

6 December 2011

ASX ANNOUNCEMENT

Correction of Allegations Made in a Recent Media Article

Firestone Energy Limited (ASX / JSE : FSE) ("Firestone" or the "Company") is aware of a media article contained in South Africa's "*Business Day*" newspaper of 6 December 2011 regarding the Company. The article contains numerous **incorrect** assertions, including that:

- the Industrial Development Corporation ("IDC") has withdrawn its funding of Sekoko Resources (Pty) Ltd ("Sekoko"), Firestone's joint venture partner for its Waterberg project;
- the IDC is currently the owner of a large portion of Firestone's shares in contravention of the Australian Corporations Act; and
- Eskom has not entered into a memorandum of understanding of with either Sekoko or Firestone.

The Company wishes to advise shareholders that contrary to the alleged factual statements made in the press article:

- Sekoko has today confirmed to Firestone that the IDC has not withdrawn its funding arrangement with Sekoko and that Sekoko is not aware of any actual or threatened action by the IDC to withdraw its funding arrangement;
- the IDC is not currently the owner of any shares in Firestone and has not breached the Australian Corporations Act; and
- as previously announced by the Company, Sekoko had entered into a memorandum of understanding with Eskom, the terms of which are in the process of being renegotiated.

Given the speculative nature of the media article, shareholders are urged not to take any action based on its contents.

Yours sincerely,



About Firestone Energy

Firestone Energy Limited is an independent, Australian exploration and development company listed on the Australian Stock Exchange Ltd (ASX) and the Johannesburg Stock Exchange (JSE). Firestone Energy has entered into a Joint Venture with Sekoko Resources (Pty) Ltd through which Firestone Energy has acquired the right to 60% participation interests in the Waterberg Coal Project located in Lephalale area, Limpopo Province, South Africa.

The first stage of the project is to develop the Smitspan mine which has a substantial measured thermal coal resource and to develop the Velleegte mine which is a substantial metallurgical coal deposit.

Firestone Energy is committed to becoming a profitable independent coal and energy producer at its projects in South Africa, thereby making a substantial contribution to the social and economic development of the Lephalale area and South Africa.

Corporate Details

ASX: FSE
JSE: FSE

Issued Capital:
2,958 million ordinary shares

Major Shareholders:
Sekoko Resources (Pty) Ltd
Linc Energy Ltd
BBY Nominees Ltd
Bell Potter Nominees Ltd

Directors and Officers

Non Executive Directors:
David Perkins (Chairman)
Tim Tebeila
Dr Pius Kasolo
Mr Colin McIntyre
Mr Ben Mphahlele
Mr Kobus Terblanche

Company Secretary:
Jerry Monzu

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Firestone Energy Limited
David Perkins
Chairman

www.firestoneenergy.com.au

About Sekoko Resources

Sekoko Resources (Pty) Ltd is a South African-based black-owned energy and minerals company developing the coal, magnetite iron ore and PGMs Projects in the Limpopo Province of South Africa. This includes a significant exploration program and development of the Waterberg Coal Joint Venture Project based on significant Coal Zone Resources. Sekoko is targeting to commence operations in 2012, thus forming the basis for developing a global coal business.

About Industrial Development Corporation of South Africa “IDC”

IDC is a self financing, state owned, developmental financial institution which was established in 1940. The IDC has approved funding deals in excess of ZAR9billion (approx A\$1.3 billion) in 2010 and has invested over ZAR6billion (approx A\$857million) in mining and energy related projects over the last two years. The IDC is a significant shareholder in Sasol Limited, Mittal Steel South Africa, Exxaro and Foskor. IDC has funded numerous successful green-field and brown-field projects over the past 70 years.