

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the resolution to be voted on at a general meeting of Firestone Diamonds plc to be held on 30 August 2011 (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 48,649,000 new Ordinary Shares at a price of 27.75 pence per new Ordinary Share

Notice of General Meeting

Authority 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 that you vote in favour of the resolution to be proposed at the General Meeting referred to below.

The notice of General Meeting to be held at 11.00 a.m. on 30 August 2011 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's registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 11.00 a.m. on 28 August 2011. 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, free of charge.

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PLACING STATISTICS

Placing Price	27.75 pence
Number of existing Ordinary Shares prior to Admission of the First Placing Shares	323,964,111
Number of First Placing Shares being placed on behalf of the Company	28,865,000
Proceeds received by the Company from First Placing Shares	£8,010,037.50
Estimated number of Second Placing Shares being placed on behalf of the Company	19,784,000
Estimated proceeds receivable by the Company from Second Placing Shares, excluding expenses	£5,490,060
Number of Ordinary Shares in issue following Admission of the First Placing Shares	352,829,111
Number of Ordinary Shares in issue following Admission of the Second Placing Shares	372,613,111
Number of First Placing Shares as a percentage of the enlarged issued ordinary share capital following Admission	8.18%
Number of Second Placing Shares as a percentage of the enlarged issued ordinary share capital following Admission	5.31%

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and dealings in the First Placing Shares expected to commence	8.00 a.m. on 3 August 2011
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 28 August 2011
General Meeting	11.00 a.m. on 30 August 2011
Admission and dealings in the Second Placing Shares expected to commence	8.00 a.m. on 31 August 2011
Expected date for CREST stock accounts to be credited for Second Placing Shares in uncertificated form	31 August 2011
Posting of share certificates for Second Placing Shares by	5 September 2011

DEFINITIONS

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

"2006 Act"	the Companies Act 2006
"Admission"	admission of the First Placing Shares or the Second Placing Shares, as the case may be, to AIM
"AIM"	a market of that name operated by London Stock Exchange
"Board" or "Directors"	the board of directors of the Company
"Company" or "Firestone"	Firestone Diamonds plc
"First Placing Shares"	the 28,865,000 new Ordinary Shares to be issued pursuant to the Placing
"General Meeting"	the general meeting of the Company convened for 30 August 2011 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
"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 28 July 2011 relating to the Placing, between the Company and Mirabaud
"Placing Price"	27.75 pence per new Ordinary Share
"Placing Shares"	the First Placing Shares and Second Placing Shares to be issued pursuant to the Placing
"Resolution"	the resolution set out in the Notice of General Meeting
"Second Placing Shares"	the 19,784,000 new Ordinary Shares to be issued pursuant to the Placing
"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:

Philip Kenny (Executive Chairman)
Tim Wilkes (Chief Executive Officer)
Angus Ogilvie (Finance Director)
James Kenny (Non-Executive Director)
Paul Sobie (Non-Executive Director)
Michael Hampton (Non-Executive Director)
William Douglas Baxter (Non-Executive Director)

Registered Office:

1 Park Row
Leeds
LS1 5AB

1st August 2011

Dear Shareholder

**Placing of 48,649,000 new Ordinary Shares at a price of 27.75 pence per new Ordinary Share
and
Notice of General Meeting**

1. Introduction

Your Board announced today that it has conditionally raised approximately £13.5 million (before expenses) through the placing of 48,649,000 new Ordinary Shares at a placing price of 27.75 pence per Ordinary Share with certain institutional and other investors. Of the 48,649,000 new Ordinary Shares placed, 28,865,000 have been placed within the existing authorities granted to the Directors raising approximately £8,010,038 (the "First Placing Shares"). The placing of the balance of the 19,784,000 new Ordinary Shares is conditional on the Company obtaining approval from Shareholders to their allotment and subject to such approval from Shareholders, will raise the balance of £5,490,060 (the "Second Placing Shares"). The net proceeds of the Placing will be used to accelerate the existing development work at the Lihobong mine, complete the grid power connection to the BK11 mine, commence evaluation of BK16 and other Orapa kimberlites and provide general working capital for the Company.

