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**FIRESTONE ENERGY LIMITED**

**ABN 71 058 436 794**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 3:00 pm (WST)

**DATE:** 28 November 2014

**PLACE:** 35 Station Street  
Subiaco, WA 6008

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9485 0888.*

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## **IMPORTANT INFORMATION**

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### **TIME AND PLACE OF MEETING**

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 3:30 pm (WST) on 28 November 2014, at:

35 Station Street  
Subiaco, WA 6008

### **YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your shareholding and your vote is important.

### **VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5:00pm (WST) on 26 November 2013.

### **VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting at the time, date and place set out above.

### **VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If

the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

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##### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

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##### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2014."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (c) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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##### 3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR EDWIN LEITH BOYD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 8.1(e)(1) of the Constitution, ASX Listing Rule 14.4, and for all other purposes, Mr Edwin Leith Boyd, a Director who was appointed as an additional Director on 18 March 2014, and being eligible, is elected as a Director."*

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##### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR GEORGE MAGASHULA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 8.1(e)(1) of the Constitution, ASX Listing Rule 14.4, and for all other purposes, Mr George Magashula, a Director who was appointed as an additional Director on 1 November 2013, and being eligible, is elected as a Director."*

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**5. RESOLUTION 4 – ELECTION OF DIRECTOR – DR MATHEWS PHOSA**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 8.1(e)(1) of the Constitution, ASX Listing Rule 14.4, and for all other purposes, Dr Mathews Phosa, who was appointed by the Board on 24<sup>th</sup> October 2014, and being eligible, is elected as a Director.”*

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**6. RESOLUTION 5 – ISSUE OF CONVERTIBLE NOTES ON CONVERSION OF DEBT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 969,043,143 Convertible Notes in satisfaction of the outstanding loan account due by the Company to Sekoko Resources Pty Ltd on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 6 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES AND OPTIONS - EPHYRA TRADING PROPRIETARY LIMITED**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 385,714,286 Convertible Notes and 146,740,523 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 7 – ISSUE OF CONVERTIBLE NOTES AND OPTIONS - EPHYRA TRADING PROPRIETARY LIMITED**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 1,042,857,143 Convertible Notes and 521,428,571 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 8- APPROVAL OF 10% PLACEMENT CAPACITY**

To consider and if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

*"That pursuant to, and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person (and any associates of such person) who may participate in the issue of Equity Securities under this Resolution and a person who may obtain a benefit solely in the capacity of a security holder (and any associates of such person), if the resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy form to vote as the proxy decides.

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**DATED: 27 OCTOBER 2014**  
**BY ORDER OF THE BOARD**

**LEE BOYD**  
**COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.firestoneenergy.com.au](http://www.firestoneenergy.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous Annual General Meeting the votes cast against the Remuneration Report considered at that Annual General Meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## 2.4 Proxy Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel <sup>1</sup>	Vote as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Vote as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

<sup>1</sup> Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

<sup>2</sup> Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

<sup>3</sup> Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

<sup>4</sup> The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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## 3. RESOLUTIONS 2 TO 4 – ELECTION OF DIRECTORS MESSRS GEORGE MAGASHULA, EDWIN LEITH BOYD AND MATHEWS PHOSA

### 3.1 Legal requirements

Clause 8.1(d) of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 8.1(e)(1) of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Edwin Leith Boyd, having been appointed on 18 March 2014 will each retire in accordance with clause 8.1 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Dr Mathews Phosa, a proposed Director who is anticipated to be appointed by the Board prior to the Meeting, will retire in accordance with clause 8.1 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

### 3.2 Mr Edwin Leith Boyd

Lee Boyd has extensive and broad ranging directorial, corporate consulting, financial and senior executive experience across a range of industries including the manufacturing, industrial engineering and, since 1993, in the resources sector.

He is currently a director of ASX listed Anatolia Energy Ltd and three of its internationally registered subsidiaries. He is Director and Company Secretary on the Board of Firestone Energy Limited. Lee was also previously a director, executive



director, CFO or company secretary of a number of ASX listed companies including Gleneagle Gold, St Barbara, NuStar Mining, Territory Goldfields NL, GSF Corporation, Hydrotech and Cell Aquaculture.

