



3 April 2012

[AMENDED ANNOUNCEMENT]

**FIRESTONE ENERGY'S JOINT VENTURE PARTNER,
SEKOKO SIGNS A MEMORANDUM OF UNDERSTANDING
FOR A 10 MTPA, MINIMUM 30 YEAR THERMAL COAL
SUPPLY AGREEMENT**

Firestone Energy Limited (ASX/JSE: "FSE") ("Firestone" or the "Company") is pleased to announce that its 60:40 Joint Venture with Sekoko Coal (Pty) Ltd, its South African Black-owned partner, has signed a Memorandum of Understanding for a Coal Supply Agreement with Africa's largest power utility, Eskom Holdings Limited, to supply thermal coal from its Waterberg Coal Project in the Lephalale area, Limpopo, to two Eskom power stations in the Mpumalanga Province.

The key aspects of this Memorandum of Understanding, are that both parties have agreed that consequent upon compliance / achievement of the terms and conditions set out in the MOU, the parties will enter into a Coal Supply Agreement containing enabling provisions for the Firestone Energy/Sekoko Joint Venture to supply a minimum of 10Mtpa of thermal coal on a Free on Rail (FOR) basis annually to Eskom's two designated power stations in the Mpumalanga area by way of production, acquisition or joint venture, for a minimum period of thirty (30) years. The production of coal will commence in 2014 and will ramp up over a period of five years to 10mtpa.

As foreshadowed in the Company's Quarterly Report released on 31 January 2012 and in Firestone's Activity Report released on 1 March 2012, this MOU replaces the earlier MOU with Eskom which was announced to the market on 2 February 2011. That earlier MOU was for an initial term of 6 years commencing at 525,000 tpa with the opportunity to extend for an additional 15 years.

The Waterberg Coal Project comprises eight farms in the Waterberg coalfield totalling some 7,979 hectares with a proven JORC resource of 1.8 billion tonnes. The Project entails the construction of an opencast coal mine on the Smitspan farm together with infrastructure linking the mine to the Transnet rail system which is approximately 7 km from the proposed mine site.

Firestone Energy's non-executive Chairman, Mr Timothy Tebeila said, "We are delighted to have secured this agreement, which we regard as a key step toward achieving Firestone Energy/Sekoko's objectives of developing its coal assets in South Africa and participating in the social and economic development of South Africa."

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:
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
Mr Jerry Monzu Company Secretary

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Timothy Tebeila
Chairman
FIRESTONE ENERGY LIMITED
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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.

August 2010 Venmyn Rand Report

Farm	Zone Tonnage “1” (mill tonnes)	Measured GTIS Coal Tonnage (mill tonnes)	Indicated GTIS Coal Tonnage (mill tonnes)	Inferred GTIS Coal (mill tonnes)	Total GTIS Coal “2” (mill tonnes)
Smitspan	1,881.758	238.668	475.844	-	714.512
Hooikraal	358.444	-	7.282	155.491	162.773
Minnasvlakte	755.805	-	26.507	230.687	257.194
Massenburg	337.034	-	20.797	109.539	130.336
Vetleegte	570.265	1.224	204.499	17.893	223.616
Swanepoelpan	1,239.974	-	1.072	378.227	379.299
Duikerfontein	30.200	-	-	13.949	13.949
Total	5,173.480	239.892	736.001	905.786	1,881.679

“1” Waterberg coal typically occurs interlaminated with shale which for the most part cannot be mined separately from the coal and thus the zone gross in-situ tonnage is the tonnage of coal and shale.

“2” In the interest of balanced reporting it is the Company’s intention to also report the gross in-situ tonnage of coal rather than the tonnage of coal and shale. In order to identify the gross in-situ tonnage of coal in each zone, rather than the zone tonnage including the rock, each zone tonnage was discounted by the percent yield at a relative density of 1.9, in effect, removing the influence of the shale) to derive an estimate of the coal tonnage.

Competent Persons Statement

Information in this announcement that relates to exploration results, coal resources or reserves on the properties Smitspan 306LQ, Hooikraal 315LQ, Minnasvlakte 258LQ, Massenburg 305LQ, Vetleegte 304LQ, Swanepoelpan 262LQ and Duikerfontein 263LQ is based on information compiled by Ms Catherine Telfer who is employed by Venmyn Rand (Pty) Ltd and is a member of The Australasian Institute of Mining and Metallurgy and the Geological Society of South Africa. Ms Telfer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Ms Telfer consents to the inclusion in the announcement of the matters based on her information in the form and context in which it appears.