



24 October 2013

COMPETENT PERSON STATEMENT

On 24 October 2013, Firestone Energy Limited (**FSE** or the **Company**) announced an updated resource in relation to The Waterberg Coal Project.

The Competent person statement included a statement that Mr Coenraad D van Niekerk, Pr.Sci.Nat (Reg. No 400066/98), M.Sc Hons (Geology), MDP, an employee of Gemecs (Pty) Limited is a competent person as defined by the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Whilst this statement is correct the Australian Securities Exchange wishes the Company to clarify that the reporting of the results in the announcement complies with the 2004 Edition of the JORC code, and the Company has not adopted the 2012 Edition reporting requirement. An amended copy of the release is attached making reference to the 2004 JORC Code in the Competent Person statement.

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 Vettelegte 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:
3,549 million ordinary shares

Major Shareholders:
The Waterberg Coal Company Ltd

Directors and Officers

Non Executive Directors:
Tim Tebeila (Chairman)
Dr Pius Kasolo
Ben Mphahlele
Brian McMaster
David Knox

Officers:
Mr Stephen Miller CEO and Executive Director
Ms Amanda Matthee CFO

Contact:
Level1, 330 Churchill Avenue
Subiaco, WA 6008
Tel: +61 (08) 9200 4465
Fax: +61(08) 9200 4469
Web: www.firestoneenergy.com.au

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Independent Competent Persons Resource Statement - October 2013

As previously advised to the market, The Waterberg Coal Joint Venture Partners commissioned a definitive feasibility study (DFS) in June 2012 for the proposed development of The Waterberg Coal Project predicated on the then insitu coal resource and the Memorandum of Understanding (MOU) entered into with Eskom for an off-take of 10 million tonnes per annum (mtpa).

Firestone Energy Limited (FSE) is pleased to report the results of the updated Resource Statement for the Waterberg Coal Project Properties, prepared on behalf of the Waterberg Coal Project Joint Venture Partners by Gemecs (Pty) Limited¹ in their capacity as Independent Competent Persons.

The updated Resource Statement reflects the considerably increased borehole database following the completion of the 2013 drilling program and associated sample analysis on the Waterberg Coal Project Properties.

The Resource Statement covers the properties of the four farms under Mining Right in the Waterberg (Smitspan, Massenberg, Hooikraal and Minnasvlakte), and the two farms held under Prospecting Permit (Vetleegte and Swanepoelpan).

1. The Coal Resource for the four farms held under the Mining Right is 3.149 billion tonnes, of which 2.053 billion tonnes is a **Measured Resource**, 575.6 million tonnes is Indicated, and 519.5 million tonnes is Inferred (Table 1).

Table 1 – Coal Resource on the four Waterberg Coal Project Properties held under Mining Right						
Resource Classification	Coal Resource¹ (Mt)	Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
Measured	2053.9	57.9	2.2	17.6	10.49	0.96
Indicated	575.6	58.0	2.2	17.5	10.56	0.99
Inferred	519.5	58.8	1.9	17.6	10.51	1.03
Total Resources	3149.0	58.1	2.2	17.6	10.51	0.98
Coal Resource ¹ based on minimum thickness cut-off of 0,5m						

The coal qualities, reflected in the Resource Statement, are those for Raw Coal and do not represent washed coal qualities.

Indicative washed qualities for the coal using a float of 2.0 gm/cm² are shown in Table 2 below.

Table 2 – Typical air-dried washed quality values for Coal Resource on the Waterberg Coal Project Properties held under Mining Right				
Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
35.3	2.6	23.9	19.12	0.87
Values based on Primary Product at Wash density of 2.0 gm/cm ²				

2. The Coal Resource for the two farms held under the Prospecting Permit is 734 million tonnes, of which 16.4 million tonnes is a Measured Resource, 280.7 million tonnes is Indicated, and 437.2 million tonnes is Inferred (Table 3).

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Brian McMaster
David Knox

Officers:
Mr Stephen Miller CEO and Executive Director
Ms Amanda Matthee CFO

Contact:
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Western Australia 6008
Tel: +61 (08) 9200 4465
Fax: +61(08) 9200 4469
Web: www.firestoneenergy.com.au

Resource Classification	Coal Resource¹ (Mt)	Ash %	IM %	Vol %	CV (Mj/kg)	TS %
Measured	16.4	53.23	1.63	19.18	12.38	1.18
Indicated	280.7	62.16	2.52	16.75	8.74	1.02
Inferred	437.2	58.97	2.46	17.32	9.96	1.03
Total Resources	734.3	60.1	2.5	17.1	9.55	1.03

Coal Resource¹ based on minimum thickness cut-off of 0,5m

3. The total Coal Resource on all six of the properties held under both the Mining Right and Prospecting Permit, is 3.883 billion tonnes, of which 2,070 billion tonnes is a Measured Resource (Table 4).

Resource Classification	Coal Resource¹ (Mt)	Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
Measured	2070.3	57.9	2.2	17.6	10.51	0.96
Indicated	856.3	59.4	2.3	17.2	9.96	1.00
Inferred	956.7	58.9	2.2	17.5	10.26	1.03
Total Resources	3883.3	58.5	2.2	17.5	10.33	0.99

Coal Resource¹ based on minimum thickness cut-off of 0,5m

The updated Resource Statement represents a significant increase in the coal resource of the Waterberg Coal Project Properties. SRK Consulting (Pty) Limited (December 2012) declared a Coal Resource of 1.183 billion tonnes on the two farms Smitspan and Massenbergr only, of which 1.004 billion tonnes was in the Measured category (as part of the DFS process).

The doubling of the Measured Resource to 2.0 billion tonnes gives the project technical team the flexibility to optimise the SRK Bankable Feasibility Study mine plan, currently set up to supply 10 million tonnes of coal product per annum to Eskom. Optimisation of the mine plan could have a favourable impact on yields, operating costs, and annual tonnes mined.

Additional Drilling

The joint venture partners have advised that there is an intention to carry out further and additional drilling on the properties to further increase the minable resources so that the project partners have additional flexibility in planning for the proposed start-up of the project.

The Eskom MOU

The Waterberg Coal Joint Venture partners (through Sekoko Coal) have executed an MOU with Eskom for the supply of 10 million tonnes of coal product per annum; commencing mid-2015. Currently, the joint venture partners are in the process of working through a formal Coal Supply Agreement (CSA) to reflect the salient terms and conditions for the supply of the coal.

The Bankable Feasibility Study

The project partners in the Waterberg Coal Project advise that the technical work on the Bankable Feasibility Study (BFS) has now been completed. The project partners expect to publish the findings to the market in the next 2 weeks following compilation of the final outstanding reports.

Yours sincerely
Stephen Miller
Chief Executive Officer

www.firestoneenergy.com.au

Note 1: Competent Person Statement

Gemecs (Pty) Limited was commissioned by Firestone Energy Limited "FSE", to undertake an Updated Independent Persons Geological Report for the Sekoko Waterberg Coal Project.

The Coal Resources were estimated in accordance with the South African code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC Code"), Australasian Code for Reporting of Exploration Results. Mineral Resources and Ore Reserves ("the JORC Code") and South African National Standard (SANS 10320:2004) guidelines.

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Coenraad D van Niekerk, Pr.Sci.Nat (Reg. No 400066/98), M.Sc Hons (Geology), MDP, an employee of Gemecs (Pty) Limited, who is a Fellow of the Geological Society of South Africa. Mr Niekerk is a mining geologist with 38 years' experience in the mining industry, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Niekerk consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.