

2 March 2011

ASX Announcement



SIGNIFICANT METALLURGICAL COAL CONFIRMED IN SHALLOW BOREHOLES

PRIME COAL UPGRADE - CLOSE TO SURFACE

Firestone Energy Limited (ASX/JSE : FSE) is pleased to announce that its joint venture with Sekoko Resources (Pte) Limited has received a significant independent geological report relating solely to the joint venture's southern three Waterberg farms, called Vetleegte, Massenbergr and Hooikraal.

The report highlights an increase of **+26.5%** in the Coal Zone Tonnage for the whole 12 seams in the area covered by the report, and significantly an increase of **+45%** in the Coal Zone Tonnage for higher quality and shallow metallurgical coal (met coal) in seams 3, 2 and 1, compared to the values announced on 12 August 2010 (Venmyn Rand (Pty) Ltd Geological Report).

COAL ZONE RESOURCE TONNES SUMMARY

Vetleegte, Massenbergr and Hooikraal farms only and under Measured / Indicated / Inferred JORC and SAMREC category.

TABLE "A"

| <u>Coal Seams</u> | <u>SMS (tonnes)</u> | <u>Venmyn (tonnes)</u> | <u>Variance(%)</u> |
|--------------------------|-----------------------------|-------------------------------|---------------------------|
| All 12 seams | 1,601,611,738 | 1,216,743,000 | +26.5 |
| Seams 3, 2 and 1 | 352,215,097 | 242,231,506 | +45 |

The raw coal data results which are set out in table 3, page 13 of the attached SMS Geological report (The Report), show consistently high Calorific Values and low Phosphorous levels, particularly for Zones 3, 2 and 1.

The shallowness of the coal is indicated in Figure 5, Page 9 of the Report. The 3D geological model indicates that the lower 3 quality coal seams have been thrust upwards (Figure 6 of the Report), in an area surrounded by major fault structures with one of the top stacked seams (Zone 2), being as close as approximately 25 vertical metres from the surface.

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:
2,627 million ordinary shares

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

Directors and Officers:

Non Executive Directors:
David Perkins (Chairman)
Dr Pius Kasolo
Colin McIntyre
Sizwe Nkosi
Peter Tshisevhe

Company Secretary
Jerry Monzu

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The shallow met coal seams contain a combination of 'Metallurgical' and 'Export Thermal' Coal and covers a considerable area of approximately 726 hectares. The eastern edge joins a 4km long common boundary with neighbours Exxaro's Grootegeluk mine, refer figure 7, page 11 of the Report. Also note that the shallow coal seams traverse from the west edge of the farms to the extreme east edge, a distance of 6.6km.

It is anticipated that these shallow Met coal seams will be optimised within a large shallow open cast design with a moderate strip ratio, especially at the shallower western end. The potential exists for the recovery of additional "2 zone" coal from underground. This seam shows a consistent thickness of over 4 metres, ideal for continuous mining operations. After washing, the qualities of this seam can also enable it to be sold to the infrastructure companies located in South Africa.

The 3 southern farms are within 4kms from the Joint Venture's proposed Smitspan open cast mine which is being established to supply coal to Eskom on the recently announced Eskom Offtake MOU.

The additional test work carried out on the metallurgical coal since our previous report (12 August 2010: Venmyn Rand (Pty) Ltd Geological Report) has identified higher and consistent Calorific Values and Yields for the coal seams, particularly from Zones 3, 2 and 1. These results are summarized in Tables 3-6; pages 13-16 of the Report.

The Joint Venture is currently preparing a plan of the outline of a proposed shallow Met coal open cast for the southern farms and an indicative underground operation.

FSE technical director, Mr Colin McIntyre, considers the potential for the new shallow Met coal open cast mine adds significant benefit to the Joint Venture, he stated, "This potential new mine provides the Joint Venture with the added flexibility of treating higher quality coal in the shorter term. The completed DFS model on the nearby Smitspan farm only contemplated the mining the top seams (11 to 7) in the first 21 years of mine life and incorporates only 6% of the total Coal GTIS (7 farms) in the Venmyn Report. The opening up of this new area should provide considerable synergies and saving as well as providing a higher quality product for additional markets".

FSE chairman, David Perkins said "Since the Shareholders agreement has been signed, FSE is now planning a presentation to South African, Australian and overseas investors to promote these world class open cast coal resources and to raise funds for the mining and treatment of coal to meet the schedule in the recently signed Eskom Offtake MOU.

"The quality of these resources gives us great confidence in the long term nature of our investment in the Firestone Sekoko Joint Venture. We envisage the Waterberg Coal Region as being a major supplier to several domestic coal power stations and other uses over several generations with the majority of supply emanating from opencast reserves".

David J Perkins

Chairman

www.firestoneenergy.com.au

Competent Persons Statement

Information in this announcement (and attached report) that relates to exploration results, coal resources or reserves on the properties Smitspan 306LQ, Hooikraal 315LQ, Minnasvlakte 258LQ, Massenburg 305LQ, Swanepoelpan 262LQ and Duikerfontein 263LQ is based on information compiled by Mr Petrus Cornelius Meyer who is employed by PC Myer Consulting and is a member of the Geological Society of South Africa. Mr Myer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr Meyer consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.



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GEOLOGICAL MODELLING UPDATE FOR THE PROPERTIES VETLEEGTE, MASSENBERG AND HOOIKRAAL

***(New Order Prospecting Right No. 681/2007
(All Minerals)***

**Report Prepared for
SEKOKO RESOURCES (PTY) LTD**



**Report No. SMS/004/11
March 2011**

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Glossary of Terms, Abbreviations, SI Units

| Si Units | Description |
|---------------------------------------|--|
| cm | Centimetre. |
| CV | Calorific Value (MJ/kg) |
| kg/m ³ or t/m ³ | density of coal or rock. |
| Hectare | 10,000m ² |
| Km | Distance or length (kilometres). |
| m | Length (metre). |
| m ³ | Cubic metres (measure of volume). |
| RD | Relative Density |
| t | A metric tonne (1 000 kilograms or 2 204.62 pounds). |
| m ² | Area. |

1. INTRODUCTION

Sound Mining Solution (Pty) Ltd (“SMS”) was requested by Sekoko Coal (Pty) Ltd (“Sekoko”) to build an updated geological model with the relating resource estimate for their Waterberg Coal Project. This update is to focus on the properties Vetleegte 304LQ, Massenberg 305 LQ and Hooikraal 315LQ, due to additional drilling on the farms Vetleegte and Massenberg and the identification of a possible low phosphorus, open pitable, coal resource within the Zone 2 coal layer. Previous work done by SMS includes geological modelling for the properties Minnasvlakte 258LQ, Smitspan 306LQ, Swanepoelpan 262LQ, Duikerfontein 263LQ.

Sekoko Coal (Pty) Ltd owns the Prospecting Right No.681/2007 to the above farms and they are in turn 100% held by Sekoko Resources (Pty) Ltd. All farms are located in the Limpopo Province of South Africa, approximately 240 km from Lephalale.

SMSCA is an independent company which has no interest in any of the mineral assets under consideration that would otherwise influence its ability to give an unbiased, fair and reasonable opinion.

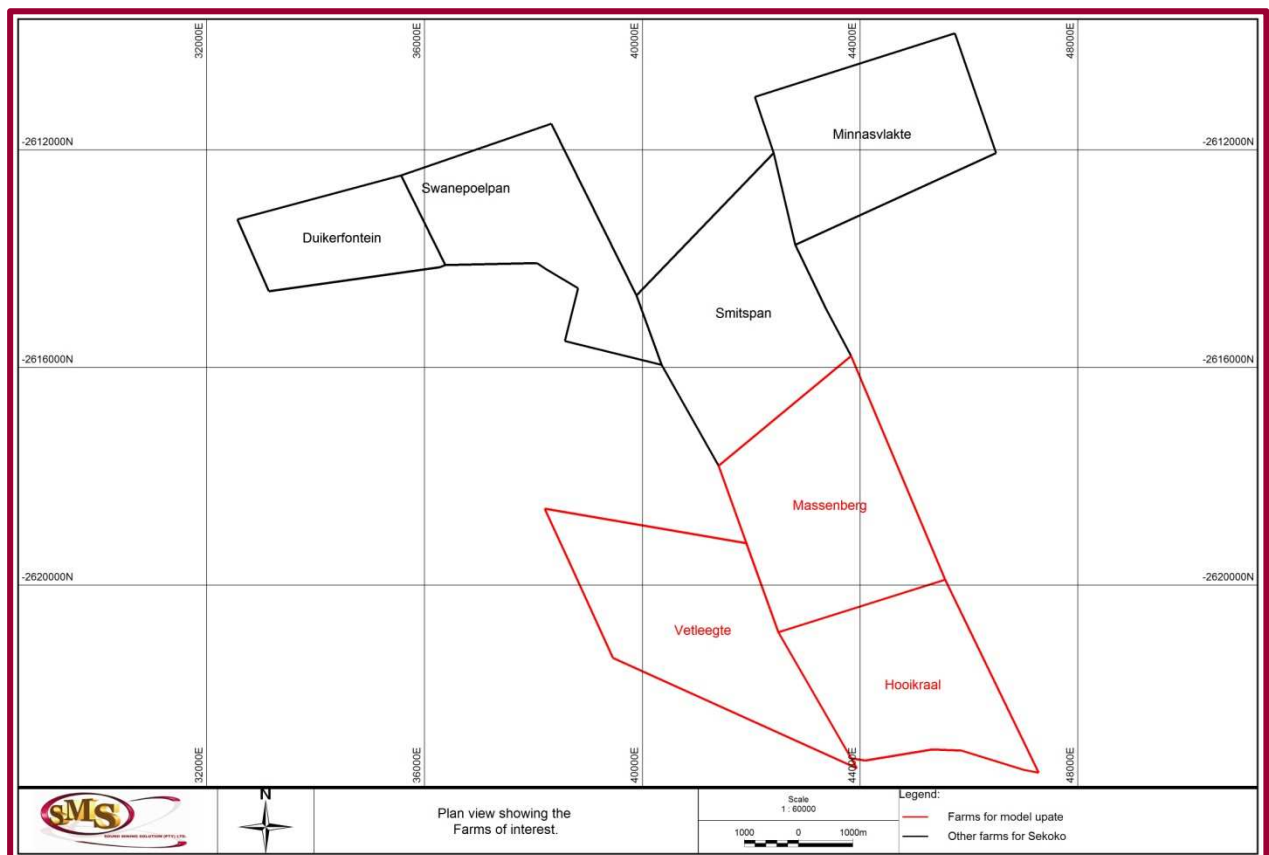


Figure 1: Plan view of Sekoko Resources' properties

1.1. Regional Geology

All of the known coal deposits in South Africa are hosted in the sedimentary deposits of the Karoo Basin. This is a large retro-foreland basin which formed on the Kaapvaal Craton. The Karoo Supergroup is lithostratigraphically subdivided into the Dwyka, Ecca, Beaufort and Stormberg Groups.

The coal within the Waterberg Coalfield occurs within the Permian aged Ecca Group, and can be further subdivided as occurring in the Vryheid and Volksrust Formations of the Ecca Group. The Waterberg Coalfield formed in a graben structure known as the Waterberg Basin, bounded to the North by the Limpopo Mobile Belt and bounded to the South by the Eenzaamheid Fault. This is a structurally complex area with other major structures being reactivated over time, such as the Daarby Fault. These structures, as well as smaller post-depositional faults have an East-West orientation. The coal is found interbedded with carbonaceous shales, sandstones and mudstones and has been deposited in zones.

These coal zones are numbered from the base of the Vryheid Group, with twelve zones having been identified. Zones 1 to 4 occur within the Vryheid Group, with Zones 5 to 11 occurring in the overlying Volksrust Group.

2. DATA

The geological data to be modelled was received by SMS from Sekoko over the time period 28 January 2011 to 2 February 2011. This consisted of borehole collars, coal zone intersections and sample qualities, composited per coal zone. Historical data was used in the model due to the lack of recent drilling within Hooikraal and on the Eastern side of Massenberg. This historical data was only used for structural modelling as no qualities are available (see Figure 2 and Table 1). Farm boundaries were used from previous work done by SMS for Sekoko. All coordinate data is in the WG27 coordinate system.

