

DATED 13 *January*

2010

KOPANE DIAMOND DEVELOPMENTS PLC (1)

- and -

JMFINN CAPITAL MARKETS LIMITED (2)

AGREEMENT

relating to the placing

of

Ordinary Shares in

KOPANE DIAMOND DEVELOPMENTS PLC

FINERS STEPHENS INNOCENT LLP

179 Great Portland Street
London W1W 5LS
Tel: 020 7323 4000
DX: 42739 (Oxford Circus North)
Fax: 020 7344 5300

AGREEMENT dated 13 Jan 2010.

PARTIES:

- (1) **KOPANE DIAMOND DEVELOPMENTS PLC** (registered in England and Wales under number 04108629) whose registered office is at Carlyle House, 235-237 Vauxhall Bridge Road, London SW1V 1EJ ("the Company").
- (2) **JMFINN CAPITAL MARKETS LIMITED (trading as FinnCap)** (registered in England and Wales under number 06198898) whose registered office is at 4 Coleman Street, London EC2R 5TA ("FinnCap").

Whereas:

- (A) At the date of this Agreement, the authorised share capital of the Company is £20,000,000 divided into 400,000,000 ordinary shares of 1p each of which 251,259,711 ordinary shares are in issue, credited as fully paid and 400,000,000 deferred shares of 4p each of which 169,611,283 are in issue fully paid.
- (B) The Company has appointed FinnCap as its broker on the terms of the Broker Agreement.
- (C) On the terms and subject to the conditions set out in this Agreement and in reliance upon the warranties, indemnities and undertakings contained in this Agreement, FinnCap has conditionally agreed, as agent for the Company, to procure Placees for the Placing Shares from institutional investors and persons selected by it in consultation with the Company.

IT IS AGREED as follows:-

1. DEFINITIONS AND INTERPRETATION

In this Agreement (which expression shall be deemed to include the Schedules hereto):-

1.1 unless the context otherwise requires:

"Accounting Date" means 30 June 2009;

"Accounts" means the audited consolidated balance sheet, profit and loss account and cash flow statements for the Group for the 12 month period ended on the Accounting Date together with the notes and directors' reports and auditors' reports and all other documents or statements annexed thereto or incorporated therein;

"Admission" means the proposed admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;

"Admission Date" means 18 January 2010 or such later date as the Company and FinnCap may agree, being in any event no later than the Long Stop Date;

"AIM" means the AIM market of the London Stock Exchange Plc;

"AIM Rules" means the rules for companies whose securities are admitted to trading on AIM published by the London Stock Exchange (as amended from time to time);

"AIM Rules for Nominated Advisers" means the rules for nominated advisers published by the London Stock Exchange (as amended from time to time);

"Announcement" means the announcement in the agreed form to be released by or on behalf of the Company which relates to, *inter alia*, the Placing and/or Admission in accordance with the AIM Rules;

"Broker Agreement" means the agreement dated 7 July 2009 between the Company and FinnCap relating to the appointment of FinnCap as broker to the Company;

"Business Day" means a day (not being a Saturday, a Sunday or a Bank Holiday) on which banks are open for normal banking business in the City of London;

"CA" means the Companies Act 1985, as amended, restated or re-enacted including pursuant to the Companies Act 1989 and the Companies Act 2006, from time to time;

"the Code" means The City Code on Takeover and Mergers issued by the Panel on Takeovers and Mergers;

"Company's Solicitors" means Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA;

"Conditions" means any of the conditions set out in Clause 2.1 and reference to a **"Condition"** shall be construed accordingly;

"CREST" means the computerised settlement system and procedures to facilitate the transfer of title of shares in uncertificated form, operated by Euroclear;

"Directors" means the directors of the Company;

"Encumbrance" means and includes any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option, right of pre-emption or right of conversion) or any mortgage, charge, pledge, lien, assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property;

"Euroclear" means Euroclear UK & Ireland Limited, a company incorporated in England and Wales, being the operator of CREST;

"FinnCap Affiliates" means (i) FinnCap; (ii) FinnCap's holding company and the direct or indirect subsidiaries of such holding company; and (iii) each of FinnCap's direct or indirect subsidiaries; and in respect of each of them, all of their directors, employees, consultants and officers;

"FinnCap Engagement Letter" means the engagement letter between the Company and FinnCap dated 6 January 2010;

"Existing Ordinary Shares" means the issued Ordinary Shares at the date hereof;

"FSA" means the Financial Services Authority;

"FSMA" means the Financial Services and Markets Act 2000 (as amended by the Prospectus Regulations 2005 and the Market Abuse Regulations 2005) and as amended from time to time;

"the Group" means the Company and its subsidiaries and **"Group Company"** means any member of the Group;

"holding company" has the meaning ascribed thereto by the CA;

"ICTA" means Income and Corporation Taxes Act 1988;

"Indemnified Persons" means each of FinnCap and the FinnCap Affiliates and a reference to an **"Indemnified Person"** shall be construed accordingly;

"Indemnities" means the indemnities contained in Clause 12;

"Intellectual Property Rights" means patents, know-how, trade marks, service marks, designs, design rights, copyrights, database rights, utility models, logos, trade secrets, confidential processes and information, inventions, discoveries and improvements, trading or business names, rights in internet domain names, moral rights, get-up, other intellectual property rights (in each case whether registered or unregistered and including applications for registration thereof) and all rights or forms of protection of a similar or analogous nature or having equivalent or similar effect which may subsist anywhere in the world;

"Lanstead Shares" shall mean the 24,774,187 Placing Shares to be subscribed for by Lanstead Capital LP (excluding, for the avoidance of doubt, 2,477,418 to be issued to Lanstead Capital LP in satisfaction of a debt);

"London Stock Exchange" means the London Stock Exchange Plc;

"Long Stop Date" means 29 January 2010 ;

"Model Code" means the code on directors dealings adopted by the Company prior to the date of this Agreement;

"Ordinary Shares" means ordinary shares of 1p each in the capital of the Company;

"Placees" means the persons who agree conditionally to subscribe for the Placing Shares pursuant to the Placing;

"Placing" means the conditional placing of the Placing Shares in each case at the Placing Price and otherwise on the terms of the Placing Documents;

"Placing Documents" means this Agreement, the Placing Letters, the Presentation, the Announcement and any other document issued in connection with the Placing;

"Placing Letters" means the placing letters and attached form of acceptance thereto in the agreed form from FinnCap;

"Placing List" means the list of Placees who have conditionally agreed to subscribe for the Placing Shares;

"the Placing Price" means 12p per Placing Share being the price at which the Placing Shares will be offered pursuant to the Placing;

"Placing Shares" means 47,774,522 Ordinary Shares which are to be conditionally subscribed for by Placees pursuant to the Placing;

"the Presentation" means the presentation in the agreed form;

"Prospectus Rules" means the prospectus rules published by the FSA from time to time;

"the Registrars" means Computershare Investor Services plc;

“the Regulations” means the Uncertificated Securities Regulations 2001;

“Service Agreements” means the service agreements and letters of appointment in existence at the date hereof between the Company and the Directors;

“Shareholders” means the holders of Ordinary Shares;

“subsidiary” has the meaning ascribed thereto by the CA and including subsidiary undertakings as defined in the CA and **“subsidiaries”** shall mean more than one subsidiary;

“Subscription Agreement” a subscription agreement to be executed by the Company with Lanstead Capital LP on or about the date of this agreement;

“Warranties” means the warranties set out in Schedule 2 and a reference to a **“Warranty”** shall be construed accordingly;

- 1.2 references to statutes or statutory provisions include those statutes or statutory provisions as amended, extended, consolidated, re-enacted or replaced from time to time and any orders, regulations, instruments or other subordinate legislation made thereunder;
- 1.3 save as herein otherwise expressly defined, words and expressions defined in the CA shall bear the same respective meanings;
- 1.4 words and expressions defined in any part of this Agreement shall bear the same meanings throughout this Agreement;
- 1.5 unless otherwise specified, words importing the singular include the plural, words importing any gender include every gender and words importing persons include bodies corporate and unincorporate; and (in each case) vice versa;
- 1.6 references to clauses and other provisions are references to clauses and other provisions of this Agreement;
- 1.7 obligations and liabilities assumed by more than one person are assumed jointly and severally, unless otherwise specified;
- 1.8 the clause headings shall not affect interpretation; and
- 1.9 any reference to a document in the agreed form means in the form agreed between the Company and FinnCap and initialled by or on behalf of each of them for the purpose of identification.

