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If you have sold or otherwise transferred all your Ordinary Shares, please forward this document, together (where applicable) with the accompanying Form of Proxy, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. Such documents should not however be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should immediately retain these documents and contact your stockbroker, bank or other agent through whom the sale or transfer was effected.

This document is not an offer of securities, or the solicitation of an offer to acquire securities, in any jurisdiction nor does it constitute a prospectus or equivalent document or an admission document drawn up in accordance with the AIM Rules for Companies. This document is provided solely for the information of Shareholders in connection with the General Meeting and not for any other purpose.

This document should be read in conjunction with the accompanying (where applicable) Form of Proxy and the definitions set out in this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of Firestone Diamonds plc which contains the unanimous recommendation by the independent Directors to Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting. The Company and the Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

FIRESTONE DIAMONDS PLC

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

Proposed Standby Debt Facility, restructuring of the existing Mezzanine Facility, proposed increase in share capital authorities

and

Notice of General Meeting

Notice of a General Meeting of Firestone Diamonds plc to be held at 10.00 a.m. on 11 May 2015 at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU is set out at the end of this document. A Form of Proxy for use at this General Meeting is enclosed (where applicable). 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, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive not later than 10.00 a.m. on 7 May 2015 together with any power of attorney or other authority (or a notarially certified copy thereof) under which it is signed. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Whether or not Shareholders entitled to vote at the General Meeting intend to be present, they are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it to Capita by no later than 10.00 a.m. on 7 May 2015 in order to be valid. Completion and return of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you so wish.

Copies of this document are available free of charge from Firestone Diamonds plc, The Triangle, 5 – 17 Hammersmith Grove, London W6 0LG, and a copy is also available from the date of this document on the Company's website www.firestonediamonds.com in accordance with the requirements of Rule 26 of the AIM Rules for Companies.

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LETTER FROM THE CHAIRMAN OF FIRESTONE DIAMONDS PLC



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

Directors:

Raffaele ("Lucio") Genovese (*Chairman*)
Stuart Michael Brown (*Chief Executive Officer*)
Abraham ("Braam") Hendrik Jonker (*Non-Executive Director*)
Paul Andrew Sobie (*Non-Executive Director*)
Kenric Charles Owen (*Non-Executive Director*)
Paul Andrew Sobie (*Non-Executive Director*)
Michael John Carter Wittet (*Non-Executive Director*)
Niall Young (*Non-Executive Director*)

Registered Office:

The Triangle
5 – 17 Hammersmith Grove
London W6 0LG

24 April 2015

Dear Shareholder,

**Proposed Standby Debt Facility, restructuring of the existing Mezzanine Facility,
proposed increase in share capital authorities
and
Notice of General Meeting**

1. Introduction

On 27 May 2014, the Company announced that it had raised, in aggregate, approximately US\$225.2 million (before expenses) to build and commission the Main Treatment Plant and supporting infrastructure at the Lihobong Diamond Mine (the "**Project**"), located in the Lesotho Highlands (the "**Financing**"). As part of the Financing, the Company entered into the Absa Debt Facility whereby Absa agreed to grant LMDC (75.0 per cent. owned by the Company and 25.0 per cent. owned by the Lesotho Government) which owns 100.0 per cent. of the Project, a project debt finance facility of up to US\$82.4 million. Drawdown of the Absa Debt Facility is subject to certain conditions, including the Company securing a separate standby debt facility to fund any potential cost over-runs or delays in respect of the development of the Main Treatment Plant. Accordingly, RCF, a substantial shareholder of the Company, has conditionally agreed to grant a standby debt facility of US\$15.0 million. Following the completion of such facility all conditions precedent under the Absa Debt Facility requiring shareholder approval will have been satisfied and the Board anticipates that all other conditions precedent will be satisfied prior to the scheduled drawdown, which is expected to be during Q3 2015. The Project currently remains within budget and on schedule to achieve initial production at the end of H1 2016 and, accordingly, the Board does not currently envisage that it will need to drawdown the US\$15.0 million standby debt facility.

