

17 December 2012

## Financial Restructure – revised Investment Agreement

The Board of *Firestone Energy Limited* (ASX/JSE: FSE) (the “**Company**” or “**Firestone**”) is pleased to update shareholders with the progress of the financial restructuring and the Investment Agreement that it has executed with Ariona Company SA (“**Ariona**”).

As previously announced to the market on 19 November 2012, Firestone entered into a termsheet to effect a variation to the Investment Agreement to reflect changed settlement terms. The changes agreed in the termsheet were subject to a number of conditions the principal ones being:

- a review to ensure that it is compliant with the shareholder approvals received at a General Meeting of the Firestone held on 5 October 2012; and
- execution of a formal deed of variation.

The Directors are pleased to announce that the above conditions have now been satisfied with a formal deed of variation having been executed by the parties.

During the course of preparation of the formal deed of variation, further changes to those referred to in the Company's announcement of 19 November 2012 were made to the Investment Agreement, which can be summarised as follows;

- First Stage of settlement is now to occur on 21 December 2012 provided that if Ariona is unable to provide the A\$4 million of additional cash on that day then First Stage will be postponed until at the latest 31 January 2013. If the First Stage settlement does not occur by 5 January 2013 then Ariona is to lend Firestone a further \$600,000 of interim funding.
- The additional \$600,000 in interim funding is part of the total \$39.645 million in funding to be provided by Ariona. If settlement does not occur then the \$600,000 will be dealt with in the same way as the \$1 million working capital facility currently made available by Ariona, further details of which are set out below.
- Second Stage settlement is to occur within 5 business days of First Stage settlement but in any event by no later than 28 February 2013.

### 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 Lephhalale 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 Lephhalale area and South Africa.

### Corporate Details

ASX: FSE  
JSE: FSE

Issued Capital:  
3,114 million ordinary shares

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

### Directors and Officers

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

**Officers:**  
Mr David Knox CEO  
Ms Amanda Matthee CFO  
Mr Jerry Monzu Company Secretary

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The \$1 million working capital facility provided by Ariona is a loan to Firestone on an interest free and unsecured basis until the First Stage settlement occurs. In the event that the First Stage settlement does not occur then the amount of working capital loaned will convert into equity at the prevailing market price on the date of conversion. Upon completion of the First Stage settlement process the full amount of working capital that has been drawn down will roll into the new Convertible Notes.

The postponement of First Stage and or Second Stage settlement until after 5 January 2013 is subject to the ASX granting a modification to a waiver of Listing Rule 7.3.2, previously granted to the Company to allow for the issue of Convertible Notes after 5 January 2013.

Either party can terminate the Investment Agreement if First Stage settlement does not occur by 31 January 2013 or Second Stage settlement by 28 February 2013.

Yours sincerely,



**David Knox**

**Chief Executive Officer**

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