

IRREVOCABLE UNDERTAKING

From: Blenheim Trust Company Limited
To: Firestone Diamonds plc (the "Company"); and
Kopane Diamond Developments plc ("Kopane")

19 July 2010

Proposed offer for Kopane

1. I understand that:

- (a) the Company intends to acquire all the ordinary shares of one penny each in the capital of Kopane (the "Target"), other than those owned by the Company or any of its subsidiaries at the time of posting the Scheme Document or Offer Document (as appropriate and as defined below), by way of a court-sanctioned scheme of arrangement between the Target and its shareholders under Part 26 of the Companies Act 2006 (referred to in this undertaking as the "Scheme") or, if, with the prior consent of the Target (such consent not to be unreasonably withheld) and the Panel on Takeovers and Mergers (the "Panel"), the Company elects, by way of a takeover offer (referred to in this undertaking as the "Offer") (the "Acquisition");
 - (b) the Acquisition will be on the terms and conditions to be set out in a press announcement of the Acquisition (the "Press Announcement") substantially in the form of the draft Press Announcement in Schedule 2, together with such additional terms and conditions as may be required to comply with the AIM Rules for Companies (the "AIM Rules") and the City Code on Takeovers and Mergers (the "City Code");
 - (c) the Acquisition is conditional, *inter alia*, upon the passing of certain resolutions to be proposed at the Firestone Diamonds General Meeting (as defined in the Press Announcement).
2. Subject to the release of the Press Announcement, I undertake, agree, represent and warrant to and with the Company and Kopane in the following terms:
- (a) I am (and shall remain until the date on which the Scheme becomes effective in accordance with its terms) the registered holder and beneficial owner of (or am otherwise able to control the exercise of all rights attaching to, including the ability to procure the transfer of) the number of ordinary shares of 20 pence each in the capital of the Company as specified in Part 1 of Schedule 1 (the "Shares") (which expression shall include any other shares in the Company issued after the date hereof which are attributable to or derived from such Shares);
 - (b) I or the registered holder of the Shares, as the case may be, hold the Shares free from all liens, charges and encumbrances and any third party rights of any nature whatsoever;
 - (c) I am able and have all relevant rights, power and authority, and have obtained all necessary authorisations, approvals, consents and licences required by me (all of which are unconditional and remain in full force and effect) to enter into and perform this undertaking;
 - (d) I am also beneficially entitled to the option(s) and/or award(s) granted under the Option Schemes over the number of Ordinary Shares specified in Part 2 of

Schedule 1 (the "Option Shares"). In relation to the Option Shares, I will, immediately upon the acquisition of any Option Shares, take the actions set out in paragraph 2(f) or 2(g) (as appropriate) in relation to those Option Shares (on acquisition, those Option Shares shall be treated as Shares for the purposes of this undertaking);

- (e) I confirm that I am not interested in any shares or other securities of the Company other than those of which details are set out in Schedule 1;
- (f) I shall or, where applicable, shall procure that the registered holder of the Shares shall, in person or by proxy, cast all votes (whether on a show of hands or on a poll) in relation to the Shares at the Firestone Diamonds General Meeting in favour of the resolution to approve the Acquisition (if proposed). Increase the authorised share capital, grant to the directors of the Company authority to allot new ordinary shares in the Company together with any other resolutions set out in the notices convening the meeting to be included in the Admission Document and/or Circular (as defined below) (the "Resolution") and against any resolution or proposal to adjourn the Firestone Diamonds General Meeting save as otherwise directed in writing by the Company in connection with the Acquisition and the Resolution;
- (g) I shall or, where applicable, shall procure that the registered holder of the Shares shall, after the posting of the circular and/or the admission document to be sent to shareholders of the Company containing, *inter alia*, an explanatory statement in respect of the Acquisition (the "Circular" or "Admission Document" (as applicable)) (and without prejudice to any right to attend and vote in person at the Firestone Diamonds General Meeting), return the signed forms of proxy enclosed with the Circular and/or Admission Document (completed and signed and voting in favour of the Resolution) in accordance with the instructions printed on those forms of proxy, as soon as possible and in any event within seven days after posting;
- (h) I shall procure that the registered holder of the Shares shall comply with the undertakings in paragraphs 2(f) and 2(g) above;
- (i) I will not (and I will procure that the registered holder of the Shares will not) prior to the admission of the Enlarged Group to trading on AIM or my obligations lapsing in accordance with paragraph 3(b) below:
 - (i) sell, transfer, charge, pledge or grant any option or encumbrance over or otherwise dispose of, or permit the sale, transfer, charge, pledge of or the granting of any option or encumbrance over or the disposal of, any of the Shares or any interest in any of the Shares; or
 - (ii) accept or permit to be accepted any other offer in respect of any of the Shares (whether it is conditional or unconditional and irrespective of the means by which it is to be implemented); or
 - (iii) withdraw the undertakings referred to in paragraphs 2(f) and 2(g) (as appropriate) above in respect of any of the Shares; or
 - (iv) acquire any further interest in any shares or other securities in the Company other than pursuant to the Option Schemes;
- (j) the Press Announcement may incorporate a reference to me substantially in the terms set out in the attached draft Press Announcement and, in accordance with the rules of the City Code, this undertaking may be referred to in the scheme document issued by the Target or offer document issued by the Company (as applicable) and will be available for inspection during the period of the Scheme or the Offer (as applicable);


- (k) the Circular and/or Admission Document and/or prospectus (or prospectus equivalent document) issued by the Company in connection with the Acquisition may incorporate a reference to me substantially in the terms set out in the attached draft Press Announcement;
 - (l) to the extent that any of the Shares are not registered in my name, I will procure the registered holder(s) to act in accordance with the terms of this undertaking;
 - (m) as security for my obligations hereunder, I hereby irrevocably:
 - (i) appoint any director of the Company as my attorney with full power and authority to sign or otherwise execute such form of proxy and to do such other acts and things on my behalf as may be necessary in order to comply with my obligations in this letter; and
 - (ii) undertake to ratify such documents, acts and things and indemnify my attorney in full in respect of any such document, act or thing;
 - (n) I have full power and authority to give and perform the representations, warranties and undertakings contained in this letter and such representations, warranties and undertakings constitute valid and binding obligations on me in accordance with their terms and entering into and performance by me of such representations, warranties and/or undertakings contained in this letter will not conflict with or result in a breach of any law, regulation or any judgement, ruling or decree of any court or agency binding on me;
 - (o) I understand (and confirm that the registered holder of the Shares has understood) that the information provided to me and/or the registered holder of the Shares in relation to the Acquisition is given in confidence and must be kept confidential until the Press Announcement is released or the information has otherwise become generally available. Before that time, I will not (and confirm that the registered holder of the Shares will not) base any behaviour in relation to the securities of the Target or the Company or any qualifying investments or relevant products (as defined in the Financial Services and Markets Act 2000 ("FSMA")), which would amount to market abuse for the purposes of FSMA, on such information. To the extent any of such information constitutes inside information for the purposes of the Criminal Justice Act 1993, as amended, and/or FSMA, I shall comply, and shall procure that the registered holder complies, with the applicable restrictions in those enactments on dealing in securities and disclosing inside information.
3. The following additional provisions apply to this undertaking:
- (a) subject to paragraph (b) below, the undertakings given by me in this undertaking are irrevocable;
 - (b) all obligations under this undertaking will lapse if:
 - (i) the Press Announcement is not released by 6:00 p.m. on 23 July 2010;
 - (ii) an Admission Document and/or Circular is not issued prior to 20 August 2010 (or such other date as the Company and the Target may agree);
 - (iii) the Firestone Diamonds General Meeting at which the Resolutions will be proposed is not held by 2 September 2010 (or such other date as the Company and the Target may agree).

- (c) I acknowledge that nothing in this undertaking obliges the Company to despatch the Circular or Admission Document (as appropriate) if it is not required to do so under the AIM Rules or the Companies Act 2006;
- (d) I acknowledge that damages alone would not be an adequate remedy for breach of this undertaking and that an order for specific performance would be an essential element of any adequate remedy for such failure or breach;
- (e) any time, date or period mentioned in this undertaking may be extended by mutual agreement between the parties but as regards any time, date or period originally fixed or so extended time shall be of the essence;
- (f) references in this undertaking to a person having an "interest in shares" include all interests which a person would be required to notify to the Company if he were a director of the Company;
- (g) in this undertaking the expression the "Offer" extends to any improved or revised offer on behalf of the Company, whether voluntary or mandatory;
- (h) this undertaking shall bind my estate and personal representatives except in relation to those obligations which relate to my position as a director of the Company;
- (i) except where the context requires otherwise, the definitions used in this undertaking shall have the meanings given to them in the draft Press Announcement;
- (j) except as expressly stated in this undertaking, a person who is not a party to this undertaking, may not enforce its terms under the Contracts (Rights of Third Parties) Act 1999;
- (k) this undertaking and any non-contractual obligations arising out of or in connection with it shall be governed by English law; and
- (l) I submit to the jurisdiction of the English courts for all purposes in relation to this undertaking.

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Blenheim Trust Company Limited

In the presence of:

Signature of witness: 

Name of witness: S CDUNN

Address of witness: 18 PLOOF, TUDOR HOUSE
LE BASTARD, ST PETER PORT
GUERNSEY, GY11DB

SCHEDULE 2
DRAFT PRESS ANNOUNCEMENT

RNS Number : ●
Fitzgerald Diamonds PLC
[21 July] 2010

[21 July] 2010

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Recommended All Share Acquisition by Fitzgerald Diamonds Plc for Kennedy Diamond Developments plc (to be effected by means of a Scheme of Arrangement)

Highlights

- The boards of Kennedy and Fitzgerald are pleased to announce today that they have reached agreement on the terms of a unanimously recommended all share offer by Fitzgerald for Kennedy on the basis of ● New Fitzgerald Shares for every ● Kennedy Shares.
- The Acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act and values each Kennedy Share at approximately 17 pence, based on a Fitzgerald share price of ● pence.
- The Enlarged Group will benefit from a diversified portfolio of production, development and exploration stage diamond projects. The portfolio is expected to provide cash flow from Fitzgerald's new BK111 kimberlite mine in Botswana, significant potential future cash flows from the exploitation of the substantial resource that has been identified at the Main Pipe at Kennedy's Liphobong Project in Lesotho and from Fitzgerald's Jwaneng Tailings Project in Botswana, and significant exploration potential from a portfolio of 107 other kimberlites in the Orapa and Tsabong kimberlite fields in Botswana.
- The Acquisition represents a premium of ● per cent. to the Closing Price of a Kennedy Share of ● pence on ● 2010 (being the Business Day prior to this Announcement), a premium of ● per cent. to the Closing Price of a Kennedy Share of ● pence on 9 February 2010 (being the Business Day prior to the announcement by Kennedy regarding a possible offer for Kennedy) and a premium of ● per cent. to the volume weighted average price over the thirty business days preceding the announcement of the Acquisition..
- Based on the Kennedy Fully Diluted Share Capital, the maximum number of New Fitzgerald Shares to be issued in connection with the Acquisition will be 1140,413,976. Assuming no further Fitzgerald Shares are issued in the period between the date of this Announcement and the Effective Date, immediately following the Effective Date approximately 52 per cent. of the enlarged issued ordinary share capital of Fitzgerald will be held by former Kennedy Shareholders and approximately 48 per cent. will be held by existing Fitzgerald Shareholders.
- The Acquisition will be conditional on, amongst other things, the approval of Fitzgerald Shareholders and the approval of Kennedy Shareholders.



