

5 February 2013

1st stage Settlement Occurs under the Financial Restructure

The Board of **Firestone Energy Limited** (ASX/JSE: FSE) (the “**Company**” or “**Firestone**”) is pleased to advise that the first stage of Completion has occurred and that the Company has issued 27.145 million new secured convertible notes in accordance with the Restated Investment Agreement between the Company, Ariona Company SA (**Ariona**), BBY Nominees Pty Ltd and Jaguar Funds Management Limited.

Under the First Completion, Firestone received \$5million in cash (less reimbursed costs). The \$5 million comprised the additional \$600,000 in interim funding Firestone received as announced on 17 December 2012 and the drawdown from the original \$1 million working capital facility, which was rolled into the new convertible notes.

As a result Firestone has now issued \$27.145 million of new convertible notes (**NCNs**) to Ariona for;

- the injection of A\$5 million of cash into Firestone, and
- the redemption and replacement of \$21.3 million of Existing Convertible Notes (**ECNs**) and accrued interest of \$845,000.

In addition the holders of the ECNs were issued 241,145,620 fully paid ordinary shares in the Company in satisfaction of the balance of the interest which had accrued on the ECNs.

In accordance with the approval of shareholders provided at the General Meeting held on 5 October 2012, as a result of the redemption of the Existing Convertible Notes, 300 million incentive options were issued to the former holders of the ECNs.

Under the Second Completion, Ariona will provide a further \$12.5 million for NCNs which will be applied to additional working capital. Second Completion is scheduled to occur by not later than 28 February 2013.

In accordance with the Restated Investment Agreement, from conclusion of First Completion, Ariona nominated and Firestone appointed, three persons to the Board of Firestone, namely Mr David Hillier, Mr Oren Zohar and Mr Jack Robert James. A brief bio for each of those directors is set out below:

Mr David Hillier

David Hillier is a chartered accountant and has more than 30 years experience in the resources industry globally. Mr Hillier was previously Executive Chairman of Buka Gold Limited which successfully identified a number of gold anomalies in the Maryborough Basin in Queensland, an area not previously considered prospective

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
Ms Amanda Matthee CFO
Mr Jerry Monzu Company Secretary

Contact:
Suite B9, 431 Roberts Road
Subiaco, Western Australia 6008
Tel: +61 (08) 9287 4600
Web: www.firestoneenergy.com.au

for gold. Throughout 2008 he worked as Chief Financial Officer, and subsequently as an executive director, of Buka's major shareholder based in London. Between 1989 and 2002, Mr Hillier held a range of senior executive positions in the Normandy Mining Limited Group of companies and was Chief Financial Officer of Normandy for six of these years. He has served as Chairman and as a director of a number of public companies in the mining and exploration field. Mr Hillier is a currently Chairman of Lawson Gold Limited and Non-Executive Director of Phoenix Copper Limited.

Mr Zohar

Mr Zohar holds a Bachelor of Commerce degree from UWA, and a Master of Business Administration from Melbourne Business School. He is also a Chartered Accountant, registered and official liquidator. Mr Zohar has practised in the areas of corporate restructuring and advisory for over 20 years. He was a founding partner of KordaMentha (WA).

After retiring from KordaMentha in 2006, Mr Zohar co-founded a boutique corporate advisory and private equity firm, which held an AFS Licence, provided specialist advisory services for clients and sourced, negotiated and project managed several syndicated investment opportunities.

Mr Zohar has recently been appointed as Acting Managing Director of Frankland River Olive Company Ltd and is also a Director of Black Star Petroleum Limited.

Mr Jack James

Mr James has a Bachelor of Business from the Queensland University of Technology and is a Chartered Accountant.

Mr James provides accounting, secretarial and advisory advice to private and public companies, government and other stakeholders. Mr James has over fifteen years' experience in chartered accounting specialising in corporate advisory and reconstruction. Most recently, he held senior roles in Ernst & Young and KordaMentha.

Mr James is currently a Director of Eumeralla Resources Limited and Black Star Petroleum Limited.

The Company has also used the opportunity of First Completion to repay \$1,457,006 drawn down on a finance facility provided by BBY by issuing 194,674,462 fully paid ordinary shares.

"The redemption of the existing notes, the injection of \$5 million of cash and the repayment of the BBY facility with shares ahead of a further \$12.5 million due at the end of February, places the Company on a firm financial footing" said Mr Knox. "Achieving First Completion is an important step in capitalising the Company and funding the finalisation of the Bankable Feasibility Study for the Company's flagship Waterberg Coal Joint Venture Project."

Yours sincerely,



David Knox

Chief Executive Officer

www.firestoneenergy.com.au

Tel: Australia (+61 08 9287 4600)

South Africa (+27 11 706 3548)