



ASX /Media Release – 26 November 2009

## 2009 AGM Presentation

Attached please find a copy of the 2009 AGM presentation to be delivered by Mr John Wallington, the Managing Director of Firestone Energy Limited.

The presentation includes information on highlights of the pre-feasibility work that is currently being completed. This has been prepared using the Parsons Brinkerhoff model combining the relevant Technical and Market assumptions. A number of options have been considered with the selection of a First Phase Base Case, influenced by the need to produce a mine plan at a minimum stripping ratio and avoiding the more significant faulting that has been identified. There are potentially many more phases or stages which will in time be evaluated due to the scale of the Resource Base that could add to this Base Case. The presentation includes the following:-

- **The identification of a First Phase Base Case mine layout covering 507ha on the Smitspan farm. The mine extends for some 3.5km (East-West) and approximately 1.8km (North-South).**
- **The area referred to contains some 258 mt (ROM) tonnages which produces 103mt of power station (domestic) and 10mt of Export quality coal at an average yield of 44% and 15% (in selected seams) respectively.**
- **Life of mine period of 21 years and an average stripping ratio of 2.13 (overburden m<sup>3</sup>/sales tons).**
- **Total capital expenditure is estimated at R2.68bn (A\$394 million) with an estimated NPV of R700m-R900m (A\$103m - A\$132m) at an IRR of between 15-18%.**
- **Target average revenue of R150/t (A\$22) and estimated mining and processing costs of +/-R26/ROMt (A\$3.80) and +/-R12.30/ROMt (A\$1.81) respectively.**

Note: All these numbers are at an accuracy level of +/- 20% which is considered acceptable for the Pre Feasibility Stage. Costs have been estimated, based on assumed equipment usage on an Activity basis. Exchange rate of R6.80/A\$1.

For information please contact:

**John Wallington**  
**Managing Director**  
Telephone: +61 8 9381 2755

[www.firestoneenergy.com.au](http://www.firestoneenergy.com.au)



**John Wallington**  
Firestone Energy Limited



# Firestone Energy Limited

- FSE is a dual-listed (on the ASX and JSE) Australian explorer and multi-project mine developer focusing on coal exploration and mining in South Africa

## OBJECTIVE

- Identify & develop a portfolio of coal resources primarily for domestic and export markets

## PROJECTS

- Significant JV with South African BEE partner, Sekoko Coal, to develop and mine coal in the Waterberg Coalfields, Lephalale area, Limpopo Province, South Africa
- Participation & earning an interest in 6 tenements in Waterberg
- Portfolio of thermal and coking coals
- >1.3 billion tonnes of coal gross in situ quantified tonnage





## Overview

---

- **Waterberg Coal Project**
  - Substantial resource base with upside potential
  - Recognised as 'future' growth area for South African coal industry
- **Large and Growing Coal Resource Base**
  - Coal Resource of 1.3 billion tonnes of coal in the Measured and Indicated category
  - Potential for additional resources from regional growth /JV's
- **Coal Infrastructure**
  - Current industry evaluation of Port and Rail requirements
- **Strong Board and Management**
  - Top tier, proven management team with experience in developing listed resource companies & highly experienced operations team
- **Strong Coal Market Fundamentals**
  - Planned expansion of power generation capacity by Eskom/IPP's & proposed coal-to-liquids facility by Sasol in the region is coal-based
  - Forecast global energy shortage underpins future coal demand



## Significant Achievements...

### 2011 and Beyond

- Mining Right Approval of the 'Big Mine' project
- Construction, Commissioning & Build of the "Big Mine" project

### 2010

- Complete BFS by the end of Q3 2010
- Participation in major infrastructural projects (port and rail, capacity, power and water)
- Evaluation and construction of Small-scale coal mine project

### 2009

- First phase 122 drill hole program completed
- Mining Permit granted to Sekoko Coal, JV partner
- JV2 Agreement signed & shareholder Approval for acquiring participation interest in 4 properties – Sekoko Coal
- A\$30m capital successfully raised
- Acquired and purchased surface rights to Smitspan property
- PFS Completed: final report due December 2009

### 2008

- JV1 Signed Shareholder Approval for acquiring participation interest in 2 properties – Sekoko Coal
- First Resource Statement released
- Secondary/dual listing in Johannesburg Stock Exchange (JSE), South Africa



