

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read.**

If you have sold or transferred all of your Ordinary Shares you should send this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded, transmitted or distributed in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. The Company and the Directors whose names appear on page 3 of this document accept responsibility both collectively and individually for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Subject to the Resolutions being passed at the General Meeting, applications will be made for the New Ordinary Shares to be admitted to trading on AIM and AltX. The New Ordinary Shares are expected to be admitted to AIM and AltX and to commence trading on AIM at 8:00am (UK time) on 6 April 2010 and on AltX at 9:00am (SA time) on 6 April 2010.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the United Kingdom Listing Authority has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List. Application will also be made for admission of the New Ordinary Shares on AltX. The New Ordinary Shares will not be dealt on any other recognised investment exchange and no other such application will be made.**

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## DIAMONDCORP PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985, Registered No. 05400982)*

### **Placing of up to 100,154,695 new ordinary shares of 3p each at 7p per share and Subscription for up to 907,843 new ordinary shares of 3p each at 7p per share and Notice of General Meeting**

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The New Ordinary Shares will, following allotment, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared made or paid on the Ordinary Share capital of the Company.

Cenkos Securities plc (“**Cenkos Securities**”) is the nominated adviser and joint broker to the Company for the purposes of the AIM Rules. Cenkos Securities, which is regulated by the Financial Services Authority, is acting for the Company and no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities or for providing advice in relation to the Placing.

Fairfax I.S. PLC (“**Fairfax**”) is joint broker to the Company for the purposes of the AIM Rules. Fairfax, which is regulated by the Financial Services Authority, is acting for the Company and no-one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Fairfax or for providing advice in relation to the Placing.

Notice of a General Meeting of the Company to be held at 63 Coleman Street, London, EC2R 5BB at 12.00 noon (UK time) and 1.00pm (SA time) on 1 April 2010 to propose the Resolutions *inter alia* required to effect the Placing and the Subscription is set out at the end of this document. All Shareholders are urged to complete and return the enclosed Form of Proxy, whether or not they intend to be present at the meeting, in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event so as to be received by the Company at its registered office of First Floor, Georgian House, 63 Coleman Street, London, EC2R 5BB or the Company’s SA Registrar Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, no later than 12.00 noon (UK time) (1.00pm SA time) on 30 March 2010.

A letter from the Non-Executive Chairman of the Company is set out on pages 3 to 6 of this document which contains a unanimous recommendation from the Directors that you vote in favour of the Resolutions.

The release, publication or distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document and/or the enclosed 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. No action has been taken by the Company, Cenkos Securities or Fairfax that would permit possession, or distribution of this document to any person who is not a Shareholder in any jurisdiction (including the UK and SA) where action for that purpose is required.

**This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Existing Ordinary Shares and the New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing or the Subscription has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Subscription. Subject to certain exceptions, the Placing Shares may not, directly or indirectly, be offered or sold within the Excluded Territories or offered or sold to a person within the Excluded Territories. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction.**

**This document has not been examined or approved by the Financial Services Authority, London Stock Exchange Plc or JSE, or any other regulatory authority.**

#### **Forward-looking Statements**

This document contains forward-looking statements. These statements relate to the future prospects, developments and business strategies of the Company and its subsidiaries (the “**Group**”). Forward-looking statements are identified by the use of such terms as “believe”, “could”, “envisage”, “estimate”, “potential”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements contained in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group’s actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements speak only as at the date of this document.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy for the General Meeting of DiamondCorp	2010 30 March 2010 at 12.00 noon
General Meeting of DiamondCorp	1 April 2010 at 12.00 noon
Admission of the New Ordinary Shares to trading on AIM	6 April 2010 at 8:00 a.m.
Admission of the New Ordinary Shares to trading on AltX	6 April 2010 at 8:00 a.m.
Delivery in CREST of the New Ordinary Shares to be held in uncertificated form	6 April 2010
Despatch of definitive share certificates for the New Ordinary Shares	14 April 2010

**Note:**

Each of the times and dates above are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service. References in this document to time are to London time, unless specified otherwise.

