspension of operations at the Liqhobong Diamond Mine could have a material adverse effect on the financial position of the Group. In particular, it could result in the Group defaulting on the repayment of the Eurobonds and/or the ABSA Debt Facility.

Availability of and access to infrastructure

The Group's mining, processing, development and exploration activities depend on adequate infrastructure, including reliable roads, power sources and water supplies. Any failure or unavailability of the infrastructure on which the Group's operations rely could adversely affect the production output from its mines or impact its exploration activities or the development of a mine or a project. If the infrastructure used by the Group is affected, it could have a material adverse effect on the Group's business, results or operations or financial condition.

Risk of theft

The Group has established security systems, procedures and arrangements in place across the extraction, processing and diamond recovery chain. Despite the best efforts of management, there can be no guarantee that there will be no occurrences of theft of diamonds from the Group's operations. Whilst the Group maintains insurance against such theft in an amount it considers to be adequate, in certain circumstances its insurance may not cover or be adequate to cover any such theft, in which case the Group could incur significant costs that could materially and adversely affect its results of operations.

Management Risks

The Group's business is highly dependent on the Chief Executive and the senior management team. There can be no certainty that the services of such key personnel will continue to be available to the Group as competition for such personnel is intense in the mining industry. Factors critical to retaining the Group's present staff and attracting and recruiting additional qualified personnel include, *inter alia*, the Group's ability to provide these individuals with competitive compensation arrangements. If the Group is not successful in retaining or attracting qualified individuals in key management and operational positions, its business may be adversely affected.

Competition

The diamond mining business is highly competitive in all its phases. The Group competes with numerous other companies, several of which have greater financial, technical and other resources than the Group, for the acquisition of assets as well as the recruitment and retention of qualified employees and other personnel.

Insurance Risks

Although the Board believes the Group carries adequate insurance with respect to its activities in accordance with industry practice, in certain circumstances its insurance may not cover or be adequate to cover the consequences of such events. Furthermore, insurance fully covering many environmental risks including potential liability for pollution or other hazards as a result of the containment of waste water (or "slimes") is not generally available to the Group or to other companies in the mining industry. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition, results or operations of the Group.

Litigation Risks

While the Group is not party to any material litigation, there can be no guarantee that current or future actions of the Group will not result in material litigation. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceedings will not have a material effect on the Group's financial position or results of operations.

On 13 November 2017 the Company received a letter from The Department of Corruption and Economic Offences in Maseru, Lesotho requesting information relating to the award of a long term mining contract by LMDC. The Board, having reviewed the tendering process in detail and taken legal advice on the matter, is confident that the process was conducted in an open and transparent fashion and in compliance with all relevant laws and the relevant Lihobong mining contract. The Company is in the process of responding to all requests for information in full.

Work Force Risks

Much of the work undertaken in relation to the Lihobong Diamond Mine is dependent on locally sourced employees. The Directors believe that the Group has good relationships with its employees but work slow-downs, stoppages or other labour related developments or disputes involving employees could potentially result in a delay or decrease in production going forward which in turn could impact the Group's financial performance and condition.

The success of the Group's operations also depends on its ability to hire sufficient skilled and qualified people locally. The Group may struggle to recruit and retain engineers, consultants and other important members of the workforce due to shortages of labour, or of skilled workers, or the unavailability or over commitment of consultants, which may cause delays to production.

Environmental Risks

The Group's operations are subject to environmental regulation. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-

compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.

Economic, Financial and Political Risks

Currency Risks, Exchange Rate Fluctuations and Exchange Control Regulations

The Company is exposed to a number of different currency risks between the South African Rand, Lesotho Maloti, US dollar, Sterling and Botswana Pula. The Group values and sells its diamonds in US dollars and then converts the proceeds to sterling, Maloti and Pula as required. As the Group reports in US\$, reported revenue is affected by changes in exchange rates between the above currencies. The Group's expenses in Botswana, South Africa, the UK and Lesotho are incurred in Pula, Rand, Sterling and Maloti respectively. The value of the Maloti is set on a 1:1 basis to the Rand. A significant fluctuation in the operating currencies or the US\$ could have a material adverse effect on the business, financial position and result of operations in the Group.