The standby debt facility will be structured by way of the Company issuing up to US\$15.0 million principal amount of secured quoted US\$1,000 denomination Eurobonds with an interest rate of 8.0 per cent. per annum (the "**Series B Bonds**"), which will be listed on the Cayman Islands Stock Exchange. Pursuant to the terms of the Bond Subscription Agreement, further details of which are set out in paragraph 4 below, RCF will subscribe for up to three tranches of Series B Bonds on the exercise of the put option(s) by the Company. At the time of such subscription(s), the Company will also issue Warrants to RCF (that can only be exercised by way of a redemption of the Series B Bonds) in order to facilitate a potential conversion of the Series B Bonds into new Ordinary Shares on their redemption.

The issue of the Warrants will exceed the Directors' existing authorities to grant rights to subscribe for shares in the Company for cash on a non pre-emptive basis. Accordingly, a general meeting is being convened to

seek Shareholders' approval to grant new share issuance authorities to enable the Directors to issue the Warrants. Details of the Resolutions for which approval will be sought at the General Meeting to be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU on 11 May 2015 at 10.00 a.m. are set out in paragraph 7 below and in the Notice of General Meeting which is set out at the end of this document. The subscription of the Series B Bonds is conditional on the approval by Shareholders of the Resolutions. If Shareholders do not approve the Resolutions, the Company: (i) will not be able require RCF to subscribe for the Series B Bonds; and (ii) will have to put in place arrangements for an alternative standby debt facility (of which there can be no guarantee that it will be able to do so) before the Absa Debt Facility can be drawn down.

The Financing also included the grant by Pacific Road and RCF of a Mezzanine Facility to the Company for, in aggregate, US\$30.0 million. It has now been agreed between the Mezzanine Parties that it is more efficient for the Mezzanine Facility to be restructured by way of an issue of quoted Eurobonds. Accordingly, the Mezzanine Parties have agreed that the Company will issue up to, in aggregate, US\$30.0 million principal amount of secured quoted US\$1,000 Eurobonds (the "**Series A Bonds**"), which will be listed on the Cayman Islands Stock Exchange, to replace the existing Mezzanine Facility. The Series A Bonds shall have the same commercial terms as the Mezzanine Facility. Pacific Road and RCF will subscribe for the Series A Bonds following the exercise of one or more put options by the Company. No warrants will be issued upon the exercise of a put option in relation to the Series A Bonds.

As both Pacific Road and RCF are substantial shareholders of the Company (as such term is defined in the AIM Rules), the issue of any Bonds to them together with the issue of the Warrants to RCF, shall constitute related party transactions under AIM Rule 13.

Accordingly, Shareholders' attention is drawn to the announcement released by the Company today pursuant to which the Directors (save for Mr Niall Young who is Pacific Road's nominee on the Board and therefore not deemed to be independent) confirmed that, having consulted with the Company's nominated adviser, Strand Hanson, they consider that the terms of the Bond Subscription Agreement, the Bond Instruments and Warrant Instrument, which govern the issue of the Series A Bonds, the Series B Bonds and the Warrants, are fair and reasonable insofar as Shareholders are concerned.

2. Project update

The Project commenced in June 2014 and, following a relatively mild winter, the Company was able to get ahead on a number of work streams across the Project before the start of the rainy season in November, during which the Project experienced above average rainfall which, together with the requirement to remove excess top soil, had an initial negative impact, necessitating a re-scheduling of certain works and an increased work load.

The Board is however pleased to report that the Project continues to progress well with the Project team continuing to effectively manage the Project's risks and that, as a result, the Project currently remains within budget and on schedule to achieve initial production at the end of H1 2016.

As at the end of March 2015, ZAR1.3 billion worth of orders had been placed out of a total budget of ZAR1.4 billion relating to the Engineering, Procurement, Construct and Manage contract. The Project team's budget of ZAR280.0 million continues to be spent according to the Project schedule. In total, as at the end of March 2015, approximately ZAR635 million had been spent on the Project, which is in line with the forecast completion schedule.

In addition, the grid power project to connect the Project to the grid power, which also commenced in June 2014, is a separate project (budgeted at ZAR165.0 million) which is proceeding well and is expected to be completed during the second half of 2015, ahead of the initial schedule.