One erroneous quality data point was detected. Borehole SV304001 showed a sulphur value of 12.09% within Sample 29. SMS was instructed by Sekoko on 4 February 2011 that this should read 1.29, and was changed as such.

| Farm | Total Number of Boreholes | With Qualities | Without Qualities |
|--------------|---------------------------|----------------|-------------------|
| Vetleegte | 41 | 29 | 12 |
| Massenberg | 26 | 11 | 15 |
| Hooikraal | 18 | 3 | 15 |
| TOTAL | 85 | 43 | 42 |

Table 1: Number of boreholes with qualities

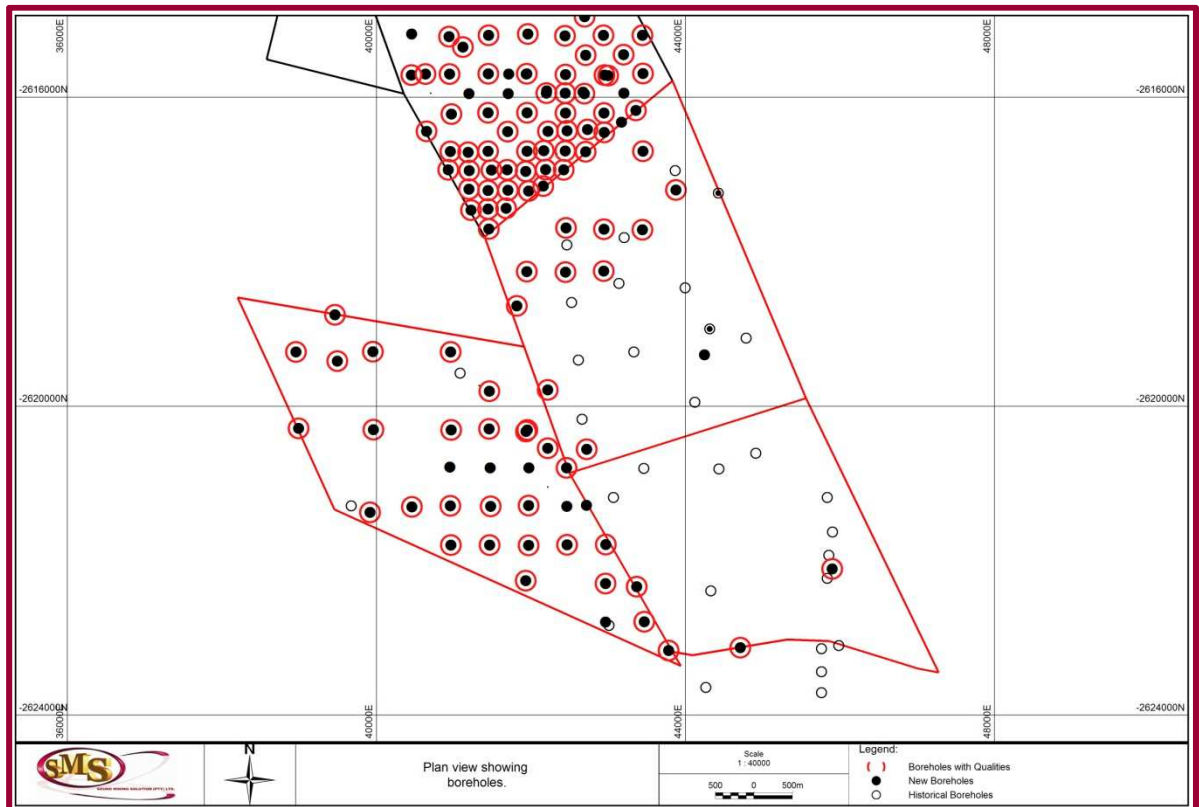


Figure 2: Plan view showing the boreholes and indicating those with quality data on Vetleegte, Massenberg and Hooikraal.

3. GEOLOGICAL MODELLING

3.1. Data Import

The first step of the geological modelling programme was importing all the available data into the Micromine™ geological modelling software package.

Micromine™ 2010, Version 12.0.2 Build 1034 was used for the geological modelling. The data described Section 2 was imported and combined in Micromine™ to form a borehole database with all coal intersections and qualities.

3.2. Faults

The first step in modelling of the coal seams was to identify fault structures. The fault structures were taken from previous modelling work done (see report SMS-CA-033-10_THE SEKOKO WATERBERG COAL PROJECT UPDATE OF SMITSPAN AND VETLEEGTE) and modified to correlate with the new data received. The coal is seen to be displaced between five metres and one hundred metres across these fault structures. The resulting fault blocks used in the modelling can be seen below in Figure 3.

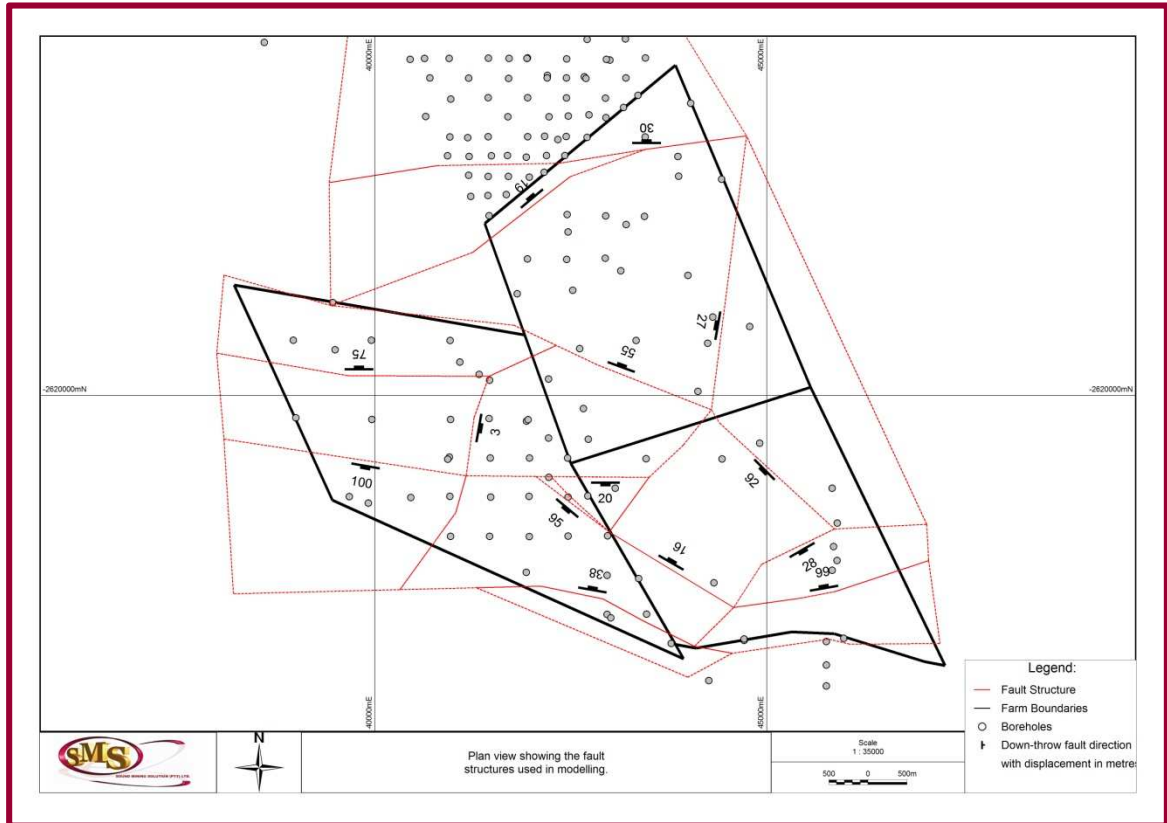


Figure 3: Fault blocks used in the geological modelling

3.3. Coal Seams

In order to model the coal seams a file was created of the roof and floor contact points within the boreholes. An attribute was then added to these points indicating which fault block they locate, and were then gridded for each fault block. An inverse distance gridding method was used at a grid spacing of 50m to create roof and floor grids for each seam, per fault block. These grids were then transformed into wireframes and the roofs and floors joined to form three dimensional wireframes for each seam.

A West-East section view across Vetleegte and Massenberg can be seen below in Figure 4 with a three dimensional view in Figure 6. Figure 5 shows the depth to top-of-coal. Figure 7 shows the upper-most coal seam per area, and indicates the areal extent of the up thrown Zone 2 of interest.