2. **CONDITIONS**

- 2.1 Save to the extent specified in this Clause 2.1, the obligations of FinnCap under this Agreement are conditional upon:
 - 2.1.1 the Announcement being released to the London Stock Exchange, no later than 7.00 a.m. on 13 January 2010 ;
 - 2.1.2 the Company delivering to FinnCap the documents specified in Schedule 1 (except as may be otherwise agreed in writing by FinnCap) by 4.00 p.m. on the date of this Agreement (or such later time as FinnCap may agree in relation to any particular document);

- 2.1.3 the Warranty Certificate duly signed by the Company and in the form set out in Schedule 3 and the same being delivered to FinnCap in accordance with Clause 7.1.1.2;
- 2.1.4 the obligations of FinnCap under this Agreement not having been terminated pursuant to Clause 16;
- 2.1.5 all documents required to be submitted in connection with the application for Admission being delivered by or on behalf of the Company to the London Stock Exchange in accordance with the AIM Rules by not later than 2.00 p.m. on 15 January 2010;
- 2.1.6 the Company having complied with its obligations under this Agreement in all material respects to the extent that the same fall to be performed prior to Admission;
- 2.1.7 the Company having paid to the London Stock Exchange such charges as may be applicable in connection with Admission;
- 2.1.8 the Company having complied with its obligations under the AIM Rules as to the announcement of the application for Admission;
- 2.1.9 Admission becoming effective in accordance with the AIM Rules not later than 8.00 a.m. on the Admission Date or such later date as the Company and FinnCap may agree, being not later than the Longstop Date;
- 2.1.10 the delivery by the Company to FinnCap of a certified copy of the minutes of a meeting of the board of the Directors (or a duly authorised committee thereof) or a consent resolution signed by all members of the Board conditionally allotting the Placing Shares in accordance with Clause 7.1.1.1,
- 2.1.11 The Subscription Agreement becoming unconditional in all respects (save as to Admission and save for the delivery by the Company to the escrow agent of a share certificate representing the new Ordinary Shares to be issued to Lanstead) by no later than the Admission Date and not being terminated in accordance with its terms;

PROVIDED THAT until such time as any of such conditions shall become incapable of being fulfilled each of the parties hereto shall comply with the obligations on its part contained in this Agreement for the purpose of implementing this Agreement.

- 2.2 FinnCap shall in its absolute discretion and subject to such conditions as it considers appropriate be entitled to extend the time and/or date by which any of the conditions in Clause 2.1 may be satisfied to no later than the Long Stop Date or (save that FinnCap shall not be entitled to extend the Admission Date without the agreement of the Company) or to waive the conditions in whole or in part provided that FinnCap shall not be entitled to waive condition 2.1.9 without the consent of the Company.
- 2.3 If any of the Conditions referred to in Clause 2.1 are not fulfilled, waived or the date for fulfilment has not been extended by FinnCap (as referred to in Clause 2.2) or has become incapable of being satisfied on or before the time set for its fulfilment (or such later dates as FinnCap may agree being no later than the Long Stop Date) the obligations of the parties shall cease and determine immediately and the provisions of Clause 17 shall apply.

- 2.4 The Company shall, so far as it is able, use its reasonable endeavours to procure the satisfaction of the Conditions referred to in Clauses 2.1.1 to 2.1.3 and 2.1.5 to 2.1.10 (inclusive) and if such Conditions are not fulfilled or are not capable of being fulfilled the Company shall as soon as practicable give notice to FinnCap of the circumstances of such non-fulfilment.

3. DELIVERY OF DOCUMENTS

- 3.1 The Company shall by no later than 4.00 p.m. on the date of this Agreement (or as soon thereafter as FinnCap shall agree) deliver the documents specified in Schedule 1A to FinnCap or their legal advisers or such other place as the Company and FinnCap may agree. Subject to Admission the Company shall on the date of Admission deliver the documents specified in Schedule 1B to FinnCap,
- 3.2 The Company shall from time to time procure to be communicated or delivered to FinnCap all such information and documents (signed by the appropriate person where so required) as FinnCap may reasonably require of the Company to enable it to discharge its obligations hereunder.
- 3.3 The Company shall use its reasonable endeavours to procure that on Admission, all conditions in respect of the permission for title to the Placing Shares to be transferred by means of the CREST system imposed by Euroclear will be satisfied with effect from Admission.

4. APPLICATION

- 4.1 The Company shall release the Announcement in accordance with the AIM Rules and shall take all such steps, execute all such documents, supply all such information and documents, give all such undertakings and pay all such fees and other expenses and do or procure to be done all such things as may properly be required by the London Stock Exchange in connection with Admission and in order to comply fully with all relevant provisions of the CA, the Code, FSMA and the AIM Rules.

5. APPOINTMENT OF FINNCAP

- 5.1 The Company irrevocably and unconditionally appoints FinnCap as its agent for the purposes of effecting the Placing on the terms and subject to the conditions set out in this Agreement and the Placing Letters, and FinnCap hereby accepts such appointments in reliance on the covenants, undertakings, indemnities and warranties contained in this Agreement.
- 5.2 The Company hereby undertakes and confirms that the appointment under Clause 5.1 confers on FinnCap all powers, authorities and discretions on behalf of the Company which are necessary for, or reasonably incidental to, the Placing and Admission and hereby agrees to ratify and confirm everything which FinnCap shall lawfully do in the exercise of and in accordance with, such appointments, powers, authorities and discretions.
- 5.3 Each of the Company and FinnCap hereby acknowledge that the provisions of the FinnCap Engagement Letter remains in full force and effect except as expressly superseded by this Agreement and then in relation only to the Placing or by the Broker Agreement.

6. THE PLACING

- 6.1 On the terms and subject to the conditions of this Agreement and relying on the Warranties, representations and undertakings set out in this Agreement, FinnCap agrees as agent for the Company to use its reasonable endeavours to procure placees for the Placing Shares, from the institutional placees and persons selected by it at its sole discretion following consultation with the Company, and subject to and on the terms of the Placing Letters in each case at the Placing Price.
- 6.2 The Placing Shares shall be allotted and issued on and subject to the terms of the Placing Letters, free from all Encumbrances on terms that they:
- 6.2.1 will be issued to Placees in accordance with this Agreement;
- 6.2.2 shall (when fully paid) rank pari passu in all respects with the Ordinary Shares then in issue and in particular but without limitation shall rank in full for all distributions declared, paid or made by the Company in respect of the Ordinary Shares following the date of their admission to trading on AIM.
- 6.3 FinnCap shall not be obliged to itself subscribe for any of the Placing Shares, and nothing in this Agreement imposes an obligation on FinnCap to procure any person to subscribe for any Placing Shares.
- 6.4 FinnCap shall in its sole discretion determine the last time at which Placing Letters shall be despatched, the validity or otherwise of acceptances received for the Placing Shares pursuant to the Placing and the basis of allocation of the Placing Shares and the identity of the Placees.
- 6.5 FinnCap shall in effecting the Placing have discretion to determine, in consultation with the Company, the identity of the Placees and the allocation of the Placing Shares.

