

12 November 2010

ASX Announcement

OPERATIONS UPDATE

The Firestone Energy Limited (ASX/JSE : FSE)/Sekoko Joint Venture have made tremendous progress in development of their Waterberg coal project adjacent to the 30 year old Exxaro's Grootegeluk coal mine within the Limpopo region of South Africa.

HIGHLIGHTS

- The Definitive Feasibility study (DFS) has been completed and signed offtake expected by December 2010.
- The current open cast has a 21year mine life with a very low strip ratio of overburden to saleable coal strip ratio of 2 to 1 and only **6.4%** of the total Coal gross tonnes in Situ (GTIS) (August 2010 resource update) will be mined within this initial pit, so the coal seams are still open in all directions, and 6 coal seams are still under the first stage 70m deep pit floor.
- Submission of the Mining Rights application, Social Labour Plans and the Environmental Impact Assessment (EIA) scoping report.
- The Water Use Licence Authority (WULA) will be completed by end of November 2010 followed by the submission of the Environmental Management Program (EMP) before the end of December 2010.
- Completed site visits by the Department of Water Affairs (DWAF), the Department of Environment and Tourism (DEAT) and the Department of Local Economic Development Environment and Tourism (LEDET) which revealed no issues, gives the Company confidence that our application for both WULA and EMP will be accepted with minimal or no queries expected.
- Following the submission of mining rights in June 2010 two Public Participation Meetings (PPM's) were held where interested and affected parties (IAP's) were invited. No major issues were identified but all queries raised were attended to and mitigation plans put in place. The PPM's were followed by individual visits to IAP's that raised specific concerns. This process has also revealed no major concerns.

About Firestone Energy

Firestone Energy is an independent Australian exploration company focused on developing coal projects in South Africa. The company is currently exploring the richly endowed Waterberg coal field in the Limpopo Province of South Africa.

The Company is committed to value-added growth through becoming an independent coal and energy producer at its projects in South Africa.

The Company has entered into three joint ventures with Sekoko Resources, a South African black empowerment company (BEE) and Sekoko has two directors on the Board of Firestone Energy.

Corporate Details

ASX: FSE
JSE: FSE

Issued Capital:
2,401 million ordinary shares

Major Shareholders:
Sekoko Resources (Pty) Ltd
Colbern Fiduciary Nominees Ltd
Bell Potter Nominees Ltd

Directors and Officers:

Non Executive Directors:
John Dreyer (Chairman)
Timothy Tebeila (Deputy Chairman)
Colin McIntyre
John Wallington
Sizwe Nkosi

Company Secretary
Jerry Monzu

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Sekoko Chairman, Mr Tim Tebeila, expects that the Record of Decisions (ROD) will be issued at the end of Q1 2011, which will then lead to approval of Mining Rights by Q2 2011. Removal of overburden and commissioning of the plant will follow to enable the project to reach its first coal by the end of 2011 and then supply its off-take customer by Q2 of 2012.

FSE/Sekoko have completed the rail siding study. This involved the implementation of a 7km line connecting to the main Transnet Freight Rail (TFR) line going to Thabazimbi at a capital cost of A\$20million. The environmental studies relating to the rail siding construction will be completed before the end of 2010. The off-taker, TFR and ourselves are part of the team that will implement the rail siding.

Further information can be obtained by contacting the persons below on +61 (08) 9287-4600.

John Dreyer
Chairman

Sizwe Nkosi
Non Executive Director

www.firestoneenergy.com.au