

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the resolutions to be voted on at a general meeting of Firestone Diamonds plc to be held on 24 July 2009 (the "General Meeting"). If you are in any doubt about the contents of this document or the action you should take you should consult an independent adviser authorised under the Financial Services and Markets Act 2000 immediately.**

If you have sold or otherwise transferred all of your ordinary shares of 20 pence each ("**Ordinary Shares**") in Firestone Diamonds plc (the "**Company**"), please send this document, together with the accompanying form of proxy ("**Form of Proxy**"), to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares in the Company, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

---

## **FIRESTONE DIAMONDS PLC**

*(Incorporated and registered in England and Wales with registered no.3589905)*

**Placing of 35,873,480 new Ordinary Shares at a price of 20 pence per new Ordinary Share**

**Notice of General Meeting**

**Authorities to Issue Securities**

---

**Your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which recommends you vote in favour of the resolutions to be proposed at the General Meeting referred to below.**

The notice of General Meeting to be held at 11.00 a.m. on 24 July 2009 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU, is set out at the end of this document. The accompanying Form of Proxy for use in connection with the General Meeting should be completed by the holders of Ordinary Shares and returned as soon as possible but, in any event, so as to be received by the Company at 4th Floor, 26-28 Hammersmith Grove, London W6 7BA by no later than 11.00 a.m. on 22 July 2009. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefor.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

In accordance with the AIM Rules for Companies, this document is available to Shareholders on the Company's website, [www.firestonediamonds.com](http://www.firestonediamonds.com), free of charge.



## CONTENTS

	<i>Page</i>
<b>Placing Statistics</b>	<b>4</b>
<b>Expected Timetable of Principal Events</b>	<b>4</b>
<b>Definitions</b>	<b>5</b>
<b>Letter from the Chairman of Firestone Diamonds plc</b>	<b>6</b>
<b>Notice of General Meeting</b>	<b>9</b>

## PLACING STATISTICS

Placing Price	20 pence
Number of existing Ordinary Shares	61,732,194
Number of Placing Shares being placed on behalf of the Company	35,873,480
Estimated proceeds receivable by the Company, before expenses	approximately £7.2 million
Net proceeds receivable by the Company	approximately £6.8 million
Number of Ordinary Shares in issue following Admission	97,605,674
Number of Placing Shares as a percentage of the enlarged issued ordinary share capital following Admission	36.75%

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 22 July 2009
General Meeting	11.00 a.m. on 24 July 2009
Admission and dealings in the Placing Shares expected to commence	8.00 a.m. on 27 July 2009
Expected date for CREST stock accounts to be credited for Placing Shares in uncertificated form	27 July 2009
Posting of share certificates for Placing Shares by	30 July 2009

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

“Admission”	admission of the Placing Shares to AIM
“AIM”	the market of that name operated by the London Stock Exchange
“BK11”	the BK11 kimberlite located in the Orapa kimberlite field in northern Botswana
“BK16”	the BK16 kimberlite situated approximately 22 kilometres north east of BK11 and 12 kilometres north of the Letlhakane Mine in Botswana
“Board” or “Directors”	the board of directors of the Company
“Company” or “Firestone”	Firestone Diamonds plc
“Evolution”	Evolution Securities Limited
“General Meeting”	the general meeting of the Company convened for 11.00 a.m. on 24 July 2009 by the notice set out at the end of this document (and any adjournment thereof)
“Form of Proxy”	the accompanying form of proxy for use by Shareholders in relation to the General Meeting
“Joint Brokers”	Evolution and Mirabaud
“London Stock Exchange”	London Stock Exchange plc
“Mirabaud”	Mirabaud Securities LLP
“Notice of General Meeting”	the notice of General Meeting, set out at the end of this document
“Ordinary Shares”	ordinary shares of 20 pence each in the capital of the Company
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional agreement dated 8 July 2009 relating to the Placing, between the Company and the Joint Brokers
“Placing Price”	20 pence per new Ordinary Share
“Placing Shares”	the 35,873,480 new Ordinary Shares to be issued pursuant to the Placing
“Resolutions”	the resolutions set out in the Notice of General Meeting
“Shareholders”	the persons who are registered as the holders of Ordinary Shares

## LETTER FROM THE CHAIRMAN OF FIRESTONE DIAMONDS PLC

### FIRESTONE DIAMONDS PLC

(Incorporated and registered in England and Wales with registered number 3589905)

*Directors:*

James Kenny (Chairman)  
Philip Kenny (Chief Executive Officer)  
James Kenny (Non-Executive Director)  
Hugh Jenner-Clarke (Non-Executive Director)  
Michael Hampton (Non-Executive Director)  
William Douglas Baxter (Non-Executive Director)

*Registered Office:*

1 Park Row  
Leeds  
LS1 5AB

8 July 2009

Dear Shareholder

**Placing of 35,873,480 new Ordinary Shares at a price of 20 pence per new Ordinary Share  
and  
Notice of General Meeting**

#### **1. Introduction**

Your Board announced today that it has conditionally raised approximately £7.2 million (before expenses) through the placing of 35,873,480 new Ordinary Shares at a placing price of 20 pence per Ordinary Share with investment institutions and other investors. The net proceeds of the Placing will be used to develop and commission a mine at BK 11, commence resource development at BK 16 and provide general working capital for the Company. The Placing is conditional, *inter alia*, upon the Company obtaining approval from its Shareholders that the Directors may be empowered to disapply statutory pre-emption rights which would otherwise apply to the allotment of the Placing Shares. The Placing, which has been arranged by Evolution and Mirabaud, pursuant to the terms of the Placing Agreement, is also conditional upon Admission.