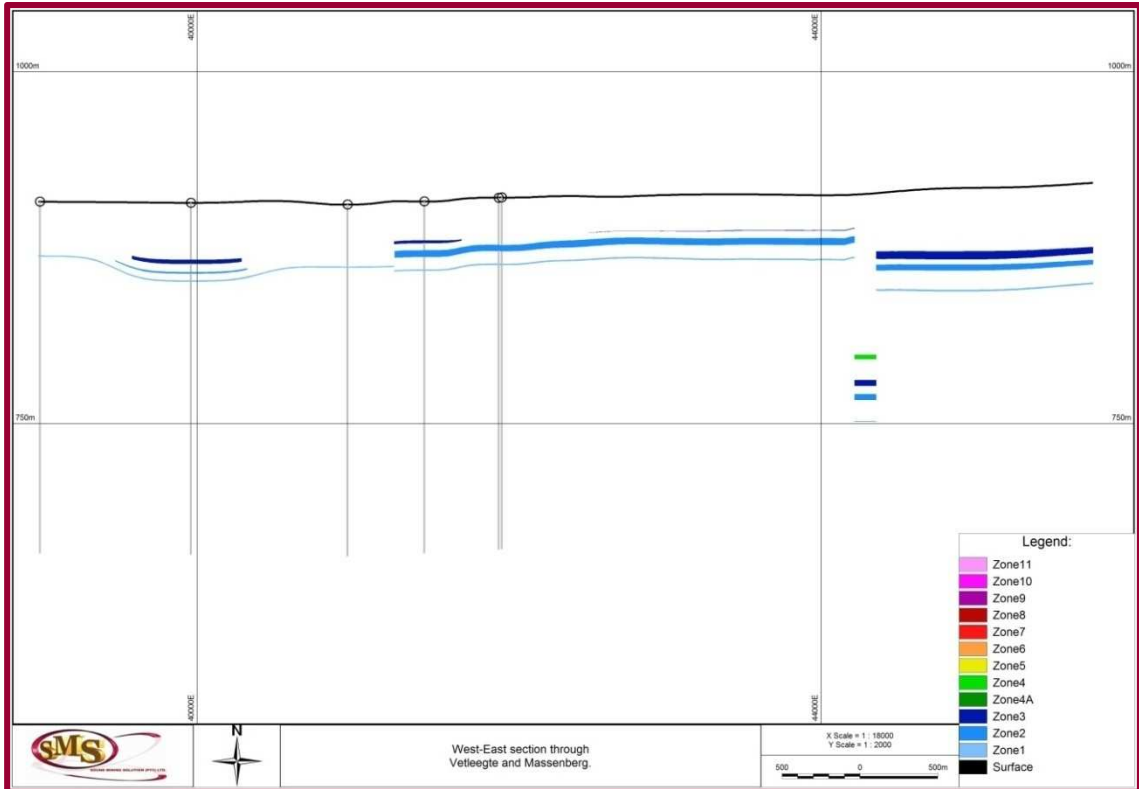


Figure 4: West-East section view across Vetleegte and Massenberg

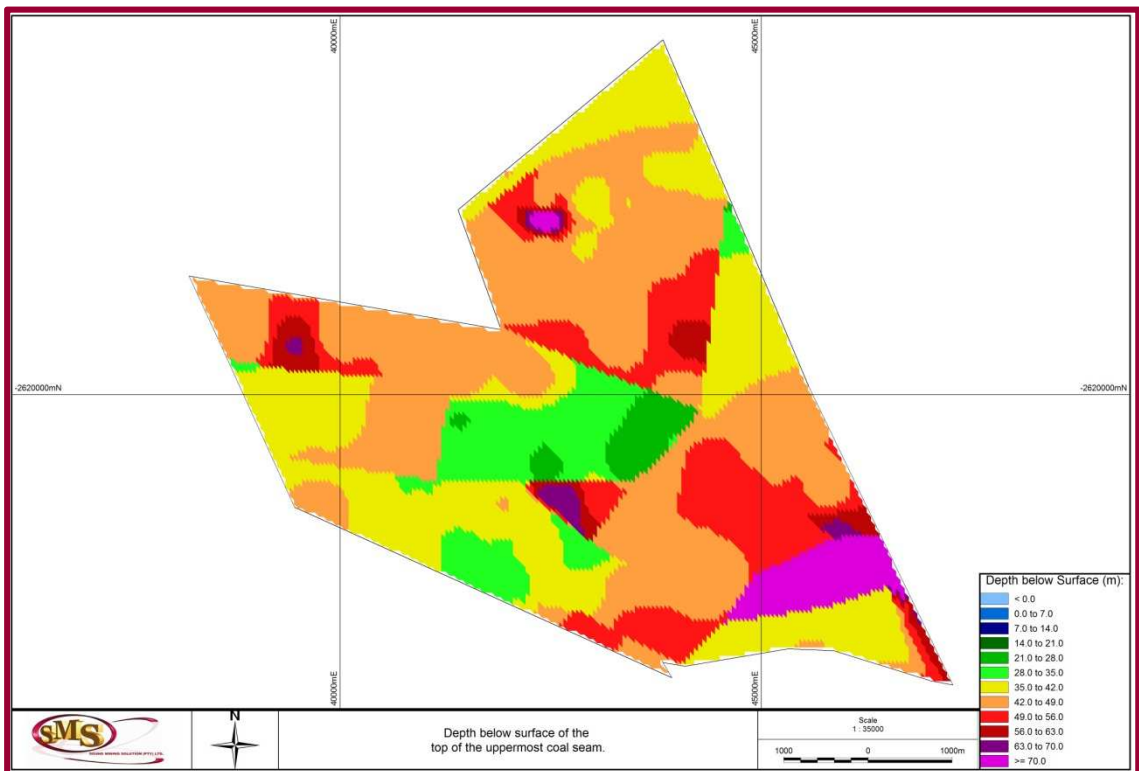


Figure 5: Plan view of the properties showing depth to top-of-coal

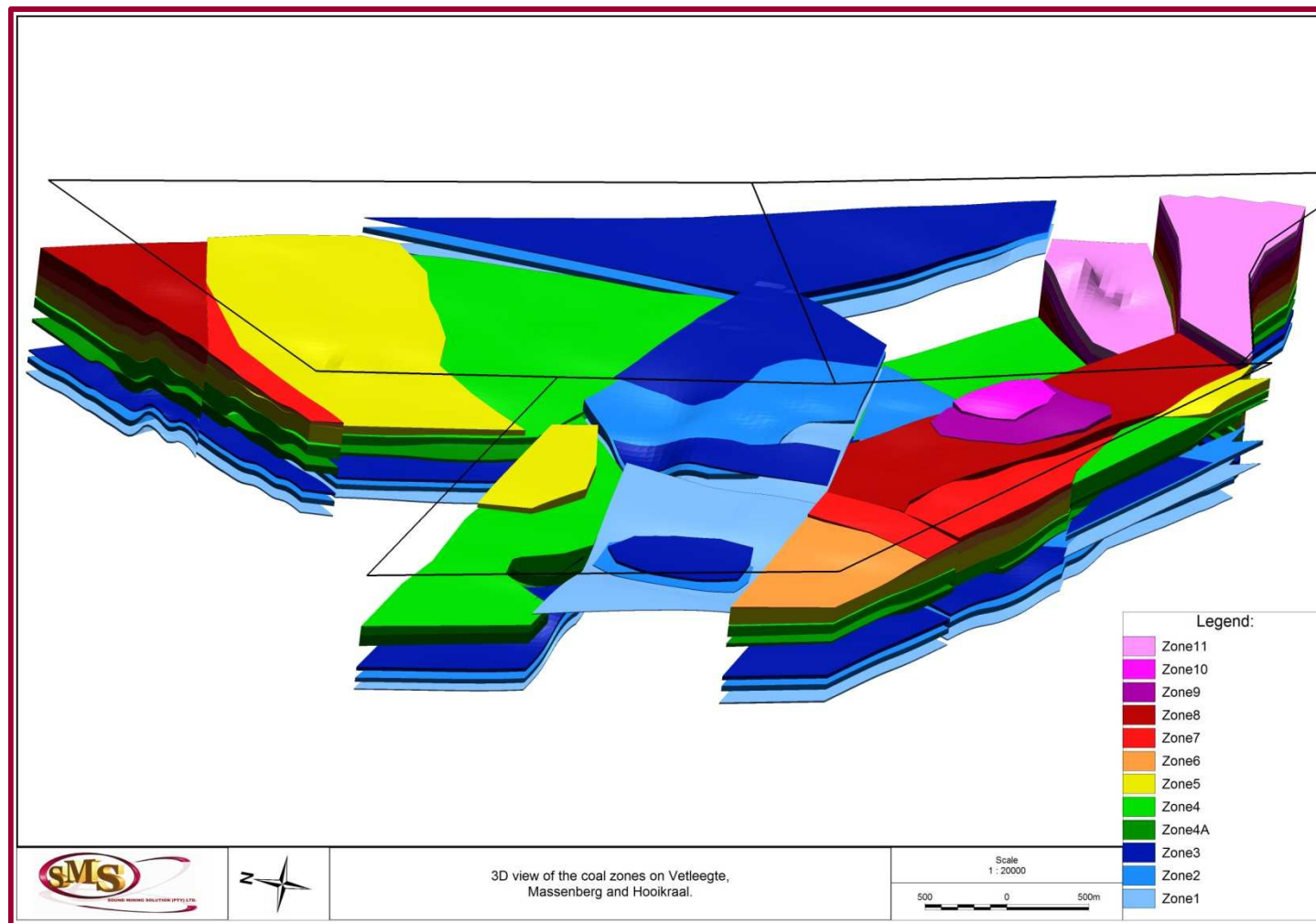


Figure 6: Three dimensional view of the coal zones within each property

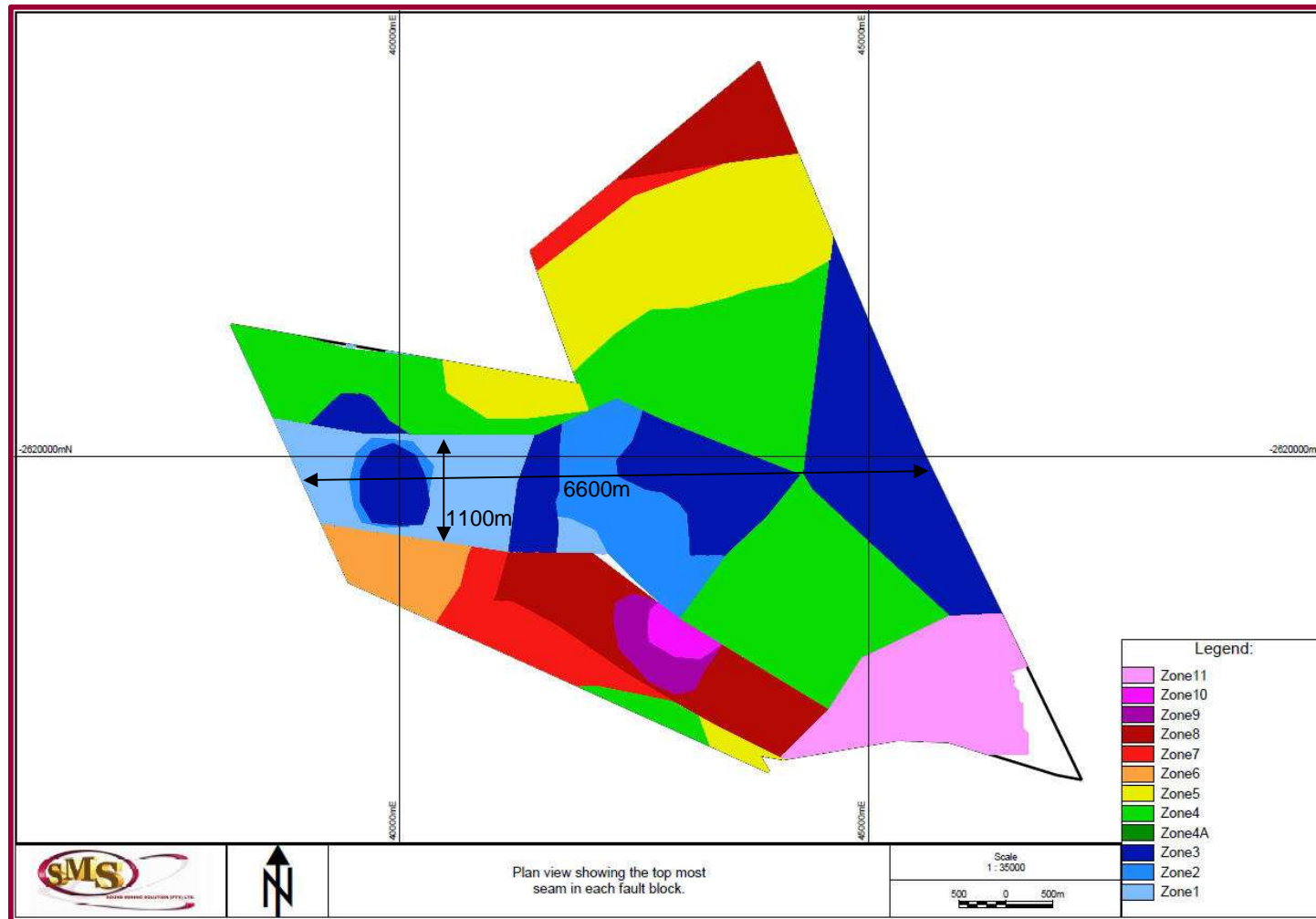


Figure 7: Plan view showing the top-most coal seam in each area

3.4. Coal Qualities

Coal qualities based on the sample wash at RD=1.9 were investigated within the geological modelling. The samples, already composited per coal zone, were supplied to SMS by Sekoko. All coal qualities are reported on an air dry basis, with the Phosphorus values reported being the total phosphorus using the ISO 62 wet chem. method. The following coal qualities were investigated in the modelling:

- Raw RD
- CV
- Ash
- Fixed Carbon
- Moisture
- Sulphur
- Volatiles
- Yield
- Total Phosphorus

These composited qualities were then gridded per seam using the inverse distance squared method.

3.5. Classification

Resource classification for the model was done according to the coal resource guidelines, SANS 10320:2004, for thick interbedded seam deposits, with the classification according to the boreholes with qualities as shown in Table 2. All resulting classification grids per coal zone can be seen in APPENDIX 1.

| Classification | Borehole Spacing |
|----------------|------------------|
| Measured | 350m |
| Indicated | 1000m |
| Inferred | 3000m |
| Reconnaissance | 4000m |

Table 2: Coal resource classification

4. COAL RESOURCE ESTIMATION

The resulting resource estimation, taking into consideration all the parameters as mentioned in Section 3, can be seen in Table 3 to Table 6.

| Coal Zone | Area (m ²) | Average Thickness (m) | Volume (m ³) | Tonnes | RD % | Yield % | Moisture % | Ash % | Volatiles % | Sulphur % | CV % | Phosphorus % |
|--------------|------------------------|-----------------------|--------------------------|----------------------|------------|--------------|-------------|--------------|--------------|-------------|--------------|----------------|
| Zone11 | 2,851,975 | 5.73 | 16,332,073 | 31,030,938 | 1.90 | 47.11 | 3.63 | 26.59 | 30.01 | 1.55 | 22.44 | - |
| Zone10 | 3,092,455 | 8.46 | 26,170,222 | 50,085,879 | 1.91 | 48.43 | 3.61 | 24.80 | 30.11 | 1.18 | 22.82 | 0.00500 |
| Zone9 | 3,570,582 | 4.87 | 17,390,240 | 33,559,511 | 1.93 | 42.46 | 3.00 | 27.63 | 29.79 | 1.21 | 21.91 | - |
| Zone8 | 6,426,235 | 8.38 | 53,869,334 | 102,819,859 | 1.91 | 47.66 | 3.28 | 28.90 | 27.69 | 1.14 | 21.48 | 0.01416 |
| Zone7 | 8,078,670 | 8.73 | 70,553,889 | 138,161,447 | 1.96 | 42.96 | 2.90 | 25.84 | 29.98 | 1.35 | 22.75 | 0.00976 |
| Zone6 | 9,018,605 | 5.97 | 53,865,774 | 108,832,026 | 2.02 | 24.71 | 2.95 | 28.41 | 28.92 | 1.25 | 21.81 | 0.01359 |
| Zone5 | 13,594,331 | 11.13 | 151,310,391 | 307,214,565 | 2.03 | 18.75 | 2.87 | 33.59 | 25.51 | 0.75 | 19.58 | 0.02979 |
| Zone4 | 22,510,860 | 7.44 | 167,559,416 | 324,202,336 | 1.93 | 42.60 | 2.86 | 37.54 | 21.59 | 0.58 | 17.84 | 0.01776 |
| Zone4A | 18,193,433 | 4.20 | 76,336,258 | 153,490,077 | 2.01 | 23.39 | 2.51 | 41.02 | 20.06 | 0.41 | 16.60 | 0.02412 |
| Zone3 | 26,403,734 | 2.41 | 63,556,804 | 103,806,056 | 1.63 | 82.59 | 3.24 | 22.00 | 21.30 | 0.79 | 23.88 | 0.02310 |
| Zone2 | 30,540,566 | 3.74 | 114,166,100 | 198,341,907 | 1.74 | 78.85 | 3.35 | 21.31 | 23.14 | 0.72 | 24.07 | 0.01465 |
| Zone1 | 32,971,138 | 0.91 | 29,999,182 | 50,067,134 | 1.67 | 83.56 | 3.40 | 15.99 | 24.52 | 0.66 | 26.24 | 0.01357 |
| TOTAL | | | 841,109,682 | 1,601,611,738 | 1.9 | 45.44 | 3.02 | 30.06 | 24.61 | 0.83 | 20.87 | 0.01806 |