He is currently the Chair of Trustees of a registered charity, a board member of a second charitable entity as well as a director of a number of private companies and Not for Profit organizations.

Lee is a CPA and a Fellow of the Australian Institute of Company Directors.

### 3.3 Mr George Magashula

Mr Magashula is a seasoned business executive with over 20 years' experience in executive positions in both the public and private sector in South Africa. He has been employed by Telkom South Africa, Nampak, Sun International and SA Breweries.

His qualifications include a Bachelor of Science degree in Oceanography and Chemistry.

During the past three years, Mr Magashula has not served as a director of any other listed entity.

### 3.4 Dr Mathews Phosa

Dr Mathews Phosa, an attorney by profession, is a leading figure in South Africa's business and political world. Dr Phosa opened the first black law practice in Nelspruit in 1981 and worked as a partner until 1985 when he was forced into exile. While in exile, he underwent political and military training, after which he became the Regional Commander for Umkhonto we Sizwe (MK) the then military wing of the African National Congress (ANC) in Mozambique. He was one of four ANC members to be sent back to South Africa in 1990 to start the negotiation process with the former government where after he played a prominent role in the processes to establish a peaceful transition to a fully democratic South Africa.

Dr Phosa was elected as the first Premier of Mpumalanga Province in 1994. Following the elections in 1999, he resigned his seat in parliament in favour of focusing his attention for a career in business.

Dr Phosa re-entered the political arena in 2007 when he was elected Treasurer-General of the National Executive Committee of the ANC until December 2012.

Dr Phosa is Chairperson of Special Olympics South Africa, Innibos Arts Festival and Chairperson of Council of the University of South Africa (UNISA).

Commercially, Dr Phosa also sits on the boards of listed companies Value Group, Jubilee Platinum and Bauba Resources as well as a number of unlisted entities. He also sits as a trustee to the Afrikaans Handels Instituut (AHI).

Dr Phosa was awarded a Lifetime Achievement Award for his contribution to transformation and empowerment at the 12<sup>th</sup> Oliver Empowerment Awards ceremony on 26 April 2013.

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## 4. RESOLUTION 5 – ISSUE OF CONVERTIBLE NOTES ON CONVERSION OF DEBT

The Company is indebted to Sekoko Resources (Pty) Ltd (**Sekoko**) through a loan account in the amount of A\$6,783,302 (**Sekoko Loan**).

Resolution 5 seeks Shareholder approval for the issue of up to 969,043,143 Convertible Notes (**Sekoko Convertible Notes**) in consideration for the conversion of debt owed by the Company under the Sekoko Loan (**Debt Conversion**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Company to issue the Sekoko Convertible Notes pursuant to the Debt Conversion during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### 4.1 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Debt Conversion:

- (a) the maximum number of Sekoko Convertible Notes to be issued is 969,043,143;
- (b) the Sekoko Convertible Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Sekoko Convertible Notes will occur on the same date;
- (c) the issue price of each Convertible Note is AUD0.007;
- (a) the Sekoko Convertible Notes will be issued on the terms and conditions set out in Schedule 1; and
- (d) the Sekoko Convertible Notes will be issued to Sekoko Resources (Pty) Ltd (or its nominees), who is not a related party of the Company;
- (e) no funds will be raised from the Debt Conversion as the Sekoko Convertible Notes are being issued in consideration for the conversion of debt owed by the Company to Sekoko in the amount of A\$6,783,302.

