

ASX Release – 14 May 2010

OPERATIONAL UPDATE

BFS at Firestone's Waterberg Coalfield Ahead of Schedule

Perth and Johannesburg

- **BFS TO BE COMPLETED TWO MONTHS AHEAD OF SCHEDULE**
- **OPEN CAST MINE PRODUCTION CAPABILITY BY MID 2011**
- **DRILLING PROGRAM NEARING COMPLETION WELL WITHIN BUDGET**

Bankable Feasibility Study

Firestone Energy Limited (ASX/JSE: FSE) announced today that good progress was being made on the bankable feasibility study (BFS) at the company's flagship Waterberg project in South Africa, with results now expected in July 2010.

The BFS follows on the Prefeasibility Study which was completed and approved in January 2010. The objective of the study is to define an open cast mine that could meet expected customer requirements and which can be brought into production by mid 2011 on the Smitspan farm.

A further 12 boreholes, of which 6 were large diameter(165mm) as required for detailed customer analysis have been completed by the end of April 2010. This significantly enhances the qualitative and technical data base that was developed with the 122 boreholes drilled previously.

Metallurgical Coal Update

Additional holes are currently being drilled on a selected area of the Vetleegte and Hooikraal Farms to confirm the presence of higher yielding metallurgical coal at potentially attractive stripping ratios.

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:
2,331 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)
Amanda Matthee
Colin McIntyre

Managing Director
John Wallington

Company Secretary
Jerry Monzu

Contact:
Level 1, 63 Hay Street
Subiaco, Western Australia 6008
Tel: +61 (0)8 9381 2755
Web: www.firestoneenergy.com.au

<p>Cash Flow and Funding</p> <p>The board of Firestone would like to advise that although Firestone's last quarterly report indicated that FSE has \$1,684 million of cash, the Company, as previously announced, entered into a \$25 million fully underwritten draw down facility in September 2009, which still has \$10 million left to be drawn. At its present and projected rate of cash utilisation FSE remains fully funded (including the acquisition of Hooikraal and Smitspan farms), until the second quarter of 2011. This excludes any further capital injections from the cornerstone investor process.</p> <p>Cornerstone Investor Process</p> <p>Firestone has engaged with over twenty interested international parties, some of which are undertaking detailed due diligence and site visits. The current strong global demand for both metallurgical and thermal coal is bringing strong interest to FSE's project. The market will be informed as this process progresses.</p> <p>Further information can be obtained by contacting Mr John Wallington.</p> <p>John Wallington</p> <p>Managing Director</p> <p>+61 (08) 9381-2755</p> <p>www.firestoneenergy.com.au</p>	<p>About Firestone Energy</p> <p>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.</p> <p>The Company is committed to value-added growth through becoming an independent coal and energy producer at its projects in South Africa.</p> <p>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.</p> <p>Corporate Details</p> <p>ASX: FSE JSE: FSE</p> <p>Issued Capital: 2,331 million ordinary shares</p> <p>Major Shareholders: Sekoko Resources (Pty) Ltd Colbern Fiduciary Nominees Ltd Bell Potter Nominees Ltd</p> <p>Directors and Officers:</p> <p>Non Executive Directors: John Dreyer (Chairman) Timothy Tebeila (Deputy Chairman) Amanda Matthee Colin McIntyre</p> <p>Managing Director John Wallington</p> <p>Company Secretary Jerry Monzu</p> <p>Contact: Level 1, 63 Hay Street Subiaco, Western Australia 6008 Tel: +61 (0)8 9381 2755 Web: www.firestoneenergy.com.au</p>
---	---