- The Kennedy Directors, who have been so advised by FirmCap, consider the terms of the Acquisition to be fair and reasonable. In providing its advice, FirmCap has taken into account the commercial assessments of the Kennedy Directors.
- The Fitzgerald Directors, who have been so advised by Evolution Securities, consider the terms of the Acquisition to be fair and reasonable. In providing its advice, Evolution Securities has taken into account the commercial assessments of the Fitzgerald Directors.
- The Kennedy Directors intend unanimously to recommend that Kennedy Shareholders vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy General Meeting.
- The Fitzgerald Directors intend unanimously to recommend that Fitzgerald Shareholders vote in favour of the Fitzgerald Resolutions at the Fitzgerald General Meeting.
- None of the Kennedy Directors hold any Kennedy Shares. However, Fitzgerald has received an irrevocable undertaking to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy General Meeting from Obala, a company associated with Francesco Sclario, the chairman of Kennedy, which holds directly and indirectly ● Kennedy Shares representing approximately ● per cent. of Kennedy's existing issued ordinary share capital. Fitzgerald has also received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy General Meeting from certain other Kennedy Shareholders representing, in aggregate, approximately ● per cent. of Kennedy's existing issued ordinary share capital. In total Fitzgerald has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy General Meeting from Kennedy Shareholders representing approximately ● per cent. of Kennedy's existing issued ordinary share capital.
- Fitzgerald and Kennedy have received irrevocable undertakings to vote in favour of the Fitzgerald Resolutions at the Fitzgerald General Meeting from each of the Fitzgerald Directors who hold ● Fitzgerald Shares, representing approximately ● per cent. of the existing issued share capital of Fitzgerald. Fitzgerald and Kennedy have also received irrevocable undertakings to vote in favour of the Fitzgerald Resolution(s) at the Fitzgerald General Meeting from certain other Fitzgerald Shareholders representing, in aggregate, approximately ● per cent. of Fitzgerald's existing issued ordinary share capital. In total Fitzgerald and Kennedy have received irrevocable undertakings to vote in favour of the Fitzgerald Resolutions at the Fitzgerald General Meeting from Fitzgerald Shareholders representing approximately ● per cent. of Fitzgerald's existing issued ordinary share capital.
- The Scheme Document setting out further details of the Acquisition and the procedures to be followed in connection with the implementation of the Scheme will be posted to Kennedy Shareholders as soon as reasonably practicable. The Acquisition is expected to be completed by ● 2010.
- For Fitzgerald, the Acquisition constitutes a reverse takeover under the AIM Rules and requires Fitzgerald shareholder approval. An AIM admission document setting out further details of the Enlarged Group and convening the Fitzgerald General Meeting will be posted to Fitzgerald Shareholders as soon as reasonably practicable.

James F Kenny, Chairman of Fitzgerald, commented:

"We are very pleased with the agreement that we have reached with Kennedy, which the Fitzgerald Board will be unanimously recommending to Fitzgerald shareholders for their approval. Fitzgerald recently became one of only three listed kimberlite producers worldwide outside of the



major mining companies, and the opportunity to acquire a kimberlite with the potential of Lihobong is one that we believe complements our broad portfolio of exploration and development projects in Botswana and offers Fitzgerald shareholders very significant benefits. Lihobong is substantially larger than BK11, is at the final stages of a definitive feasibility study, which is the precursor for mine development, and is considered by the Fitzgerald Board to be one of the most attractive kimberlites that has not yet been commercially developed. The Fitzgerald Board believes that the acquisition of Kennedy by Fitzgerald will improve Fitzgerald's prospects and enable the Enlarged Group to become one of the leading mid-tier diamond producers, with the potential to produce in excess of 1 million carats per annum."

Frank Scolaro, Chairman of Kennedy, commented:

"We are delighted with the agreement that we have reached with Fitzgerald, which the Kennedy Board will be unanimously recommending to Kennedy shareholders for approval. The Kennedy Board believes the value that the offer from Fitzgerald places on Kennedy is fair in current market conditions and that the all share Offer will afford Kennedy shareholders the opportunity of benefiting from the attractive growth profile of Fitzgerald's substantially broader asset base of diamond projects as well as the likely acceleration of the development of Lihobong through the Enlarged Group's resources and operational capabilities. The Kennedy Board believes that the synergies that can be achieved by combining the two groups will create greater value for shareholders and we look forward to an exciting next phase for the Enlarged Group."

Expected timetable of principal events

Posting of the Scheme Document	[●] 2010
Posting of Fitzgerald Circular	[●] 2010
Fitzgerald GM	[●] 2010
Court Meeting	[●] 2010
Kennedy GM	[●] 2010
Court hearing to sanction the Scheme	[●] 2010
Reduction Record Time	6:00 p.m. on [●] 2010
Court hearing to sanction the Reduction of Capital	6:00 p.m. on [●] 2010
Scheme Record Time	[●] 2010
Effective Date of the Scheme	8:00 a.m. on [●] 2010
Cancellation of trading in Existing Fitzgerald Shares on AIM	
Admission and recommencement of dealings on AIM in Existing Fitzgerald Shares and commencement of dealings on AIM in New Fitzgerald Shares and crediting of New Fitzgerald Shares to CREST accounts	8:00 a.m. on [●] 2010
Latest date for despatch of share certificates in respect of New Fitzgerald Shares	[●] 2010

The summary forms part of and should be read in conjunction with the full text of this Announcement and Appendices. The Offer will be subject to the Conditions and further terms set out in Appendix I to this Announcement. Appendix II of this Announcement contains information on sources and bases of information used in this Announcement. Appendix III of this Announcement contains details of the irrevocable undertakings received by Fitzgerald and Kennedy in connection with the Acquisition. Appendix IV defines certain terms used in this Announcement (including this summary).



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This Announcement of which the above summary forms part is not intended to, and does not, constitute or form any part of an offer to sell or an invitation to purchase or subscribe for any securities or the solicitation of any vote for approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in the United States or any jurisdiction in contravention of applicable law. The Offer will be made solely on the basis of the Scheme Document, which will contain the full terms and conditions of the Acquisition. The Scheme Document will be posted to those shareholders able to receive it in due course. Any response in relation to the Acquisition should be made only on the basis of the information in the Scheme Document.

Kennedy Shareholders receiving the formal documentation in relation to the Acquisition are advised to read it carefully, once it has been dispatched as it will contain important information.

The availability of the Offer to Kennedy Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.



To the extent that the Acquisition is effected by way of the Scheme, the New Fitzgerald Shares to be issued to Kennedy Shareholders under the Scheme have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state, district or other jurisdiction of the United States, the Republic of South Africa, Singapore, Canada or Japan.

If the Acquisition is carried out by way of a Takeover Offer, it will not be made, directly or indirectly, in or into the United States, Republic of South Africa, Singapore, Canada or Japan and will not be capable of acceptance from or within the United States, Republic of South Africa, Singapore, Canada or Japan. Accordingly, copies of this Announcement and all documents relating to the Takeover Offer will not be, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from the United States, Republic of South Africa, Singapore, Canada or Japan. If the Acquisition is carried out by way of a Takeover Offer, the New Fitzgerald Shares to be issued in connection with such Takeover Offer have not been and will not be registered under the Securities Act or under the securities laws of any state, of the United States and subject to certain exceptions, the Takeover Offer will not be made in or into the United States. There will be no public offering of the New Fitzgerald Shares in the United States and the New Fitzgerald Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, other than pursuant to an exemption from the registration requirements of the US Securities Act.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act or an exemption therefrom. Fitzgerald has not registered and does not intend to register any of the New Fitzgerald Shares under the US Securities Act.

To the extent that the Acquisition is effected by way of the Scheme, it is expected that the New Fitzgerald Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Any offer of New Fitzgerald Shares made by way of the Scheme will be made by means of the Scheme Document that may be obtained from Kennedy which will contain detailed information about the Acquisition, Kennedy, Fitzgerald and their management, as well as financial and other important information. Any Kennedy Shareholder in the United States that is an "affiliate" of Fitzgerald under applicable US securities laws either within the 90 days prior to the implementation of the Scheme or following implementation of the Scheme will be subject to certain restrictions on the sale of New Fitzgerald Shares received pursuant to the Scheme.

Evolution Securities and Brewin Dolphin, which are authorised and regulated in the United Kingdom by the Financial Services Authority, are acting exclusively for Fitzgerald and no-one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Fitzgerald for providing the protections afforded to clients of Evolution Securities or Brewin Dolphin or for providing advice in relation to the Acquisition or any other matter described in this Announcement.

Finncap, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Kennedy and no-one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Kennedy for providing the protections afforded to clients of Finncap nor for providing advice in relation to the Acquisition or any other matter described in this Announcement.

The Fitzgerald Directors accept responsibility for all the information contained in this Announcement except for that information for which the Kennedy Directors accept responsibility (being information relating to Kennedy, the Kennedy Group and the Kennedy Directors). To the best of the knowledge and belief of the Fitzgerald Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement



for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Kennedy Directors accept responsibility for all information in this Announcement relating to Kennedy, the Kennedy Group and the Kennedy Directors. To the best of the knowledge and belief of the Kennedy Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Forward-Looking Statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Fitzgerald, Kennedy and the Enlarged Group and certain plans and objectives of the Fitzgerald Directors and the Kennedy Directors with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words of similar meaning. These statements are based on assumptions and assessments made by the Fitzgerald Directors and/or the Kennedy Directors in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although the Fitzgerald Directors and/or the Kennedy Directors believe that the expectations reflected in such forward-looking statements are reasonable, they can give no assurance that such expectations will prove to have been correct and assume no obligation to update or correct the information contained in this document and Fitzgerald and Kennedy therefore caution investors not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement.

Nothing in this Announcement is intended to be a profit forecast and the statements in this Announcement should not be interpreted to mean that the earnings per Fitzgerald Share or Kennedy Share for the current or future financial periods will necessarily be greater than those for the relevant preceding financial period.

The statements contained herein are made as at the date of this Announcement, unless some other time is specified in relation to them, and the issue of this Announcement shall not give rise to any implication that there has been no change in the facts set forth herein since that date. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Fitzgerald or Kennedy except where otherwise stated.

Dealing disclosure requirements

Under Rule 8.3(4) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(4) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the



commencement date of the offer period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th business day following the announcement in which the paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an interest in relevant securities of the offeree company or a paper offeror they will be deemed to be a single person for the purposes of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and the offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.tkepanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on 44 (0)20 7638 0129.

Fitzgerald is a paper offeror for the purposes of the above disclosure requirements.

Publication on websites

A copy of this Announcement and certain information published or otherwise made available by Fitzgerald in connection with the Acquisition is available at: [Fitzgerald's website address to be inserted at appropriate time]

A copy of this Announcement and certain information published or otherwise made available by Kennedy in connection with the Acquisition is available at: [Kennedy's website address to be inserted at appropriate time]

Rule 2.10 Disclosure

In accordance with Rule 2.10 of the Code, Fitzgerald has 127,891,637 ordinary shares of 20p each in issue with ISIN GB0003915336. Kennedy has 301,511,651 ordinary shares of 1p each in issue with ISIN GB0002998978.

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[21 July] 2010

Recommended All Share Acquisition by Fitzgerald Diamonds Plc for Kennedy Diamond Developments plc (to be effected by means of a Scheme of Arrangement)

1. Introduction

The Fitzgerald Directors and the Kennedy Directors are pleased to announce that they have reached agreement on the terms of a unanimously recommended all share offer by Fitzgerald for the entire issued and to be issued ordinary share capital of Kennedy. It is proposed that the Acquisition will be implemented by way of a scheme of arrangement under Part 26 of the Companies Act involving a capital reduction of Kennedy under section 641 of the Companies Act. The Acquisition is conditional, inter alia, on sanction of the Scheme and confirmation of the Reduction of Capital by the Court, Kennedy Shareholder approval and Fitzgerald Shareholder approval.