## KEY STATISTICS

Placing Price	7p
Number of Ordinary Shares in issue at the date of this document	47,516,995
Number of Placing Shares	100,154,695
Number of Subscription Shares	907,843
Number of New Ordinary Shares in issue immediately following completion of the Placing and the Subscription (assuming full subscription)	148,579,533
New Ordinary Shares as a percentage of the Enlarged Share capital	68.0%
Estimated total proceeds of the Placing and the Subscription (assuming full subscription)	£7.1 million

## PART 1

### LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF DIAMONDCORP PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985, Registered No. 05400982)*

*Directors:*

*Euan Arthur Worthington (Non-Executive Chairman)*  
*Paul Robert Loudon (Chief Executive Officer)*  
*Jonathan Willis-Richards (Non-Executive Director)*  
*Robin Leonard Henshall (Non-Executive Director)*  
*Richard Nicholas Allen (Non-Executive Director)*

*Registered Office:*

63 Coleman Street,  
London, EC2R 5BB

15 March 2010

*To the holders of Ordinary Shares and, for information only, to the holders of Options  
and Warrants in respect of Ordinary Shares*

Dear Sir/Madam,

#### **1. Introduction**

Today, the Board of DiamondCorp announced a proposed placing of up to 100,154,695 new Ordinary Shares at the Placing Price to raise approximately £7.0 million (before expenses) together with a proposed subscription of 907,843 new Ordinary Shares at the Placing Price to raise approximately £63,549 (before expenses) to fund the continued development of the Company. The Placing and the Subscription are not being underwritten.

The Board has called a General Meeting to consider the Resolutions, which would give the Board, *inter alia*, sufficient authority to issue the New Ordinary Shares, as well as granting the Directors authority to allot further new Ordinary Shares other than on a pre-emptive basis subject to certain limitations.

The purpose of this document is, amongst other things, to:

- (i) set out the reasons for, and details of, the Placing and the Subscription;
- (ii) explain why the Board considers that the Placing and the Subscription will promote the success of the Company for the benefit of Shareholders as a whole; and
- (iii) seek Shareholder approval of the Resolutions

This document also contains the Directors' recommendation that Shareholders vote in favour of the Resolutions. Notice of the General Meeting at which the Resolutions will be proposed is set out at the end of this document. A Form of Proxy is enclosed with this document.

The Placing is conditional, amongst other things, upon Shareholders passing the Resolutions at the General Meeting and the Subscription is conditional upon the successful completion of the Placing. The Directors intend to vote in favour of the Resolutions in respect of their beneficial holdings in the Company which amount, in aggregate, to 2,561,418 Ordinary Shares and represent approximately 5.4 per cent. of the Company's Existing Ordinary Shares.

#### **2. Information on DiamondCorp**

DiamondCorp was incorporated in March 2005 to acquire and develop diamond assets in southern Africa. Since incorporation, the Company has raised approximately £13.8 million through private placements of shares and the Africa Opportunity Fund LP loan facility, principally to enable it to acquire and develop the 74%-owned Lace Diamond Project ("Lace") in the Free State Province of South Africa. The Company also has the right to earn a 77.5% joint venture interest in diamond exploration properties in Botswana. As at 12 March 2010 (being the last practicable date prior to publication of this document) the Company's market capitalisation was £4.5 million based on the closing mid-market price on AIM of 9.5p per Existing Share on 12 March 2010, being the latest practicable date before publication of this document.

#### **3. Trading and Operational Update**

Lace is situated approximately 200km southwest of Johannesburg, South Africa and approximately 20 km from Kroonstad, and consists of approximately 1,180.61ha covering the farm Ruby 691.

After being admitted to AIM in February 2007, the Company constructed and commissioned a 1.2 million tonne per annum tailings re-treatment operation at Lace. Between July 2007 and January 2009, approximately 1.1 million tonnes of tailings from previous mining activities were processed at a recovered grade of 8.43 carats per hundred tonnes (“cpht”). Proceeds from the sale of these diamonds were re-invested in commencing a decline and underground bulk sampling programme on the Lace kimberlites.

In late 2008, rough diamond prices dropped by almost 50% in response to the global economic downturn, rendering the tailings re-treatment project uneconomic.

After shutting down the tailings re-treatment operation, the Company utilised its remaining cash resources to meet interest obligations on a US\$5 million debt to the Africa Opportunity Fund LP and to complete a Bankable Feasibility Study on the Lace Kimberlites. In September 2009, the Bankable Feasibility Study was completed and concluded that Lace was capable of supporting a +25-year underground mining operation with the potential to profitably produce more than 400,000 carats of diamonds per annum at peak production with peak production expected in 2016. The Bankable Feasibility Study incorporated a conceptual mine plan produced by Snowden Group (“**Snowden**”).

In November 2009, the Company raised £600,000 (before expenses) by way of a placement of shares and the funds were utilised principally to complete exploration obligations in Botswana and cover holdings costs on Lace. A price recovery in late 2009 for rough diamonds, as evidenced by prices being received by operating diamond producers, has resulted in an improved market sentiment towards the diamond sector. As a result, the Company is proposing to raise, by way of the Placing and the Subscription, up to £7.1 million (before expenses) for the reasons stated in paragraph 4 below. Following the Placing and the Subscription, the Board believes that the Company will have sufficient funds to meet its working capital requirements for the next 12 months.

