

11 May 2011



Dear Shareholder

Firestone share purchase plan with free attaching options

On behalf of the Board of Firestone Energy Limited (**Company**), I am pleased to invite you to participate in a Share Purchase Plan (**SPP**) to purchase up to \$15,000 worth of fully paid ordinary shares in Firestone.

Applicants for shares under the SPP who are not "related parties" of the Company will also be entitled to receive one free attaching option for every two shares they are issued under the SPP.

Offer documents

For legal reasons, the offer of shares under the SPP and the offer of free attaching options are made under the following separate offer documents (**enclosed**):

- SPP Offer Booklet;
- Prospectus for the free attaching options;
- Combined application form for the shares and free attaching options.

These documents are important and should be read thoroughly in conjunction with the publicly available information relating to the Company.

If you have any queries about any part of the SPP or Prospectus you should consult your accountant, stockbroker, solicitor or other professional adviser.

Exciting Recent Developments

The last eight months has been a busy and productive time for your Company. Firestone Energy has completed its earn-in to the Firestone Energy-Sekoko Joint Venture which has a high quality coal resource in the Waterberg region, which region is estimated to hold up to 44% of South Africa's resources of bituminous coal according to an article in the International Journal of Coal Geology. Firestone Energy's vision is to be a long term, profitable producer of thermal and metallurgical coal from the Waterberg region while bringing sustainable economic and social benefits to the people of the Waterberg region and South Africa.

Firestone Energy has progressively announced a number of important and essential developments which will allow it to commence coal production at its flagship Smitspan coal project in 2012.

Your Company has confirmed the presence of a significant coal resource with a total JORC resource of 1.88 billion tonnes. According to a Definitive Feasibility Study (**DFS**) prepared by an independent expert (see below), this resource will support an initial mining plan yielding 120 million tonnes of total coal production over 21 years. This resource has provided the basis for our Joint Venture partner, Sekoko Coal to negotiate an offtake

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 economic 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

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

Peter Tshisevhe

Executive Directors:

Sizwe Nkosi

Company Secretary:

Jerry Monzu

Contact:

Suite B9, 431 Roberts Road

Subiaco, Western Australia 6008

Tel: +61 (0)8 9287 4600

Web: www.firestoneenergy.com.au

Memorandum of Understanding (**MOU**) with Eskom, the South African public electricity generation utility. Other milestones have been achieved on the back of these significant developments; the signing of the Shareholders Agreement with Sekoko, the signing of the Industrial Development Corporation of South Africa (IDC) agreement, and the lodgement of the mining rights and water rights applications.

In addition our continued exploration programme has identified a second and promising metallurgical coal deposit which will allow your Company to market this highly valued coal to domestic and international markets.

The achievement of these important milestones sets up your Company to be a coal producer in the near future.

In order to continue to develop the Smitspan coal deposit so as to meet our production target for 2012 we have announced an SPP for eligible shareholders of Firestone Energy. We think this is an attractive opportunity for shareholders to increase their exposure at an exciting time in your Company's development.

Waterberg Project at an Advanced Stage

Your Company has progressed the Waterberg project to its current exciting phase on the cusp of development. Successful development will initially be underpinned by the recently signed MOU with South African power utility Eskom for coal offtake from the Waterberg project through to 2018, with an option of further supply out to 2032.

Major contracts for the construction of a mine at Smitspan have been awarded including infrastructure, coal processing and rail. A tender process for the appointment of a mining contractor is well advanced and your Directors are happy with its progress. Discussions have commenced with a neighbouring company for land access arrangements to construct a spur line from the Smitspan mine to the exiting rail line which connects to the Matimba power station. All applications for approval to commence mining operations have been lodged including the application for a water licence, lodgement of a labour plan and importantly the application for a mining licence, and are progressing satisfactorily.

Your Directors expect the mining licence application to receive approval in the near term and this will provide the basis for the issuing of approvals from other regulatory divisions. We have already embarked on ordering long lead items in anticipation of the mining rights being awarded in or before June 2011.

The transition to production will require the continuation of the focused and dedicated work of management and staff as well as the support of shareholders.

Coal Project Significantly De-risked by Recent Developments

Your Company is on the threshold of moving the Waterberg project into production. The economics of the project are compelling. Parsons Brinckerhoff has completed a DFS that confirms the viability of a robust open cast operation for a period of 21 years for the Smitspan tenement. The DFS forecasts total production of 120 million tonnes of coal from the life of the initial project.