7. ALLOTMENT OF SHARES

- 7.1 On or before 12 noon on 17 January 2010:
- 7.1.1 the board of the Directors (or a duly authorised committee thereof) shall:
- 7.1.1.1 conditional only upon their admission to trading on AIM, allot and issue the Placing Shares at the Placing Price per share, fully paid and free from all Encumbrances, to JM Finn Capital Markets Limited on behalf of the Placees as the subscribers thereof or to whomsoever JM Finn Capital Markets Limited shall direct save that the Lanstead Shares shall be allotted to Mofono Nominees Limited; and
- 7.1.1.2 authorise any Director to sign the Warranty Certificate on behalf of the Company and shall procure that the same be delivered to FinnCap in accordance with Clause 2.1.3;
- 7.1.2 the Company shall deliver to FinnCap a certified copy of the minutes (in a form previously approved by or on behalf of FinnCap) of the meeting of the board of the Directors (or a duly authorised committee thereof together with the resolution of the board of the Directors appointing such committee) or a consent resolution of all the members of the Board at which the allotments referred to in Clause 7.1.1.1 are made; and

- 7.2 The Placing Shares will be allotted and issued in accordance with the memorandum and articles of association of the Company and otherwise on the terms referred to in the Placing Documents (save for the Presentation).

8. REGISTRATION

- 8.1 The Company shall instruct the Registrars to effect prompt registration (without registration fee) of JM Finn Capital Markets Limited (or such persons as JM Finn Capital Markets Limited shall direct) as allottee of the Placing Shares (save for the Lanstead Shares which will be registered in the name of Mofo Nominees Limited) in accordance with the Regulations as soon as is practicable following their admission to trading on AIM and in any event on the same Business Day as such admission shall take place.
- 8.2 The Company shall procure that the Placing Shares (save for the Lanstead Shares) are credited to the CREST stock accounts of JM Finn Capital Markets Limited at 2HMAY and that share certificates are issued in the name of Mofo Nominees in respect of the Lanstead Shares.
- 8.3 The Company will provide the Registrars with all necessary authorisations and information to enable them to perform their duties as registrars in accordance with and as contemplated by the terms of this Agreement and will authorise the Registrars to act in accordance with the instructions of FinnCap given in accordance with this Agreement.
- 8.4 The Company undertakes that it will not on or after the date of this Agreement and prior to the termination of FinnCap's obligations under this Agreement or Admission (whichever is the earlier) declare, make or pay any dividend or other distribution on any of its share capital nor reduce or modify any part thereof in any way.

9. PAYMENT AND SETTLEMENT

- 9.1 Subject to the fulfilment in all respects of the conditions set out in Clause 2.1 (save to the extent that such conditions have been waived by FinnCap pursuant to Clause 2.2) and to this Agreement not being terminated in accordance with Clause 16, FinnCap shall in respect of that part of the Placing which is settled directly through FinnCap (other than the consideration due for the Lanstead Shares) pay (or procure to be paid) to the Company's account referred to in Clause 9.4 no later than three (3) Business Days after Admission or, if later, when received by FinnCap from the Placees in cleared funds, an amount equal to the aggregate value at the Placing Price of the Placing Shares subscribed for pursuant to the Placing (to the extent received by FinnCap from Placees in cleared funds) less the aggregate of the fees, commissions and expenses payable or reimbursable by the Company pursuant to Clause 10 (in each case together with, where payable, value added tax thereon).
- 9.2 It is acknowledged that FinnCap will not receive the consideration for the Lanstead Shares and FinnCap shall not be responsible for receipt of the consideration price for the Lanstead Shares.
- 9.3 Payment in accordance with and for the amount mentioned in Clause 9.1 above by FinnCap shall constitute a complete discharge by FinnCap to the Company of all of its obligations under this Agreement and FinnCap shall not be required to investigate the application of such monies.

9.4 Payment to or on behalf of the Company (not settled through CREST) shall be made by telegraphic transfer to the account of the Company at National Westminster Bank, sort code 60-00-01 account number 90374967 or to such other account (whether or not an account of the Company) as the Company may notify to FinnCap in advance, any such notification to be signed by a director of the Company.

10. COMMISSIONS, FEES AND EXPENSES

10.1 In consideration of FinnCap's obligations under this Agreement and the services of FinnCap in connection with this Agreement, the Company shall:

10.1.1 conditional upon Admission, pay (as set out in clause 10.2) to FinnCap a commission of 5 per cent. of the sum equal to the aggregate number of Placing Shares (including, without limitation, the Lanstead Shares) actually subscribed for by Placees multiplied by the Placing Price (plus VAT applicable) ("the Commission"); and

10.1.2 pay to FinnCap fees of up to £5,000 plus VAT and disbursements which are payable by FinnCap to Finers Stephens Innocent LLP, the solicitors to FinnCap, in relation to the advice given to FinnCap in respect of the Placing and/or Admission;

(together in each case with any related value added tax chargeable on such commissions and fees).

10.2 The Commission due to FinnCap in respect of the Lanstead Shares shall be payable by the Company in cash in three equal instalments of £50,000 on 16 February 2010, £48,645.12 on 16 March 2010 and £50,000 on 16 April 2010 (all figures assuming full subscription of the Lanstead Shares) and time for payment shall be of the essence. Prior to Admission, the Company warrants and undertakes to set up a standing order into the account of FinnCap for the payments of the instalments. All other Commission shall be paid to FinnCap by the Company upon Admission.

10.3 The Company authorises FinnCap to deduct the fees and commissions (other than the Commission due in respect of the Lanstead Shares) and value added tax (if any) referred to in Clause 10.1 from the amounts payable to the Company or to its order under Clause 9 or otherwise under this Agreement. If those amounts are insufficient, the Company shall pay the fees, commissions and value added tax (if any) due to FinnCap on the earlier of the third Business Day after Admission.

10.4 The Company shall pay all costs, charges and expenses (plus value added tax) of, or incidental to the Placing and the arrangements referred to in or contemplated by this Agreement, including (without limitation) all fees and expenses payable in connection with the Placing and Admission, the expenses of FinnCap, the expenses of the Registrars, the printing and advertising costs, the postage costs, all the Company's legal, accountancy and other professional fees and expenses and all related value added tax. The Company shall forthwith upon request by FinnCap, reimburse FinnCap in respect of any such costs, charges and expenses which FinnCap may properly have paid. Without prejudice to the Company's obligation to pay, FinnCap is hereby authorised to deduct and account for the amount of the costs, charges and expenses for which the Company is responsible from the payments to be made by FinnCap to the Company under Clause 9.

10.5 In the event that any stamp duty or stamp duty reserve tax is payable in connection with the Placing with Placees of the Placing Shares, such stamp duty or stamp duty

reserve tax should be borne by the Company and the Company shall indemnify FinnCap for all costs and expenses in connection with enforcing this Clause 10.5.

- 10.6 Where a sum is reimbursed to FinnCap, the Company shall in addition pay to FinnCap, in respect of value added tax:
- 10.6.1 where the reimbursement (or any part of it) constitutes the consideration or part of the consideration for any supply of services by FinnCap to the Company, an amount equal to any value added tax charged to FinnCap on the item in respect of which FinnCap certifies that it is unable to take credit or make recovery (FinnCap's certificate to be conclusive in the absence of manifest error) and the amount of value added tax for which FinnCap is properly liable in respect of the supply by it to the Company; and
 - 10.6.2 if the reimbursement is for costs incurred by FinnCap as agent for the Company, any value added tax charged on the item.
- 10.7 FinnCap may retain any commissions, fees or other amounts payable to it under this Agreement and any other benefits whatsoever for its own use and benefit.

