

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole of this document should be read. You should be aware that investment in the Company is speculative and involves a high degree of risk.

If you have sold or otherwise transferred all of your Existing Ordinary Shares in Stellar Diamonds plc prior to 8.00 a.m. on 28 February 2017 (the date upon which the Existing Ordinary Shares were marked ‘ex’ the entitlement to the Open Offer by the London Stock Exchange plc), please immediately forward this document, together with the accompanying Application Form (in respect of shares held in certificated form) and the 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 delivery to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document is not a prospectus for the purposes of the Prospectus Rules and has not been drawn up in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom (“FCA”), pursuant to sections 85 and 87 of FSMA, The London Stock Exchange plc or any other authority or regulatory body in any jurisdiction.

The Directors, whose names appear on page 8 accept responsibility both individually and collectively for all the information contained in this document. To the best of the knowledge and belief of 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.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange plc for the New Ordinary Shares to be admitted to trading on AIM.

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 of the UK Listing Authority. 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. The London Stock Exchange plc has not itself examined or approved the contents of this document.

It is expected that admission to AIM will become effective and dealings in the New Ordinary Shares will commence on AIM on 27 March 2017 at 8.00 a.m.

STELLAR DIAMONDS PLC

(incorporated in England and Wales with registered number 5424214)

OPEN OFFER OF UP TO 4,545,455 NEW ORDINARY SHARES AT 5.5 PENCE PER SHARE ISSUE OF DIRECTOR FEE SHARES ISSUE OF SUBSCRIPTION SHARES AND NOTICE OF ANNUAL GENERAL MEETING

Nominated Adviser

CAIRN FINANCIAL ADVISERS LLP

Joint Broker

**PETERHOUSE CORPORATE FINANCE
LIMITED**

Joint Broker

BEAUFORT SECURITIES LTD

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and in particular paragraph 15 which recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting. Notice of the Annual General Meeting of Stellar Diamonds plc (the “Company”), to be held at the offices of Peterhouse Corporate Finance, 3rd Floor New Liverpool House, 15 Eldon Street, London, EC2M 7LD on 24 March 2017 at 10.00 a.m. is set out at the end of this document. Your attention is drawn in particular to the “Risk Factors” set out in Part II of this Document.

This document is available to all Shareholders, but in relation to those Shareholders who are not Qualifying Shareholders (which means certain Shareholders resident outside of the United Kingdom) it is for information purposes only to enable them to exercise their rights as shareholders *vis-a-vis* the Annual General Meeting to be held. **A Form of Proxy for use in connection with the Annual General Meeting should be completed and returned to the Company's registrars at Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible and, in any event, by no later than 10:00am on 22 March 2017. Completion and return of a Form of Proxy will not preclude shareholders from attending and voting at the Annual General Meeting in person should they so wish. If you do not send in a valid Form of Proxy or attend the Annual General Meeting in person to vote, no-one else may vote on your behalf.**

This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares to any person in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions, is not for distribution in or into the United States, Australia, Canada, South Africa, New Zealand or Japan. 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 laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, South Africa or Japan.

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 Open Offer 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 Open Offer and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

Subject to very limited exceptions, the New Ordinary Shares may not, directly or indirectly, be offered or sold within any territory other than the United Kingdom or offered or sold to a person within any territory other than the United Kingdom. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction. Persons (including, without limitation, nominees and trustees) receiving this document and/or an Application Form should not, in connection with the Open Offer, distribute or send this document and/or the Application Form into any jurisdiction when to do so would, or might contravene local securities laws or regulations or be contrary to the terms and conditions of the Open Offer. The New Ordinary Shares will on 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 Existing Ordinary Shares after Admission.

Cairn Financial Advisers LLP ("Cairn"), Peterhouse Corporate Finance Limited ("Peterhouse") and Beaufort Securities Ltd ("Beaufort"), which are all regulated in the UK by the FCA, are acting as the Company's nominated adviser and joint brokers respectively, in connection with the proposed Admission. Cairn's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers and Peterhouse and Beaufort's responsibilities as the Company's brokers under the AIM Rules for Companies are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document without limiting the statutory rights of any person to whom this document is issued. No representation or warranty, express or implied, is made by Cairn, Peterhouse or Beaufort, as to the accuracy, completeness or fairness in this document. Cairn, Peterhouse and Beaufort accepts no responsibility or liability for this document and accordingly disclaim all and any liability, whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this document. The Company and the Directors are solely responsible for this document.

Qualifying Shareholders should note that the Open Offer is conditional on the passing of certain resolutions at the Annual General Meeting. The Open Offer closes at 11.00 a.m. on 22 March 2017. If you are a Qualifying Shareholder and wish to apply for New Ordinary Shares under the Open Offer you should follow the procedure set out in Part IV of this document and, if you are a Qualifying Non-CREST Shareholder, complete and return the Application Form together with your appropriate remittance. Qualifying CREST Shareholders will not receive an Application Form, but will receive instead a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements which will be enabled for settlement on 1 March 2017. If you do not wish to participate in the Open Offer then you should not return your Application Form or send a USE instruction through CREST. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled thereto or by persons becoming so entitled, by virtue of a *bona fide* market claim arising out of the sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares are marked 'ex' the entitlement by the London Stock Exchange.

If the Basic Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 1 March 2017, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements credited to his stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open

Offer. Applications for Excess Entitlements pursuant to the Excess Application Facility may be made by Qualifying Shareholders provided that their Basic Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or to receive another Application Form they should contact Company's registrars at Computershare Investor Services (Ireland) Limited on +353 (0)1 247 5693. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays and public holidays) at the offices of Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside, London EC2V 6AX until the Open Offer closes. This document will also be available on the Company's website, www.stellar-diamonds.com.

No person has been authorised to make any representations on behalf of the Company concerning the Open Offer which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been authorised. No person should construe the contents of this document as legal, tax or financial advice and recipients of this document should consult their own advisers as to the matters described in this document.

FORWARD-LOOKING STATEMENTS

Certain statements in this document, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

The content of this document has not been approved by an authorised person within the meaning of the FSMA. Reliance on this document for the purpose of engaging in any investment activities may expose an individual to a significant risk of losing all of the property or other assets invested.

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SUBSCRIPTION AND OPEN OFFER STATISTICS

Issue Price per New Ordinary Share	5.5 pence
Open Offer Basic Entitlement	1 Open Offer Shares for every 8.295 Existing Ordinary Shares
Number of Ordinary Shares in issue as at the date of this Document	37,702,082
Maximum number of Open Offer Shares (including if relevant, any Conditional Placing Shares) to be issued pursuant to the Open Offer	4,545,455
Number of Subscription Shares	363,636
Number of Director Fee Shares	1,314,969
Maximum number of New Ordinary Shares	up to 6,224,066
Maximum Enlarged Ordinary Share Capital on Admission ¹	up to 43,926,142
Gross proceeds of the Open Offer	up to £250,000
Estimated cash proceeds of the Open Offer receivable by the Company (net of expenses and assuming full allocation)	up to £227,500
Percentage of the Enlarged Ordinary Share Capital of the Company that the New Ordinary Shares will represent	14.17 per cent.
ISIN – Open Offer Basic Entitlements	GB00BF1HPX26
ISIN – Open Offer Excess Entitlements	GB00BF1HQ063

¹ *Assuming the issue of 4,545,455 Open Offer Shares and issue of the Director Fee Shares and the Subscription Shares*

Notes

Statistics are prepared on the basis that no Ordinary Shares will be issued following the date of this document and before the completion of the Open Offer

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2017

Record Date and time for entitlements under the Open Offer	5.00 p.m. on 27 February
Announcement of the Open Offer	27 February
Publication of this document, the Forms of Proxy to Qualifying Shareholders and Application Forms	28 February
Existing Ordinary Shares marked 'ex' entitlement by the London Stock Exchange	28 February
Basic Entitlements and Excess Entitlements credited to CREST accounts of Qualifying CREST Shareholders	1 March
Recommended latest time and date for requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST	4.30 p.m. on 16 March
Latest time and date for depositing Basic Entitlements Excess and Entitlements into CREST	3.00 p.m. on 17 March
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 20 March
Latest time and date for receipt of Forms of Proxy for the Annual General Meeting	10.00 a.m. on 22 March
Latest time and date for receipt of completed Application Forms from Qualifying Shareholders and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 22 March
Time and Date for the Annual General Meeting	10.00 a.m. on 24 March
Expected date of Admission and commencement of dealings of New Ordinary Shares	8.00 a.m. on 27 March
Expected date for CREST accounts to be credited with New Ordinary Shares	27 March
Share certificates in relation to New Ordinary Shares (where applicable) dispatched by	6 April

Save for the date of publication of this document, each of the times and dates above are subject to change. Any such change, including any consequential change in the Subscription and Open Offer Statistics above, will be notified to Shareholders by an announcement on a Regulatory Information Service. Certain events in the timetable above are conditional upon, inter alia, the approval of the Resolutions. All times are London times and each of the times is subject to change.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Lord Peter Gilbert Daresbury (<i>Non-executive Chairman</i>) Nicholas Karl Smithson (<i>Chief executive officer</i>) Steven James Poulton (<i>Non-executive director</i>) Hansjörg Plaggemars (<i>Non-executive director</i>)
Company Secretary	Philip Knowles
Registered office	1 st Floor Burleigh House 355-359 The Strand London WC2R OHS
Website	www.stellar-diamonds.com
Nominated Adviser	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX
Financial Adviser	Mirabaud Securities LLP 33 Grosvenor Place London SW1X 7HY
Joint Broker	Peterhouse Corporate Finance Limited 15 Eldon Street London EC2M 7LD
Joint Broker	Beaufort Securities Ltd 131 Finsbury Pavement London EC2A 1NT
Solicitors to the Company as to English law	Gowlings WLG (UK) LLP 4 More London Riverside London SE1 2AU
Registrar and Receiving Agent	Computershare Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

STELLAR DIAMONDS PLC

(incorporated in England and Wales with registered number 5424214)

Directors:

Lord Peter Gilbert Daresbury (*Non-executive Chairman*)
Nicholas Karl Smithson (*Chief executive officer*)
Steven James Poulton (*Non-executive director*)
Hansjörg Plaggemars (*Non-executive director*)

Registered office:

1st Floor, Burleigh House, 355-359 The Strand,
London, WC2R 0HS

28 February 2017

Dear Shareholder,

Open Offer of up to 4,545,455 New Ordinary Shares at 5.5 pence per New Ordinary Share
Proposed Issue of Director Fee Shares
Proposed Issue of Subscription Shares
Notice of Annual General Meeting

1. Introduction

The Company announced on 23 February 2017 that it raised approximately £324,500, through Peterhouse Corporate Finance Limited, in order to provide the Company with working capital whilst the Company seeks to finalise a proposed tribute mining agreement with Ocea in relation to Ocea's kimberlite diamond Tonguma Project, to repay creditors and to allow the suspension of trading of the Existing Ordinary Shares to be lifted and provide general working capital for the Group. The Placing was scaled back so as not to exceed the Company's existing share authorities. The share suspension was lifted on 27 February 2017. The Tonguma Project is adjacent to Stellar's Tongo kimberlite diamond project in Sierra Leone and further detail is provided in paragraphs 4 and 5 below. The Company announced the Tribute Heads of Terms that had been entered into with Ocea on 20 February 2017 and the Company's intention to develop the Tonguma Project alongside Stellar's wholly owned Tongo Project. Further details of the proposed Tribute Agreement and mine development are set out in paragraph 4 below.

To provide Shareholders who have not taken part in the Placing (which was not conditional on the Open Offer) with an opportunity to participate in the proposed issue of new Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for an aggregate of up to 4,545,455 Open Offer Shares, to raise up to approximately £250,000 (before costs and expenses), on the basis of 1 Open Offer Share for every 8.295 Existing Ordinary Shares held on the Record Date, at 5.5 pence per share. Investors who participated in the Placing are Qualifying Shareholders for the purpose of the Open Offer. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares through the Excess Application Facility. Shareholder approval is required to provide the necessary share authorities to enable the Directors to allot the Open Offer Shares.

The purpose of this document is to provide information on the Company's current financial and trading position and to explain why the Board considers that the Open Offer, the Subscription and the issue of the Director Fee Shares are in the best interests of Shareholders as a whole. The Company and the Directors do not currently have sufficient share authority to allot the New Ordinary Shares and are therefore, *inter alia*, seeking Shareholder approval to enable the Directors to allot the New Ordinary Shares. The Company will also

be seeking approval to generally allot up to a maximum amount of 87,852,284 Ordinary Shares (being approximately 200 per cent of the Enlarged Ordinary Share Capital and to disapply pre-emption rights over the same amount). Further details relating to the Resolutions are set out within this document and in the enclosed Notice of Annual General Meeting and accompanying Form of Proxy.

The Directors feel that the level of share authorities being sought, as set out above, is necessary to provide flexibility to enable the Company to raise the initial funding requirement of the Tongo-Tonguma mine development upon entering into the proposed Tribute Agreement. The first stage of the mine development will comprise the detailed Front End Engineering Design (FEED) and advance drilling of the three kimberlite resources to be exploited according to the PPM/SRK generated mine plan. This drilling should significantly reduce the geological risk for the early mining phase and will in essence guide the decline and stope developments on the first two mining levels. Furthermore, during the FEED phase, the Company intends to relocate the 50tph DMS production plant that is expected to be acquired for a nominal fee from Ocea and which should enable the Company to have its production facility upgraded and available for processing of ore during the first year of mine development. The Company, with its consultants PPM/SRK, have established that these three key work streams, the FEED, drilling and relocation of the processing plant, will require in the region of US\$3 million to complete.

Shareholders should note, that the Company's working capital position will remain constrained following completion of the Open Offer. As described above, the Company will look to raise further funds to allow implementation of the first stages of the Tongo-Tonguma mine development should the Tribute Agreement be entered into and to provide further working capital for the Group. Whilst the Directors believe that this will be possible, the timing, quantum, structure and pricing of any future fundraises are uncertain and may be dependent on the Company's ability to enter into the proposed Tribute Agreement on a timely basis. Shareholders should also note that if the Resolutions are not approved at the Annual General Meeting and/or the Company does not receive the management fees due from Citigate under the Company's joint venture arrangements, the Company may not be able to meet its future working capital requirements.

Details of the Open Offer are set out below and the steps required for Qualifying Shareholders to participate in the Open Offer are set out in Part IV of this document.

2. Conditional Placing

Whilst the Open Offer has not been underwritten, 1,381,818 Open Offer Shares have been conditionally placed with Peterhouse investors at the Issue Price subject to clawback to satisfy valid applications under the Open Offer i.e. if at least 1,381,818 Open Offer Shares are subscribed for by Qualifying Shareholders, the Conditional Placing Shares will be clawed back in full and the Conditional Placing will not proceed. Like the Open Offer, the Conditional Placing is conditional on the passing of certain resolutions and admission of the Conditional Placing Shares to trading on AIM.

3. Background to and reasons for the Placing, the Subscription and Open Offer

The Placing (which completed on 27 February 2017) and Open Offer has been undertaken to provide funding for the Group's near-term general working capital requirements and in particular to support the Company whilst it seeks to enter into a legally binding agreement with Ocea in relation to a tribute mining agreement over the combined Tongo-Tonguma Project. Further detail on Tonguma and the proposed mine plan are set out below.

The Existing Ordinary Shares were suspended from trading in August 2016 following an announcement that the Company intended to acquire Tonguma, the owner of the Tonguma Project. The acquisition was deemed to be a reverse takeover under the AIM Rules for Companies and accordingly trading in the Company's Ordinary Shares on AIM was suspended pending the publication of an Admission Document. The Company had made significant progress with the reverse takeover process, the PEA, mine plan and a CPR being announced in late 2016 and the Company incurred significant costs in relation to this proposed transaction. However, in early 2017, at the request of Ocea, Stellar began alternative discussions with Ocea which no longer involved the acquisition by Stellar of Tonguma or the Tonguma Licence, which resulted in additional unexpected legal

and adviser costs being incurred and delays around the ability of the Company to raise the funds to develop a mine until there was certainty over the nature of the alternative discussions relating to Tonguma. Discussions relating to the proposed acquisition of Tonguma were formally terminated on 19 February 2017 when Stellar and Ocea entered into the Tribute Heads of Terms, pursuant to which key terms of the proposed Tribute Agreement have been agreed (as detailed below in paragraph 4). Trading in the Company's Ordinary Shares on AIM resumed on 27 February 2017 following completion of the Placing.