Whilst at present the Group is not adversely affected by strict controls on access to foreign currency and the repatriation of funds, any change in foreign exchange regulations in the jurisdictions in which the Group operates could have a material adverse effect on its business and operations, and there can be no assurance that exchange control restrictions will not be reintroduced in certain countries in which the Group operates.

Economic Risk

In common with other early stage emerging market economies, many African countries (where all of the Group's assets are located) are dependent on sale proceeds from primary commodity production which are subject to fluctuations in world commodity prices. In general, these economies have also experienced devaluations, high inflation and high interest rates. All these economic risks may from time to time adversely affect the Group's operations. Historically, commodity prices (including diamonds) have displayed wide ranges and are affected by the numerous factors over which the Company does not have any control. These include world production levels, international economic trends, expectations for inflation, speculative activity, consumption patterns and global or regional political events.

Geopolitical Risk

Lesotho is a small nation bordered on all sides by the Republic of South Africa and is reliant on its larger neighbour for the supply of food, fuel, and goods and services. Consequently, economic and political events in the Republic of South Africa may have an adverse effect on Lesotho's economy, political system, infrastructure and population which may subsequently have an adverse effect on the Company's operations and financial position.

Political Risk

Democratic political processes have been restored in Lesotho since 1998 and the country has undergone several parliamentary elections under the restored political system. However, there remains a level of volatility to the parliamentary process which could undermine the democratic system of government in Lesotho. Lesotho is still developing the legal framework required to support a market economy. The following risk factors relating to the legal systems of Lesotho creates uncertainties with respect to the Group, many of which uncertainties do not exist in countries with more developed market economies: (i) inconsistencies between and among governmental, ministerial and local orders, decisions, resolutions and other acts; (ii) conflicting local, regional and federal rules and regulations; (iii) the lack of judicial and administrative guidance on interpreting legislation; (iv) laws and government and administrative decisions and certain transactions consummated pursuant to them have in the past been challenged in the Courts and such challenges may occur in the future; (v) substantial gaps in the regulatory structure due to delay or absence of implementing legislation; (vi) a high degree of discretion on the part of governmental authorities, which could result in arbitrary actions such as suspension or termination of licences; and (vii) poorly developed bankruptcy procedures that are subject to abuse. Furthermore, several fundamental laws have only recently become effective. The recent nature of much legislation, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the legal systems

in ways that may not always coincide with market developments place the enforceability and underlying constitutionality of laws in doubt and results in ambiguities, inconsistencies, anomalies and uncertainties. In addition, legislation often contemplates implementing regulations which have not yet been promulgated, leaving substantial gaps in the regulatory infrastructure. Due to the inconsistency of legislation, the same provisions of the law may be applied differently by different local authorities and state bodies. Although the decisions and actions of these authorities and state bodies can be challenged in the Courts, the uncertainty as to how the law will be applied by different local authorities and state bodies may have adverse consequences for the Group. All of these weaknesses could have a material adverse effect on the Group's financial position and prospects and may prevent the Group from effectively and efficiently carrying out its business strategy and could affect the Group's ability to enforce its legal rights in Lesotho, including rights under its contracts, or to defend against claims by others in Lesotho Courts.

Acts of God and contagious diseases

Acts of God such as natural disasters and outbreaks of highly contagious diseases are beyond the control of the Group and may adversely affect the economy, infrastructure and livelihood of people in the countries in which the Group is operating or proposing to operate and other parts of the world. The Group's business and profitability may be adversely affected should such acts of God and/or outbreaks occur and/or continue.

