

FIRESTONE DIAMONDS PLC

(INCORPORATED AND REGISTERED IN ENGLAND AND WALES WITH COMPANY NUMBER 03589905)



CHAIRMAN'S LETTER AND NOTICE OF ANNUAL GENERAL MEETING

To be held on Friday, 17 January 2020 at 10:30 a.m.

at the offices of Tavistock Communications
1 Cornhill, London EC3V 3ND

This document is important and requires your immediate attention

If you are in any doubt about the contents of this document or as to what action you should take, you should seek advice from your stockbroker, solicitor, accountant or other appropriate professional adviser.

If you have sold or otherwise transferred all of your shares in Firestone Diamonds plc, please pass this document, together with the accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

FIRESTONE DIAMONDS PLC

COMPANY NUMBER 03589905 | REGISTERED IN ENGLAND AND WALES

Registered Office:
St Clements House
27 Clements Lane
London EC4N 7AE

23 December 2019

Dear Shareholder

Notice of Annual General Meeting 2019

On behalf of the Board of Directors (the “Board” or the “Directors”) of Firestone Diamonds plc (the “Company”), I invite you to attend our 2019 Annual General Meeting (the “AGM”) which will be held at the offices of Tavistock Communications, 1 Cornhill, London EC3V 3ND at 10:30 a.m. on Friday, 17 January 2020. The formal notice of AGM is set out on pages 3 and 4 of this document.

An explanation of the business to be conducted at the AGM is included on page 5. On pages 6 and 7 you will find additional important information in relation to shareholder services.

Voting at the AGM

If you are unable to attend the AGM in person, your vote is still important and I would encourage you to complete, sign and return the enclosed form of proxy (“Form of Proxy”) to register your vote. To be valid, the Form of Proxy needs to have been received by the Company’s registrars, Link Asset Services by 10:30 a.m. on 15 January 2020. Any proxy you appoint may attend, speak and vote at the AGM on your behalf. If you are a CREST member, you may appoint a proxy through the CREST electronic appointment service and your instruction must be received by Link Asset Services by 10:30 a.m. on 15 January 2020.

Shareholders attending the meeting in person or by proxy will have the opportunity to ask questions on the AGM resolutions and any other topic of relevance to our business. We hope that you will make use of the opportunity to raise questions on the topics to be discussed. You are, of course, invited to write to me at any time if you have any questions.

Action to be taken

Please complete the Form of Proxy whether or not you intend to be present at the AGM in accordance with the instructions printed on the form. Please return the Form of Proxy to the Company’s registrars, Link Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so as to reach Link Asset Services no later than 10:30 a.m. on 15 January 2020. Completion and return of the Form of Proxy will not prevent you from attending and voting in person at the meeting, should you wish to do so.

Recommendation

The Directors consider that the resolutions to be voted on at the AGM are in the best interests of the Company and of its shareholders as a whole. The Directors unanimously recommend shareholders to vote in favour of these resolutions at the AGM, as the Directors themselves intend to do in respect of their own beneficial shareholdings.

I look forward to meeting as many of you as possible at the AGM.

Yours sincerely



Lucio Genovese

Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Firestone Diamonds plc (the “Company”) will be held at the offices of Tavistock Communications, 1 Cornhill, London EC3V 3ND at 10:30 a.m. on Friday, 17 January 2020 for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

- 1 To receive the Company’s annual accounts for the financial year ended 30 June 2019, together with the Directors’ Report and the Auditor’s Report on those accounts.
- 2 To re-appoint BDO LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which the Company’s accounts are laid.
- 3 To authorise the Directors of the Company (the “Directors”) to determine the auditor’s remuneration.
- 4 To appoint Mr Mike Stirzaker as a Director.
- 5 To appoint Ms Eileen Carr as a Director.
- 6 To re-appoint Mr Paul Bosma as a Director.
- 7 To re-appoint Mr Patrick Meier as a Director.
- 8 To re-appoint Mr Lucio Genovese as a Director.
- 9 To re-appoint Mr Keith Johnson as a Director.
- 10 To re-appoint Mr Ken Owen as a Director.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 11 and 12 will be proposed as ordinary resolutions and resolutions 13 and 14 will be proposed as special resolutions:

