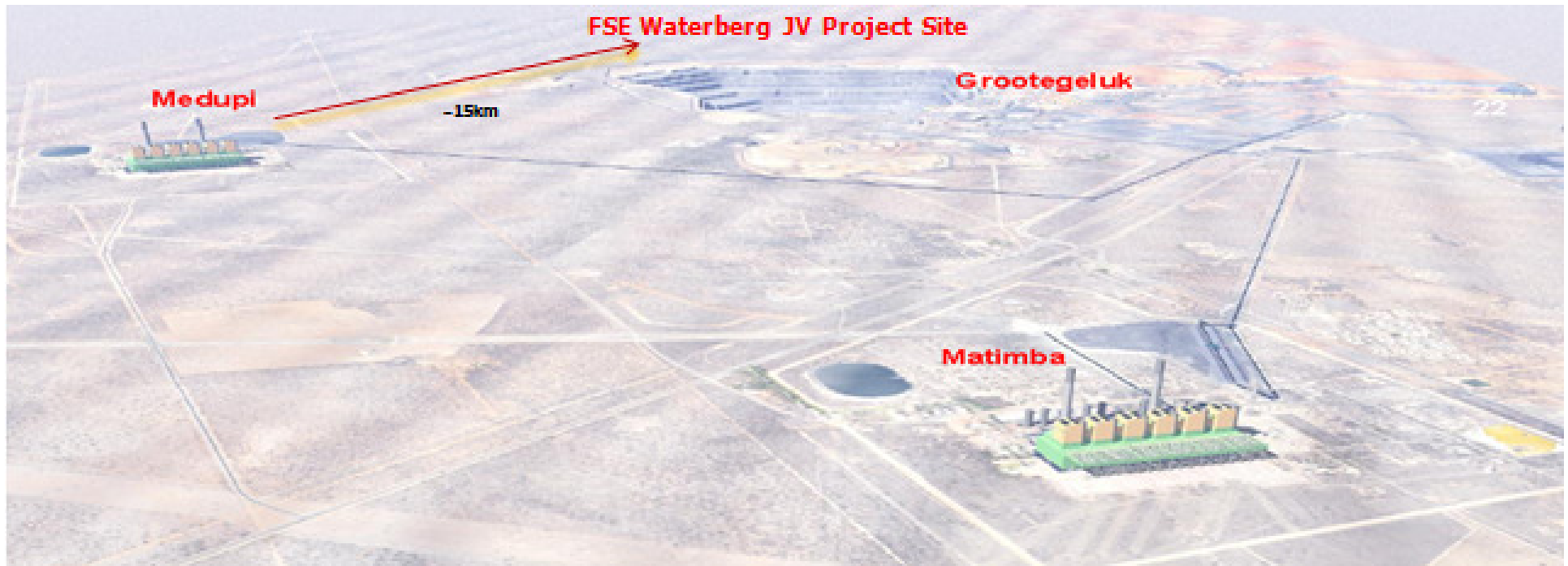
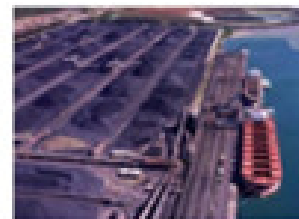
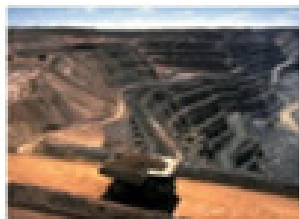


FIRESTONE ENERGY LIMITED

**Creating shareholder value through coal
production in the Waterberg**





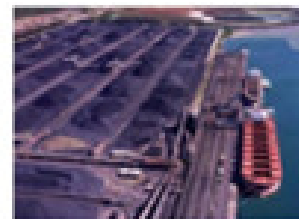
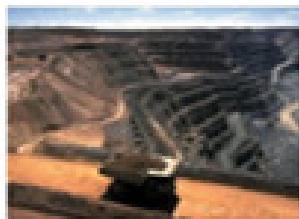
Disclaimer

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This Presentation includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.

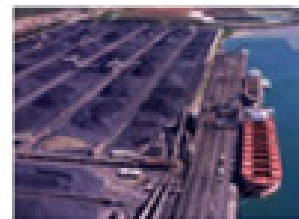


Competent Persons Statement

Information in this report that relates to exploration results and coal resources on the property Smitspan 306LQ (other than slide 6) is based on information compiled by Ms Paul S Norman who is employed by Wardell Armstrong LLP and is a Fellow of the Geological Society of London, a Fellow of the Institution of Materials, Minerals and Mining, a Fellow of the Energy Institute, a Chartered Geologist and Chartered Engineer. Mr Norman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Norman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report that relates to exploration results and coal resources on the properties Vetleegte, Massenbergrug and Hookiraal is based on information compiled by Mr D van Buren Geologist, who is employed by Sound Mining Solution Pty Limited and which has been peer reviewed by Petrus Cornelius Meyer of PC Meyer Consulting. PC Meyer Consulting is a South African based consultancy that has as its sole proprietor Petrus Cornelius Meyer, a registered natural scientist (Pr. Sci. Nat, Reg. No. 400025/03), who is familiar with and adheres to the South African Minerals and Petroleum Resources Development Act of 2002 (ACT No. 28 of 2002) and the 2007 SAMREC code and the 2004 Edition of the “Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves” (The JORC Code). PC Meyer Consulting CC is an independent Geological Consultancy. PC Meyer has more than 21 years experience in the South African Coal Industry and holds B.Sc. Hons. (Geology) and M.Sc (Earth Science Practice and Management) degrees from the University of Pretoria. He is an active member of the Geological Society of South Africa and the Fossil Fuel Foundation. Mr Meyer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to coal reserve estimation as set out on slide 6 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 the report of the matters based on his information in the form and context in which it appears.