The Kennedy Directors, who have been so advised by FirmCap, consider the terms of the Acquisition to be fair and reasonable. In providing its advice, FirmCap has taken into account the commercial assessments of the Kennedy Directors. Accordingly, the Kennedy Directors unanimously intend to recommend Kennedy Shareholders to vote in favour of the Scheme at the Court Meeting and in favour of the Kennedy Resolution to be proposed at the Kennedy GM.

Obtata, a company associated with Francesco Scolaro, the chairman of Kennedy, which holds directly and indirectly ● Kennedy Shares representing approximately ● per cent. of Kennedy's issued ordinary share capital, has irrevocably undertaken to vote in favour of the Scheme and the Kennedy Resolution. In addition, certain other Kennedy Shareholders representing, in aggregate, approximately ● per cent. of Kennedy's issued ordinary share capital have irrevocably undertaken to vote in favour of the Scheme and the Kennedy Resolution. In total Fitzgerald has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy General Meeting from Kennedy Shareholders representing approximately ● per cent. of Kennedy's existing issued ordinary share capital.

The Acquisition is classified as a reverse takeover of Fitzgerald under the AIM Rules and therefore requires Fitzgerald Shareholders' approval. In addition, to implement the Acquisition Fitzgerald requires Fitzgerald Shareholder approval. In relation to the increase of its authorised share capital and to allot the New Fitzgerald Shares which will be sought at the Fitzgerald GM. In addition, Fitzgerald will be seeking shareholder consent to adopt new articles of association and to disapply statutory pre-emption rights. Fitzgerald and Kennedy have received irrevocable undertakings to vote in favour of the Fitzgerald Resolution[s] at the Fitzgerald GM from each of the Fitzgerald Directors who, directly or indirectly, hold in aggregate ● Fitzgerald Shares, representing approximately ● per cent. of the existing issued share capital of Fitzgerald. Fitzgerald and Kennedy have also received irrevocable undertakings to vote in favour of the Fitzgerald Resolutions at the Fitzgerald GM from certain other Fitzgerald Shareholders who, directly or indirectly, hold in aggregate ● Fitzgerald Shares, representing approximately ● per cent. of the existing issued ordinary share capital of Fitzgerald. In total Fitzgerald and Kennedy have received irrevocable undertakings to vote in favour of the Fitzgerald Resolution[s] at the

Fitzgerald General Meeting from Fitzgerald Shareholders representing approximately ● per cent. of Fitzgerald's existing issued ordinary share capital.



2. Terms of the Acquisition

The Acquisition involves the acquisition by Fitzgerald of the entire issued and to be issued ordinary share capital of Kennedy and is to be effected by way of a scheme of arrangement between Kennedy and Scheme Shareholders under Part 26 of the Companies Act. Under the terms of the Scheme, which will be subject to satisfaction or (where appropriate) waiver of the Conditions set out in Appendix 1 and to the further terms set out in Appendix 1, Scheme Shareholders who are on the register of members at the Scheme Record Time will receive:

0.4657 New Fitzgerald Shares for every 1 Kennedy Share

and so in proportion for any other number of Scheme Shares held at the Scheme Record Time. Fractions of New Fitzgerald Shares will not be allotted or issued pursuant to the Acquisition and fractional entitlements will be rounded down to the nearest whole number of New Fitzgerald Shares.

The terms of the Acquisition have been agreed on the basis of a price of 36.5 pence for each existing Fitzgerald Share and a price of 17.0 pence for each Kennedy Share which values the Kennedy Fully Diluted Share Capital at approximately £52.7 million.

On this agreed basis, the Acquisition represents a premium of ● per cent. to the Closing Price of a Kennedy Share of ● pence on ● 2010 (being the Business Day prior to this Announcement), a premium of ● per cent. to the Closing Price of a Kennedy Share of ● pence on 9 February 2010 (being the Business Day prior to the announcement by Kennedy regarding a possible offer for Kennedy) and a premium of ● per cent. to the volume weighted average price over the thirty business days preceding the announcement of the Acquisition...

Based on the Kennedy Fully Diluted Share Capital, the maximum number of New Fitzgerald Shares to be issued in connection with the Acquisition will be 144,501,416. Assuming no further Fitzgerald Shares are issued in the period between the date of this Announcement and the Effective Date, immediately following the Effective Date approximately 52 per cent. of the enlarged issued ordinary share capital of Fitzgerald will be held by former Kennedy Shareholders and approximately 48 per cent. will be held by Fitzgerald Shareholders.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the resolutions at the Court Meeting or the Kennedy GM.

The New Fitzgerald Shares will be issued credited as fully paid, and on identical terms to and will rank pari passu with the Existing Fitzgerald Shares, including the right to receive and retain all dividends and other distributions declared, paid or made on Fitzgerald Shares after the Scheme becomes effective.

Application will be made for the New Fitzgerald Shares to be admitted and for the Existing Fitzgerald Shares to be readmitted to trading on AIM.



The Acquisition will be subject to the conditions and further terms set out in the paragraphs contained in Appendix I to this Announcement and to be set out in the Scheme Document.

3. Background to and reasons for the Acquisition

Both Fitzgerald and Kennedy are diamond exploration and development companies with a geographical focus on Southern Africa. The majority of Fitzgerald's assets are located in Botswana and Kennedy's principal asset is located in Lesotho.

Fitzgerald has assembled a substantial portfolio of diamond projects in Botswana and recently commenced production at its BK11 Kimberlite in the Orapa region. The Fitzgerald Board considers that Fitzgerald's achievement in commencing production in just over three years from being granted a prospecting licence for BK11, and less than nine months after the decision was made in December 2009 to proceed with mine development, demonstrates Fitzgerald's significant capabilities in evaluating and developing kimberlite projects. Fitzgerald has a further 107 kimberlites in its Botswana portfolio, of which to date 29 have been proven to contain diamonds. Fitzgerald intends to use cash flow from BK11 to accelerate the evaluation of these kimberlites with the objective of identifying additional Mineral Resources that can be developed and brought into production.

In addition to its exploration and development capabilities Fitzgerald has proven experience in operating diamond projects, having successfully operated the Project Buffels toll treatment project for De Beers in South Africa. The Fitzgerald Board has identified the toll treatment business as a relatively low risk way of generating cash flow from such projects is not dependent on rough diamond prices, thus reducing the potential impact to Fitzgerald of any drop in rough diamond prices that could be caused by future economic or stock market volatility. Accordingly, Fitzgerald is continuing to develop its toll treatment business and has several advanced toll treatment opportunities in both Botswana and Namibia that have the potential to generate significant cash flow for the Fitzgerald Group.

Kennedy's principal asset is the Liphobong project in Lesotho, where a substantial resource of over 50Mt at an average grade of 34.3c/pt containing 31 million carats has been identified at the Main Pipe. Small scale production was carried out at the Satellite Plant up to December 2008, when mining operations were suspended due to the sharp fall in diamond prices at that time. Kennedy's recent activities have been focused on the completion of a definitive feasibility study on the Main Pipe. Preliminary results from the DFS, which is now at an advanced stage, indicate that the Main Pipe is likely to support a substantial, long life mining operation.

In parallel with completing the outstanding work on the DFS, Kennedy is planning to recommence production at Liphobong in 2011 employing the Satellite Plant and using diesel-generated power until a connection to the electricity grid is available, which is expected to be in Q1 2012. In addition, following completion of the DFS, Kennedy intends to construct a new diamond processing plant which will be significantly larger than the Satellite Plant and of suitable size to optimally exploit the Main Pipe resource. Estimates for the schedule and cost for construction of the new plant are being made as part of the DFS.

Fitzgerald intends to proceed with Kennedy's plans to recommence production at Liphobong in 2011 and complete the DFS, subject to undertaking a review of these plans following completion of the Acquisition.

The Fitzgerald Directors and the Kennedy Directors believe that Fitzgerald's and Kennedy's respective projects complement each other, and that the acquisition of Kennedy by Fitzgerald will



be value enhancing and will provide significant benefits to both Fitzgerald Shareholders and Kennedy Shareholders.

- Fitzgerald will acquire a large Mineral Resource at Liphobong at the final stage of a DFS with substantial economic potential that will allow the Enlarged Group to significantly expand its production base.
- Kennedy will have exposure to a diversified portfolio of diamond projects, with cash flow from BK11, potential future cash flow from toll treatment projects and a large number of both early and advanced stage kimberlites with significant potential for further economic discoveries.
- Kennedy will have access to Fitzgerald's proven capability in kimberlite resource development, and mine construction, development and operation, which the Fitzgerald Directors believe will enable full scale production to be achieved at Liphobong in a shorter time and at a lower cost than currently planned.
- The Fitzgerald Directors and the Kennedy Directors believe that the portfolio of projects and operational capability that the Enlarged Group will control will enable the Enlarged Group to become one of the leading mid-tier diamond producers, allowing Fitzgerald to pay dividends to its shareholders in the mid to long term.
- The Enlarged Group will benefit from having a larger market capitalisation, which the Fitzgerald Directors and the Kennedy Directors believe is likely to result in greater liquidity in the trading of Fitzgerald's shares, an improved rating and greater access to capital to fund the Enlarged Group's growth plans.
- The Fitzgerald Directors believe that the proximity of Fitzgerald's and Kennedy's respective assets in Botswana and Lesotho and the fact that both Fitzgerald and Kennedy are listed on the AIM market will allow the Enlarged Group to operate more cost effectively by sharing corporate, administrative and technical support services across a larger portfolio of projects.
- Rough diamond prices continue to strengthen, with prices recently returning to the previous highs seen in 2008. With the substantial shortfall in rough diamond supply projected in the coming years, the Fitzgerald Directors believe that the Enlarged Group will be well positioned for significant growth and to become one of the leading mid-tier diamond producers.

4. Kennedy Shareholder approval and recommendation of the Kennedy Board

The Kennedy Board is receiving financial advice on the Acquisition from FinmCap. The Kennedy Board, which has been so advised by FinmCap, considers the terms of the Acquisition to be fair and reasonable. In providing advice to the Kennedy Board, FinmCap has taken into account the commercial assessments of the Kennedy Directors.

The Kennedy Directors unanimously intend to recommend that Kennedy Shareholders vote in favour of the Scheme at the Court Meeting and in favour of the Kennedy Resolution at the Kennedy GM. None of the Kennedy Directors hold any Kennedy Shares, however, they have undertaken to Fitzgerald that if they acquire any Kennedy Shares prior to the Voting Record Time they shall vote such Kennedy Shares in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy GM. Obata, a company associated with Francesco Sciarra, the chairman of Kennedy, which holds directly and indirectly ● Kennedy Shares representing approximately ● per cent. of Kennedy's issued ordinary share capital, has irrevocably undertaken to Fitzgerald to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy GM. In addition, certain other Kennedy Shareholders representing, in aggregate, approximately ● per cent. of Kennedy's issued ordinary share capital, have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy GM. In total Fitzgerald has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy General Meeting

from Kennedy Shareholders representing approximately ● per cent. of Kennedy's existing issued ordinary share capital.



5. Fitzgerald Shareholder Approval and Recommendation of the Fitzgerald Board

The Fitzgerald Board is receiving financial advice on the Acquisition from Evolution Securities. The Fitzgerald Board, which has been so advised by Evolution Securities considers the terms of the Acquisition to be fair and reasonable. In providing financial advice to the Fitzgerald Board on the Acquisition, Evolution Securities has taken into account the commercial assessments of the Fitzgerald Board.

The Acquisition is classified under the AIM Rules as a reverse takeover of Fitzgerald due to the size of the Acquisition in relation to Fitzgerald and therefore requires approval by the Fitzgerald Shareholders at the Fitzgerald General Meeting. In addition, to implement the Acquisition requires Fitzgerald Shareholder approval in relation to the increase of its authorised share capital and to allot the New Fitzgerald Shares. Accordingly, the Acquisition is conditional on the approval by Fitzgerald Shareholders of Fitzgerald Resolution 1 at the Fitzgerald GM.

