

Dated

24 February 2020

FIRESTONE DIAMONDS PLC
RESOURCE CAPITAL FUND VI L.P.
PACIFIC ROAD RESOURCES FUND II L.P.
PACIFIC ROAD RESOURCES FUND II

Relationship Agreement



THIS DEED is made on 24 February 2020

PARTIES

- (1) **FIRESTONE DIAMONDS PLC** incorporated and registered in England and Wales with company number 03589905 whose registered office is at 27 Clements Lane, London EC4N 7AE (the "**Company**");
- (2) **RESOURCE CAPITAL FUND VI L.P.** a Cayman Islands exempt limited partnership registered or established in accordance with the laws of the Cayman Islands, with registration number MC-70932, by Resource Capital Associates VI L.P. (General Partner), by RCA VI GP Ltd. (General Partner) ("**RCF**");
- (3) **PACIFIC ROAD RESOURCES FUND II L.P.**, a limited partnership registered or established in accordance with the laws of the United Kingdom, with registration number LP 14389, herein represented by Pacific Road Capital Management GP II Limited (as general partner) ("**Pac Road II LP**"); and
- (4) **PACIFIC ROAD RESOURCES FUND II**, an Australian unit trust established under the laws of Australia herein represented by Pacific Road Capital II Pty Limited (as trustee) ("**Pac Road Fund II**" and together with Pac Road II LP, "**Pacific Road**").

BACKGROUND

- (A) The Company's Ordinary Shares are currently admitted to trading on AIM.
- (B) The Company intends, subject to the Cancellation Resolution being approved at the General Meeting, to cancel the admission of its Ordinary Shares to trading on AIM on or around 24 March 2020.
- (C) The Significant Shareholders are together interested in 449,874,384 Ordinary Shares, representing 65.02 per cent. of the issued share capital of the Company.
- (D) The parties have agreed to enter into this deed to manage the relationship between them following the Cancellation.

IT IS HEREBY AGREED

1. INTERPRETATION

- 1.1 The definitions and rules of interpretation in this clause 1 apply in this deed.

"**ABSA Debt Restructuring**" the proposed complete restructuring of the US\$82.4 million senior secured term facility provided to Lihobong Mining Development Company (Proprietary) Limited (a member of the Group) by ABSA Bank Limited anticipated to be completed by 31 July 2020.

"**Act**" Companies Act 2006.

"**AIM**" a market operated by the Exchange.

"**Applicable Laws**"; the Act and the Takeover Code (to the extent this applies to the Company).

"**Articles**" the articles of association of the Company as amended from time to time.

"**Associate**" in relation to any party:

- (a) any subsidiary or holding company of that party and each and any subsidiary of a holding company of that party; and
- (b) any person that Controls, is Controlled by or is under common Control with that party.

"Board" the board of Directors from time to time.

"Cancellation" the proposed cancellation of admission of the Ordinary Shares to trading on AIM, subject to the passing of the Cancellation Resolution.

"Cancellation Resolution" Resolution number 1 to be proposed at the General Meeting.

"Condition" has the meaning given in clause 3.1.

"Control" with respect to any person, the direct or indirect power to:

- (a) direct or cause the direction of the management and policies of such person;
- (b) elect a majority of the directors, partners or other persons exercising similar authority in respect of such person; or
- (c) direct or cause the direction of a voting interest of more than 30 per cent.

"Director" a director of the Company from time to time.

"Eurobond Debt Restructuring" the proposed restructuring of the Series A and Series B Bonds anticipated to be completed by 31 July 2020.

"Exchange" London Stock Exchange plc.

"exit day" has the meaning set out in the European Union (Withdrawal) Act 2018.

"General Meeting" the general meeting of the Company (and any adjournment thereof), notice of which has been sent to Shareholders in the circular of the Company dated on or around the date of this deed.

"Group" the Company and its subsidiaries and subsidiary undertakings from time to time.

"holding company" has the meaning given in clause 1.6.

"Independent Director" a director who is at the relevant time considered by the Board to be independent.

"Independent Chairman" a chairman of the Board who on appointment was determined by the Board to be an Independent Director.

"interest" means an interest as interpreted in accordance with sections 820 to 824 of the Act (inclusive) and **"Interested"**: shall be construed accordingly.

"Ordinary Shares" the ordinary shares of one penny each in the capital of the Company from time to time.

"Series A Bonds" means the US\$30,000,000 8.00 per cent. Bonds issued by the Company pursuant to the terms of the Subscription Agreement.

"Series B Bonds" means the US\$7,000,000 8.00 per cent. Bonds issued by the Company pursuant to the terms of the Subscription Agreement.

"Shareholder" a holder of Ordinary Shares.