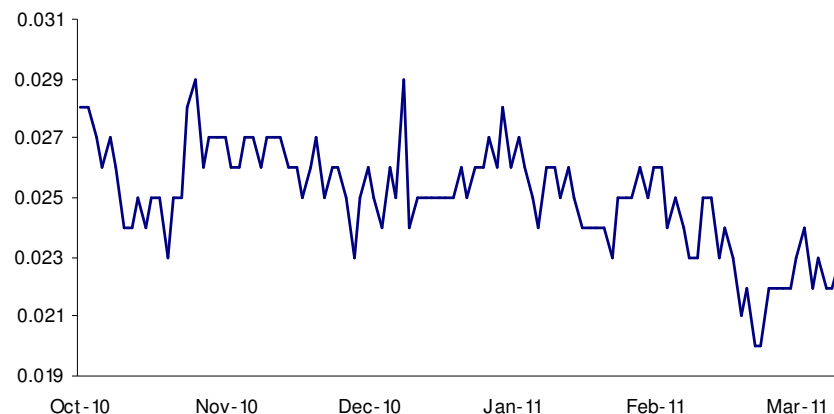


Executive Summary

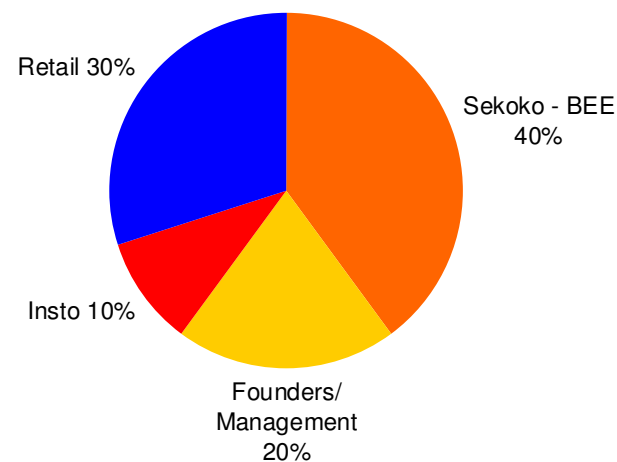
Corporate

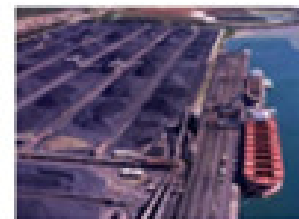
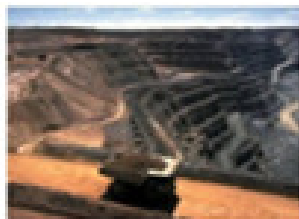
- ASX and JSE listed
- ~2.63B shares on issue
- 263M options (unlisted)
- Current FSE Share Price ~\$0.023
- Market Cap ~\$60M
- Convertible notes totalling ~\$22.1M
- Cash at end Dec 2010 - ~ \$1.7M
- Top 20 holding – 64%

FSE share price performance (6 months)



Current FSE shareholder split





Firestone Directors and Management

David Perkins - Bjuris, LLB CIS (Aus) - Appointed Chairman January 2011

Mr Perkins is the principal of Perkins Solicitors and is a Non-Executive Director of BBY Limited. He was previously General Counsel and Company Secretary for JP Morgan Chase and Company for Australia New Zealand and Oceania.

Colin McIntyre - Pr Mining Engineering - Appointed Non-Executive Director July 2009

Mr McIntyre is an experienced and credentialed mining engineer, mining manager and company director, with 35 years experience in the mining industry. Mr McIntyre previously held executive management positions with Western Mining Corporation, National Mine Management Pty Ltd and Macmahon Contractors (WA). He was previously non executive chairman of Tectonic Resources Ltd and Perilya Ltd for 12 years and 2 years respectively.

Dr Pius Chilufya Kasolo - PHD Geology - Appointed Non-Executive Director January 2011

Dr Kasolo is a highly credentialed geologist and has extensive experience in the evaluation and management of mining projects, the formulation of company strategy, resource optimisation and business process analysis. Dr Kasolo sits on several boards in South Africa and has published many papers in his field of geology.

Matsidiso Peter Tshisevhe - Bproc, LLM, Mtax Law - Appointed Non-Executive Director January 2011

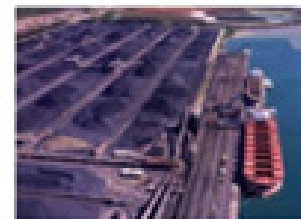
Mr Tshisevhe is a lawyer by profession and has extensive experience in the fields of mergers and acquisitions, tax and corporate restructuring. Mr Tshisevhe has advised on numerous large transactions including advising the South African Government on the disposal of their stake in a telephone utility.

Sizwe Nkosi - CA (SA), MBA - Appointed Non-Executive Director Finance September 2010

Mr Nkosi is a registered South African Chartered Accountant and has a MBA degree from the University of Cape Town's Graduate School of Business. Prior to joining Firestone, Mr Nkosi worked for Investec Bank with a role focussed in mergers and acquisitions. Prior to this, Mr Nkosi was employed by Foskor Limited as a financial manager and De Beers as the Senior Management Accountant

Andy Johnson - Waterberg Project Manager

Mr Johnson is a registered Professional Mining Engineer with 34 years experience operating and planning of mines in Britain, South Africa, Angola and Mozambique. The majority of this experience has been in coal mining, both opencast and underground, although he has spent some 4 years in alluvial diamonds and 3 years on a tantalite project. Mr Johnson has experienced the large corporate systems and the smaller, limited operations companies. Mr Johnson is a professional member of the SA Colliery managers, SA Institute of Mining and Metallurgy (fellow), and Institute of Quarrying (fellow).

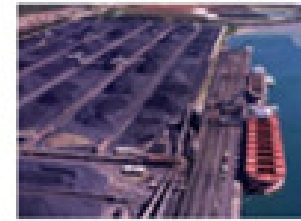


Key Projects in the JV (FSE: 60%/Sekoko: 40%)