11. WARRANTIES

- 11.1 As an inducement to FinnCap to enter into this Agreement, the Company warrants to FinnCap for itself as at the date hereof and at all times during the period up to and including Admission as if repeated by reference to the facts and circumstances existing at all such times, in the terms of the Warranties.
- 11.2 The Company acknowledges that FinnCap is entering into this Agreement in reliance upon each of the Warranties.
- 11.3 Each of the Warranties shall be construed independently and (except where this Agreement provides otherwise) shall not be limited or restricted by reference to or inference from the provisions of any of the Warranties or any provision of this Agreement.
- 11.4 The Company undertakes to FinnCap that it shall not knowingly do or omit to do (and shall procure that none of its subsidiaries shall do or omit to do) any act or thing which would result in any of the Warranties being breached if given at any time up to and including the date of Admission.
- 11.5 The Company undertakes to FinnCap that it will forthwith disclose in writing to FinnCap any matter or thing of which it becomes aware after the date hereof or which arose before the date hereof and becomes known to it after the date hereof and on or prior to Admission, which is a breach of or is materially inconsistent with any of the Warranties or which might render any of them materially misleading or which might give rise to a liability under this Clause 11. Such disclosure shall not prejudice FinnCap's rights and remedies under this Agreement.
- 11.6 If, at any time prior to Admission, FinnCap receives notification pursuant to Clause 11.5 or otherwise becomes aware that any of the Warranties set out or referred to in this Clause 11 or Schedule 3 is or has been breached or has become untrue, inaccurate or misleading in any respect which, in the reasonable opinion of FinnCap, is material in the context the Placing and/or Admission, FinnCap may (without prejudice to its rights to terminate its obligations under this Agreement pursuant to Clause 16 or to its other rights or remedies) require the Company at its expense to make or cause to be made

such announcement and/or despatch such communication as FinnCap shall reasonably consider necessary.

- 11.7 A reference in any of the Warranties to the knowledge, information, belief or awareness of the Company includes knowledge, information belief or awareness of the Directors including such knowledge as they would have if they had made all due and careful enquiries as could reasonably be made in the context of the Placing and/or Admission.
- 11.8 Each of the Warranties shall remain in full force and effect notwithstanding the completion of the Placing or Admission.
- 11.9 Without prejudice to the generality of Clause 11.5, and without in any way limiting the obligations of the Company to notify FinnCap forthwith upon becoming aware of any information, matter or circumstances such as are referred to in that Clause, the Company undertakes to FinnCap that if so requested by FinnCap it will procure that the Directors (or so many of them as are available) will meet (by telephone) with representatives of FinnCap on the day prior to the date of Admission (at a venue and at a time to be determined by FinnCap) for the purpose of:
- 11.9.1 confirming expressly to FinnCap that they have considered whether there is any information, matter or circumstance which might be relevant for the purposes of Clause 11.5; and
 - 11.9.2 reviewing and discussing with FinnCap, in good faith, any such information, matter or circumstance of which they may be aware, in order to enable FinnCap to determine, on the basis of the best information then available, whether any announcement is required to be made by the Company in order to comply with the AIM Rules and/or whether any of Clauses 16.1.1 to 16.1.7 may apply.
- 11.10 For the avoidance of doubt the liability of the Company under the Warranties and the Indemnities shall be unlimited.

12. INDEMNITY

- 12.1 No claim shall be made against any Indemnified Person to recover any loss, liability, damage, charge or cost which the Company and/or Group Company, director, officer or agent of the Company and/or Group Company may suffer or incur by reason of or arising directly or indirectly out of the carrying out or performance by or on behalf of FinnCap of its obligations and services under this Agreement, any matter arising under the laws and regulations of any other jurisdiction outside of England and Wales, any subscription or acquisition of new Ordinary Shares prior to the date of this Agreement, or otherwise in connection with or arising out of the Admission, the FinnCap Engagement Letter or in connection with the Placing, including without limitation the approval by FinnCap for the purposes of section 21 FSMA of any materials issued or caused to be issued by or on behalf of the Company in connection with the Placing and the Admission.
- 12.2 The Company agrees and undertakes to each and every Indemnified Person to the fullest extent permitted by law to indemnify and to hold harmless FinnCap for themselves and on behalf of any other Indemnified Person from and against:
- 12.2.1 all or any claims (whether or not successful, compromised or settled), actions, liabilities, demands or proceedings brought or established against any Indemnified Person by any person who subscribes for any Placing

Shares, or any subsequent purchaser or transferee thereof or any other person, governmental agency or regulatory body whatsoever ("Proceedings"); and

- 12.2.2 all losses, costs, charges or expenses (including legal fees properly incurred) which any Indemnified Person may suffer or incur (including without limitation all such losses, costs, charges or expenses suffered or incurred in disputing any actual or potential Proceedings and in establishing the right to be indemnified pursuant to this Clause 12 and in seeking advice as to any Proceedings or in any way related to or in connection with the Indemnities and the Placing);

and which in any case arises out of or in connection with or by reason of the Admission and/or the Placing including, without limitation:

- 12.2.3 the making, directing or approving of any communication to which Section 21(1) of FSMA applies; and/or

- 12.2.4 directly or indirectly, out of or in connection with the Placing or by reason of:-

12.2.4.1 the Announcement not containing or being alleged not to contain all information required to be stated therein or any statement therein (whether of fact, intention or expectation and including any forecast or estimate) being or being alleged to be untrue, inaccurate, incomplete, misleading unreasonable, defamatory or as having been made negligently or otherwise without the required standard of skill and care or reasonableness or being derived, directly or indirectly, from information obtained improperly or illegally in any respect whatsoever by any person other than an Indemnified Person; and/or

12.2.4.2 the allotment and issue of the Placing Shares; and/or

12.2.4.3 any misrepresentation or alleged misrepresentation (by whomsoever made) contained in the Announcement or any other documentation issued by or on behalf of the Company; and/or

12.2.4.4 any breach, or alleged breach, by the Company of any of its obligations hereunder or any breach, or alleged breach, of any of the Warranties by the Company; and/or

12.2.4.5 the carrying out or performance by FinnCap in accordance with and under this Agreement of its role as agent of the Company in connection with the Placing and the preparation and distribution of the Placing Documents; and/or

12.2.4.6 the Company failing to comply with any of the requirements imposed on it by the London Stock Exchange in respect of Admission; and/or

12.2.4.7 any failure or alleged failure by the Company or its agents or employees to comply with AIM Rules, FSMA, the CA, the

Regulations, the Prospectus Rules, the Securities Act (including any direct selling efforts as defined in Regulation S of the Securities Act), the rules, practices and procedures laid down by Euroclear, the Code or any other requirements of statute or regulation in relation to the Placing whether in the United Kingdom or elsewhere; and/or

- 12.2.4.8 any breach, or alleged breach, of the laws or regulations of any country in connection with the Placing or the distribution of the Placing Documents; and/or
 - 12.2.4.9 any failure or alleged failure by the Company or the Directors to comply with FinnCap's requests for information or access where, as a result of such an omission or delay, FinnCap is not able to comply with the FSA Rules which apply to it in relation to the discharge of its duties under this Agreement.
- 12.3 For the avoidance of doubt, the Indemnities in this Clause 12 are in addition to, and not in substitution for, any other rights or indemnities to which FinnCap is entitled to at law (including without limitation as agent of the Company).
- 12.4 If the Company enters into any agreement or arrangement with any adviser for the purpose of or in connection with the Placing and/or the issue of the Placing Shares, the terms of which provide that the liability of the adviser to the Company or any other person is excluded or limited in any manner, and an Indemnified Person has joint and/or several liability with such adviser to the Company or to any other person arising out of the performance of its duties under this Agreement, the Company shall not be entitled to recover any amount from the relevant Indemnified Person which, in the absence of such exclusion or limitation, the relevant Indemnified Person would have been entitled to recover under the Civil Liability (Contribution) Act 1978.
- 12.5 The Indemnities shall be without prejudice to the indemnities given by the Company in the FinnCap Engagement Letter and/or in the Broker Agreement or any indemnities subsequently given to FinnCap all of which shall remain in full force and effect in accordance with their terms.
- 12.6 FinnCap and the FinnCap Affiliates shall not be entitled to rely on the Indemnities in Clause 12.2 and clause 12.1 shall not apply to the extent that a claim, action, demand, proceeding, loss, liability, cost or expense:
- 12.6.1 arises from the fraud, negligence or wilful default of FinnCap or a FinnCap Affiliate; and/or
 - 12.6.2 is of such a nature that FSMA or the regulatory system (as defined in the rules of the FSA) prohibit the exclusion of liability in respect of such loss, liability or cost; and/or
 - 12.6.3 arises from a material breach of this agreement by FinnCap,
- PROVIDED THAT the provisions of this Clause 12.6 shall not apply if the loss, liability, damage or cost also arises directly or indirectly out of any act or omission of any of the Directors and/or the Company.
- 12.7 Any transaction or step carried out by FinnCap itself pursuant to this Agreement will be carried out at the request of and as agent for the Company and not for FinnCap itself.

