

**FIRESTONE ENERGY LIMITED**

ABN 71 058 436 794



# **NOTICE OF ANNUAL GENERAL MEETING**

11.00am (EST) on 25 November 2011 at  
the Lindsay Room, Amora Hotel Jamison Sydney  
11 Jamison Street  
Sydney, NSW

# FIRESTONE ENERGY LIMITED

ABN 71 058 436 794

Notice is hereby given that the Annual General Meeting of Firestone Energy Limited will be convened at 11.00am (EST) on 25 November 2011, at the Lindsay Room, Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney, NSW 2000.

## BUSINESS OF THE MEETING

### ANNUAL REPORT 2011

To receive and consider the annual financial report of Firestone, the Directors' Report and the Auditor's Report for the year ended 30 June 2011. These reports are contained in the 2011 Annual Report, which is available on Firestone's website [www.firestoneenergy.com.au](http://www.firestoneenergy.com.au).

## ORDINARY BUSINESS – RESOLUTIONS

### RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a non-binding resolution:

*"That, for the purpose of section 250R(2) of the Corporations Act, the Remuneration Report as set out in the Annual Report for the year ended 30 June 2011 be adopted."*

#### NOTE

The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this resolution.

#### VOTING EXCLUSION

The Company will disregard any votes cast on Resolution 1 by, or on behalf of, Key Management Personnel as disclosed in the Remuneration Report and their "Closely Related Parties" (as defined in the *Corporations Act 2001*).

A Closely Related Party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company or a company the KMP controls.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, the Company will not disregard a vote cast by the Chairperson of the meeting as a proxy, if the appointment of the Chairperson expressly directs the Chairperson to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

# FIRESTONE ENERGY LIMITED

ABN 71 058 436 794

Shareholders should note if the Chairperson of the Meeting is your proxy and you do not mark any of the voting direction boxes opposite a Resolution, you will be deemed to have expressly directed the Chairperson as your proxy under the Proxy Form to vote "For" that Resolution. If you do not wish to appoint the Chairperson of the Meeting to vote on Resolution 1 in the manner indicated above, you may complete the voting directions in the Proxy Form and appoint the Chairperson as your proxy with a direction to cast the votes in a manner contrary to the Chairperson's stated voting intention, or to abstain from voting on that Resolution.

Shareholders may also choose to direct the Chairperson to vote against this Resolution or to abstain from voting.

## RESOLUTION 2 – ELECTION OF MR DAVID PERKINS AS A DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

*"That Mr David Perkins who retires pursuant to clause 8.1(e)(1) of the Constitution of Firestone Energy Limited, being eligible and having consented to act and having offered himself for election as a director of Firestone, be elected as a director of Firestone."*

## RESOLUTION 3 – ELECTION OF DR PIUS KASOLO AS A DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

*"That Dr Pius Kasolo who retires pursuant to clause 8.1(e)(1) of the Constitution of Firestone Energy Limited, being eligible and having consented to act and having offered himself for election as a director of Firestone, be elected as a director of Firestone."*

## RESOLUTION 4 – ELECTION OF MR SIZWE NKOSI AS A DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

*"That Mr Sizwe Nkosi who retires pursuant to clause 8.1(e)(1) of the Constitution of Firestone Energy Limited, being eligible and having consented to act and having offered himself for election as a director of Firestone, be elected as a director of Firestone."*

## RESOLUTION 5 – ELECTION OF MR BEN MPHAHLELE AS A DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

*"That Mr Ben Mphahlele who retires pursuant to clause 8.1(e)(1) of the Constitution of Firestone Energy Limited, being eligible and having consented to act and having offered himself for election as a director of Firestone, be elected as a director of Firestone."*

## RESOLUTION 6 – ELECTION OF MR KOBUS TERBLANCHE AS A DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

*"That Mr Kobus Terblanche who retires pursuant to clause 8.1(e)(1) of the Constitution of Firestone Energy Limited, being eligible and having consented to act and having offered himself for election as a director of Firestone, be elected as a director of Firestone."*

# FIRESTONE ENERGY LIMITED

ABN 71 058 436 794

## RESOLUTION 7 – SUBSEQUENT APPROVAL OF ISSUE OF SHARES TO LINC ENERGY LIMITED

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That the for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders of the Company approve and ratify the prior issue of 150,336,423 fully paid ordinary shares at \$0.012 per share on 8 September 2011 to Linc Energy Limited as further described in the Explanatory Statement forming part of this Notice of Meeting."*