Negotiations and legal drafting with Ocea in relation to the Tribute Agreement are at an advanced stage and the Company has entered into a technical due diligence exercise with a potential strategic investor which may result in a significant funding commitment relating to implementation of the proposed Tongo-Tonguma mine plan if the due diligence and discussions conclude favourably. However Shareholders should note that there is no guarantee that the Company will enter into the Tribute Agreement or raise the necessary funds to implement the mine plan in order to discharge Stellar's obligations under the terms of the Tribute Agreement. Shareholders should consider the Risk Factors set out in Part II of this document in relation to general risks and those specific to the Tribute Heads of Terms, the Tribute Agreement and the Open Offer.

4. Tribute Heads of Terms and proposed Tribute Agreement

The Tribute Agreement, if finalised, would allow Stellar to simultaneously mine both its wholly owned Tongo Project and, as sub-contractor of Ocea, the adjacent Tonguma Project, with Stellar being the operator of the combined mine. The technical information in relation to the proposed combined Tongo-Tonguma mine plan was previously reported in the announcement dated 5 October 2016, in respect of the PEA and the announcement dated 31 October 2016, in respect of the CPR remains unchanged and the proposed economic terms of the Tribute Agreement are set out below.

The Directors believe the potential scale of the Tongo-Tonguma mine in comparison to Tongo as a stand alone project should make the proposed Tongo-Tonguma mine an attractive investment proposition. As reported in the CPR by MPH¹, diamond quality from the overall Tongo area has long been known as being very high by international standards and the resource work by Stellar at Tongo, and Ocea at Tonguma has confirmed that the source kimberlite dykes do produce high-quality assortments. Both licences have been extensively explored and initial underground production sites have been identified. Resource work carried out by Stellar, Ocea and their independent consultants has confirmed substantial high grade resources in three kimberlite dyke deposits across the Tongo-Tonguma Projects to inferred confidence levels. These resources are the basis for the PEA completed by PPM/SRK which suggests compelling economic potential for developing the mine from three separate underground declines at the combined Tongo-Tonguma Project as further detailed in the CPR. MPH has also reported that they consider the combined Tongo-Tonguma Project to be the best undeveloped diamond project in West Africa.²

The initial capital outlay to develop Tongo as a stand-alone mining project has previously been estimated by PPM and SRK to be approximately US\$24 million. In comparison, the estimated initial capital outlay of the combined Tongo-Tonguma Project is currently estimated at around US\$31.85 million, being a 33 percent increase in the expected capital costs compared to developing the Tongo Project alone. The inferred JORC resource for the Tongo-Tonguma Project is however more than 3 times that for Tongo alone which the Directors believe provides a compelling basis for entering into the Tribute Agreement as the enlarged mine should not only result in higher production levels but also lower average unit operating costs through economies of scale.

Key economic terms of the proposed Tribute Agreement

- Stellar will fund and operate the enlarged mine development
- Stellar will be responsible for processing and marketing all diamonds recovered

¹ CPR: Executive Summary, para 1.1

² CPR: Executive summary, section 1.9

- 10% share of gross revenues (after deduction of any Government royalty) is payable to Ocea on diamond and other minerals recovered and sold, but only after Stellar has recouped an amount equal to its development capital and Ocea has received an initial revenue share payment of US\$5m
- Stellar to make a one-off payment to Ocea of US\$5m five years after mine development commences
- Agreed economics to include reimbursement to Ocea of certain costs (including an amount equal to the annual Tonguma mining licence fee)
- Certain assets of Tonguma, including the 50tph processing plant at Ocea's Koidu Mine, will be acquired by Stellar for a nominal amount. Stellar intends to relocate and upgrade the plant which will then become the processing facility for the combined mining operation
- The final Tribute Agreement is expected to include a timeframe within which implementation of the mine plan will be expected, however this timeframe has yet to be negotiated.

The Tribute Heads of Terms are non-binding save for in respect of certain clauses, including inter alia, exclusivity provisions. The exclusivity period extends to 30 April 2017. Entering into the Tribute Agreement remains subject to inter alia, legal contract; finalisation of legal due diligence work, valid licence opinions being obtained for the Tonguma licence and the acknowledgement of the Government of Sierra Leone.

Due to the nature of the combined mine plan that is intended to be implemented, (i.e. mining both the Tongo and Tonguma Projects), any revenue share payments payable to Ocea will be in respect of diamond revenues from both the Tongo and Tonguma licences. The revenue share economics that have been agreed reflect this. Under the envisaged Tribute Agreement, Ocea would continue to hold the Tonguma Licence through its subsidiary company Tonguma and Stellar will continue to wholly own its adjacent Tongo Licence and subsidiary company Sierra Diamonds Limited. Stellar would also own all infrastructure and capital items procured and utilised for the mine development in respect to both licences.

Stellar has taken care to ensure that risk is mitigated wherever possible in relation to the proposed terms of the Tribute Agreement with Stellar. Ocea has agreed that for so long as the Tribute Agreement is in place, it will not sell Tonguma or the Tonguma Licence to a third party and a representative of Stellar may be appointed to the board of Tonguma. The Tribute Agreement will however include termination clauses whereby the agreement can be terminated by either party for breach of the agreement. Shareholders should note that in the event of termination, Stellar would have no rights over Tonguma or the Tonguma Licence save for any contractual rights accrued.

Whilst negotiations and legal drafting with Ocea are at an advanced stage and the Company has entered into a technical due diligence exercise with a potential strategic investor, there is no guarantee that the Company will enter into the Tribute Agreement or raise the necessary funds to implement the mine plan in order to discharge Stellar's obligations under the terms of the Tribute Agreement. The Company will make further announcements as and when appropriate.

Tongo-Tonguma proposed mine plan and project economics

The mine plan detailed in the Tongo-Tonguma PEA demonstrates a financially robust and high margin 21 year life of mine over an initial inferred diamond resource (across Tongo and Tonguma) of 4.5 million carats. Shareholders should however note that the economics of the Tongo-Tonguma mine modelled in the PEA assumes that the Tribute Agreement would remain valid and in place for the forecast life of mine. The PEA and CPR also recognise that there is considerable potential upside from additional high-grade kimberlite dykes on the properties, which have not yet been categorised into a resource.

Estimated (by PPM/SRK) pre-tax Project NPV(10) and IRR of US\$172 million and 49% respectively

- Projected life of mine of the Tongo-Tonguma Project revenues of US\$1,518 million with operating costs of US\$847 million
- Estimated operating margin of 50% over the life of mine
- First production expected within 12 months of funding and development commencing increasing to over 200,000 carats per annum in the 4th year
- Expected Capex of US\$31.8 million in the first two years (including a 15% contingency)

- Estimated 3.96 million carats recoverable from the initial 4.5 million carats resource at a +1.18mm cut-off
- Recoverable diamond grades and values for first three kimberlites to be mined of:
 - Kundu: 260cpht and \$209 per carat (\$543 per tonne)
 - Lando: 220cpht and \$209 per carat (\$440 per tonne)
 - Tongo: 100cpht and \$310 per carat (\$310 per tonne)
- Exploration target of up to 8 million carats in addition to existing resource

Stellar has prepared an internal financial model based on the mine plan produced in respect of the Tongo-Tonguma Project by independent consultants Paradigm Project Management and SRK Consulting and has adjusted it to reflect the proposed revenue share arrangements with Ocea pursuant to the expected terms of the Tribute Agreement. The model assumes mining some 3.90mcts of the 3.96mcts recoverable resource at the Tongo, Kundu and Lando dykes and does not include any of the 7.96mcts "exploration target" carats which may be brought into a future resource estimation. The initial two year capital requirement to bring the Tongo-Tonguma mine into production is currently estimated to be approximately US\$31.8 million (including a 15% contingency). Based on the projected life of mine project costs (US\$847 million), revenues (US\$1,518 million) and after revenue-share payments to Ocea, Stellar's financial model demonstrates the potential for an after tax NPV of approximately US\$104 million and IRR of 31% to Stellar (using a discount factor of 8 percent).

Only three kimberlites dykes of a total of 11 on the Tongo-Tonguma licence area (four at Tongo and seven at Tonguma) have been categorised as resource to date. A further four dykes have been drilled out at Tonguma resulting in an exploration target, offering a mid-range total of 5.6 Mt and potential for a further 7.96 million carats for the project. Although it can't be guaranteed that further exploration will result in this exploration target becoming a mineral resource or result in increased recovery of diamonds, the Directors consider that this target demonstrates significant upside to the overall resource base of the Tongo-Tonguma Project and, subject to the Tribute Agreement being and remaining in force, it is the intention to bring the 'exploration target' into the JORC resource category in due course through further drilling and sampling.

The underground mine plan is planned to be configured as a series of declines from surface at Kundu, Lando and Tongo. The declines will be 4m x 4m in cross section and will be developed at an angle of 8-degrees. Mining levels will be interspaced at 35m depth with the first levels being developed at 40m below surface. Based on the current resource models, Tongo will have a planned 11 levels, Lando will have a planned 10 levels and Kundu will have a planned 5 levels during the 21 year life of mine. The ore bodies will be accessed by 2m x 2m drives and cross-cuts into stopes that are mined by traditional overhand shrinkage stoping mining methods, with the ore being drawn from access points and transported on underground locos and tipped into bins on an ore pass system. These ore bins will feed haulage trucks that will transport the ore to surface and onto the processing plant. Pursuant to the Tribute Heads of Terms, the existing 50tph processing plant at Ocea's Koidu mine would be acquired by Stellar at nominal value and relocated to Tonguma and be further upgraded by Stellar to serve as the processing plant for the Tongo-Tonguma mine. The availability of this plant locally rather than having to buy and import from overseas, should save Stellar considerable time and money and facilitate the early production potential of the mine. Once further resource definition work has been completed, Stellar will review the plant capacity and the installed metallurgical unit processes in order to optimise the plant for the life of mine.

Both Tongo and Tonguma have onsite power, office space, mining workshops, plant and machinery workshops and stores facilities. In the event of entering into the Tribute Agreement and commencing implementation of the Mine Plan, these resources will be upgraded as necessary.

5. Tonguma overview

The Tonguma Project is in the Lower Bambara Chiefdom, Kenema District in the Eastern Province of Sierra Leone and is adjacent to, and contains the on-strike western continuation of the diamondiferous kimberlite dykes within Stellar's existing Tongo project. The Tonguma project has a 25 year mining license covering an area of 124 square kilometres. The Tonguma Project has a JORC inferred resource of 3.45 million carats (+1.18mm carat cut-off) at an estimated recoverable grade of up to 260cpht and average diamond values of

\$209 per carat to a maximum depth of 200 metres, on two of the eight dykes present at Tonguma (Kundu and Lando).

Oteca has undertaken extensive exploration activities at Tonguma including over 58,000 metres of diamond drilling as well as bulk sampling which has produced approximately 7,250 carats of which over 3,500 carats has been used for diamond valuation. Further details are set out in the CPR.

6. Overview of Stellar's existing portfolio of assets

Stellar currently has a number of diamond exploration and development projects including Tongo in Sierra Leone; Baoulé in Guinea which has recently completed a trial mining exercise and was recently joint ventured with Citigate and the recently acquired Kungbo licences in Liberia which have also recently been joint ventured with Citigate. Stellar also has two projects, the 3 million carat resource Droujba kimberlite project and the Mandala alluvial diamond mine in Guinea which are not currently being developed and are on care and maintenance.

These projects are summarised below:

Asset	Holder (subsidiary of Stellar Diamonds Plc)	Interest as at the date of this document (%)	Status	Licence Expiry Date	Licence Area (km ²)
Tongo	Sierra Diamonds Limited	100	Development	02/09/2017 (Issue of mining licence is pending)	9.98
Baoulé	Ressources Tassiliman Baoulé SA	56.25 (during the Phase-1 Citigate earn-in stage)	Evaluation	15/05/2018	0.99
Droujba	West African Diamonds Sarl	100	Evaluation (On care and maintenance)	27/10/2017	6.75
Mandala	Société Ressources Mandala Guinee Sarl	100	Production (currently dormant)	17/10/2018	5.6
Kungbo	Stellar Diamonds Liberia Incorporated	90	Exploration	23/02/2019	670.52

Tongo Project (Sierra Leone)

Stellar's wholly owned kimberlite Tongo Project, in the renowned Tongo diamond field in eastern Sierra Leone, was acquired in 2008 and consists of an exclusive Exploration License EL48/2012 which is valid until 2 September 2017. Stellar has carried out a systematic and extensive exploration programme of the license area culminating in four kimberlite dykes, Dykes 1-4, being defined from which a JORC inferred resource of 1.45 million +1mm carats at a grade of 165cpht has been estimated for Dyke 1 to a depth of 300m. Dykes 2-4 show indications of also being high-grade kimberlites based on Stellar's bulk sampling and microdiamond analysis, though these have not yet been drilled into resource. The current scoping study level development plan for Tongo (as part of the Tongo-Tonguma mine plan) assumes a conservative recovered +1.18mm grade of 100cpht with an average diamond value of US\$310 per carat, for a total of 895,000 carats.

The Company's application for a mining licence in respect of the Tongo Project was approved by the Minerals Advisory Board in May 2016 but remained subject to the receipt of the Environmental Licence, in accordance with the Environmental Protection Agency ("EPA") Act 2008. The EPA has now calculated the fee for the Environmental Licence at US\$150,000. Subject to Stellar paying the environmental licence fee, it is expected that the National Minerals Agency will issue the mining licence documents for the consideration and signature of the Minister of Mines.

Baoulé Project (Guinea)

Stellar entered into a joint venture over a 1km² exploration license area in 2013 which incorporates the five hectare diamondiferous Baoulé kimberlite pipe in the Aredor region of central Guinea on which Stellar has completed a 100,000 tonne trial mining operation. The project has a semi-industrial exploitation permit which is valid until 15 May 2018. At five hectares, the Baoulé kimberlite is one of the largest of the potentially large stone, primary sources in Guinea. Over 11,000 carats have been recovered from Baoulé to date including 929 stones of greater than 1 carat in size and a number of high value gem and fancy coloured (yellow) diamonds. The largest diamond recovered to date was 55 carats, which although of low quality, does indicate a large stone potential for this pipe.

To date Stellar has held three diamond sales totalling 8,465 carats from Baoulé which has released over US\$1 million in gross revenue. The average diamond price from these three sales has varied from \$92 to \$156 per carat depending on the mix and presence of larger gem quality stones as well as varying rough market sentiment at the time of sale. Some high value gems were present in the parcels sold to date, including a 10 carat fancy yellow stone which sold for an average price of \$6,800 per carat. The Company has completed an in-house geological modelling exercise in respect to Baoulé using the previous drilling data which suggested a target of over 22 million tonnes to a depth of 300m (non-JORC). At the current evaluation grade of 13.4cpt (+1.25mm cut off) this would suggest that there is a diamond resource of approximately 3 million carats contained within the 22 million tonnes mined. It is anticipated that a further 50,000 tonnes of kimberlite will be mined and processed in order to determine with more accuracy the diamond grade and value of the east lobe of the pipe. Previous sales from the east lobe achieved US\$156 per carat in May 2015.

Stellar originally had a 75 per cent. interest in the project with Ressources Tassiliman Baoulé, a local partner, currently holding the remaining 25 per cent. interest, however, in November 2016, Stellar entered into a joint venture agreement with Citigate, who will fund Phase 1 and Phase 2 development programmes totalling US\$3.5million to earn an initial 50 per cent. interest, with the option to earn a 75 per cent. interest by taking the project through pre-feasibility studies (Phase 3). Should Citigate progress to fund Phase 3 of the works Stellar's equity position in relation to the Baoulé project will fall to 18.75% (i.e. 75% of 25%). Pursuant to the joint venture arrangements, Stellar is entitled to 56.25 per cent. of gross revenues earned during the Phase 1 trial mining, commensurate with its effective project equity holding during the first Phase of work under the joint venture. Citigate has certain off-take rights from diamonds produced from Baoulé.