Table 3: Total coal resource estimation spanning Vetleegte, Massenberg and Hooikraal, per coal zone.

| Coal Zone | Area (m ²) | Average Thickness (m) | Measured Volumes (m ³) | Indicated Volumes (m ³) | Inferred Volumes (m ³) | Volumes Not Classified (m ³) | Total Volume (m ³) | Tonnes | RD % | Yield % | Moisture % | Ash % | Volatiles % | Sulphur % | CV % | Phosphorus % |
|--------------|------------------------|-----------------------|------------------------------------|-------------------------------------|------------------------------------|--|--------------------------------|--------------------|-------------|--------------|-------------|--------------|--------------|-------------|--------------|----------------|
| Zone11 | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Zone10 | 187,425 | 5.05 | - | - | 945,582 | - | 945,582 | 1,890,445 | 2.00 | 78.73 | 4.01 | 23.24 | 30.22 | 1.08 | 22.96 | 0.00500 |
| Zone9 | 652,514 | 3.21 | - | 2,091,859 | - | - | 2,091,859 | 3,836,972 | 1.83 | 55.56 | 4.28 | 25.03 | 29.67 | 1.38 | 22.63 | 0.00200 |
| Zone8 | 1,823,165 | 7.95 | - | 14,473,028 | 24,133 | - | 14,497,161 | 27,705,234 | 1.91 | 47.75 | 4.00 | 27.80 | 27.74 | 1.06 | 21.66 | - |
| Zone7 | 3,083,454 | 8.59 | - | 26,168,916 | 305,034 | - | 26,473,950 | 52,246,341 | 1.97 | 35.28 | 3.55 | 25.00 | 29.98 | 1.17 | 22.69 | 0.00619 |
| Zone6 | 4,022,742 | 6.20 | - | 24,255,319 | 668,138 | - | 24,923,458 | 50,907,907 | 2.04 | 22.29 | 3.29 | 28.85 | 28.41 | 1.20 | 21.50 | 0.00833 |
| Zone5 | 4,774,468 | 13.10 | - | 55,419,818 | 7,146,248 | - | 62,566,066 | 129,275,882 | 2.07 | 15.19 | 3.19 | 30.80 | 26.89 | 0.81 | 20.42 | 0.03033 |
| Zone4 | 6,836,411 | 10.57 | - | 63,598,709 | 8,653,748 | - | 72,252,458 | 143,151,627 | 1.98 | 35.80 | 3.20 | 37.52 | 21.83 | 0.57 | 17.63 | 0.01429 |
| Zone4A | 6,581,955 | 5.58 | - | 27,052,698 | 9,684,845 | - | 36,737,544 | 75,420,341 | 2.05 | 15.32 | 3.20 | 38.59 | 21.19 | 0.45 | 17.31 | 0.03140 |
| Zone3 | 6,705,038 | 2.40 | - | 13,129,766 | 2,953,008 | - | 16,082,773 | 27,797,144 | 1.73 | 77.63 | 3.95 | 23.30 | 21.15 | 0.80 | 22.88 | 0.02303 |
| Zone2 | 9,019,240 | 3.76 | 1,149,830 | 29,604,169 | 3,161,665 | - | 33,915,664 | 58,851,477 | 1.74 | 79.03 | 3.81 | 20.41 | 23.25 | 0.76 | 24.18 | 0.01430 |
| Zone1 | 11,449,812 | 0.96 | 248,408 | 8,948,664 | 1,786,129 | - | 10,983,201 | 18,573,251 | 1.69 | 82.97 | 3.95 | 14.88 | 24.60 | 0.64 | 26.35 | 0.01088 |
| TOTAL | | | 1,398,238 | 264,742,947 | 35,328,530 | | 301,469,715 | 589,656,620 | 1.96 | 37.52 | 3.42 | 30.33 | 24.65 | 0.78 | 20.51 | 0.01804 |

Table 4: Coal resource estimation on Vetleegte, per coal zone.

| Coal Zone | Area (m ²) | Average Thickness (m) | Indicated Volumes (m ³) | Inferred Volumes (m ³) | Reconn. Volumes (m ³) | Volumes Not Classified (m ³) | Total Volume (m ³) | Tonnes | RD % | Yield % | Moisture % | Ash % | Volatiles % | Sulphur % | CV % | Phosphorus % |
|--------------|------------------------|-----------------------|-------------------------------------|------------------------------------|-----------------------------------|--|--------------------------------|--------------------|-------------|--------------|-------------|--------------|--------------|-------------|--------------|----------------|
| Zone11 | | - | - | - | - | - | | | | | | | | | | |
| Zone10 | | - | - | - | - | - | | | | | | | | | | |
| Zone9 | | - | - | - | - | - | | | | | | | | | | |
| Zone8 | 975,071 | 6.93 | 5,295,591 | 1,466,401 | - | - | 6,761,993 | 13,012,103 | 1.92 | 42.91 | 2.62 | 31.12 | 27.50 | 1.44 | 20.97 | 0.01416 |
| Zone7 | 1,354,812 | 7.66 | 8,657,117 | 1,721,601 | - | - | 10,378,717 | 20,145,816 | 1.94 | 38.88 | 2.56 | 29.76 | 29.00 | 1.32 | 21.58 | 0.01800 |
| Zone6 | 1,355,627 | 7.24 | 8,445,125 | 1,375,510 | - | - | 9,820,636 | 20,241,412 | 2.06 | 17.24 | 2.47 | 32.53 | 28.12 | 1.25 | 20.48 | 0.03738 |
| Zone5 | 5,162,001 | 8.74 | 39,057,147 | 6,069,967 | - | - | 45,127,119 | 90,773,199 | 2.01 | 22.47 | 2.81 | 37.53 | 23.48 | 0.62 | 18.09 | 0.02950 |
| Zone4 | 8,594,570 | 7.39 | 44,838,848 | 16,427,158 | 1,725,396 | 499,889 | 63,491,291 | 122,298,829 | 1.93 | 44.06 | 2.69 | 38.74 | 21.08 | 0.55 | 17.51 | 0.02196 |
| Zone4A | 8,583,678 | 3.69 | 23,343,957 | 7,773,578 | 526,334 | 13,826 | 31,657,696 | 63,239,096 | 2.00 | 26.22 | 2.30 | 41.93 | 19.60 | 0.37 | 16.35 | 0.02164 |
| Zone3 | 11,382,576 | 1.20 | 6,481,844 | 4,003,705 | 682,135 | 2,546,053 | 13,713,738 | 22,976,407 | 1.68 | 82.59 | 3.16 | 23.55 | 21.95 | 0.85 | 23.50 | 0.01760 |
| Zone2 | 11,951,307 | 4.28 | 26,487,254 | 17,193,326 | 7,496,566 | - | 51,177,146 | 89,879,863 | 1.76 | 74.90 | 3.31 | 23.85 | 22.65 | 0.76 | 23.10 | 0.01600 |
| Zone1 | 11,951,307 | 1.14 | 5,013,640 | 6,327,088 | 2,277,441 | - | 13,618,169 | 22,876,618 | 1.68 | 84.13 | 3.04 | 17.99 | 24.01 | 0.65 | 25.64 | 0.01710 |
| TOTAL | | | 167,620,523 | 62,358,335 | 12,707,875 | 3,059,771 | 245,746,504 | 465,443,344 | 1.89 | 47.27 | 2.82 | 32.99 | 22.66 | 0.69 | 19.80 | 0.02178 |

Table 5: Coal resource estimation on Massenberg, per coal zone.

| Coal Zone | Area (m ²) | Average Thickness (m) | Indicated Volumes (m ³) | Inferred Volumes (m ³) | Reconn. Volumes (m ³) | Volumes Not Classified (m ³) | Total Volume (m ³) | Tonnes | RD % | Yield % | Moisture % | Ash % | Volatiles % | Sulphur % | CV % | Phosphorus % |
|--------------|------------------------|-----------------------|-------------------------------------|------------------------------------|-----------------------------------|--|--------------------------------|--------------------|-------------|--------------|-------------|--------------|--------------|-------------|--------------|----------------|
| Zone11 | 2,851,975 | 5.73 | - | - | - | 16,332,073 | 16,332,073 | 31,030,938 | 1.90 | 47.11 | 3.63 | 26.59 | 30.01 | 1.55 | 22.44 | 0.00000 |
| Zone10 | 2,905,030 | 8.68 | - | 15,400,751 | 7,753,389 | 2,070,501 | 25,224,640 | 48,138,451 | 1.91 | 46.50 | 3.59 | 24.90 | 30.10 | 1.18 | 22.81 | 0.00500 |
| Zone9 | 2,918,068 | 5.24 | 214,379 | 9,250,774 | 4,650,533 | 1,182,694 | 15,298,381 | 29,796,963 | 1.95 | 40.00 | 2.76 | 28.11 | 29.81 | 1.18 | 21.77 | 0.00200 |
| Zone8 | 3,627,998 | 8.99 | 2,034,003 | 18,954,970 | 9,031,402 | 2,589,805 | 32,610,180 | 62,118,479 | 1.90 | 48.48 | 3.10 | 28.95 | 27.70 | 1.12 | 21.49 | 0.00000 |
| Zone7 | 3,640,405 | 9.26 | 3,831,683 | 29,869,533 | - | - | 33,701,217 | 65,844,089 | 1.95 | 48.45 | 2.60 | 25.33 | 30.23 | 1.46 | 23.09 | 0.00974 |
| Zone6 | 3,640,236 | 5.25 | 1,992,934 | 10,665,435 | 5,183,241 | - | 19,121,679 | 38,000,704 | 1.99 | 29.23 | 2.77 | 26.76 | 29.65 | 1.29 | 22.49 | 0.00887 |
| Zone5 | 3,657,861 | 11.93 | 5,309,113 | 24,309,834 | 11,369,145 | - | 43,620,120 | 87,780,693 | 2.01 | 18.43 | 2.60 | 32.15 | 26.30 | 0.83 | 20.36 | 0.02920 |
| Zone4 | 7,079,879 | 4.49 | 3,511,048 | 18,331,715 | 8,566,819 | - | 31,815,668 | 59,758,414 | 1.88 | 50.52 | 2.62 | 35.54 | 22.08 | 0.65 | 18.72 | 0.01479 |
| Zone4A | 3,027,800 | 2.62 | 571,405 | 4,335,701 | 2,450,135 | 583,777 | 7,941,018 | 15,859,564 | 2.00 | 22.99 | 2.29 | 40.33 | 20.71 | 0.57 | 16.70 | 0.02317 |
| Zone3 | 8,316,120 | 4.06 | - | 11,440,410 | 10,151,668 | 12,168,215 | 33,760,293 | 53,177,525 | 1.58 | 84.75 | 2.97 | 20.82 | 21.11 | 0.75 | 24.47 | 0.03454 |
| Zone2 | 9,570,019 | 3.04 | 3,435,405 | 19,697,712 | 5,826,861 | - | 29,073,290 | 49,715,035 | 1.71 | 84.81 | 2.92 | 18.32 | 23.77 | 0.63 | 25.46 | 0.01302 |
| Zone1 | 9,570,019 | 0.56 | 823,616 | 3,172,656 | 1,373,431 | - | 5,397,811 | 8,614,583 | 1.60 | 83.28 | 3.22 | 13.14 | 25.68 | 0.77 | 27.53 | 0.01000 |
| TOTAL | | | 21,723,587 | 165,429,491 | 66,356,624 | 34,927,064 | 293,896,369 | 549,835,438 | 1.87 | 50.01 | 2.90 | 27.09 | 26.37 | 1.00 | 22.17 | 0.01423 |

Table 6: Coal resource estimation on Hooikraal, per coal zone.