With the dual benefit of a robust outlook for coal prices and competitive cost metrics, the Waterberg project is expected to have a transformational impact on the value of your Company.

Looking ahead, I believe we are very well positioned to capitalise on your Company's significant potential.

Your Directors have a focused capital management and funding strategy in place and we are confident in our ability to fund the development of the Waterberg project through both debt and equity. This confidence is underpinned by the significant commercial appeal of your Company's assets.

How to apply

Applications for shares under the SPP, and for free attaching options, must be made by returning the completed combined application form to the address on the application form.

Payment can be made either by cheque, money order, bank draft or BPAY® in accordance with the instructions on the application form.

The offer opens today and the close date of the offer is 5.00pm (Sydney time) on Friday, 3 June 2011.

If you have any questions, please feel free to contact the SPP information line on 1800 505 206 (within Australia) or +61 2 8256 3354 (outside Australia).

Thank You

In closing, Firestone Energy is well positioned to be a constructive and successful participant in the social and economic development of South Africa. Your Company has achieved significant milestones to bring its project to its current exciting stage and has a disciplined, well-planned program in place to bring it into first production in 2012.

On behalf of the Board I would like to thank you for your continuing support during this exciting growth phase of your Company and encourage you to take part in the SPP.

Yours sincerely



Firestone Energy Limited
David Perkins
Chairman

Competent Persons Statement

The information in this letter that relates to coal reserve estimation is based on work completed by Mr Peter I Watkinson who is an employee of Parsons Brinckerhoff and a Member of the Institute of Materials, Minerals and Mining, a Member of the Minerals Engineering Society and a Chartered Engineer. Mr Watkinson 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 by the South African Code of the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code) 2007 edition and the 2004 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr Watkinson consents to the inclusion in this letter of the matters based on his information in the form and context in which it appears.

www.firestoneenergy.com.au

FIRESTONE ENERGY LIMITED

ACN 058 436 794

Share Purchase Plan

1. OFFER

This is an offer to you as a shareholder of Firestone Energy Limited (ASX/JSE: FSE) (**Company**) to purchase additional fully paid ordinary shares in the Company (**Shares**) under the terms and conditions of this Share Purchase Plan (**SPP**). Successful applicants for shares under the SPP who are not Related Parties of the Company will also be entitled to receive one free attaching option for every two Shares issued under the SPP.

Eligible shareholders have the opportunity to subscribe for up to \$15,000 or, in the case of South African resident shareholders, for up to R105,000 (calculated using an average exchange rate of \$1:R7.00) worth of additional Shares at a discounted price per share to the market average, without brokers' costs, commissions or stamp duty.

Participation in the SPP is entirely optional. Offers made under the SPP are not renounceable. This means that shareholders cannot transfer their right to purchase shares under the SPP offer to another person. All Shares issued under the SPP will rank equally with existing Shares.

2. ELIGIBILITY

General

You will be eligible to participate in the SPP if you were the registered holder of Shares at 5.00pm (Sydney time) on Friday, 29 April 2011 (**SPP Record Date**), with a registered address in either Australia, New Zealand or (subject to the conditions referred to below) South Africa (**Eligible Shareholder**). However, you will not be eligible to participate in the SPP if:

- you hold Shares on behalf of another person who resides outside Australia, New Zealand or South Africa, in which case you will not be eligible to participate in respect of the Shares held on their behalf; or
- you are, or are acting for the account or benefit of, a U.S. Person as defined in Regulation S under the U.S. Securities Act of 1933, as amended.

This SPP offer does not constitute an offer in any jurisdiction in which or to any person to whom it would be unlawful to make such an offer. The Company reserves the right to reject any acceptance which it believes comes from a person who is not an Eligible Shareholder.

Existing optionholders who are not also shareholders are not entitled to participate in the SPP.

New Zealand shareholders

An offer made to New Zealand shareholders under the SPP is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002*.

South African shareholders

An offer made to South African shareholders under the SPP is conditional upon the approvals of the JSE and the South African Reserve Bank on or before the closing date of the SPP (being 3 June 2011) or such later date as the Company may announce. If these regulatory approvals are not obtained on or before the closing date, the Company will withdraw the SPP offer to South African shareholders and all application monies received from South African shareholders will be refunded, without interest. The Company is in the process of obtaining these approvals and a further announcement will be made in this regard.