# Vision & Strategy

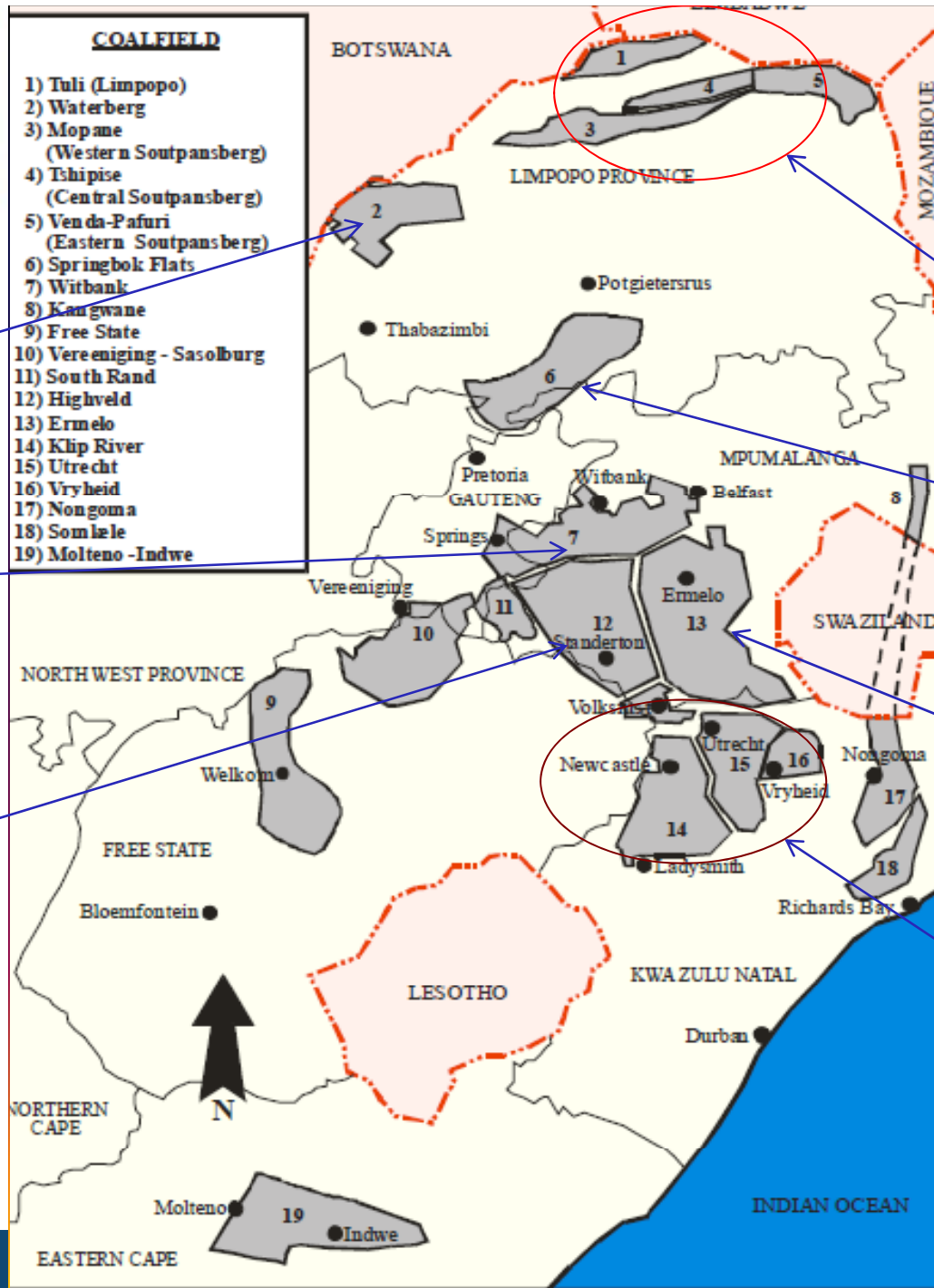
---

## Vision

To become a leading producer of coal and energy in Africa

## Strategy

- Rapid exploration programme to expand the Waterberg resource base
- Develop a world-scale mining operation with internationally significant exports
- Identify further joint venture opportunities



**Waterberg**  
3.5bt Reserves  
75.5bt Resources

**Soutpansberg**  
258mt Reserves

**Witbank**  
8.8bt Reserves

**Springbok Flats**  
Data of Reserves  
Not available\*\*\*

**Highveld**  
9.6bt Reserves

**Ermelo**  
4.4bt Reserves

**Kwazulu Natal**  
Low Reserves



# Market & Infrastructure Outlook

## Strong Market:

- Eskom plans to build a minimum of two additional own (excl. IPPs) power stations (@ fuel requirement of additional 30mtpa) in the Waterberg, includes Medupi (refer to *Supply & Demand* – Balance slide)
- Sasol plans to build a CTL facility with an estimated fuel requirement of 25mtpa
- SA thermal coal is attracting increasing Indian demand due to the need to diversify the supply base from Indonesia and Australia
- Mpumalanga coal expected to start peaking around 2020

## Infrastructure:

- Transnet Freight Rail is currently in the process of finalising a pre-feasibility study to improve Waterberg rail link
- Eskom & Transnet Freight Rail are currently evaluating an upgrade to rail between Waterberg and Mpumalanga
- RBCT has completed an expansion to 91mtpa capacity. Transnet Freight Rail upgrade dependent on industry agreements





# Waterberg Coal Future Demand

Market	Type	Volume Required	Possible Dates
Eskom Medupi	4800 MW Power	14mt Coal - Thermal	2012 – 2015
Eskom Coal 3	5000 MW Power	15mt Coal - Thermal	2016 – 2020
IPP	5000 MW Power	15mt Coal - Thermal	2018 – 2022
Sasol	80,000 BBL per day	24mt Coal - Thermal	2016 – 2026
Mpumalanga Power Stations	???		

<b>Met &amp; Coke for Steel Industry</b>	<b>Mostly Imported</b>	<b>+ - 5mt per annum - Imported</b>	<b>Immediately</b>
--	------------------------	-------------------------------------	--------------------

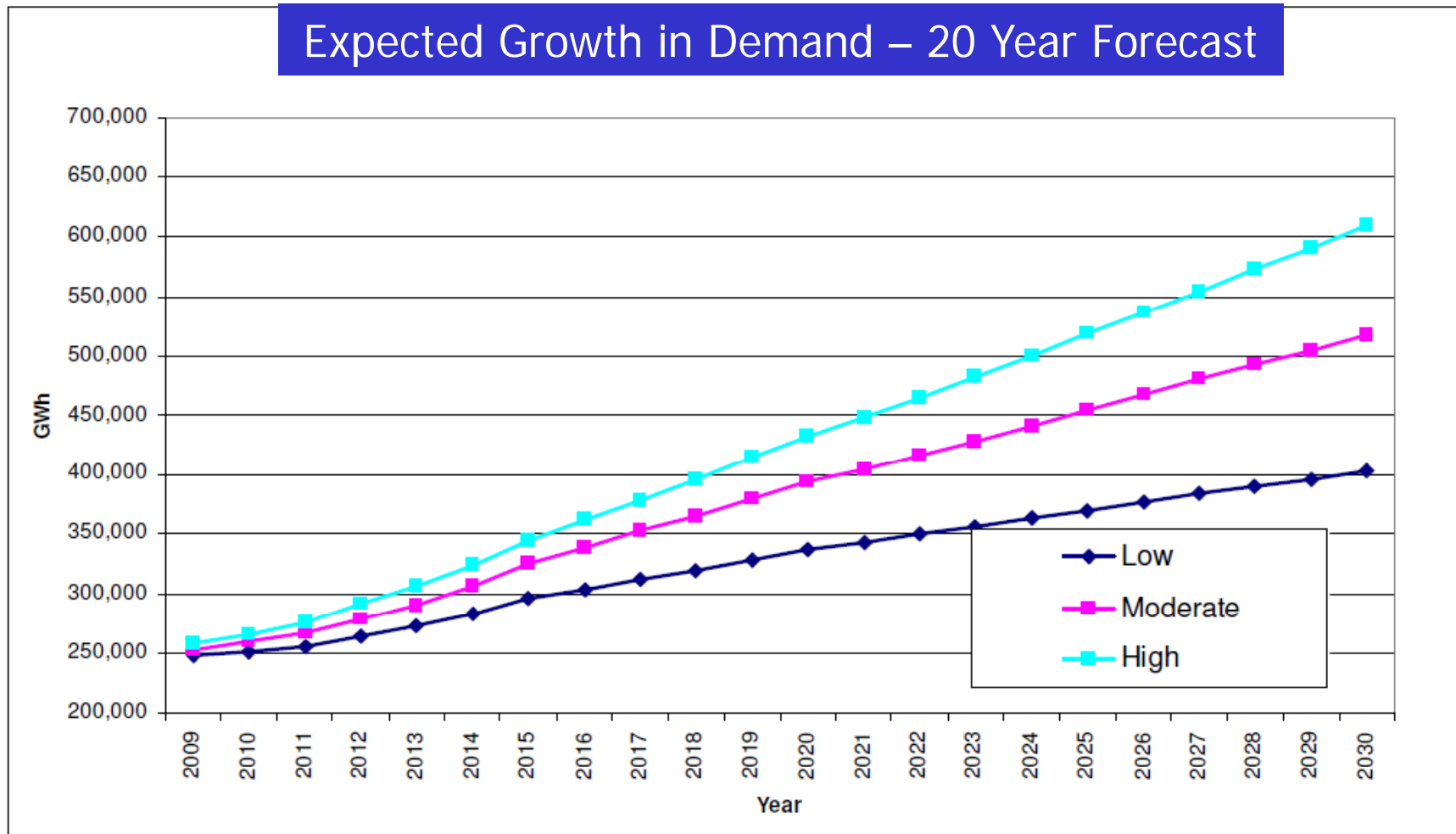
Low Ash & Phos Coal			
- Smelters	High Demand	???	Immediately
- Mining	High Demand	???	Immediately
- Cement	High Demand	???	Immediately
- Agriculture	High Demand	???	Immediately