The Fitzgerald Board intends unanimously to recommend that Fitzgerald Shareholders vote in favour of the Fitzgerald Resolutions as they have irrevocably undertaken to do in respect of their own beneficial holdings of [1,988,363] Fitzgerald Shares (representing as at the date of this Announcement, in aggregate, approximately 1.55 per cent. of the existing issued ordinary share capital of Fitzgerald). In total Fitzgerald and Kennedy have received irrevocable undertakings to vote in favour of the Fitzgerald Resolutions at the Fitzgerald General Meeting from Fitzgerald Shareholders representing approximately ● per cent. of Fitzgerald's existing issued ordinary share capital.

6. Information on Fitzgerald

Fitzgerald is an international diamond mining and exploration company with operations primarily focused on Botswana. Botswana is the world's largest and lowest cost producer of diamonds, with annual production worth over \$2.5 billion, and is considered to be one of the most prospective countries in the world to explore for kimberlite – the primary source rock for diamonds. Botswana has a ratio of economic Kimberlites of 8%, compared to the global average of 1%.

Fitzgerald is the largest holder of mineral rights in Botswana's kimberlite fields, with 16,500 square kilometres under license, covering the entire Tsabong kimberlite field and significant areas around the major Orapa and Jwaneng mines. Fitzgerald has 108 Kimberlites in its portfolio, of which 30 have been proven to be diamondiferous to date.

Fitzgerald recently commenced commercial production at its BK11 kimberlite in the Orapa region. This represents a major milestone for Fitzgerald, making it one of only three listed kimberlite producers worldwide outside of the major mining companies. The Fitzgerald Directors consider that the achievement of commencing production in just over three years from being granted a prospecting licence for BK11, and less than nine months after the decision was made in December 2009 to proceed with mine development, demonstrates Fitzgerald's significant capabilities in evaluating and developing kimberlite projects.

Phase 1 of the BK11 production plant, which has a capacity of approximately 650,000 tonnes per annum, is now in operation. Work on Phase 2 of the production plant, which will increase production capacity to 1,500,000 tonnes per annum, is on target for completion in Q3 2010. Under the BK11 mine plan approximately 11.1 Mt of kimberlite is expected to be mined at an average grade of 8.5 cpts, giving total production of approximately 1 million carats over a 10 year mine life at an average value of \$155/carat (March 2010 valuation). Initial mining operations will

be focused on the KW area, where approximately 5.4 Mt of kimberlite is expected to be mined at an average grade of 12.6 cph, and at a diamond value of \$175/carat (March 2010 valuation).



Fitzgerald intends to use cash flow from BK11 to accelerate the evaluation of its other kimberlites in Botswana. The primary focus of these efforts will initially concentrate on the 21 other kimberlites controlled by Fitzgerald in the Orapa kimberlite field close to the BK11 mine, of which 8 have been proven to be diamondiferous. Fitzgerald intends to use the infrastructure that has now been established at BK11 to evaluate the economic potential of these kimberlites rapidly and at relatively low cost. The Fitzgerald Directors believe that Fitzgerald has the potential to develop a sizeable satellite mining operation based around BK11 and multiple other kimberlites in the Orapa area. Of these, the BK16 kimberlite is at the most advanced stage of evaluation, with high quality diamonds and encouraging grades recovered from historical work, and is expected to be the first of the satellite kimberlites to be evaluated.

Fitzgerald also intends to resume exploration and evaluation work at the Tsabong kimberlite field, either through a joint venture with an industry partner or by resuming its own work. The Tsabong kimberlite field is one of the largest diamondiferous kimberlite fields in the world, with 85 kimberlites discovered to date, of which 18 have been proven to contain diamonds. Tsabong is noted for the exceptionally large size of many of its kimberlites, in particular the 146 hectare MK1 kimberlite, which is one of the largest known diamondiferous kimberlites. Substantial work has been carried out at Tsabong by Fitzgerald, the results of which indicate that the Tsabong kimberlite field is located in a similar geological setting to the major Jwaneng Mine and that it has the potential to contain economic large sized diamondiferous kimberlite deposits.

Fitzgerald has also proven its capability in operating diamond projects, having successfully operated the Project Buffalo toll treatment project for De Beers in South Africa, and is continuing to develop its toll treatment business. Fitzgerald has several advanced toll treatment opportunities in Botswana and Namibia that have the potential to generate significant cash flow for Fitzgerald. The advantage of cash flow from these projects is that it would not be dependent on rough diamond prices, thus reducing the potential impact to Fitzgerald of any drop in rough diamond prices that could be caused by future economic or stock market volatility.

In June 2010, Fitzgerald announced that a decision had been made by Debswana to proceed with the Modular Tailings Treatment Plant (MTTP) at the Jwaneng Mine, with Firestone being responsible for supplying, constructing and operating the MTTP. Debswana is a joint venture between the Government of the Republic of Botswana and De Beers and is the world's leading diamond producer by value. Jwaneng is the largest diamond mine in the world by value and in 2008 produced approximately 13 million carats, with an estimated value of \$1.8 billion. Subject to contractual arrangements, which are at an advanced stage, being finalised, and suitable financing arrangements being made for the capital costs of the project, construction is expected to commence in H1 2011 with full production scheduled for 2012. The Jwaneng Tailings Mineral Resource is estimated to be in excess of 30 million tonnes.

The MTTP is intended to serve as a pilot facility to demonstrate the economics and capability of the modular plant concept on the Jwaneng Tailings Mineral Resource, and could potentially lead to the deployment by Fitzgerald of similar plants to exploit additional tailings Mineral Resources at other Debswana mines. With the total tailings resources at Debswana's mines estimated to be approximately 300 million tonnes, the Fitzgerald Directors consider that they represent a significant revenue opportunity.

In addition, Fitzgerald has been selected by Namdeb as the preferred supplier and operator for the Dredge and Floating Treatment Plant (FTP) project at Namdeb's diamond mining operations on the south west coast of Namibia. Namdeb is a joint venture between the Government of the Republic of Namibia and De Beers and is the world's 6th largest diamond producer by value. Fitzgerald and the Namdeb FTP project team are currently working together to revise Namdeb's

feasibility study for the FTP to reflect current capital costs and Fitzgerald's projected operating costs.

7. Information on Kennedy

Kennedy is a diamond company with its principal project at Liphobong in Lesotho, Southern Africa. Liphobong is operated by Liphobong Mining Development Company (Proprietary) Limited, which is 75 per cent owned by Kennedy and 25 per cent owned by the Government of Lesotho. The Letseng Mine, which is operated by Gem Diamonds Limited, and a number of other kimberlites that are currently undergoing evaluation by other companies, including the Kao and Mochae kimberlites, are also located in Lesotho.

The Liphobong project is comprised of the Main Pipe and the Satellite Pipe, which cover areas of 8.5 hectares and 0.8 hectares, respectively. LMDC has been granted a mining lease by GOL covering an area of 390 hectares in respect of both pipes which expires in August 2017, but is then renewable for a further ten years.

Over 350,000 carats of diamonds have been produced at Liphobong from the commencement of operations at the Satellite Pipe in late 2005 up to the suspension of production in December 2008 due to the sharp fall in rough diamond prices at that time. Activities at Liphobong since then have been focused on completion of the DFS on the Main Pipe, where a resource of some 31,14 million carats has been defined. Preliminary results from the DFS, which is now at an advanced stage, indicate that the Main Pipe is likely to support a substantial, long life mining operation.

In December 2009, Kennedy's independent mining and geological consultants, ACA Howe International Limited, issued an updated resource statement for the Main Pipe which showed total resources of 90,66Mt at an average grade of 34,3cppt containing 31,14 million carats, with an independent run of mine valuation of US\$86 per carat (September 2008 valuation). Of these resources, 38,54Mt at an average grade of 32,8cppt with contained diamonds of 12,64m carats are in the Indicated Resource category and the remainder are in the Inferred Resource category.

Kennedy is currently finalising the DFS for the Main Pipe, which, following the issue of the updated resource statement in December 2009, necessitated a reconsideration of plant design and tailings disposal as a result of the considerably larger kimberlite resource of 90,66 Mt.

In parallel with completing the outstanding work on the DFS, Kennedy is planning for the recommencement of production at Liphobong in 2011 employing the Satellite Plant and using diesel-generated power until a connection to the electricity grid is available. Following completion of the DFS Kennedy intends to construct the new diamond processing plant, which will be significantly larger than the Satellite Plant and of suitable size to optimally exploit the Main Pipe resource. Estimates for the schedule and cost for construction of the new plant will be made as part of the DFS.

The successful development of the Main Pipe will require a connection to the electricity grid operated by the Lesotho Electricity Company. A Memorandum of Understanding between LMDC, the LEC, GOL and Standard Lesotho Bank in respect of funding of the construction of an electrical power line to the Main Pipe was signed in August 2009. Terms for a bank loan to fund the work are in the course of negotiation and tender documents for construction contracts are being finalised. It is envisaged that LEC and GOL will contribute funds towards the cost of the project and GOL will provide a sovereign guarantee to the bank in respect of the loan funding. LMDC will finance the servicing of the loan and its repayment on terms to be agreed. The engineering specifications of the power line, together with environmental impact assessment studies, have been completed in readiness for the start of construction once funding is in place. It is expected that construction will start by the end of 2010, which should allow grid electricity to be available at the mine site by Q1 2012.



Kennedy also has diamond exploration assets in Finland. These assets are being operated, financed and developed under a joint venture agreement with Mantle Diamonds Limited, but are considered to be non-core and not material relative to the value of Liphobong and the Acquisition.

8. Directors, Management and Employees

The Fitzgerald Directors and the Kennedy Directors have discussed Fitzgerald's plans for Kennedy management and employees within the Enlarged Group.

The Fitzgerald Directors will remain in the same respective positions as they currently hold on the Fitzgerald Board and no Kennedy Directors will be joining the Fitzgerald Board. Each of the Kennedy Directors, save for Andrew Birnie and James Cable, will resign from the Kennedy Board, conditional upon, and with effect from, the Scheme becoming effective in accordance with its terms. James Cable will also be engaged under a consultancy agreement to provide services to the Kennedy Group on a part-time basis from the Effective Date. *Insert arrangements for Andrew Birnie - LG to insert once agreed*

Further details of the termination arrangements and consultancy arrangements for the Kennedy Directors will be set out in the Scheme Document.

Fitzgerald has given assurances that following the Scheme becoming effective, the existing employment rights, including accrued pension rights, of Kennedy employees will be fully safeguarded and, save in the case of the Kennedy Directors as referred to above, its plans for Kennedy do not include any material changes in the terms and conditions of employment of Kennedy employees.

9. Current Trading and Financial Information relating to Kennedy and Fitzgerald

Fitzgerald

For the year ended 30 June 2009, Fitzgerald generated revenue of £4.0 million, all of which was derived from the Bontle Koe toll treatment project with De Beers in South Africa. Fitzgerald made an operational profit of £0.7 million before impairment charges of £11.2 million related to the termination of operations at the Bontle Koe project and Fitzgerald's other alluvial projects in South Africa, producing a loss for the year of £11.0 million. For the six month period ended 31 December 2009 Fitzgerald generated no revenue and made a loss of £1.4 million.

Following the successful completion of the final phase of evaluation work on BK11 in December 2009 a decision was made to proceed with the development of commercial mining operations at BK11, and Fitzgerald's activities since then have been primarily focused on BK11. In April 2010 Fitzgerald raised £9.45 million, of which approximately £4.5 million was to cover the final costs to bring BK11 into full production. Commercial production commenced at BK11 in July 2010.