No Indemnified Person will be responsible for any loss or damage to any person arising from any such transaction or step, or for any insufficiency or alleged insufficiency of the Placing Price or of the terms on which subscribers under the Placing may be procured by FinnCap, or the allocation of shares pursuant to the Placing, or for the timing of any such subscription.

12.8 No Indemnified Person will be responsible to the Company or the Directors, for verifying the accuracy, completeness or fairness of the information published in the Placing Documents, or otherwise published by the Company in connection with the Placing and/or Admission.

12.9 Without prejudice to FinnCap's rights pursuant to clauses 12.1 - 12.8 (inclusive) as soon as reasonably practicable after it becomes aware of any claim made or threatened within the scope of the Indemnities, FinnCap shall notify the Company of the relevant claim and FinnCap shall thereafter:

12.9.1 keep the Company informed of the progress of the claim;

12.9.2 provide the Company with copies of such documentation relating to the claim as the Company may reasonably request; and

12.9.3 give the Company such opportunities as the Company may reasonably request to make representations regarding the conduct of the claim but without obligation to act or to refrain from acting in any way,

in each case subject to FinnCap and any relevant FinnCap Affiliate being indemnified 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 12.9 shall require FinnCap and any relevant FinnCap Affiliate to:

(a) do, or refrain from doing, anything which would prejudice any insurance cover to which FinnCap and any relevant FinnCap Affiliate may from time to time be entitled;

(b) do, or refrain from doing, anything which would conflict with FinnCap and any relevant FinnCap Affiliate or any other duties under any law or regulatory requirements; and

(c) do or refrain from doing anything which would prejudice its rights under this Agreement.

13. **SUPPLEMENTARY PROVISIONS - REPRESENTATIONS, WARRANTIES AND INDEMNITIES**

13.1 Each of the Warranties and each of the Indemnities shall remain in full force and effect notwithstanding the completion of the Placing and Admission and shall be in addition to, and shall not be construed to limit, affect, or prejudice any other right or remedy available to any Indemnified Person or to any Placee procured by FinnCap in connection with the Placing.

13.2 No neglect, delay, or indulgence on the part of FinnCap in enforcing the Warranties, the Indemnities, or other undertakings in this Agreement, shall be construed as a waiver there and no single or partial exercise of any rights or remedies under this Agreement will preclude or restrict the further exercise or enforcement of any such right or remedy.

- 13.3 Notwithstanding any rule of law or equity to the contrary, any release, waiver or compromise or any other arrangement of any kind whatsoever which FinnCap may agree to or effect as regards the Company or in connection with this Agreement and/or the FinnCap Engagement Letter and, in particular (but without limitation), the warranties, undertakings and the indemnities set out or referred to in this Agreement and/or the FinnCap Engagement Letter, shall not affect the rights of FinnCap as regards any person liable hereunder.
- 13.4 FinnCap has entered into this Clause 13 and Clauses 11 and 12 for itself and as agent and trustee for the other FinnCap Affiliates on the following terms:
- 13.4.1 only FinnCap may decide whether or not to enforce the right of any of the FinnCap Affiliates or investigate a matter or give information to in connection therewith;
 - 13.4.2 FinnCap shall have conduct of any claims arising under this Agreement and the Company shall have no obligation to deal with any FinnCap Affiliate save for FinnCap;
 - 13.4.3 FinnCap may enter into any agreement, arrangement, or transaction with any person and may deal with its rights or the rights of the FinnCap Affiliates under this Agreement without regard to the interest of any of the FinnCap Affiliates and shall not be liable to account to any of the FinnCap Affiliates for any benefit realised by that agreement, arrangement or transaction; and
 - 13.4.4 FinnCap shall not be liable to the FinnCap Affiliates for any of its acts or omissions as trustee for such persons.

14. DIRECTORS' DUTIES AND ONGOING OBLIGATIONS

- 14.1 The Company undertakes to FinnCap to comply with the requirements of the AIM Rules, the CA, FSMA and the Code and all other requirements statutory or otherwise relating to public companies and confirms that it has established a proper system and nominated appropriate personnel to monitor such compliance.
- 14.2 Subject to the fiduciary duties of the Directors, and so long as FinnCap remains Nominated Adviser to the Company, the Company undertakes to FinnCap that it will not from the date of this Agreement until the date falling 12 months after Admission without first properly consulting with FinnCap:
- 14.2.1 incur or enter into any agreement or arrangement outside the ordinary course of its business or, enter into or procure or permit any Group Company, to enter into any commitment or agreement which is likely to materially affect the Placing;
 - 14.2.2 take any steps which, in the reasonable opinion of FinnCap would be materially inconsistent with any expression of policy or intention contained in the Presentation and/or the Announcement; and
 - 14.2.3 make or agree any amendment or variation to the terms of or terminate any of the Service Agreements or waive or release any Director from any provision of his Service Agreement.

15. ANNOUNCEMENTS

- 15.1 The Company undertakes to FinnCap that except for the despatch of the Placing Documents, neither it nor any of its subsidiaries nor any person on its or their behalf will make or despatch any public announcement or communication concerning the Company or any subsidiary or associate of the Company between the date of this Agreement and the close of business on the second Business Day after Admission, without:
- 15.1.1 where the announcement or communication is required by the AIM Rules or law or regulation, prior consultation with FinnCap and having due regard to all reasonable requests which FinnCap may make; or
 - 15.1.2 in any other case, the prior consent of FinnCap (which shall not be unreasonably withheld or delayed) as to the content, timing and manner of the publication, making or despatch of the announcement or communication.
- 15.2 Any such consent shall not constitute a waiver of a breach of any of the Warranties, Indemnities or undertakings contained in this Agreement unless expressed to do so.
- 15.3 FinnCap may make for itself, or (with prior consent of such party) on behalf of any Indemnified Person respectively, after consultation with the Company, any announcement concerning the Placing as may be necessary to comply with Section 397 of FSMA.

16. TERMINATION IN EXCEPTIONAL CIRCUMSTANCES

- 16.1 If prior to Admission:
- 16.1.1 the Company fails to comply with its obligations under this Agreement, the Prospectus Rules, the Securities Act, the Code, FSMA, the CA or the AIM Rules or any of their obligations under this Agreement; or
 - 16.1.2 FinnCap becomes aware that any statement contained in any document issued in connection with the Placing (including the Placing Documents) has become (or would if then repeated be) untrue, inaccurate or misleading in any respect which is material in the context of the Placing; or
 - 16.1.3 there is a breach of any of the Warranties or if any of the Warranties is not, or has ceased to be, true, accurate and not misleading (or would not be true, accurate and not misleading if then repeated); or
 - 16.1.4 there are any facts or circumstances giving rise to an entitlement on the part of FinnCap and/or any Indemnified Persons to make a claim under any of the Indemnities; or
 - 16.1.5 there is a material adverse change after the date of this document in the financial position, business or prospects of the Group,
- then FinnCap may by notice in writing to the Company served prior to Admission terminate its obligations under this Agreement.
- 16.2 If at any time prior to Admission there shall have occurred any change in national or international financial, market, industrial, monetary, economic or political conditions or other occurrence of any nature which, in the reasonable opinion of FinnCap, is likely to

have a material adverse effect on the business or prospects of the Group or render the Placing impracticable or inadvisable, FinnCap may by notice in writing to the Company (for themselves and on behalf of the Placees and other parties to this Agreement) terminate its obligations under this Agreement.

