

Placing Agreement

relating to Firestone Diamonds plc

- (1) Firestone Diamonds plc
- (2) Evolution Securities Limited
- (3) Mirabaud Securities LLP

Dated April 2010

Osborne Clarke

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This Agreement is made on April 2010

Between:

- (1) **Firestone Diamonds plc** (registered in England and Wales with company number 03589905 whose registered office is at 1 Park Row, Leeds LS1 5AB (the "**Company**"));
- (2) **Evolution Securities Limited** (registered in England and Wales with company number 02316630) whose registered office is at 100 Wood Street, London EC2V 7AN ("**Evolution**"); and
- (3) **Mirabaud Securities LLP** (registered in England and Wales with company number OC340133) whose registered office is at 21 St James's Square, London SW1Y 4JP ("**Mirabaud**").

Background:

- (A) The Company is proposing to raise £9,450,000 (before expenses) by way of a Placing of an aggregate of 30,000,000 new Ordinary Shares in order to provide additional working capital for the Group.
- (B) The Company is to apply to the Exchange for the Placing Shares to be admitted to trading on AIM and has authorised its nominated adviser, Brewin Dolphin, to make the Application on its behalf.
- (C) The Joint Brokers have conditionally agreed, amongst other things, to use their reasonable endeavours, as agents for the Company, to procure subscribers for the Placing Shares at the Placing Price, upon the terms of this Agreement and the Placing Documents.

It is agreed as follows:

1. Definitions and interpretation

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following definitions shall apply:

"**2006 Act**" means the Companies Act 2006 (as amended).

"**Accountants**" means PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP.

"**Accounts**" means the audited consolidated balance sheet of the Group made up as at the Accounts Date and the audited consolidated income statement of the Group for the financial year ended on the Accounts Date, including all documents required by law to be annexed to them.

"Accounts Date" means 30 June 2009.

"Admission" means the admission of the Placing Shares to trading on AIM becoming effective.

"Admission Date" means the date on which Admission becomes effective.

"Agreement" means this Agreement (including any schedule or annexures to it and any document in agreed form) as varied from time to time pursuant to its terms.

"AIM" means AIM, a market operated by the Exchange.

"AIM Rules for Companies" means the AIM Rules for Companies published by the Exchange from time to time (including, without limitation, any guidance notes or statements of practice).

"AIM Rules for Nominated Advisers" means the AIM Rules for Nominated Advisers published by the Exchange from time to time.

"Application" means the application made by the Company (or on its behalf) to the Exchange in respect of Admission.

"Board" means the Company's board of directors or any duly authorised committee thereof.

"Brewin Dolphin" means Brewin Dolphin of 7 Drumsheugh Gardens, Edinburgh EH3 7QH.

"Business Day" means a day (not being a Saturday, Sunday or public holiday in the United Kingdom) on which dealings in domestic securities may take place on, and with the authority of, the Exchange.

"COBS Rules" means the rules set out in the new conduct of business sourcebook of the FSA Handbook.

"Companies Acts" means the Companies Acts as defined in section 2 of the 2006 Act.

"Company's Solicitors" means Lawrence Graham LLP of 4 More London Riverside, London SE1 2AU.

"Conditions" means the conditions set out in sub-clause 2.1.

"Corporate Finance Indemnity" means the indemnity given to each Relevant Person pursuant to sub-clause 12.1.

"CREST" means the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by Euroclear.

"Directors" means the directors of the Company as at the date of this Agreement.

"Economic Assessment Board Papers" means the internal spreadsheets, together with underlying assumptions, referred to in the Verification Notes and used to verify the economic assessment slides in the Presentation.

"Encumbrance" means any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention, or any other security agreement or arrangement, or any rights granted under section 145 of the 2006 Act, or any agreement to create any of the above.

"Euroclear" means Euroclear UK & Ireland Limited.

"Evolution Engagement Letter" means the engagement letter dated 14 April 2010 and made between the Company and Evolution relating to the Placing.

"Exchange" means London Stock Exchange plc.

"Expected Admission Date" means 19 April 2010.

"FSA" means the Financial Services Authority.

"FSA Handbook" means the handbook of rules and guidance issued by the FSA.

"FSMA" means the Financial Services and Markets Act 2000 (as amended).

"Group" means the Company and its Subsidiaries and **"Group Company"** means any of them.

"IA" means the Insolvency Act 1986.

"Intellectual Property" means patents, trade marks or names whether or not registered or capable of registration, registered designs, design rights, domain names, copyrights, database rights, the right to apply for and applications for any of the preceding items, together with the rights in inventions, processes, software, know-how, trade or business secrets, confidential information or any process or other similar right or asset capable of protection enjoyed, owned, used or licensed by the Group.

"Interims" means the interim unaudited financial statements of the Group for the six months to 31 December 2009.

"Joint Brokers" means Evolution and Mirabaud.

"Licence Schedule" means the agreed form schedule of the Group's licences.

"Long Stop Date" means 30 April 2010.

"Mirabaud Engagement Letter" means the engagement letter dated 1 July 2009 and made between the Company and Mirabaud relating to, *inter alia*, the Placing.

"Ordinary Shares" means ordinary shares of 20 pence each in the capital of the Company.

"Placees" means the persons who agree conditionally to acquire the Placing Shares pursuant to the Placing.

"Placing" means the proposed placing by the Joint Brokers with Placees of the Placing Shares on the terms of this Agreement and the Placing Documents.

"Placing Documents" means (subject to clause 10.7) the Press Announcement and the Presentation and any other documents issued in connection with the Placing with the authority of the Company.

"Placing Letter" means the letter in agreed form issued to prospective Placees by the Joint Brokers with the accompanying form of confirmation offering participation in the Placing on the terms of this Agreement.

"Placing Price" means 31.5 pence per Placing Share.

"Placing Shares" means the 30,000,000 new Ordinary Shares which are proposed to be allotted and issued by the Company and subscribed for by Placees pursuant to the Placing.

"Presentation" means the written presentation slides in agreed form prepared by the Company for the purposes of marketing the Placing Shares pursuant to the Placing.

"Press Announcement" means the announcement relating to the Placing and Admission in agreed form.

"Previous Announcements" means the announcements released by the Company through a Regulatory Information Service or other documents issued to shareholders of the Company or otherwise to the public by the Group in each case since the Accounts Date.

"Registrars" means Capita Registrars of 34 Beckenham Road, Beckenham, Kent BR3 4TU.

"Regulations" means the Uncertificated Securities Regulations 2001.

"Regulatory Information Service" means a service approved by the Exchange for the distribution of AIM announcements and included within the list maintained on the Exchange's website, www.londonstockexchange.com.

"Relevant Person" means each of the Joint Brokers, any subsidiary undertaking or parent undertaking of such Joint Broker, or any of their respective directors, officers or employees for the time being.

"Specified Event" means any event, matter or circumstance which arises on or after the date of this Agreement and prior to Admission which would, if the Warranties had been repeated at such time by reference to the circumstances then existing, have rendered any of the Warranties untrue, inaccurate or misleading in any material respect.

"Subsidiaries" means the subsidiaries of the Company as at the date of this

Agreement and "**Subsidiary**" means any of them.

"**Tax**" or "**Taxation**" means all taxes, duties, levies, imposts, charges and withholdings of any nature whatsoever, whether created or imposed in the United Kingdom or elsewhere and at whatever time created or imposed which are collected and administered by any Tax Authority, and includes:

- (a) within the United Kingdom, income tax, corporation tax, advance corporation tax, capital gains tax, development land tax, value added tax, customs' duties (including import duties, excise duties), capital duty, stamp duty, stamp duty reserve tax, capital transfer tax, inheritance tax, national insurance contributions, and any other forms of taxes, duties, levies, imposts, charges or withholdings similar to or supplementing or replaced by or replacing the foregoing or any of them and shall also include the cost of removing any charge imposed on assets by any Tax Authority; and
- (b) outside the United Kingdom, any liability to any taxes, levies, duties, imposts, charges and withholdings of any nature whatsoever, including (without limitation) taxes on gross or net income, taxes on profits or gains and taxes on receipts, sales, use, occupation, franchise, value added, and personal property,

in all cases together with all incidental or supplemental penalties, charges, interest, fines and default surcharges and costs.

"**Tax Authority**" means any taxing or other authority (whether within or outside the United Kingdom) competent to impose, administer or collect any Tax.

"**Third Parties Act**" means the Contracts (Rights of Third Parties) Act 1999.

"**US**" or "**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"**VAT**" means United Kingdom value added tax.

"**Verification Notes**" means the verification materials in agreed form prepared by the Company's Solicitors to verify statements in the Presentation, including all supporting evidence and documentation.