Gr A + Gr B Thermal	Export Market	130mtpa in 2010	160 mtpa in 2011
---------------------	---------------	-----------------	------------------



# Eskom Annual Energy Demand

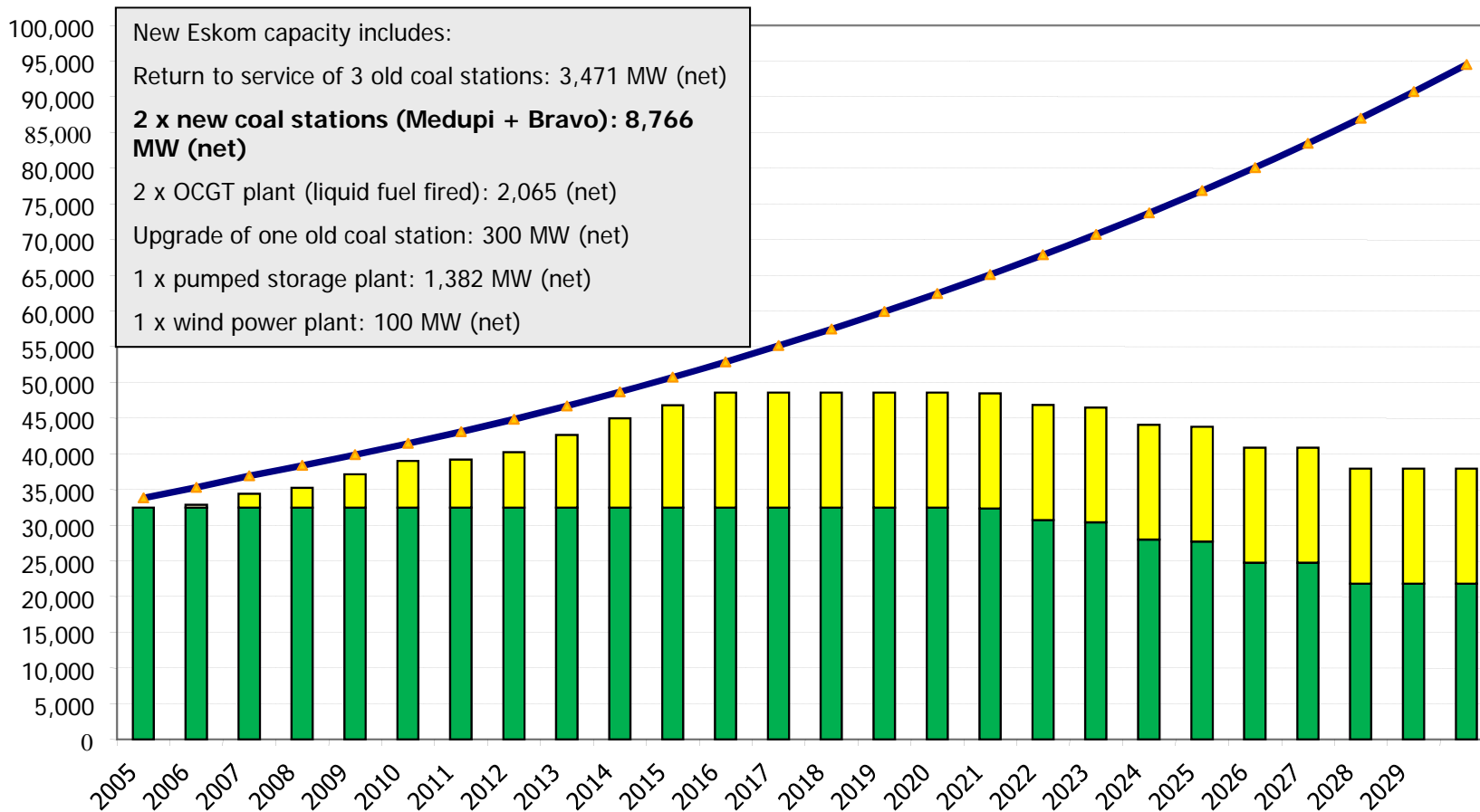
Expected Growth in Demand – 20 Year Forecast





# South Africa Power System - Supply & Demand - Balance

Existing and New Capacity assuming 15% System Reserve Margin





## Corporate Overview

<b>Listings:</b>	ASX, JSE
<b>Share Price:</b>	3.9cents
<b>Market Cap:</b>	A\$ 91m

### Issued Securities:

- Shares 2,331m
- Options (average exercise price A\$)
  - 30,000,000 FSEAK - 05 30 November 2012
  - 110,000,000 FSEAM - 06 31 May 2013
  - 96,904,767 FSEAO - 06 30 June 2013
  - 25,875,000 - 06 30 June 2014
- Top 20 Shareholders 71%