Whilst the placing of the First Placing Shares has been effected within the existing authorities granted to the Directors and is conditional only on Admission, the Directors do not currently have sufficient power to disapply pre-emption rights in relation to the allotment of the Second Placing Shares. Accordingly, the placing of the Second Placing Shares is conditional upon the Company obtaining approval from its Shareholders to empower the Directors to disapply statutory pre-emption rights which would otherwise apply to the allotment of such new Ordinary Shares. The placing of the First Placing Shares and the Second Placing Shares, which has been arranged by Mirabaud, pursuant to the terms of the Placing Agreement, is also conditional *inter alia* upon Admission.

The Company has convened a General Meeting for 11.00 a.m. on 30th August 2011 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 resolution to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. Background and reasons for the Placing

The Placing is being carried out to provide funds to accelerate the expansion of production at the Lihobong Mine in Lesotho and to expand the Company's activities in Botswana, as outlined in the Company's announcement dated 28 July 2011. The highlights of this announcement were as follows:

Liqhobong Mine, Lesotho

Firestone recently appointed Dowding Reynard and Associates (“DRA”) to complete a Definitive Feasibility Study (“DFS”) and undertake detailed engineering studies for the planned 4.2 million tonnes per annum (“mtpa”) Plant 2 development project. Following an initial review with DRA, the Company has decided to accelerate work on the DFS and to accelerate development at Liqhobong by commencing work on the tailings dam and related infrastructure that will be required to support Plant 2. Discussions are currently under way with a number of lenders in relation to debt financing for the construction of Plant 2. These discussions are expected to be concluded shortly after completion of the DFS.

Following a review with DRA, the Company has also decided to make a number of further modifications to Plant 1 in addition to the capacity expansion to 1.3 mtpa that is currently being undertaken. These modifications are expected to further improve plant availability and throughput and are planned to be completed in the second half of 2011.

BK11 Mine, Botswana

Following the significant increases that have been achieved in diamond liberation and grade since the secondary crushing circuit went into operation at the beginning of July 2011, the Company has decided to carry out the final work required to connect BK11 to the new power line being constructed by Botswana Power Corporation. It is expected that grid power will be available at BK11 in Q3 2011, which will result in both lower costs and improved production plant availability.

Orapa Kimberlite Evaluation Programme

Over the past two years, Firestone has primarily focused its efforts on the development of its mining operations at Liqhobong and BK11. With both mines now in production and development work progressing well, the Company has decided to recommence its Botswana kimberlite evaluation programme. The evaluation programme will initially focus on BK16, BK24 and other high interest kimberlites in the Orapa region that can be evaluated and exploited using the infrastructure that the Company has established at BK11, but will then be expanded in 2012 to include the high interest kimberlites identified at Kokong and Tsabong.

Kokong, Botswana

Firestone has been granted new prospecting licences over 68 kimberlites in the Kokong kimberlite field in Botswana. The Kokong kimberlite field is located approximately 150 kilometres west of Jwaneng, the world’s richest diamond mine. A total of 76 kimberlites have been discovered in Kokong through work carried out by Falconbridge in the 1970’s and more recent work carried out by Rio Tinto and others.

Only a limited amount of microdiamond and macrodiamond sampling has been carried out at Kokong, but the work that has been done has confirmed that 18 of the kimberlites in the Kokong field are diamondiferous. The Company considers the results from a number of the kimberlites to be very encouraging and that the potential for economic kimberlites to be present in the Kokong field is good. Kimberlite K295 is considered to be of high interest, having produced good indicator mineral geochemistry and been proven to contain macrodiamonds by limited percussion drilling and sampling. There are also in excess of 200 geophysical targets that have not yet been drilled, and the potential for the discovery of new kimberlites in the area is believed to be very good.

Firestone now controls a total of 174 kimberlites in Botswana - 22 in the Orapa field, 84 in the Tsabong field and 68 in the Kokong field - of which 48 have been proven to be diamondiferous.