"**Warranties**" means the warranties referred to in clause 10 and set out in schedule 3 and "**Warranty**" means any of them.

"**Warranty Confirmation Letter**" means the letter from the Company to the Joint Brokers in the form set out in Schedule 1.

"**Working Capital Memorandum**" means the working capital memorandum in agreed form, prepared and approved by the Board in respect of the Placing.

1.2 *Interpretation*

In this Agreement, unless the context otherwise requires:

- (a) words in the singular include the plural and *vice versa* and words in one gender include any other gender;
- (b) a reference to a statute or statutory provision includes:
 - (i) any subordinate legislation (as defined in section 21(1) of the Interpretation Act 1978) made under it;
 - (ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (iii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it except to the extent that such subordinate legislation, re-enactment, statute or statutory provision comes into force after the date of this Agreement and would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party;
- (c) a reference to:
 - (i) any "**party**" means any party to this Agreement as set out at the head of page 1 (and "**parties**" means all of the parties to this Agreement) and includes its successors in title and permitted assigns;
 - (ii) a "**person**" includes any individual, firm, corporation, body corporate, association or partnership, trust, unincorporated organisation, employee representative body, government or state or agency or department thereof, executors administrators or successors in title (whether or not having a separate legal personality);
 - (iii) clauses and schedules are to clauses and schedules of this Agreement and references to sub-clauses and paragraphs are references to sub-clauses and paragraphs of the clause or schedule in which they appear;
 - (iv) any provision of this Agreement is to that provision as amended in accordance with the terms of this Agreement;
 - (v) any document being "**in agreed form**" means in a form which has been agreed by the parties on or before the date of this Agreement and for identification purposes signed by them or on their behalf by their solicitors;
 - (vi) Admission becoming effective is to it being announced by the Exchange in accordance with Rule 6 of the AIM Rules for Companies;
- (d) save as expressly defined or otherwise set out in sub-clauses 1.1 or 1.2 or in any other provision of this Agreement, words and expressions:
 - (i) which are defined in the 2006 Act shall have the meaning attributed to them by the 2006 Act when used in this Agreement; and

- (ii) which are defined in the IA but not in the 2006 Act shall have the meaning attributed to them in the IA;
- (e) the table of contents and headings are for convenience only and shall not affect the interpretation of this Agreement;
- (f) general words shall not be given a restrictive meaning:
 - (i) if they are introduced by the word "**other**" or "**including**" or similar words by reason of the fact that they are preceded by words indicating a particular class of act, matter or thing;
 - (ii) by reason of the fact that they are followed by particular examples intended to be embraced by those general words;
- (g) where any statement is qualified to the awareness and/or knowledge and/or information and/or belief of any person or words to similar effect it shall be deemed to include a statement that it has been made after making due and careful enquiry;
- (h) references to time of day are to London times;
- (i) references to "**uncertificated**" or "**in uncertificated form**" in relation to a share or other security are references to a share or other security title to which is recorded on the relevant register of the share or other security as being held in uncertificated form, and title to which, by virtue of the Regulations, may be transferred by means of CREST. References to "**certificated**" or "**in certificated form**" in relation to a share or other security are references to a share or other security title to which is not in uncertificated form;
- (j) references to "**material**" means (unless otherwise stated) material in the context of the Placing in the reasonable opinion of each of the Joint Brokers; and
- (k) any agreement, warranty, indemnity, covenant or undertaking on behalf of two or more persons shall, except where the contrary is stated, be deemed to be given or made by such persons jointly and severally.

2. **Conditions**

2.1 **Conditions**

The obligations of the Joint Brokers under this Agreement (save in respect of sub-clauses 3.1, 4.1, 4.2 and 7.1) are conditional upon the following Conditions:

- (a) the publication of the Press Announcement through a Regulatory Information Service on the date of this Agreement (or as soon as reasonably practicable thereafter);
- (b) Admission taking place not later than 8.00 a.m. on the Expected Admission Date (or such later date as both of the Joint Brokers may agree as the date for

Admission but in any event not later than 8.00 a.m. on the Long Stop Date);

- (c) compliance by the Company with its obligations under this Agreement in so far as they are required to be performed prior to Admission; and
- (d) neither of the Joint Brokers having exercised its right to terminate this Agreement pursuant to clause 13.

2.2 *Failure to satisfy Conditions*

If any of the Conditions becomes incapable of being fulfilled (and is not waived) or shall not have been satisfied in all respects in each case by the time and date specified in sub-clause 2.1 then, subject to sub-clause 2.3:

- (a) this Agreement shall terminate and the obligations of the Joint Brokers under this Agreement (and accordingly the obligations of the Placees under the Placing Letters) shall cease and determine and none of the parties to this Agreement shall have any claim against either of the Joint Brokers for costs, damages, charges, compensation or otherwise; and
- (b) the provisions of sub-clause 13.3 shall apply.

2.3 *Joint Brokers' discretion*

The Joint Brokers shall, in their absolute discretion, and subject to such conditions as they reasonably consider appropriate, be entitled to extend (or, where possible, waive) the time and date by which any of the Conditions may be satisfied to no later than 8.00 a.m. on the Long Stop Date.

2.4 *Fulfilment of Conditions*

The Company undertakes to use its reasonable endeavours to procure that each of the Conditions is fulfilled by the due time and/or date referred to in each case or by such later time and/or date as may be agreed by the Joint Brokers pursuant to sub-clause 2.3.

3. *Appointment and authority*

3.1 *Irrevocable appointment*

The Company irrevocably appoints the Joint Brokers to act as its agents for the purpose of undertaking the Placing and procuring Placees for the Placing Shares at the Placing Price and on the terms and subject to the conditions of this Agreement and the Placing Documents.

3.2 *Acceptance of appointment*

Each of the Joint Brokers accepts the appointment under sub-clause 3.1.

3.3 *Joint Brokers' authorities and powers*

The Company:

- (a) confers on each of the Joint Brokers all powers, authorities and discretions which are necessary to complete, or reasonably incidental to, the carrying out of the Placing (as the case may be); and
- (b) agrees to ratify and confirm everything which either of the Joint Brokers reasonably and lawfully does in the exercise of its appointment under this Agreement and these powers, authorities and discretions.

3.4 *Discretion as to identity of Placees*

The Company acknowledges that, subject to the Joint Brokers having consulted with the Company with regard to the identity of the proposed Placees in accordance with the COBS Rules, the Joint Brokers shall have absolute discretion as to the allocation of the Placing Shares at the Placing Price.

4. **Application for Admission**

4.1 *The Application*

The Company shall apply for Admission and shall use its reasonable endeavours to do or procure to be done all such acts and things, as are necessary or required by the Exchange or by the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers to enable Admission to become effective on the Expected Admission Date and shall procure that, without prejudice to the generality of the foregoing, all documents required by the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers are published or made available (as the case may be) in accordance with those rules.

4.2 *Assistance by the Joint Brokers*

The Joint Brokers shall give the Company such assistance as it reasonably requires in connection with the Application.

4.3 *Authority to Registrars*

The Company shall provide the Registrars with all necessary authorisations and (to the extent it is reasonably able) information to enable the Registrars to perform their duties as registrars in accordance with, and as contemplated by, this Agreement and the Placing Documents. Prior to Admission, each of the Joint Brokers confirms that it shall liaise with the Registrars on behalf of the Company and the Company confirms that it shall, upon request by either of the Joint Brokers, provide such information to the Registrars as shall reasonably be required.

4.4 *Holdings of shares in uncertificated form*

The Company undertakes to procure that all such steps are taken, including the making of any applications required by the Regulations or the rules of CREST and providing all necessary authorisations and issuing all necessary instructions to the Registrars, to enable the Placing Shares to be held in uncertificated form as may be required by the Regulations or the rules of CREST and otherwise as the Joint Brokers shall reasonably

direct.

5. **Delivery of documents**

The Company shall deliver or procure the delivery to the Joint Brokers of the documents specified in schedule 2 together with copies of any other documents reasonably requested by either of the Joint Brokers in respect of the Placing, in each case in such numbers and such form and by the times set out in schedule 2.

6. **Allotment**

6.1 ***Conditional allotment***

The Company irrevocably undertakes to procure that a meeting of the Board is held on the date of this Agreement for the purposes of allotting the Placing Shares, as set out in the Placing List produced pursuant to sub-clause 7.2, conditional only upon Admission.

6.2 ***Rights attaching to the Placing Shares***

The Placing Shares allotted pursuant to the Placing shall be issued subject to the memorandum and articles of association of the Company and, subject to payment in full of the Placing Price for each such share, shall be allotted and issued fully paid free from all Encumbrances and on terms that they rank *pari passu* in all respects with the existing Ordinary Shares then in issue.