**The Company has convened a General Meeting for 11.00 a.m. on 24 July 2009 at the offices of Lawrence Graham LLP, 4 More London, Riverside, London SE1 2AU. This document explains the background to, and reasons for the General Meeting, and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.**

#### **2. Background to and reasons for the Placing**

The Company today announced that it has raised approximately £7.2 million (before expenses) by way of a Placing of 35,873,480 Placing Shares at a price of 20 pence per new Ordinary Share. The net proceeds of the Placing will be used: to develop and commission a mine at BK11, subject to the results of the final phase of evaluation on BK11, which is currently under way; to undertake evaluation and resource development work at BK16; and to provide general working capital for the Company. The Placing, which has been arranged by Evolution and Mirabaud, is conditional upon, *inter alia*, Shareholder approval and Admission.

#### **3. Use of Proceeds**

The funds raised (net of expenses) of approximately £6.8 million will be used for the following purposes:

### **BK11 - £5 million**

Since the Company announced an inferred resource of 12 million tonnes at BK11 on 30 March 2009, work has been accelerated in order to complete the final phase of evaluation on the project. A 20,000 tonne bulk sample is currently being excavated and will be processed using a pilot plant that has been transported from the Company's Avontuur Mine in South Africa. A mine development decision is expected to be made during H2 2009 subject to the results of this work. The Company plans to use the production plant from its Bonte Koe Mine in South Africa at BK11 and estimates that it will cost approximately £5 million to modify and erect this plant, establish power, water and other required site infrastructure and complete commissioning. This work is expected to take approximately nine months from the date of the development decision.

### **BK16 - £0.5 million**

The Company intends to carry out an initial phase of evaluation and resource development work on BK16. This work will comprise large diameter drill bulk sampling in order to provide an estimate of grade and diamond value, at an estimated cost of approximately £0.5 million.

### **General Working Capital and other purposes- £1.3 million**

The balance of funds raised, net of expenses, being approximately £1.3 million, will be used for general working capital and other purposes.

## **4. Details of the Proposed Placing**

The Company is proposing to raise approximately £7.2 million, before expenses, by way of a conditional Placing of 35,873,480 Placing Shares at the Placing Price by the Joint Brokers as agents for the Company. The Placing Shares will represent 36.75 per cent. of the enlarged issued share capital of the Company at Admission. The Placing Shares will, when issued, rank *pari passu* in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following Admission. The Placing Shares have been conditionally placed by the Joint Brokers as agents of the Company with institutional and other investors.

The Placing Agreement is conditional upon, *inter alia*, the passing of resolution 1 at the General Meeting and Admission occurring on or before 27 July 2009 (or such later date as the Joint Brokers may agree, not being later than 31 August 2009).

The Placing Agreement contains warranties from the Company in favour of the Joint Brokers in relation to, *inter alia*, the Company and its business. In addition, the Company has agreed to indemnify the Joint Brokers in respect of certain liabilities they may incur in undertaking the Placing. The Joint Brokers have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, it may terminate in the event that there has been a material breach of any of the warranties or for *force majeure*.

Application will be made for the Placing Shares to be admitted to trading on AIM and it is expected that trading in the Placing Shares will commence on 27 July 2009.

## **5. General Meeting**

An explanation of the resolutions to be proposed at the General Meeting and set out in the Notice of General Meeting is set out below:

### **Specific authorities**

Following the passing of resolutions 5 and 6 at the Company's annual general meeting held on 29 January 2009 (the "AGM") the Directors were empowered to disapply pre-emption rights in relation to

30,000,000 Ordinary Shares. However, this authority alone is insufficient to issue the Placing Shares. Accordingly, the Directors are seeking additional authority pursuant to Resolution 1 in the Notice of General Meeting to disapply pre-emption rights in respect of a further 5,873,480 Ordinary Shares so as to complete the Placing.

**In the opinion of the Directors and assuming the completion of the Placing, the working capital available to the Company is sufficient for the Company's present requirements, that is for at least 12 months following Admission. However, in the event that Shareholders do not approve Resolution 1, the Placing will not proceed and the Board will need to consider alternative sources of funding, which may or may not be forthcoming.**

#### ***General Share Issuance Authorities***

Following the issue of the Placing Shares the Directors will have exhausted nearly all of its authority granted at the AGM to allot Ordinary Shares and will not have any general authority to disapply pre-emption rights. Accordingly, the Directors are also seeking renewal of, and an increase in, their general authorities to issue Ordinary Shares and/or other securities and disapply pre-emption rights.

Resolutions 2 and 3 contained in the Notice of General Meeting are in similar form to the resolutions passed by Shareholders at the AGM, but the value of the nominal amounts of Ordinary Shares to be available for issue has been increased to take account of the increase in the total issued share capital of the Company following the Placing.