On application to the Financial Surveillance Department of the South African Reserve Bank, South African institutional investors, corporates, trusts, partnerships and private individuals may participate in the SPP and the offer of free attaching options under the accompanying prospectus as they are entitled, for exchange control purposes, to invest in approved inward listed instruments without restriction.

South African institutional investors have an exchange control limit on foreign portfolio investments on their total retail assets of 25% in respect of retirement funds and the underwritten policy business of long-term insurers. Investment managers registered as institutional investors for exchange control purposes, collective investment scheme management companies and the investment-linked business of long-term insurers are restricted to 35% of total retail assets under management.

On application to the Financial Surveillance Department of the South African Reserve Bank, South African institutional investors who participate in the SPP and the offer of free attaching options under the accompanying prospectus will be given 12 months to realign their portfolios should they be in excess of their exchange control foreign exposure limits.

Authorised Dealers may invest in approved inward listed instruments subject to the macro-prudential limit as defined in Section B.2(B)(iv) of the Exchange Control Rulings.

3. PARTICIPATION

(Single holders) If you are the only registered holder of a holding of Shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for up to \$15,000 (R105,000) worth of Shares.

(Joint holders) If you are recorded with one or more other persons as the joint holder of Shares, that joint holding is considered to be a single registered holding for the purpose of the SPP, and the joint holders are entitled to participate in the SPP in respect of that single holding only. If the same joint holders receive more than one offer under the SPP due to multiple identical holdings, whether those joint holdings are in the same registered name of the joint holding, or as an individual holder, the joint holders may only apply for a maximum parcel of \$15,000 (R105,000) worth of Shares.

(Custodians, trustees and nominees) If you are a Custodian (see the Glossary in paragraph 18) and hold Shares on behalf of one or more persons that are not custodians (each a **Participating Beneficiary**), you may apply for a maximum of \$15,000 (R105,000) worth of Shares for each Participating Beneficiary subject to providing the Company with written certification of the matters listed in paragraph 10.

If you hold Shares as a trustee or nominee for another person, but are not a Custodian, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holders will apply.

If you hold Shares as a Custodian for joint holders:

- the \$15,000 (R105,000) limit applies jointly in relation to those persons as if the Custodian holds the Shares on behalf of a single person; and
- where the terms on which the Shares are held do not cover the giving of instructions of this kind – the Custodian has received such an instruction from any of those persons.

Custodians should contact the Company's Share Registry, Computershare Investor Services Pty Limited, on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) for the custodian certificate required under these SPP terms and conditions.

4. ATTACHING OPTIONS

Successful applicants for shares under the SPP who are not Related Parties of the Company will also be entitled to receive one free attaching option for every two Shares issued under the SPP. The options will have an exercise price of \$0.04 per option for Australian and New Zealand resident shareholders or an exercise price of R0.28 per option for South African resident shareholders (calculated using an average exchange rate of \$1:R7.00) and an expiry date of 31 May 2014. The Company will apply to have the options quoted so they can be traded on ASX and JSE.

The options offer will be made separately under a prospectus which will be sent to shareholders as a separate document accompanying the SPP, and which will be available on the Company's website www.firestoneenergy.com.au. Successful applicants should consider the prospectus when deciding whether to apply for the options, and must complete the combined application form (**Application Form**) which accompanies this SPP offer booklet.

5. PRICING OF SHARES UNDER THE SPP

The Shares offered under this SPP will be offered at a price of \$0.02 per Share to Australian and New Zealand resident shareholders or R0.14 per Share to South African resident shareholders (calculated using an average exchange rate of \$1:R7.00) (**Offer Price**).

The Offer Price represents a 5.7% discount to the volume weighted average price of all the Company's Shares sold on ASX during the 14 trading days on which sales were recorded up to and including 29 April 2011.

Shareholders should be aware that the market price of the Company's Shares may rise or fall between the date of this offer and the date when Shares are allotted and issued to you. Any such change to the market price will not effect the Offer Price under this SPP. You should obtain your own independent investment advice in relation to the offer and consider price movements of shares before accepting the offer under the SPP.

6. SHARES OFFERED

The offer under the SPP has been structured to comply with the limit in ASIC Class Order [CO 09/425]. Under the class order, Eligible Shareholders may acquire a maximum of \$15,000 (R105,000 at an average exchange rate of \$1:R7.00) worth of Shares under a SPP in any 12 month period.