7. **The Placing**

7.1 ***Procuring of Placees***

Pursuant to, but without limiting, the authority set out in sub-clause 3.1, the Joint Brokers agree to use their reasonable endeavours as agents for the Company, to procure subscribers for the Placing Shares at the Placing Price, upon the terms of this Agreement and the Placing Documents.

7.2 ***Placing List***

The Joint Brokers shall on the date of this Agreement:

- (a) deliver to the Company a list of the names, addresses and entitlements to Placing Shares of the Placees procured by each of the Joint Brokers to subscribe for the Placing Shares, specifying which of such shares are to be held in certificated form or uncertificated form (the "**Placing List**"); and
- (b) notify the Company of the participant ID and member account ID of the CREST stock accounts into which all Placing Shares to be held initially in uncertificated form are to be deposited.

7.3 ***Subscription monies***

Each Joint Broker shall hold all subscription monies received by it from Placees in a

separate designated escrow account pending payment of the sums due under clauses 8 and 9.

7.4 *Securities laws*

Each Joint Broker confirms that it has not knowingly procured, and undertakes to the Company that it will not knowingly procure, Placees for the Placing Shares outside of the United Kingdom in circumstances where that procurement, or the allotment of the Placing Shares which would result from that procurement, constitutes a breach of applicable securities laws outside the United Kingdom.

8. **Settlement and payment**

8.1 *Company's obligations*

Upon receipt of the Placing List, the Company shall procure that, conditional upon Admission:

- (a) the Registrars shall promptly register (without registration fee) the persons so nominated on the Placing List as holders of the Placing Shares;
- (b) definitive share certificates in respect of the Placing Shares which are to be issued to Placees in certificated form are sent to the persons entitled to them by no later than 30 April 2010; and
- (c) Placing Shares which are to be issued in uncertificated form to Placees are credited by way of a registrars free credit to each Joint Broker's account to enable each Joint Broker to distribute such shares to Placees through the CREST system.

8.2 *CREST delays*

In the event of any delays in the use of CREST in relation to the Placing, the Company and the Joint Brokers may agree that all of the Placing Shares should be held in certificated form and the provisions of this Agreement will thereby be deemed to be modified accordingly.

8.3 *Payment of Placing proceeds*

As soon as reasonably practicable after and in any event by no later than three Business Days after the Admission Date, each Joint Broker shall pay to the Company, to the account specified in sub-clause 8.4, an amount equal to the aggregate of subscription monies received by it in respect of the Placing less the sums payable by the Company pursuant to sub-clauses 9.1 to 9.3 which each Joint Broker elects to deduct pursuant to sub-clause 9.4 (the "**Placing Proceeds**"). In the event that arrangements are made for later settlement by any Placee, each Joint Broker (as applicable) shall pay to the Company, to the account specified in sub-clause 8.4, an amount equal to the aggregate of subscription monies received by it from such Placee less any further sums payable by the Company pursuant to sub-clauses 9.1 to 9.3 which such Joint Broker elects to deduct pursuant to sub-clause 9.4 within 3 days of

receipt.

8.4 ***Bank account***

The bank account of the Company referred to in sub-clause 8.3 is as follows:

Bank:	Royal Bank of Scotland
Sort code:	16-20-29
Account number:	10115385
Account name:	Firestone Diamonds plc

8.5 ***Instruction to credit bank accounts***

The Company irrevocably instructs each Joint Broker, either itself or through its agents, to make payments to the Company pursuant to sub-clause 8.3 by electronic funds transfer and such payments shall be deemed effective forthwith upon irrevocable instructions being issued in writing, with a copy of such instructions being sent immediately thereafter to the Company, by each Joint Broker, or any such agent to any bank or person obliged to comply with those instructions to transfer the relevant amounts by electronic funds transfer to the relevant bank accounts and shall accordingly constitute a complete discharge of the Joint Brokers' obligations to the Company.

8.6 ***Uncleared funds***

For the avoidance of doubt, nothing in this Agreement shall require or be interpreted as requiring either Joint Broker to subscribe for any of the Placing Shares or to pay any subscription monies in respect of any of the Placing Shares to the extent that such Joint Broker shall not have received cleared funds from a Placee. In the event that a Placee defaults in the payment of any subscription monies, the relevant Joint Broker will, as agent for the Company and at the Company's expense, take such steps as it considers reasonable in the circumstances to enforce the rights of the Company in respect of amounts owed by the relevant Placee to the Company.

9. **Fees and expenses**

9.1 ***Fees***

Subject to the provisions of clause 13 and in consideration of the Joint Brokers' obligations under this Agreement and services in connection with the Placing, the Company shall pay to the Joint Brokers a commission of 5% of the aggregate number of Placing Shares multiplied by the Placing Price, together with any applicable VAT thereon, such commission to be divided evenly between the Joint Brokers.

9.2 ***Expenses***

The Company shall pay, on request, all reasonable expenses of the Joint Brokers, all fees and expenses properly payable in connection with Admission and the Placing, including the expenses of the Registrars, printing and advertising expenses, postage

and all reasonable professional fees and expenses including the fees, disbursements and expenses of the Joint Brokers' legal advisers (such legal adviser's fees not to exceed £10,000, plus any applicable VAT), all hotel accommodation and travel expenses and all other reasonable costs, charges and expenses of, or incidental to, the Placing, together with any applicable VAT thereon.

9.3 *VAT*

All sums payable under this Agreement by the Company to either of the Joint Brokers are deemed to be exclusive of VAT. Where, pursuant to the terms of this Agreement, either of the Joint Brokers makes a supply which is chargeable to VAT to the Company, the Company shall pay to such Joint Broker a sum equal to the amount of any VAT chargeable by such Joint Broker on that supply at the same time as payment for the supply. Where the Company is required by the terms of this Agreement to reimburse either of the Joint Brokers for any costs and expenses constituting supplies made to such Joint Broker, the Company shall pay to such Joint Broker, in addition to those costs and expenses, an amount equal to any input VAT incurred by such Joint Broker in respect of those supplies at the same time such reimbursement is made except to the extent that such Joint Broker receives repayment or credit in respect of that input VAT. Where the Company is required by the terms of this Agreement to reimburse either of the Joint Brokers for any costs and expenses incurred by such Joint Broker as agent of the Company, the Company shall pay to such Joint Broker, in addition to those costs and expenses, an amount equal to any VAT incurred by such Joint Broker on those costs and expenses at the same time as such reimbursement is made.

9.4 *Right of deduction*

Each Joint Broker may (but is not under any obligation to do so) deduct from the gross proceeds of the Placing received by it the fees, costs, expenses and any VAT payable by the Company pursuant to sub-clauses 9.1 to 9.3 (inclusive) and the deductions of any such fees, costs and expenses shall be an absolute discharge of the Company's obligations to pay them. If such deductions are made, each Joint Broker shall provide a statement itemising the amounts so deducted. In the event that all or some of the amounts payable in respect of costs and expenses are not deducted by the Joint Brokers from the gross proceeds of the Placing, the Company shall pay all such fees, costs and expenses in a timely manner.

10. *Warranties*

10.1 *The Company*

In consideration of each of the Joint Brokers entering into this Agreement, the Company warrants subject to clause 10.7 to each of the Joint Brokers in the terms of schedule 3 as at the date of this Agreement and as at Admission.

10.2 *Avoidance of Specified Event*

The Company agrees not to cause, and to use its reasonable endeavours not to permit, any event to occur or allow any omission which would comprise a Specified Event prior to Admission.

10.3 *Independence*

Each Warranty is to be construed independently and (except where this Agreement provides otherwise) is not limited by a provision of this Agreement or another Warranty.

10.4 *Disclosures*

The Warranties are given subject only to any matter fairly disclosed in the Press Announcement, the Interims, the Previous Announcements and the annual report and accounts of the Company in respect of the financial year ended on the Accounts Date.

10.5 *Disclosure of potential claims*

The Company undertakes to notify each of the Joint Brokers immediately on becoming aware of any breach of any of the Warranties or a Specified Event or any matter which may give rise to a claim under the Corporate Finance Indemnity at any time before Admission and shall provide each of the Joint Brokers with such information as it shall reasonably require in this regard.

Neither of the Joint Brokers shall be entitled to make any claim under a Warranty if and to the extent that:

- (a) each of the Joint Brokers receives a notification from the Company that there has been a breach of such Warranty or a Specified Event has occurred which includes all material details and/or information relating to the breach of such Warranty or Specified Event known to the Company at that time;
- (b) such notification or information is received by the Joint Brokers at a time prior to Admission such that each Joint Broker is afforded a reasonable opportunity to terminate this Agreement and/or the Placing; and
- (c) each of the Joint Brokers either (i) notwithstanding the notification or information in paragraph (a) above, does not terminate this Agreement pursuant to Clause 13 and proceeds with the Placing or (ii) terminates this Agreement pursuant to Clause 13.