3. Series A Bonds

On 26 May 2014, the Company entered into the Mezzanine Facility Agreement whereby US\$15.0 million is to be provided by each of Pacific Road and RCF to the Company (US\$30.0 million in aggregate). Under the terms of the Mezzanine Facility Agreement, 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 City 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 has a maximum term of 84 months from first drawdown and is repayable at the earlier of this date or on any event of default. The Group has the option voluntarily to repay the Mezzanine Facility, without the relevant investor's consent, at any time after the fourth anniversary of the last drawdown, subject to the Absa Debt Facility having been repaid in full and to certain early repayment fees on the amount repaid.

The Mezzanine Facility has the benefit of fixed and floating security over the Project, supported by Group guarantees and encumbrances, with such security ranking second behind the Absa Debt Facility.

The Mezzanine Facility Agreement also provides that, whilst the Mezzanine Facility remains outstanding, the Company is not able to pay any dividends or reduce its capital without the prior consent of Pacific Road and RCF (or any third party to whom the Series A Bonds have been transferred) (acting reasonably).

The Company has not, as at the date of this document, drawn down on the Mezzanine Facility.

It has now been agreed between the Mezzanine Parties that it is more efficient for the Mezzanine Facility to be restructured by way of an issue of quoted Eurobonds. Accordingly, the Mezzanine Parties have agreed that the Company will issue up to, in aggregate, US\$30.0 million principal amount of Series A Bonds, which will be listed on the Cayman Islands Stock Exchange, to replace the existing Mezzanine Facility. The Series A Bonds shall have the same commercial terms (described above) as the Mezzanine Facility (including the amount of interest payable and the ability to satisfy such payments by way of new Ordinary Shares).

Under the terms of the Bond Subscription Agreement, the Company has a put option to require each of Pacific Road and/or RCF to purchase Series A Bonds at a price of US\$1,000 per Series A Bond in three equal tranches of US\$5.0 million each, up to a maximum of US\$15.0 million each (a "**Series A Option**"). On exercise of the Series A Options in full, the Company will have raised, in aggregate, US\$30.0 million.

The Company may exercise a Series A Option at any time up to 23 January 2016.

Upon exercise of a Series A Option, the Company shall apply for the listing and admission of such Series A Bonds to the Cayman Islands Stock Exchange and accordingly, at such time, the Series A Bonds will be freely transferrable. In the event that the Series A Bonds are transferred, all rights attaching to such Series A Bonds will also transfer and accordingly, any consent required prior to the Company paying a dividend or reducing its capital would subsequently be required from the holders of two thirds of the Series A Bonds (which may or may not include RCF and/or Pacific Road).

The Series A Bonds shall be redeemed by the Company on the earlier of: (a) voluntary repayment in full by the Company or (b) the date falling 84 months after the date of the first exercise of a Series A Option.

4. Series B Bonds

As stated above, the Company has entered into the Absa Debt Facility, which will be used for the purposes of building and commissioning the Project. Under the terms of the Absa Debt Facility, the Company is required to secure a separate standby debt facility to fund any potential cost over-runs or delays in respect of the Project. RCF has agreed to provide this facility by subscribing for the Series B Bonds.

The subscription for the Series B Bonds is governed by the Bond Subscription Agreement, pursuant to which the Company has been 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 three equal tranches of US\$5.0 million, up to a maximum of US\$15.0 million (the "**Series B Option**").

The exercise of a Series B Option is conditional upon the satisfaction or waiver of certain conditions including, *inter alia*, the passing of the Resolutions. If Shareholders do not approve the Resolutions, the Company: (i) will not be able require RCF to subscribe for the Series B Bonds; and (ii) will have to put in place arrangements for an alternative standby debt facility (of which there can be no guarantee that it will be able to do so) before the Absa Debt Facility can be drawn down. Following the satisfaction or waiver of such

conditions, the Company may exercise a Series B Option at any time up to 1 January 2017 or such later date as is agreed between the Company and RCF, save that it may not deliver more than two exercise notices in relation to a Series B Option in any calendar month.

Upon exercise of a Series B Option, the Company shall apply for the listing and admission of such Series B Bonds to the Cayman Islands Stock Exchange and accordingly, at such time, the Series B Bonds will be freely transferrable. In the event that the Series B Bonds are transferred, all rights attaching to such Series B Bonds, including the Warrants as described below, will also transfer and, accordingly, any consent required prior to the Company paying a dividend or reducing its capital would then be required from the new holder of the Series B Bonds.

