

28 May 2013

INTERIM RESOURCE STATEMENT, PROJECT TIMELINE and BFS UPDATE

Firestone Energy Limited (ASX/JSE: FSE) ("**Firestone**" or the "**Company**"), wishes to advise that following a period of extensive drilling activity, the Company is pleased to report the results of an interim Resource Statement as prepared by SRK Consulting.

Interim Resource Statement

The interim Resource Statement covers only two properties of the four farms held by Sekoko Coal (a subsidiary of Sekoko Resources (Pty) Ltd) under a Mining Licence in the Waterberg being, Smitspan and Massenberg, and states the resource tonnage as equal to 1,090.88 Mt at Measured Status, 69.04 Mt at Indicated Status, and 23.27 Mt at inferred Status.

The balance of the resources on the farms held under Mining Licence and Prospecting Licences are not included in this estimate and reflect further potential.

Table 1: Smitspan and Massenberg Coal Resource Statement as at 31 December 2012

| | Million tons | Ash (%) | CV (MJ/kg) | IM (%) | TS (%) | VM (%) | TYL (%) |
|-----------------------|-----------------|------------|---------------|-----------|-----------|-----------|------------|
| Measured Resource | 1,090.88 | 52.27 | 12.91 | 2.39 | 1.29 | 19.52 | 48.03 |
| Indicated Resource | 69.04 | 51.72 | 13.38 | 2.58 | 1.35 | 19.23 | 49.70 |
| Inferred Resource | 23.27 | 59.13 | 14.19 | 2.74 | 1.59 | 20.84 | 52.21 |
| Total Resource | 1,183.19 | 52.36 | 12.96 | 2.41 | 1.30 | 19.53 | 48.20 |

The coal qualities, reflected in the Resource Statement, are those for Raw Insitu Coal and do not represent the washed coal qualities. The beneficiated tonnages will be reported in the completed BFS.

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:
3,549 million ordinary shares

Major Shareholders:
Waterberg Coal Company
Sekoko Resources (Pty) Ltd
Linc Energy Ltd
BBY Nominees Pty Ltd

Directors and Officers

Non Executive Directors:
Mr Tim Tebeila (Chairman)
David Perkins (Deputy Chairman)
Dr Pius Kasolo
Ben Mphahlele
Kobus Terblanche
Oren Zohar
Jack James

Officers:
Mr David Knox CEO
Ms Amanda Matthee CFO
Mr Jerry Monzu Company Secretary

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Project Timeline and BFS Update

The Technical Team have confirmed that the Bankable Feasibility Study ("BFS") is currently scheduled to be completed by the end of June 2013. The delivery of the BFS is one of the key Conditions Precedent ("CP") in the process of converting the current Eskom MoU, to supply 10 million tonnes per annum, to a Coal Supply Agreement ("CSA").

The finalising of a CSA would include several CP's to be met, including that;

1. Eskom are satisfied with the quality of the coal; and
2. An agreement is finalised on the price of the coal to be supplied and purchased. The coal price negotiations are expected to commence during 2nd Half 2013 and Eskom have indicated that they may embark on a bulk sample burn test to confirm the coal qualities, the results of which may be available in 1st half 2014.

Based on the current timetable, production is expected to commence during 2nd Half 2015, between 12 to 18 months after the completion of the CSA and the confirmed drawdown of project financing facilities.

Yours sincerely,



David Knox
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Competent Persons Statement

Information in this announcement that relates to exploration results, coal resources or reserves on the properties Smitspan 306LQ and Massenburg 305LQ is based on information compiled by Mr Sello Nzama. Mr Nzama who is employed by SRK Consulting (Pty) Ltd is a member of the South African Council for Natural Scientific Professions. Mr Nzama 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 2004 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr Nzama consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

About Sekoko Resources

Sekoko Resources (Pty) Ltd is a South African-based black-owned energy and minerals company developing the coal, magnetite iron ore and PGMs Projects in the Limpopo Province of South Africa. This includes a significant exploration program and development of the Waterberg Coal Joint Venture Project based on significant Coal Zone Resources. Sekoko is targeting to commence operations in 2012, thus forming the basis for developing a global coal business.