Crime and corruption

The political and economic changes in Lesotho in recent years have resulted in significant dislocations of authority. The local press and international press have reported levels of corruption including the bribing of, or by, officials for the purpose of initiating investigations by government agencies. Press reports have also described instances in which government officials have engaged in selective investigations and prosecutions to further the interests of the government and individual officials or business groups. Demands of corrupt officials (including the initiation of investigations into certain aspects of the Group's business (including procurement) or claims that the Group or its management or its beneficial owners have been involved in corruption or illegal activities or biased articles and negative publicity could adversely affect the Group's ability to conduct its business. Parts of the Lesotho economic system continue to suffer from corruption. The Group may have to cease or alter certain activities or business activities as a result of criminal threats or activities or face delays as a result of selective investigations/prosecutions. Legal rights may be difficult to enforce in the face of organised crime or corruption. Prospective counterparties to the Group may seek to structure transactions in an irregular fashion, to evade fiscal or legal requirements. They may also deliberately conceal information from the Group and its advisers or provide inaccurate or misleading information which may have a material adverse effect on the Group.

Additional compliance costs and sanctions

Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of any applicable licences, permits, approvals and authorisations and in monitoring licencees' compliance with the terms thereof. Failure to comply with existing laws and regulations or the findings of government inspections may result in the imposition of fines or penalties or more severe sanctions including the suspension, amendment or termination of any applicable licences, permits, approvals and authorisations or in requirements to cease certain business activities, or in criminal and administrative penalties. Moreover, an agreement made or transaction executed in violation of a law may be invalidated and unwound by a Court decision. Any such decisions, requirements or sanctions, or any increase in governmental regulation could increase the Group's costs of operation and materially adversely affect the financial position or prospects of the Group.

Risk relating to the Fundraising

Existing debt obligations

As at the date of this document, the Group's debt obligations consist of the US\$82.4 million ABSA Debt Facility, US\$30 million of Series A Bonds and US\$7 million of Series B Bonds. As more particularly described at paragraph 6.1 of Part 1 of this document, ABSA has agreed, in principle, to make certain amendments to the ABSA Debt Facility. The extent and terms of the Group's leverage has important consequences for Shareholders. For example: (i) the Group is required to dedicate a substantial portion

of its cash flow from operations over the life of mine to required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures, other general corporate activities and distributions to equity holders; (ii) the existing indebtedness makes the Group vulnerable to the impact of economic downturns and adverse developments in its business; and (iii) it will be an event of default under the revised ABSA Debt Facility if any three of the Group's consecutive diamond sales achieve less than an average value of US\$70 per carat (which is below the Company's current low-case diamond price assumption of US\$75 per carat). The Group's ability to make scheduled payments on, or to refinance, its obligations or to meet the existing and/or revised financial covenant tests with respect to its indebtedness will depend on its financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors (such as prevailing US\$ per carat diamond price and the ZAR:US\$ exchange rate) which are beyond the Group's control. Furthermore, ABSA intends to undertake a credit review of the Lihobong mine (including an updated technical review) in 12 months' time to assess the actual performance against expectations and consider if additional restructuring actions are necessary. If the Group is unable to generate sufficient cash flow to satisfy its debt obligations and/or ABSA's review reveals that Lihobong's anticipated ability to service debt repayments is lower than currently anticipated, the Group may have to undertake alternative financing plans, such as refinancing or restructuring its debt, reducing or delaying capital investments or seeking to raise additional capital. There is no guarantee that any refinancing would be possible or that additional financing could be obtained on acceptable terms, if at all. The Group's inability to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms, could, in the long term, materially and adversely affect its financial condition and results of operations.

If the Fundraising does not proceed

Implementation of the Fundraising is conditional, among other things, on Shareholders passing the Resolutions. If Shareholders do not pass these Resolutions and the Fundraising does not proceed, the Company may not be able to meet its obligations under the ABSA Debt Facility or Eurobond. The Fundraising is not guaranteed nor underwritten.