The Series B Bonds also have the benefit of a fixed and floating security over the Project, supported by Group guarantees and encumbrances, such security ranking third behind the Absa Debt Facility and the Series A Bonds.

The Bond Subscription Agreement also provides that whilst the Series B Bonds remain outstanding, the Company will not be able to pay any dividends or reduce its capital without the prior consent (acting reasonably) of RCF (or two thirds of Bondholders following any transfer of Series B Bonds by RCF to one or more third parties).

Upon issue, the Series B Bonds shall accrue interest at the rate of 8.0 per cent. per annum. Interest shall be accrued daily, compounded quarterly and payable in full on redemption. If the Series B Bonds have not already been voluntarily redeemed by the Company, the Company will redeem any outstanding Series B Bond in full, being both the principal amount (US\$1,000 per Series B Bond) and accrued interest (together the "**Redemption Amount**"), upon the later of: (i) the date falling 36 months after the first Series B Option is exercised; or (ii) the date on which withdrawals may be made from the proceeds account maintained by LMDC in accordance with the provisions of the Absa Debt Facility Agreement, but in any event the final redemption date shall be no later than 60 months following the first exercise of a Series B Option (the "**Maturity Date**").

In order to facilitate the holder of Series B Bonds' ability to elect to receive new Ordinary Shares, as opposed to cash on the redemption of the Series B Bonds by the Company, the Company has agreed that, upon the exercise of a Series B Option, the Company will also issue RCF with the Warrants.

The Warrants will be 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 Warrants such that they will receive such number of new Ordinary Shares as is equal to the Redemption Amount divided by the applicable Exercise Price, as opposed to the Redemption Amount in cash.

Under the terms of the Warrant Instrument, the Exercise Price shall be determined at the time of issue of each tranche of Series B Bonds and shall be the lower of: (a) an amount equal to a 10.0 per cent. premium to the VWAP of an existing Ordinary Share calculated over the 30 day period immediately prior to the issue of the relevant tranche of Series B Bonds; and (b) 37.5 pence.

The Warrant Instrument further provides that the new Ordinary Shares to be issued on exercise of the Warrants will be fully paid up by the Company voluntarily redeeming the Series B Bonds and the Redemption Amount of the Series B Bonds will be set off against the Exercise Price payable on exercise of the Warrants.

Warrants can only be paid up by the redemption of the Series B Bonds and by the Warrantholder electing to exercise the Warrant. On exercise of the Warrants, the Warrantholder will receive new Ordinary Shares in respect of the redemption of the Series B Bonds and will no longer retain any interest in the Series B Bonds or the Warrants.

The Warrantholder is under no obligation to exercise the Warrants on the redemption of the Series B Bonds. However, if the Warrantholder does not exercise the Warrant, it will not receive new Ordinary Shares and will instead receive the Redemption Amount in cash and will no longer retain any interest in the Series B Bonds or the Warrants.

5. City Code

Under Rule 9 of the City Code (to which the Company is subject), any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares of a company which (when taken together with shares in which any person(s) acting in concert with him are interested) carry 30 per cent. or more of the voting rights of that company, or any person, together with persons acting in concert with him, who is interested in shares which, in aggregate, carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any other person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person will normally be required to make an offer to the holders of shares in that company to acquire all of the shares in that company not held by him or persons acting in concert with him. Such an offer would have to be made in cash, or be accompanied by a cash alternative, at not less than the highest price paid for any interest in shares by that person or by any person acting in concert with him within the 12 months prior to the announcement of such offer.

RCF currently holds 71,146,887 Ordinary Shares (equal to 23.0 per cent. of the current issued share capital). Each of RCF and Pacific Road also holds warrants to subscribe for 24,393,218 Ordinary Shares at an exercise price of 37.5 pence which were issued in 2014 as part of the Financing (the “**2014 Warrants**”). If RCF exercised its 2014 Warrants in full, RCF would, assuming the Company has not issued any further Ordinary Shares, Pacific Road has not exercised its 2014 Warrants and RCF does not dispose of any Ordinary Shares, be interested in 28.7 per cent. of the Company’s then enlarged issued share capital.