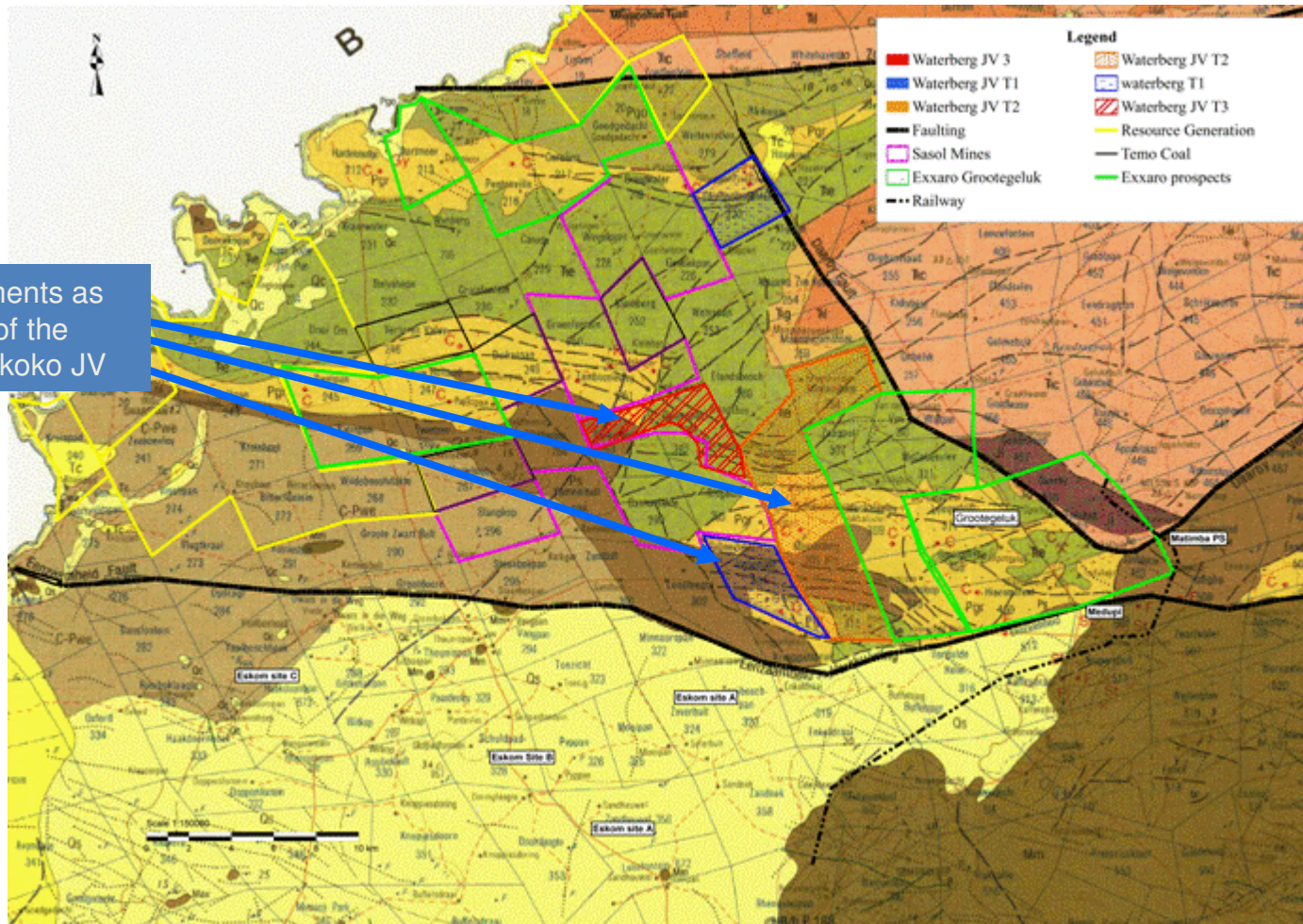
Farm	Zone Tonnage Mt Mar 2011	Zone Tonnage Mt Aug 2010	Measured GTIS MT	Indicated GTIS MT	Inferred GTIS MT	Total Coal GTIS MT	JV owns Coal	JV owns Surface Rights
Smitspan		1881.8	238.7	475.8		714.5	Yes	Yes
Hooikraal	549.8	358.4		7.3	155.5	162.8	Yes	Yes
Minnasvlakte		755.8		26.5	230.7	257.2	Yes	No
Massenberg	465.4	337.0		20.8	109.5	130.3	Yes	Option Held
Vetleegte	589.7	570.3	1.2	204.5	17.9	223.6	Yes	Option Held
Olieboomfontein		NA					Yes	No
Swanepoelpan*		1239.9		1.1	378.2	381.8	Yes	No
Duikerfontein*		30.2			13.9	13.9	Yes	No
Total	1604.9	5173.5	239.9	736.0	905.8	1882.5		

Source: FSE (Zone tonnage includes dilution by stone partings. GTIS is gross tonnage in situ and is the coal excluding stone bands)

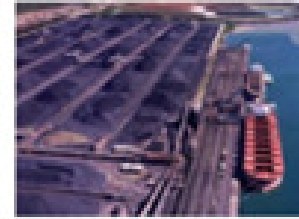
* Subject of an MOU with Jindal Steel and Power Limited (announced 4 February 2011)



Firestone Location

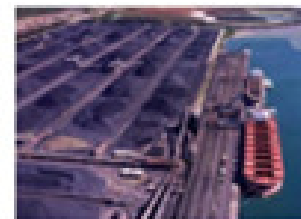


Source: FSE



Waterberg Project (FSE: 60%/Sekoko 40%) – Thermal Coal

- Shareholders agreement signed between FSE and Sekoko (Feb 2011)
- MOU with Eskom for Coal-offtake from the Waterberg project
- Industrial Development Corporation (IDC) set to become a new major shareholder in the Waterberg Project (announced in Dec 2010) – expected to be completed in 3Q2011
- Definitive Feasibility Study (completed by Parsons Brinckerhoff) confirms the viability of a robust open cast operation for 21 years on the Smitspan tenement, with capital and operating tolerances of +/- 10%
- CAPEX - ~A\$64M (R450m) to A\$78M (R550m) needed between the JV to bring the mine initially into production



Waterberg Project – DFS

Definitive Feasibility Study outcomes

- Parsons Brinckerhoff has completed the DFS in October 2010 - confirms the economic robustness of the project
- Highlights include:
 - The DFS has been calculated on the basis of establishing a mine capable of producing:

Physicals

Case	ROM (Mill tonnes)	Product (Mill tonnes)	Overburden (Mill m ³)	Yield
DFS	179.7	120.0	266.2	66.7% (one product)
PFS	270.0	85.0 Steam 20.0 Prime	275.0	38.0% (two products)

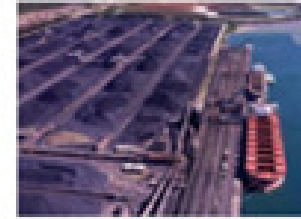
Financial Analysis

OUTPUT	DFS Base Case	PFS
Mine Life	21 years – all open pit	21 years
NPV @10%	ZAR 1,499 million	ZAR 572 million
IRR (post tax)	25%	14.5%
Total Capex	ZAR1,220 million	ZAR3,985 million