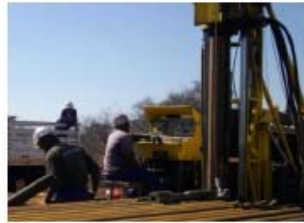


## Board and Management

<b>John Wallington – Managing Director (South Africa)</b>	Former Global CEO of Anglo Coal. Established Anglo Coal strategy and responsible for BEE initiatives. A qualified mining engineer with 27 years coal experience.
<b>John Dreyer – Chairman (Australia)</b>	Former Executive Director of Anglo Platinum, MD of Shell Minerals SA, CEO of JCI Coal and Director of Richards Bay Coal Terminal. A qualified lawyer.
<b>Colin McIntyre – Independent Director (Australia)</b>	Former Chairman of Perilya and Tectonic and non-executive director of Macmahon's. Colin McIntyre has considerable Directorial and Corporate experience in the resources sector.. A qualified mining Engineer with 35 years experience
<b>Tim Tebeila – Sekoko Resources (South Africa)</b>	Executive Chair and co-founder of Sekoko Resources. A business and mining entrepreneur for many years. A qualified teacher and insurance broker.
<b>Amanda Matthee – Sekoko Resources (South Africa)</b>	CFO of Sekoko Resources. Has had over 20 years of financial management experience in both corporate and the mining sector. A qualified Chartered Accountant (CA).

✓ Top tier, proven management team with experience in developing listed resource companies & highly experienced operations team

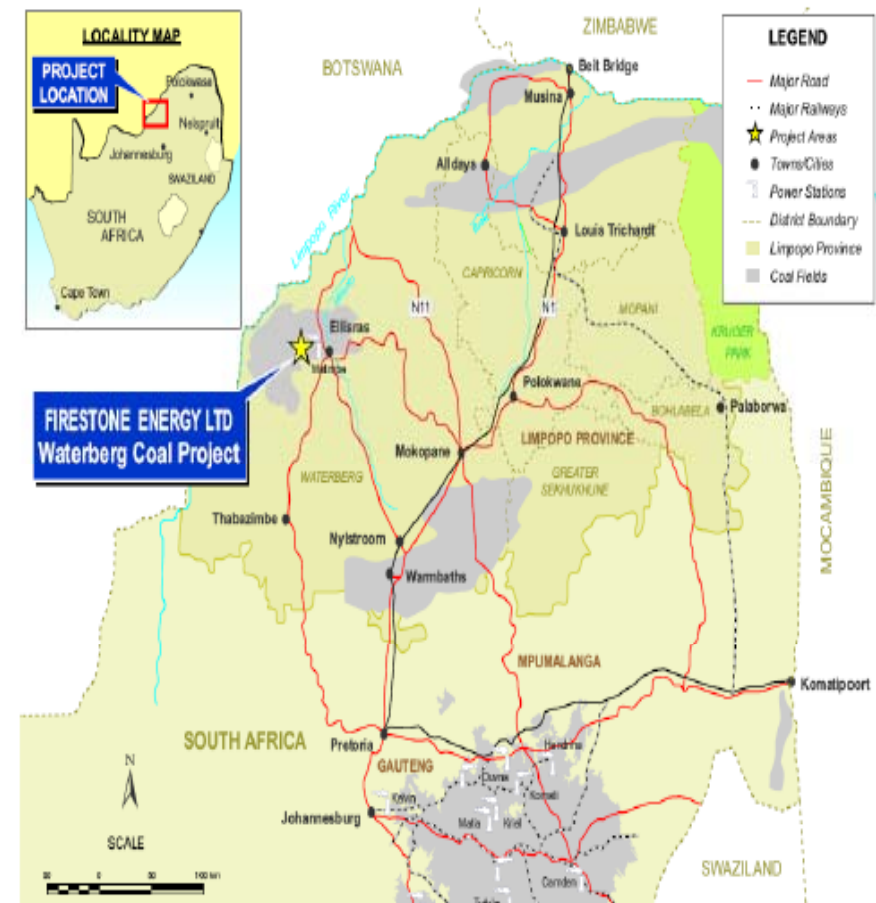
✓ Project development, financing, construction and operating experience

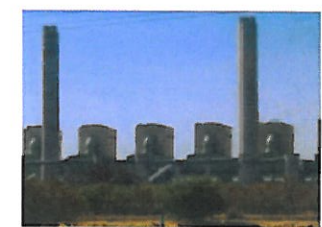


## Project Locality

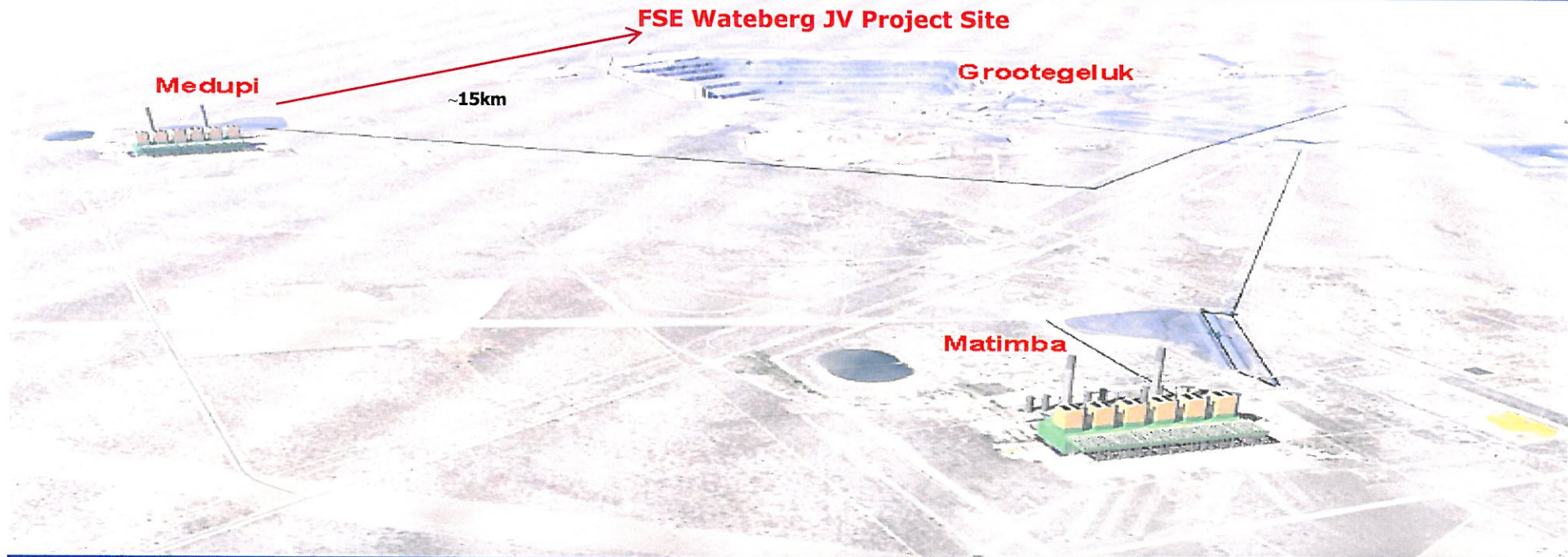
### Waterberg Coalfield:

- Estimated to contain 50% of South Africa's remaining coal resources (up to 400 years of coal)
- Strategic coal field with thick near surface coal seams
- Located 400 kms north of Johannesburg
- Mining by Iscor Mining/Kumba Resources (now Exxaro) commenced in 1980, the only operating coal mine in the Waterberg coal field
- Identified as next growth area to supply South Africa's electricity utility Eskom
- Average coal seam width between 90m -110m, characterised by 11 discrete zones, of with upper zones (6 -11) holding highest commercial value (semi-soft coking coals)
- Eskom building a new 4,800MW coal fired facility, Medupi Power Station, commencing operations by 2012 and requiring 18Mt thermal coal per annum





## Waterberg JV in relation to Exxaro & Eskom



### *Medupi power station*

Located to the west of Lephalale, Limpopo Province, this is a project comprising of 6 units rated in total at 4788 MW installed capacity. The first unit should be commissioned by the first quarter of 2012 and the last in 2015. The terrace preparation work by Roshcon started in May 2007. Due to heavy rains in the area, some parts of the site have been delayed slightly, especially trenches, etc. The team is currently finalising power supply for the site.

**November 2009**



## Pre-feasibility Study Program (PFS) Status

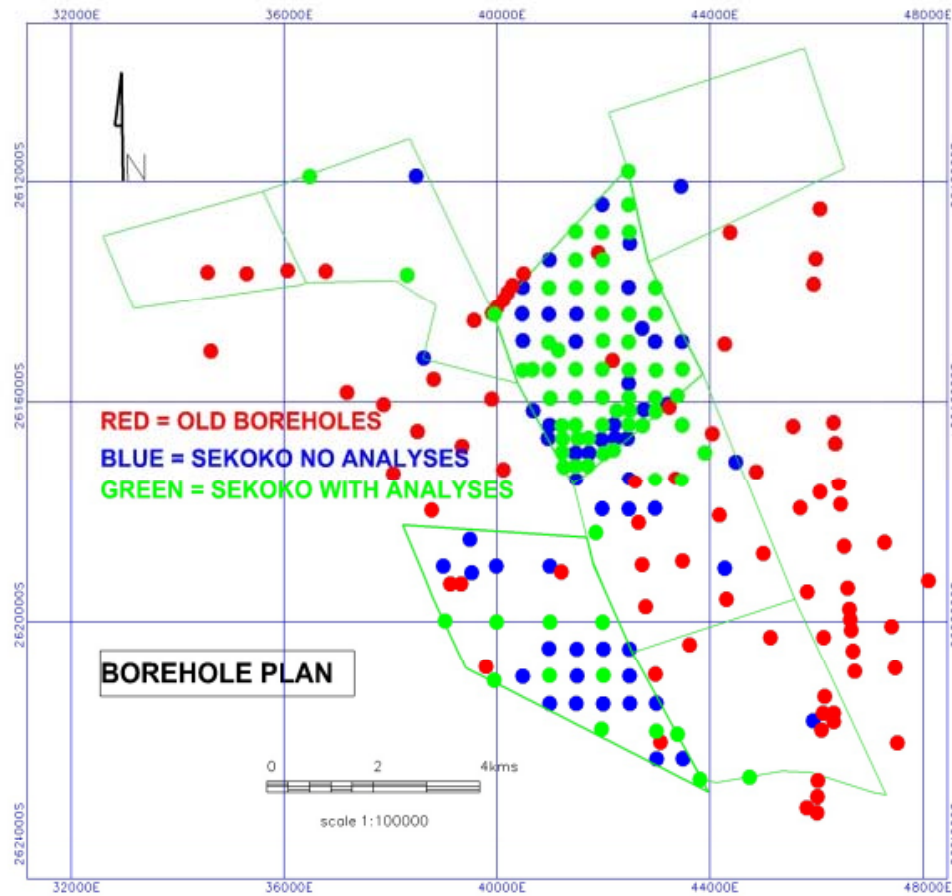
- **Upgraded Resource Base**
  - ✓ Significant increase in Measured category at Smitspan to 97.152mt
  - ✓ Completed drilling and analysis has improved underlying confidence level of resource base
- **Mining options**
  - ✓ Four (4) main options assessed
  - ✓ Current "Preferred" Phase I selected
- **Social Components of Feasibility Study**
  - ✓ Environmental Impact Assessment & Social Impact Assessment studies in progress
  - ✓ The preliminary draft of the Social and Labour Plans in progress – scheduled for completion by December 2009





