

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 | Listed Options to Acquire fully paid shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 250,000,000 |
| 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) | Options are exercisable at \$0.04 per share and expire on 31 May 2014. |

Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

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

Once the options are converted all shares issued will rank equally in all respects with the existing fully paid ordinary shares.

5 Issue price or consideration

No consideration on issue (free attaching option)

6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

The funds raised from the exercise of Options (a maximum of \$10 million) 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.

7 Dates of entering +securities into uncertificated holdings or despatch of certificates

14 June 2011

8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)

Number	+Class
2,627,028,020	Ordinary fully paid shares (FSE)
Up to 250,000,000	Options exercisable at \$0.04 per share and expiring on 31 May 2014

+ See chapter 19 for defined terms.

	Number	+Class									
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Unlisted Options									
		Unlisted Options <table border="1"> <thead> <tr> <th>Exercise</th> <th>Expiry</th> </tr> </thead> <tbody> <tr> <td>5 cents</td> <td>30 Nov 12</td> </tr> <tr> <td>6 cents</td> <td>31 May 13</td> </tr> <tr> <td>6 cents</td> <td>30 Jun 13</td> </tr> <tr> <td>6 cents</td> <td>30 Jun 14</td> </tr> </tbody> </table>	Exercise	Expiry	5 cents	30 Nov 12	6 cents	31 May 13	6 cents	30 Jun 13	6 cents
Exercise	Expiry										
5 cents	30 Nov 12										
6 cents	31 May 13										
6 cents	30 Jun 13										
6 cents	30 Jun 14										
	Unlisted Convertible Notes	Conversion number-Variable per Note									
	Con Note 1 – 12 FSEAQ	Repayment dates – 2 October 2012									
	Con Note 2 – 3 FSEAS	16 November 2012									
	Con Note 3 – 3 FSEAU	18 December 2012									
	Con Note 4 – 3 FSEAY	21 January 2013									
	Con Note 5- 3 FSEAW	23 February 2013									
	Con Note 6 – 3 FSEAZ	23 March 2013									
	Con Note 7 – 3 FSEAA	30 April 2010									
	Con Note 8 - 1 x (\$500k)	04 June 2013									
	4 x (\$100k)	04 June 2013									
	Con Note 9 - 9 x (\$100k)	13 July 2013									
	Con Note 13 - 6 x (\$100k)	8 November 2013									
	Con Note 14 – 6 x (\$100k)	23 November 2013									
	Con Note 15 – 6 x (\$100k)	22 December 2013									
	Con Note 16 – 6 x (\$100k)	24 January 2014									
	Con Note 17 – 9 x (\$100k)	22 February 2014									
	Con Note 18 – 7x (\$100K)	22 March 2014									
	Con Note 19 – 7 x (\$100k)	20 April 2014									
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Option holders are not entitled to participate in dividends until they exercise their options into ordinary fully paid shares in the company.									

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
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

+ See chapter 19 for defined terms.

- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

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

N/A

39 Class of +securities for which quotation is sought

N/A

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

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

N/A

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)

N/A

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

+ See chapter 19 for defined terms.

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: 11 May 2011
Company Secretary

Print name: **Jerry Monzu**

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+ See chapter 19 for defined terms.