Mine Life (yr)	MTPA
1	1
2	1.5
3	1.5
4	1.5
5	1.5
6-8	3
9-10	5
11-15	7
16-21	10
Total	120.0

Exchange rate: \$1 AUD = ZAR6.4 (DFS includes contractor mining)

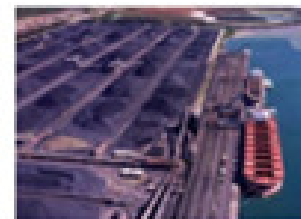
Source: FSE



Waterberg Project – ESKOM MOU



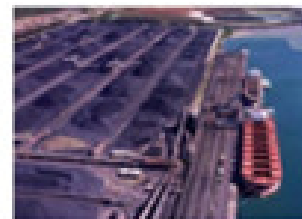
- Eskom is a state owned enterprise that generates approximately 95% of the electricity used in South Africa and approximately 45% of the electricity used in Africa.
- FSE/Sekoko JV has signed an MOU with Eskom on 28 January 2011
- Minimum annual offtake of 525,000 tonnes from April 2012 – 31 March 2015
- Minimum annual offtake of 1,000,000 tonnes from April 2015 to 31 March 2018
- The parties to continue to negotiate in good faith with the objective of entering into a longer term contract extension from 2018 to 2032
- Proposed minimum quantities
 - April 2018- 31 March 2019 – 1,000,000 tonnes
 - April 2019 – 31 March 2020 – 2,000,000 tonnes
 - April 2020 – 31 March 2032 – 2,300,000 tonnes



Waterberg Project – Indicative Initial Eskom Sales Contract Economics

Total Revenue	R5.3bn – R8bn (A\$757m – A\$1.1bn)
Total Operating Costs	R4.3bn (A\$614m)
Capex	R450-R550m (A\$64m – A\$78m)
NPV	R318m-R550m (A\$45m – A\$78m)
Opex costs (per tonne)	~R100 (A\$14)
D:E	40:60
IRR	15% - 23%
First Coal Production	April 2012

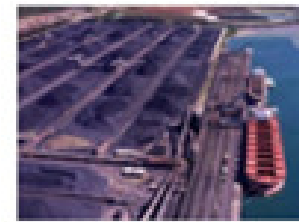
Source: FSE



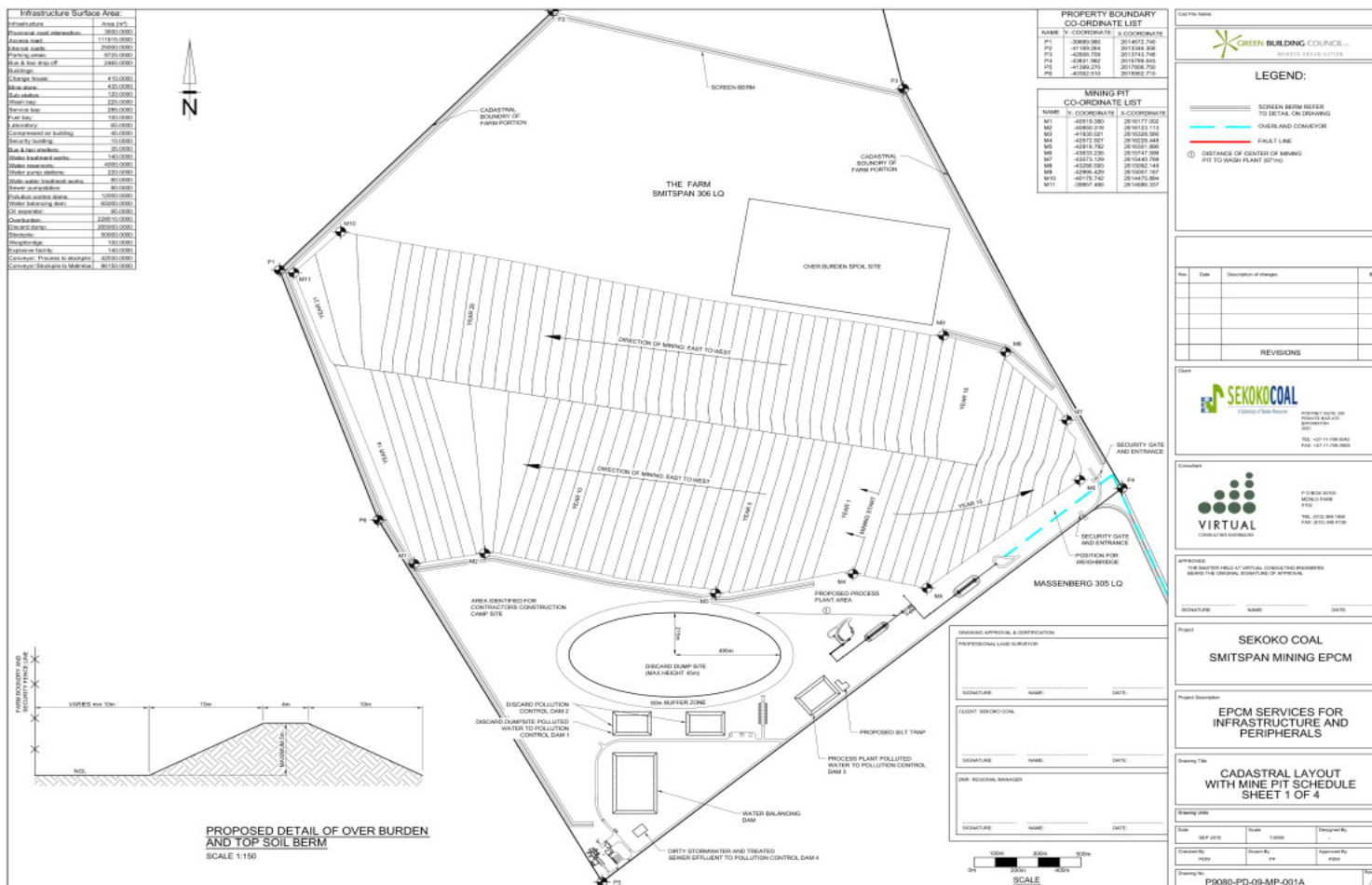
Waterberg Project – IDC as a shareholder