If you are eligible to purchase shares under the SPP, you may select **only one** of the following offers:

Offer	Number of Shares offered	Total amount payable at \$0.02 (R0.14) per Share
Offer A	50,000	\$1,000.00 (R7,000)
Offer B	125,000	\$2,500.00 (R17,500)
Offer C	250,000	\$5,000.00 (R35,000)
Offer D	375,000	\$7,500.00 (R52,500)
Offer E	500,000	\$10,000.00 (R70,000)
Offer F	750,000	\$15,000.00 (R105,000)

7. SCALE BACK

The amount to be raised under the SPP is capped at \$10 million (R70 million at an average exchange rate of \$1:R7.00). Subject to the provisions of paragraph 14, the Company may scale back applications on a pro-rata basis if they exceed \$10 million in aggregate.

Fractional entitlements below 0.5 will be rounded down to the next whole Share and fractional entitlements of 0.5 and above will be rounded up to the next whole Share. If applications are scaled back, the Company will refund the balance of application monies, without interest, following allotment.

The Company also reserves the right to scale back applications if it believes that to do otherwise would be contrary to law.

8. APPLYING FOR SHARES UNDER THE SPP

This offer will close at 5.00pm (Sydney time) on Friday, 3 June 2011.

If you would like to apply for Shares under the SPP, please complete the enclosed Application Form and return it, together with your cheque payable to "Firestone Energy Limited – SPP Allotment Account", to:

By post

Computershare Investor Services Pty Limited
Locked Bag 2508 Perth
Western Australia 6001 Australia

Alternatively, you may pay using BPAY[®] as indicated on the Application Form. Please make sure to type the Customer Reference Number and Biller Code exactly as they appear on your Application Form. If you receive more than one Application Form you are required to use the Customer Reference Number and Biller Code found on each form to make payment for your Shares.

Applications should only be made in one of the designated amounts set out in the Application Form. If the amount tendered is not one of the designated amounts, the Company reserves the right to issue fewer Shares and refund the balance of the application monies, without interest, or return the amount and not issue any Shares.

Duly completed Application Forms and payment must be received by 5.00pm (Sydney time) on Friday, 3 June 2011 (**Closing Date**). Applications received after that time may not be accepted.

Applicants should be aware that their own financial institution may implement earlier cut off times for electronic payment, and should take this into consideration when making payment. The return of the Application Form with the application monies, or payment via BPAY® will constitute the Eligible Shareholder's offer to subscribe for Shares on the terms and conditions of the SPP. Once an application has been made, it cannot be revoked. No notice of acceptance of the application will be provided.

9. CERTIFICATION BY ELIGIBLE SHAREHOLDERS

By making payment by cheque, money order, bank draft or BPAY®, **you certify** that:

- (a) you are an Eligible Shareholder, as defined in paragraph 2;
- (b) you have read, understand and agree to be bound by the terms and conditions of the SPP;
- (c) you agree to be bound by the terms of the Company's constitution; and
- (d) the aggregate of the application price for the following does not exceed \$15,000 (R105,000):
 - (i) the Shares the subject of the application; and
 - (ii) any other Shares issued to you under the SPP or any similar arrangement in the 12 months before the application; and
 - (iii) any other Shares that you have instructed a custodian to acquire on your behalf under the SPP; and
 - (iv) any other Shares that have been issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian to apply for Shares on your behalf under an arrangement similar to the SPP,

unless you are applying as a Custodian on behalf of one or more Participating Beneficiaries.

Custodians wishing to apply on behalf of one or more Participating Beneficiaries need to provide a custodian certificate in accordance with the requirements in paragraph 10. Please contact the Company's Share Registry, Computershare Investor Services Pty Limited, on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) for the custodian certificate.

If two or more persons are recorded in the Company's register of members as jointly holding shares or an interest in the Company, they are taken to be a single registered holder and a certification given by any of them is taken to be a certification given by all of them.