10.6 *Warranty Confirmation Letter*

In the event that Admission does not occur on the Expected Admission Date, the Company shall procure that an original of the Warranty Confirmation Letter is delivered to each of the Joint Brokers by no later than 3.00 p.m. on the Business Day prior to Admission.

10.7 *Placing Documents*

Each of the Joint Brokers agrees that, in relation to Warranties 1, 2.1, 2.2 and 14.4, the definition of Placing Documents shall not include the Placing Letter.

11. *Exclusion of liability*

11.1 *No claims against Relevant Persons*

No claim shall be made against any Relevant Person to recover any loss, damage, liability, costs, charges or expenses which any Group Company or any of the Directors or any other person may suffer or incur by reason of or arising, directly or indirectly, from the performance by any Relevant Person of its obligations under this Agreement or in connection with the Placing or the publication and despatch of any of the Placing Documents or of the terms upon which Placees may be procured by the Joint Brokers, or the timing of any subscription of the Placing Shares, unless and to the extent that such loss, damage, liability, costs, charges or expenses arise as a result of:

- (a) court determined fraud, negligence or wilful default of such Relevant Person;
- (b) a material failure or breach by the Relevant Person of the relevant Joint Broker's obligations under this Agreement; or
- (c) any material contravention by such Relevant Person of its duties or obligations under the regulatory system (as defined in the FSA Handbook) the provisions of the FSMA.

Each Joint Broker enters into this clause 11 for itself and as agent for each Relevant Person.

11.2 *Limitations on liability*

The Company agrees that any liability that any Relevant Person may have to the Company for any damage or loss suffered by the Company arising out of or in connection with the engagement constituted by this Agreement shall be limited so as not to extend to or include any liability for damage or loss suffered by the Company which any Relevant Person would not be subject to but for an agreement which the Company has made or may make with any other party which limits the liability of that other party arising out of or in connection with the Placing (a "**Relevant Limitation**"). To the extent that any such agreement made by the Company with any other party has the effect of reducing or extinguishing any Relevant Person's ability to recover under rights of contribution or subrogation against that party in respect of a claim brought by the Company against any Relevant Person, that Relevant Person's liability to the Company shall be correspondingly reduced or extinguished as it would have been in the absence of the Relevant Limitation. The Company undertakes to notify each Joint Broker forthwith in writing of the existence and terms of any Relevant Limitation.

11.3 *No claims against directors, officers and employees*

The Company agrees that, without prejudice to any claim the Company may have against any Relevant Person, no proceedings may be taken against any director, officer or employee of any Relevant Person in respect of a claim the Company may have against any Relevant Person. This clause may be relied upon and enforced by each such director, officer or employee of any Relevant Person.

11.4 *Verification*

The Company agrees with and acknowledges to each Joint Broker that no Relevant Person nor any of their respective officers, directors, employees, agents or advisers are or shall be responsible to any other party for verifying the accuracy and/or fairness of any information in any of the Placing Documents or any other documents otherwise published or caused to be published in connection with the Placing.

11.5 *Securities laws*

Save in respect of the AIM Rules for Companies and the AIM Rules for Nominated Advisers, for the avoidance of doubt, no Relevant Person shall be responsible for advising the Company in respect of any applicable laws or regulations in any jurisdiction in relation to the Placing or other matters contemplated in connection with the Placing and the Company acknowledges that no Relevant Person shall incur any liability to the Company in respect of any breach of such applicable laws or regulations where such Relevant Person has acted in good faith in the absence of, or in accordance with, any advice the Company has received and communicated to it.

12. **Corporate Finance Indemnity**

12.1 *Corporate Finance Indemnity*

The Company undertakes to each Joint Broker and each other Relevant Person to the fullest extent permitted by law to indemnify and keep indemnified each Relevant Person against all claims, actions, demands, liabilities, judgments and proceedings in any jurisdiction which may be made, brought or established against any such person (together "**Claims**") and against all loss, damage, liability, costs, charges and expenses in any jurisdiction which any such person may suffer or incur in relation to any Claim (including those suffered or incurred in disputing any Claim or in establishing the right to be indemnified under this clause 12.1 and/or in seeking advice as to any Claim and including all legal and other expenses on a full indemnity basis) (together "**Losses**") and which in any case, directly or indirectly, result from or are attributable to or would not have arisen but for the placing of the Placing Shares or the transactions contemplated by this Agreement including, but not limited to:

- (a) the preparation, approval and/or despatch or publication of the Placing Documents;
- (b) the allotment and issue of the Placing Shares;
- (c) any breach, or alleged breach, by the Company of any of the Warranties or any of its other obligations under this Agreement or the happening of a Specified Event;
- (d) the Placing Documents not containing, or being alleged not to contain, all information required to be contained in them or any statement in them being, or being alleged to be, untrue, inaccurate or misleading or as having been made negligently or otherwise without the required standard of skill and care;
- (e) any breach, or alleged breach, of the laws or regulations of any part of the United Kingdom or elsewhere resulting from the issue or distribution of the

Placing Documents or the entering into or completion of this Agreement or otherwise as a result of the Placing;

- (f) the approval or issue by either of the Joint Brokers of the Press Announcement or of any financial promotion (for the purposes of section 21(1) of the FSMA) relating to the Placing;
- (g) the performance by any Relevant Person of its obligations in connection with the placing of the Placing Shares or the Application;
- (h) any failure, or alleged failure, by any Group Company or any of its agents, employees or officers to comply with the FSMA or the AIM Rules for Companies or the rules or requirements of Euroclear in relation to CREST or any other requirements of statute or statutory regulations in relation to the placing of the Placing Shares, or Admission.

12.2 *Exclusions*

The Corporate Finance Indemnity shall not:

- (a) extend to any Claims or Losses that arise from:
 - (i) court determined fraud, negligence or wilful default of any Relevant Person;
 - (ii) a material failure or breach by the Relevant Person of the relevant Joint Broker's obligations under this Agreement; or
 - (iii) any material contravention by any Relevant Person of its duties or obligations under the regulatory system (as defined in the FSA Handbook) or the provisions of the FSMA;
- (b) apply to the extent prohibited by COBS Rule 2.1.2R; or
- (c) apply to the extent prohibited by law.

12.3 *No set off*

All payments made under the Corporate Finance Indemnity shall be made gross, free of any right of counterclaim or set off and without deduction or withholding of any kind, other than any deduction or withholding required by law.

12.4 *Grossing up*

If any deductions or withholdings are required by law or if any taxing authority in any jurisdiction brings into any charge to Taxation (or into any computation of income, profits or gains for the purpose of any charge to Taxation) any sums payable under the Corporate Finance Indemnity then the Company shall pay such additional sum as will ensure that after the deduction, withholding or charge to Taxation the Relevant Person concerned shall retain a sum equal to the amount that would otherwise have been payable pursuant to the Corporate Finance Indemnity.

12.5 *Costs and expenses*

The Corporate Finance Indemnity shall extend to all costs, charges and expenses (including, without limitation, all legal fees and expenses) (together with any applicable VAT or equivalent tax thereon) which any Relevant Person may incur or bear in disputing any claim made against it or in establishing any claim on its part under the provisions of this clause 12 or in seeking advice as to any claim in respect of which it is entitled to be indemnified pursuant to this clause 12.

12.6 *Conduct of claims*

As soon as reasonably practicable after it becomes aware of any Claim made or threatened within the scope of the Corporate Finance Indemnity, either or both of the Joint Brokers shall notify the Company of the relevant Claim provided that failure by either Joint Broker to do so shall not relieve the Company of its obligation to indemnify any Relevant Person under this clause and the notifying Joint Broker (or any associated Relevant Person) shall thereafter (to the extent lawful and not otherwise restricted or prevented) (i) on request keep the Company promptly informed of the progress of the Claim (ii) provide the Company with copies of such documentation relating to the Claim as the Company may reasonably request and (iii) give the Company such opportunities as the Company may reasonably request to make representations regarding the conduct of the Claim, in each case subject to the notifying Joint Broker (or any associated Relevant Person) being indemnified in a manner satisfactory to it against any and all reasonable costs, charges and expenses incurred by it in complying with any such request, and provided that nothing in this sub-clause 12.6 shall require any Relevant Person to:

- (a) provide a copy of any document or provide any information which it is legally advised is privileged in the context of any litigation connected with the Claim or subject to a duty of confidentiality;
- (b) do, or refrain from doing, anything which would, or which such Relevant Person in good faith considers might, prejudice any insurance cover to which any Relevant Person may from time to time be entitled or from which any of them may benefit;
- (c) do, or refrain from doing, anything the doing of or failure to do, the Joint Broker in question in good faith considers would damage its reputation or the goodwill attaching to its business or that of any Relevant Person or which would conflict with such joint Broker's duties under any law or regulatory requirement; or
- (d) settle, compromise, dispute or defend any Claim.