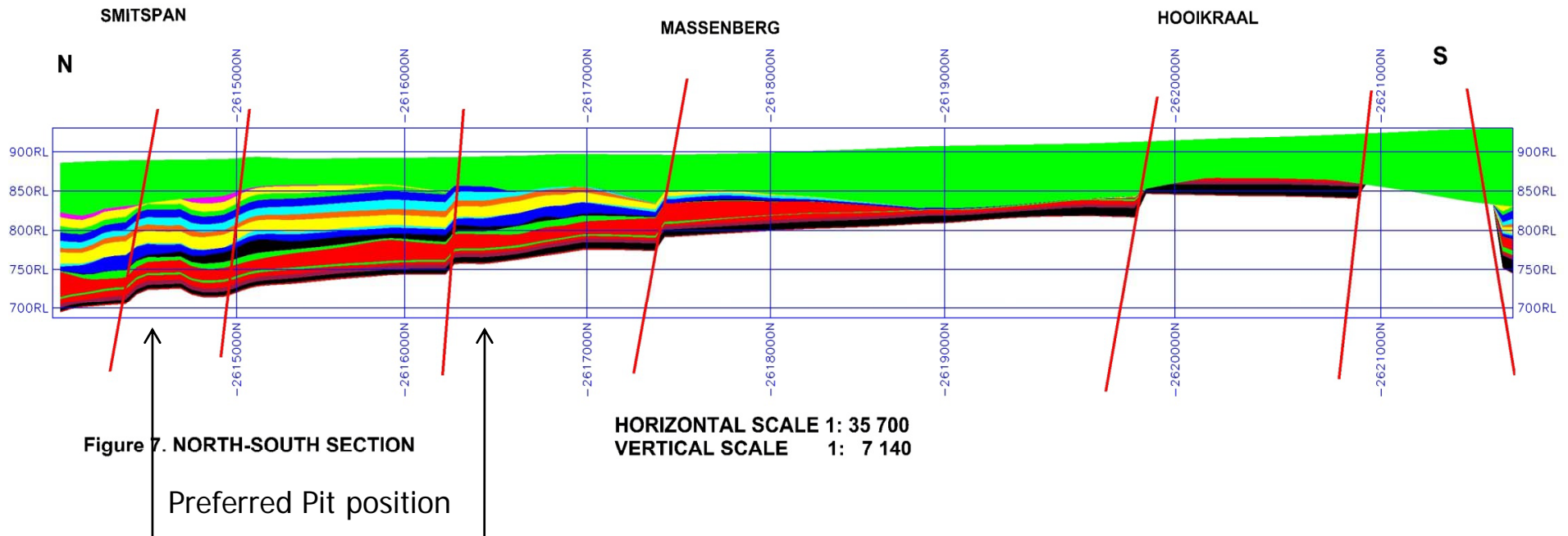


# Phase I - Drill Borehole Plan



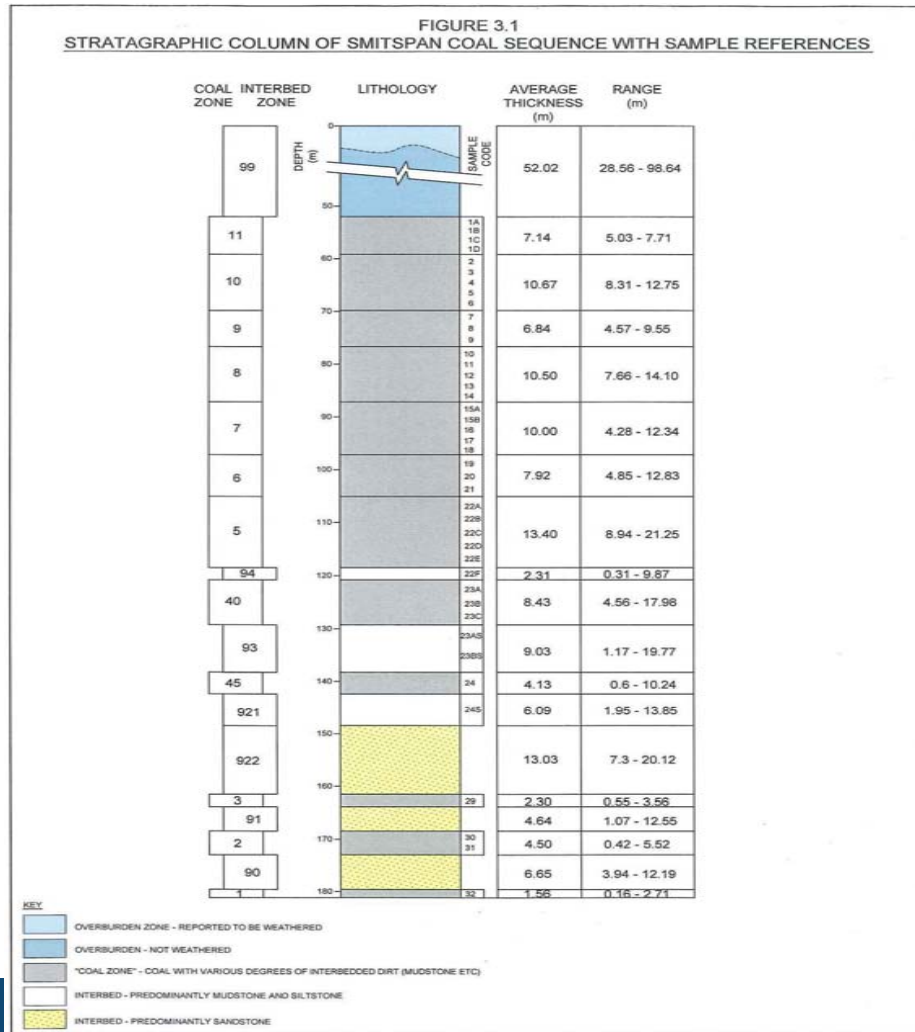


# Phase I - Geological Cross-Section





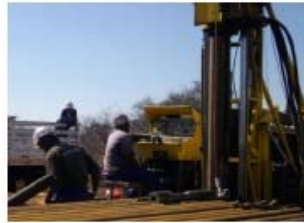
# St Phase I - Stratigraphy - Smitspan Coal Sequence





## Coal Resource Statement Gross Mill Tons In Situ

Farm/Property	Zones	Measured	Indicated	Inferred	Total M+Ind+Inf	Potential
Smitspan	1-11	97.152	416.109	106.836	<b>620.097</b>	0
Hooikraal	1-11	0	7.282	155.491	<b>162.773</b>	49.900
Massenberg	1-9	0	20.797	109.539	<b>130.336</b>	15.310
Minnasvlakte	1-11	0	26.507	230.687	<b>257.194</b>	82.760
Vetleegte	1-9	0	28.873	131.303	<b>160.176</b>	0.233
Olieboomfontein	1-11					519.822
<b>Total</b>		<b>97.152</b>	<b>499.568</b>	<b>733.883</b>	<b>1.330.630</b>	<b>668.025</b>



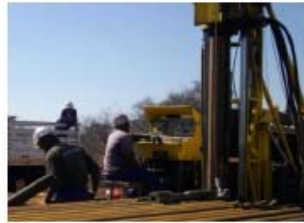
## Phase I - PFS Preferred Base Case

Optimised mining block based on strip ratios, realistic ramp up, market related tonnage profile, power station and export coal.