### VOTING EXCLUSION

The Company will disregard any votes cast on Resolution 7 by Linc Energy Limited, BBY Limited or their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## RESOLUTION 8 – SUBSEQUENT APPROVAL OF ISSUE OF CONVERTIBLE NOTES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders of the Company approve and ratify the prior issue of the following equity securities:*

- *6 fully paid \$100,000 Convertible Notes on 23 November 2010, which Convertible Notes are convertible into 24,096,384 Shares;*
- *6 fully paid \$100,000 Convertible Notes on 22 December 2010, which Convertible Notes are convertible into 24,00,000 Shares;*
- *6 fully paid \$100,000 Convertible Notes on 25 January 2011, which Convertible Notes are convertible into 25,751,073 Shares;*
- *9 fully paid \$100,000 Convertible Notes on 23 February 2011, which Convertible Notes are convertible into 40,723,982 Shares;*
- *7 fully paid \$100,000 Convertible Notes on 23 March 2011, which Convertible Notes were converted into 34,146,341 Shares on 24 May 2011;*
- *7 fully paid \$100,000 Convertible Notes on 27 April 2011, which Convertible Notes were converted into 35,000,000 Shares on 24 May 2011;*
- *6 fully paid \$100,000 Convertible Notes on 22 May 2011, which Convertible Notes are convertible into 30,000,000 Shares; and*
- *6 fully paid \$100,000 Convertible Notes on 22 June 2011, which Convertible Notes are convertible into 30,000,000 Shares, 3 of which Convertible Notes were converted into 15,000,000 Shares on 3 August 2011.*

# FIRESTONE ENERGY LIMITED

ABN 71 058 436 794

## VOTING EXCLUSION

The Company will disregard any votes cast on Resolution 8 by BBY Limited and its nominated subscribers for the Convertible Notes as well as any other person who may participate in the issue, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## OTHER BUSINESS

To consider any other business brought forward in accordance with Firestone's Constitution or the law.

Dated this 14 October 2011

## BY ORDER OF THE BOARD



---

**JERRY MONZU**  
**COMPANY SECRETARY**

# FIRESTONE ENERGY LIMITED

ABN 71 058 436 794

## NOTES

These Notes form part of the Notice of Annual General Meeting.

### **Undirected Proxies**

Where permitted, the Chairperson of the Annual General Meeting in respect of each item of business intends to vote undirected proxies in favour of each Resolution.

### **Entitlement to Attend and Vote**

The Board has determined that, for the purposes of the Annual General Meeting (including voting at the Annual General Meeting), Shareholders are those persons who are the registered holders of ordinary shares at 5.00pm (EST) on 23 November 2011.

Holders of convertible notes in Firestone are entitled to attend the Annual General Meeting but are not entitled to vote.

### **Voting by Proxy**

A Shareholder who is entitled to attend and cast a vote at the Annual General Meeting may appoint a proxy. A proxy need not be a Shareholder. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Annual General Meeting.

A Shareholder who is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. The following addresses are specified for the purposes of receipt of proxy appointments and any authorities under which proxy appointments are signed (or certified copies of those authorities):

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001 Australia

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be sent by fax to facsimile number +61 3 9473 2555.

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

To be effective, a proxy appointment and, if the proxy appointment is signed by the Shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by Firestone at least 48 hours before the Annual General Meeting.

For more information concerning the appointment of proxies and the addresses to which proxy forms may be sent, please refer to the proxy form.

### **Voting by Attorney**

A Shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Annual General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Firestone at its registered office, or the addresses listed above for the receipt of proxy appointments, at least 48 hours before the Annual General Meeting.

# **FIRESTONE ENERGY LIMITED**

ABN 71 058 436 794

## **Corporate Representatives**

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Annual General Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to Firestone.

## **EXPLANATORY STATEMENT**

This Explanatory Statement forms part of the Notice of Annual General Meeting.

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting of Firestone convened for 25 November 2011 commencing at 11.00am (EST).

Capitalised terms in this Explanatory Statement are defined in the Glossary.

## **BUSINESS OF THE MEETING**

### **Annual Report 2011**

Section 317 of the Corporations Act requires the Directors to lay before the Annual General Meeting the financial report, Directors' report (including the remuneration report) and the auditor's report for the last financial year that ended before the Annual General Meeting. These reports are contained in the 2011 Annual Report, which is available on Firestone's website [www.firestoneenergy.com.au](http://www.firestoneenergy.com.au).