12.7 *No settlement without the Joint Brokers' consent*

The Company agrees that it will not without the prior written consent of each of the Joint Brokers (such consent not to be unreasonably withheld or delayed) settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim in respect of which indemnification may be sought under this clause

12 unless such settlement, compromise or consent includes an unconditional release of all Relevant Persons from all liability arising out of such claim and each Joint Broker consents in writing (such consent not to be unreasonably withheld or delayed) to the terms of such settlement, compromise or consent.

13. **Termination**

13.1 *Termination events*

If, prior to Admission:

- (a) any statement contained in the Placing Documents has, in the reasonable opinion of either of the Joint Brokers, become untrue, inaccurate or misleading in any material respect or matters have arisen which would, if the Placing Documents were issued at that time, constitute a material omission from them and which either Joint Broker reasonably considers to be material in the context of the Placing; or
- (b) there has, in the reasonable opinion of either of the Joint Brokers, been a material breach of any of the Warranties or any of the obligations of the Company under this Agreement or there are any facts or circumstances existing giving an entitlement on the part of either of the Joint Brokers to make a claim under the Corporate Finance Indemnity and which either Joint Broker reasonably considers to be material in the context of the Placing; or
- (c) a Specified Event has, in the reasonable opinion of either of the Joint Brokers, occurred and which either Joint Broker reasonably considers to be material in the context of the Placing

then either of the Joint Brokers may, in its absolute discretion, give notice to the Company to terminate its obligations under this Agreement (and accordingly the obligations of Placees under the Placing Letters) in which event the provisions of sub-clause 13.3 shall apply.

13.2 *Force majeure*

If, prior to Admission, there shall, in the reasonable opinion of both of the Joint Brokers, occur or come into effect any change in national or international financial, economic, political, military or market conditions which, in the reasonable opinion of both Joint Brokers, is likely, materially and adversely, to affect the financial or trading position or prospects of any member of the Group or to have a materially prejudicial effect on the Placing, the Joint Brokers shall consult with the Company (to the extent practicable) and, following such consultation, may, in their absolute discretion, give notice to the Company to terminate their obligations under this Agreement (and accordingly the obligations of Placees under the Placing Letters) in which event the provisions of sub-clause 13.3 shall apply.

13.3 *Effect of termination*

If this Agreement is terminated pursuant to the provisions of sub-clauses 2.2, 13.1 or 13.2, this Agreement shall cease and determine and no party to this Agreement shall

have any claim against any other party to this Agreement for costs, damages, charges, compensation or otherwise except that:

- (a) such termination shall be without prejudice to any accrued rights or obligations of any party under this Agreement;
- (b) the provisions of this sub-clause 13.3 and clauses 1, 9.2, 9.3, 9.4, 10, 11, 12, 16, 17, 18, and 19 shall remain in full force and effect;
- (c) the Company shall no later than two Business Days from the date of request following termination pay to each Joint Broker any costs and expenses in respect of which each Joint Broker is entitled to be reimbursed pursuant to sub-clauses 9.2 and 9.3;
- (d) the Company shall withdraw the Application and, if so requested by the Joint Brokers, the Company shall make a press announcement in a form reasonably required by the Joint Brokers; and
- (e) each Joint Broker shall, as soon as practicable, procure that any monies received from Places pursuant to the Placing be repaid to them.

14. **Continuing obligations**

The Company shall make all such announcements concerning the Application and the Placing as shall be necessary to comply with the AIM Rules for Companies and/or any other applicable regulatory or statutory requirement and/or any other provision of this Agreement. If the Company fails (in the opinion of either of the Joint Brokers acting in good faith) to make any such announcement either of the Joint Brokers may make such announcement on the Company's behalf instead (but without any obligation for either of the Joint Brokers to do so).

15. **No set-off**

Except as specified in sub-clause 8.3 and clause 9, all payments to be made by either Joint Broker under this Agreement shall be made in full without any set-off or counterclaim and free of any deduction or withholding.

16. **General**

16.1 ***Entire agreement and conflicts***

- (a) This Agreement and the Mirabaud Engagement Letter set out the entire agreement and understanding between Mirabaud and the Company in respect of the subject matter of this Agreement.
- (b) This Agreement and the Evolution Engagement Letter set out in the entire agreement and understanding between Evolution and the Company in respect of the subject matter of this Agreement.
- (c) To the extent that the provisions of this Agreement conflict with the provisions of either of the Mirabaud Engagement Letter and the Evolution Engagement

Letter, this Agreement shall prevail.

- (d) For the avoidance of doubt, the provision of sub-clause 16.1(c) does not affect the limitations as to amount set out in paragraph 6.1(b) of the Standard Terms of Conditions attached to the Mirabaud Engagement Letter and paragraph 8.1 of the Evolution Engagement Letter.

16.2 *Assignment*

- (a) This Agreement shall be binding upon and enure for the benefit of the successors in title of all parties but, except as set out in sub-clause 16.2(b), shall not be assignable by any party without the prior written consent of all parties.
- (b) Each of the Joint Brokers may assign the benefit of this Agreement to any subsidiary undertaking or parent undertaking of such Joint Broker provided that upon any subsidiary undertaking or parent undertaking ceasing to be the same such subsidiary undertaking or parent undertaking shall assign the benefit of this Agreement to such Joint Broker save that, prior to any assignment, the relevant Joint Broker shall notify the Company.

16.3 *Variation*

No purported variation of this Agreement shall be effective unless it is in writing and signed by or on behalf of all of the parties.

16.4 *Effect of Admission*

Except to the extent already performed, all the provisions of this Agreement shall, so far as they are capable of being performed or observed, continue in full force and effect notwithstanding Admission.

16.5 *Invalidity*

To the extent that any provision of this Agreement is found by any court or competent authority to be invalid, unlawful or unenforceable in any jurisdiction, that provision shall be deemed not to be a part of this Agreement, it shall not affect the enforceability of the remainder of this Agreement nor shall it affect the validity, lawfulness or enforceability of that provision in any other jurisdiction.

16.6 *Releases and waivers*

- (a) Any party may, in whole or in part, release, compound, compromise, waive or postpone, in its absolute discretion, any liability owed to it or right granted to it in this Agreement by any other party without in any way prejudicing or affecting its rights in respect of that or any other liability or right not so released, compounded, compromised, waived or postponed.
- (b) No single or partial exercise, or failure or delay in exercising any right, power or remedy by any party shall constitute a waiver by that party of, or impair or preclude any further exercise of, that or any right, power or remedy arising

under this Agreement or otherwise.

16.7 Further assurance

Each party shall execute such documents and take such steps as the other parties may reasonably require to fulfil the provisions of and to give to each party the full benefit of this Agreement.

16.8 Counterparts

- (a) This Agreement may be executed in any number of counterparts and by the parties on separate counterparts, which may include faxed copies but shall not be effective until each party has executed at least one counterpart.
- (b) Each counterpart, when executed, shall be an original of this Agreement and all counterparts shall together constitute one instrument.

16.9 Time of the essence

Except as otherwise expressly provided, time is of the essence as regards every obligation of any party under this Agreement.

16.10 Confidentiality

- (a) Except as referred to in sub-clause 16.10(b), each party shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement which relates to the provisions or subject matter of this Agreement, to any other party or the negotiations relating to this Agreement.
- (b) Any party may disclose information which would otherwise be confidential if and to the extent:
 - (i) it is required to do so by law or any securities exchange or regulatory or governmental body to which it is subject wherever situated;
 - (ii) it considers it necessary to disclose the information to its professional advisers, auditors and bankers provided that it does so on a confidential basis;
 - (iii) the information has come into the public domain through no fault of that party; or
 - (iv) each party to whom it relates has given its consent in writing.

17. Third Parties Act

17.1 Rights

The rights comprising the benefit of all provisions in this Agreement intended to apply to, and be for the benefit of, any Relevant Person (other than the Joint Brokers) (the

"Third Party Rights") are conferred on those persons and are enforceable in accordance with the Third Parties Act, subject to this clause 17.