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## 5. RESOLUTION 6 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES AND OPTIONS - EPHYRA TRADING PROPRIETARY LIMITED

### 5.1 Background

The Company is currently in advanced discussions with Ephyra Trading Proprietary Limited under which the Company proposes issuing Ephyra Trading Proprietary Limited (and/or its nominees) a total of 1,428,571,429 Convertible Notes at an issue price of ZAR0.07 each (**ETP Convertible Notes**) together with one attaching Option for every 2 ETP Convertible Notes issued (a total of 714,285,714 Options) (**ETP Options**) to raise up to ZAR100,000,000 (together, the **ETP Securities**) (**Capital Raising**). The issue of the ETP securities is proposed to occur in two separate tranches, as follows:

- (a) after the date of this Notice of Meeting but prior to the date of the Meeting, the Company proposes issuing a total of 385,714,286 ETP Convertible Notes (**Tranche 1 ETP Convertible Notes**) and 146,740,523 ETP Options (**Tranche 1 ETP Options**) to raise ZAR27,000,000; and
- (b) the Company proposes, subject to Shareholder approval, to issue a total of 1,042,857,143 ETP Convertible Notes (**Tranche 2 ETP Convertible Notes**) and 567,545,191 ETP Options and 567,545,191 ETP Options (**Tranche 2 ETP Options**) to raise a further ZAR73,000,000.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Tranche 1 ETP Convertible Notes and Tranche 1 ETP Options (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not

breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of the Tranche 1 ETP Convertible Notes and Tranche 2 ETP Options, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **5.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 385,714,286 Tranche 1 ETP Convertible Notes and 146,740,523 Tranche 1 ETP Options will be issued;
- (b) the issue price of each ETP Convertible Note will be ZAR0.07 and the issue price of the ETP Options will be nil as they will be issued free attaching with the ETP Convertible Notes on a 1 for 2 basis;
- (c) the Tranche 1 ETP Convertible Notes will be issued on the terms and conditions set out in Schedule 2;
- (d) the Tranche 1 ETP Options will be issued on the terms and conditions set out in Schedule 3;
- (e) the Tranche 1 ETP Convertible Notes and Tranche 1 ETP Options will be issued to Ephyra Trading Proprietary Limited (and its nominees) none of whom are related parties of the Company; and
- (f) the funds raised from the issue will be used towards working capital and advancement of the Waterberg Coal Project.

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## **6. RESOLUTION 7 – ISSUE OF CONVERTIBLE NOTES AND OPTIONS - EPHYRA TRADING PROPRIETARY LIMITED**

Resolution 7 seeks Shareholder approval for the issue of 1,042,857,143 Tranche 2 ETP Convertible Notes and 567,545,191 Tranche 2 ETP Options to Ephyra Trading Proprietary Limited (and/or nominees) to raise up to ZAR73,000,000 as part of the Capital Raising.

A summary of ASX Listing Rule 7.1 is set out in section 5.1 above.

The effect of Resolution 7 will be to allow the Company to issue the Tranche 2 ETP Convertible Notes and Tranche 2 ETP Options pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **6.1 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Tranche 2 ETP Convertible Notes and Tranche 2 ETP Options:

- (a) the maximum number of ETP Convertible Notes to be issued is 1,042,857,143 and the maximum number of ETP Options will be 567,545,191;
- (b) the Tranche 2 ETP Convertible Notes and Tranche 2 ETP Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Tranche 2 ETP Convertible Notes and Tranche 2 ETP Options will occur on the same date;
- (c) the issue price of each ETP Convertible Note will be ZAR0.07 and the issue price of the ETP Options was nil as they will be issued free attaching with the ETP Convertible Notes on a 1 for 2 basis;

- (d) the ETP Convertible Notes will be issued on the terms and conditions set out in Schedule 2 and the ETP Options will be issued on the terms and conditions set out in Schedule 3; and
- (e) the ETP Convertible Notes and ETP Options will be issued to Ephyra Trading Proprietary Limited (and/or nominees as identified by the Company) who will not be related parties of the Company;
- (f) the Company intends to use the funds raised from Placement for working capital and advancement of the Waterberg Coal Project.

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## **7. RESOLUTION 8 – APPROVAL OF 10% PLACEMENT CAPACITY**

### **7.1 General**

ASX Listing Rule 7.1A enables an eligible entity to seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued share capital, (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1. An approval under Listing Rule 7.1A remains valid until the earlier of:

- (a) The date falling 12 months after the date on which the approval is granted; and
- (b) The date shareholders approve a transaction under Listing Rule 11.1.2 (for a significant change to the nature or scale of the Company's activities) or 11.2 (for a disposal of the Company's main undertaking).