If the proposed amendments to the ABSA Debt Facility are not implemented

As announced on 11 April 2014, ABSA granted the Group a project debt finance facility of up to US\$82.4 million for the construction and commissioning of Lihobong. The terms of the ABSA Debt Facility included a total term of 6.5 years, with an 18 month draw down period for construction and with the repayment of capital occurring in the final 4.5 years of the loan term. ABSA has agreed, in principle, to (i) an 18 month debt standstill on capital repayments for the period from 1 January 2018 to 30 June 2019; and (ii) an extension of the final maturity date by 30 months to December 2023. The financial covenants and definition of financial completion in the ABSA Debt Facility would also be revised to reflect the revised mine plan and remaining life of the facility. The cash sweep would be increased from 40 per cent. to 50 per cent. after provision for sufficient working capital. These amendments are conditional, *inter alia*, on: (i) approval of both commercial and political risk insurance by an ECIC; (ii) the Company raising at least US\$20 million pursuant to the Fundraising; (iii) the Company's debt service reserve account to be expanded to cover 18 months' interest during the standstill period and (iv) other customary conditions standard for facilities of this nature including documentation and the signing of material contracts. The Company believes that good progress is being made in relation to satisfying the conditions precedent for such amendment. However, there can be no guarantee that such conditions will be satisfied and/or that definitive agreements to amend the ABSA Debt Facility as described above will be entered into, following which, the Company may not be able to meet its obligations under the terms of the existing ABSA Debt Facility.

Risks relating to the Ordinary Shares and the Open Offer

Dilution of ownership of Ordinary Shares

For those Qualifying Shareholders who do not participate in the Open Offer, their proportionate ownership and voting interest in the Company will be reduced as a consequence. In particular, to the extent that Shareholders do not take up the offer of Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their shareholdings represent of the Ordinary Shares capital of the Company will, following Admission, be reduced accordingly.

Suitability

An investment in Ordinary Shares may not be suitable for all recipients of this document, and is only appropriate for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Potential investors should consider carefully whether investment in the New Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Before making any final decision, potential investors in any doubt should consult with an investment adviser authorised under FSMA who specialises in advising on investments of this nature.

Volatility in price of New Ordinary Shares

The Issue Price may not be indicative of the market price for the New Ordinary Shares following Admission. The market price of the New Ordinary Shares could be volatile and subject to significant fluctuations due to a variety of factors, including changes in sentiment in the market regarding the Company, the sector or equities generally, any regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/or its competitors, the operating and share price performance of other companies in the industries and markets in which the Group operates, news reports relating to trends in the Group's markets or the wider economy and the publication of research analysts' reports regarding the Company or the sector generally.

Liquidity of the Ordinary Shares and AIM generally

An investment in the Ordinary Shares is highly speculative and subject to a high degree of risk. Application will be made for the New Ordinary Shares to be traded on AIM. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. Neither the London Stock Exchange nor the UKLA have examined this document for the purposes of Admission. An investment in the Ordinary Shares may be difficult to realise and the price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Group and its operations and some, which may affect quoted companies generally. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. The market for shares in smaller public companies, such as the Company, is less liquid than for larger public companies. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment. The Company is unable to predict when and if substantial numbers of Ordinary Shares will be sold in the open market following Admission. Any such sales, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares.

Taxation Risk

Any change in the Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

PART 4 - TAXATION

The following information is given in summary form and as a general guide only and is based on tax legislation and, where relevant, current HM Revenue & Customs practice, at the date of this document. Such legislation and practice may be liable to change (in some cases with retrospective effect). The information relates to the tax position of holders of New Ordinary Shares in the capital of the Company who are resident and domiciled in the United Kingdom for tax purposes.

The statements below do not constitute advice to any Shareholder or potential investor on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom or holding the shares as trustees, or United Kingdom insurance companies). This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of New Ordinary Shares. Any Shareholder or potential investor should obtain advice from his or her own investment or taxation adviser before subscribing for New Ordinary Shares.

Inheritance tax relief

The Company's shares are treated as unquoted shares for UK inheritance tax (IHT) purposes. Individuals and trustees subject to IHT may be entitled to business property relief of up to 100 per cent. after a holding period of two years, providing all the relevant conditions for the relief are satisfied at the appropriate time.

Taxation of dividends

Income tax

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

Individual shareholders resident in the UK receiving dividends from the Company may be liable to income tax on such dividends, subject to any applicable reliefs and exemptions. In the tax year ending 5 April 2018, no income tax is payable in respect of the first £5,000 of dividend income (the "**Nil Rate Amount**") received from all sources in the tax year (although such income would still count towards the basic, higher and additional rate thresholds). The Nil Rate Amount will reduce to £2,000 from the 2018/19 tax year. For dividends received above the Nil Rate Amount in a tax year, the dividend income would be taxable at 7.5 per cent., 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively.