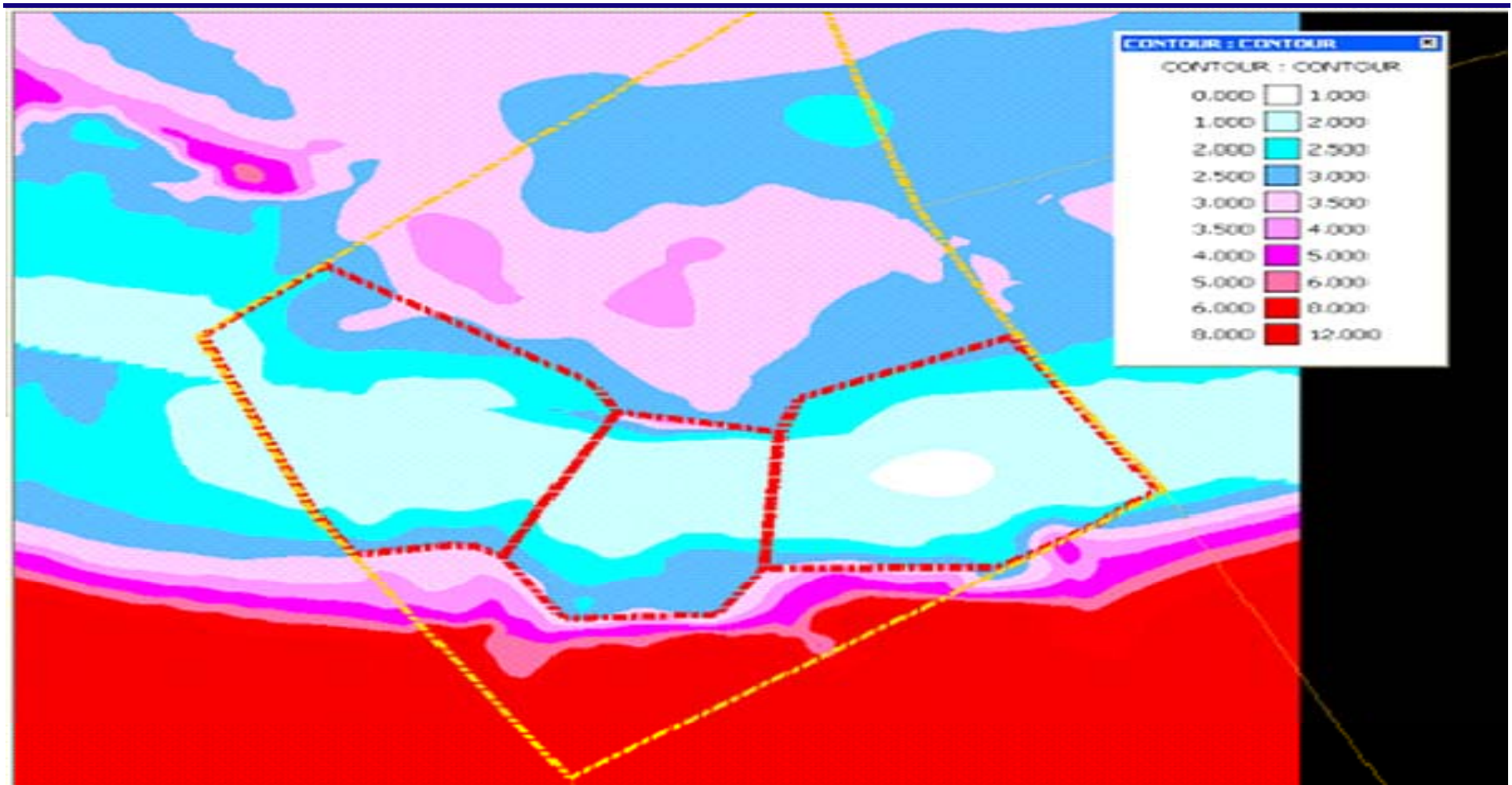
Mining Area (Ha)	ROM tons (Mt)	Saleable tons (Mt)	Strip ratio (overburden m <sup>3</sup> /sales t)	Life of Mine (Years)	Avg Yield (%)	Capex (ZAR M)	NPV (ZAR )at 10%	IRR (%)
507	258	103(PS) 10 (EX)	2.13	21	44 (PS) 15 (EX)	2,683	700-900 M	15-18

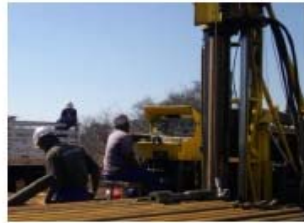
### PFS Base Case:

- Target average weighted Revenue of R150/t
- OPEX: Mining R25.98/ROM t, processing R 12.29/ROM t
- CAPEX ,OPEX and Revenue have a tolerance of +/- 20%