"Shareholder Group" the Associates of each Significant Shareholder from time to time and **"member of the respective Shareholder Group"** shall be construed accordingly.

"Significant Shareholders" together RCF and Pacific Road and each a **"Significant Shareholder"**.

"Subscription Agreement" means the subscription agreement entered into between the Company and RCF, Pac Road II LP and Pac Road on or around the 23 April 2015 (including any amendments thereto) in relation to the issue of the Series A and Series B Bonds.

"subsidiary" has the meaning given in clause 1.6.

"subsidiary undertaking" has the meaning given in clause 1.7.

"Takeover Code" the City Code on Takeovers and Mergers.

"Takeover Panel" the Panel on Takeovers and Mergers.

"Transition Period" means the period from the date of the General Meeting until the completion of the ABSA Debt Restructuring and Eurobond Restructuring.

"Voting Rights" all rights and powers (including, without limitation, voting rights) attaching to the Ordinary Shares in which each Significant Shareholder, any member of its respective Shareholder Group or any of them is interested from time to time.

- 1.2 Clause and paragraph headings shall not affect the interpretation of this deed.
- 1.3 References to clauses are to the clauses of this deed.
- 1.4 A reference to **this deed** or to any other agreement or document referred to in this deed is a reference to this deed or such other agreement or document as varied or novated in accordance with its terms from time to time.
- 1.5 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.6 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.
- 1.7 A reference to a **subsidiary undertaking** means a subsidiary undertaking as defined in section 1162 of the Act.
- 1.8 A reference to **writing** or **written** includes email.
- 1.9 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.10 A reference to a statute, statutory provision, code, regulation or rule (including, without limitation, each of the Applicable Laws) is a reference to it as amended, extended, consolidated, replaced or re-enacted from time to time.
- 1.11 Unless the context otherwise requires, any reference to European Union law that is directly applicable or directly effective in the UK at any time is a reference to it as it applies in England and Wales from time to time including as retained, amended, extended or re-enacted after exit day from time to time.

2. ENTRY INTO FORCE

This deed is conditional on the Cancellation having occurred not later than 31 March 2020 or such later date as the parties may agree, being no later than 30 April 2020.

3. DURATION

- 3.1 Subject to clause 2, this deed shall come into force on Cancellation and shall continue in full force and effect for so long as a Significant Shareholder, individually or together with its respective Shareholder Group, is interested in Voting Rights representing 20 per cent. or more of the rights to vote at a general meeting of the Company attaching to the Ordinary Shares. To the extent that a Significant Shareholder ceases to be interested in Voting Rights representing 20 per cent. or more of the rights to vote at a general meeting of the Company attaching to the Ordinary Shares, the provisions of this deed shall cease to apply to that Significant Shareholder but shall otherwise remain in full force and effect for the remaining Significant Shareholder (the "**Condition**").
- 3.2 If the Condition ceases to be satisfied, this deed shall automatically terminate with immediate effect.
- 3.3 Termination of this deed shall not affect any rights, remedies, obligations or liabilities of the parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of the deed which existed at or before the date of termination.
- 3.4 On termination of this deed, clause 1 and clause 6 to clause 19 (inclusive) shall continue in force.

4. SIGNIFICANT SHAREHOLDER UNDERTAKINGS

- 4.1 Each Significant Shareholder undertakes to the Company that it shall exercise its Voting Rights and shall procure that each member of the Shareholder Group shall exercise their respective Voting Rights to procure (to the extent that they are able by the exercise of such rights to procure) that:
 - 4.1.1 all transactions, agreements and arrangements between the Company and the Significant Shareholders and any member of each respective Shareholder Group shall be on arm's length basis and on normal commercial terms;
 - 4.1.2 as soon as practicable, and during the Transition Period, the Board shall be comprised of at least five Directors, two of which shall be Independent Directors;
 - 4.1.3 as soon as practicable, and following the Transition Period, the Board shall be comprised of at least four Directors with an Independent Chairman who shall, in accordance with the Articles, have a casting vote;
 - 4.1.4 if an Independent Director ceases to be either an Independent Director or a Director, as soon as practicable one or more new Independent Directors will be appointed to the Board as shall be necessary to ensure compliance with clause 4.1.2 and 4.1.3;
 - 4.1.5 in addition to the quorum conferred by the Articles, "that the quorum for the transaction of the business of the Board may be fixed by the Board and, unless so fixed any other number, shall be two," a supplemental quorum requirement for any meeting of the Board shall be that the required quorum comprise at least one Independent Director; and
 - 4.1.6 the provisions of this deed are properly and promptly observed and given full force and effect according to the spirit and intention of this deed.