Fitzgerald has also continued to develop its toll treatment business. In March 2010 Fitzgerald announced that it had been selected by Namdeb as the preferred supplier and operator for the FTP project at Namdeb's diamond mining operations on the south west coast of Namibia. In June 2010, Fitzgerald announced that a decision had been made by Debswana to proceed with the MTTTP at the Jwaneng Mine, with Firestone being responsible for supplying, constructing and operating the MTTTP.

As at 30 June 2010 Fitzgerald's cash balances stood at approximately £5.4 million.
Kennedy

For the year ended 30 June 2009, Kennedy generated revenue of £1.9 million, and made a loss for the period of £4.5 million. For the six month period ended 31 December 2009 Kennedy generated no revenue and made a loss for the period of £1.2 million.

Production at Liphobong was suspended in early 2008 in response to the sharp fall in rough diamond prices at that time. Since 31 December 2009, Kennedy has been focused on completion of the DFS on the Main Pipe, planning for the funding and engineering of the construction of electrical power to Liphobong and planning for resumption of production using the Satellite Plant in 2011.

As at 30 June 2010 Kennedy's cash balances stood at £2.1 million. Kennedy is also entitled to receive further payments from Lanstead Capital LP pursuant to the share placing arrangements agreed with Lanstead at the end of 2009 and the beginning of 2010. [As at the date of this document, Kennedy expects to receive a further monthly payments which at a Kennedy share price of [17p] per Kennedy Share (being the price agreed pursuant to the Acquisition for each Kennedy Share), will amount to £ for months and £ for a further months. The monthly payments are currently suspended as a result of the Acquisition, but are expected to resume 30 days following the date of this [Announcement].]

10. Prospects for the Enlarged Group

The Fitzgerald Directors and the Kennedy Directors believe that their respective projects complement each other and that the Enlarged Group's diversified portfolio of production, development and exploration stage projects will provide significant benefits to both Fitzgerald Shareholders and Kennedy Shareholders and enhance the prospects of the Enlarged Group.

The Enlarged Group is expected to generate cash flow from BK11, which is expected to reach full production capacity by the end of 2010, and, subject to the successful completion of discussions with Dabswana, from the Jwaneng Tailings Project in 2012. Fitzgerald intends to use the cash flow from these projects to accelerate the evaluation and development of the Enlarged Group's expanded portfolio of kimberlites. The primary focus of these efforts will be initially on Liphobong and the other kimberlites controlled by Fitzgerald in the Orapa kimberlite field.

The Enlarged Group will benefit from having a larger market capitalisation, which the Fitzgerald Directors and the Kennedy Directors believe is likely to result in more liquidity in the trading of Fitzgerald's Shares, an improved rating and greater access to capital to fund the Enlarged Group's growth plans.

In the medium to long term, the Fitzgerald Directors and the Kennedy Directors believe that the combination of BK11, the substantial Mineral Resource at Liphobong, 21 other kimberlites in the Orapa kimberlite field, 86 kimberlites in the Teabong kimberlite field, and the potential for developing a significant toll treatment business with Dabswana and Namdeb, will enable the Enlarged Group to become one of the leading mid-tier diamond producers.

11. Strategy

Fitzgerald's objective is for the Enlarged Group to become one of the leading mid-tier diamond producers, and its strategy for doing so is comprised of three key elements:

The first is to build a diversified portfolio comprising both kimberlite exploration, evaluation and production projects and toll treatment projects. In the short term, cash flow from the production and toll treatment projects will be used to fund large scale exploration and evaluation projects

with the potential to yield significant economic discoveries, and in the mid to long term it will be used to pay dividends to shareholders.

The second is to focus on projects in Southern Africa, which is a comparatively stable region politically and economically, and has relatively low capital and operating costs compared to other regions where diamond mining and exploration are carried out. Botswana, where most of Fitzgerald's current projects are located, benefits from being among the most political and economically stable countries in Africa, and enjoys a high exploration success rate, with 8 per cent. of Kimberlites proving to be economically viable, compared to 1 per cent. worldwide.

The third is to focus exploration and evaluation activities on projects in proven economic or diamondiferous kimberlite fields, where the probability of economic discoveries is significantly higher than for grass roots and early stage exploration projects.

The Fitzgerald Directors believe that the Acquisition fits well with this strategy.

12. Kennedy Options

The Scheme will extend to any Kennedy Shares that are unconditionally allotted or issued pursuant to the exercise of options or vesting of awards under the Kennedy Share Option Scheme, in each case on or prior to the Reduction Record Time.

Appropriate proposals will be made to participants in the Kennedy Share Option Scheme at the same time as the Scheme Document is posted to Scheme Shareholders or as soon as possible thereafter. Details of these proposals will be set out in the Scheme Document and in separate letters to be sent to participants in the Kennedy Share Option Scheme.

13. Kennedy Warrants

FinnCap, the holder of the Kennedy Warrants, has agreed with Kennedy and Fitzgerald that upon the Scheme becoming effective, the Kennedy Warrants shall lapse, and accordingly no proposals are intended to be made to FinnCap in respect of the Kennedy Warrants.

14. Implementation Agreement

Fitzgerald and Kennedy have entered into the Implementation Agreement, which contains certain obligations on both parties in relation to the implementation of the Scheme and the conduct of both Kennedy's operations and Fitzgerald's operations prior to the Effective Date or termination of such agreement.

Under the Implementation Agreement, Kennedy has agreed with Fitzgerald to pay an Inducement fee of approximately £• million (inclusive of VAT).

The Inducement fee shall be payable by Kennedy if, in summary:

- (i) a Compelling Proposal in relation to Kennedy (or any amendment, variation or revision of such proposal) is announced pursuant to Rule 2.5 of the Code prior to the Acquisition lapsing or being withdrawn and such Compelling Proposal subsequently becomes or is declared wholly unconditional or is otherwise completed; or
- (ii) the Kennedy Directors either (i) fail to recommend or (ii) withdraw or adversely modify or qualify their recommendation to Kennedy Shareholders to vote in favour of the Scheme and the Kennedy Resolution respectively at the Court Meeting and/or the Kennedy GM or (as the case may be) accept a Takeover Offer or withdraw or adversely modify or qualify



their recommendation of the Acquisition generally. In any statement contained in an announcement issued by Kennedy through a Regulatory Information Service after the date of the Kennedy Shareholder Meetings, and subsequently the Acquisition lapses or is withdrawn, provided that an inducement fee will not be payable by Kennedy in these circumstances if, prior to the Kennedy Directors failing to recommend or withdrawing or adversely modifying, or qualifying, such recommendation:

- (a) the Fitzgerald Directors have failed to recommend or have withdrawn or adversely modified or qualified their recommendation to Fitzgerald Shareholders to vote in favour of the Fitzgerald Resolution(s) at the Fitzgerald General Meeting or have withdrawn or adversely modified or qualified their recommendation of the Acquisition generally in any statement contained in an announcement issued by Fitzgerald through a Regulatory Information Service after the date of the Fitzgerald General Meeting;
- (b) the Fitzgerald Directors have recommended any Competing Proposal in relation to Fitzgerald; or
- (c) Fitzgerald is in material breach of any provision of the Implementation Agreement such that the Kennedy Directors determine, acting in good faith and having taken appropriate advice, that such recommendation should not be given or should be withdrawn or modified or qualified in order to comply with their fiduciary duties; or

- (iii) the Kennedy Directors recommend any Competing Proposal in relation to Kennedy and subsequently the Acquisition lapses or is withdrawn.

In addition, under the terms of the Implementation Agreement, Fitzgerald has agreed with Kennedy to pay an Inducement fee of approximately £2 million (inclusive of VAT).

The inducement fee shall be payable by Kennedy, if in summary:

- (i) a Competing Proposal in relation to Fitzgerald (or any amendment, variation or revision of such proposal) is announced pursuant to Rule 2.5 of the Code prior to the Acquisition lapsing or being withdrawn and such Competing Proposal subsequently becomes or is declared wholly unconditional or is otherwise completed; or
- (ii) the Fitzgerald Directors either (i) fail to recommend or (ii) withdraw or adversely modify or qualify their recommendation to Fitzgerald Shareholders to vote in favour of the Fitzgerald Resolution at the Fitzgerald General Meeting or withdraw or adversely modify or qualify their recommendation of the Acquisition generally in any statement contained in an announcement issued by Fitzgerald through a Regulatory Information Service after the date of the Fitzgerald General Meeting, and subsequently the Acquisition lapses, provided that an inducement fee will not be payable by Fitzgerald in these circumstances if, prior to the Fitzgerald Directors failing to recommend or withdrawing or adversely modifying, or qualifying, such recommendation:
- (a) the Kennedy Directors have failed to recommend or have withdrawn or adversely modified or qualified their recommendation to Kennedy Shareholders to vote in favour of the Scheme and the Kennedy Resolution respectively at the Court Meeting and the Kennedy GM or (as the case may be) accept a Takeover Offer or have withdrawn or adversely modified or qualified their recommendation of the Acquisition generally in any statement contained in an announcement issued by Kennedy through a Regulatory Information Service after the date of the Kennedy Shareholder Meetings;



- (b) the Kennedy Directors have recommended any Competing Proposal in relation to Kennedy, or
- (c) Kennedy is in material breach of any provision of the Implementation Agreement such that the Fitzgerald Directors determine, acting in good faith and having taken appropriate advice, that such recommendation should not be given or should be withdrawn or modified or qualified in order to comply with their fiduciary duties, or
- (iii) the Fitzgerald Directors recommend any Competing Proposal in relation to Fitzgerald and subsequently the Acquisition lapses or is withdrawn.

However, nothing in the Implementation Agreement obliges Kennedy or Fitzgerald to pay any amount which the Panel would determine would not be permitted by Rule 21.2 of the Code.

15. Irrevocable Undertakings

None of the Kennedy Directors hold any Kennedy Shares, although each Kennedy Director has given an irrevocable undertaking to Fitzgerald to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy GM in respect of any Kennedy Shares acquired after the date of this Announcement. Fitzgerald has received an irrevocable undertaking to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy GM from Obiala, a company associated with Francesco Scolaro, the chairman of Kennedy, in respect of its direct and indirect holding of Kennedy Shares amounting in aggregate to Kennedy Shares, representing approximately ● per cent. of Kennedy's existing issued ordinary share capital. This undertaking will continue to be binding even in the event of a higher Competing Proposal for Kennedy being announced, and cannot be withdrawn other than in the event of the Scheme lapsing or being withdrawn.

Fitzgerald has also received Irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy General Meeting from certain other Kennedy Shareholders representing, in aggregate, approximately ● per cent. of Kennedy's existing issued ordinary share capital. [These undertakings will continue to be binding even in the event of a higher Competing Proposal for Kennedy being announced, and cannot be withdrawn other than in the event of the Scheme lapsing or being withdrawn.] In total Fitzgerald has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Kennedy Resolution at the Kennedy General Meeting from Kennedy Shareholders representing approximately ● per cent. of Kennedy's existing issued ordinary share capital.

Fitzgerald and Kennedy have received Irrevocable undertakings to vote in favour of the Fitzgerald Resolutions at the Fitzgerald GM from the Fitzgerald Directors who hold Fitzgerald Shares in respect of their entire holding of Fitzgerald Shares amounting to, in aggregate, ● Fitzgerald Shares, representing approximately ● per cent. of the existing issued share capital of Fitzgerald. In addition, Fitzgerald and Kennedy have also received Irrevocable undertakings to vote in favour of the Fitzgerald Resolutions at the Fitzgerald GM from Fitzgerald Shareholders representing, in aggregate, approximately ● per cent. of Fitzgerald's existing issued ordinary share capital. In total Fitzgerald and Kennedy have received Irrevocable undertakings to vote in favour of the Fitzgerald Resolutions at the Fitzgerald General Meeting from Fitzgerald Shareholders representing approximately ● per cent. of Fitzgerald's Ordinary existing issued ordinary share capital.