#### **4. Reasons for the Placing and the Subscription**

The net proceeds of the Placing and the Subscription are expected to be applied as follows:

- (i) £4.0 million - implementation of the decline development and completion of sub-level caving plan to resume underground mining of the Lace kimberlites between the -240m and -330m levels. It is planned that the Lace kimberlite at the -240m level will be accessed by the decline in the first half of 2011. At that time, it is expected that a kimberlite mining sample of approximately 30,000 tonnes will be extracted and processed through the Lace plant in order to determine a definitive diamond grade at the mining level. Full scale production of 1.2 million tonnes per annum from the underground mining operation will require additional capital, currently estimated by the Bankable Feasibility Study at £3.5 million not provided for by the Placing and Subscription.
- (ii) £0.5 million – Further drilling in the Jwaneng South Project. The Company also has the right to earn a 77.5% joint venture interest from Geoperspectives (Pty) Limited in three exploration licences in Botswana totaling 109.2km<sup>2</sup>, and containing nine identified kimberlites. The Company can earn its interest by funding exploration activities and completing a definitive feasibility study by 13 May 2014. The current focus of the Company’s Botswana exploration activities is the Jwaneng South Project, southeast of De Beers Jwaneng mine, the richest diamond mine in the world measured by value.

The Jwaneng South Project contains five geophysical targets, of which three, J-01, J-05 and J-12, were considered priority targets for geophysical survey and drill testing. In November 2009, DiamondCorp completed two diamond boreholes to depths of 301m and 340m on J-01, a 10 ha geophysical target. Both holes intersected kimberlite from approximately 20m down hole depth to the end of the boreholes, indicating the presence of a 10ha kimberlite body beneath shallow Kalahari sand cover.

Approximately 350kg of samples from the two drill holes were submitted to MSA Analytical Laboratories in Johannesburg for microdiamond analysis. Whilst preliminary results were positive with the presence of microdiamonds in the samples, the small size of the samples and the resulting small range of diamond sizes may preclude a definitive statement of potential diamond grade. As a result, a larger diameter diamond drilling programme will be required to recover a larger sample of kimberlite for mini bulk testing and grade estimation.

Ground gravity and magnetic surveys over both J-05 and J-12 have been completed, and initial (raw data) results suggests J-05 to be between 2ha and 4ha in size. The data for J-12 is inconclusive, but shows a possible kimberlite of between 5ha and 15ha in size. A programme

of initial diamond drill holes is currently being planned for these targets, the results of which will allow the Company to plan future larger diameter drilling and mini bulk testing priorities.

- (iii) £1.3 million – Loan obligations. The Company currently has a US\$5 million loan facility with Africa Opportunity Fund LP secured against the Company's South African assets. Approximately £1.3 million of the proceeds of the Placing and the Subscription will be used to meet principal and interest payments on this loan which falls due in 2010.
- (iv) £0.96 million – General working capital purposes.

## 5. Details of the Placing and the Subscription

Subject to the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, the Placing will raise up to approximately £7.0 million before expenses (£6.7 million net of expenses). Subject to successful completion of the Placing and assuming full subscription under the Subscription, the Subscription will raise approximately £63,459 before expenses (£60,372 net of expenses).

The new Ordinary Shares will represent approximately 68 per cent. of the Enlarged Share Capital assuming that no Options or Warrants are exercised prior to Admission. The Placing Price represents a discount of approximately 26 per cent. to the closing mid-market price on AIM of 9.5 pence per Existing Ordinary Share on 12 March 2010, being the last dealing day prior to the publication of this document.

Pursuant to the terms of the Placing Agreement, Cenkos Securities and Fairfax, as agents and joint brokers for the Company, have conditionally agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, (i) a minimum amount of £7.0 million (before expenses) being raised pursuant to the Placing and subscription; (ii) the Resolutions being duly passed at the General Meeting and (iii) admission of the New Ordinary Shares to AIM and AltX becoming effective on or before 8.00 a.m. on 6 April 2010 (or such later time and date as the Company, Cenkos Securities and Fairfax may agree, but in any event no later than 23 April 2010). The Placing Agreement contains provisions entitling both Cenkos Securities and Fairfax to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will not proceed. The Placing has not been underwritten.

The Subscription is conditional upon the successful completion of the Placing. If the Placing is not completed the Subscription will not proceed. Investec Bank will receive a Subscription Commission calculated by reference to the number of Subscription Shares issued.

The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared on or after the date on which they are issued.