17.2 *Exercise of Third Party Rights*

Each of the Joint Brokers may exercise the Third Party Rights in all respects on behalf of its Relevant Persons at such Joint Broker's sole discretion as if such Joint Broker were such Relevant Person. All Third Party Rights (including, without limitation, enforcement rights) are exercisable against the Company only indirectly, through such Joint Broker in accordance with this clause 17, and are not exercisable by any other Relevant Person directly against the Company other than with such Joint Broker's prior written consent and then only to the extent permitted by such consent. Any such consent may be withheld at such Joint Broker's absolute discretion and may be given subject to such restrictions as such Joint Broker may impose in its absolute discretion on the Relevant Person. The terms of any such consent may be varied or waived by such Joint Broker at its absolute discretion.

17.3 *Extent of liability*

Neither Joint Broker owes any duty to any other Relevant Person or to any other person that is not a party to this Agreement, nor shall either Joint Broker be liable to any other Relevant Person, Placee or to any other such person for any act or omission of any kind or for any exercise of such Joint Broker's discretion in any way, in respect of any Third Party Rights or in respect of any other matter concerning or relating to this Agreement.

17.4 *Enforcement*

No term of this Agreement is enforceable by any person who is not a party to it other than as referred to in clauses 11 and 12 or in this clause 17.

17.5 *Consents*

This Agreement may be terminated, rescinded or varied in any respect by agreement between the parties without the need for any consent from any third party (including, without limitation, any other Relevant Person).

18. *Notices*

18.1 *Form of Notice*

Any notice to a party under this Agreement shall be in writing signed by or on behalf of the party giving it and shall, unless delivered to a party personally, be left at, or sent by prepaid first class post, prepaid recorded delivery to the address of the party as set out on page 1 of this Agreement or as otherwise notified in writing from time to time.

18.2 *Deemed service*

Except as referred to in sub-clauses 18.3, a notice shall be deemed to have been served:

- (a) at the time of delivery if delivered personally; and
- (b) 24 hours after posting in the case of an address in the United Kingdom and 96 hours after posting for any other address.

If the deemed time of service is not during normal business hours in the country of receipt, the notice shall be deemed served at the opening of business on the next Business Day of that country.

18.3 *Exceptions*

The deemed service provisions set out in sub-clause 18.2 do not apply to a notice served by post, if there is a national or local suspension, curtailment or disruption of postal services which affects the collection of the notice or is such that the notice cannot reasonably be expected to be delivered within 24 hours or 96 hours (as appropriate) after posting.

18.4 *Proof of service*

In proving service it shall be sufficient to prove:

- (a) in the case of personal service, that it was handed to the party or delivered to or left in an appropriate place for receipt of letters at its address; and
- (b) in the case of a letter sent by post, that the letter was properly addressed, stamped and posted.

18.5 *Delaying service*

A party shall not attempt to prevent or delay the service on it of a notice connected with this Agreement.

19. **Governing law and jurisdiction**

19.1 *Governing law*

This Agreement shall be governed by and construed in accordance with English law.

19.2 *Jurisdiction*

Each of the parties irrevocably submits for all purposes in connection with this Agreement to the exclusive jurisdiction of the courts of England.

This Agreement has been signed on the date appearing at the head of page 1.

Schedule 1

(Warranty Confirmation Letter)

[To be retyped onto the headed notepaper of the Company]

Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

(For the attention of Simon Edwards)

Mirabaud Securities LLP
21 St James's Square
London
SW1Y 4JP

(For the attention of Rory Scott)

• April 2010

Dear Sirs,

Firestone Diamonds plc (the "Company") - Placing

We refer to the Placing and the Placing Agreement dated • April 2010 (the "**Placing Agreement**") and made between (1) the Company, (2) Evolution Securities Limited and (3) Mirabaud Securities LLP. Words and expressions defined in the Placing Agreement have the same meanings in this letter.

We confirm that (subject to the giving of this letter):

- (a) the Company has complied with its obligations under the Placing Agreement which it is obliged to perform prior to Admission; and
- (b) save as previously notified in writing to both Joint Brokers, none of the warranties contained in clause 10 and schedule 3 of the Placing Agreement was breached or was untrue, inaccurate or misleading when made and no Specified Event has occurred.

This letter, which has been delivered to you prior to the date of Admission, is to be released to you immediately prior to Admission.

Yours faithfully

Director
for and on behalf of
Firestone Diamonds plc

Schedule 2

(Documents to be delivered)

The documents set out below have been prepared in connection with the Placing and Admission and specimens of each have been agreed by or on behalf of each of the Joint Brokers and the Company. References in this Agreement to these documents are to such prints or drafts with such amendments to them as may be agreed by or on behalf of the Joint Brokers.

	Document	Execution requirements	Latest time for delivery
1.	Board minutes to approve, <i>inter alia</i> , the Presentation, the Press Announcement, the Working Capital Memorandum, the Economic Assessment Board Papers, the Placing and to allot the Placing Shares	Two certified copies	On signing this Agreement
2.	Verification Notes	Two signed originals	On signing this Agreement
3.	Press Announcement	Two copies	On signing this Agreement
4.	Application for Admission	Two certified copies	On signing this Agreement
5.	Working Capital Memorandum	Two certified copies	On signing this Agreement
6.	Economic Assessment Board Papers	Two certified copies	On signing this Agreement
7.	Warranty Confirmation Letter	Two signed originals	Business Day prior to Admission
8.	CREST application	Two certified copies	Prior to Admission

Schedule 3
(Warranties)

1. **Compliance**

The Placing Documents contain all information required by, and the allotment of the Placing Shares and the publication and contents of the Placing Documents in the manner proposed shall comply with, the FSMA, the Companies Acts, the AIM Rules for Companies and all other applicable laws, rules and regulations of the United Kingdom and in all other jurisdictions relevant to the Placing.

2. **Information (general)**

2.1 *Accuracy of information*

All statements of fact in the Placing Documents are true and accurate and are not misleading. All forecasts, expressions of opinion, intention or expectation contained in the Placing Documents are honestly given, expressed or held and have been made on reasonable grounds after due and careful consideration having regard to all the information currently available to the Group and the Directors and were not given recklessly, casually or without due regard for their accuracy.

2.2 *Omissions*

There are no facts or considerations known or which could on proper enquiry have been known to the Company which are not disclosed in the Placing Documents and which by their omission would or might reasonably be considered to:

- (c) make any statement therein (whether of fact, opinion, intention or expectation) inaccurate or misleading; or
- (d) invalidate or qualify any assumption made in support of any statement in the Placing Documents (whether of fact, opinion, intention or expectation); or
- (e) be material for disclosure to the Joint Brokers, a Placee or other potential purchaser of the Placing Shares.

2.3 *Disclosure to the Joint Brokers*

All information in writing supplied by or on behalf of the Company to each of the Joint Brokers (or its advisers or any other persons acting on its behalf) on or prior to the date of this Agreement for the purposes of, or in connection with, the Placing is true and accurate and not misleading and has been lawfully and properly obtained and may be disclosed in the Placing Documents and, to the best of the knowledge, information and belief of the Company, there is no other fact or matter which renders any such information misleading because of any omission, ambiguity or for any other reason. Each expression of opinion, intention or expectation in such information is made on reasonable grounds, is honestly held, is fairly based and has been made after due and careful enquiry and consideration.

2.4 *Previous Announcements*

The Previous Announcements were true and accurate and not misleading when made and all (if any) statements, forecasts, estimates and expression of opinion, belief, intention and expectation contained in the Previous Announcements which are material in the context of the Placing were fairly and honestly given, expressed or held and were made on reasonable grounds after due and proper consideration and were reasonably based on facts known to the Company and none of such statements were or are rendered inaccurate or misleading in the context of the Placing by the omission of any fact or matter. Since the Previous Announcements were published, no corrective statement has been required to be made in accordance with the AIM Rules for Companies or the FSMA. The Previous Announcements complied with all relevant requirements of the FSMA, the AIM Rules for Companies and all other relevant statutes and regulations as were in force at the time of publication of the relevant Previous Announcement.

2.5 *Information*

So far as the Company is aware, having made all reasonable enquiries, there is no information other than that contained in the Previous Announcements, the Press Announcement and the Interims which the Company is required by the AIM Rules for Companies or the FSMA to publish, whether to correct a misleading impression as to the market in or the price or value of the Ordinary Shares or to avoid behaviour which could constitute market abuse (within the meaning of the FSMA) or which is otherwise relevant to the Exchange in considering the Application.

2.6 *Required announcements*

The Company is not aware of any material circumstances now subsisting or proposed which are not disclosed in the Press Announcement, the Interims and/or the Previous Announcements and which are likely to lead to any obligation for the Company to make any announcement pursuant to the FSMA, the AIM Rules for Companies or the City Code on Takeovers and Mergers within a period of six months from the date of this Agreement, save in the ordinary course of business.