Further details of these Irrevocable undertakings are contained in Appendix III to this Announcement.



16. **Structure of the Acquisition and shareholder meetings for both Kennedy Shareholders and Fitzgerald Shareholders**

It is intended that the Acquisition will be implemented by way of a scheme of arrangement between Kennedy and the Scheme Shareholders under Part 26 of the Companies Act (including a reduction of capital under section 641 of the Companies Act). The purpose of the Scheme is to allow Fitzgerald to become the owner of the entire issued ordinary share capital of Kennedy. The procedure involves an application by Kennedy to the Court to sanction the Scheme and confirm the cancellation of the Scheme Shares held by Scheme Shareholders at the Scheme Record Time, the application of the reserve arising from such cancellation in paying up in full a number of new shares in Kennedy (which is equal to the number of the Scheme Shares cancelled) and issuing those new shares to Fitzgerald in consideration for which Scheme Shareholders will receive New Fitzgerald Shares on the basis set out in paragraph 2 of this Announcement.

The implementation of the Scheme is subject to the satisfaction or (where appropriate) waiver of all the Conditions set out in Appendix 1 and the further terms to be set out in the Scheme Document.

It is proposed that as part of the Reduction Court Order Kennedy will be re-registered as a private limited company in accordance with the Act.

Implementation of the Scheme is subject, amongst other things, to the approval of a majority in number of the Scheme Shareholders present and voting in person or by proxy at the Court Meeting representing not less than 75 per cent in value of the Scheme Shares voted by the Scheme Shareholders. Implementation of the Scheme will also require the passing of the Kennedy Resolution, requiring the approval of Kennedy Shareholders representing at least 75 per cent of the votes cast at the Kennedy GM. Application will shortly be made to the Court for leave on ● 2010. It is expected that the Kennedy GM will also be convened for ● 2010, immediately following the Court Meeting.

The Acquisition is classified under the AIM Rules as a reverse takeover of Fitzgerald due to the size of the Acquisition in relation to Fitzgerald and therefore requires approval by the Fitzgerald Shareholders at the Fitzgerald General Meeting. In addition, to implement the Acquisition requires Fitzgerald Shareholder approval in relation to the increase of its authorised share capital and to allot the New Fitzgerald Shares. Accordingly, the Acquisition is conditional on the approval by Fitzgerald Shareholders of Fitzgerald Resolution 1 at the Fitzgerald GM.

Following the passing of the relevant resolutions at the Meetings, the Scheme and the Reduction of Capital will become effective upon the Court sanctioning the Scheme and confirming the Reduction of Capital and copies of the Court Orders having been delivered to the Registrar of Companies in England and Wales. The Scheme is also conditional on Admission occurring at the London Stock Exchange agreeing to admit the New Fitzgerald Shares and agreeing to readmit the Existing Fitzgerald Shares to trading on AIM). Once the Scheme becomes effective, it will be binding on all Kennedy Shareholders whether or not they attended or voted at the Court Meeting or the Kennedy GM.

The Scheme Document setting out full details of the Acquisition and the Scheme, together with notices of the Court Meeting and the Kennedy GM, and the Fitzgerald Circular for Information Fitzgerald will post as soon as practicable to Kennedy Shareholders. At the same time, Fitzgerald will post the Fitzgerald Circular, containing a notice convening the Fitzgerald GM, to Fitzgerald Shareholders.



Subject to the terms of the Implementation Agreement, Fitzgerald reserves the right to elect to implement the Acquisition by way of a Takeover Offer. In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme.

Further details of the Scheme, including an indicative timetable for its implementation, together with how Scheme Shareholders may participate in the Court Meeting and Kennedy GM, will be contained in the Scheme Document.

17. Settlement, listing and dealings

Prior to the Scheme becoming effective, Kennedy will make an application to the London Stock Exchange for the cancellation of the Kennedy Shares from trading on AIM. Accordingly, if the Scheme is sanctioned by the Court and the other conditions of the Scheme are waived or satisfied, it is expected that the Kennedy Shares will cease to be quoted on AIM on or before 8.00 a.m. on the Effective Date.

On the Effective Date, share certificates in respect of Kennedy Shares will cease to be valid and should, if so requested by Kennedy, be sent to Kennedy for cancellation. In addition, on the Effective Date entitlements to Kennedy Shares held within the CREST system will be cancelled. It is proposed that on the Effective Date, Kennedy will be re-registered as a private limited company.

The New Fitzgerald Shares will be issued free from all liens, charges, encumbrances and other third party rights and/or interests of any nature whatsoever. When issued, the New Fitzgerald Shares will be in registered form and will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates for the New Fitzgerald Shares, transfers of New Fitzgerald Shares in certificated form will be certified against the register. No temporary documents of title in respect of the New Fitzgerald Shares will be issued. Settlement of the New Fitzgerald Shares to which Kennedy Shareholders are entitled is expected to occur as soon as possible after the Effective Date and in any event within 14 days of the Effective Date.

The Acquisition constitutes a reverse takeover under the AIM Rules. The AIM Rules require that the securities of an AIM company that is the subject of a reverse takeover are cancelled from trading on AIM following approval of that transaction by shareholders. Conditional upon the Fitzgerald Shareholders passing the first Fitzgerald Resolution at the Fitzgerald GM and the Scheme and the Reduction of Capital being approved by Kennedy Shareholders and sanctioned by the Court, the Existing Fitzgerald Shares will be cancelled from trading on AIM and the Fitzgerald Board will make an application for the New Fitzgerald Shares to be admitted and for the Existing Fitzgerald Shares to be readmitted to trading on AIM. It is envisaged that trading of the New Fitzgerald Shares will commence on AIM and trading of the Existing Fitzgerald Shares will re-commence on AIM on 1 April 2010.

18. Interests in Kennedy securities held by Fitzgerald and its concert parties

Except for the irrevocable undertakings referred to in paragraph 13 above, as at 1 April 2010 (the latest practicable date prior to the date of this Announcement), neither Fitzgerald nor any member of the Fitzgerald Group nor any Fitzgerald Director nor (in the case of the Fitzgerald Directors) any member of their immediate families or related trusts or any connected persons nor any persons acting in concert with Fitzgerald or the Fitzgerald Directors has any interest or short position in, or right to subscribe for, any relevant securities in Kennedy.

19. Overseas Kennedy shareholders

Kennedy Shareholders who are resident in, ordinarily resident in, or who are citizens of any jurisdiction outside the UK ("Overseas Kennedy Shareholders") should consult their independent professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Acquisition. If a Kennedy Shareholder is in any doubt as to his eligibility to participate in the Acquisition, he should contact his independent professional adviser immediately.

The implications of the Scheme for Overseas Kennedy Shareholders may be affected by the laws of the relevant jurisdictions. Such Overseas Kennedy Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Kennedy Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required to be observed and the payment of any issue, transfer or other taxes in such jurisdictions.

Further details in relation to Overseas Kennedy Shareholders will be set out in the Scheme Document.

20. General

The Acquisition will be subject to the Conditions and certain further terms set out in Appendix I.

The bases and sources of certain information contained in this Announcement are set out in Appendix II.

Certain terms used in this Announcement are defined in Appendix IV.

The Scheme Document setting out the details of the Acquisition will be posted to Kennedy Shareholders as soon as possible, but in any event within 28 days of today's date. The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the Kennedy GM, and the expected timetable, and will specify the necessary action to be taken by Kennedy Shareholders. Kennedy Shareholders receiving the formal documentation in relation to the Acquisition are advised to read it carefully, once it has been dispatched as it will contain important information.

The Fitzgerald Circular setting out details of the Acquisition, and the Enlarged Group will be posted to Fitzgerald Shareholders as soon as possible, but in any event within 28 days of today's date. The Fitzgerald Circular will contain notice of the Fitzgerald GM and will specify the necessary action to be taken by Fitzgerald Shareholders.

Subject to the terms of the Implementation Agreement, Fitzgerald reserves the right, subject to the prior consent of the Panel, to elect to implement the Acquisition by way of a Takeover Offer. In such event, such Takeover Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme except that the Takeover Offer may exclude Kennedy Shareholders resident in certain overseas jurisdictions. Furthermore, if sufficient acceptances of such offer are received and/or sufficient Kennedy Shares are otherwise acquired, it is the intention of Fitzgerald to apply the provisions of section 979 of the Companies Act to acquire compulsorily any outstanding Kennedy Shares to which such offer relates.

This Announcement is not a prospectus. It does not constitute or form any part of an offer to sell or an invitation to purchase or subscribe for any securities or the solicitation of any



vote for approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in the United States or any jurisdiction in the contravention of applicable law. The Offer will be made solely on the basis of the Scheme Document, which will contain the full terms and conditions of the Acquisition. The Scheme Document will be posted to those shareholders able to receive it in due course. Any response in relation to the Acquisition should be made only on the basis of the information in the Scheme Document.

The availability of the Offer to Kennedy Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.

To the extent that the Acquisition is effected by way of the Scheme, the New Fitzgerald Shares to be issued to Kennedy Shareholders under the Scheme have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state, district or other jurisdiction of the United States, the Republic of South Africa, Singapore, Canada or Japan.

If the Acquisition is carried out by way of a Takeover Offer, it will not be made, directly or indirectly, in or into the United States, the Republic of South Africa, Singapore, Canada or Japan and will not be capable of acceptance from or within the United States, Republic of South Africa, Singapore, Canada or Japan. Accordingly, copies of this Announcement and all documents relating to the Takeover Offer will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from the United States, the Republic of South Africa, Singapore, Canada or Japan. If the Acquisition is carried out by way of a Takeover Offer, the New Fitzgerald Shares to be issued in connection with such Takeover Offer have not been and will not be registered under the US Securities Act or under the securities laws of any state of the United States and, subject to certain exceptions, the Takeover Offer will not be made in or into the United States. There will be no public offering of the New Fitzgerald Shares in the United States and the New Fitzgerald Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States other than pursuant to an exemption from the registration requirements of the US Securities Act.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act or an exemption therefrom. Fitzgerald has not registered and does not intend to register any of the New Fitzgerald Shares under the US Securities Act.

To the extent that the Acquisition is effected by way of the Scheme, it is expected that the New Fitzgerald Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Any offer of New Fitzgerald Shares made by way of the Scheme will be made by means of the Scheme Document that may be obtained from Kennedy which will contain detailed information about the Acquisition, Kennedy, Fitzgerald and their management, as well as financial and other important information. Any Kennedy Shareholder in the United States that is an "affiliate" of Fitzgerald under applicable US securities laws either within the 90 days prior to the implementation of the Scheme or following implementation of the Scheme will be subject to certain restrictions on the sale of New Fitzgerald Shares received pursuant to the Scheme.

Evolution Securities and Brewin Dolphin, which are authorised and regulated in the United Kingdom by the Financial Services Authority, are acting exclusively for Fitzgerald and no-one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Fitzgerald for providing the protections afforded to clients of Evolution Securities or Brewin Dolphin or for providing advice in relation to the matters described in this Announcement.



FintCap, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Kennedy and no-one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Kennedy for providing the protections afforded to clients of FintCap nor for providing advice in relation to the Acquisition or any other matter described in this Announcement.

The Fitzgerald Directors accept responsibility for all the information contained in this Announcement except for that information for which the Kennedy Directors accept responsibility. To the best of the knowledge and belief of the Fitzgerald Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Kennedy Directors accept responsibility for all information in this Announcement relating to Kennedy, the Kennedy Group and the Kennedy Directors. To the best of the knowledge and belief of the Kennedy Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Forward-Looking Statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Fitzgerald, Kennedy and the Enlarged Group and certain plans and objectives of the Fitzgerald Directors and the Kennedy Directors with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words of similar meaning. These statements are based on assumptions and assessments made by the Fitzgerald Directors and/or the Kennedy Directors in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although the Fitzgerald Directors and/or the Kennedy Directors believe that the expectations reflected in such forward-looking statements are reasonable, they can give no assurance that such expectations will prove to have been correct and assume no obligation to update or correct the information contained in this document and Fitzgerald and Kennedy therefore caution investors not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement.