Kumgbo Project (Liberia)

In February 2016, Stellar was awarded a 90 per cent. interest in two licences covering a total area of 670.54km² in the west of Liberia, around the key diamond area of Kumgbo towards the border with Sierra Leone. Subsequently, in July 2016, the Company entered into a definitive JVA with Citigate in respect to the Liberia Licences. The JVA confers Citigate with the right to invest up to US\$6,250,000 over three separate phases in return for an 85% interest in the Liberia Licences, leaving Stellar with a 13.5% equity interest.

Resource summary of Stellar's existing projects

A table of resource summary, calculated in accordance with JORC, of the Group's projects is stated below:

Kimberlite project	Deposit	Resource Category	Gross	
			Grade (cpt)	Carats
Tongo Droujba	Dyke 1	Inferred- recoverable ¹	1.00	895,000
	Droujba Pipe	Inferred	0.63	2,474,000
	Katcha Dyke	Inferred	1.40	446,000
Alluvial Project	Deposit	Resource Category	Gross	
			Grade (cpt)	Carats
Mandala	Mandala II,III,IV	Indicated	0.34	38,554
	N'Keleyani	Indicated	0.56	130,684

¹ Recoverable grades and value per carat for Tonga Dyke 1 are the current best estimates with recovery factors reflecting recovery efficiencies through a typical commercial plant

7. Strategy of the Group

Stellar's strategy is to become a leading mid-tier diamond producer in West Africa. Stellar intends to focus its efforts on entering into the Tribute Agreement and raising funds to commence implementation of the Tongo-Tonguma mine plan which has been developed by Stellar in conjunction with various advisers and which is further detailed in the CPR. Initially Stellar intends to carry out approximately three months of detailed front end engineering and design work (FEED), conduct infill drilling of the three kimberlites in resource and relocate the 50tph production plant before aggressively developing the proposed mine and targeting increased resources. The PEA produced in respect of the Tongo-Tonguma has estimated that the initial capital requirements required before commencement of revenues, will be approximately US\$31.8 million which includes a 15 percent. level of contingency.

Stellar entered into favourable joint venture agreements in relation to its Baoulé and Kungbo projects in November 2016 which should allow Stellar to retain an ongoing interest in the projects whilst Citigate funds the work programmes, and to receive a proportion of any revenues generated commensurate with Stellar's shareholding during each particular phase of the joint venture. It is intended that further trial mining of the eastern lobe of the 5 hectare Baoulé kimberlite project will be undertaken, although funding by Citigate for this project has yet to be received. This will initially be operated by Stellar using Stellar's existing team located in Guinea and fully funded by Citigate. Initial exploration work on the Liberia licences will be limited to further reconnaissance and follow up stream sampling, again funded by Citigate pursuant to the terms of the joint venture agreements.

Stellar currently has no current plans to further develop its Droujba or Mandala projects.

8. Details of the Placing

On 23 February 2017, the Company announced that it had conditionally placed 5,900,000 Placing Shares at the Issue Price to raise £324,500 (before expenses). The Placing completed on 27 February 2017 and the Placing Shares were admitted to trading on AIM on that date.

9. Details of the Open Offer

The Company is proposing to raise up to £250,000 (before expenses) pursuant to the Open Offer. The proposed issue price of 5.5 pence per Open Offer Share is the same price as the Issue Price at which Placing Shares were issued pursuant to the Placing.

The Directors recognise the importance of pre-emption rights to Shareholders and consequently up to 4,545,455 Open Offer Shares are being offered to existing Shareholders by way of the Open Offer. The Open Offer provides Qualifying Shareholders with an opportunity to participate in the Open Offer by subscribing for their respective Basic Entitlements and Excess Entitlements.

Qualifying Shareholders may subscribe for Open Offer Shares in proportion to their holding of Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer.

The Open Offer is conditional, amongst other things, on the following:

- i. the passing of the Resolutions at the Annual General Meeting;
- ii. admission of the Open Offer Shares to trading on AIM becoming effective on or before 8.00 a.m. on 27 March 2017 (or such later date and/or time as the Company and Peterhouse may agree, being no later than 7 April 2017).

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 27 March 2017 (or such later time and date as the Company may decide being no later than 8.00 a.m. on 7 April 2017), the Open Offer will

lapse and application monies will be returned by post to the Applicant(s) at the Applicant's risk and without interest, to the address set out in the Application Form, within 14 days thereafter.

The Open Offer Shares will, when issued and fully paid, 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 after the date of Admission.

Basic Entitlement

Subject to the fulfilment of the conditions set out below and in Part IV of this document, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares under the Open Offer at the Issue Price, payable in full on application and free of all expenses, pro rata to their existing shareholdings on the following basis:

1 Open Offer Share for every 8.295 Existing Ordinary Shares

held by Qualifying Shareholders and registered in their name at the Record Date.

Open Offer Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will not be allocated and will be disregarded. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Basic Entitlement.

If you have sold or otherwise transferred all of your Existing Ordinary Shares after the ex-entitlement Date, you are not entitled to participate in the Open Offer.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that under the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

Whilst neither the Placing or the Open Offer have been underwritten, pursuant to the Conditional Placing, 1,381,818 Open Offer Shares have been conditionally placed with Peterhouse investors at the Issue Price, subject to clawback to satisfy valid applications under the Open Offer i.e. if at least 1,381,818 Open Offer Shares are subscribed for by Qualifying Shareholders, the Conditional Placing Shares will be clawed back in full and the Conditional Placing will not proceed. Like the Open Offer, the Conditional Placing is conditional on the passing of certain resolutions and admission of the Conditional Placing Shares to trading on AIM.

Application has been made for the Open Offer Entitlements of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements will be admitted to CREST on 1 March 2017. The Open Offer Entitlements will also be enabled for settlement in CREST on 1 March 2017 to satisfy bona fide market claims only. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part IV of this document and for Qualifying Non-CREST Shareholders on the Application Form. To be valid, Application Forms (duly completed) and payment in full for the Open Offer Shares applied for must be received by Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland by no later than 11 a.m. on 22 March 2017.

Qualifying Non-CREST Shareholders will receive an Application Form which sets out their maximum entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them.

The Open Offer is restricted to Qualifying Shareholders in order to enable the Company to benefit from exemptions from securities law requirements in certain jurisdictions outside the United Kingdom.

Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements to the extent that if a Qualifying Shareholder has taken up its Basic Entitlements in full and applies for and is allocated the maximum Excess Entitlements it will suffer no dilution as a result of the Placing and Open Offer. Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 3(i)(f) of Part IV of this document for information on how to apply for Excess Entitlements pursuant to the Excess Application Facility. Applications for Excess Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements and may be scaled back at the Company's absolute discretion.

Once subscriptions by Qualifying Shareholders under their Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether or not to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Application will be made for the Basic Entitlements and Excess Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that New Ordinary Shares issued pursuant to subscriptions by Qualifying Shareholders exercising their Basic Entitlements and Excess Entitlements will be admitted to CREST at 8.00 a.m. on 27 March 2017. Such New Ordinary Shares will also be enabled for settlement in CREST at 8.00 a.m. on 27 March 2017. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. Qualifying NonCREST Shareholders will receive an Application Form which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Qualifying NonCREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements on 1 March 2017. Qualifying CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of their Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Basic Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV of this document. For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post, or by hand (during normal business hours only), Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 22 March 2017. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 11.00 a.m. on 22 March 2017.

Action to be taken in respect of the Open Offer

If you are a Qualifying Non-CREST Shareholder you will be sent an Application Form which gives details of your Basic Entitlement (i.e. the number of Open Offer Shares available to you). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Application Form in accordance with the procedure set out at paragraph 3(i) of Part IV of this document and on the Application Form itself and post it, or return it by hand (during normal business hours only), together with payment in full in respect of the number of Open Offer Shares applied for to Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland so as to arrive as soon as possible and in any event so as to be

received no later than 11 a.m. on 22 March 2017, having first read carefully Part IV of this document and the contents of the Application Form.

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. As a Qualifying CREST Shareholder you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement. You should refer to the procedure set out at paragraph 2 of Part IV of this document.

The latest time for applications to be received under the Open Offer is 11.00 a.m. on 22 March 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlement or your Basic Entitlement has been credited to your stock account in CREST. The procedures for application and payment are set out in Part IV of this document. Further details also appear on the Application Form which has been sent to Qualifying Shareholders. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you are in any doubt as to the procedure for acceptance, please contact Computershare Investor Services on 01 247 5693 from within the UK or +353 01 247 5693 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you are in any doubt as to the contents of this document and/or the action you should take, you are recommended to seek your own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the UK or, if you are outside the UK, from an appropriately authorised independent financial adviser, without delay.

10. Issue of Director Fee Shares and Subscription Shares

In order to carefully manage the Company's limited cash resources, the Company intends to convert a total of £72,323 in accrued director fees, salary and benefits up to the 31 March 2017 into 1,314,969 Director Fee Shares at the Issue Price.

In addition to the above, Steven Poulton, a non-executive director of the Company, has conditionally subscribed for 363,636 Subscription Shares at the Issue Price, pursuant to a subscription agreement to raise gross proceeds of £20,000 for the Company.

Both the issue of Director Fee Shares and Subscription Shares are conditional on the required authorities being granted by Shareholders at the Annual General Meeting.

11. Convertible loan notes in issue

In 2015, Stellar raised a total of US\$1.65 million in aggregate from Deutsche Balaton by way of the DB 2015 CLNs, alongside the terms of the DB 2015 Warrants which were also issued at that time. Deutsche Balaton also became a substantial shareholder of the Company through a subscription for new Ordinary Shares in November 2015. In October 2016 following the announcement of the proposed acquisition of Tonguma, the Company issued further convertible loan notes to Deutsche Balaton, Steven Poulton and Creditforce Limited to raise in aggregate US\$1.24 million through the issue of the 2016 CLNs to provide the Company with working capital and to repay certain shareholder loans (details of which were announced by the Company on 13 June 2016). The terms of the 2016 CLNs and associated 2016 Warrants issued at that time were announced on 6 October 2016.

The DB 2015 CLNs and the DB 2015 Warrants have not been converted (or exercised in the case of the DB 2015 Warrants) to date. In order to facilitate the potential acquisition of Tonguma, as had been previously envisaged by the Company, the Company entered into a conditional amendment agreement with Deutsche Balaton (the "**Amendment Agreement**"), to restructure the DB 2015 CLNs and the DB 2015 Warrants and to

waive Deutsche Balaton's option to convert the DB 2015 CLN and/or exercise the DB 2015 Warrant at the subsidiary company level in return for issuing Deutsche Balaton new Ordinary Shares (at the Issue Price) and the additional warrants. Details of the Amendment Agreement were announced on 6 October 2016 ("**CLN Announcement**").

On 24 February 2017, the Company announced that it had renegotiated certain terms of the 2016 CLNs and the DB 2015 CLNs and associated warrants in view of the termination of the acquisition of Tonguma and instead taking into account the proposed Tribute Agreement.

The amendments agreed are as follows:

2015 Deutsche Balaton \$1.65m CLN (DB 2015 CLN)

- The definition of "Transaction", (as previously defined in the CLN Announcement as "Potential Transaction"), be amended to take into account the Tribute Agreement and the definition of "Completion" to be the date on which Stellar has raised a minimum initial funding of US\$10 million having entered into the Tribute Agreement
- Change in Transaction price to be the weighted average price of the first \$10m raised from 1 February 2017
- Extension of long stop date by which the Transaction must be completed to 30 April 2017
- Extension of the maturity date of the DB 2015 Warrants to 30 June 2019

2016 \$1.24m CLN (2016 CLN)

- the definition of "Transaction", (as previously defined in the CLN Announcement as "Potential Transaction"), be amended to take into account the Tribute Agreement and the definition of "Completion" of the Transaction to be the date on which Stellar has raised a minimum initial funding of US\$10 million having entered into the Tribute Agreement
- The subscription price (as previously defined in the CLN Announcement) be amended to 70% of the weighted average price of the first US\$10 million raised between 1 February 2017 and 30 May 2017
- Extension of the long stop date by which the Potential Transaction must be completed to 30 May 2017, after which the subscription price becomes the Alternative Subscription Price (as described in the CLN Announcement)
- The related warrants to be issued, conditional on the Company obtaining shareholder authorities, will be exercisable for 24 months commencing from the later of the date of the fundraise undertaken by the Company with which no less than US\$10 million is raised in total, and the date of obtaining the required corporate authorisation pursuant to the Company's Articles and Association and applicable law to issue shares in relation to the exercise of the related warrants.
- The exercise price of the related warrants be 6 pence for the first 12 months, thereafter rising to 7 pence for the next twelve months.
- The exercise price of the related warrants in the event that the Potential Transaction is not completed, be amended to the lower of 6.0 pence or the 3 day or 45 day VWAP prior to the notice of exercise.

12. Use of proceeds

Assuming full take up under the open offer, the proceeds of the Placing, Open Offer and Subscription, net of total anticipated expenses, will be approximately £555,000 (US\$694,000), which will be applied principally as follows:

- US\$150,000 for the payment of the Tongo Environmental Licence
- US\$150,000 for working capital purposes in relation to the Tongo-Tonguma Project
- US\$394,000 for general working capital purposes for the Group (including minimal ongoing care and maintenance costs for Stellar's non-core projects, repayment of creditors, and loan interest payments).

13. Annual General Meeting

A notice is set out in Part VI of this document convening the Annual General Meeting of the Company to be held at the offices of Peterhouse Corporate Finance Limited, New Liverpool House, 15 Eldon Street, London, EC2M 7LD on 24 March 2017 at 10.00 a.m. at which resolutions will be proposed to:

Ordinary resolution 1: Annual Report 2016

The business of the AGM will begin with a resolution to lay before Shareholders the Company's annual accounts for the financial year ended 30 June 2016, together with the report of the directors of the Company (the "Directors") and the auditors' report on those accounts (the "Annual Accounts"). Shareholders will have the opportunity to put questions on the Annual Accounts to the Directors before the resolution is proposed to the meeting.

Ordinary resolutions 2 and 3: Re-appointment of auditors and authority to determine remuneration

Shareholders will be asked to confirm the re-appointment of Deloitte (Ireland) as the Company's auditors to hold office until the conclusion of the next AGM and to grant authority to the Directors to determine the auditors' remuneration.

Ordinary resolution 4: Reappointment of Director

Shareholders are asked to re-elect as a director Lord Peter Gilbert Daresbury who is retiring in accordance with Article 25 of the Company's Articles of Association and who being eligible is offering himself for re-election.

Ordinary resolution 5: Reappointment of Director

Shareholders are asked to re-elect as a director Nicholas Karl Smithson who is retiring in accordance with Article 25 of the Company's Articles of Association and who being eligible is offering himself for re-election.

Ordinary resolution 6: Reappointment of Director

Shareholders are asked to re-elect as a director Steven James Poulton who is retiring in accordance with Article 25 of the Company's Articles of Association and who being eligible is offering himself for re-election.

Ordinary resolution 7: Grant of authority to the Directors to allot the New Ordinary Shares

Resolution 7 will be proposed as an ordinary resolution and authorises the Directors to allot and issue the New Ordinary Shares pursuant to the Open Offer (including the issue of the Conditional Placing Shares) the Subscription Shares and the Director Fee Shares.

Ordinary resolution 8: Grant of authority to the Directors to allot Ordinary Shares

This resolution deals with the Directors' authority to allot Relevant Securities in accordance with section 551 of the Companies Act 2006 (the "2006 Act"). This resolution will, if passed, authorise the directors to allot Relevant Securities up to a maximum nominal amount of £878,522.84 which represents approximately 200% of the Company's Enlarged Ordinary Share Capital (excluding treasury shares) following the completion of the Open Offer and allotment of the Director Fee Shares and the Subscription Shares.

As at close of business on the date of this document, the Company did not hold any treasury shares.

This authority replaces any unexercised authorities granted by ordinary resolutions passed on 18 December 2015 and will expire on the date which is 18 months after the date on which the resolution is passed or, if earlier, the date of the next AGM of the Company.