3. **Information (specific)**

3.1 *Financial information on the Company*

Save as disclosed or stated in them, the Accounts:

- (a) have been prepared in accordance with all relevant statutes and International Financial Reporting Standards including, without limitation, all applicable Financial Reporting Standards issued by the Accounting Standards Board and all Statements from the Urgent Issues Task Force current at the Accounts Date; and
- (b) give a true and fair view of the state of affairs of the Group as at the Accounts Date and of the profit and loss of the Company for the period ended on that date.

3.2 *Events since the Accounts Date*

Since the Accounts Date:

- (a) each Group Company has carried on its business in the ordinary and usual course;
- (b) save as specifically disclosed in the Company's announcement of 31 March 2010, there has been no material adverse change, nor, so far as the Company is aware, any development likely to give rise to a material adverse change, in the financial or trading position or prospects of any Group Company and no material depletion in the net assets of the Group taken as a whole;
- (c) no Group Company has entered into any contracts or commitments which are outside the ordinary course of its business or which are of a long term or unusual nature or which involve or could involve an obligation of a material nature or magnitude or for the merger or disposal of any business or assets or has assumed any liabilities (including contingent liabilities) by way of borrowing or guarantees or otherwise which are material for disclosure in the context of the Placing;
- (d) no dividend or other distribution has been, or is treated as having been, declared, paid or made by any Group Company; and
- (e) the business of the Group has not been adversely affected by the loss of any important customer or source of supply or any abnormal factor not affecting similar businesses to a similar extent and to the best of the information, knowledge and belief of the Company, there are no facts or circumstances reasonably expected to give rise to any such effect whether before or after Admission.

4. *Verification Notes*

The factual information contained in the Verification Notes is true and accurate and not misleading nor has any information been omitted from it the absence of which would make the Verification Notes misleading and all expressions of opinion, intention and expectation contained in them were honestly given and were made on reasonable grounds after due and careful consideration and such Verification Notes have been prepared or approved by persons having appropriate knowledge and responsibilities to enable them properly to provide such replies and all such replies have been given in good faith.

5. *Working capital and bank facilities*

5.1 *Adequacy of working capital*

Assuming completion of the Placing, the working capital available to the Group is sufficient for the Group's present requirements, that is for at least 12 months following Admission.

5.2 *Working Capital Memorandum*

The Working Capital Memorandum:

- (a) has been prepared with all due care and attention by the Directors;
- (b) has been prepared on the bases and assumptions stated therein which each Director believes to be fair and reasonable; and
- (c) has been approved by the Board.

There are no other assumptions and, so far as the Company is aware, no other facts which ought reasonably to have been taken into account in preparing the Working Capital Memorandum.

5.3 *Loans, facilities and indebtedness*

- (a) No known event has occurred nor, so far as the Company is aware, is likely to occur which (with the giving of notice, the lapse of time, the making of any relevant determination by any bank or otherwise) may cause any loan or overdraft of any Group Company to be repayable in whole or in part prior to the stated date of maturity or cause the commitment of any bank or lender thereunder to be cancelled or reduced or to give rise to any claim under any guarantee or indemnity given by a Group Company.
- (b) No Group Company has received notice to repay under any agreement relating to borrowing or indebtedness in the nature of borrowing.
- (c) There are no arrangements affecting any bank account of any Group Company which would, upon the happening of any event, enable a bank to utilise any funds in such accounts to repay any sums that may be owing to such bank by persons other than any Group Company.

6. **The Group**

6.1 *Subsidiaries*

The Subsidiaries are the only subsidiaries and subsidiary undertakings (as defined by sections 1159 and 1162 respectively of the 2006 Act) of the Company and no Group Company has any beneficial or other interest in the shares or stock of any other company. The Subsidiaries are wholly and beneficially owned by the Company free from Encumbrances (save for any security granted in the course of business carried on by the Group in connection with the Group's banking facilities).

6.2 *Capacity*

Each Group Company is a limited company incorporated under the law of the jurisdiction in which it is incorporated and has been in continuous existence since incorporation and has the right, power and authority to carry on its activities in the ordinary and usual course of its business.

6.3 *Share capital*

All shares comprised in such issued share capital have been duly authorised and validly issued and are fully paid and there are no allotted but unissued shares or outstanding options or other rights to subscribe for or call of the allotment of any shares or securities convertible into shares or loan capital of any Group Company.

6.4 *Share issues*

All issues of Ordinary Shares have been effected in accordance with the Companies Acts and the Company's memorandum and articles of association. Apart from this Agreement, there is no agreement, arrangement or commitment outstanding which calls for the allotment, issue or transfer of, or accords to any person the right to call for the allotment, issue or transfer of, any share or loan capital of the Company.

6.5 *Compliance with laws*

Each Group Company has conducted its business in accordance with all applicable laws and regulations of the United Kingdom and of all relevant foreign jurisdictions or authorities and there is no order, decree or judgment of any court or any governmental or other competent authority or agency of the United Kingdom or any foreign jurisdiction outstanding against any Group Company or any person for whose acts any Group Company is vicariously liable which is material in the context of the Group or adversely affects or is likely to have an adverse effect on the financial position of any Group Company.

6.6 *Authorisations - general*

Other than the licences set out in the Licence Schedule, all licences, consents, permits, approvals and authorisations (public and private) ("**authorisations**") necessary for utilising any of the assets of each Group Company in Botswana or carrying on effectively any aspect of the business of such Group Company in Botswana and in the manner in which such business is now carried on have been obtained by such Group Company and all such authorisations are in full force and effect and are not limited in duration or subject to onerous conditions (where such limitation in duration or onerous condition would adversely affect the relevant Group Company's ability to benefit from such authorisations), and, so far as the Company is aware, there is no circumstance which indicates that any such authorisation is likely to be suspended, cancelled, terminated or revoked in whole or in part.

6.7 *Authorisations - specific*

All information contained in the Licence Schedule is true and accurate and is not misleading. All licences set out in the Licence Schedule are in full force and effect and, so far as the Company is aware, there is no circumstance which indicates that:

- (a) any licence included in the Licence Schedule is likely to be suspended, cancelled, terminated or revoked in any way in whole or in part; or

- (b) any licence included in the Licence Schedule would not be capable of being renewed in full (in accordance with Botswana law) on its expiry.

6.8 *Authorisations – future*

So far as the Company is aware, there is no circumstance which indicates that any authorisation which would be necessary for the fulfilment of the Group's development plans (as set out in the Presentation) would not be granted by the relevant authority at the relevant time.

6.9 *Economic Assessment Board Papers*

The Economic Assessment Board Papers:

- (a) have been prepared with all due care and attention by the Directors;
- (b) have been prepared on the underlying assumptions stated therein which each Director believes to be fair and reasonable; and
- (c) have been approved by the Board.

7. **Insolvency**

No material trading Group Company:

- (a) is unable to pay its debts within the meaning of section 123(1) of the IA (assuming the continued support of the Company); or
- (b) has taken any action nor have any other steps been taken or legal proceedings started or threatened against any Group Company for its winding up or dissolution or for any Group Company to enter into any arrangement or composition for the benefit of creditors or for the appointment of an administrator, administrative receiver, receiver, trustee or similar officer of any Group Company or any of its interests, properties, revenues or assets.

8. **Insurance**

The Group is, and has at all material times been, insured to levels which the Company, acting reasonably, considers to be adequate against all risks which the Group might reasonably be expected to insure in the particular circumstances of the business carried on by it and so far as the Company is aware all such insurances are in full force and effect and not void or voidable and there is no material insurance claim pending, threatened or outstanding against the Group and all premiums due in respect of all insurances have been duly paid.

9. **Litigation**

9.1 *No litigation*

No Group Company nor any person for whose acts a Group Company may be vicariously liable is engaged in any litigation, arbitration, administrative or criminal

proceedings, whether as claimant, respondent or otherwise and which would be required to be announced pursuant to the AIM Rules for Companies. No litigation, arbitration, administrative or criminal proceedings by or against any Group Company or any person for whose acts any Group Company may be liable are threatened and, so far as the Company is aware, none are pending or expected.

9.2 *No investigations*

The Company has not received notification that any investigation or inquiry is being, or has been, conducted by, or received any request for information from any governmental or other authority, department, board, body or agency in respect of its affairs and, so far as the Company is aware, there are no circumstances which would give rise to such investigation, inquiry or request.

10. **Competition**

No Group Company is, nor has been, a party to any agreement or arrangement nor has it been engaged in any practice, which in whole or in part infringes or may be invalidated by any anti-trust, restrictive trade practice, fair trading laws or legislation in any jurisdiction in which the Group carries on or intends to carry on business or where its activities may have an effect.