In accordance with section 250S of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to these reports but no formal Resolution to adopt the reports will be put to Shareholders at the Annual General Meeting (save for Resolution 1 for the adoption of the Remuneration Report).

## **ORDINARY BUSINESS – RESOLUTIONS**

### **RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

Section 250R(2) of the Corporations Act requires that a resolution must be put to the vote at Firestone's Annual General Meeting that the remuneration report be adopted. The vote on this Resolution is advisory only and does not bind the Directors or Firestone.

However, pursuant to recent amendments to the Corporations Act which took effect from 1 July 2011, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2011 AGM, and then again at the 2012 AGM, the Company will be required to put a resolution to the 2012 AGM (**Spill Resolution**) to approve calling an extraordinary general meeting (**Spill Meeting**).

If the Spill Resolution is passed (by a simple majority at the 2012 AGM), the Company must convene the Spill Meeting within 90 days of the 2012 AGM.

All of the Directors who were in office when the Board approved the 2012 Remuneration Report, other than the Managing Director, will be put up for re-election at the Spill Meeting and will cease to hold office after the Spill Meeting, unless re-elected at that meeting.

### **Voting Exclusion**

A voting exclusion applies to the resolution in the terms set out in the Notice of Meeting. In particular, the Directors and other KMP may not vote on this resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chairperson and expressly directs the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

**The Company encourages Shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, against each Resolution, including Resolution 1.**



If Shareholders have appointed the Chairperson of the Meeting as their proxy (or the Chairperson of the Meeting becomes their proxy by default) under the Proxy Form, Shareholders can direct the Chairperson of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on a Resolution by marking the appropriate voting direction box opposite that Resolution. However, if the Chairperson of the Meeting is their proxy and Shareholders do not mark any of the voting direction boxes opposite a Resolution, Shareholders will be taken to expressly direct the Chairperson as their proxy under the Proxy Form to vote "For" that Resolution and to have acknowledged that the Chairperson of the Meeting intends to vote in favour of all Resolutions in accordance with that direction.

If Shareholders do not wish to appoint the Chairperson of the Meeting to vote on the resolution in the manner indicated above, they may complete the voting directions in the Proxy Form and appoint the Chairperson as their proxy with a direction to cast the votes in a manner contrary to the Chairperson's stated voting intention, or to abstain from voting on that Resolution.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this resolution.

In accordance with section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions, or make comments on, the remuneration report at the Annual General Meeting.

<b>RESOLUTIONS 2, 3, 4, 5 AND 6 – ELECTION OF MR DAVID PERKINS, DR PIUS KASOLO, MR SIZWE NKOSI, MR BEN MPHAHLELE AND MR KOBUS TERBLANCHE AS DIRECTORS</b>
---

Clause 8.1 of Firestone's Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election.

The Directors were appointed as Directors on:

- Mr David Perkins – 17 January 2011;
- Dr Pius Kasolo – 28 January 2011;
- Mr Sizwe Nkosi – 3 November 2010;
- Mr Ben Mphahlele – 6 October 2011; and
- Mr Kobus Terblanche – 6 October 2011,

being dates during the period since the 2010 AGM.

The profiles of Mr Perkins, Dr Kasolo and Mr Nkosi are included in the 2011 Annual Report, which is available on Firestone's website [www.firestoneenergy.com.au](http://www.firestoneenergy.com.au).

The profiles of Mr Mphahlele and Mr Terblanche are set out below:

**Mr Ben Mphahlele**

*CAIB (SA), PMD (Harvard University School of Business Administration), PIAM (Harvard University), MBA – Finance (Regent Business School).*

Mr Mphahlele is a strategy and project management consultant as well as director of various companies. He has had a long career in banking, and public sector administration in South Africa. His roles have included senior positions with Standard Bank of South Africa Limited and African Bank Limited. He has held a number of positions on behalf of the provincial Limpopo Government as well as the Government of South Africa. Notably his roles with the Limpopo Government

included chairmanship of the provincial technical committee on economic development and he has, in that capacity, been involved in leading the economic development agenda of the region and particularly the development of the mining sector in the Limpopo region which hosts the joint venture's Waterberg project.