Corporation tax

With certain exceptions for traders in securities, a holder of New Ordinary Shares that is a company resident (for taxation purposes) in the United Kingdom and receives a dividend paid by the Company, should generally not be subject to tax in respect of the dividend.

Taxation of chargeable gains

- (a) Under current HM Revenue & Customs practice, the subscription by a Shareholder for shares under the Open Offer up to his minimum entitlement is expected to be treated as a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. To the extent that it is so treated, a Shareholder should not be treated as disposing of the shares already held by him in the Company; the shares issued should be treated as acquired at the same time as the Existing Ordinary Shares held by that Shareholder in respect of which the new shares were offered, and the cost of acquisition of the new shares should be pooled with the expenditure allowable on the relevant Existing Ordinary Shares for the purposes of determining the amount of any chargeable gain arising on a subsequent disposal. Any subscription by a shareholder for shares under the Open Offer in excess of his minimum entitlement should be treated as a new acquisition outside the scope of the rules on reorganisations of share capital. As a matter of UK tax law, the acquisition of Open Offer Shares may not, strictly speaking, constitute a reorganisation of share capital, and there is no guarantee that the HM Revenue & Customs practice mentioned above will be followed, particularly where an open offer is not made to all shareholders.

- (b) A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax in relation thereto at a flat rate of 10 per cent. (in the tax year ending 5 April 2018), of any chargeable gain thereby realised (after taking into account any applicable reliefs and exemptions). To the extent that any chargeable gains or part thereof, aggregated with taxable income arising in a tax year, exceed the upper limit of the basic rate income tax band, capital gains tax will be charged at 20 per cent. (in the tax year ending 5 April 2018). In computing the gain, the Shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal).
- (c) A UK resident corporate shareholder disposing of its shares in the Company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 19 per cent.). In computing the chargeable gain liable to corporation tax, the Shareholder should be entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty should be payable on the issue by the Company of New Ordinary Shares. No stamp duty or stamp duty reserve tax should be payable on transactions in shares traded on AIM where the shares are not also listed on a recognised stock exchange.

Shareholders and/or potential investors who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser. Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult his or her own professional adviser.

PART 5 - ADDITIONAL INFORMATION

1 RESPONSIBILITY

The Directors, whose names are set out on page 5 of this document, accept responsibility for the information contained in this document. To the best knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 MATERIAL CONTRACTS

There are no contracts (not being in the ordinary course of business) entered into by the Company in the last two years which are or may be material or which contain any provision under which the Company has any obligation or entitlement which is or may be material as at the date of this document save as follows:

2.1 *Placing and Open Offer Agreement*

On 1 December 2017, the Company entered into the Placing and Open Offer Agreement with Macquarie pursuant to which Macquarie, as agent for the Company, has agreed to use its reasonable endeavours to place the Firm Placing Shares and the Placing Shares with institutional investors, including certain existing Shareholders. The Placing and Open Offer Agreement contains customary warranties given by the Company to Macquarie as to matters relating to the Group and its business. Macquarie is entitled to terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission, including *inter alia*, a breach of warranties, the failure of the Company to comply, in any material respect, with its obligations under the Placing and Open Offer Agreement or a material adverse change.

For the avoidance of doubt, Macquarie does not have any obligation to use its reasonable endeavours to place, as agent for the Company, any Firm Placing Shares subscribed directly with the Company at the Issue Price (as more particularly set out at paragraph 9 of Part 1) and references to Firm Placing Shares in this document shall be interpreted *mutatis mutandis*.

3 MATERIAL CHANGE

There has been no material change in the financial or trading position of the Company since 30 June 2017, being the date up to which the most recent audited financial statements were published.