- 11 To consider whether any, and if so, what steps should be taken to deal with a serious loss of capital as defined in Section 656 of the Companies Act 2006 (the “Act”).
- 12 THAT the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Act (and in substitution for any existing authority granted to them at the annual general meeting of the Company held in 2018) to exercise all of the powers of the Company to allot ordinary shares in the Company or grant rights to subscribe for or convert any security into ordinary shares in the Company (“Rights”) up to an aggregate nominal amount equal to £2,150,240; provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) at the end of the next Annual General Meeting of the Company or, if earlier, 31 December 2020, save that the Company may, before such expiry, make an offer or agreement which would or might require ordinary shares to be allotted or Rights to be granted after the expiry of such period and the Directors may allot shares or grant Rights pursuant to such an offer or agreement as if the authority conferred hereby had not expired.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

13 THAT, subject to the passing of resolution 12, the Directors be empowered to allot equity securities (as defined in section 570 of the Act) for cash under the authority given by that resolution as if section 561 of the Act did not apply to any such allotment, provided that such power to be limited to the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities:

- 13.1 to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; or
- 13.2 to holders of other equity securities as required by the rights of those securities or, as the Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter; or
- 13.3 up to a nominal amount of £322,536 (being not more than 5 per cent of the Company's issued share capital as at 20 December 2019);

such power to expire at the end of the next Annual General Meeting of the Company or, if earlier, 31 December 2020 (unless previously revoked or varied by the Company in a general meeting), save that the Company may, before such expiry, make an offer or an agreement, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

14 THAT subject to the passing of resolution 12, the Directors be empowered in addition to any authority granted under resolution 13 above, to allot equity securities (as defined in the Act) for cash under the authority given by that resolution (set out in this Notice of Meeting) as if section 561 of the Act did not apply to any such allotment, provided that such power be:

- 14.1 limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £322,536 being not more than 5 per cent of the issued ordinary share capital (excluding treasury shares) of the Company as at 20 December 2019 being the latest practicable date prior to publication of the notice of meeting; and
- 14.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

The power conferred under this resolution 14 shall expire at the end of the next Annual General Meeting of the Company or, if earlier, 31 December 2020 (unless previously revoked or varied by the Company in a general meeting), save that the Company may, before such expiry, make an offer or an agreement, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

By Order of the Board

Prism Cossec Limited

Company Secretary
23 December 2019

Registered office:

St Clements House
27 Clements Lane
London EC4N 7AE

EXPLANATORY NOTES TO THE RESOLUTIONS

Resolutions 1 to 12 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 13 and 14 are proposed as special resolutions. This means that for each of these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Receipt of the audited financial statements and the Directors' Report

The Company is required to present the audited accounts for the financial year ended 30 June 2019 and the Directors' Report and the Auditor's Report thereon to the meeting. These are contained in the Company's Annual Report and Accounts 2019.

Resolutions 2 and 3: Auditor's Re-appointment and Remuneration

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the end of the next such meeting. This resolution proposes the re-appointment of BDO LLP as the Company's auditor. Shareholders will also be asked to grant authority to the Directors to determine the auditor's remuneration.

Resolutions 4 to 10 (inclusive): Re-appointment of Directors

The Company's articles provide that one third of the directors who are subject to retirement by rotation shall retire from office. Notwithstanding this provision in the articles, all of the continuing directors of the Company shall stand for re-election at the meeting. This accords with the UK Corporate Governance Code which provides that all directors of companies who form part of the FTSE 350 should be subject to annual re-election.

The biographies of the Directors may be found on pages 36 and 37 of the Company's Annual Report and Accounts 2019.

Resolution 11: Serious Loss of Capital

Following further weakness in the average value achieved during the 2019 financial year, and the impact of this on the value of inter company debt as more fully described in the 2019 Annual Report, the Directors have determined that the Company's net assets have fallen from US\$18.9 million in the preceding financial year to negative US\$28.9 million, which sum is less than half of US\$166.9 million, being the value of the Company's called up share capital as at 30 June 2019. Under the provisions of Section 656 of the Act such a position constitutes a serious loss of capital, which requires shareholders to be informed and a general meeting of the Company to be convened in order that shareholders may have an opportunity to consider the future direction of the Company. The Directors therefore intend to consider this issue and discuss it with shareholders at the Annual General Meeting.