It is expected that CREST accounts will be credited on the day of AIM Admission and that share certificates (where applicable) will be despatched within 14 days of AIM Admission. Application will be made to the London Stock Exchange, for the New Ordinary Shares to be admitted to trading on AIM and to the JSE, for the New Ordinary Shares to be admitted to trading on AltX. It is expected that the AIM Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. (UK time) on 6 April 2010, and the AltX Admission will also become effective and that dealings in Placing Shares will commence on AltX at 9:00 a.m. (SA time) on 6 April 2010.

**If the Resolutions are not passed by the Shareholders, then the Placing and the Subscription will not proceed and the Board expect that the Company would be in significant financial difficulty and be forced to re-evaluate the Group's strategy and consider raising capital by other means, including but not limited to, selling certain assets of the Group. The Board feels strongly that this would therefore be detrimental to the Group in the longer term and would be materially detrimental to existing Shareholders in the short term.**

## 6. General Meeting

You will find at the end of this document a notice convening the General Meeting of the Company, to be held at 12.00 noon (UK time) on 1 April 2010 at 63 Coleman Street, London, EC2R 5BB at which Resolutions will be proposed to:

- (a) authorise the Directors to allot Ordinary Shares with an aggregate nominal value of up to £3,697,034;  
and
- (b) to dis-apply the pre-emption rights set out in the Act in respect of:
  - (i) the allotment of Ordinary Shares pursuant to a rights issue or other pre-emptive offer;

- (ii) the allotment of the Placing Shares;
- (iii) the allotment of the Subscription Shares; and
- (iv) the allotment for cash (other than under (i) to (iii) above) of Ordinary Shares with a nominal value of up to a maximum of £668,158.

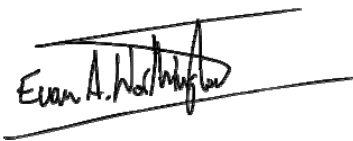
## **7. Action to be taken**

Whether or not you propose to attend the General Meeting in person, you are asked to complete the Form of Proxy enclosed with this Circular and to return it to the Company's registered office at First Floor, Georgian House, 63 Coleman Street, London, EC2R 5BB or the Company's SA Registrar Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, as to arrive as soon as possible but in any event no later than 12.00 noon (UK time) (1.00pm SA time) on 30 March 2010. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

## **8. Recommendation**

Pursuant to Section 571 of the Act, the Directors consider that the Placing, the Subscription and the Resolutions are in the best interests of the Company and its Shareholders as a whole, for the reasons set out at paragraphs 4 and 5 above, and unanimously recommend that you vote in favour of the Resolutions, as they have irrevocably undertaken (to the extent applicable) to do in respect of their own beneficial holdings amounting, in aggregate, to 2,561,418 Ordinary Shares, which represents approximately 5.4% per cent. of the Company's Existing Ordinary Shares.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Euan A. Worthington', is written over a horizontal line. The signature is cursive and somewhat stylized.

**Euan Worthington**

*Non-Executive Chairman*

## PART 2

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1. The Company and the Directors whose names appear on page 3 of this document accept responsibility both collectively and individually for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company

- 2.1. The Company was incorporated and registered as a public limited company in England and Wales under the 1985 Act on 22 March 2005 with Registered Number 5400982 under the name DiamondCorp plc. The liability of the members of the Company is limited.
- 2.2. The Company's registered office and principal place of business is First Floor, 63 Coleman Street, London, EC2R 5BB. The telephone number is +44 207 256 2651.
- 2.3. On 1 February 2007 the Ordinary Shares in issue at that time were admitted to trading on AIM.
- 2.4. On 31 March 2008 the Ordinary Shares in issue at that time were admitted to trading on the main board of the JSE.
- 2.5. On 11 January 2010 trading in the Ordinary Shares was transferred from the main board of the JSE to trading on AltX.
- 2.6. The Company's accounting reference date is 31 December each year. The Company's group accounts for the period to 31 December 2009 are in preparation and its results for this period have not yet been announced. The Company's next accounting reference period will end on 31 December 2010.
- 2.7. The ISIN number of the Ordinary Shares is GB00B183ZC46.
- 2.8. The principal legislation under which the Company operates is the Act (as amended) and the regulations made respectively thereunder.
- 2.9. The Company's principal activity is the identification, exploration and development of diamond mining opportunities.
- 2.10. The Company has the following direct and indirect subsidiaries.

