



Company Announcements Office
Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Fiona,

Firestone Energy Limited (FSE or the Company)

Further to your letter dated 8 May 2014 we respond as follows, using the same numbering as your letter:

1. No, this is not the case and there are other factors which should be taken into account.

The Company will continue to expend funds in line with its forecast as stipulated in item 4 of the recently released March Quarterly Report. These funds will be predominantly used to conclude the Bankable Feasibility Study (BFS) for the development of the Waterberg project and the funding arrangements thereto.

As announced to the market on 4 September 2013, The Waterberg Coal Company Limited (**WCC**) granted a loan facility of up to \$3,000,000 to the Company to be used toward project financing related expenses (**Loan Agreement**). Given the Company has now used the full facility, WCC and FSE are in the process of amending the Loan Agreement where WCC will provide FSE with another loan facility of up to a further \$3,000,000 to be used towards project related expenses.

2. The Company is an exploration company and as such it expects, in the ordinary course, that negative cashflows from operating activities will continue throughout the exploration phase of development. The Company is a party to the Waterberg Coal Project Joint Venture (**WCPJV**). The WCPJV is in the process of finalizing arrangements accruing from the BFS and attending to funding arrangements for the prospective development of The Waterberg Coal Project.
3. See above.
4. The Company can confirm that it is in compliance with the listing rules and in particular with listing rule 3.1.
5. Given the responses above, the Company can confirm that it is in compliance with listing rule 12.2, and that the Company's financial position warrants continued quotation of its securities on the ASX.

If you should require any further information please contact the undersigned.

Yours faithfully
Stephen Miller
Executive Director



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PERTH WA 6000

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PERTH WA 6840

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9 May 2014

Mr Jonathan Hart
Company Secretary
Firestone Energy Limited
Level 1/330 Churchill Avenue
Subiaco WA 6008

Dear Mr Hart,

Firestone Energy Limited ("Company")

I refer to the Company's Quarterly Cash Flow Report in the form of an Appendix 5B for the period ended 31 March 2014, released to ASX Limited ("ASX") on 30 April 2014, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$0.
2. Net negative operating cash flows for the quarter of \$205,000.
3. Cash at end of quarter of \$46,000.
4. Estimated cash outflows for the next quarter of \$100,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities? Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number +61 8 9221 2020 or email fiona.murphy@asx.com.au. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5.00 pm (WST) on Monday, 12 May 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Fiona Murphy
Senior Adviser, Listings Compliance (Perth)