An eligible entity for the purposes of Listing Rule 7.1A is an entity that as at the date of the relevant annual general meeting;

- (a) Is not included in the S&P/ASX 300 Index; and
- (c) Has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$17,748,494 (based on a Share price of \$0.005 on 22 October 2014).

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Capacity. The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 7.2(c) below).

The effect of this Resolution will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting without subsequent Shareholder approval and without using the Company's annual placement capacity granted under Listing Rule 7.1. As at the date of this Notice the Company has the ability to issue 532,464,809 Equity Securities in accordance with Listing Rule 7.1. It is expected that this capacity will have been exhausted prior to the date of the Meeting through the issue of 385,714,286 Tranche 1 ETP Convertible Notes and 146,740,523 Tranche 1 ETP Options.

This Resolution is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## 7.2 Description of Listing Rule 7.1A

### (a) Shareholder Approval

The ability to issue Equity Securities under the 10% Placement Capacity is subject to shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice, has on issue one class of quoted Equity Securities on issue being Shares (ASX Code: FSE).

### (c) Formulae for calculating 10% Placement Capacity

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

**A** is the number of shares on issue 12 months before the date of the issue or agreement

- (i) Plus the number of fully paid shares issued in the previous 12 months under an exception in Listing Rule 7.2;
- (ii) Plus the number of partly paid shares that become fully paid in the previous 12 months;
- (iii) Plus the number of fully paid shares issued in the previous 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) Less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

### 7.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

#### (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 7.3(b), the date on which the Equity Securities are issued.

#### (b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

#### (c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0025 50% decrease in Issue Price	\$0.005 Issue Price	\$0.01 100% Increase in Issue Price
<b>Current Variable A</b> <b>3,549,698,723</b> Shares	<b>10% Voting Dilution</b>	354,969,872	354,969,872	354,969,872
	<b>Funds raised</b>	\$887,425	\$1,774,849	\$3,549,699
<b>50% increase in Variable A</b> <b>5,324,548,085</b> Shares	<b>10% Voting Dilution</b>	532,454,808	532,454,808	532,454,808
	<b>Funds raised</b>	\$1,331,137	\$2,662,274	\$5,324,548
<b>100% increase in Variable A</b> <b>7,099,397,446</b> Shares	<b>10% Voting Dilution</b>	709,939,745	709,939,745	709,939,745
	<b>Funds Raised</b>	\$1,774,849	\$3,549,699	\$7,099,397

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 3,549,698,723 Shares on.
2. The issue price set out above is the closing price of the Shares on the ASX on 22 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may seek to issue the Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under the Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity.

The identity of the recipients of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the purpose of the issue;
- (ii) alternative methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company including, but not limited to, the financial situation and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

The recipients of Equity Securities under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company has not previously sought approval to issue Equity Securities in accordance with Listing Rule 7.1A.



During the 12 month period preceding the date of the Meeting, being on and from 29 November 2013, the Company will otherwise have issued a total 146,740,523 Options and 385,714,286 Convertible Notes (each convertible into one Share) which will represent approximately 9.74% of the total diluted number of Equity Securities on issue in the Company on 28 November 2013, which was 5,467,953,532 (which includes \$27.145 million worth of Convertible Notes which convert into Shares at a price of \$0.025 per Share).

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 4.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

**7.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 9.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in section 7.1 of the Explanatory Statement.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**AUD** means Australian Dollars

**Board** means the current Board of Directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Firestone Energy Limited (ABN 71 058 436 794).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current Directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Variable A** means "A" as set out in the calculation in section 7.2 of the Explanatory Statement.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**ZAR** means South African Rand.