- The Industrial Development Corporation of South Africa Ltd (IDC) is a self-financing, national Development Finance Institution (DFI). It was established in 1940 to promote economic growth and industrial development in South Africa (<http://www.idc.co.za>)
- IDC is a significant shareholder in Sasol, Arcelormittal, Exxaro and Foskor.
- Vision of the IDC - “to be the primary source of commercially sustainable industrial development and innovation to the benefit of South Africa and the rest of the African continent.”
- Under the agreement with the IDC, Sekoko will sell 33.3% of its equity in the Waterberg Coal JV to IDC for ZAR250M (~A\$36M)
- IDC will provide funds to Sekoko for the establishment of the new mine as per the terms of the shareholder’s agreement within the current FSE/Sekoko JV, which is maintained at a 60/40 equity split
- The transaction is to be finalised once the mining right application has been issued, expected in 2QCY11– initial funding of R30M will be available in 1QCY11 – for initial project costs



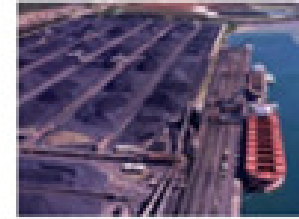
Smitspan - Mine Plan



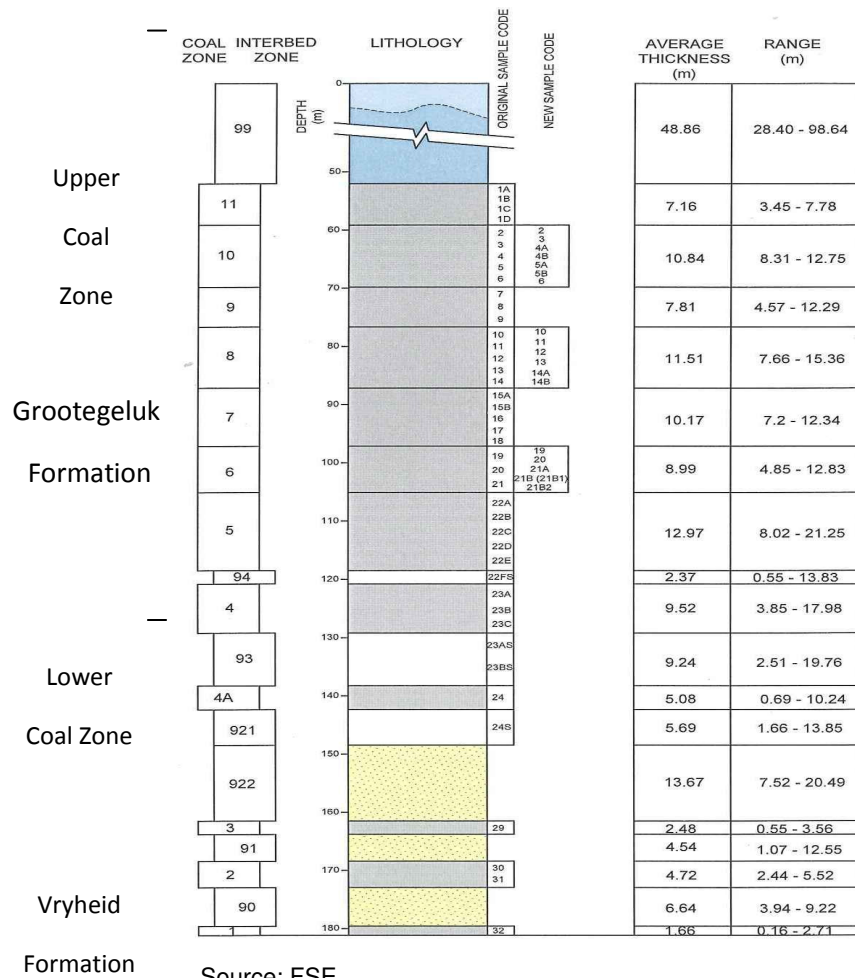
Overburden to Saleable Tons of 2

- Shallow area
- Thick coal beds
- 4.2kms x 2.2kms

Source: FSE








Smitspan - Coal Seams

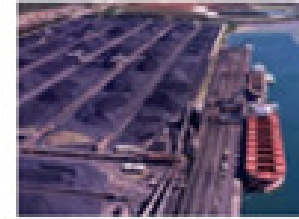


- Twelve coal zones (numbered 1-11)
- Zones comprised of samples (37 in total, numbered 1A-32)
- Non-coal (waste) in:
 - Interbed Zones (90 to 94)
 - Overburden (Zone 99)
 - Individual samples, e.g. potentially Samples 8, 10, 15B)