His current memberships/directorships include: Regotje Investments (Chairman of the Investment Committee), South African Statistics Council (Chairperson of the Strategy Committee) and director, and Hlabirwa School of Commerce. Mr Mphahlele has also co-authored a number of articles published in the South African Journal of Economics.

**Mr Kobus Terblanche**

*President - Linc Energy Operations Australia & Africa*

Mr Terblanche commenced his career in research and development with the major South African company, Sasol Limited. He then participated in the establishment of Mossgas, the commercial GTL facility in South Africa, in senior management roles in the project, production, technical and business development areas. He was involved in the formation of PetroSA as General Manager of Corporate Strategy and New Ventures.

Prior to joining Linc Energy, Kobus managed a refining, storage and logistics business for Glencore in the Democratic Republic of Congo (DRC), as Vice-President and Executive Director.

Mr Terblanche has a Masters degree in Chemical Engineering from the University of Pretoria (South Africa), specialising in Fischer-Tropsch slurry technology and has completed studies at Stanford University (Executive Management – Sloane School) and University of London (Masters Degree in Financial Economics).

**Directors' recommendation**

- The Company's Directors (other than Mr Perkins) recommend that Shareholders vote in favour of Resolution 2.
- The Company's Directors (other than Dr Kasolo) recommend that Shareholders vote in favour of Resolution 3.
- The Company's Directors (other than Mr Nkosi) recommend that Shareholders vote in favour of Resolution 4.
- The Company's Directors (other than Mr Mphahlele) recommend that Shareholders vote in favour of Resolution 5.
- The Company's Directors (other than Mr Terblanche) recommend that Shareholders vote in favour of Resolution 6.

<p><b>RESOLUTION 7 – SUBSEQUENT APPROVAL OF ISSUE OF SHARES TO LINC ENERGY LIMITED</b></p>
--

Firestone announced to ASX on 6 September 2011 that it had completed a placement of approximately 150 million Shares at \$0.012 per Share, with BBY Limited acting as lead manager to the placement (**Placement**).

ASX Listing Rule 7.1 provides that a Company must not, without Shareholder approval or subject to specified exceptions, issue or agree to issue during any 12 month period equity securities if the number of those securities exceeds 15% of the number of Shares on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting approves a previous issue of securities, then provided that the previous issue did not breach ASX Listing Rule 7.1, those securities will be treated as having been issued with Shareholder approval for the purpose of ASX Listing Rule 7.1.

Whilst the Placement did not require the prior approval of Shareholders as it was within the Company's existing 15% placement capacity, the purpose of Resolution 7 is to approve the issue of these Shares in accordance with the requirements of ASX Listing Rule 7.4 to provide the Company with flexibility to issue further securities, without obtaining Shareholder approval at the time of issue, in accordance with the limit under ASX Listing Rule 7.1 should the need arise in the future.

The following information about the Placement is provided to Shareholders in accordance with the requirements of ASX Listing Rule 7.5:

- (a) the number of Shares allotted and issued was 150,336,423;
- (b) the Shares were issued at a price of \$0.012 per Share;
- (c) the Shares were fully paid ordinary shares in the capital of the Company, ranking equally in all respects with the Shares then on issue;
- (d) the allottee of the Shares was Linc Energy Limited. Linc Energy Limited is not a related party of the Company; and
- (e) the funds raised from the issue will be allocated towards Firestone's general working capital requirements for the development of the flagship Smitspan project.

The approval under this Resolution 7 is not sought for any other purpose other than to provide the Company with the flexibility to issue further securities, without obtaining Shareholder approval at the time of issue. The requirement to obtain Shareholder approval for a future issue of securities, at the time of issue, could limit the Company's opportunity to take advantage of opportunities that may arise.

#### **Directors' recommendation**

The Company's Directors (other than Mr Terblanche who has abstained from making a recommendation on this resolution due to his involvement with Linc Energy) recommend that Shareholders vote in favour of Resolution 7 on the basis set out above.

### **RESOLUTION 8 – SUBSEQUENT APPROVAL OF ISSUE OF CONVERTIBLE NOTES**

Firestone announced to ASX on 22 September 2009 that it had entered into documentation for a fully underwritten \$25 million capital raising through the issue of Convertible Notes.