Resolution 2 will be proposed as an ordinary resolution to authorise the Directors pursuant to section 80 of the Act to allot relevant securities generally up to an aggregate nominal value of £6,507,045 which represents approximately one third of the number of Ordinary Shares in issue following the Placing. This authority will expire at the next annual general meeting to be held in 2010 or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 3 will be proposed as a special resolution to empower the Directors pursuant to section 95 of the Act to allot equity securities for cash otherwise than on a pro rata basis: (i) where a pro rata offer has effectively been made, but subject to exclusions or arrangements to avoid logistical, regulatory or legal issues; and (ii) generally up to an aggregate nominal value of £1,952,114 which represents approximately 10 per cent. of the number of Ordinary Shares in issue immediately following the Placing. This authority will expire on the earlier of 15 months after the passing of the resolution or on the conclusion of the annual general meeting of the Company to be held in 2010.

#### **6. Action to be Taken**

Enclosed with this document is a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the Form of Proxy to the Company at 4th Floor, 26-28 Hammersmith Grove, London W6 7BA at , so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 22 July 2009. If you complete and return the Form of Proxy, you may still attend and vote at the General Meeting should you wish to do so.

#### **7. Recommendation**

The Directors consider that the Resolutions are in the best interests of the Company and its Shareholders as a whole and accordingly recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own legal and/or beneficial shareholdings, amounting in aggregate to 1,904,526 Ordinary Shares (representing approximately 3.09 per cent. of the current issued share capital of the Company). The Directors have also received confirmation that an aggregate of 14,650,000 Ordinary Shares (representing approximately 23.73 per cent. of the current issued share capital of the Company) held by other shareholders will also be voted in favour of the Resolutions.

Yours sincerely

James Kenny  
*Chairman*

**FIRESTONE DIAMONDS PLC**  
**(incorporated and registered in England and Wales, with registered no. 3589905)**

**NOTICE OF GENERAL MEETING**

NOTICE IS HEREBY GIVEN that a General Meeting of Firestone Diamonds PLC (the "Company") will be held at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU on 24 July 2009 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions 1 and 3 which will be proposed as special resolutions and resolution 2 which will be proposed as an ordinary resolution.

**SPECIAL RESOLUTION**

1. That, the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority conferred by the previous resolutions as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities to an aggregate nominal amount of £1,174,696 in connection with the Placing (as defined in the circular sent to shareholders on 8 July 2009).

**ORDINARY RESOLUTION**

2. THAT, in addition to the authorities granted by the shareholders of the Company at the annual general meeting of 29 January 2009, the directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £6,507,045 provided that such authorities shall expire 15 months from the date of this resolution or at the Company's next annual general meeting if earlier and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired and in this resolution the expression "relevant securities" and references to the allotment of relevant securities shall bear the same respective meanings as in section 80 of the Act.

**SPECIAL RESOLUTION**

3. THAT, in addition to the authorities set out in resolution 1 above and subject to the passing of resolution 2 above, the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities for cash pursuant to the authority conferred by the previous resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
  - (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £1,952,114

and shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or 15 months from the date of this resolution,

whichever is earlier, save that the company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired and in this resolution the expression "equity securities" and references to the allotment of equity securities shall bear the same respective meanings as in section 94 of the Act.

Dated 8 July 2009

*Registered Office:*

1 Park Row  
Leeds  
LS1 5AB

By Order of the Board

Pinsent Mason  
Secretarial Limited  
Company Secretary

**Notes:**

1. A member entitled to attend and vote at the above meeting convened by this notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact the Company on 020 8834 1028.
3. A Form of Proxy is enclosed. To be effective, the Form of Proxy, together with any power of attorney or other written authority under which it is signed, or a notarially certified copy or a certified copy in accordance with the Powers of Attorney Act 1971 of such power or written authority must be completed signed and to be valid the proxy must be duly executed and deposited with the Company at the offices of the Company at 4th Floor, 26-28 Hammersmith Grove, London W6 7BA or returned by fax on 020 8181 6894 not later than 11.00 a.m. on 22 July 2009.
4. Completion and return of a form of proxy will not prevent a member from attending and voting in person if he or she so wishes.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members not less than 48 hours before the time of the meeting or, in the event that the meeting is adjourned, on the Register of Members of the Company not less than 48 hours before the time of any adjourned meeting, and only such members shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after 11.00 a.m. on 22 July 2009 or, in the event that the meeting is adjourned, not less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

7. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
8. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another hard-copy proxy form, please contact the Company on 020 8834 1028. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. In order to revoke a proxy instruction you will need to inform the Company using one of the following method: By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company at 4th Floor, 26-28 Hammersmith Grove, London W6 7BA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by the Company by no later than 11.00 a.m. on 22 July 2009.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

11. As at 5.00 p.m. on the date immediately prior to this notice the Company's issued share capital comprised 61,732,194 ordinary shares of 20 pence each ("Ordinary Shares") each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at 5.00 p.m. on the date immediately prior to this notice is 61,732,194.