11. **Contractual arrangements**

11.1 *Invalidity*

To the best of the knowledge, information and belief of the Company, there is no invalidity, or ground (including the implementation of the Placing) for termination, rescission, avoidance, repudiation or disclaimer, of any agreement, licence, undertaking, instrument or arrangement to which a Group Company is a party or by which a Group Company or any of its assets are bound and which is material in the context of the Group or materially adversely affects or is likely to have a material adverse effect on the financial position of that Group Company and no Group Company has received notice of any intention to terminate, repudiate or disclaim any agreement, undertaking, arrangement or obligation referred to in this paragraph 11.1.

11.2 *No default*

No event has occurred or, to the best of the knowledge, information and belief of the Company, is about to occur or has been alleged which constitutes or would constitute a default, or which could result in the acceleration by reason of default, of an obligation under any agreement, licence, undertaking, instrument or arrangement to which a Group Company is a party or by which a Group Company or any of its assets is bound which would be material in the context of the Group or which would materially adversely affect or be likely to have a material adverse effect on the financial position of that Group Company.

11.3 *Arms' length agreements*

No Group Company is a party to, or affected by, any agreement, licence, undertaking, instrument or arrangement entered into other than by way of a bargain at arms' length

save those to which each party is a Group Company and guarantees given in respect of the liabilities or obligations of a Group Company.

11.4 ***Agreements with interested persons***

Save for consultancy and/or service agreements entered into in the normal course of business, no agreement, licence, undertaking, instrument or arrangement (whether legally enforceable or not) exists between any Group Company and a person (or a person connected with such a person) who owns, or has an interest in or rights in relation to, Ordinary Shares with regard to the management of the business of a Group Company, the appointment or removal of a director of a Group Company, the ownership of, or the transfer of ownership of, any of the assets of a Group Company, or the provision of any finance, goods, services or other facilities to or by a Group Company or any other matter concerning a Group Company or its affairs.

11.5 ***Guarantees and indemnities***

No Group Company is liable under or has agreed to enter into any guarantee, indemnity or similar obligation in favour of any person other than another Group Company which, if called upon, could give rise to a liability which is material to the Group.

12. **Intellectual Property**

12.1 ***Intellectual Property rights***

Each Group Company is taking all steps reasonably necessary for the protection of all Intellectual Property belonging to it and all agreements under which each Group Company is authorised to use any Intellectual Property are in full force and effect and all fees and royalties due under them have been paid and so far as the Company is aware no event has occurred or is about to occur which would or could entitle any third party to terminate such agreements prematurely nor so far as the Company is aware has there been any infringement by any third party of Intellectual Property rights owned by or licensed to each Group Company which would have a material adverse effect on the business, assets or prospects of each Group Company.

12.2 ***Infringement***

So far as the Company is aware, no Group Company is infringing the Intellectual Property rights of any other person and no notice has been received by any Group Company alleging that the Intellectual Property rights of any other person have been infringed by any Group Company.

13. **Environmental**

13.1 ***Definitions***

For the purpose of this paragraph:

"Environment" means the environment as defined in section 1(2) of the

Environmental Protection Act 1990.

"Environmental Consent" means any consent, approval, authorisation, permit, exemption, licence or registration from time to time required under Environmental Law.

"Environmental Law" means any common or statutory law, regulation, directive, in force in Botswana or any other jurisdiction in which the Group carries on business relating to the Environment, Dangerous Substances, or the welfare of any living organism.

"Dangerous Substance" means any natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) which is capable of causing harm to human health or safety or harm to any other living organism or causing damage to the Environment.

13.2 *Environmental consents*

- (a) In relation to its business, the Group holds and has always held all Environmental Consents.
- (b) The Group has not received any notification that any Environmental Consent it holds is, or is likely to be, modified, restricted or withdrawn.
- (c) The Group has not been prosecuted for or notified of any breach of the terms, conditions or provisions of any Environmental Consent.
- (d) The Group has not received any notification that further Environmental Consents will be required under Environmental Law in order for it to continue its present business.

13.3 *Compliance*

Neither the Group nor any of its officers, employees and agents in the course of the Group's businesses is in breach of any Environmental Laws applicable to such businesses.

13.4 *Investigations*

The Group has not been threatened with any investigation or enquiry by any regulatory body in connection with the Environment.

14. **The Placing**

14.1 *Authority to allot*

The Company has power under its memorandum and articles of association to allot and issue the Placing Shares in the manner proposed, to pay the commissions, fees, costs and expenses provided in this Agreement and to enter into and perform this Agreement without in any case any further sanction or consent from its members or any class of them, its creditors or from any other person and there are no authorisations, approvals,

consents or licences required by the Company for the issue of the Placing Shares and the entering into of this Agreement by the Company.

14.2 *Issue of the Placing Shares*

Upon their allotment and issue to Placees, following the payment of the subscription monies, the Placing Shares will be authorised and validly issued and fully paid.

14.3 *No breach*

Neither the allotment or issue of the Placing Shares nor the proper performance of this Agreement by the Company will infringe, or give rise to any breach of, any relevant requirements of the Companies Acts, the AIM Rules for Companies, the FSMA or any other applicable rules regulations and laws or any borrowing limits, powers or restrictions of any Group Company, or the terms of any material contract, indenture, security, obligation or commitment to which any Group Company is a party or by which any Group Company or its directors or any of its or their respective properties, revenues or assets is/are bound or result in the imposition on or variation of any rights or obligations of any Group Company.

14.4 *Compliance*

The allotment and issue of the Placing Shares, the Placing, the distribution or publication of the Placing Documents and any other document by or on behalf of the Company in connection with the Placing and the admission of the Placing Shares to trading on AIM will comply with all relevant requirements of the Companies Acts, the AIM Rules for Companies, the FSMA and all other applicable rules, regulations and laws of any jurisdiction in which the Placing is made and all agreements to which any Group Company is a party or by which it is bound and will not exceed or infringe any restrictions in or the terms of any contract, obligation or commitment by or binding upon any member of the Group's board of directors, or result in the imposition on or variation of any rights or obligations of any member of the Group.

15. *US interests*

15.1 *No US offering*

Neither any member of the Group nor any person acting on their behalf has, before the date of this Agreement:

- (a) knowingly engaged in any Directed Selling Efforts (as defined in Rule 902 of Regulation S ("**Regulation S**") promulgated under the US Securities Act 1933 (as amended)(the "**Securities Act**")) in the US in respect of the Placing Shares; or
- (b) offered or sold any Placing Shares in the US by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of the Securities Act.

15.2 *No substantial US market interest*

The Company reasonably believes that there is no substantial US market interest in its Ordinary Shares (with such terms having the meanings given to them by Regulation S).

16. Shareholders' rights

None of the owners or holders of Ordinary Shares have any rights, in their capacity as such, in relation to the Company other than as set out in the articles of association of the Company.

17. Employment

No Director or senior employee of any Group Company is currently serving notice nor are there any service contracts between any Group Company and its directors or employees which cannot be terminated by the relevant Group Company by 12 months' notice or less without giving rise to a claim for damages or compensation (other than a statutory redundancy payment) save that, on a change of control, the service contracts require 24 months' notice prior to termination.

18. Pension schemes

Save as disclosed in the Accounts, no member of the Group is paying or under any legal liability or voluntary commitment to pay any pensions allowances, lump sum or other like benefits payable on retirement, death, termination of employment or during periods of sickness or disablement to any person which, in the case of any benefits payable on retirement, death, termination of employment or during periods of sickness or disablement are not usual (whether as to terms or amount).

19. Taxation

Where applicable, each Group Company has duly and within each applicable time limit made all material returns and payments, given all material notices and supplied all other information required to be supplied to the HM Revenue and Customs or to any other governmental authorities all such information was and remains true and accurate and was made on a proper basis and did not, nor so far as the Company is aware is likely to, reveal any transaction which may be the subject of any dispute with the HM Revenue and Customs or other appropriate authorities and there are no outstanding questions of Taxation which are, or so far as the Company is aware, are likely to become the subject of dispute with the HM Revenue and Customs or any other appropriate authority.

Signed by)
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_____) (Director)
for and on behalf of)
Firestone Diamonds plc)

Signed by)
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_____) (Director)
for and on behalf of)
Evolution Securities Limited)

Signed by)
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_____) (Partner)
for and on behalf of)
Mirabaud Securities LLP)

Signed by)
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for and on behalf of)
Firestone Diamonds plc)

_____) (Director)

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Evolution Securities Limited)

_____) (Director)

Signed by *R. A. Scott*)
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for and on behalf of)
Mirabaud Securities LLP)

R.A. Scott)
_____) (Partner)

Signed by

for and on behalf of
Firestone Diamonds plc


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(Director)

Signed by

for and on behalf of
Evolution Securities Limited

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(Director)

Signed by

for and on behalf of
Mirabaud Securities LLP

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