<i>Name</i>	<i>Country of Incorporation</i>	<i>Immediate Holding Company</i>	<i>Percentage owned (directly or indirectly) by the Company</i>
DiamondCorp Holdings Limited	British Virgin Islands	The Company	100%
Lace Diamond Mines (Pty) Limited	Republic of South Africa	DiamondCorp Holdings Limited	74%
Soapstone Investments (Pty) Limited	Republic of South Africa	DiamondCorp Holdings Limited	100%
Botswana DiamondCorp Limited	British Virgin Islands	DiamondCorp Holdings Limited	100%

#### 3. Share Capital

- 3.1. The Company's Ordinary Shares are in registered form and are capable of transfer in both certified form and uncertified form. The UK register of members is maintained by the UK Registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. The South African register of members is maintained by the SA Registrars at Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001.
- 3.2. The issued share capital of the Company as at 12 March 2010 (being the latest practicable date prior to publication of this document) is 47,516,995 Ordinary Shares all of which are fully paid.

- 3.3. As at 12 March 2010 (being the latest practicable date before publication of this document) there are outstanding Warrants over a total of 6,066,665 Ordinary Shares (representing 4.09 per cent. of the fully diluted Enlarged Share Capital). As at 12 March 2010 (being the latest practicable date before publication of this document) there are outstanding Share Options for directors and senior managers over a total of 3,465,000 Ordinary Shares (representing 2.3 per cent. of the fully diluted Enlarged Share Capital). With the exception of the Options and Warrants detailed in this paragraph and the Vendor Warrants detailed in paragraph 4.5 below, there are no unissued Ordinary Shares under option or analogous right.
- 3.4. The Placing and the Subscription will result in the issue of 101,062,538 new Ordinary Shares. The Company's issued share capital at the date of this document is, and immediately following Admission (assuming full Subscription) will be:

	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Amount (£)</i>	<i>Number of Ordinary Shares</i>	<i>Amount (£)</i>	<i>Number of Ordinary Shares</i>
Issued Ordinary Shares	1,425,509.85	47,516,995	4,457,385.99	148,579,533

- 3.5. No share or loan capital of the Company has since 31 December 2008 (being the date of the last audited accounts) been issued or agreed to be issued or is now (other than the New Ordinary Shares proposed to be issued in respect of the Placing and the Subscription) proposed to be issued fully or partly paid either for cash or a consideration other than cash and no discounts or other special terms have been granted by the Company during such period in connection with the sale or issue of any share or loan capital of the Company, other than:
- 3.5.1. On 6 November 2009, the Company placed 6,000,000 Ordinary Shares at 10p per share for gross proceeds of £600,000;
- 3.5.2. On 20 November 2009, the Company issued 145,000 Ordinary Shares at 13.8p per share to Wills & Co. Registrars Limited in satisfaction of investor relations services; and
- 3.5.3. On 27 January 2010, the Company issued 285,000 Ordinary Shares at 10p per share to Cenkos Securities in satisfaction of commission and corporate advisory fees.
- 3.6. Save as mentioned in this paragraph 3 or otherwise described in this document:
- 3.6.1. no unissued share or loan capital of the Company or its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- 3.6.2. there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- 3.6.3. there are no outstanding convertible securities issued by the Company; and
- 3.6.4. no share capital or loan capital of the Company is in issue and no such issue is proposed.
- 3.7. Save as mentioned in this paragraph 3 or otherwise described in this document there has been no material change in the share capital of the Company since 31 December 2008.
- 3.8. On Admission, existing Shareholders will suffer an immediate dilution of 68% per cent. of their interests in the Company as a result of the Placing and the Subscription (assuming full subscription).
- 3.9. The Company's share capital consists solely of Ordinary Shares with equal voting rights (subject to the Company's Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.

#### **4. Directors' and other interests**

- 4.1. The interests of each of the Directors in the share capital of the Company (all of which are beneficial unless otherwise stated) which have been or will be required to be notified to the Company pursuant to Rule 5.1 of the DTR or which will be required to be entered into the register maintained under the provisions of Section 808 of the Act (or which are interests of a person connected with a Director within the meaning of Sections 252 to 254 of the Act ("connected person")), which interests would be required to be disclosed pursuant to the DTR, and the existence of which is known to the Directors or could with reasonable diligence be ascertained by them as at 12 March 2010 (being the last date practicable prior to the

publication of this document) and are expected to be immediately following Admission, are as set out below:

<i>Director</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of the Enlarged Share Capital</i>
Paul Robert Loudon*	2,088,052	4.4%	2,588,052	1.7%
Euan Arthur Worthington	190,000	0.4%	190,000	0.1%
Jonathan Willis-Richards**	1,291,666	2.7%	1,796,666	1.2%
Richard Nicholas Allen	83,366	0.2%	83,666	0.1%
Robin Leonard Henshall***	10,720,555	22.6%	40,749,126	27.44%

\* All of the Ordinary Shares in which Paul Robert Loudon is beneficially interested are held by Green Dragon Nominees Pty Limited, a company with which he is connected.

