

21 July 2011

ASX ANNOUNCEMENT

IDC COMMENCES FUNDING OF THE SEKOKO RESOURCES/FIRESTONE WATERBERG COAL PROJECT


Firestone Energy Limited "Firestone" (ASX/JSE: FSE) has been informed by its joint venture partner, Sekoko Resources, in the Waterberg Coal Project (the Project), that the IDC (Industrial Development Corporation of South Africa) has commenced funding the development of the Project by approving the first drawdown of the funding facility by Sekoko for mine development costs, in accordance with the announcement released to the market on 17 December 2010.

This reflects the significant progress which has been achieved by the Joint Venture and is tangible evidence of the both the quality of the Project and the confidence shared by the joint venture partners, which now includes IDC.

Firestone's additional fund raising program is aligned with the approval of Mining Rights. Firestone anticipates being in a position to provide further information in this area in the near term.

The Chairman, Mr David Perkins, said "Sekoko and in particular Tim Tebeila is to be congratulated for his foresight and bringing IDC into the Project. Working with Firestone's Executive Director Finance, Sizwe Nkosi, Mr Tebeila has been the driving force in securing a solid foundation for the development of these strategic resources. IDC is now a confirmed strategic partner in the Waterberg Project. The commencement of this funding represents the first step in our final phase of bringing our Waterberg Coal Project into production".

Yours sincerely



Firestone Energy Limited
David Perkins
Chairman

www.firestoneenergy.com.au

About Firestone Energy

[Firestone Energy Limited](#) is an independent, Australian exploration and development company listed on the Australian Stock Exchange Ltd (ASX) and the Johannesburg Stock Exchange (JSE). Firestone Energy has entered into a Joint Venture with Sekoko Resources (Pty) Ltd through which Firestone Energy has acquired the right to 60% participation interests in the Waterberg Coal Project located in Lephalale area, Limpopo Province, South Africa.

The first stage of the project is to develop the Smitspan mine which has a substantial measured thermal coal resource and to develop the Vetleegte mine which is a substantial metallurgical coal deposit.

Firestone Energy is committed to becoming a profitable independent coal and energy producer at its projects in South Africa, thereby making a substantial contribution to the social and economic development of the Lephalale area and South Africa.

Corporate Details

ASX: FSE
JSE: FSE

Issued Capital:
2,793 million ordinary shares

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

Directors and Officers

Non Executive Directors:
David Perkins (Chairman)
Dr Pius Kasolo
Colin McIntyre

Executive Directors:
Sizwe Nkosi

Company Secretary:
Jerry Monzu

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About Sekoko Resources

Sekoko Resources (Pty) Ltd is a South African-based black-owned energy and minerals company developing the coal, magnetite iron ore and PGMs Projects in the Limpopo Province of South Africa. This includes a significant exploration program and development of the Waterberg Coal Joint Venture Project based on significant Coal Zone Resources. Sekoko is targeting to commence operations in 2012, thus forming the basis for developing a global coal business.

About Industrial Development Corporation of South Africa “IDC”

IDC is a self financing, state owned, developmental financial institution which was established in 1940. The IDC has approved funding deals in excess of ZAR9billion (approx A\$1.3 billion) in 2010 and has invested over ZAR6billion (approx A\$857million) in mining and energy related projects over the last two years. The IDC is a significant shareholder in Sasol Limited, Mittal Steel South Africa, Exxaro and Foskor. IDC has funded numerous successful green-field and brown-field projects over the past 70 years.