KEY

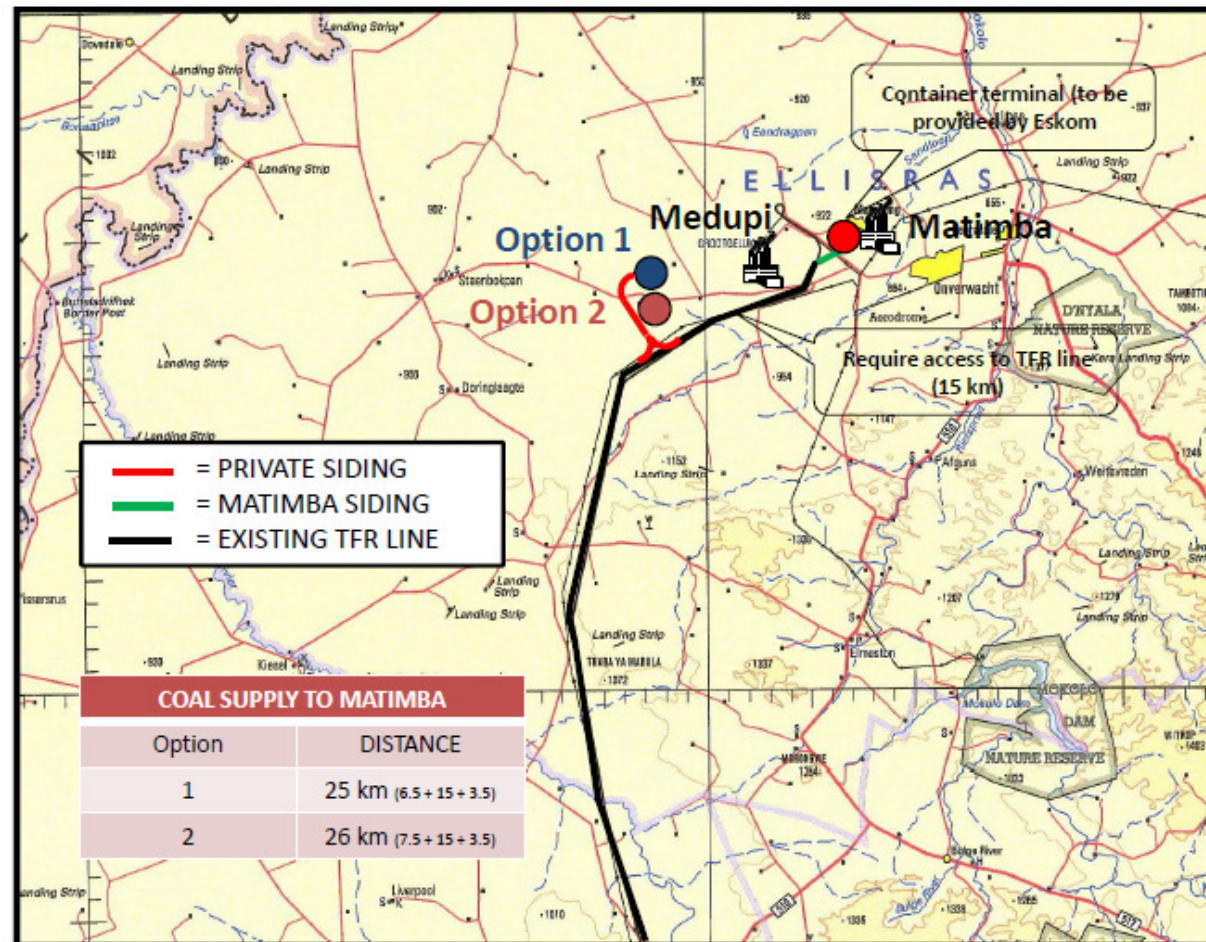
-  OVERBURDEN ZONE - REPORTED TO BE WEATHERED
-  OVERBURDEN - NOT WEATHERED
-  "COAL ZONE" - COAL WITH VARIOUS DEGREES OF INTERBEDDED DIRT (MUDSTONE ETC)
-  INTERBED - PREDOMINANTLY MUDSTONE AND SILTSTONE
-  INTERBED - PREDOMINANTLY SANDSTONE

Source: FSE



Smitspan – Infrastructure

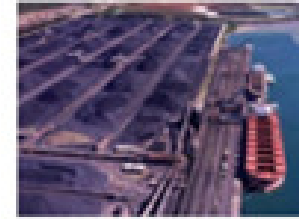
- Separate rail study has been completed - RCE Consultants Rail Study
- Potential for FSE's own rail spur
- Only 7km connection
- To cost approx \$20m
- Cost fully recoverable from off-take partner



Source: FSE

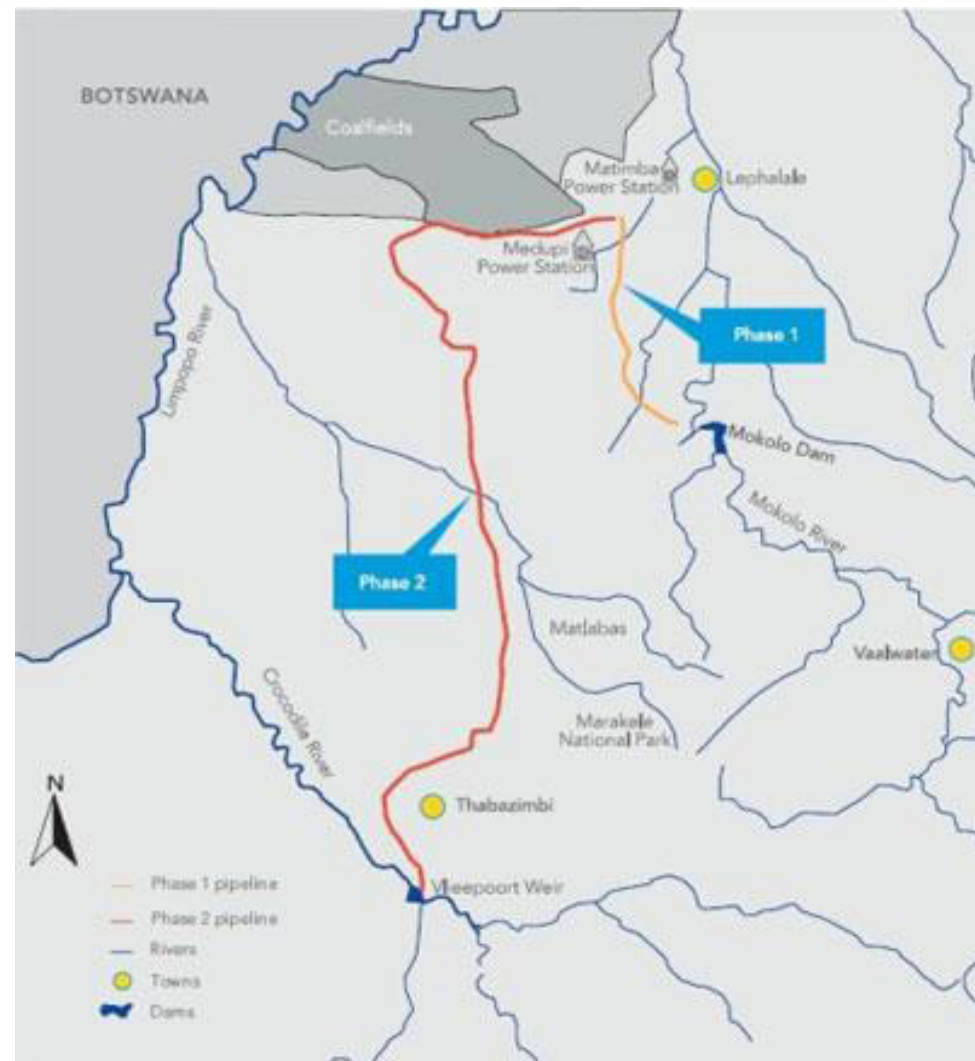
To Thabazimbe

RCE CONSULTANTS



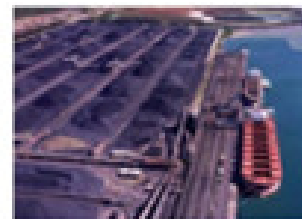
Smitspan – Water

- JV lodges water use license (8 March 2011)
- Phase 1 – to increase from 30 mega cubes per annum to 40 mega cubes per annum
- Phase 2 – an additional 190 mega cubes per annum
- Recycling water – reuse of water is a priority