10. CERTIFICATION BY CUSTODIANS

Custodians must provide to the Company written certification of the following when making payment by cheque, money order, bank draft or BPAY®:

- (a) either or both of the following:
 - (i) that you hold Shares on behalf of the Participating Beneficiary;
 - (ii) that another Custodian (**Downstream Custodian**) holds beneficial interests in Shares on behalf of one or more Participating Beneficiaries,

and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian;

on the SPP Record Date, and that each Participating Beneficiary has subsequently instructed the following persons:

- (iii) where subparagraph (i) applies — the Custodian; and
 - (iv) where subparagraph (ii) applies — the Downstream Custodian;
- to apply for Shares on their behalf under the SPP;
- (b) the number of Participating Beneficiaries;
 - (c) the name and address of each Participating Beneficiary;
 - (d) in respect of each Participating Beneficiary:
 - (i) where subparagraph (a)(i) applies – the number of Shares the Custodian holds on their behalf; and
 - (ii) where subparagraph (a)(ii) applies – the number of Shares to which the beneficial interests relate;
 - (e) in respect of each Participating Beneficiary:
 - (i) where subparagraph (a)(i) applies – the number or the dollar amount of Shares or interests they instructed the Custodian to apply for on their behalf; and
 - (ii) where subparagraph (a)(ii) applies – the number or the dollar amount of Shares or interests they instructed the Downstream Custodian to apply for on their behalf;
 - (f) there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$15,000 (R105,000):
 - (i) the Shares applied for by the Custodian under the SPP in accordance with the instructions referred to in subparagraph (e); and
 - (ii) any other Shares issued to the Custodian in the 12 months before the application as a result of an instruction given by them to a Custodian or the Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the SPP;
 - (g) that a copy of the written offer document was given to each Participating Beneficiary;
 - (h) where subparagraph (a)(ii) applies – the name and address of each Custodian who holds beneficial interests in the Shares held by the Custodian in relation to each Participating Beneficiary.
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11. ISSUE OF SHARES

The Company will not be obliged to allot Shares and the applicant will not be entitled to receive or be issued shares until the Board resolves to allot the Shares. Shares under the SPP will be allotted on or about 10 June 2011. After all Shares have been allotted, the Company will promptly make an application to ASX and JSE for the Shares to be admitted to quotation. Holding statements are expected to be despatched on or about 14 June 2011.

12. INDICATIVE TIMETABLE

Date	Event
29 April 2011	SPP Record Date
2 May 2011	SPP Announcement to ASX
11 May 2011	Offer opens and documents mailed to Eligible Shareholders
3 June 2011	SPP Offer closes (at 5.00pm Sydney time)
10 June 2011	Expected allotment of Shares under SPP
14 June 2011	Expected grant of options under SPP
14 June 2011	Expected despatch of holding statements for Shares and options
16 June 2011	Commencement of trading in Shares and options on ASX and JSE

These dates are indicative only. The Company may vary the dates and times of this offer or withdraw it without notice. Accordingly, Eligible Shareholders are encouraged to submit their Application Form as early as possible.

13. ASIC RELIEF

The offer of Shares under the SPP is made in accordance with the requirements of ASIC's Class Order [CO 09/425]. That Class Order grants relief from the requirement to prepare a prospectus for the offer of Shares under this SPP.

14. ADMINISTRATION OF THE SPP

The Company reserves the right to withdraw the SPP and any offer under it at any time prior to the allotment of Shares. If the SPP is withdrawn, all application monies will be refunded, without interest.

The SPP is administered by the Board which may waive strict compliance with, or amend any provision of these terms and conditions, and determine in any manner it thinks fit, any interpretation, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant. The determination of the Board will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates.

The Company, Board and its employees will not be held responsible or liable for any error or omission which occurs in the administration of the SPP.

15. WHY SHOULD YOU SUBSCRIBE FOR SHARES PURSUANT TO THIS SPP?

The Offer Price represents a 5.7% discount to the volume weighted average price of all the Company's Shares traded on ASX during the 14 trading days on which sales were recorded up to and including 29 April 2011. In addition, unless you are a Related Party of the Company, you will receive one free quoted option for every two Shares you subscribe for under the SPP.

There is no brokerage, commissions, stamp duty or other participation costs payable by you in respect of any acquisition of Shares under this SPP.

16. GOVERNING LAW

This SPP is governed by the laws of the state of New South Wales. By applying for Shares or making payment under this SPP, you submit to the non-exclusive jurisdiction of the courts of New South Wales and any court that may hear appeals from that court.