ASX Listing Rule 7.1 provides that a Company must not, without Shareholder approval or subject to specified exceptions, issue or agree to issue during any 12 month period equity securities if the number of those securities exceeds 15% of the number of Shares on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting approves a previous issue of securities, then provided that the previous issue did not breach ASX Listing Rule 7.1, those securities will be treated as having been issued with Shareholder approval for the purpose of ASX Listing Rule 7.1.

Whilst the Convertible Notes did not require the prior approval of Shareholders as it was within the Company's existing 15% placement capacity, the purpose of Resolution 8 is to approve the issue of these Convertible Notes (and the Shares into which some of the Convertible Notes have converted) in accordance with the requirements of ASX Listing Rule 7.4 to provide the Company with flexibility to issue further securities, without obtaining Shareholder approval at the time of issue, in accordance with the limit under ASX Listing Rule 7.1 should the need arise in the future.

Firestone wishes to have the following issues of equity securities approved by Shareholders:

- 6 fully paid \$100,000 Convertible Notes on 23 November 2010, which Convertible Notes are convertible into 24,096,384 Shares;
- 6 fully paid \$100,000 Convertible Notes on 22 December 2010, which Convertible Notes are convertible into 24,00,000 Shares;
- 6 fully paid \$100,000 Convertible Notes on 25 January 2011, which Convertible Notes are convertible into 25,751,073 Shares;
- 9 fully paid \$100,000 Convertible Notes on 23 February 2011, which Convertible Notes are convertible into 40,723,982 Shares;
- 7 fully paid \$100,000 Convertible Notes on 23 March 2011, which Convertible Notes were converted into 34,146,341 Shares on 24 May 2011;
- 7 fully paid \$100,000 Convertible Notes on 27 April 2011, which Convertible Notes were converted into 35,000,000 Shares on 24 May 2011;
- 6 fully paid \$100,000 Convertible Notes on 22 May 2011, which Convertible Notes are convertible into 30,000,000 Shares; and
- 6 fully paid \$100,000 Convertible Notes on 22 June 2011, which Convertible Notes are convertible into 30,000,000 Shares, 3 of which Convertible Notes were converted into 15,000,000 Shares on 3 August 2011.

The following information about the Convertible Notes is provided to Shareholders in accordance with the requirements of ASX Listing Rule 7.5:

- (a) the total number of Shares that may be issued (if all of the Convertible Notes for which approval is sought are converted) is 243,717,780 Shares in Firestone (which equates to 8.24% of the total issued shares of Firestone on a non-diluted basis);
- (b) all Convertible Notes issued up to and including 13 July 2010 have an effective exercise price of \$0.04 per Share. Firestone announced to ASX on 23 August 2010 that all Convertible Notes issued after 13 July will have an exercise price of the higher of:
  - a. a 7.5% discount to the 5 day VWAP up to but not including the date upon which the note is issued by Firestone; and
  - b. A\$0.02 per Share.
- (c) the key terms of the Convertible Notes are summarised below;
- (d) pursuant to the terms of the underwriting agreement between Firestone and BBY Limited, the allottee(s) of the Convertible Notes will be BBY Limited. None of the allottees will be related parties of Firestone; and
- (e) funds raised by the issue of the Convertible Notes will be allocated towards Firestone's general working capital requirements for the development of the flagship Smitspan project.

The following is a summary of the key terms of the Convertible Notes:

<b>Issuer</b>	Firestone Energy Limited
<b>Security</b>	Unsecured
<b>Issue Price</b>	Denominations of A\$500,000 or A\$100,000 per Convertible Note
<b>Interest Rate</b>	10% p.a. payable semi-annually
<b>Term</b>	3 years from the date of issue
<b>Issue Size</b>	Up to \$25,000,000
<b>Conversion Process</b>	Holder of Convertible Notes may elect to convert them at any time prior to 2.00pm WST on the last day of the term.
<b>Pricing</b>	<p>Any Convertible Note issued up to and including 13 July 2010 will have an effective issue price of \$0.04 per Share.</p> <p>Any note issued after 13 July will have an exercise price of the higher of:</p> <p>(a) \$0.02; or</p> <p>(b) a 7.5% discount to VWAP up to but not including the date upon which the note is issued by the Firestone; per Share.</p> <p>The Shares will rank equally with the existing fully paid ordinary shares in Firestone, except to the extent there are restrictions on the transferability of the Shares.</p>

The approval under this Resolution 8 is not sought for any other purpose other than to provide the Company with the flexibility to issue further securities, without obtaining Shareholder approval at the time of issue. The requirement to obtain Shareholder approval for a future issue of securities, at the time of issue, could limit the Company's opportunity to take advantage of opportunities that may arise.

