



ASX/Media Release – February 2nd 2010

Firestone/Sekoko – Agreement to Acquire Interest in Additional Properties

Firestone Energy Limited (ASX/JSE Code: FSE) is pleased to announce that FSE and Sekoko have entered into an agreement in terms whereof FSE, through its wholly owned subsidiary Lexshell, will acquire an interest in the prospecting rights held by Sekoko over the farms Swanepoelpan and Duikerfontein.

From this third JV agreement between Sekoko and Firestone it is expected that substantial additional size and scale will be added to the existing Waterberg project. Significantly, the farms share boundaries along strike West from the farm Smitspan (Refer Plan – Figure 1). Drilling data from 9 exploration holes on these farms indicate that the full sequence of 12 coal zones exists on these farms, 3 holes on farm Swanepoelpan indicate access at shallow depth to coal within 1.5km West of the proposed Smitspan pit.

The agreement is subject to the approval of FSE shareholders, all regulators, (including the South African Reserve Bank) and FSE financiers. The transaction is further subject to Lexshell conducting a valuation and due diligence programme in respect of the two farms.

It is expected such approvals will be obtained and the due diligence completed prior to July 2011.

It is envisaged FSE acquire a 60% interest in the rights relating to the above two farms, with Sekoko having a 40% interest therein, on terms similar to the second joint venture.

In summary FSE will pay Sekoko:

- a non-refundable amount of AUS \$100,000 immediately;
- a further non-refundable payment of AUS \$100,000 on or before 1 July 2010;
- a cash payment of AUS \$1,800,000 on or before 31 July 2011; plus
- the issue to Sekoko of 200 million fully paid ordinary additional shares in FSE.

Swanepoelpan shares a common boundary with the farm Smitspan where the FSE/Sekoko joint venture has recently acquired the surface rights and the joint venture is completing a bankable feasibility study for the establishment of an open cast coal mine. Duikerfontein is immediately adjacent to Swanepoelpan.

The acquisition of Swanepoelpan and Duikerfontein has the potential of extending both the size and the minelife of the planned Smitspan open cast mine. It could enable the joint venture to realise significant synergies in scale and mine options.



John Wallington (Managing Director of Firestone [former Anglo Coal Group CEO]) said, *"we are extremely pleased to have the opportunity of acquiring these two strategic farms and we believe by increasing the mineral reserves our ability to offer large sustainable low cost coal supplies to one of the nearby planned power producers has been materially enhanced"*.

Tim Tebeila, (Non-Executive Director of Firestone and Chairman of Sekoko Resources) suggested further that, *"this additional transaction makes good economic sense and will further enhance and strengthen the mutual benefits to be derived out of the Joint Ventures between Sekoko and Firestone"*.

For information please contact:

John Wallington
Managing Director
Telephone: +61 8 9381 2755

Figure 1 – Waterberg Project Areas