17. EFFECT OF TERMINATION

17.1 If the obligations of FinnCap under this Agreement cease pursuant to Clause 2 or are terminated pursuant to Clause 16 all obligations of the parties to each other (other than under this Clause 17) shall cease and none of them shall have any claim against each other for compensation, costs, damages, or otherwise, save in respect of any antecedent breach of this Agreement by the Company or FinnCap, and save that notwithstanding termination:

17.1.1 save as provided in Clauses 17.1.2 and 17.1.3, the obligations of each party under this Agreement shall cease to have effect and no party hereto shall have any claim against any other for costs, damages, compensation or otherwise except in respect of a prior breach of this Agreement;

17.1.2 the provisions of Clauses 12, 13, 15 and 18 to 24 (inclusive) shall continue to apply; and

17.1.3 the provisions of Clauses 10.1.2, 10.3, 10.4, 10.5, 10.6, and 10.7 shall continue to apply.

18. WITHHOLDING AND GROSSING-UP

18.1 All sums payable to FinnCap under this Agreement shall (save where the contrary is expressly stated) be paid free and clear of all deductions or withholdings unless the deduction or withholding is required by law, in which event the Company shall pay whatever additional amount is required to ensure that the net amount received by FinnCap will equal the full amount which would have been received by it had no such deduction or withholding been made.

18.2 If Her Majesty's Revenue and Customs brings into charge to tax (or into any computation of income, profit or gains for the purposes of any charge to tax) any sum payable to FinnCap under this Agreement then the amount payable shall be grossed-up by whatever amount is required to ensure that after deduction of the tax there remains a sum equal to the amount that would otherwise be payable under this Agreement (additional payments being made on demand of FinnCap accompanied by reasonable evidence of the relevant sum or sums being brought into charge for tax (or into such computation) by Her Majesty's Revenue & Customs).

19. INTEREST

For the avoidance of doubt, any interest earned on any monies paid to FinnCap by any Placees prior to the transfer of such funds to the Company pursuant to Clause 9.1 shall be retained by and for the benefit of FinnCap or such Placees as FinnCap shall determine.

20. NO WAIVER

No neglect, delay or indulgence on the part of FinnCap or the Company in enforcing the provisions of this Agreement shall impair such provisions or be construed as a waiver thereof.

21. TIME OF THE ESSENCE

Any date or period mentioned in any Clause may be extended by mutual agreement between the parties but, as regards any date or period originally fixed or any date or period so extended, time shall be of the essence.

22. GENERAL

22.1 The Company shall use all reasonable endeavours to do or procure to be done all such acts and things to enable the provisions of this Agreement and the Placing to be carried out and given full force and effect and shall, at the request of FinnCap and shall supply copies of all such documents as FinnCap shall reasonably require to enable it to perform its obligations and services hereunder.

22.2 The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the other provisions of this Agreement.

22.3 This Agreement may be executed in any number of counterparts and by the several parties on separate counterparts each of which, when so executed, shall be an original, but all counterparts shall together constitute one and the same instrument.

22.4 This Agreement is personal to the parties and the rights and obligations of the parties may not be assigned, held on trust or otherwise transferred provided that FinnCap may at any time assign its rights under this Agreement to any FinnCap Affiliate.

22.5 This Agreement is binding on the successors of the parties hereto.

22.6 Without prejudice to the rights of FinnCap to enforce the terms of this Agreement, the other FinnCap Affiliates may enforce the terms of this Agreement subject to and in accordance with Clause 13 and for the avoidance of doubt no such third party shall need to be consulted or their consent obtained in the event of a variation of this Agreement which is made in accordance with its terms.

22.7 Except as provided in sub-Clause 22.6, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of this Agreement, but this does not affect any right or remedy of a third party which exists or is available other than under this statute.

22.8 This Agreement shall be governed by and interpreted in accordance with English law and the parties hereto submit to the exclusive jurisdiction of the English courts.

23. NOTICES

23.1 All notices given under this Agreement shall be in writing and shall be communicated to the following addresses:

If to the Company
to:

Chief Executive/Financial Director

at the registered office of the
Company for the time being)

For the attention of the Chief Executive/Financial Director

Fax: 0207 233 5446

If to FinnCap to:

For the attention of Matthew Robinson

Fax: 020 3207 3913

- 23.2 Any notice shall be delivered by hand or by first class recorded delivery post or by facsimile transmission addressed and sent to the party to be served.
- 23.3 Notice delivered by hand shall be deemed to have been served at the time of actual delivery.
- 23.4 Notice sent by post shall be deemed to have been served 48 hours after posting.
- 23.5 Notices sent by facsimile shall be deemed to have been served on production of a transmission report from the machine which sent the facsimile indicating that the facsimile was sent in its entirety to the facsimile number of the recipient.
- 23.6 Notice given to the Company shall be deemed to be valid notice given to the Company.
- 23.7 Notice given under this Agreement shall not be validly served if sent by e-mail.
24. **CONFLICT OF PROVISIONS**
- 24.1 The rights and remedies reserved to FinnCap under any provision of this Agreement shall be in addition and without prejudice to any other right or remedies reserved to either of them in the FinnCap Engagement Letter and/or the Broker Agreement provided that FinnCap and the FinnCap Affiliates shall not be entitled to recover more than once in respect of the same loss.
- 24.2 Subject to Clause 5.3, to the extent that there is a conflict or inconsistency between the provisions of this Agreement and either of the FinnCap Engagement Letter the provisions of this Agreement shall prevail.

AS WITNESS whereof this Agreement has been duly executed as a deed the day and year first before written.

SCHEDULE 1A

Documents

1. One copy of the Presentation.
2. One certified copy of the consent resolution of the Board of Directors, or a duly authorised committee thereof, signed by all the members authorising the steps to be taken by the Company in connection with the Placing, including the execution of this Agreement, in such form as shall have previously been approved by or on behalf of FinnCap.
3. One copy of the Announcement.
4. One signed application form in respect of the application for Admission in the form required by the AIM Rules.

SCHEDULE 1B

Documents to be delivered on Admission

1. Evidence of the standing order referred to at clause 10.2.

SCHEDULE 2

THE WARRANTIES

1. AIM RULES AND PLACING DOCUMENTS

- 1.1 At all times the Company has in all material respects complied with the AIM Rules.
- 1.2 The information contained in the Placing Documents is in accordance with the facts and all statements of fact contained in the Placing Documents are true and accurate and are not incomplete or misleading and all statements, forecasts, estimates and expressions of opinion, expectation, intention or belief contained in the Placing Documents are fairly and honestly given, expressed or held and have been made after due and proper consideration and are reasonably based on facts known to the Company and the Directors and, to the extent that they are based on reasonable assumptions, have regard to the facts which are known to the Company and the Directors.
- 1.3 Having made due and careful enquiry of the Directors, officers and its advisers, the Company has satisfied itself that (i) all the documents required by the AIM Rules to be included in the application for Admission have been supplied to the London Stock Exchange; (ii) the Placing and the Placing Documents comply with all relevant requirements of the CA, the FSMA, the Code, the AIM Rules and all other relevant statutes and regulations; and (iii) there are no matters which the Company considers should be taken into account by the London Stock Exchange in considering the suitability for admission to trading on AIM of the Placing Shares for which application is being made.
- 1.4 The Recitals to this Agreement are true and accurate.

2. THE PRESENTATION

- 2.1 Each statement of fact contained in the Presentation is true, accurate and not in any material respect misleading. Each forecast, estimate, valuation and expression of opinion, intention or expectation in the Presentation is made on reasonable grounds, is honestly held, is fairly based and has been made after due and careful enquiry and consideration.
- 2.2 No information has been omitted from the Presentation which would make a statement of fact, forecast, estimate, valuation or expression of opinion, intention or expectation in the Presentation untrue, inaccurate or misleading in any material respect.