5. CONCLUSION

SMS has constructed a geological model update for Sekoko's Vetleegte, Massenberg and Hooikraal properties. Whereas coal deposition had a degree of uniformity, the coal occurrence now is highly structurally controlled, with displacements across faults ranging between 5 m and 100m.

The depth to top of coal ranges from approximately 30m to 100m and is structurally controlled.

It must be noted that although there are phosphorus values in the resource estimation tables, few phosphorus values are available per seam, with only 20 boreholes within the three properties having phosphorus analyses.

REPORT SIGNATURE PAGE



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6. APPENDICES

Appendix 1 : Coal Zone Classifications

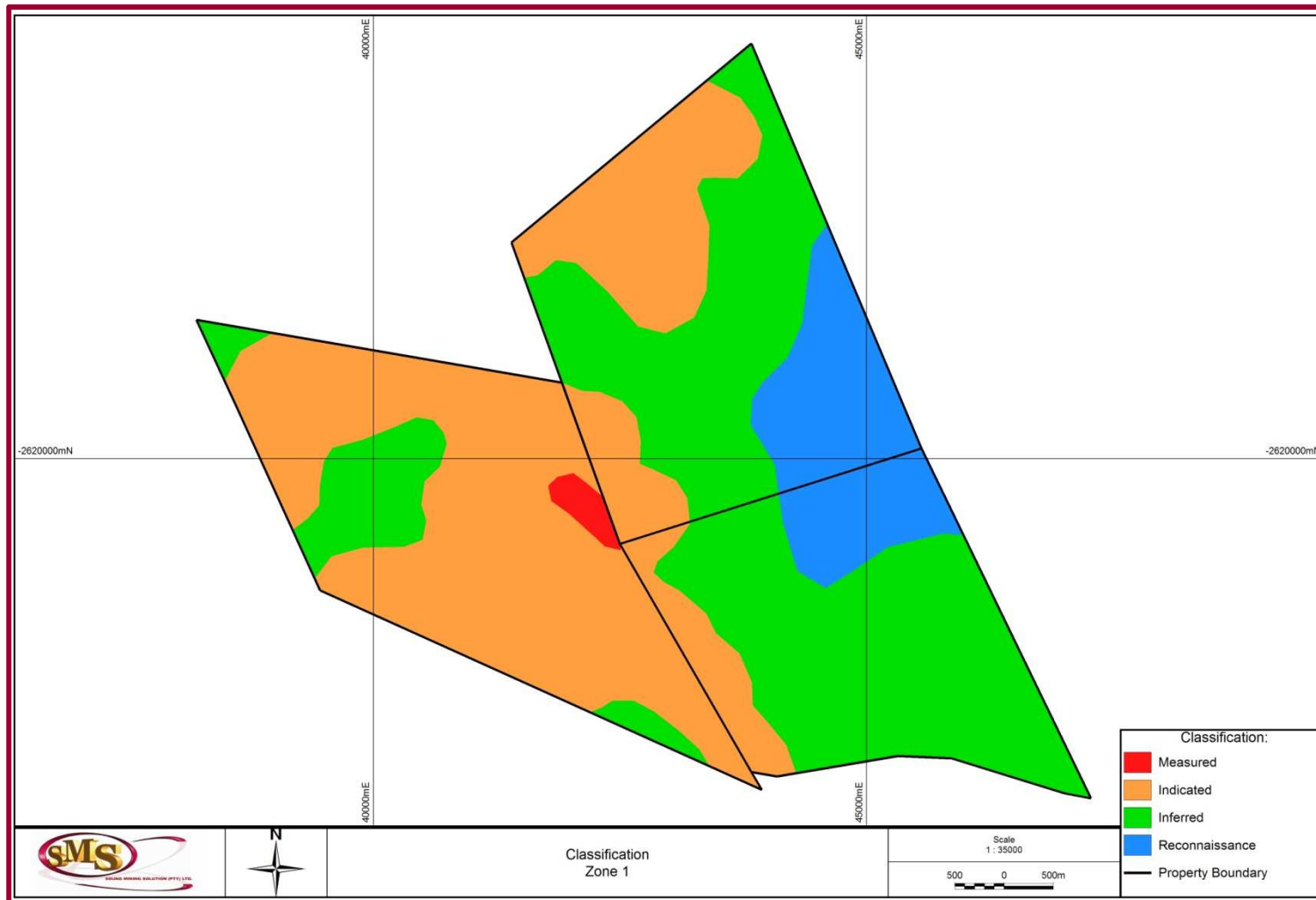


Figure 8: Zone1 Classification

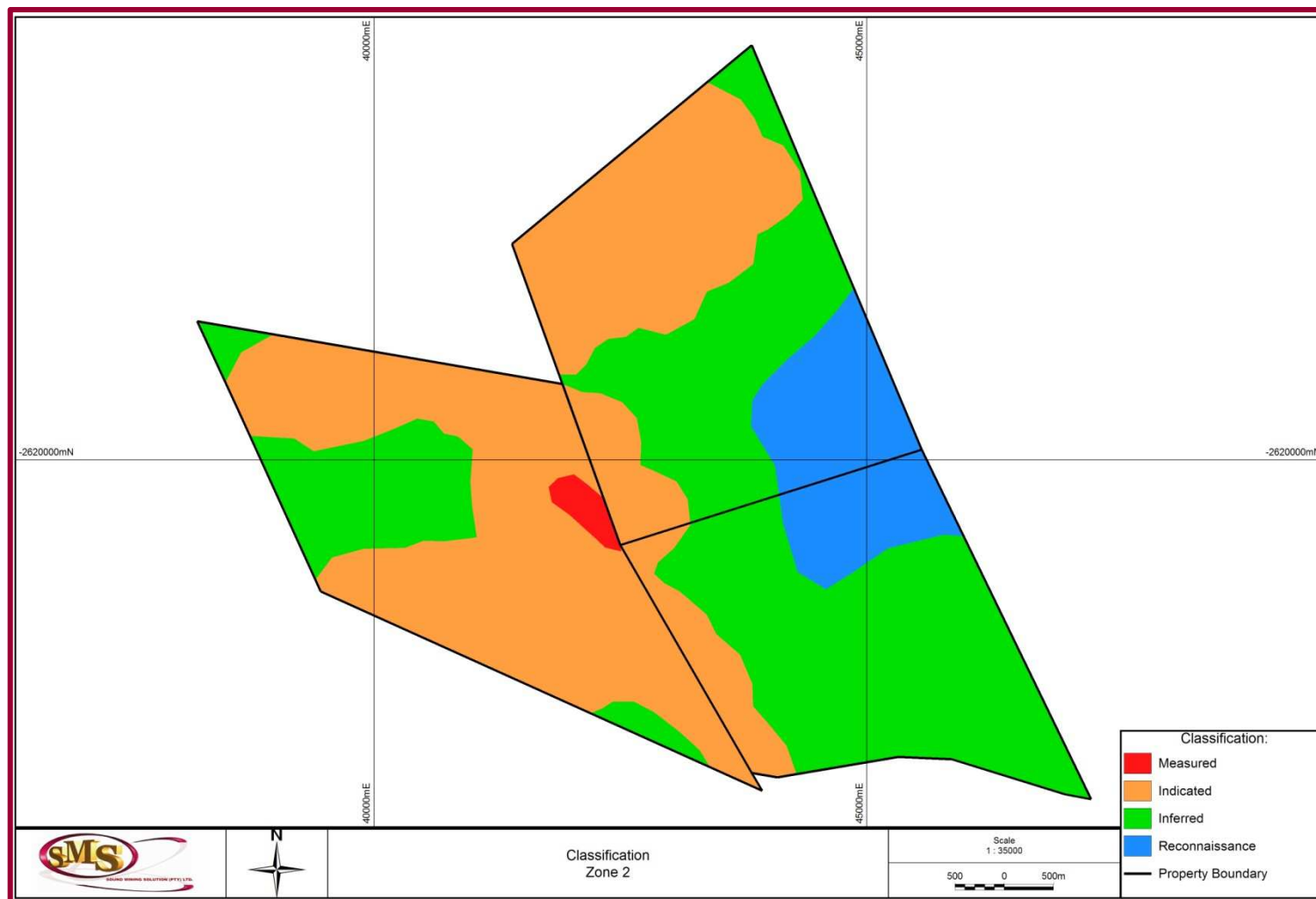


Figure 9: Zone2 Classification

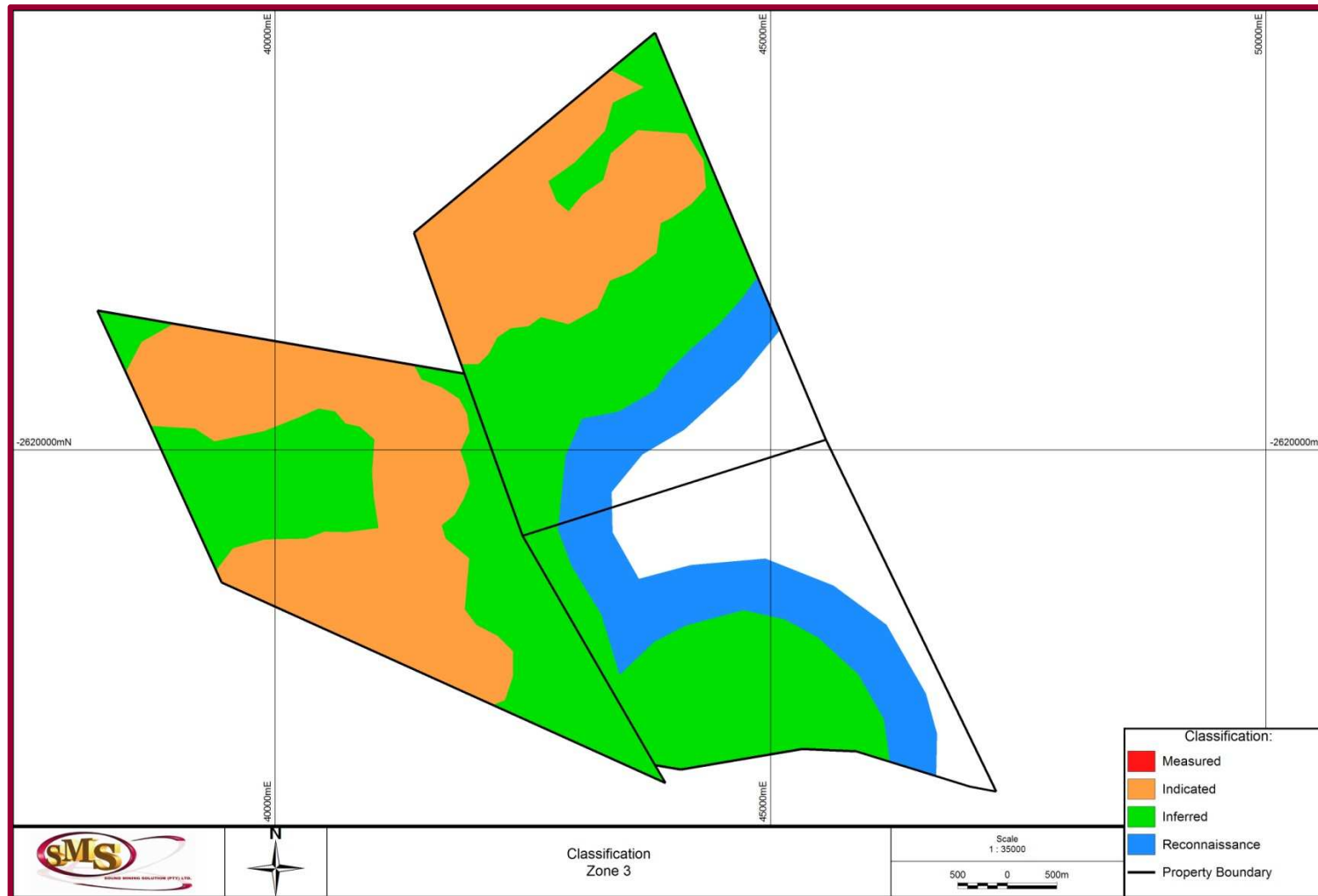


Figure 10: Zone3 Classification

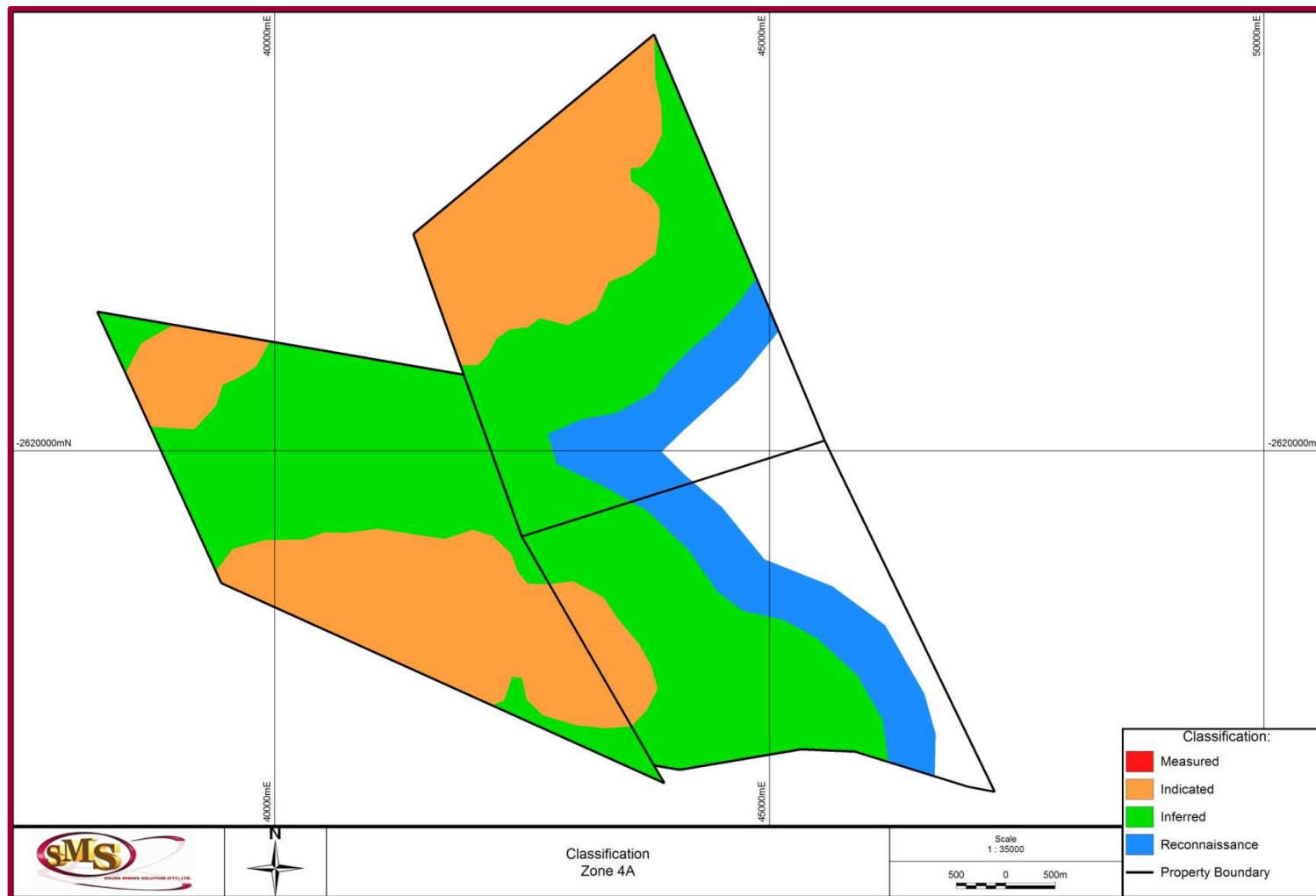


Figure 11: Zone4A Classification

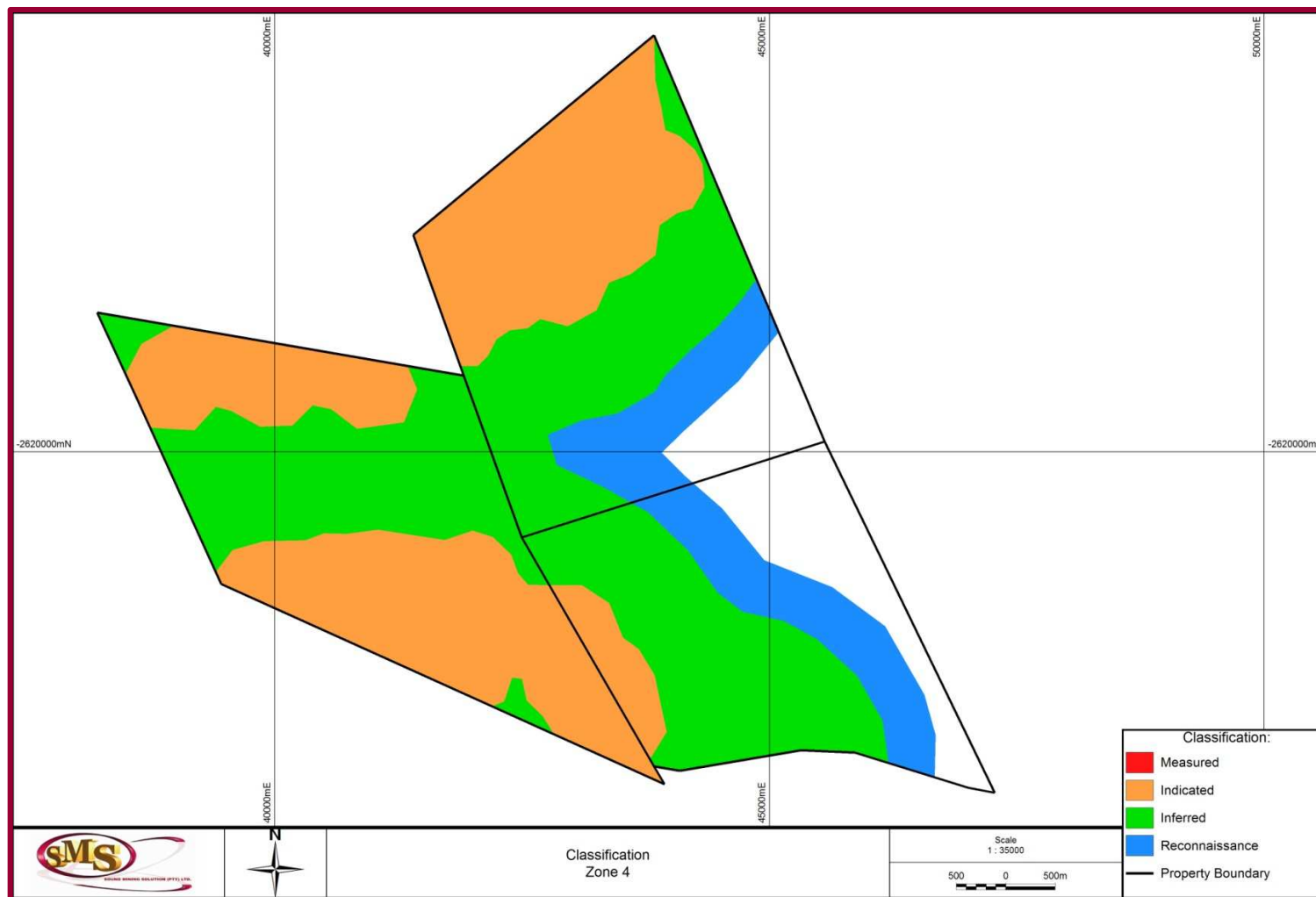


Figure 12: Zone4 Classification

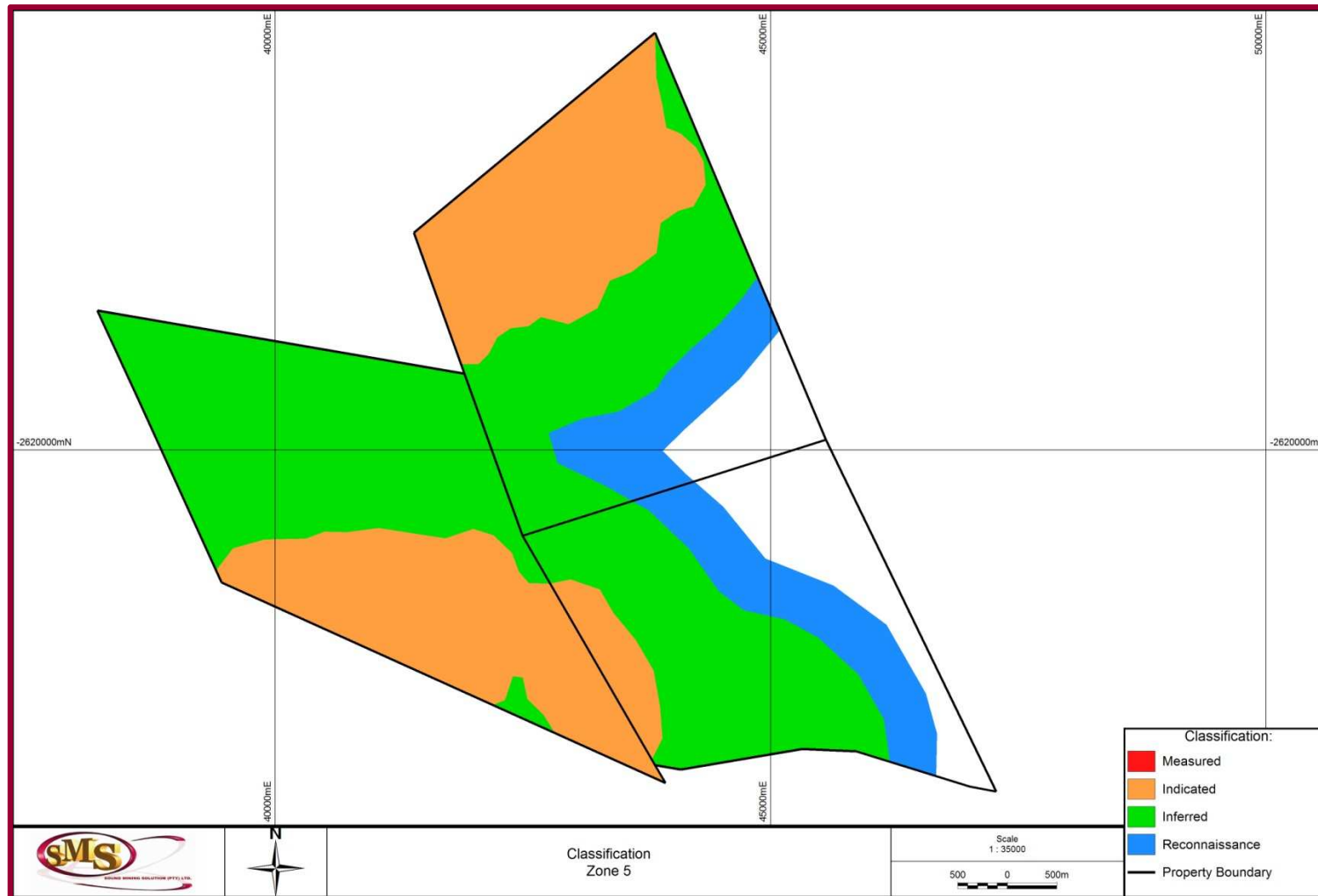


Figure 13: Zone5 Classification

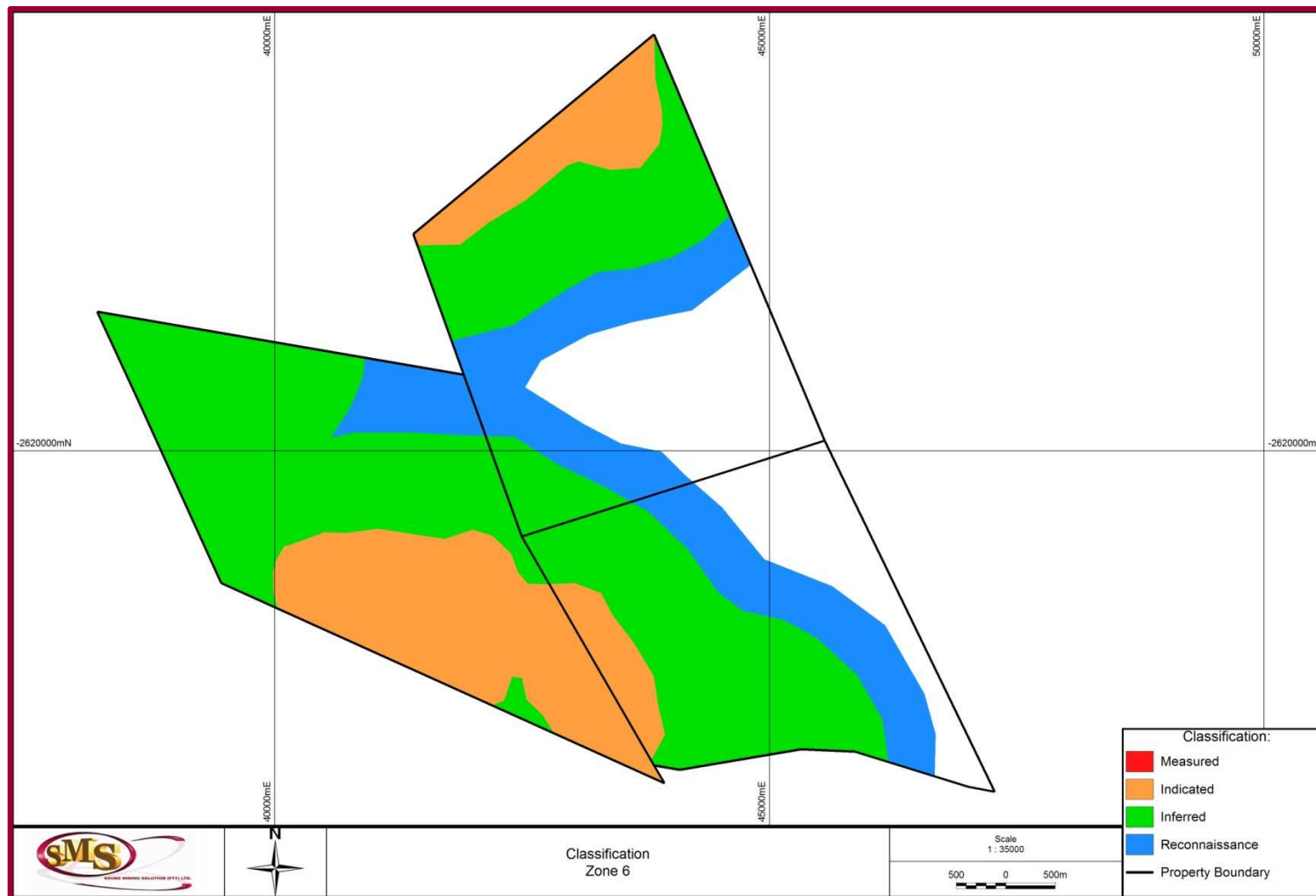


Figure 14: Zone6 Classification

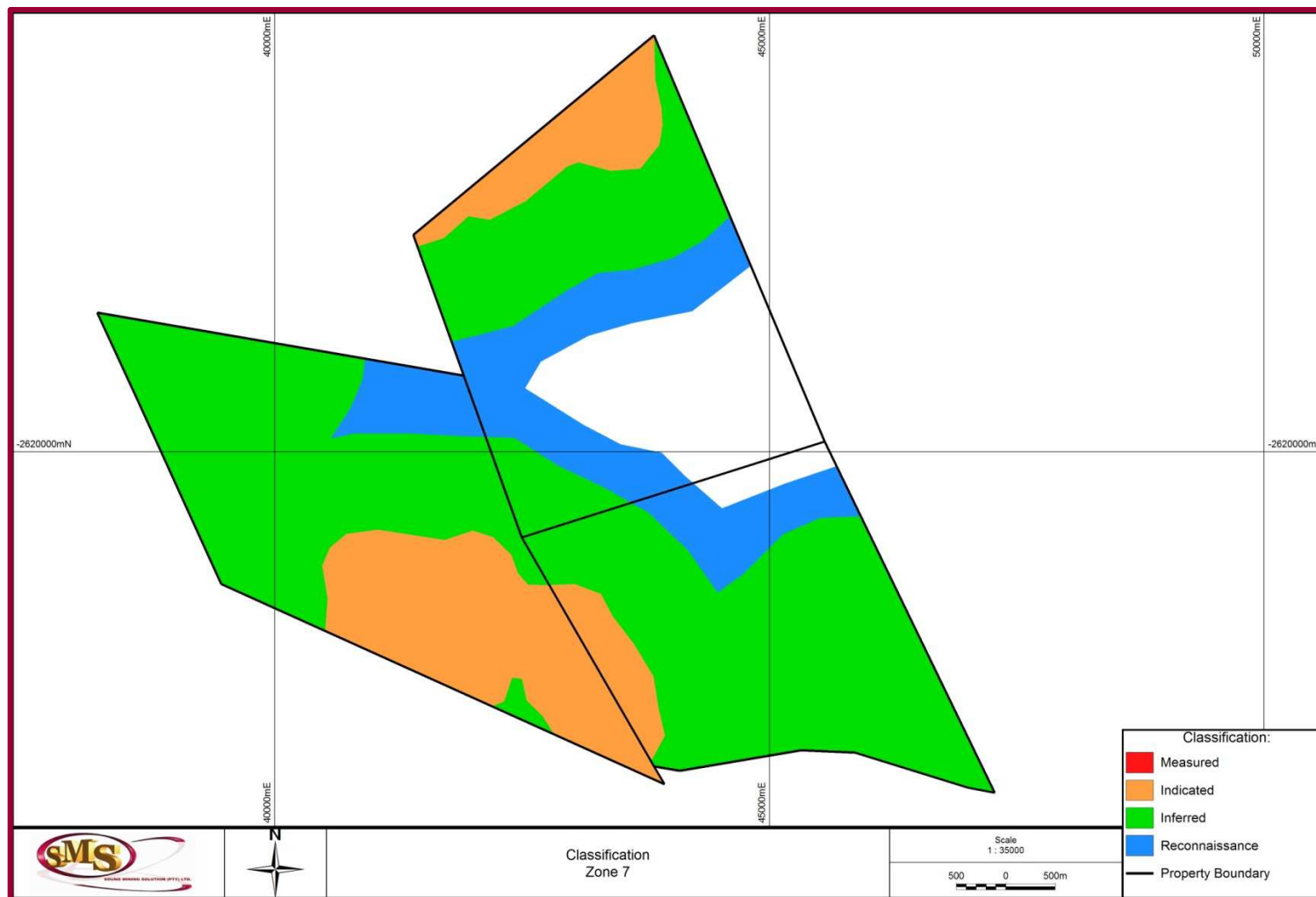


Figure 15: Zone7 Classification

