

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Firestone Energy Limited (FSE)

ABN

71 058 436 794

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 435,820,082 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary Fully Paid Shares - No Special Terms |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes.</p>
<p>5 Issue price or consideration</p>	<p>Shares were issued at an average price of 0.73 cents per share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The shares were issued to extinguish the outstanding amount payable on the A\$2.2million BBY Finance Facility and in lieu of interest repayments to BBY on their Existing Convertible Notes.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>28 November 2012</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>435,820,082</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A						
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	5 October 2012						
6f	Number of securities issued under an exception in rule 7.2	N/A						
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A						
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	342,649,578						
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	5 February 2013						
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3,549,698,723</td> <td>Ordinary fully paid shares</td> </tr> <tr> <td style="text-align: center;">48,395,000</td> <td>FSEO: Options exercisable at \$0.04 per share and expiring on 31 May 2014.</td> </tr> </tbody> </table>	Number	+Class	3,549,698,723	Ordinary fully paid shares	48,395,000	FSEO: Options exercisable at \$0.04 per share and expiring on 31 May 2014.
Number	+Class							
3,549,698,723	Ordinary fully paid shares							
48,395,000	FSEO: Options exercisable at \$0.04 per share and expiring on 31 May 2014.							

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	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	<u>Unlisted Options</u>	
		110,000,000 FSEAM	Exercise price 6 cents Expires 31 May 2013
		96,904,767 FSEAO	Exercise price 6 cents Expires 30 Jun 2013
		25,875,000 FSEAI	Exercise price 6 cents Expires 30 Jun 2014
		40,000,000	Exercise price 2.5 cents Expires 19 Sept 2014
		300,000,000	2015 Options Exercise price 2.5 cents Expires 31 Jan 2015
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	<u>Unlisted Secured Convertible Notes</u>	
		27,145,000	Conversion price \$0.025 per share Maturity date 31 January 2017
10		N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A

+ See chapter 19 for defined terms.

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

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20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

- 32 How do +security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 +Despatch date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A					
39	Class of +securities for which quotation is sought	N/A					
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	N/A					
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="710 1585 1013 1624">Number</th> <th data-bbox="1013 1585 1302 1624">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="710 1624 1013 1843">N/A</td> <td data-bbox="1013 1624 1302 1843"></td> </tr> </tbody> </table>	Number	+Class	N/A		
Number	+Class						
N/A							

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Signhere: 

(Company secretary)

Date: 05/Feb/2013
.....

Print name: Jerry Monzu

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital										
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated										
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	2,793,339,361									
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period 	<p><u>Issues under an exception to rule 7.2</u></p> <p>Nil</p> <p><u>Issues with Shareholder Approval</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">3 Aug 2011 Issue to S708(A) investor</td> <td style="width: 40%;"></td> <td style="width: 30%; text-align: right;">15,000,000</td> </tr> <tr> <td>8 Sept 2011 Issue to S708(A) investor</td> <td></td> <td style="text-align: right;">150,336,423</td> </tr> <tr> <td>22 Feb 2012 Issue to S708(A) in lieu of interest payable</td> <td></td> <td style="text-align: right;">155,202,857</td> </tr> </table>	3 Aug 2011 Issue to S708(A) investor		15,000,000	8 Sept 2011 Issue to S708(A) investor		150,336,423	22 Feb 2012 Issue to S708(A) in lieu of interest payable		155,202,857
3 Aug 2011 Issue to S708(A) investor		15,000,000								
8 Sept 2011 Issue to S708(A) investor		150,336,423								
22 Feb 2012 Issue to S708(A) in lieu of interest payable		155,202,857								
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil									
“A”	3,113,878,641									

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”							
“B”	0.15 <i>[Note: this value cannot be changed]</i>						
Multiply “A” by 0.15	467,081,796						
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used							
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p><u>Issues with No Shareholder Approval</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">5 Feb 2013</td> <td style="width: 85%;">Issue to (708A) investor in lieu of loan payable</td> <td style="width: 10%; text-align: right;">194,674,462</td> </tr> <tr> <td>5 Feb 2013</td> <td>Issue to (708A) investor in lieu of interest payable</td> <td style="text-align: right;">241,145,620</td> </tr> </table>	5 Feb 2013	Issue to (708A) investor in lieu of loan payable	194,674,462	5 Feb 2013	Issue to (708A) investor in lieu of interest payable	241,145,620
5 Feb 2013	Issue to (708A) investor in lieu of loan payable	194,674,462					
5 Feb 2013	Issue to (708A) investor in lieu of interest payable	241,145,620					
“C”	435,820,082						
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1							
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	467,081,796						
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	435,820,082						
Total [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i> 31,261,714						

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	3,113,878,641
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	311,387,864
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	311,387,864
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i> 311,387,864

+ See chapter 19 for defined terms.