The number of new Ordinary Shares to be issued on exercise of the Warrants cannot be calculated as at the date of this document as it will be determined by reference to the Redemption Amount (calculated at the time of exercise of the Warrants), the Exercise Price (calculated at the time of issue of each tranche of Series B Bonds) and the 20-day average exchange rate of the £:US\$ currency exchange rate at the time of issue of each tranche of Series B Bonds. Accordingly, the issue of the new Ordinary Shares upon exercise of the Warrants could result in RCF’s shareholding being equal to or greater than 30.0 per cent. of the then issued share capital of the Company.

For illustrative purposes only, and based on the following assumptions:

- the Company exercises the Series B Options in full and US\$15.0 million of Series B Bonds are issued to RCF immediately following the conclusion of the General Meeting;
- RCF exercises the 2014 Warrants in full on or prior to 10 May 2020 (being the latest possible Maturity Date if the Series B Bonds are issued to RCF immediately following the conclusion of the General Meeting);
- RCF exercises the Warrants attached to the Series B Bonds in full on 10 May 2020, resulting in the allotment of 39,625,264 new Ordinary Shares to RCF (assuming a 20-day average exchange rate of £1.00/US\$1.50 and an Exercise Price of 37.5 pence per new Ordinary Share (being the maximum Exercise Price)); and
- save for the above mentioned, the Company does not issue any other Ordinary Shares, Pacific Road does not exercise its 2014 Warrants and RCF does not dispose of any Ordinary Shares, on or prior to such date,

then, following the allotment of the new Ordinary Shares on 10 May 2020, RCF would hold 135,165,370 Ordinary Shares, representing approximately 36.2 per cent. of the Company’s then enlarged issued share capital. Shareholders should note that, if the Exercise Price is less than 37.5 pence and/or the 20-day average £:US\$ exchange rate decreases from £1.00/US\$1.50, the number of new Ordinary Shares to be issued to RCF on exercise of the Warrants, depending upon the timing of the exercise of the Series B Options and the exercise of the Warrants, could increase and consequently lead to greater dilution to Shareholders.

Accordingly, if RCF retains its existing holding of Ordinary Shares and elects to exercise the 2014 Warrants and Warrants in full, the resulting issue of the new Ordinary Shares upon such exercise would result in RCF’s shareholding (together with shares in which any person(s) deemed by the Panel to be acting in concert (as defined in the City Code) with it are interested) being equal to or greater than 30.0 per cent. of the Company’s then enlarged issued share capital, pursuant to Rule 9 of the City Code, RCF would then be obliged to make a mandatory offer in cash (or accompanied by a cash alternative) for the entire issued Ordinary Share capital not held by it (or any person(s) deemed by the Panel to be acting in concert with it) at the highest price paid

by RCF (or any person(s) deemed by the Panel to be acting in concert with it) for any interest in Ordinary Shares acquired in the previous 12 months.

It is at RCF's sole discretion in relation to the Series B Bonds (or any other Warrantholder, to the extent that the Warrants have been transferred) as to whether it elects to exercise the Warrants and if the Warrants are not exercised, the Company will accordingly redeem the Series B Bonds for cash at the Maturity Date.

As detailed in the Company's circular dated 11 April 2014 in respect of the Financing, the terms of the 2014 Warrants also include certain mandatory exercise provisions. However, if such an exercise would result in Pacific Road or RCF's respective interests (together with Ordinary Shares in which any person(s) deemed by the Panel to be acting in concert with Pacific Road or RCF) in the Company being equal to or greater than 30.0 per cent. of the Company's then issued share capital, resulting in an obligation on Pacific Road or RCF (together with the any person(s) deemed by the Panel to be acting in concert with them) to make a mandatory offer for the Company in accordance with Rule 9 of the City Code, then the mandatory exercise period shall be extended until such time as the exercise of the 2014 Warrants would not result in an obligation on Pacific Road or RCF (together with the any persons deemed by the Panel to be acting in concert with them) to make a mandatory bid pursuant to the City Code.

6. Related party transactions

Pacific Road and RCF are both substantial Shareholders as defined in the AIM Rules, in that they currently each have an interest in more than 10.0 per cent. of the Company's prevailing issued share capital.

Accordingly, the entry into the Bond Subscription Agreement and, pursuant to the terms of such agreement, the issue of the Bonds to Pacific Road and the Bonds and Warrants to RCF constitute related party transactions in accordance with Rule 13 of the AIM Rules.

