

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Firestone Energy Limited

ABN

71 058 436 794

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | <b>Shares</b> - Ordinary Fully Paid Shares<br><b>Options</b> - Options to acquire fully paid ordinary shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | <b>Shares</b> - 12,025,000<br><b>Options</b> - 6,012,500   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issue of shares and options in relation to the close out of South African component of the Share Purchase Plan<br><br><b>Shares</b> - Identical to existing ordinary shares issued at ZAR0,14 (approx A\$0.02 per share)<br><br><b>Options</b> - exercisable at Zar0,28 (approx A\$0.04 per share and expiring on 31 May 2014) |

<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p>	<p><b>Shares</b> - Yes</p> <p><b>Options</b> - The options will be quoted. All shares issued upon the exercise of the options will rank equally in all respects with the existing fully paid ordinary shares.</p>
<p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	
<p>5 Issue price or consideration</p>	<p><b>Shares</b> - issued at ZAR0,14 (approx A\$0.02 per share)</p> <p><b>Options</b> – One option for every two shares subscribed for under the Share Purchase Plan announced on 2 May 2011. The options are being issued to shareholders who were allotted shares under the Share Purchase Plan announced on 2 May 2011 and under the terms of the prospectus announced on 11 May 2011, exercisable at Zar0,28 (approx A\$0.04 per share) and expiring on 31 May 2014.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The funds raised from the issue of shares and upon the future exercise of options will be used to provide equity funding for the development of the Company’s Waterberg coal project and to strengthen the Company’s financial position.</p>
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>18 July 2011</p>

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+ See chapter 19 for defined terms.

	Number	+Class
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	2,793,339,361  48,395,000
		Ordinary fully paid shares (FSE)  <b>FSEO: Options</b> exercisable at \$0.04 per share and expiring on 31 May 2014.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<p><b>Unlisted Options</b></p> <p>30,000,000 FSEAK 110,000,000 FSEAM 96,904,767 FSEAO 25,875,000 FSEAI</p> <p><b>Unlisted Convertible Notes</b></p> <p>Con Note 1 – 12 FSEAQ Con Note 2 – 3 FSEAS Con Note 3 – 3 FSEAU Con Note 4 – 3 FSEAY Con Note 5- 3 FSEAW Con Note 6 – 3 FSEAZ Con Note 7 – 3 FSEAA Con Note 8 - 1 x (\$500k) 4 x (\$100k) Con Note 9 - 9 x (\$100k) Con Note 13 - 6 x (\$100k) Con Note 14 – 6 x (\$100k) Con Note 15 – 6 x (\$100k) Con Note 16 – 6 x (\$100k) Con Note 17 – 9 x (\$100k) Con Note 20 – 6 x (\$100k) Con Note 21 – 6 x (\$100k)</p>
		<p><b>Unlisted Options</b></p> <p><b>Exercise Expiry</b></p> <p>5 cents 30 Nov 12 6 cents 31 May 13 6 cents 30 Jun 13 6 cents 30 Jun 14</p> <p><b>Conversion number- Variable per Note</b></p> <p><b>Repayment dates –</b></p> <p>2 October 2012 16 November 2012 18 December 2012 21 January 2013 23 February 2013 23 March 2013 30 April 2010 04 June 2013 04 June 2013 13 July 2013 8 November 2013 23 November 2013 22 December 2013 24 January 2014 22 February 2014 24 May 2014 22 June 2014</p>

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There is no entitlement for the option holder to participate in dividends until the options have been exercised.
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## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A

14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A

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+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	N/A

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1.

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by

those holders

- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
  - 1,001 - 5,000
  - 5,001 - 10,000
  - 10,001 - 100,000
  - 100,001 and over
- 37  A copy of any trust deed for the additional +securities

### Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
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- If the additional securities do not rank equally, please state:
- the date from which they do
  - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
  - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- 41 Reason for request for quotation now
- Example: In the case of restricted securities, end of restriction period
- (if issued upon conversion of another security, clearly identify that other security)

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+ See chapter 19 for defined terms.

42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class
N/A	N/A

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....Date: 18 July 2011

**Company Secretary**

Print name: **Jerry Monzu**

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+ See chapter 19 for defined terms.