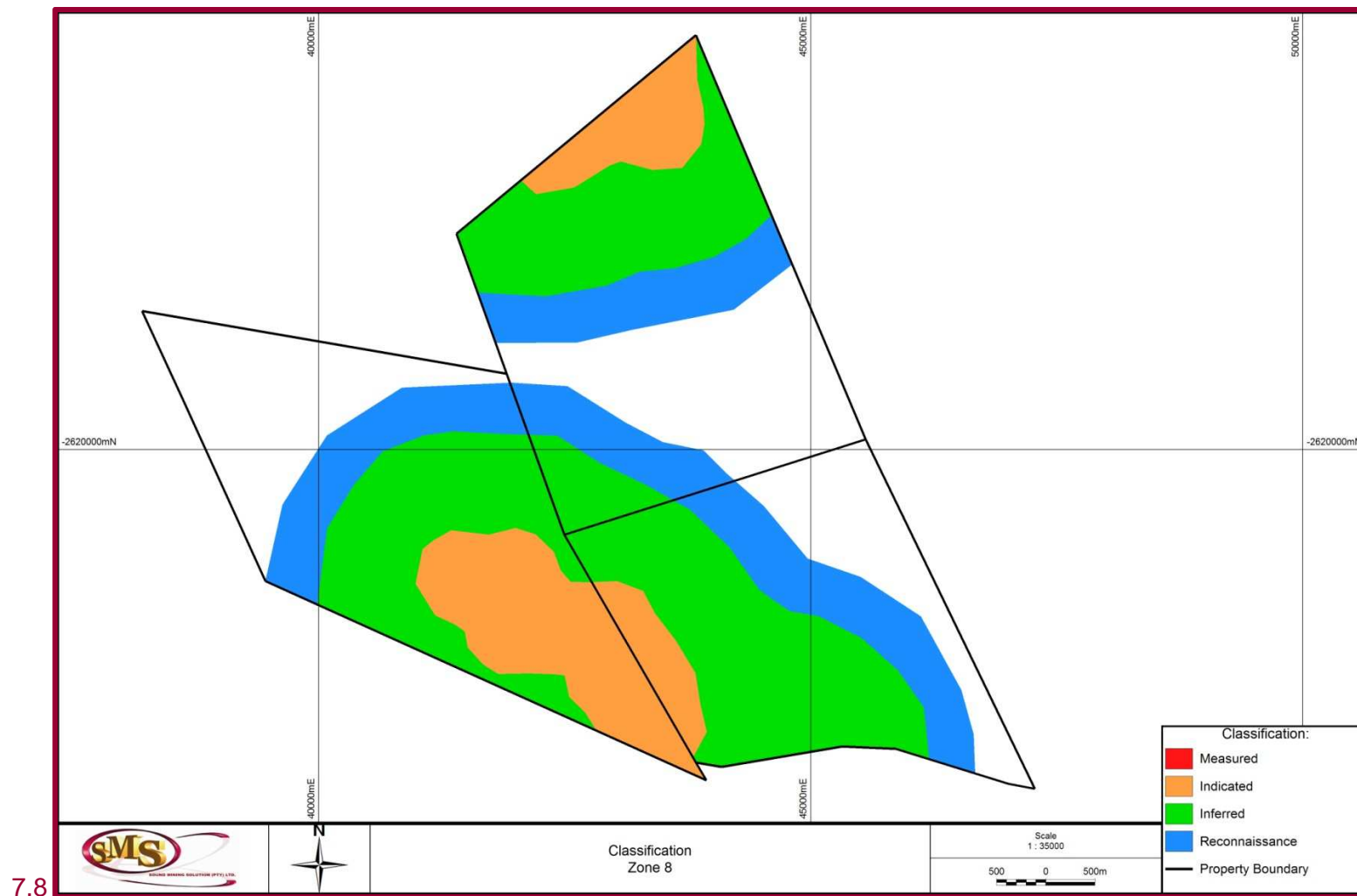


Figure 16: Zone8 Classification

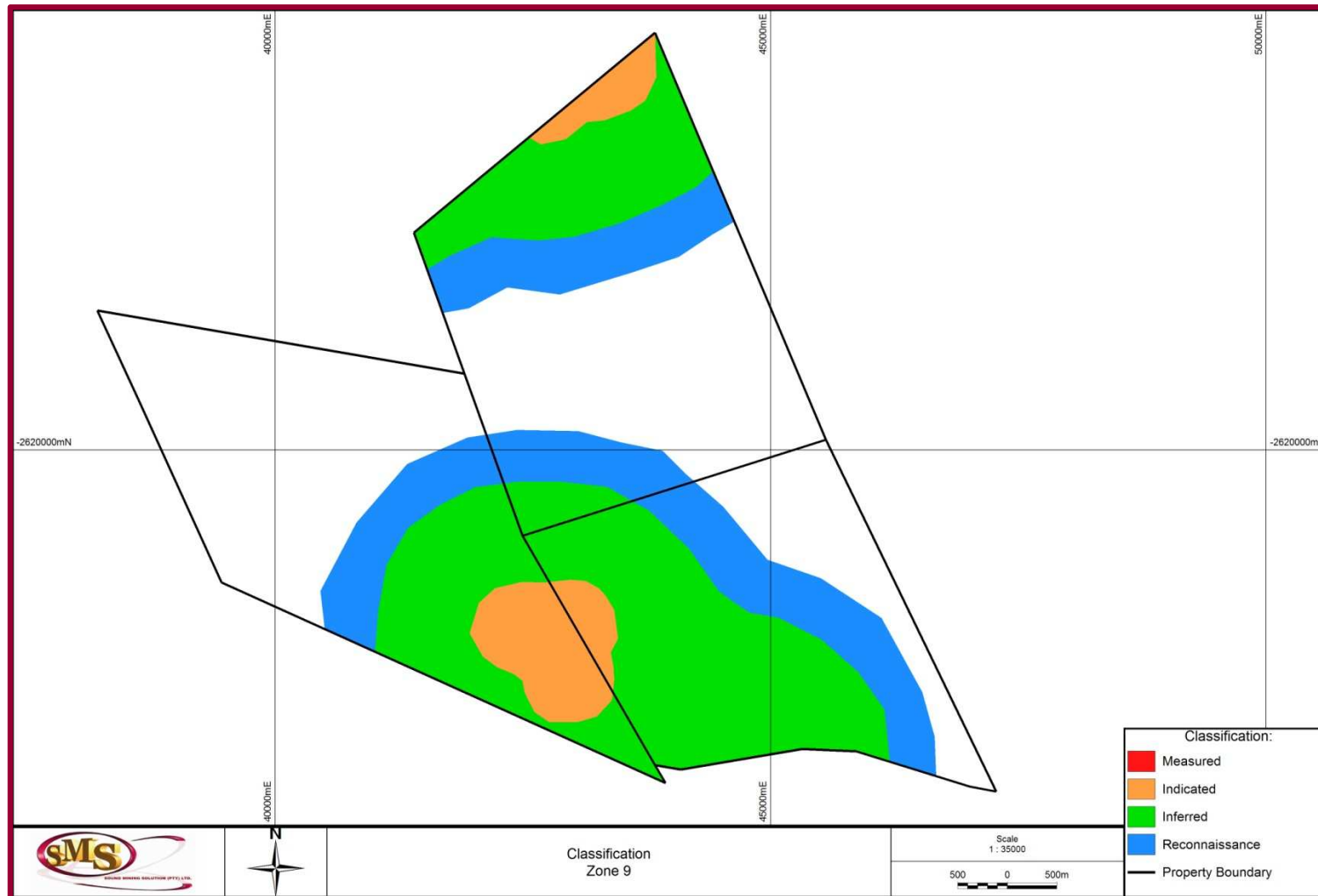


Figure 17: Zone9 Classification

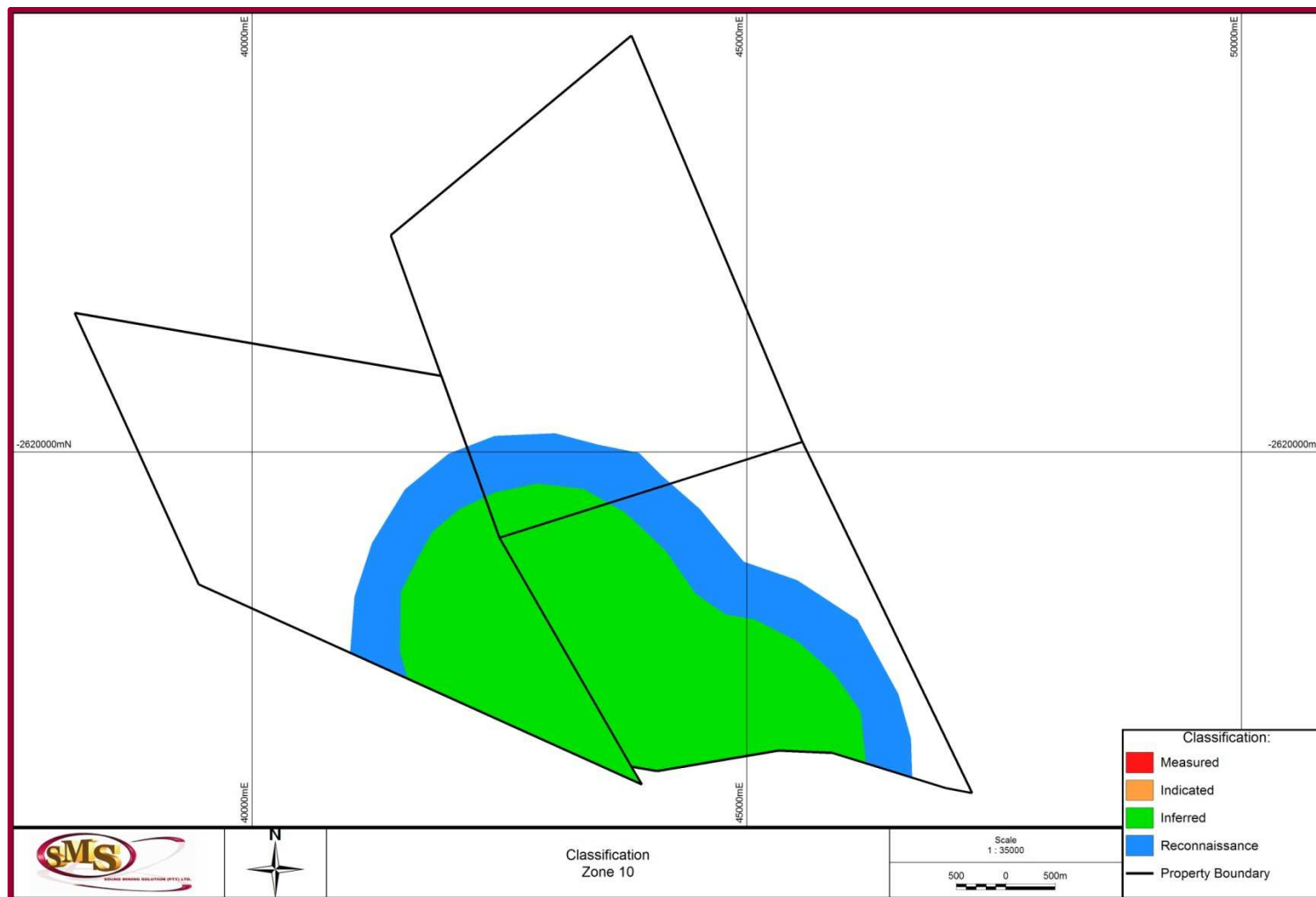


Figure 18: Zone10 Classification

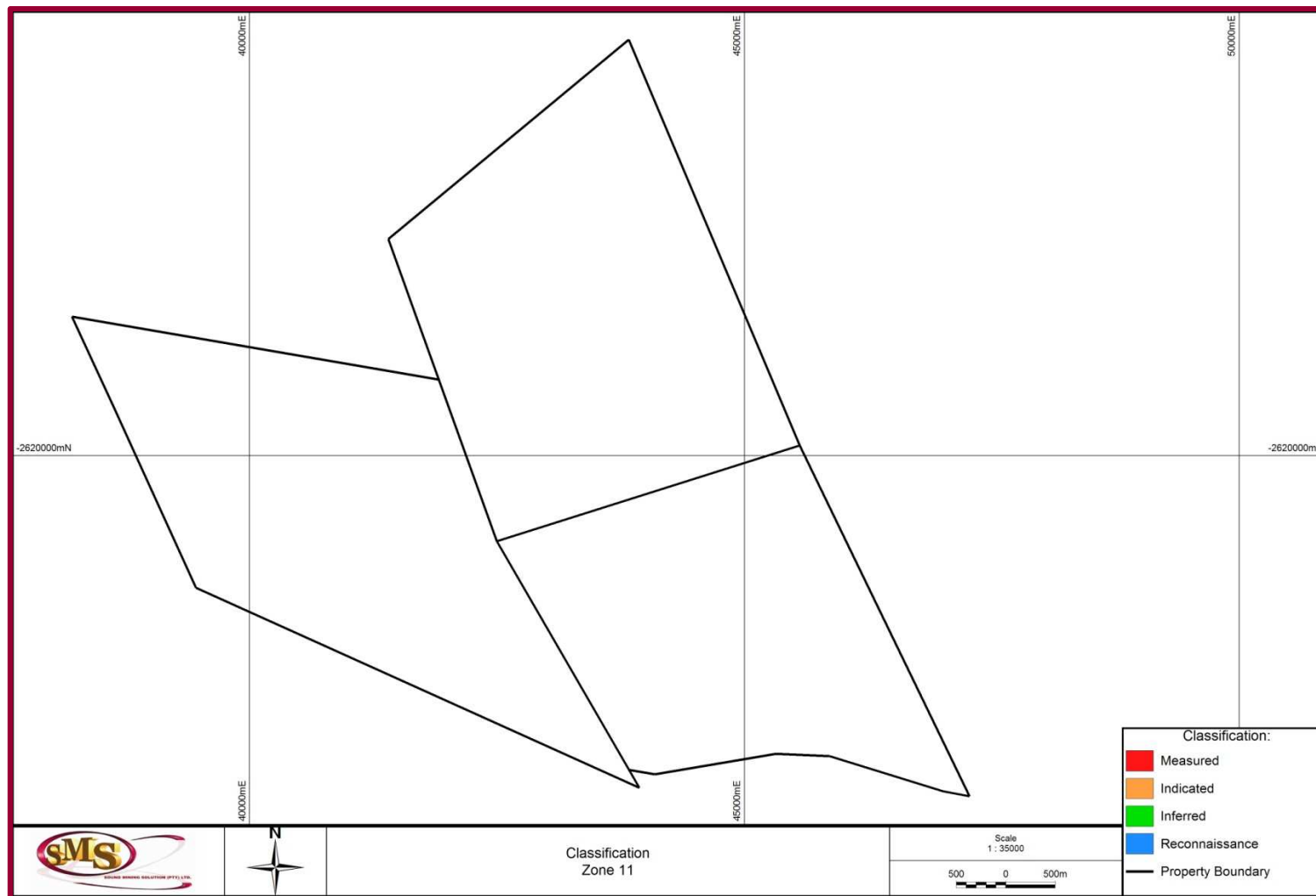


Figure 19: Zone11 Classification



Appendix 2 : Document Review

**AN INDEPENDENT PEER REVIEW:
THE GEOLOGICAL MODELLING UPDATE REPORT FOR THE
PROPERTIES VETLEEGTE, MASSENBERG AND HOOIKRAAL**

Prepared for:

SOUND MINING SOLUTION (PTY) LTD

by

PC MEYER CONSULTING

1 March 2011



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DISCLAIMER AND RISKS.

The report under review was prepared by Sound Mining Solution (SMS) as an updated resource statement for Sekoko Resources (Pty) Ltd. PC Meyer Consulting was not at any stage involved in any of these properties or the modelling thereof and is not in a position to, and does not, verify the accuracy of, or adopt as its own, the information and data supplied to SMS. We do not accept any legal responsibility to any person, organisation or company for any loss or damage suffered resulting from reliance on the updated resource report whether by breach of contract, negligence or otherwise.