The Directors (apart from Mr Niall Young who is Pacific Road's nominee on the Board and therefore not deemed to be independent) consider, having consulted with the Company's nominated adviser, Strand Hanson, that the terms of the Bond Subscription Agreement, the Bond Instruments and Warrant Instrument and the issue of the Bonds and the Warrants are fair and reasonable insofar as its Shareholders are concerned.

7. General Meeting

Resolution 1: Authority to allot the Warrants

Resolution 1 will be proposed as an ordinary resolution to grant authority to the Directors, in accordance with section 551 of the 2006 Act, to allot or to grant rights to subscribe for or convert any security into shares in the capital of the Company up to an aggregate nominal amount of £800,000 in connection with the issue of the Warrants, such authority shall be in addition to all current authorities and shall expire five years following the passing of Resolution 1.

Resolution 2: Disapplication of pre-emption rights in relation to the Warrants

Conditional upon the passing of Resolution 1, Resolution 2 will be proposed as a special resolution to disapply the statutory pre-emption rights contained in section 561(1) of the 2006 Act in respect of the allotment for cash of up to an aggregate nominal amount of £800,000 in connection with the issue of the Warrants, such authority shall be in addition to all current authorities and shall expire five years following the passing of Resolution 2.

As explained above, the number of new Ordinary Shares to be issued on exercise of the Warrants cannot be calculated at this time and will be dependent upon the Exercise Price, the Redemption Amount, and the then prevailing currency exchange rate between £:US\$. As the number of Ordinary Shares to be issued on exercise of the Warrants cannot be calculated at this time, the Directors are seeking share issuance authorities up to an aggregate nominal amount of £800,000. The Directors anticipate that the amount of share issuance authorities being sought in respect of the Warrants will be a larger authority than will ultimately be required. However, in the unlikely event that at the time of exercising the Warrants the share issuance authorities are insufficient to issue the new Ordinary Shares, the Directors will be required to seek further authorities at such time, leading to greater dilution for Shareholders.

8. Directors' recommendation

The Directors consider the entry into the Bond Subscription Agreement and the issue of the Bonds and the Warrants to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors (apart from Mr Niall Young who is Pacific Road's nominee on the Board and therefore not deemed to be independent and, as such, has abstained from voting) unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. All independent Directors who hold Ordinary Shares have undertaken to vote, or procure the legal holder votes, in favour of the Resolutions in respect of their holdings (either directly or indirectly) of, in aggregate, 3,169,123 Ordinary Shares (representing approximately 1.03 per cent. of the existing issued ordinary share capital as at the date of this document).

Yours faithfully

Lucio Genovese

Chairman

DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy, unless the context requires otherwise:

“2006 Act”	the UK Companies Act 2006
“2014 Warrants”	has the meaning given to it in paragraph 5 of the letter from the Chairman of Firestone Diamonds plc set out at the beginning of this document
“Absa” or “Absa Bank”	Absa Bank Limited, acting through its Corporate and Investment Banking division
“Absa Debt Facility”	the project debt finance facility of up to US\$82.4 million (£50.3 million), to be provided by Absa to LMDC
“Absa Debt Facility Agreement”	the senior secured term facility agreement between Lihobong Mining Development Company (PTY) Limited, ABSA Bank Limited (acting through its Corporate and Banking division) and Bowwood and Main No. 109 (RF) Proprietary Limited dated 23 May 2014 relating to the Absa Debt Facility
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
“Board” or “Directors”	the directors of the Company from time to time
“Bonds”	the Series A Bonds and the Series B Bonds as constituted by the Bond Instruments
“Bond Instruments”	the bond instruments both dated 23 April 2015 constituting the Series A Bonds and the Series B Bonds respectively
“Bond Subscription Agreement”	the bond subscription agreement governing the issue of the Bonds between the company, Pacific Road and RCF
“City Code”	the City Code on Takeovers and Mergers
“Company” or “Firestone”	Firestone Diamonds plc
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary and Terms promulgated by Euroclear and as amended from time to time)
“CREST member”	a person who has been admitted by Euroclear UK & Ireland 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 Regulations”	the Uncertificated Securities Regulations 2001, as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“Eurobonds”	the Series A Bonds and/or Series B Bonds, as appropriate
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST
“Exercise Price”	a price per new Ordinary Share which is the lesser of (a) an amount equal to a 10.0 per cent. premium to the VWAP of an existing Ordinary Share calculated over the 30 day period immediately preceding the date of each issue of the Series B Bonds; and (b) 37.5 pence
“FCA”	the Financial Conduct Authority of the United Kingdom
“Financing”	has the meaning given to it in paragraph 1 of the letter from the Chairman of Firestone Diamonds plc set out at the beginning of this document
“Form of Proxy”	the form of proxy accompanying this document (where applicable)
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of Shareholders to be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU at 10.00 a.m. on 11 May 2015
“Group”	the Company together with its subsidiaries from time to time
“Liqhobong” or “Liqhobong Diamond Mine” or the “Project”	the Liqhobong Diamond Mine which is located in the Lesotho Highlands
“London Stock Exchange”	London Stock Exchange plc
“LMDC”	Liqhobong Mining Development Company (Pty) Limited, which is 75.0 per cent. owned by Firestone and 25.0 per cent. owned by the Government of the Kingdom of Lesotho, which holds 100.0 per cent. of the Liqhobong Diamond Mine
“Main Treatment Plant”	the main treatment plant at the Liqhobong Diamond Mine
“Maturity Date”	has the meaning given to it in paragraph 4 of the letter from the Chairman of Firestone Diamonds plc set out at the beginning of this document
“Mezzanine Facility”	the mezzanine facility for US\$30.0 million in total to be received from Pacific Road and RCF
“Mezzanine Facility Agreement”	the agreement dated 26 May 2014 between Firestone, Pacific Road and RCF relating to the Mezzanine Facility
“Mezzanine Parties”	Firestone, Pacific Road and RCF, being the parties to the Mezzanine Facility Agreement
“Ordinary Shares”	the ordinary shares of one pence each in the capital of the Company
“Pacific Road”	(i) Pacific Road Resources Fund II L.P. represented by Pacific Road Capital Management GP II PTY Limited; and (ii) Pacific Road Resources Fund II represented by Pacific Road Capital II PTY Limited

“RCF”	Resource Capital Fund VI L.P.
“Redemption Amount”	has the meaning given to it in paragraph 4 of the letter from the Chairman of Firestone Diamonds plc set out at the beginning of this document
“Registrars” or “Capita”	Capita Asset Services, a trading name of Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Resolutions”	the resolutions to be proposed at the General Meeting, the full text of which are set out in the Notice of General Meeting at the end of this document
“Series A Bonds”	has the meaning given to it in paragraph 1 of the letter from the Chairman of Firestone Diamonds plc set out at the beginning of this document
“Series B Bonds”	has the meaning given to it in paragraph 1 of the letter from the Chairman of Firestone Diamonds plc set out at the beginning of this document
“Series A Option”	has the meaning given to it in paragraph 3 of the letter from the Chairman of Firestone Diamonds plc set out at the beginning of this document
“Series B Option(s)”	has the meaning given to it in paragraph 4 of the letter from the Chairman of Firestone Diamonds plc set out at the beginning of this document
“Shareholder”	a holder of Ordinary Shares from time to time
“Sterling”, “pounds sterling”, “£”, “pence” or “p”	the lawful currency of the United Kingdom
“Strand Hanson”	Strand Hanson Limited, the Company’s nominated adviser
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America
“US\$”	the lawful currency of the United States of America
“VWAP”	volume weighted average price of the Ordinary Shares
“Warrant”	the rights to be issued to holders of the Series B Bonds to subscribe for new Ordinary Shares pursuant to the terms of the Warrant Instrument
“Warrantholder”	the holder of the Warrants
“Warrant Instrument”	the warrant instrument dated 23 April 2015 constituting the Warrants
“ZAR”	the lawful currency of the Republic of South Africa

In this document, all times referred to are London time unless otherwise stated.

FIRESTONE DIAMONDS PLC

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

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Firestone Diamonds plc (the “**Company**”) will be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU at 10.00 a.m. on 11 May 2015 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.