17. QUERIES

If you have any queries concerning the SPP, please contact the SPP information line on 1800 505 206 (within Australia) or +61 2 8256 3354 (outside Australia) or Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

18. GLOSSARY

\$ or dollars	Australian dollars
ASIC	The Australian Securities and Investments Commission
ASX	The Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires
Board or Board of Directors	The board of directors of the Company
Company	Firestone Energy Limited ACN 058 436 794
Custodian	A custodian, trustee or, nominee within the definition of 'custodian' in ASIC Class Order [CO 09/425], that: <ul style="list-style-type: none">• holds an Australian financial services licence that:<ul style="list-style-type: none">○ covers the provision of a custodial or depository service; or○ includes a condition requiring the holder to comply with ASIC Class Order [CO 02/294]; or• is exempt under:<ul style="list-style-type: none">○ paragraph 7.6.01(1)(k) of the <i>Corporations Regulations 2001</i>; or○ ASIC Class Order [CO 05/1270] to the extent that it relates to ASIC Class Order [CO 03/184]; or○ ASIC Class Orders [CO 03/1099], [CO 03/1100], [CO 03/1101], [CO 03/1102],

[CO 04/829] or [CO 04/1313]; or

- An individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in the above paragraph; or
- Paragraph 911A(2)(h) of the *Corporations Act 2001*;

from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service; or

- that is a trustee of a:
 - self-managed superannuation fund; or
 - superannuation master trust; or
- that is the responsible entity of an IDPS-like scheme; or

that is the registered holder of shares or interests in the class and is noted on the register of members of the body or scheme (as the case may be) as holding the shares or interests on account of another person.

JSE

The Johannesburg Stock Exchange or JSE Limited, as the context requires

R or Rand

South African Rands

Related Party

In relation to the Company, the meaning in section 228 of the *Corporations Act 2001* (Cth), which provides that:

(1) An entity that controls a public company is a related party of the public company.

(2) The following persons are related parties of a public company:

- (a) directors of the public company;
- (b) directors (if any) of an entity that controls the public Company;
- (c) if the public company is controlled by an entity that is not a body corporate – each of the persons making up the controlling entity;
- (d) spouses and de facto spouses of the persons referred to in paragraphs (a), (b) and (c).

(3) The following relatives of persons referred to in (2) are related parties of the public company:

- (a) parents;
- (b) children.

- (4) An entity controlled by a related party referred to in (1), (2) or (3) is a related party of the public company unless the entity is also controlled by the public company.
- (5) An entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in (1), (2), (3) or (4) at any time within the previous 6 months.
- (6) An entity is a related party of a public company at a particular time if the entity believes or has reasonable grounds to believe that it is likely to become a related party of the public company of a kind referred to in (1), (2), (3) or (4) at any time in the future.
- (7) An entity is a related party of a public company if the entity acts in concert with a related party on the understanding that related party will receive a financial benefit if the public company gives the entity a financial benefit.

SPP Record Date

5.00pm (Sydney time) on 29 April 2011

Share

a fully-paid ordinary share in the capital of the Company

Please return completed form to:
 Computershare Investor Services Pty Limited
 Locked Bag 2508 Perth
 Western Australia 6001 Australia
 Enquiries (within Australia) 1800 505 206
 (outside Australia) 61 2 8256 3354
 www.computershare.com



000001
 000
 SAM
 MR JOHN SMITH 1
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 IND

For your security keep your SRN/HIN confidential.

Entitlement Number:
 Record Date: 29 April 2011
 Offer Closes: 5.00pm (Sydney time) on 3 June 2011
 Price per Share: A\$0.02

SHARE PURCHASE PLAN APPLICATION FORM

This personalised form can only be used in relation to the securityholding represented by the SRN or HIN printed above. This is an important document and requires your immediate attention. If you are in doubt about how to deal with this document, please consult your financial or other professional adviser.

Pursuant to the terms and conditions of the Firestone Energy Limited Share Purchase Plan (SPP) and Option Prospectus contained in the letter to Firestone Energy Limited securityholders dated 11 May 2011, Firestone Energy Limited is offering eligible securityholders the opportunity to subscribe for fully paid ordinary shares (Shares) up to a maximum value of A\$15,000.00 per eligible securityholder, subject to a minimum application of A\$1,000.00. Applicants for Shares under the SPP who are not "related parties" of the Company will also be entitled to receive one free attaching option (Option) for every two Shares they are issued under the SPP. The Options will have an exercise price of \$0.04 and an expiry date of 31 May 2014. The Company will apply to have the Options quoted so they can be traded on ASX.