4 CONSENT

Macquarie has given and has not withdrawn its consent to the inclusion of its name and references to it in this document, in the form and context in which they appear.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

2014 Warrants	warrants to subscribe for, in aggregate, 48,786,436 new Ordinary Shares, as more particularly described in the Company's circular dated 11 April 2014
ABSA	ABSA Bank Limited, acting through its Corporate Investment Banking division
ABSA Debt Facility	the US\$82.4 million project debt finance facility provided by ABSA to LMDC
Act	the Companies Act 2006 (as amended)
Admission	admission of the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
AIM	the AIM market operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers (as the context may require)
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
AIM Rules for Nominated Advisers	the rules of AIM as set out in the publication entitled 'AIM Rules for Nominated Advisers' published by the London Stock Exchange from time to time
Application Form	the application form accompanying this document to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer
Basic Entitlement(s)	the entitlement to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer, as described in Part 2 of this document
Board or Directors	the board of directors of the Company for the time being
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
certificated or in certificated form	the description of a share or other security which is not in uncertificated form (that is not in CREST)
Chairman	the chairman of the Board
Circular or this document	this document dated 1 December 2017 containing details of the Fundraising and the General Meeting
Closing Price	the closing middle market quotation of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange
Company or Firestone	Firestone Diamonds plc, a company incorporated in England and Wales with registered number 03589905 and having its registered office at The Triangle, 5 – 17 Hammersmith Grove, London W6 0LG
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 Manual	the compendium of documents entitled "CREST Manual" issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules, the CCSS Operations Manual and the CREST Glossary of Terms
CREST Member	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
CREST Participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
CREST Payment	shall have the meaning given in the CREST Manual
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)
CREST Sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST Sponsored Member	a CREST member admitted to CREST as a sponsored member
Enlarged Issued Share Capital	the issued share capital of the Company immediately following Admission
EU	the European Union
Eurobonds	the Series A Bonds and/or Series B Bonds, as appropriate
Euroclear	Euroclear UK & Ireland Limited
Excess Application Facility	the facility pursuant to which Qualifying Shareholders may apply to subscribe for such number of Open Offer Shares in excess of their Basic Entitlements subject to the terms and conditions set out in Part 2 of this document
Excess Entitlement(s)	in respect of a Qualifying Shareholder, the entitlement (provided that the Qualifying Shareholder has agreed to take up its Basic Entitlement in full) to apply for Open Offer Shares in excess of the Basic Entitlement
Existing Ordinary Shares	the 320,271,086 Ordinary Shares in issue at the Record Date
FCA	the UK Financial Conduct Authority
Firm Placed Shares	the 146,668,564 new Ordinary Shares to be issued by the Company under the Firm Placing at the Issue Price and, where the context requires, the 1,219,964 new Ordinary Shares to be subscribed by certain Directors as more particularly described at paragraph 9.1 of Part 1 of this document
Firm Placing	the placing of the Firm Placed Shares pursuant to the Placing and Open Offer Agreement
Form of Proxy	the form of proxy accompanying this document relating to the General Meeting
FSMA	the UK Financial Services and Markets Act 2000 (as amended)
Fundraising	the Firm Placing and the Placing and Open Offer
General Meeting	the general meeting of the Company, notice of which is set out at pages 55 to 56 of this document, and including any adjournment(s) thereof
Group	the Company and/or its subsidiary undertakings at the date of this document (as defined in sections 1159 and 1160 of the Act)
ISIN	International Securities Identification Number
Issue Price	10 pence per New Ordinary Share
Lesotho	the Kingdom of Lesotho
Lesotho Government	the Government of the Kingdom of Lesotho
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
Liqhobong or Liqhobong Diamond Mine	the Liqhobong Diamond Mine which is located in the Lesotho Highlands
LMDC	Liqhobong Mining Development Company (Pty) Limited, which is 75 per cent. owned by the Company and 25 per cent. owned by the Lesotho Government, which operates the Liqhobong Diamond Mine
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 and sole broker for the purposes of the Fundraising and Admission

