

FIRESTONE DIAMONDS PLC

(the *Company*)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Approved by the Board of the Company on 17 July 2012

1. Membership

- 1.1 The members of the Remuneration Committee (the *Committee*) shall be appointed by the Board of Directors (the *Board*). The Committee shall consist of at least two members. All members of the Committee shall be non-executive directors.
- 1.2 The Board shall appoint the Committee Chairman who should be a non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their numbers to chair the meeting.

2. Secretary

- 2.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be any two members present throughout the meeting.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.

5. Attendance at Meetings

- 5.1 No one other than the Committee Chairman and members are entitled to attend and vote at a meeting of the Remuneration Committee.
- 5.2 Other individuals such as the Chairman of the Company, other directors, senior management and external advisers may be invited to attend by the Committee Chairman for all or part of the meeting as and when appropriate. No individual shall be involved in the decision relating to their own remuneration.

6. Notice of Meetings

- 6.1 Notice of meetings may be given in writing, by email or verbally by the Secretary of their nominee at the request of any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting with an agenda of the matters to be discussed at the meeting and supporting papers shall be forwarded to each member and any other person required to attend in advance of the meeting, except that minutes of previous meetings shall only be circulated to members of the Committee.

7. Minutes of Meetings

- 7.1 The Secretary or their nominee shall minute the proceedings and resolutions of all Committee meetings.
- 7.2 Minutes of the Committee meetings shall be circulated promptly to all members of the committee and the Chairman of the Board.

8. Annual General Meeting

- 8.1 The Chairman of the Committee shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Committee's activities.

9. Duties

- 9.1 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman, Chief Executive, the executive directors, the company secretary (if employed by the Company) and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Board as a whole. No director or manager of the Company shall be involved in any decisions as to their own remuneration;
- 9.2 In determining such policy, the Committee shall take into account all factors that it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 9.3 The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 9.4 The Committee shall review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether

awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;

9.5 The Committee shall ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

9.6 Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, the Committee shall determine the total individual remuneration package of each executive director and other senior executives including bonuses, pension arrangements, incentive payments and share options or other share awards;

9.7 In determining such packages and arrangements, the Committee shall give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code, the QCA Corporate Governance Guidelines for AIM companies, the London Stock Exchange's rules for AIM companies and guidance published by the Association of British Insurers and the National Association of Pension Funds;

9.8 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and

9.9 The Committee shall consider such other matters as may be requested by the Board.

10. Reporting

10.1 The Chairman of the Committee will report to the Board on the proceedings of the Committee at the Board meeting next following a meeting of the Committee.

10.2 The Committee shall ensure that all relevant disclosures are made in the Annual Report and Accounts in compliance with the Companies Act 2006 and other regulatory requirements.

11. Other

11.1 The Committee shall, have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.

12. Authority

- 12.1 The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, professional advice on any matter within its terms of reference.
- 12.2 The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.