Resolution 12: Authority to Allot Shares

Resolution 12 asks shareholders to grant the Directors authority under section 551 of the Companies Act 2006 (the "Act") to allot ordinary shares in the Company and to grant rights to subscribe for or convert a security into ordinary shares in the Company up to a maximum aggregate nominal value of £2,150,240 being approximately one third of the nominal value of the issued ordinary share capital of the Company as at 20 December 2019. This resolution replaces the same resolution passed at the Annual General Meeting of the Company held on 28 November 2018.

Resolution 13 and 14: Disapplication of Pre-emption Rights

Resolution 13 renews the Directors' power to allot equity securities and sell treasury shares in exchange for cash without first offering them to existing shareholders. Apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this resolution will be limited to the issue of shares for cash up to an aggregate nominal value of £322,536 (which includes the sale on a non-pre-emptive basis of any shares held in treasury). This number represents approximately 5 per cent of the Company's issued share capital as at 20 December 2019, being the last practicable date prior to publication of this Notice.

Resolution 13 also seeks a disapplication of pre-emption rights on a rights issue, so as to allow the Directors to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise.

The authority set out in this resolution will expire at the end of the next Annual General Meeting of the Company or at close of business on 31 December 2020, whichever is sooner.

The Pre-Emption Group's 2015 Statement of Principles (the "Statement of Principles") states that, in addition to previous standard annual disapplication of pre-emption rights up to a maximum equal to 5 per cent, the Pre-Emption Group is also supportive of extending the general disapplication authority by an additional 5 per cent for certain purposes.

Resolution 14 seeks a separate and additional authority to disapply pre-emption rights in respect of the issue of new ordinary shares with an aggregate nominal value of £322,536 (representing an additional 5 per cent of the issued ordinary share capital of the Company as at 20 December 2019, being the last practicable date prior to publication of this Notice), provided that those ordinary shares are issued in pursuance of a specified purpose. The Directors confirm, in accordance with the Statement of Principles, that they will only allot shares pursuant to the authority referred to in Resolution 14, where the allotment is in connection with an acquisition or specified capital investment, which is announced contemporaneously with the allotment. Where the authority granted under Resolution 14 is used, the circumstances that have led to its use and the consultation process undertaken will be disclosed by the Company in its next Annual Report.

In addition the Board will not (save under its authority conferred by Resolution 14) allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 12 in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company, excluding treasury shares, within a rolling three-year period, without prior consultation with the Company's shareholders.

The Directors have no present intention of issuing new shares other than (a) pursuant to employee share plans and (b) under its existing obligations to issue and allot ordinary shares under the Lihobong Diamond Mine financing arrangements previously disclosed to shareholders, but the Directors consider that the authority sought is appropriate as it provides the Company with the necessary flexibility to take advantage of business opportunities as they arise.

At the date of this Notice the Company does not hold any treasury shares.

INFORMATION FOR SHAREHOLDERS

Appointment of proxies

- 1 A shareholder entitled to attend and vote at the Annual 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 refer to Link Asset Services on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9:00 a.m. – 5:30 p.m., Monday to Friday excluding public holidays in England and Wales.
- 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 Link Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 10:30 a.m. on 15 January 2020 (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) 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" and "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 paragraph 3) also apply 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 Link Asset Services on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9:00 a.m. – 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. 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 or, where the appointment of proxy was contained in an electronic communication, in accordance with note 11, 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, 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 Link Asset Services or, where the appointment of proxy was contained in an electronic communication, in accordance with note 11, as applicable, no later than 10:30 a.m. on 15 January 2020, or by no later than 48 hours prior to the time appointed for the holding of any adjourned Annual 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 Annual 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 close of business on 15 January 2020 or, if the Annual 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 close of business on 15 January 2020 or, if the Annual 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.
- 10 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Electronic Proxy appointment through CREST

- 11 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.
- 12 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 Link Asset Services (Participant ID "RA10") by 10:30 a.m. on 15 January 2020 (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 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.
- 13 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.
- 14 The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 15 As at 20 December 2019 (being the last business day prior to the publication of this Notice) the Company's issued share capital comprised 645,072,236 ordinary shares of 1p each carrying one vote each, 7,079,649,109 A deferred shares of 1p each and 308,992,814 B deferred shares of 9p each which do not carry voting rights. Therefore, the total voting rights in the Company as at 20 December 2019 are 645,072,236.