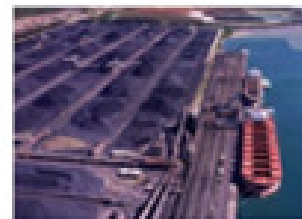
Source: FSE

16

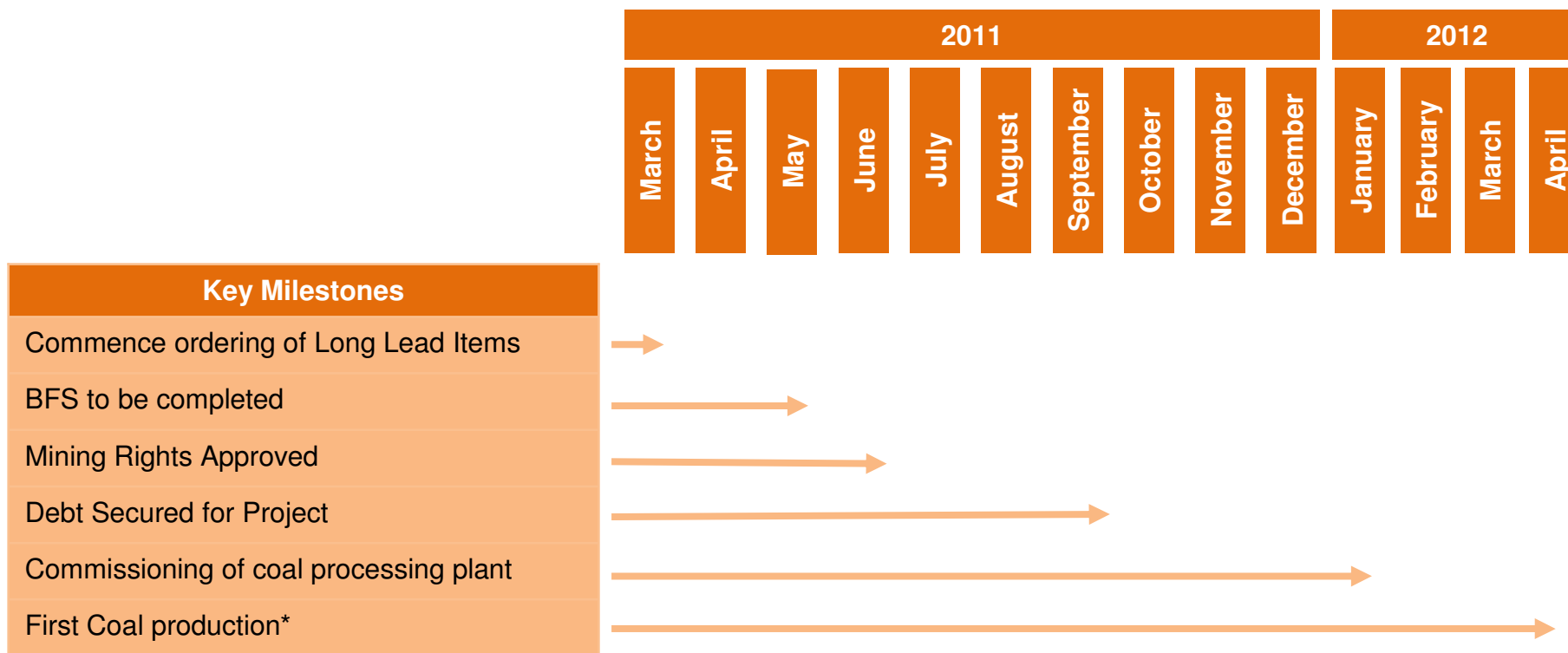


Key Milestones completed to date

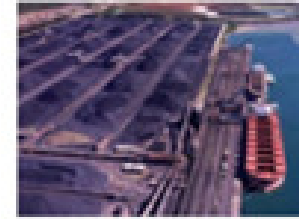
Milestones	Completed
Mining Rights Application Submitted	✓
Social Labour Plan	✓
Public Participation meetings	✓
EIA\EMPR Scoping Study	✓
Lodgement of Water Use License	✓
Site Inspections – ESKOM, DWAF, DEAT, LEDET	✓
Appointed infrastructure contractors	✓
Appointed coal processing contractors	✓
Appointed rail construction contractors	✓
Shortlisted mining contractors	✓
Definitive Feasibility Study	✓
Coal Supply MOU with Eskom	✓
Shareholders agreement signed	✓



Key Milestones to be completed

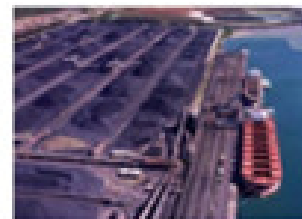


* The current development plan indicates that delivery by April is achievable. However the JV will have an opportunity to discuss the date for delivery with Eskom as part of the conversion of the MOU to a Coal Sale Agreement. These discussions and the documentation of the Coal Sale Agreement are expected to occur in July/August. Within that process the JV considers that there will be scope to renegotiate the date for the first delivery of coal if that is required