3. GENERAL INFORMATION

- 3.1 As far as the Company is aware, there is no breach of the warranties set out in the Placing Agreement dated 28 October 2009 between the Company and FinnCap.
- 3.2 All information supplied by or on behalf of the Company or any Group Company to FinnCap (or its advisers or any other persons acting on its behalf) (unless corrected by subsequent information supplied) on or prior to the date of this Agreement for the purposes of, or in connection with, the Placing and the Admission is true and accurate and not misleading in all material respects 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 in any material respect 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.

4. ACCOUNTS

4.1 The Accounts:

4.1.1 have been prepared on the basis of the recognition and measurement requirements of IFRS as adopted by the European Union and their interpretations adopted by the International Accounting Standards Board and prepared in accordance with those parts of the Companies Act 1985 applicable to those companies reporting under IFRS;

4.1.2 give a true and fair view of the state of affairs of the Group as at the Accounting Date and of the loss for such period;

4.2 So far as the Company is aware, there is no reason to expect that any accounts for the Group which are to be prepared in respect of any financial period ending after the Accounting Date will be qualified in any manner.

5. CURRENT FINANCIAL PERIOD

5.1 Since 30 June 2009 and save as disclosed in the circular to shareholders dated 28 October 2009 or any announcement made through a Regulatory News Service (together "**Disclosed**");

5.1.1 the Group has carried on its respective businesses in the ordinary and usual course;

5.1.2 there has been no material depletion in the net assets of the Group and there has been no material adverse change in the financial or trading position or prospects of the Group;

5.1.3 no Group Company has entered into any contract or commitment of a long term or unusual nature or which involves or could involve an obligation of a material nature or magnitude;

5.1.4 no Group Company has acquired or disposed of or agreed to acquire or dispose of any business, company or asset or assumed or acquired any liability (including any contingent liability) otherwise than in the ordinary course of its business;

5.1.5 no debtor has been released by any Group Company to an extent which is material in relation to the Group on terms that it pays less than the book value of its debt and no debt of such material amount owing to any Group Company has been deferred, subordinated or written off or has proven or is likely to prove to any extent irrecoverable;

5.1.6 no dividends or other distributions have been, or have been treated as having been, declared, made or paid by any Group Company;

5.1.7 no Group Company has incurred any liability for taxation otherwise than in the ordinary course of business; and

- 5.1.8 no Group Company has incurred any liability to taxation or entered into any transaction which gives rise to any liability to taxation other than corporation tax on actual income or gains (and not deemed income) of the Company or any Group Company, PAYE or National Insurance in the ordinary course.

6. **WORKING CAPITAL**

Taking into account the net proceeds of the Placing to be received by the Company, assuming the share price of the Company over the two years after the date of this Agreement is at least 14 pence, the Group will have sufficient working capital for its present requirements, that is until at least 30 June 2011.

7. **FINANCING**

- 7.1 No circumstances have arisen or, to the best of the knowledge, information and belief of the Company, are reasonably foreseeable by reason of the default by any Group Company such that any person is, or will, or would with the giving of notice and/or lapse of time and/or the satisfaction of any other condition become, entitled to terminate any agreement or arrangement before its expiry date or require payment before its stated maturity of, or security for, any indebtedness in respect of borrowed money of any Group Company which has not been satisfied in full and, to the best of the knowledge, information and belief of the Company no person to whom any indebtedness for borrowed money of any Group Company which is payable on demand is owed presently proposes to demand payment of, or security for, the same, and no overdraft facility of any Group Company has been or is reasonably foreseen to be about to be, withdrawn.

- 7.2 Neither the creation, allotment or the issue of the Placing Shares nor the performance of this Agreement by the Company will infringe or cause to be infringed any borrowing limits, powers or restrictions of, or the terms of any contract, indenture, security, obligation, commitment or arrangement by, any Group Company or any of its properties, revenues or assets or result in the implementation of any right of pre-emption or any other material provision thereof.

- 7.3 No Group Company has any off balance sheet financing, investment or liability.

8. **TAX**

Each Group Company has, within any applicable time limit, duly made all returns, given all notices and supplied all other information required to be made, given or supplied to any tax authority, and all such returns, notices and information are correct in all material respects and were made on a proper basis, and each Group Company has paid all taxes required to be paid and no Group Company is involved in any dispute with, or subject to any investigation by, any tax authority and, so far as the Company is aware, there are no facts or circumstances which are likely to give rise to any such dispute or investigation or liability to tax.

9. **INSOLVENCY**

No Group Company has taken any action, nor have any other steps been taken or legal proceedings started or threatened against any Group Company for its administration, winding-up or dissolution, or for it or any Group Company to enter into any arrangement or composition for the benefit of creditors, or for the appointment of a receiver, administrative receiver, administrator or a receiver, trustee or similar officer of

any such member of its respective interests, properties, revenues or assets nor have any orders been made for any of the foregoing.

10. SHARE CAPITAL AND AUTHORITY

- 10.1 The Company has the power under its memorandum and articles of association and has taken or will take all corporate action required the Directors will have the authority pursuant to the CA to allot and issue the Placing Shares pursuant to the Placing in the manner proposed, to pay the fees and expenses provided in this Agreement and to enter into and perform this Agreement without any sanction or consent by members of the Company or any class of them and, subject to Admission being granted, all other authorisations, approvals, consents and licences required for the allotment and issue of the Placing Shares pursuant to the Placing and the execution and performance of this Agreement by the Company, have been obtained and will at all material times be and remain in full force and effect.
- 10.2 The allotment and issue of the Placing Shares pursuant to the Placing and their admission to trading on AIM will comply with all agreements to which any member of the Group is a party or by which any such member is bound and will comply with the Code, the CA, the FSMA, the AIM Rules and the Prospectus Rules and all other applicable laws and regulations and will not exceed or infringe any restrictions or the terms of any contract, obligation or commitment by or binding upon the directors of any member of the Group, or result in the imposition or variation of any rights or obligations of any member of the Group.
- 10.3 The Placing Shares to be allotted pursuant to the Placing will be allotted and issued (subject to their being fully paid up) free from all claims, charges, liens, Encumbrances and equities whatsoever and will rank *pari passu* in all respects with the Ordinary Shares in issue at the date of this Agreement.
- 10.4 None of the owners or holders of any of the share capital of the Company has any rights, in his capacity as such, in relation to the Group other than as set out in the articles of association of the Company.
- 10.5 The Company is the beneficial owner free from all Encumbrances of the issued share capital all of its subsidiaries save as Disclosed and/or as disclosed in the Accounts.

11. GROUP OPERATIONS

- 11.1 Save as Disclosed, each member of the Group has obtained all licences, permissions, authorisations and consents required for the carrying on of its business as currently conducted and such licences, permissions, authorisations and consents are in full force and effect and there are no circumstances which indicate that any of such licences, permissions, authorisations or consents may be revoked or not renewed or withdrawn or amended, in whole or in part.
- 11.2 Each Group Company has been duly incorporated and has full corporate power and authority to carry on its business at the date of this Agreement.
- 11.3 Each Group Company has conducted and is conducting its business in all material respects in accordance with all applicable laws and regulations of the United Kingdom and all relevant foreign countries or authorities.
- 11.4 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 country

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 the Group.