- 4.2 Each Significant Shareholder undertakes to the Company that it shall not, and shall procure that no member of its respective Shareholder Group, exercise its Voting Rights to procure or seek to procure any amendment to the Articles which would be inconsistent with the provisions of this deed.

5. STATUS OF THE DEED

- 5.1 If there is any inconsistency between any of the provisions of this deed and the Articles, the provisions of this deed shall prevail as between the parties to the extent permitted by law and regulation.
- 5.2 For the avoidance of doubt, the obligations of each of the parties under this deed shall be subject to all applicable legal and regulatory requirements including, without limitation, the Applicable Laws and no party shall be required to breach any such law, regulation, rule or code.
- 5.3 Nothing in this deed shall prevent the Significant Shareholder or any member of the Shareholder Group from exercising its Voting Rights as they, in their discretion, see fit except where to do so would result in a breach of this deed.

6. FURTHER ASSURANCE

Each Significant Shareholder shall (at its own expense) promptly execute and deliver such documents and perform such acts as the Company may reasonably require from time to time for the purpose of giving full effect to this deed.

7. ASSIGNMENT

This deed is personal to the parties and no party shall assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of its rights and obligations under this deed.

8. ENTIRE AGREEMENT

This deed and the Articles constitute the entire agreement between the parties and supersede and extinguish all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to their subject matter.

9. COUNTERPARTS

- 9.1 This deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one deed.
- 9.2 Transmission of an executed counterpart of this deed (but for the avoidance of doubt not just a signature page) by e-mail (in PDF, JPEG or other agreed format) shall take effect as delivery of an executed counterpart of this deed. If either method of delivery is adopted, without prejudice to the validity of the deed thus made, each party shall provide the other parties with the original of such counterpart as soon as reasonably possible thereafter.
- 9.3 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

10. VARIATION AND WAIVER

- 10.1 No variation of this deed shall be effective unless it is made by deed and signed and delivered by the parties (or their authorised representatives).

- 10.2 A waiver of any right or remedy under this deed or by law is only effective if it is given in writing and shall not be deemed a waiver of any subsequent right or remedy.
- 10.3 A failure or delay by a party to exercise any right or remedy provided under this deed or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict any further exercise of that or any other right or remedy.
- 10.4 No single or partial exercise of such right or remedy provided under this deed or by law shall prevent or restrict any further exercise of that or any other right or remedy.

11. COSTS

Except as expressly provided in this deed, each party shall pay its own costs incurred in connection with the negotiation, preparation and execution of this deed.

12. NO PARTNERSHIP OR AGENCY

- 12.1 Nothing in this deed is intended to, or shall be deemed to, establish any partnership between the parties or constitute any party the agent of another party.
- 12.2 Each party confirms it is acting on its own behalf and not for the benefit of any other person.

13. NOTICES AND CONSENTS

- 13.1 For the purposes of this clause 13, but subject to clause 13.7, notice includes any other communication and consent made or given by or to a party under or in connection with this deed.

- 13.2 A notice given to a party under or in connection with this deed:

13.2.1 shall be in writing and in English;

13.2.2 shall be sent to the relevant party for the attention of the contact and to the address specified in clause 13.3, or such other address as that party may notify to the other parties in accordance with the provisions of this clause 13.4;

13.2.3 shall be:

13.2.3.1 delivered by hand;

13.2.3.2 sent by pre-paid first class post or special delivery; or

13.2.3.3 sent by pre-paid airmail or by reputable international overnight courier (if the notice is to be served by post to an address outside the country from which it is sent); and

13.2.4 unless proved otherwise is deemed received as set out in clause 13.5.

- 13.3 The addresses for services of notices are:

13.3.1 Company

13.3.1.1 Address: 27 Clements Lane, London EC4N 7AE

13.3.1.2 For the attention of: the Directors

13.3.2 RCF

13.3.2.1 Address: 1400 Sixteenth Street

Suite 200
Denver
CO, USA 80202

13.3.2.2 For the attention of: Mason Hills

13.3.3 Pacific Road

13.3.3.1 Address: 88 George Street

The Rocks Sydney

NSW, 2000

Australia

13.3.3.2 For the attention of: Paul Evans

- 13.4 A party may change its details for service of notices as specified in clause 13.3 by giving notice to the other parties.
- 13.5 This clause 13.5 sets out the delivery methods for sending a notice to a party under this agreement and, for each delivery method, the date and time when the notice is deemed to have been received (provided that all other requirements of this clause have been satisfied and subject to the provisions in clause 13.6):
- 13.5.1 if delivered by hand, on signature of a delivery receipt or at a time the notice is left at the address;
- 13.5.2 if sent by pre-paid first class post or other next working day delivery services at 9.00 am on the second business day after posting or at the time recorded by the delivery services;
- 13.5.3 if sent by pre-paid airmail providing proof of postage at 9.00 am on the fifth business day after posting or at the time recorded by the delivery service.
- 13.6 If deemed receipt under clause 13.5 would occur outside business hours in the place of receipt, it shall be deferred until business hours resumes. In this clause 13.6, business hours means 9.00 am to 5.00 pm Monday to Friday on a day that is not a public holiday in the place of receipt.
- 13.7 This clause 13 does not apply to the service of any proceedings or other documents in any legal action.
- 13.8 A notice given under or in connection with this deed is not valid if sent by email.
- 14. SEVERANCE**
- 14.1 If any provision or part-provision of this deed is or becomes invalid, illegal or unenforceable, it shall be deemed deleted, but that shall not affect the validity and enforceability of the rest of this deed.
- 14.2 If any provision or part-provision of this deed is deemed deleted under clause 14.1, the parties shall negotiate in good faith to agree a replacement provision that, to the greatest extent possible, achieves the intended commercial result of the original provision. Any such amendment will be made in accordance with clause 10.

15. THIRD PARTY RIGHTS

No one other than a party to this deed shall have any right to enforce any of its terms.

16. INADEQUACY OF DAMAGES

Without prejudice to any other rights or remedies that the Company may have, the Significant Shareholders each acknowledge and agree that damages alone would not be an adequate remedy for any breach of the terms of clause 4 (inclusive) by either Significant Shareholder or a member of its respective Shareholder Group. Accordingly, the Company shall be entitled to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of the terms of clause 4 (inclusive) of this deed.

17. RIGHTS AND REMEDIES

Except as expressly provided in this deed, the rights and remedies provided under this deed are in addition to, and not exclusive of, any rights or remedies provided by law.

18. GOVERNING LAW

This deed and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

19. JURISDICTION

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this deed or its subject matter or formation.

THIS AGREEMENT HAS BEEN ENTERED INTO AS A DEED ON THE DATE STATED AT THE BEGINNING OF IT.

EXECUTED AS A DEED by)
FIRESTONE DIAMONDS PLC)
acting by)
a director in the presence of:)
Director

Signature of witness:
Name:
Address:
Occupation:

EXECUTED AS A DEED by)
RESOURCE CAPITAL FUND VI L.P.)
By: RESOURCE)
CAPITAL ASSOCIATES VI L.P. as General Partner)
By:
RCA VI GP LTD., General Partner)
acting by an authorised officer in the presence of:) By:

Signature of witness:
Name:
Address:
Occupation:

EXECUTED AS A DEED by)

PACIFIC ROAD RESOURCES FUND II L.P.)

herein represented by

PACIFIC ROAD CAPITAL MANAGEMENT)

GP II LIMITED, as General Partner)

acting by a director in the presence of:)



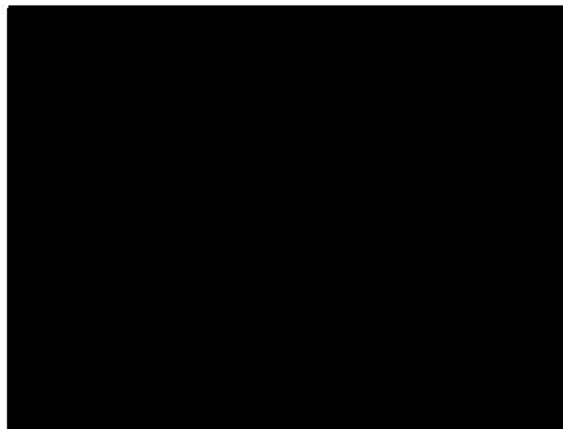
Director

Signature of witness:

Name:

Address:

Occupation:



EXECUTED AS A DEED by)

PACIFIC ROAD RESOURCES FUND II)

herein represented by its trustee

PACIFIC ROAD CAPITAL II PTY LIMITED)

Adrian Martin (Director):)

Trustee

Signature of witness:

Name:

Address:

Occupation:

EXECUTED AS A DEED by)

PACIFIC ROAD RESOURCES FUND II L.P.)

herein represented by

PACIFIC ROAD CAPITAL MANAGEMENT)

GP II LIMITED, as General Partner)

acting by a director in the presence of:)

Director

Signature of witness:

Name:

Address:

Occupation:

EXECUTED AS A DEED by)

PACIFIC ROAD RESOURCES FUND II) Director

herein represented by its trustee

PACIFIC ROAD CAPITAL II PTY LIMITED)

:)

Signature of witness:

Name:

Address:

Occupation: Investment Manager