Relevant Securities means:

- Shares in the Company other than shares allotted pursuant to:
 - an employee share scheme (as defined by section 1166 of the 2006 Act);

- a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
- a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

Special resolution 9: Disapplication of statutory pre-emption rights on allotment of the New Ordinary Shares

Resolution 9 will be proposed as a special resolution (and is conditional on the passing of Resolution 7) and empowers the Directors to allot and issue the New Ordinary Shares pursuant to the authority granted by Resolution 7 free of the pre-emption rights contained in the articles of association of the Company so that the Directors can allot the Subscription Shares and Director Fee Shares on a non pre-emptive basis, and can make arrangements in relation to fractional entitlements on other legal and practical problems arising in connection with the Open Offer.

Special resolution 10: Disapplication of statutory pre-emption rights on allotment of Shares

If the Directors wish to allot unissued shares or other equity securities for cash or sell any shares which the Company may hold in treasury following a purchase of its own shares, the 2006 Act requires that such shares or other equity securities are offered first to existing shareholders in proportion to their existing holdings.

This resolution will, if passed, give the Directors power, pursuant to the authority to allot granted by resolution 8, to allot equity securities (as defined by section 560 of the 2006 Act) or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings up to a maximum nominal amount of £878,522.84 which represents approximately 200% of the Company's Enlarged Ordinary Share Capital (excluding treasury shares).

The proposed resolution also disapplies the statutory pre-emption provisions in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities or as the Directors otherwise consider necessary, so that the Directors, in the case of any such offer, can make arrangements in relation to fractional entitlements or other legal or practical problems which might arise.

This authority replaces a similar authority passed on 18 December 2015 and the power granted by this resolution will expire on the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company.

The Directors feel that the level of share authorities being sought are necessary to provide flexibility to enable the Company to raise the initial funding requirement of the Tongo-Tonguma mine development upon entering into the proposed Tribute Agreement. The first stage of the mine development will comprise the detailed Front End Engineering Design (FEED) and advance drilling of the three kimberlite resources to be exploited according to the PPM/SRK generated mine plan. This drilling should significantly reduce the geological risk for the early mining phase and will in essence guide the decline and stope developments on the first two mining levels. Furthermore, during the FEED phase, the Company intends to relocate the 50tph DMS production plant that is expected to be acquired for a nominal fee from Ocea and which should enable the Company to have its production facility upgraded and available for processing of ore during the first year of mine development. The Company, with its consultants PPM/SRK, have established that these three key work streams, the FEED, drilling and relocation of the processing plant, will require in the region of US\$3 million to complete.

14. Action to be taken

You will find enclosed with this Document a Form of Proxy for use in connection with the Notice of Annual General Meeting. You are entitled to appoint one or more proxies to attend and vote at the General Meeting on your behalf.

Whether or not you propose to attend the Annual General Meeting in person, you are requested to complete and return the Form of Proxy to the Company's registrars at Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible and, in any event, so as to be received no later than 10 a.m. on 22 March 2017.

Completion and return of a Form of Proxy will not preclude you from attending the Annual General Meeting and voting in person should you so wish.

Action to be taken in respect of the Open Offer is set out in paragraph 9 above and also in Part VI of this Document. If you are a Qualifying Non-CREST Shareholder, an Application Form will be posted for completion by Qualifying Shareholders who wish to participate in the Open Offer. If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. As a Qualifying CREST Shareholder you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement. You should refer to the procedure set out at paragraph 3(ii) of Part IV of this document.

15. Recommendation

The Directors are satisfied that the terms of the Subscription, Open Offer and issue of the Director Fee Shares are in the best interests of the Company and Shareholders as a whole and, accordingly, the Directors recommend that all Shareholders vote in favour of the Resolutions to be proposed at the Annual General Meeting, and in particular in relation to the resolutions necessary to allot the New Ordinary Shares, as they intend to do in respect of their own beneficial holdings which amount to, in aggregate, 1,481,297 Ordinary Shares, representing 3.93 per cent. of the Existing Issued Share Capital.

Yours faithfully

Lord Peter Daresbury
Non-Executive Chairman

PART II

RISK FACTORS

There are significant risks associated with the Company. Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this document, including the following risk factors. The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this document of which the Directors are not aware or believes to be immaterial but which may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities, if you are in the United Kingdom, or any appropriately authorised person under applicable laws, if you are located in any other jurisdiction.

Operational Risks

Tribute Agreement

The Company has entered into the Tribute Heads of Terms setting out the proposed key terms as agreed with Ocea pursuant to which Stellar will mine the Tonguma Project alongside the Tongo Project. The Tribute Heads of Terms are non-binding save for exclusivity and confidentiality clauses. There is no guarantee that the Company will enter into a legally binding agreement with Ocea on the terms set out in the Tribute Heads of Terms or at all, nor is there any guarantee that any conditions in the Tribute Agreement will be met. In particular, the Company may not be able to raise sufficient capital to be able to develop the proposed Tongo-Tonguma mine in order to meet the obligations it will have as sub-contractor should it be successful in entering into the Tribute Agreement. Should the Company be unable to enter into the Tribute Agreement or be unable to raise sufficient capital to develop the mine or otherwise be in breach of its duties under the Tribute Agreement (which may lead to termination of the Tribute Agreement), the prospects and financial position of the Group may be severely affected and the Company may be unable to raise funds to develop Tongo as a standalone project.

Stellar will have no legal right of ownership over the Tonguma Project and in the event of termination of the Tribute Heads of Terms or, to the extent that it is entered into, the Tribute Agreement, Stellar has no form of ownership over Tonguma or the Tonguma Licence. Stellar is seeking to mitigate this risk in so far as possible, but this would be within the constraints of terms agreed in the Tribute Agreement. Shareholders should note that the Directors consider that the Tonguma Licence is subject to the same risks as the Tongo Licence, including but not limited to the risk factor below headed "Title Matters and Licence Renewals".

Stellar will also have no control over Tonguma, Ocea or the wider group which may control Ocea (BSG Resources). Stellar's share price, ability to raise funds and future prospectus could be impacted by any negative press relating to these entities and their associated parties.

Mining, Exploration and Development Risks

There is no certainty that the expenditures made or to be made by the Group in the exploration and development of its mineral properties or properties in which it has an interest will result in profitable commercial mining operations. Most exploration projects do not result in the discovery of commercially mineable deposits.

The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties and hazards which even a combination of careful evaluation, experience and knowledge may not eliminate. Factors affecting the economics of developing mineral properties and commercial viability of such projects include, but are not limited to, variations in grade, deposit size, density, unusual or unexpected rock formations and other geological problems, structural cave-ins or slides, seismic activity, flooding, fires, explosions, periodic interruptions due to inclement or hazardous weather conditions, environmental hazards, hydrological conditions, delays in installing and commissioning plant and equipment, metallurgical and other processing problems, mechanical equipment performance problems and other technical problems, the unavailability of materials and equipment including fuel, labour force disruptions or shortage of skilled workers, unanticipated interruptions or significant changes in the costs of services and supplies including but not limited to water, transport, fuel and power, and unanticipated regulatory changes, quality of management, quality and availability of geological expertise and such other factors as government regulations (relating to such things as prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection).

In common with all mining operations, there is uncertainty associated with the Group's operating parameters and costs. In particular, a detailed PEA has been produced for the Tongo-Tonguma Project which includes forecast capital and operational expenditure together with estimated levels of diamond recovery, potential revenue and ultimately potential economic returns, however, actual costs and returns from the Tongo-Tonguma Project could vary significantly from these estimates, not least in the event that the Tribute Agreement (to the extent entered into) is terminated. For example, fiscal terms will only be agreed once the mining licence for the Tongo Project has progressed. Any significant variations could have a material impact on the financial position and prospects of the Group. However, in the Director's financial model the statutory fiscal terms have been included and any successful fiscal terms negotiation with the Government of Sierra Leone will only serve to better the economics of the Tongo mine.

Risks relating to kimberlite dykes

Kimberlite dykes in general are regarded as reasonably predictable deposits in terms of grade and diamond value, but are also known to pinch, swell, bifurcate and to be off-set by up to 10m, from lens to lens (or zone to zone), over distances of 50-100m. These traits have been seen at both Tongo and Tonguma. There could be areas between drill holes where the dykes change in morphology by thinning and/or swelling, and also stepping. Significant variations in the morphology compared to expectations could result in increased capital costs for the project and/or result in the production of less carats than estimated in the Tongo-Tonguma Project PEA which could have a material impact on the cash flows and profitability of the project. Stellar intends to mitigate this geological risk by advance drilling ahead of any underground decline or stope mining development.

Estimates of Reserves, Resources

Although potential resource figures incorporated in this document and in the CPR have been carefully prepared by the Competent Person, these amounts are estimates only. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from previous sampling analysis, which may prove to be inaccurate. There can be no assurance that estimates will be accurate, mineral reserves, mineral resources or other mineralisation figures will be accurate, or that these mineralisations could be mined at the volume, grade and rates estimated or processed profitably. Results of further drilling, metallurgical testing, production and exploration activities subsequent to the date of any estimate may justify revision (up or down) of such estimates.

Estimates of potential reserves, resources and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Material changes in reserves, grades or recovery rates may affect the economic viability of projects and current projects could become commercially unviable as a result of any material reduction in estimates of reserves and resources.

Reserves are reported as general indicators of mine life and should not be interpreted as assurances of mine life or the profitability of current or future operations.

The ultimate volume of production of diamonds may be lower than expected and the grade of ore ultimately mined, if any, may differ from that indicated by drilling and bulk sampling results. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

In particular, subject to entering into the Tribute Agreement, the Directors have decided to proceed with a mining plan for the Tongo-Tonguma Project based on, *inter alia*, an inferred resource (as defined in accordance with the JORC code); a preliminary economic assessment and a mining plan of the Tongo-Tonguma Projects. An inferred resource is a deposit which has been sampled (usually by drilling and bulk sampling) to a point at which an estimate of its grade and tonnage is made at low confidence. Generally this is very approximate and subject to uncertainties. There is therefore an increased risk (compared to an indicated or measured resource or reserve that provides an increased level of confidence as a basis for making decisions on developing a deposit) that the quantity and quality of diamonds recovered from the Tongo-Tonguma Project differs materially from expectations. However, the Directors note that some 65,000 metres of drilling over the Tongo-Tonguma licences is significant and does mitigate somewhat the risk associated with geological continuity across the inferred ore resource of the Kundu, Lando and Tongo dykes.

Exploration Targets

Exploration targets identified in this document and in the CPR remain conceptual in nature and it is uncertain if further exploration will result in estimation of a mineral resource. They have not been prepared in accordance with a mining standard as there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in the exploration targets being defined as a mineral resource or result in commercial quantities of diamonds being produced.

Operational Targets and Delays

The Group's operational targets will be subject to the completion of planned operational goals on time and according to budget, and are dependent on the effective support of the Group's personnel, systems, procedures and controls. Any failure of these may result in delays in the achievement of operational targets with a consequent material adverse impact on the business, operations and financial performance of the Group. The Group will not generate any material income until large scale mining has successfully commenced. In the meantime the Group will continue to expend its cash reserves.

Mining and Recovery Risk

The mining of kimberlites from underground which uses explosives in confined spaces involves an inherent degree of risk including geological, geotechnical and seismic factors. There may also be mechanical accidents and water difficulties caused by heavy rain on surface. The recovery plant can also be subject to breakdowns, mechanical failures and power outages while some diamonds in the ore may escape capture. Significant unexpected difficulties relating to mining and recovery of diamonds could significantly affect the Group's ability to recover diamonds in the quantities targeted in the PEA and ultimately may affect the financial condition and prospects of the Group.

Recoverability of carrying values

The recoverability of balance sheet carrying values for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development, and the success of future operations. The application of the Group's accounting policies for exploration and evaluation assets requires judgement in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review when assessing impairment. Furthermore, the assessment as to other economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available and may therefore impact the Company's financial estimations and reported results.

Joint venture operations

The Company has entered into various joint venture agreements in relation to its Baoulé project and also its Liberian project. The JVAs provide for an earn-in over up to 3 phases by Citigate. There is no guarantee that the earn-in (and associated funding) will progress through all 3 phases for a variety of reasons including those unconnected to the prospects of the project. In the event that the JVAs are terminated, the Company may not be able to fund further exploration and development of these projects.

In addition, the Company has not yet received the up-front management fee due from Citigate. Whilst Stellar has been informed that this is due to an administrative issue with transferring the funds from Citigate to Stellar, the timing as to receipt of the fee, if at all, remains uncertain. If the management fee is not received in the near term, this could affect the Company's working capital position unless alternative funds can be found.

Droujba Project

The Droujba project is currently on care and maintenance by virtue of the economics of the project requiring a higher diamond price to make a large scale mine commercially feasible. There is no guarantee that the Company will be able to realise value from its Droujba project either through development of the project by the Group or by partnering or sale of the asset.

Title Matters and Licence Renewals

The Group's principal assets are its minerals assets which are subject to renewal requirements.

Stellar's licences are currently all valid. Stellar intends to obtain a title opinion on Tonguma prior to entering into the proposed Tribute Agreement. Although the Directors have no reason to believe that licence renewals will not be granted in the future, there can be no guarantee that this will be the case. If licences are not renewed the Group will lose the benefit of the rights under them which would have a material adverse affect on the business, financial condition and results of operations of the Group.

The acquisition and retention of title to mineral rights is a detailed and time-consuming process. Title to, and the area of, mineral resource claims may be disputed or challenged. Whilst the Directors are satisfied that the Company has taken reasonable measures to ensure an unencumbered right to exploit the Group's licensed areas in Sierra Leone, Liberia and Guinea, it is subject to greater risks than companies operating in more developed markets, including significant legal, economic and political risks, and ownership and enforcement of due title and there is no guarantee that title to its prospecting licences will not be challenged or impaired.

Any successful challenges to the title of the Group's mineral licences may cause the Group to lose all or part of its interest in its licences and materially delay or restrict the Group's ability to from proceed with its exploration operations. There is no guarantee that the Group will be able to secure any new licences, permissions, clearances or other titles or exemptions required for its projects. There is no guarantee, even where the necessary approvals are obtained, that any subsequently required approvals will also be granted or maintained throughout the life of the Group's projects. The Group may not be able to retain its licence interests when they come up for renewal.

A mineral right in Sierra Leone may be suspended by the government of Sierra Leone until it is certain that the provisions of safety in the Sierra Leone Mining Act are being complied with fully. A temporary suspension

order shall lapse within twenty-one (21) days of its issuance unless it is confirmed in writing by the Minister. There are similar conditions in Guinea and Liberia.

Investors should also note that emerging economies such as the economies of Sierra Leone, Guinea and Liberia are subject to rapid change and that the information set out in this document may become outdated relatively quickly.

Typically a mineral right may be cancelled if the holder of such rights fails to abide by certain stipulated conditions including:

- failure to make payments required;
- failure to meet any prescribed minimum annual programme of work or work expenditure requirements;
- gross violation of health and safety regulations or causing environmental harm;
- employment of child labourers; and
- failure to submit required reports.

Any changes in the laws of countries in which the Group carries on business relating to mining could materially affect the rights and title to the interests held there by the Group. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorisations nor that such exploration and mining authorisations will not be challenged or impugned by third parties.

Any action, including Government action which results in either cancellation, non-renewal or loss of licences may have a serious adverse effect on the prospect and financial condition of the Group. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal and financial advisers before making an investment in the Ordinary Shares.

Application for mining licence and environmental licence

The Company made an application for a mining licence over its Tongo project to replace the existing and valid exploration licence. The Company was verbally informed in May 2016 that the Minerals Advisory Board ("MAB") had approved the licence, however, progression of the licencing process remains subject to the National Minerals Agency ("NMA"), the licencing body of the Ministry of Mines, formally writing to Stellar to inform it of the decision and drawing up a licence agreement to be forwarded to the Minister of Mines for approval. In addition, the fiscal terms relating to the mining licence applied for remain to be negotiated between Stellar and the Government of Sierra Leone and any negotiated changes to the fiscal terms in a mining concession agreement granted will require ratification through Parliament. The Directors are confident, following conversations with the Sierra Leone government, that the mining licence will be granted shortly after payment of the agreed EPA licence fee of US\$150,000 to the EPA. However, there is no guarantee of this occurring on a timely basis or that any licence granted will be on favourable fiscal terms. In the event that the Open Offer is not taken up in full, the Company may not have sufficient funds to make payment of the EPA licence fee until a further fundraise is undertaken.