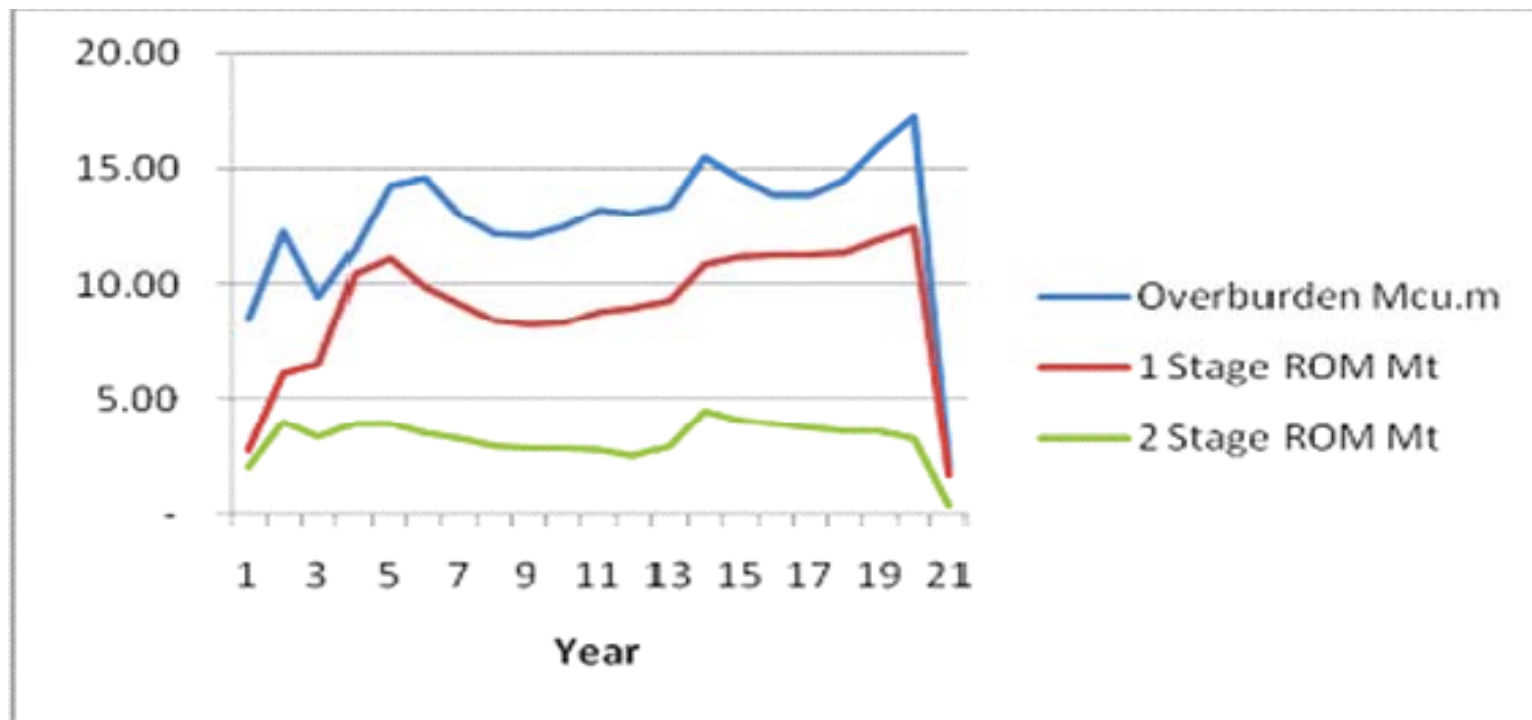


## Phase I - PFS Preferred Mining





## Phase I - PFS Preferred Base Case

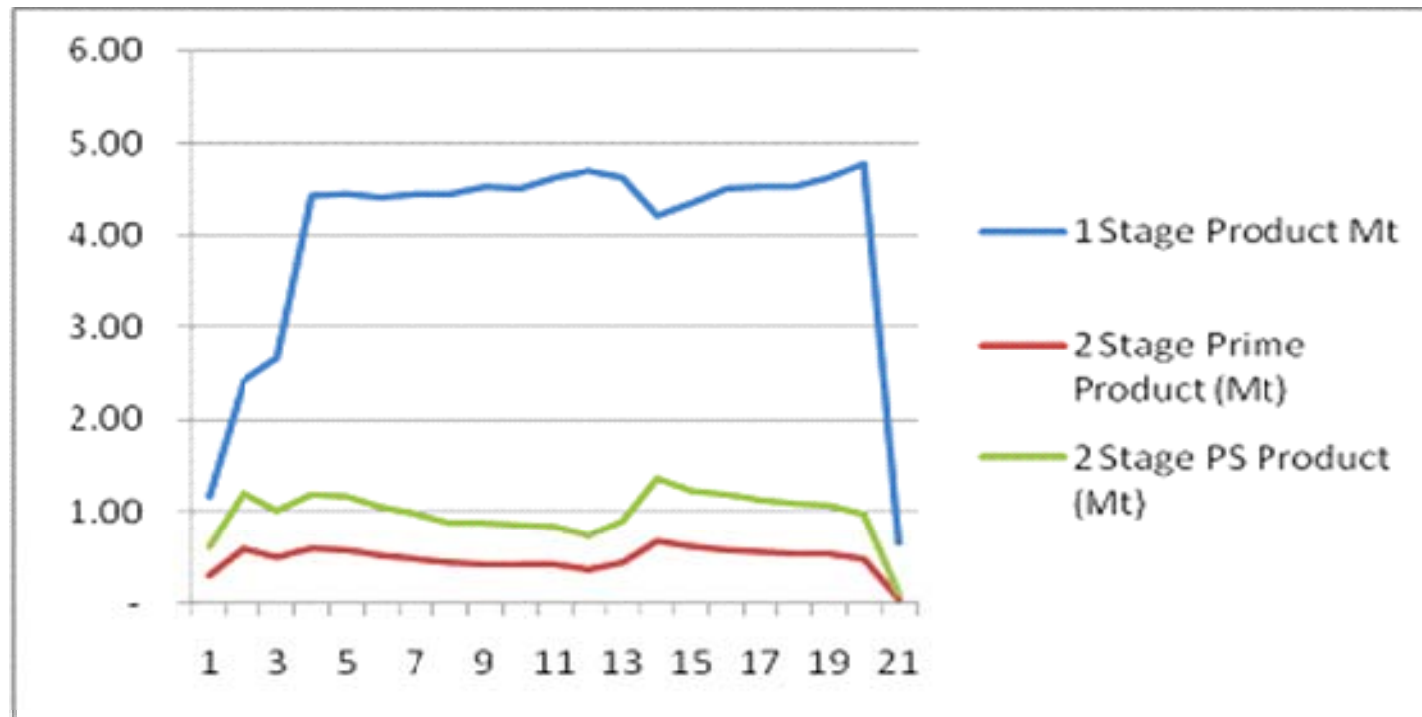


The profile indicates the following throughputs:

- ~ 10mtpa for the single stage plant
- ~ 3.5mtpa for the second stage plant



## Phase I - PFS Preferred Base Case



- Steady state mining in year 4
- The Power Station product annual supply equals approximately **5.4mtpa**
- The Prime product annual supply equals approximately **0.5mtpa**





## Business Strategy: 2010 and Beyond

- PFS essentially complete with “Resource Upgrade”
- BFS to be completed by end of Q3 2010
- Completion of selected drilling and analysis to upgrade resource base
- Continued engagement with adjacent resource holders and potential customers
- Participate fully in infrastructural initiatives and programmes
- Optimisation of mining plan to align with market





# Waterberg

