

2 May 2011

## ASX Announcement



### FIRESTONE SHARE PURCHASE PLAN

**Firestone Energy Limited (ASX/JSE:FSE – "Firestone")** is pleased to announce that it proposes to offer eligible shareholders, being shareholders with registered addresses in Australia and New Zealand that are on the register at 5pm Sydney time on Friday 29 April 2011 ("Eligible Shareholders"), the opportunity to purchase shares in Firestone and be allocated free attaching options through a Share Purchase Plan ("SPP"). Firestone is investigating with the JSE and South African legal counsel, whether or not the SPP can be extended to shareholders who are residents of South Africa and a further announcement will be made in this regard.

The SPP will enable Firestone to raise up to a maximum of A\$10 million which will provide funds for Firestone to continue ordering long lead construction items to bring its Waterberg coal project into production in 2012, as well as for additional working capital requirements.

Mr David Perkins, Chairman of Firestone commented, "Firestone and our JV partner Sekoko Resources have achieved a number of critical milestones over the last six months as we move to bring our flagship Waterberg project into production next year. This has included:

- the signing of a key Memorandum of Understanding with South African power utility Eskom;
- the execution of a definitive agreement with the Industrial Development Corporation of South Africa;
- significant drilling results at the southern farms, including Vetleegte which has confirmed significant metallurgical coal potential;
- the signing of the shareholders agreement - Firestone now has 60% ownership of all 8 properties; and
- the mining rights audit completed at the regional DMR and now been transferred to the National DMR for final consideration and approval.

"We have already commenced ordering long lead engineering items to bring our project into production and this SPP gives our ~6800 shareholders the opportunity to participate in the company's rapid development program. We look forward to updating shareholders in the short term as development milestones are achieved", he said.

BBY Limited is acting as Corporate Advisor to Firestone for the SPP.

#### Offer Summary – SPP Shares

Eligible Shareholders will have the opportunity to purchase up to A\$15,000 worth of new fully paid ordinary shares at a discounted price per share to the market average, without brokers' costs or stamp duty. Shares are to be offered under the SPP at a price of A\$0.02 each. The issue of the shares under the SPP is not subject to shareholder approval. Participation in the SPP is optional.

#### 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 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  
Sizwe Nkosi  
Peter Tshisevhe

Company Secretary  
Jerry Monzu

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The SPP is non-renounceable. This means that Eligible Shareholders who do not take up their entitlement to participate in the SPP will not be able to transfer or receive any value for these entitlements.

The SPP offer is intended to be open between 9 May 2011 and 27 May 2011. Firestone, however, reserves the right to close the SPP offer early. Should there be any oversubscriptions, entitlements will be scaled back on a pro rata basis.

### **Offer Summary – Free attaching Options**

Participating Eligible Shareholders will also receive one attaching free option for every two shares subscribed for under the SPP. Due to ASX Listing Rules requirements participating Eligible Shareholders that are also "related parties" of Firestone will not be eligible to receive any options.

These options will have a strike price of A\$0.04 each and an expiry date of 31 May 2014. Firestone will apply for the options issued to be quoted on the ASX. For legal reasons, the offer of shares under the SPP and the offer of the free attaching options will be made under separate offer documents.

### **SPP offer documentation**

The SPP offer documentation (consisting of an SPP offer booklet, prospectus for the free attaching options and combined application form for the shares and free attaching options) will be mailed to Eligible Shareholders on or about 9 May 2011. Non-Eligible Shareholders will not be entitled to participate in the SPP and should contact the Company Secretary should they have any queries.

Further details relating to the SPP, including how to participate, will be provided in the SPP offer documentation.

### **Timetable**

Indicative key dates in respect of the SPP (which are subject to change) are set out below:

<b>Date</b>	<b>Event</b>
Friday 29 April 2011	SPP record date
Monday 9 May 2011	SPP offer opens and documents mailed to Eligible Shareholders
Friday 27 May 2011	SPP offer closes
Monday 30 May 2011	Firestone receives the proceeds under SPP
Friday 3 June 2011	Expected allotment of new shares and free attaching options under SPP
Monday 6 June 2011	Dispatch of holding statements for new shares and free attaching options

If you have any enquiries in relation to this announcement, please contact the Company Secretary on +61 (0)8 9287 4600.

Jerry Monzu

Company Secretary  
[www.firestoneenergy.com.au](http://www.firestoneenergy.com.au)