**Directors' recommendation**

The Company's Directors recommend that Shareholders vote in favour of Resolution 8 on the basis set out above.

## **GLOSSARY**

**\$** means Australian dollars.

**AGM** means an annual general meeting of Firestone.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice of Meeting.

**Annual Report** means an annual report of Firestone, copies of which are available on Firestone's website [www.firestoneenergy.com.au](http://www.firestoneenergy.com.au).

**ASX** means ASX Limited (ACN 008 624 691).

**ASX Listing Rules** means the Listing Rules of ASX.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chairperson** means the chairperson of the Annual General Meeting determined under clause 7.5 of the Constitution.

**Closely Related Party** has the same meaning as in the Corporations Act.

**Company** or **Firestone** means Firestone Energy Limited (ACN 058 436 794).

**Constitution** means the constitution of Firestone.

**Convertible Note** means a convertible note issued in accordance with the fully underwritten \$25 million capital raising announced by Firestone to ASX on 22 September 2009 as modified or amended from time to time by any subsequent announcements.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the directors of Firestone.

**EST** means Australian Eastern Standard Time as observed in Sydney, New South Wales.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**KMP** means the key management personnel of Firestone as set out in the Remuneration Report, or as the context requires, any one of them.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement.

**Placement** means the placement of 150,336,423 Shares to Linc Energy Limited announced to ASX on 6 September 2011.

**Proxy Form** means the proxy appointment form accompanying the Notice of Meeting.

**Remuneration Report** means the remuneration report included in Firestone's Annual Report.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of Firestone.

**Shareholder** means a holder of a Share.

# Firestone Energy Limited

ABN 71 058 436 794

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 FSE  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

For your vote to be effective it must be received by 11:00am (EST) Wednesday 23 November 2011

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Undirected proxies:** Where permitted, the Chairman of the Meeting in respect of each item of business intends to vote undirected proxies in favour of each Resolution.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View the annual report:

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

Update your securityholding, 24 hours a day, 7 days a week:

[www.investorcentre.com](http://www.investorcentre.com)

Your secure access information is:

SRN/HIN: I9999999999



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Firestone Energy Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Firestone Energy Limited to be held at the Lindsay Room, Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney, NSW on 25 November 2011, at 11:00am (EST) and at any adjournment of that meeting.

### IMPORTANT

- The Company encourages shareholders to indicate their voting direction for, against, or to abstain, against each Resolution in Step 2 (below).
- The Chairman intends to vote all proxies given to him in favour of all Resolutions, unless you direct him to vote against or to abstain from a particular Resolution in Step 2 (below). This will override his voting intention.
- If the Chairman of the Meeting is your proxy and you do not mark any of the voting direction boxes opposite a Resolution in Step 2 (below), you acknowledge that the Chairman of the Meeting intends to vote undirected proxies in favour of each item of business (including Resolution 1) and expressly direct the Chairman as your proxy to vote for Resolution 1, even though the Chairman forms part of, and Resolution 1 is connected with remuneration of, the Company's Key Management Personnel and the Chairman has an interest in the outcome of that Resolution.
- If you do not wish to appoint the Chairman of the Meeting to vote on each Resolution in the manner indicated above, you must complete the voting directions in Step 2 (below) and appoint the Chairman as your proxy with a direction to cast the votes in a manner contrary to the Chairman's stated voting intention, or to abstain from voting on that Resolution.**

## STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Election of Mr David Perkins as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Dr Pius Kasolo as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Election of Mr Sizwe Nkosi as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Election of Mr Ben Mphahlele as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Election of Mr Kobus Terblanche as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Subsequent Approval of Issue of Shares to Linc Energy Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8 Subsequent Approval of Issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important note for shareholders who appoint the Chairman as their proxy: If you have appointed the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default), you can direct the Chairman of the Meeting to vote for or against, or to abstain from voting on Resolution 1 (Adoption of Remuneration Report) by marking the appropriate box opposite Resolution 1. However, note that under Step 1 (above), if the Chairman of the Meeting is your proxy (or becomes your proxy by default) and you do not mark any of the boxes opposite Resolution 1, you are directing the Chairman to vote in favour of Resolution 1.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_