Nothing in this Announcement is intended to be a profit forecast and the statements in this Announcement should not be interpreted to mean that the earnings per Fitzgerald Share or Kennedy Share for the current or future financial periods will necessarily be greater than those for the relevant preceding financial period.

The statements contained herein are made as at the date of this Announcement, unless some other time is specified in relation to them, and the issue of this Announcement shall not give rise to any implication that there has been no change in the facts set forth herein since that date. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Fitzgerald or Kennedy except where otherwise stated.

Dealing disclosure requirements



Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement date of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which the paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) the paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an interest in relevant securities of an offeree or a paper offeror, they will be deemed to be a single person for the purposes of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and the offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7838 0129.

Fitzgerald is a paper offeror for the purposes of the above disclosure requirements.

Publication on websites

A copy of this Announcement and certain information published or otherwise made available by Fitzgerald in connection with the Acquisition is available at:
[Fitzgerald's website address to be inserted at appropriate time]

A copy of this Announcement and certain information published or otherwise made available by Kennedy in connection with the Acquisition is available at:
[Kennedy's website address to be inserted at appropriate time]

Rule 2.10 Disclosure

In accordance with Rule 2.10 of the Code, Fitzgerald has [127,891,697] ordinary shares of 20p each in issue with ISIN GB0003916336. Kennedy has [301,511,651] ordinary shares of 1p each in issued with ISIN GB0002998978.





Appendix I
Conditions and Further Terms of the Acquisition

The Acquisition is conditional upon the Scheme becoming unconditional and becoming effective by not later than ● 2010, or such later date (if any) as Kennedy and Fitzgerald may, with the consent of the Panel (if required) agree and the Court may allow.

Part A: Conditions of the Acquisition

1. The Scheme is conditional upon:
 - 1.1 the approval of the Scheme by a majority in number of Scheme Shareholders (or any relevant class or classes thereof), present and voting either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting) representing 75 per cent. or more in value of the Scheme Shares voted by those Scheme Shareholders;
 - 1.2 the resolution(s) required to implement the Scheme and set out in the notice of the Kennedy General Meeting being duly passed by the requisite majority at the Kennedy General Meeting (or at any adjournment of such meeting); and
 - 1.3 the sanction (with or without modification, any such modification being on terms reasonably acceptable to Kennedy and Fitzgerald) of the Scheme and the confirmation of the Reduction of Capital by the Court being obtained and office copies of the Court Orders being delivered to the Registrar of Companies.
2. In addition, subject as stated in Part B below, the Acquisition is conditional upon the following matters, and accordingly the necessary actions to make the Scheme effective will not be taken unless such Conditions have been satisfied (where capable of satisfaction), or waived, prior to the Scheme being sanctioned by the Court in accordance with paragraph 1 above:
 - 2.1 the passing at the Fitzgerald General Meeting (or any adjournment thereof) of the Fitzgerald resolution is necessary to approve, implement and effect the Acquisition (as such resolution is set out in the Fitzgerald Circular);
 - 2.2 admission to AIM of the New Fitzgerald Shares and the re-admission to AIM of the Existing Fitzgerald Shares becoming effective in accordance with the AIM Rules or the London Stock Exchange agreeing to admit the New Fitzgerald Shares to AIM and to re-admit the Existing Fitzgerald Shares to AIM;
 - 2.3 no central bank, government or governmental, quasi-governmental, supranational, statutory or regulatory body, or any court, institution, investigative body, association, trade agency or professional or environmental body or (without prejudice to the generality of the foregoing) any other person or body having statutory or regulatory competence in any jurisdiction (each a "Relevant Authority") having decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation or enquiry or enacted, made or proposed any statute, regulation or order or otherwise taken any other step or done any thing, and there not being outstanding any statute, legislation or order, which would or might reasonably be expected to:
 - (i) make the Acquisition or its implementation or the acquisition of shares in, or control of, Kennedy by any member of the Fitzgerald Group, illegal, void or:



unenforceable in or under the laws of any jurisdiction or directly or indirectly otherwise, to an extent which is material, restrict, restrain, prohibit, delay, impose additional conditions or obligations with respect to, or otherwise interfere with, challenge or require amendment to the implementation of, the Acquisition or the acquisition of any shares in, or control of Kennedy by any member of the Fitzgerald Group or any matters arising therefrom.

(ii) require, prevent, delay or affect the divestiture (or alter the terms of any proposed divestiture) by any member of the Wider Fitzgerald Group or Wider Kennedy Group or all or any portion of their respective businesses, assets or properties or of any Kennedy Shares or other securities in Kennedy or impose any limitation on the ability of any of them to conduct their respective businesses or own their respective assets or properties or any part thereof, in any such case to an extent which is material in the context of the Wider Fitzgerald Group, or the Wider Kennedy Group, as the case may be, taken as a whole;

(iii) impose any material limitation on the ability of any member of the Wider Fitzgerald Group to acquire or hold or exercise effectively, directly or indirectly, all rights attaching to all or any of the Kennedy Shares (whether acquired pursuant to the Acquisition or otherwise);

(iv) other than in connection with the Acquisition, require any member of the Wider Fitzgerald Group or the Wider Kennedy Group to acquire or to offer to acquire any shares or other securities or rights thereover, in any member of the Wider Kennedy Group owned by any third party, in any such case to an extent which is material in the context of the Wider Fitzgerald Group, or the Wider Kennedy Group, as the case may be, taken as a whole;

(v) impose any limitation on the ability of any member of the Wider Fitzgerald Group or the Wider Kennedy Group to integrate or co-ordinate its business, or any part of it, with the business of any other member of the Wider Fitzgerald Group or the Wider Kennedy Group in any such case to an extent which is material in the context of the Wider Fitzgerald Group or the Wider Kennedy Group, as the case may be, taken as a whole; or

(vi) otherwise adversely affect any or all of the businesses, assets, financial or trading position, prospects or profits of any member of the Wider Fitzgerald Group or the Wider Kennedy Group or the exercise of any rights attaching to the shares of any company in the Kennedy Group, in any such case to an extent which is material in the context of the Wider Fitzgerald Group, or the Wider Kennedy Group, as the case may be, taken as a whole.

and all applicable waiting or other time periods during which such Relevant Authority could take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or otherwise intervene in respect of the Acquisition, having expired, lapsed or been terminated;

2.4 (i) all authorisations, orders, grants, consents, clearances, licences, permissions and approvals, in any jurisdiction, deemed reasonably necessary or appropriate by Fitzgerald in respect of the Acquisition, being obtained in terms and in a form satisfactory to Fitzgerald (acting reasonably) from all appropriate Relevant Authorities or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Fitzgerald Group or the Wider Kennedy Group has entered into contractual arrangements or which are necessary for Kennedy or any member of the Kennedy Group to carry on its business; (ii) all such material authorisations, orders, grants, consents,



clearances, licences, permissions and approvals remaining in full force and effect and there being no intention of any intention to revoke, suspend, restrict, modify or not to renew the same and all necessary notifications, applications and filings having been made, all appropriate waiting and other time periods (including extensions thereto) under any applicable legislation and regulations in any jurisdiction having expired, lapsed or been terminated and (iii) all material statutory or regulatory obligations in any jurisdiction in respect of the Acquisition or the proposed acquisition of Kennedy by Fitzgerald having been complied with;

2.5 appropriate assurances being received, in terms satisfactory to Fitzgerald (acting reasonably), from the Relevant Authorities or any party with whom any member of the Wider Kennedy Group has any contractual or other relationship that the interests held by any member of the Wider Kennedy Group under any material licences, leases, consents, permits and other rights will not be materially and adversely amended or otherwise materially and adversely affected by the Acquisition or the proposed acquisition of Kennedy or any matters arising therefrom, that such licences, leases, consents, permits and other rights are in full force and effect and that there is no intention to revoke or amend any of the same;

2.6

save as Disclosed, there being no provision of any agreement, instrument, permit, licence or other arrangement to which any member of the Wider Kennedy Group is a party or by or to which it or any of its assets may be bound, entitled or subject which, as a consequence of the Acquisition or the proposed acquisition of Kennedy or because of a change in the control or management of Kennedy or any member of the Wider Kennedy Group or otherwise, would or might reasonably be expected to have the result (which, in any such case its material and adverse in the context of the Wider Kennedy Group taken as a whole), that:

- (a) any monies borrowed by, or other indebtedness, actual or contingent, of or grant available to, any member of the Wider Kennedy Group becomes or is capable of being declared repayable immediately or earlier than the repayment date stated in such agreement, instrument or other arrangement or the ability of any member of the Wider Kennedy Group to borrow monies or incur indebtedness is withdrawn, prohibited, inhibited or adversely affected or becomes capable of being withdrawn or inhibited;
- (b) the creation or assumption of any liability, actual or contingent, by any member of the Wider Kennedy Group other than in the ordinary course of business;
- (c) any mortgage, charge or other security interest is created or enforced over the whole or any material part of the business, property or assets of any member of the Wider Kennedy Group or any such security interest (whenever arising) becomes enforceable;
- (d) any such agreement, instrument, permit, licence or other arrangement, or any right, interest, liability or obligation of any member of the Wider Kennedy Group therein, is terminated, adversely modified or adversely affected, or any adverse action is taken or onerous obligation or liability arises thereunder;
- (e) the value of any member of the Wider Kennedy Group or its financial or trading position is adversely affected;



- (f) any material asset or interest of any member of the Wider Kennedy Group is or falls to be disposed of or charged or ceases to be available to any such member or any right arising under which any asset or interest could be required to be disposed of or charged other than in the ordinary course of business;
 - (g) the rights, liabilities, obligations or interests or business of any member of the Wider Kennedy Group in or with any other person, firm or company (or any arrangement relating to such interest or business) are terminated, adversely modified or adversely affected; or
 - (h) any member of the Wider Kennedy Group ceases to be able to carry on business under any name under which it currently does so.
- 2.7 since 31 December 2009 and save as Disclosed, no member of the Kennedy Group having:
- (a) issued or agreed to issue or authorised or proposed the issue of additional shares of any class or issued or authorised or proposed the issue of or granted or agreed to grant securities convertible into or rights, warrants or options to subscribe for or acquire such shares or convertible securities or redeemed, purchased or reduced or announced any intention to do so or made any other change to any part of its share capital, save as between Kennedy and wholly owned subsidiaries of Kennedy and save for the issue of Kennedy Shares pursuant to or in connection with rights granted under, or the grant of rights under, the Kennedy Share Scheme which has been Disclosed;
 - (b) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus or other distribution other than dividends lawfully paid to other members of the Kennedy Group;
 - (c) authorised or proposed or announced its intention to propose any merger or demerger or acquisition or disposal or transfer of assets or shares or securities (other than to other members of the Kennedy Group) or any material change in its share or loan capital;
 - (d) issued or authorised or proposed the issue of any debentures or incurred or increased any indebtedness or contingent liability, in each case of an aggregate amount that is material in the context of the Wider Kennedy Group taken as a whole;
 - (e) (save for transactions between members of the Kennedy Group) disposed of or transferred, mortgaged or encumbered any asset or any right, title or interest in any asset or entered into or varied or terminated any contract, commitment or arrangement (whether in respect of capital expenditure or otherwise) which is of a long term or onerous or unusual nature or which involves or might reasonably be expected to involve an obligation of a nature or magnitude which is material or authorised, proposed or announced any intention to do so, where in each such case it is material in the context of the Wider Kennedy Group taken as a whole;
 - (f) other than pursuant to the Acquisition (and save for transactions between members of the Kennedy Group) entered into or varied or



proposed to enter into or vary any contract, commitment, arrangement or other transaction which is of a long term or unusual or onerous nature or is otherwise than in the ordinary course of business or announced any intention to do so, that is material in the context of the Wider Kennedy Group taken as a whole.