Mezzanine Facility	the mezzanine facility for US\$30 million in total received from Pacific Road and RCF
Money Laundering Regulations	Money Laundering Regulations 2007 (as amended)
New Ordinary Shares	together, the Firm Placing Shares, the Placing Shares and the Open Offer Shares
Notice of General Meeting	the notice of General Meeting, set out at pages 55 to 56 of this document
Open Offer	the conditional invitation by the Company to Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and in the case of the Qualifying Non-CREST Shareholders only, the Application Form
Open Offer Entitlements	an entitlement to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder under the Open Offer (and, for the avoidance of doubt, references to Open Offer Entitlements include Basic Entitlements and Excess CREST Open Offer Entitlements)
Open Offer Shares	36,954,356 New Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer
Ordinary Shares	the ordinary shares of one penny each in the capital of the Company
Overseas Shareholders	Shareholders with registered addresses outside the UK or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the UK
Pacific Road	(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
Placees	any persons who have agreed to subscribe for Placing Shares pursuant to the Placing
Placing	the placing of Firm Placed Shares pursuant to the Placing and Open Offer Agreement
Placing Shares	36,954,356 new Ordinary Shares (excluding the Firm Placing Shares) which have been conditionally placed in accordance with the terms of the Placing and Open Offer Agreement; and which number shall reduce commensurate with the number of Open Offer Shares to be issued
Placing and Open Offer Agreement	the conditional agreement dated 1 December 2017 between the Company and Macquarie relating to the Fundraising, details of which are set out in paragraph 2.1 of Part 5 of this document
Prospectus Rules	the rules made by the FCA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
Qualifying CREST Shareholders	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are in uncertificated form
Qualifying Non-CREST Shareholders	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in certificated form
Qualifying Shareholders	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date with the exception (subject to certain exceptions) of Shareholders resident in or citizens of any Restricted Jurisdiction
RCF	Resource Capital Fund VI L.P.
Record Date	5.30 p.m. on 30 November 2017 being the latest time by which transfers of Existing Ordinary Shares must be received for registration by the Company in order to allow transferees to be recognised as Qualifying Shareholders

Regulatory Information Service or RNS	has the meaning given in the AIM Rules for Companies
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
Restricted Jurisdictions	each of Australia, Canada, Japan, the Republic of South Africa, New Zealand and the United States
Securities Act	the US Securities Act of 1933, as amended from time to time and the rules and regulations promulgated thereunder
Series A Bonds	has the meaning given to such term at paragraph 6.2 of Part 1 of this document
Series B Bonds	has the meaning given to such term at paragraph 6.3 of Part 1 of this document
Series B Warrants	has the meaning given to such term at paragraph 6.3 of Part 1 of this document
Shareholders	holders of Existing Ordinary Shares
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
Takeover Panel	the Panel on Takeovers and Mergers
UK or United Kingdom	the United Kingdom of England, Scotland, Wales and Northern Ireland
US or United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
US Securities Act	the US Securities Act of 1933 (as amended)
£ or sterling	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 4 More London Riverside, London SE1 2AU at 10.00 a.m. on 20 December 2017, for the purpose of considering and, if thought fit, passing the following Resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution.

ORDINARY RESOLUTION

- (1) That the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**2006 Act**"), in addition to all existing authorities to the extent unused, to exercise all the powers of the Company to allot ordinary shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £1,848,428.84 on, and subject to, such terms as the directors may determine. This authority, unless renewed, extended, varied or revoked by the Company in a general meeting, shall expire 90 days after the date of the passing of this resolution, save that the Company may, prior to the expiry of such period, make an offer or agreement which would or might require shares to be allotted in the Company after such expiry and the directors may allot shares in the Company in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.

SPECIAL RESOLUTION

- (2) That, subject to the passing of Resolution 1, the directors of the Company be and they are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) of the Company for cash pursuant to the authority conferred by Resolution 1 above as if section 561 of the 2006 Act did not apply to any such allotment. This power, unless renewed, extended, varied or revoked by the Company in general meeting, shall expire 90 days after passing of this resolution save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot the relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Dated: 1 December 2017

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 18 December 2017 (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 3 and 4 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 Link Asset Services on 0871 664 0300 (calls cost 12p per minute plus network extras). Calls outside the United Kingdom will be charged at the applicable international rate. The Company's 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 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, Kent BR3 4ZF no later than 10.00 a.m. on 18 December 2017 (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 Link Asset Services (ID RA10) no later than 10.00 a.m. on 18 December 2017 (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 Link Asset Services 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.