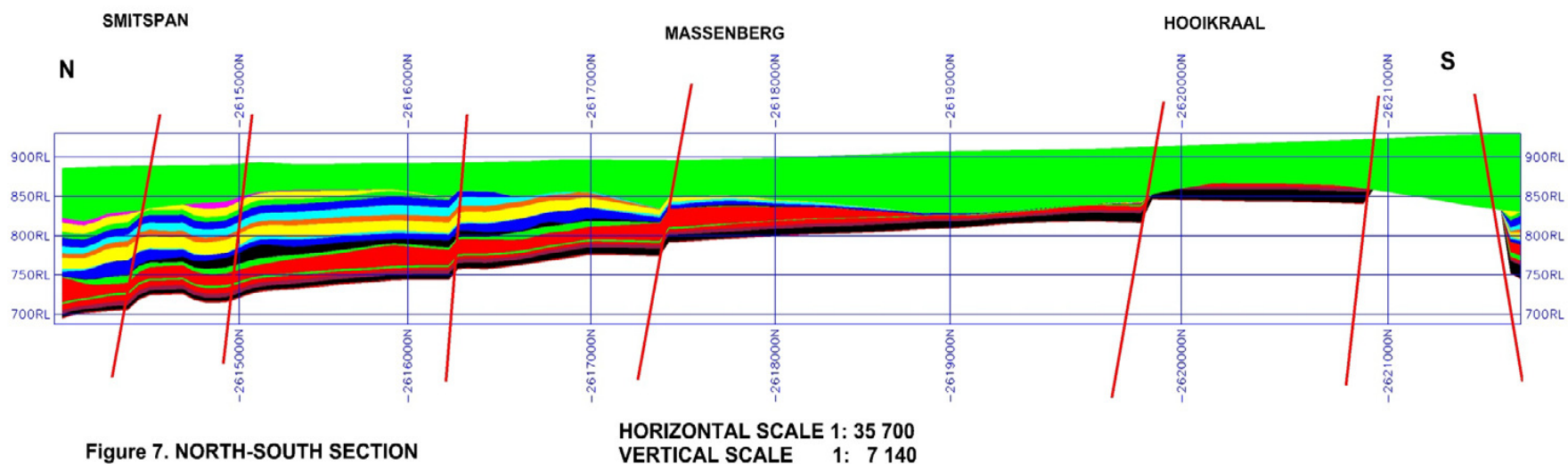


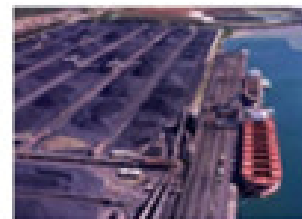
Waterberg Project - Metallurgical Coal

- Phase 2 BFS expected to be completed in May 2011; expected production from 2013.
- An independent geological report prepared by Sound Mining Solutions (SMS) and released to the ASX in March 2011 further highlights the coking coal potential of 350Mt (non-JORC) in seams (Zones) 1 to 3 in the most southern three farms, where faulting has lifted these seams closer to the surface, creating open cut potential.
- SMS has also submitted a mine design report which highlights approximately 100Mt (non-JORC) of met coal being accessed via a large open cast (60%) followed by underground (40%) within three farms in the Waterberg.
 - The open cast operation, which is within 500 metres of the proposed rail siding installation, has a potential for a total of 58.8M tonnes mainly from coal seams 3 and 2 which have high yields and calorific values.
 - By accessing the deeper portions of the mining area from the open-pit high-wall, some 20M ROM tonnes from coal seams 2 and 1 can be recovered, however more geotechnical work will be required before this can be a substantive mine plan.
- More exploration work is required to prove up a JORC resource.
- Potential markets – export (through Richards Bay) and domestic
- High level of interest from industry players in terms of off-takers – detailed discussions to occur on BFS completion.



Cross-section of metallurgical coal area

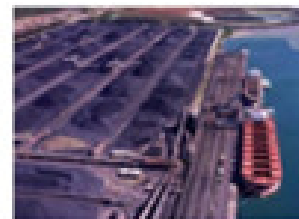
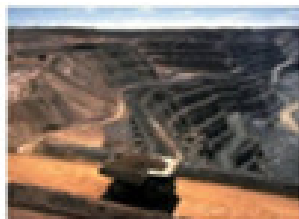




Waterberg Project - Jindal MOU



- Jindal Steel & Power Limited (Jindal) is a wholly owned subsidiary of US\$12B diversified O. P. Jindal Group. It is a leading player in steel, power, mining, coal to liquid, oil & gas and infrastructure, consistently tapping new opportunities by increasing production capacity, diversifying investments, and leveraging its core capabilities to venture into new businesses. Jindal's investment commitments in these sectors is close to US\$30B.
- FSE/Sekoko JV has entered into a non-binding MOU with Jindal Steel and Power Limited (Jindal) on two tenements being Swanepoelpan and Duikerfontein
- The MOU establishes a framework for Jindal to negotiate a definitive agreement to undertake an exploration and drilling program on two of the properties without cost to FSE.
- At Jindal's election it may require FSE and Sekoko to enter into a JV to develop a mine on the properties
- If Jindal elects to proceed with the development of a mine there will be an adjustment in the ownership interests in those properties



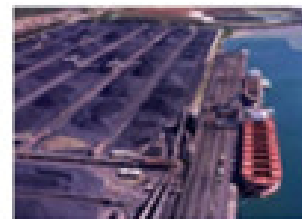
Valuation – Peer Analysis

VALUATION COMPARISON BASED ON MARKET CAPITALIZATION VS ESTIMATED SALEABLE COAL RESOURCE

		Issued Shares M	Share Price A\$/sh	Market Capn A\$m	Open Cut Resource Mt	Under ground Resource Mt	Total Resource Mt	Market Capn A\$/tonne
Semi Soft Coking/thermal project sponsors								
Nucoal	NCR	434.6	0.500	217.3		468	468	0.464
Coalworks	CWK	149.1	0.855	141.8	62.22	180	242	0.586
Firestone	FSE	2627.0	0.023	60.4			210	0.288
Thermal Coal Project Sponsors								
Bandanna	BND	426.3	1.780	758.8	1400		1400	0.542
Resource Generation	RES	243.9	0.795	193.9			373	0.521
Firestone	FSE	2627.0	0.023	60.4			460	0.126

Source: Companies reports, BBY estimates (We have cut FSE and RES resource in half to reflect washing recoveries into saleable product. The coking coal figure is the 350Mt in the latest resource statement for zones 1 to 3 x FSE's 60% share = 210Mt. The thermal resource is the total resource of 1882Mt in Table 3 less the 350Kt coking x 50% recovery into saleable x FES 60% share = 460Mt).

BBY Research Report - "Firestone Energy Limited- Export coking coal potential unrecognised" – 10 March 2011



Key Investment Highlights

- Eskom MOU offtake agreement signed
- Coal production to commence in 2012 – near term revenue
- DFS has proven economics of project – low CAPEX
- IDC to become significant shareholder in FSE and Waterberg project
- Met coal opportunity provides FSE with access to higher value export and local markets
- Jindal MOU to develop two of the tenements in the JV portfolio



Waterberg Coal Fields

Exxaro Pit



Medupi
Power
Station

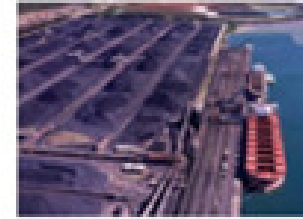


Matimba



Exxaro
Processing
Plant





Firestone Energy Limited

firestoneenergy.com.au