\*\* As at the date of this document, of the Ordinary Shares in which Jonathan Willis-Richards is interested 1,166,666 Ordinary Shares are held by Loeb Aron, a company with which he is connected, and 200,000 are held jointly in his name and that of his wife, Maria Esther Galimberti. Immediately following Admission, 1,596,666 will be held by Loeb Aron, a company with which he is connected, and 200,000 will be held jointly in his name and that of his wife, Maria Esther Galimberti.

\*\*\* As at the date of this document, all of the Ordinary Shares in which Robin Leonard Henshall is interested are held by European Islamic Investment Bank plc, a company with which he is connected. Immediately following Admission, save for 1,428,571 Ordinary Shares which will be held by Robin Leonard Henshall in his own name pursuant to the Placing, all of the Ordinary Shares in which Robin Leonard Henshall is interested are held by European Islamic Investment Bank plc, a company with which he is connected.

European Islamic Investment Bank Plc (“EIIB”) which holds 22.6% of the ordinary share capital of the Company is considered a related party under the AIM Rules due the size of its holding. Robin Henshall, a director of the Company is also an employee of EIIB. EIIB has subscribed for 28,600,000 shares at the Placing Price as part of the Placing. The directors of the Company consider, having consulted with Cenkos Securities plc, the Company's Nominated Adviser, that the terms of this transaction with EIIB are fair and reasonable insofar as the Company's shareholders are concerned

- 4.2. Save as disclosed in this paragraph 4, the Directors are not aware of any interests of persons connected with them.
- 4.3. The Directors are not required to hold any Ordinary Shares under the Articles.
- 4.4. As at 12 March 2010 (being the last date practicable prior to the publication of this document) the Directors held the following Options to subscribe for Ordinary Shares granted pursuant to the Share Option Scheme:

<i>Director</i>	<i>Number of Ordinary Shares under Option</i>	<i>Exercise Price (£)</i>	<i>Percentage of Existing Ordinary Shares</i>
Paul Robert Loudon	690,000	1.35	1.5%
Euan Arthur Worthington	370,000	1.35	0.8%
Jonathan Willis-Richards	280,000	1.35	0.6%
Richard Nicholas Allen	280,000	1.35	0.6%

- 4.5. As at 12 March 2010 (being the last date practicable prior to the publication of this document) the following Vendor Warrants are in issue to persons connected with the Directors:

<i>Director</i>	<i>Connected Person</i>	<i>Number of Vendor Warrants</i>	<i>Percentage of Existing Ordinary Shares</i>
Paul Robert Loudon	Green Dragon Nominees Pty Limited	833,333	1.8%
Jonathan Willis-Richards	Loeb Aron & Company Limited	583,333	1.2%

- 4.6. Other than the holdings of the Directors and their connected persons which are set out at paragraphs 4.1 and 4.5 of this Part 2 and as set out below, the Directors are not aware of any person, who as at 12 March 2010 (being the latest practicable date prior to publication of this document) and immediately following Admission will, directly or indirectly, be interested in 3 per cent. or more of the voting rights of the Company or who, directly or indirectly, jointly or severally exercise or could exercise control over the Company, or whose interest is notifiable under the DTR or otherwise in the UK.

<i>Shareholder</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
JPMF Natural Resources Fund	4,705,000	9.9%	14,884,121	10.0%
MLP Investments (Caymans) Limited	3,710,250	7.8%	3,710,250	2.5%
Aktiva Diversified Holdings Limited	3,375,000	7.1%	3,375,000	2.3%
Dromen Securities Ltd	2,200,000	4.8%	2,200,000	1.4%
Lynville Holdings Limited	1,500,000	3.2%	10,071,429	6.8%
Legal and General Investment Management Limited			15,800,000	10.6%
The Bank of New York Nominees Limited	600,000	1.3%	15,100,000	10.2%

- 4.7. Save as for the Options referred to at paragraph 4.4 of this Part 2, the Directors receive no Ordinary Shares or Options in lieu of remuneration or as any form of compensation.
- 4.8. None of the Directors has any contractual or other right to receive any bonus from the Company and there is no arrangement under which any Director has waived or agreed to waive future emoluments.
- 4.9. No Director has any accrued pension benefits.

## 5. **Placing Agreement**

Pursuant to the Placing Agreement, Cenkos Securities and Fairfax have conditionally agreed, as agents and joint brokers for the Company, to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The obligations of Cenkos Securities and Fairfax under the Placing Agreement are subject, amongst other things, to the Placing Agreement having become unconditional in all respects and not having been terminated, and to Admission becoming effective by no later than 23 April 2010.