In the event that the mining licence and the environmental licence are not issued, the Group will not be able to commence mining in the Tongo Licence area of the Tongo-Tonguma Project which could significantly affect the Group's prospects.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Group competes with other exploration and mining companies, many of which have greater financial resources than the Group, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Environment, Health and Safety Risks

The Group's operations are subject to environmental and safety regulation in the countries in which the Group operates including Sierra Leone, Guinea and Liberia. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject, under such regulations, to clean up costs and liability for toxic and hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. In particular, the acceptable level of pollution and the potential clean up costs and obligations and liability for toxic or hazardous substances for which the Group may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices of the relevant jurisdiction. It is likely that stricter standards and enforcement may result in increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Environmental laws may also result in limitations of mining activities.

Environmental awareness on the part of the public has been increasing, as has public pressure on environmental authorities. No assurance can be given that the need to comply with current or future environmental laws, regulations or commitments will not have a material adverse effect on the activities of the Group or that the liabilities resulting from any environmental damage caused by the activities of the Group will not be material. There can be no assurance that all permits which the Group may require can be obtained or maintained on reasonable terms.

There may be existing or future unforeseen liabilities arising from the Group's activities or any previous activities of third parties (including Ocea in relation to Tonguma) in the relevant licensed areas.

Insurance Risks

The Group may decide to insure its activities in accordance with industry practice and may decide to insure the risks it considers appropriate for its needs and for its circumstances. Insurance cover will not be available for every risk faced by the Group.

Although the Board believes the Group carries adequate insurance with respect to its activities in accordance with industry practice, in certain circumstances its insurance may not cover or be adequate to cover the consequences of such events. In addition, the Group may be subject to liability for pollution, cave-ins, pit wall failures, flooding or other hazards against which it may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Group.

Litigation risks

While the Group has no material outstanding litigation or dispute not already disclosed, there can be no guarantee that current or future actions of the Group will not result in litigation. The mining industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. The Directors cannot preclude that such litigation may be brought against the Group in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Group's financial position, results or operations. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or not exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

Management risks

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's

operations. This is particularly the case since the Existing Group's operations are being significantly expanded by Tonguma and the Company intends to move from exploration activities into mining production activities.

Any failure of management to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations.

The Company's success will depend to a significant degree upon the contributions of qualified technical personnel and the Executive Directors. Stellar will require experienced narrow stope mining teams on each mine, as well as experienced managers. Its future success will depend in a large part upon its ability to attract and retain highly skilled personnel in Sierra Leone. Competition for such personnel in the mining industry can be intense, and the Company may not be successful in attracting and retaining qualified personnel.

The continued services of the Executive Directors, consultants, senior staff and skilled workforce cannot be guaranteed, and the loss of their services to the Group may have a material adverse effect on the performance of the Group.

Actions of third parties, including contractors and partners

The Group will be reliant to an extent on third parties including those who provide contracting services. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships could be detrimental to the future business, operating results and/or profitability of the Company and may affect the Company's ability to maintain or renew the Group's license and permits. To the extent that the Group cannot engage contractors according to its plans and budgets, its profit may be adversely impaired.

In certain circumstances, the Group may be liable for the acts or omissions of its partners. If a third party pursues claims against the Group or against a joint venture vehicle as a result of the acts or omissions of the Group's partners, the Group's ability to recover from such partners may be limited. Recovery under such arrangements may involve delay, management time, costs and expenses or may not be possible at all which, in each case, could adversely affect the Group's financial performance and condition.

Availability of and access to infrastructure

The Group's mining, processing, development and exploration activities depend on adequate infrastructure, including reliable roads, power sources and water supplies. Any failure or unavailability of the infrastructure on which the Group's operations rely could adversely affect the production output from its mines or impact its exploration activities or the development of a mine or a project. If the infrastructure used by the Group is affected, it could have a material adverse effect on the Group's business, results or operations or financial condition.

Guinea – Government participation in diamond rights

The Republic of Guinea has the right to a free equity carry of 15 per cent. in companies which undertake mining operations (not bulk sampling) involving diamonds. There is therefore a risk that this right could be exercised, causing the Company's interest in the Guinean subsidiaries, and ultimately Shareholders' interests, to be diluted.

Estimates in financial statements

Preparation of consolidated financial statements requires the Group to use estimates and assumptions. Accounting for estimates requires the Group to use its judgement to determine the amount to be recorded in its financial statements in connection with these estimates. The Group's accounting policies regarding exploration and evaluation require management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of kimberlite have been found. In addition, the carrying amounts of certain assets and liabilities are often determined based on

estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Group could be required to write down the value of certain assets. On an ongoing basis, the Group re-evaluates its estimates and assumptions, however, actual quantities of diamonds recovered could differ significantly from the Group's Enlarged estimates and assumptions.

The legal system in many emerging markets countries is less certain than more developed legal systems

Many emerging markets countries have a less developed legal system than more established economies, particularly with respect to mining operations, which may result in risks such as: (i) potential difficulties in obtaining effective legal redress in their courts, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of Governmental authorities; (iii) the lack of judicial or administrative guidance when interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In addition, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. Any difficulties faced by the Group arising from these uncertainties could have an adverse effect on the Group's business and financial condition and prospects.

Bribery and corruption

The Board is of the opinion that the Group has sufficient policies and procedures in place to prevent bribery and corruption in its operations. Nevertheless, the Group operates in a region where its representatives may be exposed to potentially corrupt practices. There is no guarantee that the Group's policies will successfully protect the Group from such practices and their legal and financial consequences.

Currency Risks and Exchange Rate Fluctuations

The Placing and Open Offer and other financing activities will be received in pounds sterling while a significant portion of the Group's operating expense will be incurred in other currencies, particularly the United States Dollar and those of the countries in which the Group operates. Accordingly, foreign currency fluctuations may adversely affect the Group's financial position and operation results.

Additionally, the Group will conduct its operations in jurisdictions other than that of the Company's reporting currency and will therefore be subject to fluctuations in exchange rates between these countries in relation to the relative costs of inputs and labour and returns received from production. A significant fluctuation in any of the Group's key operating currencies and notably the US\$, could have a material adverse effect on the business, financial condition and results of operations of the Group. The Group's future income may become subject to exchange control or similar restrictions.

While hedging of exchange rates is possible, there is no guarantee that appropriate hedging will be available at an acceptable cost. The Company has no current hedging rate strategy in place.

Economic risk and world diamond price volatility

In common with other early stage emerging market economies, many African countries (where all of the Group's assets are located) are dependent on sale proceeds from primary commodity production which are subject to fluctuations in world commodity prices. In general, these economies have also experienced devaluations, high inflation and high interest rates. All these economic risks may from time to time adversely affect the Group's operations.

The value of diamonds varies widely according to size, colour and freedom from flaws. Individual kimberlites may contain diamonds of very different average values. The market price of diamonds and other precious stones is affected by numerous factors beyond the control of the Company, including international economic and political conditions, levels of international supply and demand for diamonds, changes in international

investment patterns and global or regional consumption patterns, production costs, costs of substitutes, inventory levels and carrying costs, expectations or rates of inflation, currency availability and exchange rates, interest rates, speculative activities in connection with diamonds and increased production due to improved mining and production methods. If the price of certain stones should drop significantly, the economic prospect of operations in which the Company has an interest could be significantly reduced or rendered uneconomic. De Beers, while no longer a cartel, accounts for a significant percentage of global rough diamond sales and therefore still exerts significant influence in the market.

Economic, political, judicial, administrative, taxation or other regulatory factors

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group operates.

Specific political risks include:

- Changes to existing legislation related to tax, import duties, custom procedures, ownership, foreign exchange laws and environmental mitigation, leading to an adverse impact on the project;
- Confiscation, expropriation or nationalisation of the Group and/or its assets;
- Delays in the granting of permits, licences and other consents from the government;
- Restrictions on repatriation of profits and interest payments;
- Controls or restrictions on the rate of depletion of the Group's reserves;
- War, revolution or political violence; and
- Devaluation in the local currency, leading to a reduced value of the dividends stream.

African territories experience varying degrees of political instability. There can be no assurance that political stability will continue in those countries where the Group currently has or in the future will have operations. In the event of political instability or changes in government policies in those countries where the Group operates, the operations and financial condition of the Group could be adversely affected.

A civil war was fought in Sierra Leone over a period of 10 years, ending in 2002. Whilst the country has undergone three peaceful elections and it now has a democratically elected president, there is still a risk of sporadic civil unrest and violent political demonstrations.

Protection of assets and personnel

No assurance can be given that the Group will be able to maintain effective security in connection with its assets or personnel in Sierra Leone, Guinea and Liberia. Whilst the Group has enhanced security and loss control procedures, the risk remains of illegal mining, theft, threats to workers' lives and safety as well as industrial espionage, information loss and the loss of operational efficiency. The Group is not currently insured against these risks as such insurance is either not currently available or is uneconomic.

Working Capital

The Company's working capital position will remain constrained following completion of the Placing, Open Offer and the Subscription. The Company will need to raise further funds to allow implementation of the mine plan should the Tribute Agreement be entered into and, depending on timing of this and the quantum of funds raised in the Open Offer, the Company may need to raise additional funds for working capital and payment of the Tongo environmental licence in the short term. Whilst the Directors believe that this will be possible, the timing, quantum, structure and pricing of any future raise are uncertain and may be dependent on the Company's ability to enter into the Tribute Agreement on a timely basis. Shareholders should also note that if the Resolutions are not approved at the Annual General Meeting and/or the Company does not receive the management fees due from Citigate under the Company's joint venture proposals, the Company may not be able to meet its future working capital requirements.

Access to capital markets

The Group will require additional financial resources to continue funding its exploration and development activities and to provide general working capital. In particular, the Group will need to raise a significant amount of money to commence mining at the Tongo-Tonguma Project as currently envisaged. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, this future funding may significantly dilute the interests of existing Shareholders. There can be no guarantee that any further capital raisings will be successful. Any investment in the Group should be regarded as an investment in the potential diamond resources rather than a direct investment in the commodity itself.

General Risks

Force Majeure

There is the risk of natural occurrences such as fires, earthquakes and floods, and other extraordinary events such as wars, acts of terrorism, strikes, riots, crimes, civil disturbances and the like, having an impact on the Group's operations. Such occurrences are beyond the control of the Group and, if any one or more should occur such that it has an impact on one or more of the Group's projects or investments, it is likely to have a material adverse impact on the activities of the Group, and the costs and expenses associated with the affected projects or investments.

Risks related to trading on AIM

Investment in AIM Securities

There can be no assurance that an active trading market for the Ordinary Shares will exist, or that it will be maintained. An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

Volatility of share price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, including but not limited to announcements of exploration and development activities, innovations or new services by the Company or its competitors, variations in operating results, changes in financial estimates and recommendations by securities analysts, political and regulatory changes affecting the industry and countries in which the Group operates, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and market conditions in the industry, the industries of customers and the economy as a whole. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Company's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Company. Each of these factors, among others, could harm the value of the Ordinary Shares.

AIM Rules for Companies

The AIM Rules for Companies are less onerous than those of the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document. Shareholders and prospective

investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Taxation Risk

Any change in the Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

Overseas securities laws

The New Ordinary Shares have not been nor will they be registered under the US Securities Act or the securities laws of any other jurisdiction. Subject to certain exceptions, the New Ordinary Shares may not be offered, sold, delivered, pledged or otherwise transferred in any jurisdiction where such registration may be required.

Impact of research on share price

The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Ordinary Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Company's business, the share price would be likely to decline.

If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

Future payment of dividends

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend upon, inter alia, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Valuation of shares

There can be no guarantee that the Ordinary Shares will be able to achieve a valuation higher than the Issue Price, or, if they do so, that such higher valuations can be maintained.

Risks relating to the Open Offer

Holders of Existing Ordinary Shares who do not acquire Open Offer Shares pursuant to the Open Offer will experience a further dilution of their percentage ownership of the Company's Ordinary Shares

Shareholders' proportionate ownership and voting interest in the Company will be reduced pursuant to the Open Offer to the extent that Shareholders do not take up the offer of Open Offer Shares under the Open Offer. Non-Eligible Shareholders and, subject to certain exceptions, Shareholders in the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

Pre-emptive rights may not be available for non-UK holders of Ordinary Shares

In the case of an increase of the share capital of the Company for cash, the existing Shareholders are entitled to pre-emption rights pursuant to the Articles unless such rights are waived by a special resolution of the Shareholders at a general meeting (as is currently the case in respect of the Open Offer) and such an issue could dilute the interests of the then existing Shareholders. To the extent that pre-emptive rights apply in respect of future issues of Ordinary Shares by the Company for cash, holders of Ordinary Shares in Restricted Jurisdictions may not be able to exercise pre-emptive rights for their Ordinary Shares unless the Company decides to comply with applicable local laws and regulations or an exemption from the registration requirements thereunder is available.

PART III

SOME QUESTIONS AND ANSWERS ON THE PLACING AND OPEN OFFER

The questions and answers set out in this Part III are intended to be in general terms only and, as such, you should read Part IV of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part III deals with general questions relating to the Open Offer and more specific questions relating principally to Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part IV of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part IV of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1. What is a placing and an open offer?

A placing and an open offer are ways for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for specifically identified investors also to acquire a certain number of shares at the same price (a placing). The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the placing and the open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire, in aggregate, up to 4,545,455 Open Offer Shares at a price of 5.5 pence per Open Offer Share. If you hold Existing Ordinary Shares (provided you hold 9 or more such shares) on the Record Date or have a bona fide market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address in, or are located in, the United States or another Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share for every 8.295 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Basic Entitlements. Qualifying Shareholders are also being given the opportunity, provided that they take up their Basic Open Offer Entitlements in full, to apply for additional Open Offer Shares through the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer

may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a bona fide market claim.

2. Am I eligible to participate in the Placing?

Unless you are a Placee, you will not be eligible to participate in the Placing.

3. I hold my Existing Ordinary Shares in certificated form. How do I know if I am able to apply to acquire Open Offer Shares under the Open Offer?

If you have received an Application Form and, subject to certain exceptions, are not a holder with a registered address in or located in the United States or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you had not sold all of your Existing Ordinary Shares on or before 8.00 a.m. on 27 February 2017 (the Ex-entitlement Date for the Open Offer).

4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address in and are not located in the United States or another Restricted Jurisdiction, you should have been sent an Application Form.

That Application Form shows:

- how many Existing Ordinary Shares you held at close of business on the Record Date;
- how many Open Offer Shares are comprised in your Basic Entitlement; and
- how much you need to pay if you want to take up your right to subscribe for all your Basic Entitlement to the Open Offer Shares.

If you have a registered address or are located in the United States or, subject to certain exceptions, one of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four Business Days for delivery if sent by first class post from within the United Kingdom. Please also see questions 5 and 11 for further help in completing the Application Form.

5. I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?

5.1 If you want to take up all of your Basic Entitlement?

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the completed Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 5 of your Application Form), payable to 'CIS (IRL) LTD RE: Stellar Diamonds Open Offer by post, or by hand (during normal business hours only) to Computershare Investor Services (Ireland) Limited, Herron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 to arrive by no later than 11.00 a.m. on 22 March 2017. You should allow at least four Business Days for delivery. If you do take up your Open Offer Entitlement in full, your interest in the Company will be diluted by approximately 10.76 per cent. as a result of the Placing. Full instructions are set out in Part IV of this document and in the Application Form.

5.2 If you want to take up some but not all of your Basic Entitlement?

If you want to take up some but not all of your Basic Entitlement, you should write the number of Open Offer Shares you want to take up in Box 2 of your Application Form; for example, if you are entitled to take up 1,000 shares but you only want to take up 500 shares, then you should write '500' in Box 2.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '500') by 5.5 pence, which is the price of each Open Offer Share (giving you an amount of £27.50 in this example). You should write this amount in Box 5, and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to 'CIS (IRL) LTD RE: Stellar Diamonds Open Offer' and crossed "A/C payee only", by post, or by hand (during normal business hours only) to Computershare Investor Services (Ireland) Limited, Herron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, to arrive by no later than 11.00 a.m. on 22 March 2017, after which time the Application Form will not be valid. You should allow at least four Business Days for delivery.

Full instructions are set out in Part IV of this document and in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you validly take up. Your definitive share certificate for such Open Offer Shares is expected to be despatched to you by no later than 6 April 2017.