3. Use of Proceeds

The total funds raised from the Placing (net of expenses) of approximately £12.8 million will be used for the following purposes:

Liqhobong Plant 2 tailings dam – £4.4 million

Liqhobong Plant 2 DFS – £1.0 million

Liqhobong Plant 1 improvements – £3.5 million

BK11 power line connections- £1.3 million

Botswana kimberlite evaluation - £0.5 million

General working capital and other purposes- £2.1 million

4. Details of the Placing

The Company has conditionally placed the First Placing Shares by utilising the existing authorities granted to the Directors to allot shares and disapply pre-emption rights at the annual general meeting held on 23 December 2010. The placing of the First Placing Shares is conditional only on their Admission which is expected to take place at 8.00 am on 3rd August 2011. The First Placing Shares represent approximately 8.18 per cent. of the enlarged issued share capital of the Company at their Admission.

The Company is proposing to raise an additional amount of approximately £5,490,060 million, before expenses, by way of a conditional placing of 19,784,000 Placing Shares at the Placing Price by Mirabaud as agents for the Company. The Second Placing Shares will represent 5.31 per cent. of the enlarged issued share capital of the Company at Admission. The Second 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 their Admission. The Placing Shares have been conditionally placed by Mirabaud as agent of the Company with institutional and other investors.

Pursuant to the Placing Agreement, the Placing of the Second Placing Shares is conditional upon, inter alia the passing of the Resolution at the General Meeting and Admission occurring on or before 31 August 2011 (or such later date as Mirabaud may agree, not being later than 9 September 2011).

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

Application will be made for the Second Placing Shares to be admitted to trading on AIM and it is expected that trading in the Second Placing Shares will commence on 31 August 2011.

5. Disapplication of pre-emption rights

The Company does not currently have sufficient authority in place under section 570 of the 2006 Act to undertake the placing of the Second Placing Shares. Therefore, the Directors are seeking a specific disapplication of statutory pre-emption rights under section 561 of the 2006 Act up to an aggregate nominal amount of £3,956,800 to allow the placing of the Second Placing Shares. The Resolution is proposed as a special resolution pursuant to section 570 of the 2006 Act to empower the Directors to allot Ordinary Shares for cash otherwise than on a *pro rata* basis and such authority would expire at the next annual general meeting of the Company.

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's registrars, Capita Registrars PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 28 August 2011. 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 Resolution is in the best interests of the Company and its Shareholders as a whole and accordingly recommend that Shareholders vote in favour of the Resolution, as they intend to do in respect of their own legal and/or beneficial shareholdings, amounting in aggregate to 1,241,567 Ordinary Shares (representing approximately 0.38 per cent. of the current issued share capital of the Company). The Directors have also received indications that an aggregate of 15,491,822 Ordinary Shares (representing approximately 4.78 per cent. of the current issued share capital of the Company) held by other parties connected with the Directors will also vote in favour of the Resolution.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Kenny', written in a cursive style.

Philip Kenny
Executive 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 the above named Company will be held at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU on 30th August 2011 at 11.00 a.m. for the purpose of considering and if thought fit passing the following resolution as a special resolution.

SPECIAL RESOLUTION

THAT, in accordance with section 570 of the 2006 Act, the Directors be generally and unconditionally empowered (in addition to the powers granted at the Company's annual general meeting on 23 December 2010) to allot equity securities (as defined in section 560 of the 2006 Act) for cash up to an aggregate nominal amount of £3,956,800 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

Registered Office:

1 Park Row
Leeds
LS1 5AB

Dated 1st August 2011

By Order of the Board

P Kenny

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 Capita Registrars on 0871 664 0300 if calling from within the UK (calls cost 10p per minute plus network extras) or +44 (0)20 8639 3399 if calling from outside the UK. Lines are open between 8:30 a.m. and 5:30 p.m. Monday – Friday.
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's registrars, Capital Registrars, PXS, 34 Beckenham Road, Beckenham, Kent not later than 11.00 a.m. on 28 August 2011.
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. 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 at 6.00 p.m. on 28 August 2011, or in the event that the meeting is adjourned, on the register of members of the Company at 6.00 p.m. on the date which is two days before the date 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 the relevant deadline 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 Capita Registrars on 0871 664 0300 if calling from within the UK (calls cost 10p per minute plus network extras) or +44 (0)20 8639 3399 if calling from outside the UK. Lines are open between 8:30 a.m. and 5:30 p.m. Monday – Friday. 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 Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. 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 Capita Registrars by no later than 11.00 a.m. on 28 August 2011.

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 323,964,111 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 323,964,111.