(g) Implemented or authorised any reconstruction, amalgamation or other transaction (other than pursuant to the Acquisition and save for transactions between members of the Kennedy Group) which is, in any case, material in the context of the Wider Kennedy Group taken as a whole;

(h) entered into, or varied the terms of, any contract or agreement with any of the directors or senior executives of Kennedy;

(i) taken or proposed any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets and revenues or the appointment of any analogous person in any jurisdiction;

(j) (other than in respect of claims between members of the Kennedy Group) waived or compromised or settled any claim other than in the ordinary course of business, which is material in the context of the business of the Wider Kennedy Group taken as a whole;

(k) (other than pursuant to the Acquisition and as envisaged in accordance with the terms of the Scheme) made any amendment to its articles of association or other constitutional documents;

(l) entered into any contract, commitment, transaction or arrangement which is or may be restrictive in a material way on the business of any member of the Wider Kennedy Group;

(m) been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;

(n) modified in any respect the terms of the Kennedy Share Scheme or proposed, agreed to provide, or modified in any respect any other share option scheme or incentive scheme relating to the employment or termination of employment of any person employed by the Wider Kennedy Group, in each case to the extent material in the context of the Wider Kennedy Group taken as a whole; or

(o) entered into any contract, commitment or agreement or passed any resolution or made any offer (which remains open) with respect to, or proposed or announced any intention to effect or propose any of the transactions, matters or events referred to in this condition 2.7;

2.8 since 31 December 2009 and save as Disclosed:



- (a) no litigation, arbitration, prosecution or other legal proceedings or investigation by any Relevant Authority having been instituted, announced or threatened or become pending or remained outstanding, by or against any member of the Wider Kennedy Group or to which any member of the Wider Kennedy Group is or may become a party (whether as plaintiff, defendant or otherwise), and no enquiry or investigation by any Relevant Authority or other investigative body having been threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of any member of the Wider Kennedy Group which in any such case would have a material adverse effect on the Wider Kennedy Group taken as a whole;
 - (b) no adverse change having occurred in the business, assets, financial or trading position, profits or prospects of any member of the Wider Kennedy Group, which is material in the context of the Wider Kennedy Group taken as a whole;
 - (c) no contingent or other liability in respect of any member of the Wider Kennedy Group having arisen which would or might reasonably be expected materially and adversely to affect any member of the Wider Kennedy Group and which in any such case is material in the context of the Wider Kennedy Group taken as a whole; and
 - (d) no steps having been taken and no omissions having been made which would or would be reasonably likely to result in the withdrawal, cancellation, termination or adverse modification of any licence held by any member of the Wider Kennedy Group which is necessary for the proper carrying on of its business and which in any such case, is material in the context of the Wider Kennedy Group taken as a whole; and
- 2.9 save as Disclosed, Fitzgerald not having discovered that:
- (a) any business, financial or other information concerning any member of the Wider Kennedy Group that has been Disclosed, either contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading and which, in any such case, is material in the context of the Wider Kennedy Group taken as a whole;
 - (b) any member of the Wider Kennedy Group is subject to any liability, actual or contingent and which in each such case is material in the context of the Wider Kennedy Group taken as a whole;
 - (c) any information which affects the import of any information disclosed at any time by or on behalf of the Wider Kennedy Group to an extent which is material in the context of the Wider Kennedy Group taken as a whole;
 - (d) any past or present member of the Wider Kennedy Group has not complied with all applicable legislation or regulations of any jurisdiction or any notice or requirement of any Relevant Authority with regard to the storage, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or to harm human or animal health or otherwise relating to environmental matters (which non-compliance might reasonably be expected to give rise to any liability (whether actual or contingent) or cost on the part of

any member of the Wider Kennedy Group) or that there has otherwise been any such disposal, discharge, spillage, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations and wherever the same may have taken place) which in any such case might reasonably be expected to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider Kennedy Group and which in each such case is material in the context of the Wider Kennedy Group taken as a whole:

(e) there is or is reasonably likely to be any liability (whether actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of or controlled by any past or present member of the Wider Kennedy Group or any controlled waters under any environmental legislation, regulation, notice, circular or order of any Relevant Authority or third party or otherwise in any jurisdiction, in each case to an extent which is material in the context of the Wider Kennedy Group taken as a whole;

(f) circumstances exist (whether as a result of the Acquisition of otherwise) which might reasonably be expected to lead to any Relevant Authority instituting, or any member of the Wider Kennedy Group might reasonably be expected to be required to institute, an environmental audit or take any other steps which in any such case might reasonably be expected to result in any actual or contingent liability to improve or install new plant or equipment or make good, repair, reinstate or clean up any land or other asset now or previously owned, occupied or made use of or controlled by any member of the Wider Kennedy Group, which in each case, are material in the context of the Wider Kennedy Group taken as a whole; or

(g) circumstances exist whereby a person or class of persons might reasonably be expected to have any claim or claims in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider Kennedy Group which in each such case, are material in the context of the Wider Kennedy Group taken as a whole.

Part B: Waiver of Conditions and further terms of the Acquisition

3. Fitzgerald reserves the right to waive, in whole or in part, all or any of Conditions 2.3 to 2.9 (Inclusive). Fitzgerald shall be under no obligation to waive or treat as satisfied any of such Conditions by a date earlier than the date specified above for the satisfaction thereof notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Conditions may not be capable of fulfilment.
4. If Fitzgerald is required by the Panel to make an offer for Kennedy Shares under the provisions of Rule 9 of the Code, Fitzgerald may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
5. The Acquisition will lapse and the Scheme will not proceed if the European Commission initiates proceedings under Article 6(1)(c) of the EC Merger Regulation or the Acquisition is referred to the Competition Commission before the date of the Court Meeting.



Part C: Certain further terms of the Acquisition

6. Fitzgerald reserves the right, with the consent of the Panel and the consent (such consent not to be unreasonably withheld or delayed) of Kennedy, to elect to implement the Acquisition by way of a takeover offer. In such event, such offer will be implemented on the same terms (subject to appropriate amendments including (without limitation) an acceptance condition set at 90 per cent. (or such lesser percentage (being more than 50 per cent.) as Fitzgerald may decide) of the shares to which such offer relates and of the voting rights carried by those shares) so far as applicable, as those which would apply to the Scheme.
7. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about any applicable requirements.
8. If the Scheme is effected, the New Kennedy Shares to be issued pursuant to the Scheme will be acquired by Fitzgerald fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the effective date of the Scheme. Under the terms of the Acquisition, each Kennedy Shareholder will forego all rights to any future dividend or undeclared dividends or other returns of capital of Kennedy.

This document and any rights or liabilities arising hereunder, together with the Acquisition and the Scheme, will be governed by English law and will be subject to the jurisdiction of the English courts. The AIM Rules and the rules contained in the Code, so far as they are appropriate, will apply to the Acquisition.

**Appendix II
Sources and Bases**

Save as otherwise stated, the following constitute the bases and sources of certain information referred to in this Announcement:

1. Historic financial information relating to Kennedy has been extracted without material adjustment from the relevant published audited reports and accounts of Kennedy.
2. Historic financial information relating to Fitzgerald has been extracted without material adjustment from the relevant published audited reports and accounts of Fitzgerald.
3. Reference to the Kennedy Fully Diluted Share Capital assumes:
 - (a) [301,511,651] Kennedy Shares in issue; and
 - (b) the vesting of all awards and exercise of all options (where such options have an exercise price of not more than [14.25] pence) issued and outstanding over Kennedy Shares, representing [8,776,981] Kennedy Shares in aggregate; and
 - (c) the Kennedy Warrants have been excluded in view of the fact that they will lapse on the Effective Date.



in each case as at [21] July 2010 (being the Business Day prior to the date of this Announcement).

4. Unless otherwise stated, all prices quoted for shares are Closing Prices.
5. The percentage ownership of the Enlarged Group held by former Kennedy Shareholders and existing Fitzgerald Shareholders is based on the enlarged issued share capital of Fitzgerald following the Acquisition, being the aggregate of [127,891,637] Fitzgerald Shares in issue on [21] July 2010 (source: Fitzgerald register) and approximately [140,413,976] million New Fitzgerald Shares to be issued pursuant to the Offer.
6. The calculation of the [140,413,976] New Fitzgerald Shares to be issued as the consideration payable for the Acquisition is based upon Kennedy's undiluted share capital of ordinary shares on [21] July 2010 and the Exchange Ratio.

**Appendix III
Irrevocable Undertakings**

None of the Kennedy Directors hold any Kennedy Shares, although all the Kennedy Directors have given irrevocable undertakings to Fitzgerald and Kennedy as described in paragraph 6 of this Announcement in respect of any Kennedy Shares acquired by them prior to the completion of the Scheme. In addition to the Kennedy Directors, the following persons have given irrevocable undertakings to vote in favour of the Kennedy Resolution at the Kennedy GM and in favour of the resolution to be proposed at the Court Meeting in respect of the number of Kennedy Shares set out below:

Name	Number of Kennedy Shares
Obtala*	
Lanstead	
[JP Morgan Fleming]	
[HSBC Africa Fund]	

*92,200,000 are registered in the name of Corporate Services TD (Waterhouse) Nominees Ltd and 16,495,000 are registered in the name of Pershing Nominees Limited]

These undertakings will continue to be binding in the event that the Acquisition is implemented by way of a Takeover Offer. These undertakings remain binding in the event of a higher Competing Proposal being made in relation to Kennedy unless the Acquisition lapses or is withdrawn.

The following Fitzgerald Directors have given irrevocable undertakings to vote in favour of the Fitzgerald Resolutions at the Fitzgerald GM in respect of the number of Fitzgerald Shares set out below:

Name	Number of Fitzgerald Shares
James F. Kenny	505,765
Phillip Kenny	538,806
Hugh Jenner-Clarke	586,057



the notices convening the Court Meeting and the Kennedy GM

6.00 p.m. on the Business Day immediately prior to the Effective Date

Scheme Record Time
Scheme Shareholders
Scheme Shares

the holders of Scheme Shares means the Kennedy Shares:

- a) in issue at the date of the Scheme Document;
- b) issued after the date of the Scheme Document and before the Volting Record Time in respect of the Court Meeting; and
- c) issued on or after the Volting Record Time in respect of the Court Meeting but on or before the Reduction Record Time either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holder thereof shall have agreed in writing to be bound by the Scheme

subsidiary and subsidiary undertaking
Takeover Offer

have the meanings given to them to be construed in accordance with in the Companies Act
a takeover offer governed by the Code to implement the acquisition of Kennedy as Fitzgerald may elect to make in accordance with the terms of the Implementation Agreement

UK or United Kingdom
UK Listing Authority

United Kingdom of Great Britain and Northern Ireland
the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

US or United States

US Securities Act

Volting Record Time

the United States of America, its territories and possession, any state of the United States and the District of Columbia
the US Securities Act of 1933, as amended
the time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined

Wider Kennedy Group

Kennedy and its subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which the Kennedy Group and such undertakings (aggregating their interests) have an interest of more than 20 per cent of the voting or equity capital or the equivalent

Wider Fitzgerald Group

Fitzgerald and its subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which the Fitzgerald Group and such undertakings (aggregating their interests) have an interest of more than 20 per cent of the voting or equity capital or the equivalent