5.3 If you want to apply for more than your Basic Entitlement?

Provided that you have agreed to take up your Basic Entitlement in full, you can apply for further Excess Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up in Box 2 which must be the number of Open Offer Shares shown in Box 7. You should then write the number of Excess Shares you wish to apply for under the Excess Application Facility in Box 3 and then complete Box 4 by adding together the numbers you have entered in Boxes 2 and 3.

To work out how much you need to pay for the Open Offer Shares you are applying for, you need to multiply the number of Open Offer Shares shown in Box 4 by the Issue Price, which is the price of each Open Offer Share. You should write this amount in Box 5, rounding down to the nearest whole penny. You should then return your Application Form together with your cheque or banker's draft for that amount payable to 'CIS (IRL) LTD RE: Stellar Diamonds Open Offer' and crossed "A/C payee only", by post to Computershare Investor Services (Ireland) Limited, Herron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, to arrive by no later than 11.00 a.m. on 22 March 2017, after which time the Application Form will not be valid.

You should allow at least four Business Days for delivery. Full instructions are set out in the Application Form. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event, Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

5.4 If you do not want to take up your Open Offer Entitlement

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. The Open Offer Shares you could have taken up will not be issued by the Company to you or for your benefit. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you are not a Placee and you do not take up any of your Open Offer Entitlement, then following the Placing and Open Offer, your interest in the Company will be diluted by approximately 10.76 per cent.

6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST Members should follow the instructions set out in Part IV of this document. Persons who hold Existing Ordinary Shares through a CREST Member should be informed by such CREST Member of the number of Open Offer Shares they are entitled to apply for under their Open Offer Entitlement and should contact their CREST Member should they not receive this information.

7. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- i. Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 27 February 2017 and who have converted them to certificated form;
- ii. Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 27 February 2017 but were not registered as the holders of those shares at the close of business on 27 February 2017; and
- iii. certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Computershare Investor Services on 01 247 5693 from within the UK or +353 01 247 5693 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

8. If I buy Existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?

If you buy or have bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer in respect of those Existing Ordinary Shares.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

9. What if I change my mind?

If you are a Qualifying non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for, except in the very limited circumstances which are set out in paragraph 3 of Part IV of this document.

10. What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number.

11. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 8 of the Application Form?

If you want to spend more than the amount set out in Box 8 you should divide the amount you want to spend by 5.5 pence (being the price in pence of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £500 you should divide £500 by 5.5 pence, which comes to 9,090.90. You should round that down to 9,090 to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example 9,090) in Box 4. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (9,090) by 5.5 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £500), in Box 5 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, applications made under the Excess Application Facility will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying non-CREST Shareholders whose applications under the Excess Application Facility are so scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, them multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

If you want to spend less than the amount set out in Box 8, you should divide the amount you want to spend by 5.5 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by 5.5 pence. You should round that down to the nearest whole number (in this example, 1,818), to give you the number of shares you want to take up. Write that number (in this example, 1,818) in Box 2. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 1,818) by 5.5 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £100 in Box 5 and on your cheque or banker's draft accordingly).

12. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?

If you hold Existing Ordinary Shares directly and you sold some or all of your Existing Ordinary Shares before or on 27 February 2017, you should contact the buyer or the person/ company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sold any of your Existing Ordinary Shares on or after 28 February 2017, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

13. I hold my Existing Ordinary Shares in certificated form. How do I pay?

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a bank or building society account in the UK in the reply-paid envelope enclosed (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. Cheques should be drawn on a sole or joint personal account of the Qualifying Shareholder who is applying for the Open Offer Shares. The funds should be made payable to 'CIS (IRL) LTD RE: Stellar Diamonds Open Offer'. In each case, the cheque should be crossed "A/C Payee only". Payments via

CHAPS, BACS or electronic transfer will not be accepted. Third party cheques may not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has confirmed the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the back of the draft or cheque and have added their branch stamp.

14. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced (in addition to the reduction caused by the Placing).

15. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?

You should send your completed Application Form and monies by post or by hand (during normal business hours only) to Computershare Investor Services (Ireland) Limited Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18. You should allow at least four Business Days for delivery. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

16. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 22 March 2017. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

17. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?

It is expected that the Registrars will post all Open Offer Share certificates by 6 April 2017.

18. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 6 of the Application Form) is incorrect?

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares before 27 February 2017 but were not registered as the holder of those shares on the Record Date for the Open Offer (27 February 2017), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 28 February 2017.

19. Will the Open Offer affect dividends (if any) on the Existing Ordinary Shares?

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

20. Will I be taxed if I take up my entitlements?

Information on taxation in the United Kingdom with regard to the Open Offer is set out in paragraph 3 of Part IV of this document. This information is intended to be only a general guide to certain UK tax considerations and Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly recommended to consult their own professional advisers.

21. What should I do if I live outside the United Kingdom?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or another Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part IV of this document.

22. How do I transfer my entitlements into the CREST system?

If you are a Qualifying non-CREST Shareholder, but are a CREST Member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (Box 13 on page 4 of the Application Form), and ensure they are delivered to CCSS to be received by 11 a.m. on 22 March 2017 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this. If you have transferred your rights into the CREST system, you should refer to paragraph 3 of Part IV of this document for details on how to apply and pay for the Open Offer Shares.

23. Do I need to comply with the Money Laundering Regulations (as set out in paragraph 4 of Part IV of this document)?

If you are a Qualifying non-CREST Shareholder, you may not need to follow these procedures if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution. Qualifying non-CREST Shareholders and Qualifying CREST Shareholders should refer to paragraph 4 of Part IV of this document for a fuller description of the requirements of the Money Laundering Regulations.

PART IV

DETAILS OF THE OPEN OFFER

1. Introduction

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price pro rata to their existing holdings. Qualifying Shareholders will be able to apply for their Basic Entitlements. Qualifying Shareholders will also be entitled, provided they have taken up their Basic Entitlements in full, to apply under the Excess Application Facility.

The Placing Shares are not being offered to Qualifying Shareholders and do not form part of the Open Offer.

The Issue Price of the Open Offer Shares is the same as for the Placing Shares and represents a discount of 22.81 per cent. to the closing price of 7.125 pence per Existing Ordinary Share on 18 August 2016 (being the last Business Day before the shares were suspended).

A summary of the arrangements relating to the Open Offer is set out below. This document and, where relevant, the Application Form contains the formal terms and conditions of the Open Offer.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 22 March 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlements under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are further set out below in this Part IV.

2. The Open Offer

The Company hereby invites Qualifying Shareholders to apply, on and subject to the terms and conditions set out herein and in the Application Form (in respect of shares held in certificated form) and subject to the articles of association of the Company, for Open Offer Shares at the Issue Price, free from all expenses, payable in cash in full on application.

Subject to fulfilment of the conditions set out below and (in respect of Ordinary Shares held in certificated form) in the Application Form, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares at the Issue Price payable in full on application and free of all expenses, pro rata to their existing shareholdings, on the basis of:

1 Open Offer Share for every 8.295 Existing Ordinary Shares

held at the Record Date. Basic Entitlements and where relevant, Excess Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares. Fractions of Open Offer Shares will not be allotted, each Qualifying Shareholder's entitlement being rounded down to the nearest whole number.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum basic entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Basic Entitlements pursuant to the Excess Application Facility.

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements such that to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Placing and Open Offer. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account

in CREST and should refer to paragraph 3(ii) of this Part IV for information on how to apply for Open Offer Shares pursuant to the Excess Application Facility.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once subscriptions by Qualifying Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Any monies paid for applications in excess of their Basic Entitlements which are not so satisfied will be returned to the Applicant (at the Applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement.

Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Restricted Jurisdiction) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including without limitation a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of this Part IV.

If you have received an Application Form, please refer to paragraphs 3(i) and 4(i) of this Part IV.

If you hold your Ordinary Shares in CREST and have received a credit of Basic Entitlements and Excess Entitlements to your CREST stock account, please refer to paragraphs 3(ii) and 4(ii) of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission of the Open Offer Shares will become effective and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 27 March 2017.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Basic Entitlements and Excess Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Basic Entitlements and Excess Entitlements will be admitted to CREST at 8.00 a.m. on 27 March 2017. Such Basic Entitlements and Excess Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 1 March 2017. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Qualifying Non-CREST Shareholders will have received an Application Form which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements on 27 March 2017.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank *pari passu* for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

The Basic Entitlements and any Excess Entitlements of Qualifying CREST Shareholders will be registered in uncertificated form and credited to their stock account in CREST. The Basic Entitlements and any Excess

Entitlements of Qualifying Non-CREST Shareholders will be registered in certificated form and sent to Qualifying Non-CREST Shareholders. The action to be taken in relation to the Open Offer is described in paragraph 3 below.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 22 March 2017 (or such time and date being no later than 8.00 a.m. on 7 April 2017, as the Company may decide):

- Admission becoming effective by 8.00 a.m. on 27 March 2017 (or such later time or date not being later than 8.00 a.m. on 7 April 2017 as the Company may decide);
- the Resolutions having been duly passed without amendment at the Annual General Meeting.

It is expected that Admission will occur and dealings in the Open Offer Shares will commence at 8.00 a.m. on 27 March 2017.

If the conditions are not fulfilled on or before 8.00 a.m. on 27 March 2017 (or such later date, time and being not later than 8.00 a.m. on 7 April 2017, as the Company may decide) application monies are expected to be returned without interest by crossed cheque in favour of the Applicant(s) (at the Applicant's risk) by post for Qualifying non-CREST Shareholders and through CREST for Qualifying CREST Shareholders as soon as practicable after that date and any Basic Entitlements or Excess Entitlements admitted to CREST will be disabled.

The Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. Qualifying CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's claims processing unit.

Completed Application Forms (in respect of shares held in certificated form), accompanied by full payment, should be returned by post to Computershare Investor Services (Ireland) Limited, or by hand (between 9:00am to 5:00pm Monday to Friday) to Computershare Investor Services (Ireland) Limited Heron House, Corrig Road, Sandymount Industrial Estate, Dublin 18 so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 22 March 2017.

The Open Offer Shares will represent approximately 10.35 per cent. of the Enlarged Ordinary Share Capital.

Further terms of the Open Offer are set out in this Part IV and, where relevant, in the Application Form.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this document, including in particular the important information set out in the letter from the Chairman in Part 1 of this document, as well as this Part IV.

3. Procedure for Application and Payment

Save as provided in paragraph 6 of this Part IV in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your entitlement under the Open Offer, including the Excess Application Facility, or you have Basic Entitlements and Excess Entitlements credited to your CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date and who take up Open Offer Shares under their entitlement will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in this paragraph.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of their Basic Entitlements and Excess Entitlements of such members held in CREST. CREST Members who wish to apply under the Open Offer in respect of their Basic Entitlements and Excess Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service operated by the London Stock Exchange giving details of the revised dates.

(i) Qualifying non-CREST Shareholders (Shareholders who hold share certificates and receive an Application Form in respect of their Open Offer Entitlement)

(a) General

Subject to the provisions set out in this Part IV in relation to the Overseas Shareholders, Qualifying Non-CREST Shareholders will have received an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying Non-CREST Shareholder's name at close of business on the Record Date.

It also shows the number of Open Offer Shares for which such relevant Qualifying Non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in paragraph 2 of this Part IV, above. Qualifying Non-CREST Shareholders may also apply for less than their maximum Basic Entitlements.

The instructions and other terms set out in the Application Form constitute part of the terms of the Open Offer.

The Excess Application Facility enables Qualifying Shareholders who have taken up their full Basic Entitlements to apply for additional Open Offer Shares in excess of their Basic Entitlements such that, to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Open Offer and Placing. Applications in excess of the Basic Entitlements will only be satisfied to the extent that applications made by other Qualifying Shareholders are less than their full Basic Entitlements and may therefore be scaled down at the Company's sole discretion.

The instructions and other terms which are set out in the Application Form constitute part of the terms of the Open Offer.

(b) Market Claims

Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form which is personal to the Qualifying Non-CREST Shareholders(s) named thereon and may not be assigned, transferred or split except in the circumstances described below. The Application Form represents the right to apply for Open Offer Shares and is not a document of title and cannot be separately traded. It is transferable only to satisfy legitimate market claims in relation to market purchases pursuant to the rules of the London Stock Exchange prior to the Existing Ordinary Shares being marked "ex" the entitlement to the Open Offer. Applications may be split or consolidated only to satisfy legitimate market claims up to 3.00 p.m. on 20 March 2017.

Qualifying Non-CREST Shareholders may also apply for Excess Entitlements in excess of their Basic Entitlement to Open Offer Shares by completing Boxes 3 and 4 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their Basic Entitlement) and submitting the amount payable on such application. Further details of the Excess Application Facility are set out in paragraph 3(c) of this Part IV.

Any Qualifying Non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer, should consult his stockbroker or other professional adviser as soon as possible since the

invitation to acquire Open Offer Shares under the Open Offer may represent a benefit which can be claimed from him by the purchaser or transferee under the rules of the London Stock Exchange. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the purchaser or transferee or the bank, stockbroker or other agent through whom or by whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the United States of America, Australia, Canada, South Africa, New Zealand or Japan. Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, being 27 February 2017. Application Forms may be split up to 3.00 p.m. on 20 March 2017.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3(ii) below.

A Qualifying Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to Computershare. However, he or she is strongly encouraged to still complete and return the Form of Proxy to Computershare.

(c) Application Procedures

Applications for Open Offer Shares (including under the Excess Application Facility) by Qualifying Non-CREST Shareholders may only be made on the Application Form, which is personal to the Qualifying Non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Qualifying Non-CREST Shareholders may also apply for Open Offer Shares in excess of their Basic Entitlement to Open Offer Shares up to the maximum amount of their Excess Entitlements by completing Boxes 3 and 4 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their Basic Entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 3(i)(f) of this Part IV.

A Qualifying Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to Computershare. However, he or she is strongly encouraged to still complete and return the Form of Proxy to Computershare.

If you are a Qualifying Non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer (including any application for any Excess Entitlements under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions on it and send it by post or deliver it by hand (during normal business hours only) with the appropriate remittance, to Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland so as to arrive no later than 11.00 a.m. on 22 March 2017. A reply paid envelope is enclosed for use by Qualifying Non-CREST Shareholders in connection with the Open Offer. Your Application Form will not be valid unless you sign it.

The Application Form represents a right personal to the Qualifying Non-CREST Shareholders to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy bona fide market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange.

Application Forms may be split up to 3.00 p.m. on 20 March 2017 but only to satisfy such bona fide market claims. Qualifying Non-CREST Shareholders who have before the ex entitlement date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or

transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying Non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part IV, in the letter from the Chairman of the Company in Part I, in the Application Form and in the articles of association of the Company) be allocated the Open Offer Shares applied for in full at the Issue Price (subject to the Company's discretion to accept, reject or scale back any application for any Open Offer Shares).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of the application as nevertheless valid.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or a duly endorsed banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of Computershare, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

Please note that Computershare cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement(s) to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Company may in its absolute discretion elect to accept Application Forms and remittances after 11.00 a.m. on 22 March 2017. The Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 22 March 2017 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares concerned, and undertaking to lodge the relevant Application Form in due course.

(d) Payments

All payments must be in pounds sterling and cheques or duly endorsed banker's drafts should be made payable to "CIS (IRL) LTD RE: Stellar Diamonds Open Offer" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques may not be accepted except building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the back of the building society cheque or bankers' draft on the reverse to such effect.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Computershare to seek special clearance of cheques and banker's drafts to allow the Company to

obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Application monies will be paid into a separate non-interest bearing bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 27 March 2017 or such later time and date as the Company may decide (being no later than 7 April 2017), the Open Offer will lapse and application monies will be returned by post to Applicant(s), at the Applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

The Company shall as soon as possible after 1 April 2017 refund any payment received with respect to an application for a number of Open Offer Shares in respect of a Basic Entitlement which has been rejected in whole or in part by the Company.