The purpose of our document is to provide a truthful opinion of the modelling and standard of the updated resource report by SMS. Our opinion is confidential and issued for the information of **SMS** and **Sekoko Resources** only and should not be quoted, referred to or use for other purposes **without the written consent** of both the before mentioned companies.



PC Meyer
1 March 2011

1. **PURPOSE OF THIS REPORT.**

PC Meyer Consulting (the author) was tasked by **Sound Mining Solution (Pty) Ltd** (hereafter: SMS) to review and sign off on the coal resources contained in a report titled: **GEOLOGICAL MODELLING UPDATE FOR THE PROPERTIES VETLEEGTE, MASSENBERG AND HOOIKRAAL**, dated February 2011.

2. **BALANCED REPORTING.**

The author found that the resource modelling was done within the accepted norms and standards of the South African coal industry. As guideline for the resourcing, SMS applied the prescriptions and guidelines contained in the SANS 10320:2004, which guides all the reporting of coal resources to conform to the SAMREC code.

The resource statements and tables are done in accordance with the guidelines and is SAMREC compliant.

3. **AUDITS AND REVIEWS.**

PC Meyer Consulting did not perform any external audits on any of the data used for the resource modelling. It is assumed that the data provided to SMS is accurate and credible.

4. **ENDORSEMENT.**

We hereby endorse the modelling and resource statement by SMS on the Sekoko Coal properties and sign off on the resources as Competent Person.



PC Meyer

Pr.Sci. Nat. (Reg. No. 400025/03)

1 March 2011

Date

QUALIFICATIONS OF THE COMPETENT PERSON.

PC Meyer Consulting is a South African based consultancy that has as its sole proprietor Petrus Cornelius Meyer, a registered natural scientist (Pr. Sci. Nat, Reg. No. 400025/03), who is familiar with and adheres to the South African Minerals and Petroleum Resources Development Act of 2002 (ACT No. 28 of 2002) and the 2007 SAMREC code. PC Meyer Consulting CC is an independent Geological Consultancy, advising a number of coal companies in South Africa and abroad and will be paid a normal consulting fee for the generation of this review.

The consultancy has done work before on this coalfield. PC Meyer Consulting and its proprietor have no equity or interest in any of the mentioned companies or any of their associates. The independence of PC Meyer Consulting is assured by the fact that it holds no control in **any projects** and mainly derives income from geological work.

The author has more than 21 years experience in the South African Coal Industry and holds B.Sc. Hons. (Geology) and M.Sc (Earth Science Practice and Management) degrees from the University of Pretoria. He is an active member of the Geological Society of South Africa and the Fossil Fuel Foundation.