If you do not wish to purchase additional shares under this offer there is no need to take action.

By making your payment, you agree to be bound by the Constitution of Firestone Energy Limited and agree that the submission of this payment constitutes an irrevocable offer to you by Firestone Energy Limited to subscribe for Firestone Energy Limited Shares and free attaching Options on the terms of the SPP and Option Prospectus. In addition, by submitting the slip below you certify that the aggregate of the application price paid by you for:

- the Shares and free attaching Options the subject of the slip below; and
- any other shares and interests in the class applied for by you under the Share Purchase Plan or any similar arrangement in the 12 months prior to the date of submission of the slip below, does not exceed A\$15,000.00.

METHOD OF ACCEPTANCE

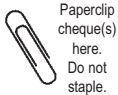
You can apply for Shares and free attaching Options and make your payment utilising one of the payment options detailed overleaf.

Firestone Energy Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Firestone Energy Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. Firestone Energy Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible securityholders even where Firestone Energy Limited does not notify you of that event.



SAMP_PAYMENT_000000/000001/000001/1

▼ PLEASE DETACH HERE ▼



Firestone Energy Limited
 ABN 71 058 436 794

I/We wish to purchase:

Please see overleaf for Payment Options



Biller Code: 123456

Ref No: 1234 5678 9012 3456 78

- | | | | | | |
|---|---|--|--|---|---|
| <input type="checkbox"/> Option A: 50,000 Shares and 25,000 free attaching Options or \$1,000.00 | <input type="checkbox"/> Option B: 125,000 Shares and 62,500 free attaching Options or A\$2,500.00 | <input type="checkbox"/> Option C: 250,000 Shares and 125,000 free attaching Options or A\$5,000.00 | <input type="checkbox"/> Option D: 375,000 Shares and 187,500 free attaching Options or A\$7,500.00 | <input type="checkbox"/> Option E: 500,000 Shares and 250,000 free attaching Options or A\$10,000.00 | <input type="checkbox"/> Option F: 750,000 Shares and 375,000 free attaching Options or A\$15,000.00 |
|---|---|--|--|---|---|

* These share amounts may be subject to scale-back in accordance with the terms of the SPP.

Payment Details – Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque number	BSB number	Account number	Cheque amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Make your cheque or bank draft payable to Firestone Energy Limited - SPP Allotment Account

Contact Details - Please provide your contact details in case we need to speak to you about this slip

Name of contact person

Contact person's daytime telephone number

How to accept the Share Purchase Plan

Payment Details

You can apply for Shares and free attaching Options by utilising the payment options detailed below. There is no requirement to return the slip below if you are paying by electronic means.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions of the SPP as enclosed with this Application Form.

Make your cheque, bank draft or money order payable to Firestone Energy Limited - SPP Allotment Account in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided. **Please note that funds are unable to be directly debited from your bank account.**

If paying by cheque, return the slip below and Cheque, Bank Draft or money order in the envelope provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the slip below where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding the slip below.

Lodgement of Application

If you are applying for Shares and free attaching Options and your payment is being made by BPAY®, you do not need to return the slip below. Your payment must be received by no later than 5.00pm (Sydney time) on 3 June 2011. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Ensure you have read and accurately followed your banking institution's BPAY FAQ or other instructions prior to making multiple payments for multiple holdings under this offer. Neither CIS nor Firestone Energy Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order, the slip below must be received by Computershare Investor Services Pty Limited (CIS) Perth by no later than 5.00pm (Sydney time) on 3 June 2011. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for securityholders in Australia. New Zealand holders will need to affix the appropriate postage. Return the slip below with cheque, bank draft or money order attached.

Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact Firestone Energy Limited on 1800 505 206.

This form may not be used to notify your change of address. For information, please contact CIS on 1300 850 505 or visit www.computershare.com (certificated/issuer sponsored holders only).

CHESS holders must contact their Controlling Participant to notify a change of address

© Registered to BPAY Pty Ltd ABN 69 079 137 518

Payment Options:



Bill Code: 123456

Ref No: 1234 5678 9012 3456 78

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



By Mail
Firestone Energy Limited
Computershare Investor
Services Pty Limited
Locked Bag 2508
Perth, Western Australia 6001
AUSTRALIA



Entitlement Number: <xxxxxxxxxx>

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SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000

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