Each of Cenkos Securities and Fairfax may terminate the Placing Agreement in specified circumstances prior to Admission, principally in the event of a material breach of the Placing Agreement or of any of the

warranties contained in it; or where any change in national or international, financial, monetary, economic political or market conditions, in the reasonable opinion of Cenkos Securities or Fairfax, makes it impractical or inadvisable to proceed with the Placing.

Under the terms of the Placing Agreement, each of Cenkos Securities and Fairfax will receive a placing commission calculated by reference to the Ordinary Shares to be placed by them and Cenkos Securities will be entitled to a corporate finance fee.

## **6. General**

- 6.1. Cenkos Securities has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 6.2. Cenkos Securities is registered in England and Wales under number 05210733 and its registered office is at 6.7.8 Tokenhouse Yard, London, EC2R 7AS.
- 6.3. Fairfax has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 6.4. Fairfax is registered in England and Wales under number 05496355 and its registered office is at 7 Queen Street, Mayfair, London W1J 5PB.
- 6.5. Investec Bank is registered in South Africa under number 1969/004763/06 and its registered office is at 100 Grayston Drive, Sandown, Sandton, 2196 South Africa.
- 6.6. The Company is not aware of the existence of any takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.
- 6.7. Save as disclosed in this document, there are no employee incentive arrangements involving Ordinary Shares in the capital of the Company in place at the date of this document.
- 6.8. The Ordinary Shares are in registered form. No temporary documents of title will be issued.

Dated: 15 March 2010

## DEFINITIONS

In this document, the following expressions shall have the following meanings, unless the context otherwise requires:

<b>“1985 Act”</b>	the Companies Act 1985 (as amended);
<b>“Act”</b>	the Companies Act 2006 (as amended);
<b>“Admission”</b>	together AIM Admission and AltX Admission;
<b>“AIM”</b>	the market operated by the London Stock Exchange plc;
<b>“AIM Admission”</b>	admission of the New Ordinary Shares to trading on AIM;
<b>“AltX”</b>	the alternative exchange of the JSE;
<b>“AltX Admission”</b>	admission of the New Ordinary Shares to trading on AltX;
<b>“Articles”</b>	the articles of association of the Company as amended from time to time;
<b>“Bankable Feasibility Study”</b>	the feasibility study prepared by VP3 Geoservices (Pty) Limited dated 7 September 2009 in relation to underground development at Lace;
<b>“Certificated or “in certificated form”</b>	recorded on the relevant register as being held in certificated form and title to which may be transferred by means of a stock transfer form;
<b>“City Code”</b>	The City Code on Takeovers and Mergers of the UK;
<b>“Company” or “DiamondCorp”</b>	DiamondCorp plc;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (ST 2001 No. 3755);
<b>“Directors” or “Board”</b>	the directors of the Company;
<b>“DTR”</b>	Transparency Obligations Directive (Disclosure and Transparency Rules) Instrument 2006 (FSA 2006/70);

<b>“Excluded Territories”</b>	Australia, New Zealand, the United States, Canada, Japan, the Republic of Ireland, South Africa and/or their respective territories or possessions;
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company immediately following Admission (assuming full subscription of the Placing and the Subscription);
<b>“Existing Ordinary Shares”</b>	47,516,995 Ordinary Shares in issue as at the date of this document;
<b>“Form of Proxy”</b>	the form of proxy for use by holders of issued Ordinary Shares enclosed with this document for use in connection with the General Meeting;
<b>“FSA”</b>	Financial Services Authority of the UK;
<b>“General Meeting”</b>	the general meeting of the Company to be held at 63 Coleman Street, London, EC2R 5BB on 1 April 2010, or any adjournment thereof, notice of which is contained at the end of this document;
<b>“Group”</b>	DiamondCorp and its subsidiaries, details of which, are set out in paragraph 2.10 of Part 2 of this document;
<b>“Investec Bank”</b>	Investec Limited;
<b>“JSE”</b>	the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability under the company laws of SA, licensed as an exchange under the Securities Services Act, 36 of 2004;
<b>“Loeb Aron”</b>	Loeb Aron & Company Ltd., a company registered in England and Wales with company number 03194858;
<b>“New Ordinary Shares”</b>	the Placing Shares and the Subscription Shares;
<b>“Options”</b>	options over Ordinary Shares;
<b>“Ordinary Shares”</b>	ordinary shares of 3 pence each in the capital of the Company;
<b>“Placing”</b>	the conditional placing of the Placing Shares by Cenkos Securities and Fairfax as agents and joint brokers for the Company at the Placing Price pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional agreement dated 15 March 2010 between the Company (1) Cenkos Securities (2) and Fairfax (3) relating to the Placing, further details of which are set out in paragraph 5 of Part 2 of this document;
<b>“Placing Price”</b>	7 pence per Ordinary Share;