(e) Effect of Application

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (i) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (ii) confirm to the Company and Peterhouse that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group and the Ordinary Shares contained within this document;
- (iii) represent and warrant to the Company and Peterhouse that if you have received some or all of your Basic Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Basic Entitlements by virtue of a bona fide market claim;
- (iv) represent and warrant to the Company and Peterhouse that you are not a citizen or resident of a Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within a Restricted Jurisdiction or to a resident of a Restricted Jurisdiction or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
- (v) represent and warrant to the Company and Peterhouse that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis;
- (vi) represent and warrant to the Company and Peterhouse as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in a Restricted Jurisdiction, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into a Restricted Jurisdiction; (ii) you are not and were not located in a Restricted Jurisdiction at the time you accepted the Application Form or at the time you returned the Application Form; (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside a Restricted Jurisdiction at the time he or she instructed you to submit the Application Form;

- (vii) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this document and the Application Form, subject to the articles of association of the Company;
- (viii) confirm that in making the application you are not relying on and have not relied on the Company or Peterhouse or any person affiliated with the Company or Peterhouse in connection with any investigation of the accuracy of any information contained in this document or your investment decision;
- (ix) represent and warrant to the Company and Peterhouse that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (x) represent and warrant to the Company and Peterhouse that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "Exchange Information"), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, Peterhouse, nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in this document, the Application Form or any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xii) represent and warrant to the Company and Peterhouse that the purchase by you of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form. Shareholders are nevertheless requested to complete and return the enclosed Form of Proxy for use at the Annual General Meeting to be held at New Liverpool House, 15 Eldon Street, London, EC2M 7LD on 24 March 2017 at 10 a.m.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. For all enquiries in relation to the procedure for application for Qualifying Non-CREST Shareholders under the Open Offer please contact Computershare on 01 247 5693 or +353 01 247 5693. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot comment on the merits of the Open Offer or provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(f) The Excess Application Facility

The Excess Application Facility enables Qualifying Shareholders who have taken up their Basic Entitlements in full to apply for additional Open Offer Shares to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Open Offer and Placing.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once applications by Qualifying Shareholders for their Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Qualifying Non-CREST Shareholders who wish to apply for additional Open Offer Shares in excess of their Basic Entitlements must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the Open Offer Shares being made available to Qualifying Shareholders as a result of applications made in respect of the Excess Application Facility, resulting in a scaling back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility and from whom payment in full for such Open Offer Shares has been received in cleared funds will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for under the Excess Application Facility but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk. Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(ii) If you have Basic Entitlements and Excess Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer

(a) General

Subject as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Basic Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Basic Entitlement under the Excess Application Facility. Further details of the Excess Application Facility can be found in paragraph 3 (ii) (j) of this Part IV.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlements and Excess Entitlements have been allocated.

If for any reason the Basic Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 17 March 2017 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess Entitlements) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please contact Computershare Investor Services on 01 247 5693 or +353 01 247 5693. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot comment on the merits of the Open Offer or provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares (including any applications for Excess Entitlements) as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) Market claims

The Basic Entitlements and Excess Entitlements will have separate ISIN/SEDOL numbers and will constitute separate securities for the purposes of CREST. Although Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Basic Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and Excess Entitlement(s) will thereafter be transferred accordingly.

(c) USE Instructions

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Basic Entitlements and Excess Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Computershare under the participant ID and member account ID specified below, with a number of Basic Entitlements or Excess Entitlements corresponding to the number of Open Offer Shares or Excess Entitlements applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Computershare Investor Services in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Entitlements referred to in (i) above.

(d) Content of USE Instructions in respect of Basic Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to Computershare as receiving agent);
- (ii) the ISIN of the Basic Entitlement. This is GB00BF1HPX26;
- (iii) the CREST participant ID of the accepting CREST Member;
- (iv) the CREST Member account ID of the accepting CREST Member from which the Basic Entitlements are to be debited;
- (v) the participant ID of Computershare Investor Services (Ireland) Limited, in its capacity as a CREST receiving agent. This is RA85;
- (vi) the member account ID of Computershare, in its capacity as CREST receiving agent. This is STELLA17;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 22 March 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 22 March 2017.

In order to assist prompt settlement of the USE instruction, CREST Members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST Members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 22 March 2017 in order to be valid is 11.00 a.m. on that day.

(e) Content of USE Instructions in respect of Excess Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess Entitlement(s) being delivered to Computershare) not exceeding the maximum amount of the Excess Entitlement;
- (ii) the ISIN of the Excess Entitlement. This is GB00BF1HQ063;
- (iii) the CREST participant ID of the accepting CREST Member;
- (iv) the CREST Member account ID of the accepting CREST Member from which the Excess Entitlements are to be debited;
- (v) the Participant ID of Computershare Investor Services (Ireland) Limited in its capacity as a CREST receiving agent, which is RA85;
- (vi) the CREST Member account ID of Computershare in its capacity as CREST receiving agent, which is STELLA17; the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (vii) the intended settlement date, which must be before 11.00 a.m. on 22 March 2017; and
- (viii) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 22 March 2017.

In order to assist prompt settlement of the USE instruction, CREST Members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST Members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle in order to be valid is 11.00 a.m. on 22 March 2017. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 27 March 2017, or such later time and date as the Company may decide (being no later than 7 April 2017), the Open Offer will lapse, the Basic Entitlements and Excess Entitlements admitted to CREST will be disabled and Computershare Investor Services will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The Open Offer cannot be revoked once all conditions have been satisfied.

(f) Deposit of Basic Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a bona fide market claim). Similarly, Basic Entitlements and Excess Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and Excess Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 3.00 p.m. on 17 March 2017.

In particular, having regard to normal processing times in CREST and on the part of Computershare, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements in CREST, is 3.00 p.m. on 17 March 2017, and the recommended latest time for receipt by Euroclear UK & Ireland of a dematerialised instruction requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST is 4.30 p.m. on 16 March 2017, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements and Excess Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements and Excess Entitlements prior to 11.00 a.m. on 22 March 2017.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company by the relevant CREST Member(s) that it/they is/are not in breach of the provisions of the warranties and representations on page 2 of the Application Form, and a declaration to the Company from the relevant CREST Member(s)

that it/they is/are not citizen(s) or resident(s) of any of the Restricted Jurisdictions and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST Member(s) is/are entitled to apply under the Open Offer by virtue of a bona fide market claim.

(g) Validity of Application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 22 March 2017 will constitute a valid application under the Open Offer.

(h) CREST Procedures and Timings

CREST Members and (where applicable) their CREST Sponsors should note that Euroclear UK & Ireland does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST sponsored member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 22 March 2017. In this connection CREST Members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) Incorrect or Incomplete Applications

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Computershare reserves the right:

- (i) to reject the application in full and refund the payment to the CREST Member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares and/or Excess Entitlements as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST Member in question; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST Member in question (without interest).

(j) The Excess Application Facility

Provided that a Qualifying CREST Shareholder chooses to take up their Basic Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for additional Open Offer Shares in excess of their Basic Entitlements such that to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Open Offer and Placing. Any such applications will be granted at the absolute discretion of the Company.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once subscriptions by Qualifying Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

An Excess Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Entitlement in order for any applications for Excess Entitlements to be

settled through CREST. The credit of such Excess Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess Entitlement as an Excess Entitlement is subject to scaling back at the Company's absolute discretion in accordance with the provisions of this document.

To apply for Excess Entitlements pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the relevant Basic Entitlement(s) be transferred, the Excess Entitlements will not transfer with the Basic Entitlement(s) claim, but will be transferred as a separate claim.

Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more bona fide market claims, the Excess Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed the number of Open Offer Shares being made available, resulting in a scaling back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility, and from whom payment in full for the Excess Entitlement has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest, and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(k) Effect of Valid Application

A CREST Member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Computershare's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
- (ii) confirm to the Company and Peterhouse that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;
- (iii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the articles of association of the Company;
- (iv) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (v) represent and warrant to the Company and Peterhouse that he is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he is not applying

with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company and that he is able to accept the invitation by the Company of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (vi) represent and warrant to the Company and Peterhouse that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (vii) confirm that in making such application he is not relying on any information in relation to the Company other than that contained in publicly available information and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that he will be deemed to have had notice of all the information concerning the Group contained within this document;
- (viii) represent and warrant to the Company and Peterhouse that he is the Qualifying Shareholder originally entitled to the Basic Entitlements or that he has received such Basic Entitlements and Excess Entitlements by virtue of a bona fide market claim;
- (ix) represent and warrant to the Company and Peterhouse that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (x) confirm that in making the application he is not relying on and have not relied on the Company, Peterhouse or any person affiliated with the Company or Peterhouse in connection with any investigation of the accuracy of any information contained in this document or your investment decision;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "Exchange Information"), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, Peterhouse nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xii) warrant and represent to the Company and Peterhouse that the purchase by him of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b)

any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

(l) Company's discretion as to Rejection and Validity of Applications

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST Member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part IV;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Computershare receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Computershare have received actual notice from CREST of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST Member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST Member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST Member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Registrar in connection with CREST.

(m) Issue of Open Offer Shares in CREST

Basic Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 10.00 a.m. on 28 March 2017. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day Computershare will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' Basic Entitlements with effect from the next Business Day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

4. Money Laundering Regulations

(i) Holders of Application Forms

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993, Part 5III of the Financial Services and Markets Act 2000 and the Proceeds of Crime Act 2002 (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms) (together, the "Regulations"), that Computershare

Agent may, in its absolute discretion, require verification of your identity to the extent that you have not already provided the same. Pending the provision to Computershare of evidence of your identity, definitive certificates in respect of Open Offer Shares may be retained at its absolute discretion.

If within a reasonable time after a request for verification of identity but in any event by 11.00 a.m. on 22 March 2017, Computershare has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the monies payable on acceptance of the application will, if paid, be returned without interest and net of bank charges at the Applicant's Risk by cheque to the Applicant(s) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy bona fide market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 20 March 2017), by the person(s) named in Box 1 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (i) ask the building society or bank to endorse the back of the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please contact Computershare on 01 247 5693 or +353 01 247 5693. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes;
- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques may be accepted unless covered by (i) above.

In any event, if it appears to Computershare that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

The verification of identity requirements will not usually apply:

1. if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing);
2. if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
3. if the applicant (not being an applicant who delivers their application in person) makes payment by way of a cheque drawn on an account in the applicant's name;

In other cases the verification of identity requirements may apply.

For applications over £12,500 (being the approximate equivalent to 15,000 Euros), Qualifying non-CREST Shareholders are also requested to submit with the Application Form as documentary evidence of identity and address one certified copy document from each of the following lists (as appropriate):

Personal identity documents (UK resident individuals)

- current signed passport;
- Northern Ireland Voter's Card;
- current full UK driving licence;
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit; or
- HM Revenue & Customs tax notifications e.g. tax assessment, statement of account or notice of coding.

Evidence of address (UK resident individuals)

- recent utility bill or utility statement (mobile telephone bills are not acceptable);
- local authority tax bill (current year);
- current UK driving licence (if not used for evidence of name);
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit (provided one or other has not been used as evidence of personal identity); or
- HM Revenue & Customs correspondence addressed to you at stated address (provided HM Revenue & Customs notifications have not been used as evidence of personal identity). If you are a corporation, please supply:
 - a certified copy of your articles of association or statutes or published accounts or certificate of incorporation or trade register entry or certificate of trade;
 - the names, addresses and specimen signatures of all directors; and
 - evidence of identity and address as stated above for each director.

All certified documents must be certified by a professional person such as a lawyer or attorney, notary or an official entity such as an embassy, consulate or high commission of the country of issue.

Neither Computershare nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Regulations.

(ii) Basic Entitlements and Excess Entitlements in CREST

If you hold your Basic Entitlements or Excess Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlements (and Excess Entitlements) as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, Computershare is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Computershare before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Company, Peterhouse and Computershare such information as may be specified by Computershare as being required for the

purposes of the Regulations. Pending the provision of evidence satisfactory to Computershare as to identity, Computershare may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

5. Taxation and Stamp Duty

If you are in any doubt as to your tax position you should consult your professional adviser without delay.

6. Overseas Shareholders

In respect of persons not resident in the United Kingdom or who are citizens of countries other than the United Kingdom the Open Offer may be affected by the laws or regulatory requirements of jurisdictions outside the United Kingdom. It is the responsibility of each Overseas Shareholder to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection with the Open Offer and voting at the Annual General Meeting. No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him/her or such Application Form could lawfully be used without compliance with any registration or other legal or regulatory requirements other than any which may have been fulfilled.

In particular, the Open Offer Shares have not been registered under the United States Securities Act of 1933 (as amended) or the relevant securities legislation in Australia, Canada, South Africa, New Zealand or Japan and therefore the Open Offer Shares may not be offered, sold, transferred or delivered directly or indirectly in the United States of America, Australia, Canada, South Africa, New Zealand or Japan or their respective territories and possessions. No application form will be accepted from, any Shareholder who is unable to give the warranty set out in the Application Form or who the Company or its agent has reason to believe is ineligible to apply.

It is the responsibility of any person receiving a copy of this document or an Application Form and wishing to make an application to subscribe for the Open Offer Shares to satisfy himself/herself as to the full observance of the laws and regulatory requirements of any relevant territory, including the obtaining of all necessary governmental or other consents which may be required or observing any other formalities needing to be observed in such territory and the payment of any taxes due in such jurisdiction.

None of the Company, Peterhouse, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

The Company, Computershare and Peterhouse reserve the right to treat as invalid any application, or purported application, to subscribe for Open Offer Shares pursuant to the Open Offer which appears to the Company or its agent to have been executed, effected or despatched in a manner which may involve a breach of the securities legislation of any jurisdiction or which does not include the warranties set out in the Application Form. Completion of an Application Form shall constitute a warranty that the Shareholder is eligible to apply.

7. Admission, Settlement and Dealings

Open Offer Shares

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. Subject to the Open Offer becoming unconditional in all respects, it is expected that Admission will become effective and that dealings in the Open Offer Shares will commence at 8.00 a.m. on 27 March 2017.

Basic Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 22 March 2017 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 28 March 2017). On this day, Computershare will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 27 March 2017). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Basic Entitlements and Excess Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Computershare in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be dispatched by post by 6 April 2017. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. All documents or remittances sent by or to Applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to the Application Form.

8. Dilution

The share capital of the Company in issue at the date of this document will (assuming that the Director Fee Shares, the Subscription Shares and all of the Open Offer Shares are issued) be increased approximately 1.16 times as a result of the issue of Open Offer Shares, the Director Fee Shares and the Subscription Shares. Those Shareholders who do take up their Basic Entitlements or Excess Entitlements will suffer a reduction of approximately 14 per cent. in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission.