Resolution 1: Ordinary Resolution

THAT, the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the “**Act**”), to exercise all powers of the Company to allot shares or grant rights to subscribe for or convert any securities into shares to such persons and on such terms as they think proper provided that this authority shall be limited to an aggregate nominal amount of £800,000 in connection with the issuance of the Warrants (as defined in the circular dated 24 April 2015, of which this notice forms part (“**Circular**”)) provided that this authority shall (i) be in addition to all previous authorities pursuant to section 551 of the 2006 Act and (ii) shall expire on the fifth anniversary following the passing of this resolution.

Resolution 2: Special Resolution

THAT, conditional on the passing of Resolution 1, the Directors be and they are hereby empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 1 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to an aggregate nominal amount of £800,000 in connection with the issuance of the Warrants (as defined in the Circular) provided that this authority shall (i) be in addition to all previous authorities pursuant to section 570 of the 2006 Act and (ii) shall expire on the fifth anniversary following the passing of this resolution.

By order of the Board of Directors

Prism Cosec Limited

Company Secretary

24 April 2015

Registered office:

The Triangle
5 – 17 Hammersmith Grove
London W6 0LG

INFORMATION FOR SHAREHOLDERS:

Appointment of proxies

1. A shareholder entitled to attend and vote at the General Meeting may appoint a proxy to attend, speak and vote instead of him or her. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the enclosed Form of Proxy are set out in the notes to the Form of Proxy. A proxy need not be a shareholder of the Company but must attend the meeting in person.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact Capita Asset Services on 0871 664 0300 if calling from within the UK (calls cost 10p per minute plus network extras) or +44 (0)20 8639 3399 if calling from outside the UK. Lines are open between 9.00 a.m. and 5.30 p.m., Monday – Friday.
3. To be effective, the Form of Proxy, together with the original of any power of attorney or other written authority under which it is signed, must be completed, signed and deposited with Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 10.00 a.m. on 7 May 2015 (or, if the meeting is adjourned, not less than 48 hours before the time of any adjourned meeting (excluding non-working days)). In the case of a company, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the company.
4. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a “vote” in law and will not be counted in the calculation of the proportion of votes “For” or “Against” a resolution.
7. To change your proxy instructions simply submit a new proxy appointment using the methods set out in this Notice. Note that the cut-off time for receipt of proxy appointments (see above at note 3) also applies in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services on 0871 664 0321 if calling from within the UK (calls cost 10p per minute plus network extras) or +44 (0)20 8639 3399 if calling from outside the UK, lines are open between 9.00 a.m. and 5.30 p.m., Monday – Friday. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

In order to revoke a proxy instruction, a member will need to inform the Company by sending a notice in writing to the address set out at note 3 above or, where the appointment of a proxy was contained in an electronic communication, in accordance with note 11 below, as applicable, clearly stating the member’s intention to revoke his or her proxy appointment. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company, and sent together with the authority (if any) under which it is signed or a notarially certified copy of such authority.

The revocation notice must be received by Capita Asset Services or, where the appointment of a proxy was contained in an electronic communication, in accordance with note 11, as applicable, no later than 10.00 a.m. on 7 May 2015, or by no later than 48 hours (excluding non-working days) prior to the time appointed for the holding of any adjourned General Meeting. If a member attempts to revoke a proxy appointment but the revocation is received after the time specified, then, unless the member attends the general meeting in person (or in the case of a corporation that is a member, by the corporate representative) in respect of shares for which a proxy has been appointed, the proxy appointment will remain valid.

Entitlement to attend and vote

8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company as at 6.00 p.m. on 7 May 2015 or, if the General Meeting is adjourned, on the register of members not less than 48 hours before the time of any 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 relevant time. Changes to entries on the register of members after 6.00 p.m. on 7 May 2015 or, if the General Meeting is adjourned, on the register of members not more than 48 hours before the time of any adjourned meeting, will be disregarded in determining the right of any person to attend and vote at the meeting.
9. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

Electronic Proxy appointment through CREST

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and 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 for them.

11. To complete a valid proxy appointment or instruction using the CREST service, the 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 an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted and received by Capita Asset Services (Participant ID "RA10") by 10.00 a.m. on 7 May 2015 (or if the meeting is adjourned, not less than 48 hours before the time of any adjourned meeting (excluding non-working days)). The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita 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.
12. CREST members and, where applicable, 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 apply 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 ensure that his CREST sponsor or voting service provider(s) take(s)) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 25(5)(a) of the Uncertificated Securities Regulations 2001.