Communication

- 16 Shareholders (and any proxies or representatives they appoint) agree, by attending the meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting.
- 17 Except as provided above, shareholders who have general queries about the meeting should contact Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. You may not use any electronic address provided either in this Notice of Annual General Meeting or any related document (including the Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.
- 18 Copies of the service contracts of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours from the date of dispatch of this notice until the end of the Annual General Meeting (Saturdays, Sundays and public holidays excepted) and will also be available at the place of the Annual General Meeting for at least 15 minutes before and during the meeting.

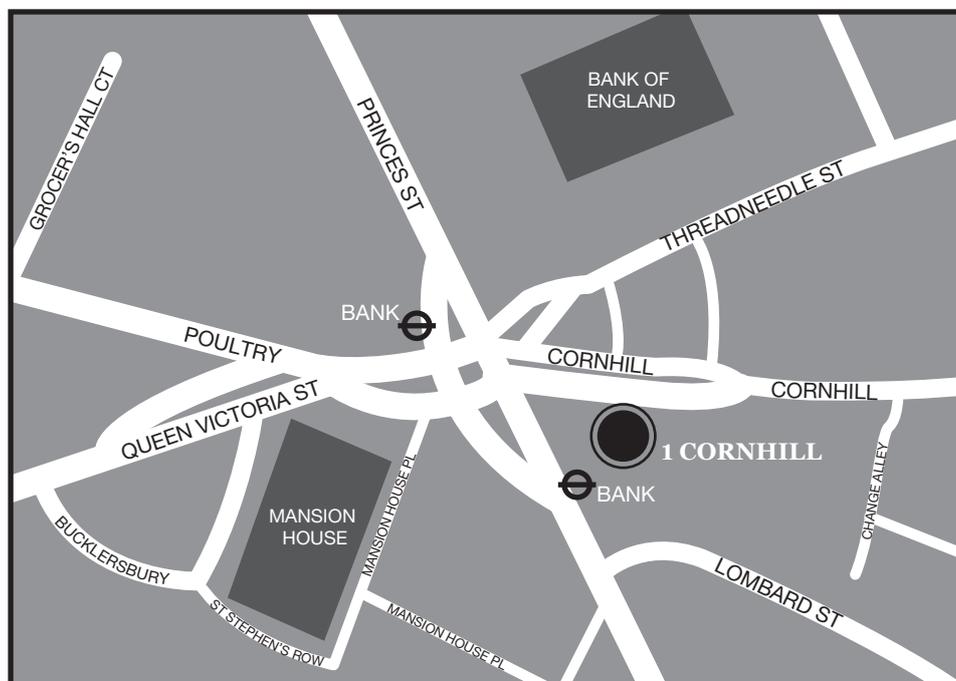
Form of Proxy

- 19 Firestone Diamonds plc is committed to reducing paper and improving efficiency in its shareholder communications. From 2020 we will no longer be sending paper proxy cards to shareholders unless specifically asked to do so. We will provide advice on how to request a paper proxy at the appropriate time.

INFORMATION ABOUT ATTENDING THE ANNUAL GENERAL MEETING

The 2019 Annual General Meeting is being held on Friday, 17 January 2020 at 10.30 a.m. at the offices of Tavistock Communications, 1 Cornhill, London EC3V 3ND. Tavistock's telephone number is +44 (0)20 7920 3150.

How to get there



Directions

The offices of Tavistock Communications are at Bank Junction, adjacent to Bank tube station (Central line, Northern line, Waterloo & City line, DLR) at 1 Cornhill. The nearest National Rail station is Liverpool Street.

Security

Please note that for security reasons, all hand luggage may be subject to examination prior to entry to the Annual General Meeting. Certain items will not be permitted in the meeting room. These include cameras, recording equipment, items of any nature with the potential to cause disorder and such other items as the Chairman may specify.

Persons who are not shareholders of the Company will not be admitted to the Annual General Meeting unless prior arrangements have been made with the Company. Investors holding shares through nominees are welcome to attend provided that they bring proof of their holding with them to the Annual General Meeting.