



29 June 2012

Sekoko and Ariona Sign Share Purchase Agreement

The Board of **Firestone Energy Limited** (ASX/JSE: FSE) (the “**Company**” or “**Firestone**”) previously announced on 7 May 2012 that its joint venture partner, Sekoko Resources (Pty) Ltd (“**Sekoko**”), had entered into a binding term sheet with Ariona Company SA (“**Ariona**”), a special purpose vehicle representing a consortium of international institutional and private investors focusing on global resource opportunities, for the sale of 800 million Firestone shares to Ariona.

Further to this announcement Firestone is pleased to report that Sekoko and Ariona have now signed a formal Share Sale and Purchase Agreement (“**SPA**”).

The signing of the SPA means that Firestone will have a new substantial shareholder, Ariona Company SA, controlling between 19.9% and 25.69% of the issued Capital of the Company.

The Company has been informed by Sekoko Resources, its major shareholder, that the major terms of the agreement are as follows:

- Ariona will acquire from Sekoko a minimum of 622 million shares in the Company for A\$6.22 million up to a maximum of 800 million shares in the Company for a total of A\$8 million. This represents approximately 19.95% and up to 25.69% of the issued share capital of the Company;
- the share acquisition is subject to Firestone shareholder approval;
- Ariona will acquire a 10% interest in the Waterberg Joint Venture either directly from Sekoko or, depending on South African regulatory approvals, through acquiring a 25% shareholding in the wholly owned subsidiary of Sekoko that holds the Waterberg Joint Venture interest, for approximately A\$20.5 million with Sekoko maintaining a 30% interest in the project.

Firestone has been informed that the transactions above are subject to a number of conditions precedent normal to transactions of this type and include:

- 1) completion of a legal, financial and technical due diligence satisfactory to Ariona;
- 2) Ariona entering into a formal agreement with Firestone for the provision of A\$30.7 million in funding through the issue by Firestone of secured convertible notes to Ariona (to be used to redeem existing convertible notes and for working capital) ; and
- 3) obtaining all necessary regulatory and shareholder approvals including the approval of Firestone shareholders.

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:
3,114 million ordinary shares

Major Shareholders:
Sekoko Resources (Pty) Ltd
Linc Energy Ltd
BBY Nominees Pty Ltd
Bell Potter Nominees Ltd

Directors and Officers

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

Officers:
Mr David Knox CEO
Mr Jerry Monzu Company Secretary

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Firestone has also been informed that the transaction will include Ariona undertaking to procure project funding for the development of the Waterberg Joint Venture of up to US\$400 million.

Shareholder Approval

There are several aspects of the transactions which will require shareholder approval including, among other things Ariona acquiring more than 20% of Firestone, as an exception to Ariona making a formal takeover offer for Firestone. As updated to the Market the Company is targeting Q3 2012 as the date for a general meeting of shareholders of the Company to approve the transactions and further updates on this meeting will be advised to the market in due course.

The Company will commission a report from an independent expert to assess whether the transactions are fair and reasonable for those shareholders of the Company not participating in the transactions. The independent experts report will accompany the notice of meeting and information memorandum to be sent to shareholders.

Yours sincerely,



David Knox

Chief Executive Officer

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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.