PART V

DEFINITIONS

The following words and expressions shall have the following meanings in the document, unless the context otherwise requires:

“Act”	the UK Companies Act 2006, as amended;
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Mining, Oil & Gas Companies Note”	the ‘Note for Mining Oil & Gas Companies’ published by the London Stock Exchange setting out specific requirements, rule interpretation and guidance relating to resource companies, as may be amended from time to time;
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
“AIM Rules for Companies”	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time;
“AIM Rules for Nominated Advisers”	the Rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time;
“Amendment Agreement”	the agreement entered into on 5 October 2016 between the Company and Deutsche Balaton in relation to the proposed conditional amendment, of the terms of the DB 2015 CLNs and the DB 2015 Warrants and the issue of new Ordinary Shares and additional warrants;
“Annual General Meeting” or “AGM”	a general meeting of the Shareholders called in accordance with the Company’s Articles;
“Applicant”	a Qualifying Shareholder or a person entitled by virtue of a bona fide market claim who lodges an Application Form under the Open Offer;
“Application Form”	the application form to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer;
“Articles”	the articles of association of the Company for the time being;
“Basic Entitlement(s)”	the entitlement to subscribe for Open Offer Shares, allocated to an Qualifying Shareholder pursuant to the Open Offer as described in Part IV of this document;
“Baoulé”	the Company’s kimberlite project in Guinea, the licence for which is owned by Ressources Tassilman Baoulé and which is the subject of the Baoulé JVA;
“Baoulé JVA”	the joint venture agreement entered into between the Company, Citigate Commodities Trading and Tassilman on 9 November 2016, in respect of the Baoulé project;

“Board” or “Directors”	the current directors of the Company, whose names are set out on page 8 of this document;
“Business Day”	any day which is not a Saturday, Sunday or a public holiday in the UK;
“Cairn”	Cairn Financial Advisers LLP, the Company’s nominated adviser;
“CEO”	the chief executive officer of the Company;
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST);
“Citigate”	Citigate Commodities Trading Limited, a subsidiary of Citigate International Limited, a UAE-based international group led by entrepreneur, founder and CEO Tohib Iyola;
“Company” or “Stellar”	Stellar Diamonds plc, a company registered in England and Wales with registered number 5424214;
“Competent Person” or “MPH”	MPH Consulting Limited, the competent person for the purpose of the purpose of the AIM Mining, Oil & Gas Companies Note;
“Competent Person’s Report” or “CPR”	the competent person’s report primarily relating to the Tongo and Tonguma projects as well as Stellar’s other portfolio diamond projects prepared by MPH and available on the Company’s website;
“Conditional Placing”	the placing of the Conditional Placing Shares at the Issue Price with Peterhouse investors and subject to clawback to satisfy valid applications under the Open Offer;
“Conditional Placing Shares”	the 1,381,818 Open Offer Shares which have been conditionally placed pursuant to the Conditional Placing, and which number shall reduce commensurate with the number of Open Offer Shares to be issued;
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear UK & Ireland Limited;
“CREST Manual”	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms;
“CREST Member”	a person who has been admitted to Euroclear as a member (as defined in the CREST Order);
“CREST Order”	the Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended);
“CREST Participant”	a person who is, in relation to CREST, a participant (as defined in the CREST Order);
“CREST Payment”	shall have the meaning given in the CREST Manual issued by Euroclear;
“CREST Sponsor(s)”	a CREST Participant admitted to CREST as a CREST sponsor;
“CREST Sponsored member(s)”	a CREST Member admitted to CREST as a sponsored member (which includes all CREST Personal Members);

“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
“DB 2015 CLN”	the five secured convertible loan notes, each with a nominal amount of US\$0.33 million and an aggregate nominal amount of US\$1.65 million issued to Deutsche Balaton pursuant to a convertible loan note agreement entered into on 2 November 2015 as amended by the terms of the Amendment Agreement;
“DB 2015 Warrants”	the five warrants each for a subscription amount of US\$0.33 million and an aggregate subscription amount of US\$1.65 million, to subscribe for shares in the Company or its subsidiaries and as amended by the terms of the Amendment Agreement;
“Deutsche Balaton”	Deutsche Balaton AG;
“Director Fee Shares”	the new Ordinary Shares to be issued to certain directors of the Company, conditional on the passing of certain Resolutions;
“Enlarged Ordinary Share Capital”	the 43,926,142 Ordinary Shares of the Company in issue upon Admission following completion of the Placing, Open Offer, and the issue of the Subscription Shares and Director Fee Shares (assuming full take-up of the Open Offer);
“EPA”	Environmental Protection Agency of Sierra Leone;
“EU”	the European Union;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for any number of Open Offer Shares in excess of their Open Offer Entitlement provided that they have agreed to take up their Open Offer Entitlement in full
“Existing Ordinary Shares”	the 37,702,082 Existing Ordinary Shares of the Company at the date of this document;
“Financial Conduct Authority” or “FCA”	the United Kingdom Financial Conduct Authority;
“Form of Proxy”	the form of proxy accompanying this document, for use by Shareholders in connection with the AGM;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“Group”	the Company and its existing subsidiaries and subsidiary undertakings;
“HMRC”	Her Majesty’s Revenue & Customs;
“IFRS”	International Financial Reporting Standards as adopted by the European Union;
“ISIN”	international security identification number;
“Issue Price”	5.5 pence per New Ordinary Share;
“JVAs”	together the Baoulé JVA and the Liberia JVA;

“Liberia JVA”	the joint venture agreement entered into between the Company, Citigate Commodities Trading on 9 November 2016, in respect of the Liberia (Kungbo) project;
“Mine plan”	The mine plan for Tongo-Tonguma developed as part of and reported in the PEA by PPM and SRK Consulting.
“NMA”	National Minerals Agency of Sierra Leone;
“New Ordinary Shares”	up to 6,224,060 new Ordinary Shares, comprising the maximum number of Open Offer Shares to be issued pursuant to the Open Offer, including any Conditional Placing Shares, the Subscription Shares and the Director Fee Shares;
“Notice of AGM” or “Notice”	the notice of General Meeting set out at the end of this document;
“Octea”	Octea Mining Ltd;
“Official List”	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
“Open Offer”	the offer to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price, as described in this document;
“Open Offer Entitlements”	the entitlement of Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price allocated to Qualifying Shareholders at the Record Date pursuant to the Open Offer;
“Open Offer Shares”	4,545,455 new Ordinary Shares which are being offered to Qualifying Shareholders pursuant to the Open Offer;
“Ordinary Shares”	ordinary shares of 1 penny each in the issued share capital of the Company from time to time;
“Overseas Shareholders”	Shareholders resident in, or citizens of, jurisdictions outside the United Kingdom;
“Peterhouse”	Peterhouse Corporate Finance Limited, the Company’s Joint Broker;
“Placees”	any persons who have agreed to subscribe for Placing Shares pursuant to the Placing;
“Placing”	the placing by Peterhouse, as agent of and on behalf of the Company, of Placing Shares at the Issue Price on the terms and subject set out in paragraph 1 of Part I and announced by the Company on 23 February 2017;
“Placing Shares”	the 5,900,000 new Ordinary Shares issued pursuant to the Placing and which were admitted to trading on AIM on 27 February 2017;
“PEA”	the preliminary economic assessment of the Tongo-Tonguma produced by Paradigm Project Management and SRK Consulting as further described in the CPR;
“PPM”	Paradigm Project Management;

“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in certificated form;
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the Record Date (other than Shareholders resident in or citizens of any Restricted Jurisdiction);
“Record Date”	close of business on 27 February 2017;
“Regulation S”	Regulation S of the Securities Act;
“Resolutions”	the resolutions set out in the Notice;
“Restricted Jurisdiction”	any U.S. person (as defined in Regulation S) or any address in the U.S., Canada, Australia, the Republic of South Africa, New Zealand, Japan or any other country outside of the United Kingdom where a distribution may lead to a breach of any applicable legal or regulatory requirements;
“RTB”	Ressources Tassiliman Baoulé, the holder of the Baoulé project;
“Securities Act”	the U.S. Securities Act of 1933, as amended;
“Shareholders”	the persons who are registered as holders of Ordinary Shares;
“Significant Shareholder”	any person holding 3 per cent. or more of the issued share capital from time to time;
“SRK”	SRK Consulting
“Sterling” or “£”	the legal currency of the UK;
“Subscription”	the subscription by Steven Poulton for the Subscription Shares at the Issue Price, conditional on the passing of certain Resolutions and admission of the Subscription Shares to trading on AIM;
“Subscription Shares”	the 363,636 new Ordinary Shares to be issued pursuant to the Subscription;
“Tassiliman”	Société Tassiliman, a company incorporated in Guinea, being the local partner in the Baoulé JVA;
“TIDM”	tradable instrument display mnemonic;
“Tongo Licence”	means the exploration licence, EL48/2012, in respect of the Tongo project;
“Tongo” or the “Tongo Project”	the kimberlite project covering approximately 9.98 square kilometres in the Lower Bambara Chiefdom, Kenema District, in the Eastern Province of Sierra Leone and covered by Tongo Licence;
“Tongo-Tonguma Project” or the “Tongo-Tonguma mine”	being the Tongo Project and the adjacent Tonguma Project which are proposed to be jointly developed by Stellar pursuant to the terms of the Tribute Heads of Terms as further in paragraph 4 of Part I of this document;

“Tonguma”	Tonguma Limited, a company incorporated in the British Virgin Islands;
“Tonguma Licence”	means the mining licence ML01/12 in respect of the Tonguma Project which is owned by Tonguma;
“Tonguma Project”	the kimberlite project covering approximately 124 square kilometres in the Lower Bambara Chiefdom, Kenema District, in the Eastern Province of Sierra Leone and covered by mining lease ML01/12;
“Tribute Agreement”	the proposed tribute mining agreement expected to be entered into between the Company’s wholly owned subsidiary, Sierra Diamonds Limited and Ocea to develop and operate the Tonguma Project;
“Tribute Heads of Terms”	the heads of terms dated 19 February 2017 relating to the terms of the proposed Tribute Agreement to be entered by the Company, Ocea Limited and Tonguma;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA”	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“Uncertificated” or “in Uncertificated Form”	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“U.S.”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“U.S Dollars” or “US\$” or “USD” or “cents”	United States Dollars, the formal currency used in the U.S.;
“VAT”	Value Added Tax; and,
“2016 CLN”	the unsecured transferable convertible loan issued by the Company to the 2016 CLN Noteholders with a nominal amount of US\$1.24 million;
“2016 CLN Noteholders”	Deutsche Balaton, Steven Poulton and Creditforce Limited
“2016 Warrants”	the warrants issued to the 2016 CLN Noteholders pursuant to the terms of the 2016 CLN, to subscribe for Ordinary Shares;

All references in this Document to “£” or “pence” are to the lawful currency of the UK.

All references in this Document to “\$” or “cents” are to the lawful currency of the United States of America.

All references to legislation in this Document are to English legislation unless the contrary is indicated.

For the purpose of this document, an exchange rate of US\$ to £ of 0.8 has been used.

GLOSSARY OF TECHNICAL TERMS AND MEASUREMENTS

The following table provides an explanation of certain technical terms and abbreviations used in this document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms:

“alluvial”	refers to material formed or deposited by running water;
“carat” or “ct”	a standard unit of weight for diamonds, 1 carat equals 0.2 grams;
“cpht”	carats per hundred tonnes;
“diamondiferous”	containing diamonds;
“dyke”	a vertical or near-vertical sheet-like body of igneous rock which is discordant (i.e. cuts across the bedding or structural planes of the host rock);
“feasibility study”	a comprehensive study, including final engineering, undertaken to determine the economic feasibility of a project; the conclusion will determine if a production decision can be made and is used for financing arrangements. Typically, the accuracy of these studies aims to be in the +/- 10 to 15 per cent. range;
“grade”	the relative mass of diamonds in a mass of rock;
“ha”	hectare;
“indicated resource”	that part of a diamond resource for which tonnage and volume, densities, shape, physical characteristics, grade and average diamond value can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and grade continuity but are spaced closely enough for continuity to be assumed and sufficient diamonds have been recovered to allow a reasonable estimate of average diamond value;
“inferred resource”	that part of a diamond resource for which tonnage or volume, grade and average diamond value can be estimated with a low level of confidence. It is inferred from geological evidence and assumed, but not verified geological and grade continuity and a sufficiently large diamond parcel is not available to ensure a reasonable representation of the diamond assortment. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability;
“kimberlite”	an uneven grained, ultramafic, intrusive igneous rock in which the visible minerals may include olivine, phlogopite, pyrope garnet, picroilmenite and chrome-diopside cemented by a groundmass, which may include serpentine, calcite and chromite. Kimberlite may be diamondiferous and, along with olivine lamproites, are the only known primary source of diamonds;
“km²”	square kilometres;
“measured resource”	that part of a Diamond Resource for which tonnage and volume, densities,

shape, physical characteristics, grade and average diamond value can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity and sufficient diamonds have been recovered to allow a confident estimate of average diamond value;

“mm”

Millimetres;

“pipe”

the carrot shaped volcanic vent that has been formed by explosive action and is characteristic of kimberlite;

“pre-feasibility study”

preliminary feasibility (pre-feasibility) studies are the intermediate step in the project evaluation. At this stage there is sufficient drilling, bulk sampling and process test work for preliminary engineering. Typically, the accuracy of these studies is in the +/- 15-25 per cent. range. The goal of these studies is to determine the mining and milling extraction methods and rates, the product recoveries, environmental and permitting issues, preliminary capital and operating cost estimates;

“strike”

the horizontal direction or trend of a geological structure;

“tph”

tonnes per hour;

PART VI

STELLAR DIAMONDS PLC

(Incorporated and registered in England and Wales with registered number 5424214)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Stellar Diamonds plc (the "Company") will be held on 24 March 2017 at New Liverpool House, 15 Eldon Street, London, EC2M 7LD at 10.00 a.m. for the transaction of the following business:

To consider and, if thought fit, to pass the following resolutions, numbers 1 to 8 of which will be proposed as ordinary resolutions and numbers 9 and 10 which will be proposed as special resolutions:

ORDINARY RESOLUTIONS

- 1 That the Company's annual accounts for the financial year ended 30 June 2016, together with the report of the directors of the Company (the "**Directors**") and the auditors' report on those accounts be received and adopted.
- 2 That Deloitte Ireland be reappointed as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting at which the accounts are laid before the Company.
- 3 That the Directors be authorised to determine the auditors' remuneration.
- 4 That Lord Peter Gilbert Daresbury who is retiring in accordance with Article 25 of the Company's Articles of Association and who being eligible offers himself for election.
- 5 That Nicholas Karl Smithson who is retiring in accordance with Article 25 of the Company's Articles of Association and who being eligible offers himself for election.
- 6 That Steven James Poulton who is retiring in accordance with Article 25 of the Company's Articles of Association and who being eligible offers himself for election.
- 7 That the Directors be authorised to allot the New Ordinary Shares (as defined in the document to which this notice of annual general meeting is attached).
- 8 That the Directors be generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot Relevant Securities (as defined in the notes to this notice) up to an aggregate nominal amount of £878,522.84 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

- 9 That, subject to the passing of resolution 7, the Directors be and are hereby empowered, pursuant to Section 570 of the 2006 Act, to allot the New Ordinary Shares (as defined in the document to which this notice of annual general meeting is attached) as if section 561(1) of the 2006 Act did not apply to

any such allotment, but in relation to the Open Offer Shares (as defined in the document to which this notice of annual general meeting is attached) subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange.

10 That, subject to the passing of resolution 8, the Directors be and are hereby empowered, pursuant to Section 570 of the 2006 Act, to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 8 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to

a. the allotment of equity securities pursuant to an offer or issue by way of rights, open offer or other pre-emptive offer:

(i) to the holders of ordinary shares of the Company and other persons entitled to participate therein in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

b. (otherwise than pursuant to paragraph 10a. above) equity securities up to an aggregate nominal amount of £878,522.84,

and the power granted by this resolution shall expire (if not previously expired by non-fulfilment of conditions) on the date which is 18 months after the date on which this resolution is passed or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) 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.

This resolution 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 28 February 2017

By Order of the Board

*Registered office:
Burleigh House
355-359 The Strand
London
WC2R 0HS*

Notes:

- 1 Relevant Securities means:
 - (a) Shares in the Company other than shares allotted pursuant to:
 - (i) an employee share scheme (as defined by section 1166 of the 2006 Act);
 - (ii) a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
 - (iii) a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
 - (b) Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.
- 2 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 Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. 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. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.
- 3 To be valid any Form of Proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland no later than 10.00 a.m. on 22 March 2017.
- 4 The return of a completed Form of Proxy, other such instruction or any CREST Proxy Instruction (as described in paragraph 7 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- 5 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the Annual General Meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company (the "Register of Members") at close of business on the day which is two days before the date of the meeting (or in the case of an adjournment as at close of business on the day which is two days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
- 6 CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 7 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent ID 3RA50 by 10.00 a.m. on 22 March 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 8 CREST Members and, where applicable, their CREST sponsors, or voting service provider(s) should note that Euroclear does not make available procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 9 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 10 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the AGM and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company (the "Register of Members") at close of business on the day which is two days before the date of the meeting (or in the case of an adjournment as at close of business on the day which is two days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.
- 11 As at the date of this document, the Company's issued share capital consists of 37,702,082 Ordinary Shares of £0.01 each and which each carry one vote. Therefore, the total voting rights in the Company as at the date of this document are 37,702,082.
- 12 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that, on a poll, if more than one corporate representative purports to exercise powers over the same share as another corporate representative, that power will be treated as not exercised.
- 13 Copies of the following documents will be available for inspection at the Company's registered office at Burleigh House, 355-359 The Strand, London, WC2R 0HS during usual business hours on any weekday (Saturdays, Sundays and public holidays)

excluded) from the date of this Notice until the conclusion of the Annual General Meeting and at the place of the Annual General Meeting itself from 15 minutes before the Annual General Meeting until the conclusion of the Annual General Meeting:

- a) the service contracts between the Company and each of the executive directors of the Company; and
- b) the letters of appointment between the Company and each of the non-executive directors of the Company.