<b>“Placing Shares”</b>	the 100,154,695 new Ordinary Shares to be issued pursuant to the Placing;
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting as set out in the notice of General Meeting contained at the end of this document;
<b>“SA”</b>	Republic of South Africa;
<b>“Shareholder(s)”</b>	a person who is registered as a holder of Ordinary Shares;
<b>“Share Option Scheme”</b>	the Company’s unapproved share option scheme, under which up to 3,000,000 Options to acquire Ordinary Shares at a price of 135 pence per Ordinary Share may be granted to the Directors, employers and consultants of the Group and other individuals at the discretion of the Board;
<b>“Subscription”</b>	the conditional placing of the Subscription Shares by Investec Bank as agent for the Company;
<b>“Subscription Shares”</b>	the 907,843 new Ordinary Shares to be issued pursuant to the Subscription;
<b>“UK”</b>	United Kingdom;
<b>“Vendor Warrants”</b>	the 4,166,664 warrants to subscribe for new Ordinary Shares details of which are set out in paragraph 4.5 of Part 2 of this document;
<b>“Warrants”</b>	warrants to subscribe for Ordinary Shares.

# DIAMONDCORP PLC

*(Incorporated and registered in England and Wales with registered number 05400982)  
(the "Company")*

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at 63 Coleman Street, London, EC2R 5BB on 1 April 2010 at 12.00 noon (UK time) and 1.00pm (SA time) for the transaction of the following business:

To consider and, if thought fit, to pass Resolution 1 as an Ordinary Resolution and Resolution 2 as a Special Resolution:

### **Resolution 1**

THAT, in accordance with section 551 of the Companies Act 2006 ("Act"), the directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £3,697,034, provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next annual general meeting of the Company to be held after the date on which this resolution is passed, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the Act.

### **Resolution 2**

THAT, subject to the passing of resolution 1, the directors be given the general power to allot equity securities (as defined by section 560 of the Act) for cash, either pursuant to the authority conferred by resolution 1 or by way of a sale of treasury shares, as if section 561(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 a rights issue;
- (b) of an aggregate nominal amount of £3,004,641 to certain investors at the price of 7 pence per ordinary share in connection with the Placing (as described in the Company's circular to its shareholders dated 15 March 2010 (the "Circular"));
- (c) of an aggregate nominal amount of £27,235 to Coronation Asset Management at the price of 7 pence per ordinary share in connection with the Subscription (as defined in the Circular); and
- (d) otherwise than pursuant to paragraphs (a) - (c) above up to an aggregate nominal amount of £668,158,

and that this authority shall expire on the conclusion of the Company's next annual general meeting, save that the Company may, before such expiry make offers or agreements 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 by this resolution has expired.

**"Rights issue"** means an offer of equity securities to holders of ordinary shares in the capital of the Company on the register on a record date fixed by the directors in proportion as nearly as may be to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

This resolution 2 revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the 2006 Act did not apply, but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

Dated: 15 March 2010

Registered Office:

First Floor  
Georgian House  
63 Coleman Street  
London  
EC2R 5BB

By order of the Board:



.....  
John Charles Forrest  
Secretary

### Notes

- 1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Where more than one proxy is appointed, a member must specify the number of shares the rights in respect of which each proxy is entitled to exercise. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice.
  - 2 To be valid, the Form of Proxy must be received at the Company's registered office at First Floor, Georgian House, 63 Coleman Street, London EC2R 5BB by no later than 12.00 noon on 30 March 2010 or by Computershare SA at their registered office at Ground Floor, Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107 by no later than 1.00pm (SA time) on 30 March 2010.
  - 3 The return of a completed Form of Proxy will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
  - 4 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company as at 12.00 noon (UK time) on 30 March 2010 and 1.00pm (SA time) on 30 March 2010 shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6:00 pm on the day preceding the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
  - 5 As at 12 March 2010 (being the latest practicable date prior to the publication of this document), the Company's issued share capital consists of 47,516,995 ordinary shares of 3p each and which each carry one vote. Therefore, the total voting rights in the Company as at 12 March 2010 are 47,516,995.
  - 6 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:
    - 6.1 if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then, on a poll, those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
    - 6.2 if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.
- Corporate shareholders are referred to in the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in 6.1 above. In particular, the Company notes the recommendation of the Institute of Chartered Secretaries and Administrators that corporate shareholders intending to vote part(s) of their shareholdings in different ways appoint proxies rather than corporate representatives.
7. For the purposes of S. 571 of the Act, this Notice of General Meeting forms part of the Circular received by you and your attention is drawn to the directors recommendation at paragraph 8 of Part 1 of the Circular.