

12 October 2010

ASX Announcement

FINAL DEFINITIVE FEASIBILITY STUDY COMPLETED

Firestone Energy Limited (ASX/JSE: FSE), and Joint Venture Partner Sekoko Coal, are pleased to announce that the final Definitive Feasible Study "DFS" document has been completed by independent consultants, Parsons Brinckerhoff (PB).

This document confirms the viability (as previously indicated) of a robust open cast operation for 21 years with capital and operating cost tolerances of **+/- 10%** for the complete first phase mine life.

More importantly, only **8%** of the total resource is modelled to be mined and treated in the first 21 years as per the current DFS.

FSE and Sekoko are committed to release the upgraded Bankable Feasibility Study "BFS" document when the significant Off-Take Agreement, which is at the final stages of negotiation, is signed.

PB can confirm that their resource model, prepared by Wardell Armstrong (UK) is very close to and within 3% of the total resource quoted by another independent geological company, Venmyn Rand (Pty) Ltd which was released to the ASX on 12th August 2010 and included **5.173 Billion Tonnes** of Coal Zones and **1.881 Billion Tonnes** of Coal Gross Tonnes In-situ (GTIS), identified and compliant in accordance with SAMREC and JORC Codes.

Also, PB has confirmed that the first stage open cast has **saleable** coal reserves of 120 Million tonnes under the Smitspan farm, of which 51 Million tonnes are **Proven** and 69 Million tonnes are in the **Probable** category.

Further information can be obtained by contacting the persons below on +61 (08) 9381-2755.

John Dreyer
Chairman

Jerry Monzu
Company Secretary

www.firestoneenergy.com.au

About Firestone Energy

Firestone Energy is an independent Australian exploration company focused on developing coal projects in South Africa. The company is currently exploring the richly endowed Waterberg coal field in the Limpopo Province of South Africa.

The Company is committed to value-added growth through becoming an independent coal and energy producer at its projects in South Africa.

The Company has entered into three joint ventures with Sekoko Resources, a South African black empowerment company (BEE) and Sekoko has two directors on the Board of Firestone Energy.

Corporate Details

ASX: FSE
JSE: FSE

Issued Capital:
2,361 million ordinary shares

Major Shareholders:
Sekoko Resources (Pty) Ltd
Colbern Fiduciary Nominees Ltd
Bell Potter Nominees Ltd

Directors and Officers:

Non Executive Directors:
John Dreyer (Chairman)
Timothy Tebeila (Deputy Chairman)
Colin McIntyre
John Wallington

Company Secretary
Jerry Monzu

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Competent Persons Statements

Information in this report that relates to exploration results and coal resources on the property Smitspan 306LQ is based on information compiled by Mr Paul S Norman who is employed by Wardell Armstrong LLP and is a Fellow of the Geological Society of London, a Fellow of the Institution of Materials, Minerals and Mining, a Fellow of the Energy Institute, a Chartered Geologist and Chartered Engineer. Mr Norman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined by the South African Code of the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code) 2007 edition and the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Mr Norman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to coal reserve estimation is based on work completed by Mr Peter I Watkinson who is an employee of Parsons Brinckerhoff and a Member of the Institute of Materials, Minerals and Mining, a Member of the Minerals Engineering Society and a Chartered Engineer. Mr Watkinson has sufficient experience which is 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 by the South African Code of the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code) 2007 edition and the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Mr Watkinson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Additional comment in this report that relates to coal resource estimation is made by Mr James A Johnson who is an employee of Sekoko Resources and a Fellow of the South African Institute of Mining and Metallurgy, and a Professional Engineer. Mr Johnson has sufficient experience which is 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 Edition of the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Mr Johnson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.