- 11.5 There is not in existence in connection with the businesses of any member of the Group any agreement or arrangement which infringes, or of which particulars have or should have been delivered to any relevant governmental or other authority in any jurisdiction under, any relevant legislation in any territory regarding anti-competitive or restrictive trade or business practices or which should have been notified to the European Commission under Articles 81 or 82 of the Treaty of Rome or which infringes the Chapter I prohibition and/or the Chapter II prohibition of the Competition Act 1998 or any other anti-trust or similar legislation in any jurisdiction in which that Group Company carries on business or has assets; or
- 11.6 So far as the Company is aware, there are no existing grounds for the invalidity or rescission, avoidance or repudiation of any agreement or transaction to which any Group Company is a party which would be material in the context of the Placing and no Group Company has received any notice of any intention to terminate any such agreement or repudiate or disclaim any such transaction.
- 11.7 No Group Company is party to any contract or arrangement otherwise than by way of a bargain at arm's length.
- 11.8 There are no agreements or arrangements in force imposing any material restriction on the Group or any of its directors, officers or employees which would materially adversely affect the ability of the Group to conduct its business in the places and in the manner currently undertaken.
- 11.9 So far as the Company is aware, no event has occurred and is subsisting or is about to occur which constitutes or would constitute a default under, or result in the acceleration by reason of default of, any obligations under any agreement, undertaking, instrument or arrangement to which any Group Company is a party or by which it or any of its properties, revenues or assets are bound and which would, in any such case, have a material adverse effect on the business, assets, prospects or financial or trading position of the Group.
- 11.10 No Group Company has been a party to a transaction to which any of the provisions of sections 190 or 197 of the CA may apply.
- 11.11 The Group owns no Intellectual Property Rights which are material to the conduct of its business.

12. **COMPUTER EQUIPMENT**

The Group has maintained adequate disaster recovery procedures in place to ensure that business continuity can be maintained and that the integrity of its data and records is safeguarded.

13. **RELATED PARTIES**

Save as Disclosed, there are no arrangements or understandings (whether legally enforceable or not) between any Group Company and any person who is a shareholder or the beneficial owner of any interest in the Company or any company in which any Group Company is interested relating to the management of the Group's business or the appointment or removal of the Directors or the ownership or transfer of ownership

or the letting of any assets to or by any Group Company or the provision of finance, goods, services or other facilities to or by any Group Company or otherwise howsoever relating to its affairs.

14. PROPOSED ACQUISITIONS

There are not any material agreements, arrangements or understandings (whether in writing or oral) with any persons relating to the acquisition or proposed acquisition by any Group Company of any material interest in any business (or part of a business) or company connected with or owned by such person, nor are there any other contracts in contemplation, which would require disclosure in accordance with the AIM Rules.

15. INSURANCE

The Group maintains such insurance cover upon all of the Group's assets and such public and employers liability as is appropriate and adequate taking into account the nature and scale of its activities and the provisions of agreements binding upon it and such insurance is now in force and neither the Company nor any of the Directors are aware of any fact or matter which would lead to any such insurance being vitiated or repudiated and there is no material claim pending or outstanding and all premiums in respect of such insurances have been duly paid.

16. LITIGATION

No Group Company nor any Director or any other person for whom a Group Company is or may be vicariously liable is engaged in any litigation, arbitration, prosecution or other legal proceeding, nor is any such litigation, arbitration, prosecution or other legal proceeding pending or threatened by or against any Group Company or such other person, nor, so far as the Company is aware, is there any claim or any fact likely to give rise to a claim, which in any such case may have or has had during the 12 months preceding the date of this Agreement or is likely to have a significant effect on the financial position of the Group.

17. MINING RIGHTS

17.1 Except as Disclosed:

- 17.1.1 all of the Mining Rights are valid, subsisting and enforceable by the Group Companies and remain in full force and effect;
- 17.1.2 the terms of the Mining Rights have been complied with by the relevant Group Company in all material respects and all payments due from any Group Company under or in respect of the Mining Rights have been paid in full;
- 17.1.3 all permits, licences, consents or approvals required for the carrying out of operations as presently carried on under the Mining Rights have been obtained and complied with and are in full force and effect and, so far as the Company is aware, there are no circumstances indicating that any of those permits, licences, consents or approvals will be revoked or not capable of renewal; and
- 17.1.4 no Group company has received any notice from any regulatory body with regard to any actual or potential violations or outstanding obligations under the Mining Rights.

17.2 In this Clause 17, "Mining Rights" means the mining lease in respect of the satellite pipe and the main pipe held by the Group at Liqhobong in Lesotho.

18. ENVIRONMENTAL LAWS

18.1 For the purpose of this warranty "Environmental Laws" means all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgements and decisions of any court or tribunal, codes of practice and guidance notes which are legally binding and in force in any relevant jurisdiction.

18.2 Each Group Company is and always has been in compliance in all material respects with all Environmental Laws and all health and safety matters and in particular has obtained and complied with, in all material respects, the terms and conditions of all necessary permits and licences and other authorisations required in relation to the operations of its business and has filed all notifications that are required, and, so far as the Company is aware, there are in relation to each Group Company no past or present events, conditions, circumstances, activities, practices or incidents which materially interfere with or prevent compliance with or which give rise to any liability under Environmental Laws or otherwise form the basis of any claim, action, suit, proceedings, hearing or investigations relating to the environment or any breach of Environmental Laws, nor has any company in the Group been notified of any such liability or breach.

18.3 There have been no claims, investigations, prosecutions or other proceedings against or threatened against any Group Company, or any of its directors, officers or employees in respect of issues in respect of the Environment arising from the operation of its business or occupation of any of the properties or for any breach or alleged breach of any consents, licences or permissions and, so far as the Company is aware, there are no facts or circumstances which may lead to any such claims, investigations, prosecutions or other proceedings.

18.4 No member of the Group is currently subject to any notice or communication alleging any liability in relation to any Environmental Laws.

SCHEDULE 3

Part 1

The Certificate

LETTER HEAD OF KOPANE DIAMOND DEVELOPMENTS PLC

FinnCap
4 Coleman Street, London EC2R 5TA

Dear Sirs

Placing Agreement dated • 2010

We refer to the above Agreement. Words and expressions in the above Agreement have the same meanings herein. We hereby confirm to you that:

- (a) each of the conditions referred to in Clause 2.1 of the above Agreement (other than that in sub-clause 2.1.4 and 2.1.9) has been fulfilled in accordance with its terms; and
- (b) none of the warranties or undertakings made or referred to in Clause 11 and Schedule 3 of the above Agreement was breached or untrue or inaccurate or misleading at the date of the said Agreement and there has been no change of circumstances such that if repeated at the date hereof by reference to the facts and circumstances subsisting at the date hereof any of such warranties or undertakings would be breached or untrue or inaccurate or misleading.

In giving this confirmation we do not extend and you accept that we do not extend our liability to you under the Placing Agreement and the limitations on liability set out in the above Agreement apply to this letter.

Yours faithfully

.....
Director, duly authorised, for and
on behalf of KOPANE DIAMOND DEVELOPMENTS PLC

EXECUTED as a Deed by)
KOPANE DIAMOND)
DEVELOPMENTS PLC)
acting by a single director)
in the presence of:

.....
Director

Witness:.....
Name:.....
Occupation:.....
Address:.....

EXECUTED as a Deed by)
JMFINN CAPITAL MARKETS LIMITED)
acting by a single Director)

.....
Director

Witness:.....
Name:.....
Occupation:.....
Address:.....

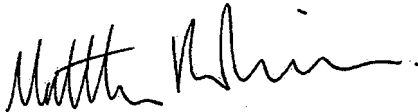
EXECUTED as a Deed by)
KOPANE DIAMOND)
DEVELOPMENTS PLC)
acting by a single director)
in the presence of:

.....
Director

Witness:.....
Name:.....
Occupation:.....
Address:.....

EXECUTED as a Deed by)
JMFINN CAPITAL MARKETS LIMITED)
acting by a single Director)

.....
Director



Witness: *G. NASH*.....
Name: *G. Nash*.....
Occupation: *Finance*.....
Address: *18. Manselwood Rd*.....

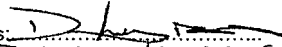
Full GAE

EXECUTED as a Deed by
**KOPANE DIAMOND
DEVELOPMENTS PLC**
acting by a single director
in the presence of:

)
)
)



.....
Director

Witness: 
Name: DEBBAN LANKRIDGE
Occupation: EXEC ASSISTANT
Address: 17A KINGSWAY, HAVRE, U.S.K.

EXECUTED as a Deed by
JMFINN CAPITAL MARKETS LIMITED
acting by a single Director

)
)
)

.....
Director

Witness:.....
Name:.....
Occupation:.....
Address:.....