## SCHEDULE 1 – KEY TERMS AND CONDITIONS OF SEKOKO CONVERTIBLE NOTES

The key terms of the Convertible Notes the subject of Resolution 6 is set out below:

Term	Details
<b>Face Value</b>	AUD0.07 per Convertible Note
<b>Maturity Date</b>	The first to occur of: (a) 31 December 2015; (b) the date of conversion; and (c) the date of redemption.
<b>Conversion Price</b>	The conversion price will be AUD0.007 per Convertible Notes converted into a Share.
<b>Interest</b>	Nil.
<b>Secured</b>	Each Convertible Note will be unsecured and the Noteholder will rank equally with all other unsecured creditors of the Company.
<b>Conversion by Company</b>	The Company may convert all or a portion of the Convertible Notes to Shares by giving 7 days written notice to the holder that it wishes to convert the Convertible Notes to Shares at the Conversion Rate.
<b>Conversion by holder</b>	The holder may convert all or a portion of the Convertible Notes to Shares by giving written notice to the Company that it wishes to convert the Convertible Notes to Shares at the Conversion Rate ( <b>Conversion Notice</b> ). The Company must: (a) if Shareholder approval is required under the ASX Listing Rules or the Corporations Act – convene a Shareholders meeting within 3 months of the date of the Conversion Notice at which it shall seek Shareholder approval for the conversion; or (b) if Shareholder approval is not required under the ASX Listing Rules or the Corporations Act – the Company must convert the Convertible Notes the subject of the Conversion Notice to Shares at the Conversion Rate. <sup>4</sup>
<b>Conversion Rate<sup>4</sup></b>	Each Convertible Note is convertible into one (1) Share.
<b>Redemption</b>	The Company may elect to redeem any or all of the Convertible Notes by making a payment in cash for the Face Value of the Convertible Notes to the Noteholder at any time prior to the Maturity Date provided that the Noteholder has not already given a Conversion Notice in respect of those Convertible Notes.
<b>Transferability</b>	The Convertible Notes are transferrable by the holder and assignable by the Company.
<b>No Participation or Voting Rights</b>	The Noteholder will not have any voting rights prior to conversion.
<b>Shares Upon Conversion</b>	Shares issued on conversion of the Convertible Note will be fully paid, will be unencumbered and will rank <i>pari passu</i> in all respects with the fully paid ordinary shares in the Company on issue at the time of Conversion.
<b>Governing Law</b>	Western Australia, Australia.

## SCHEDULE 2 – KEY TERMS AND CONDITIONS OF ETP CONVERTIBLE NOTES

The key terms of the Ratification Convertible Notes the subject of Resolution 7 is set out below:

Term	Details
<b>Face Value</b>	ZAR 0.07 per Convertible Note
<b>Maturity Date</b>	30 November 2016.
<b>Term</b>	Subject to the Company obtaining approvals required under the ASX Listing Rules for the issue of the Convertible Notes, the Convertible Notes will be issued within 3 months to unrelated third parties and shall be converted or otherwise repayable on or after the Maturity Date.
<b>Conversion Price</b>	The conversion price will be ZAR 0.07 per Convertible Notes converted into a Share.
<b>Coupon</b>	15% per annum, accruing monthly in arrears on the last day of each month, commencing on the 1st day of the month following the draw down date until the date of conversion or repayment upon maturity.  Accrued interest shall be paid on the redemption date unless otherwise converted.
<b>Secured / Unsecured</b>	Each Convertible Note will be unsecured and the Noteholder will rank equally with all other unsecured creditors of the Company.
<b>Conversion</b>	Conversion is effected by giving 7 days notice in writing ( <b>Conversion Notice</b> ) to the Company (in the case of the Noteholder) or to the Noteholder (in the case of the Company) on or after the Maturity Date and conversion of the Convertible Notes otherwise remains at the discretion of the Company.  Upon receipt of a Conversion Notice, the Company will (if it so decides) issue the Shares at the Conversion Price (subject to prior Shareholder approval) subject to obtaining all necessary approvals in accordance with the ASX Listing Rules and the Corporations Act.
<b>Conversion Rate</b>	Each Convertible Note is convertible into one (1) Share.
<b>Redemption</b>	The Company may elect to redeem the Convertible Notes by making a payment in cash for the Face Value of the Convertible Note to the Noteholder, plus all accrued interest (if any), at any time during the Term and before the Noteholder has given a conversion notice.
<b>Shares Upon Conversion</b>	Shares issued on conversion of the Convertible Note will be fully paid, will be unencumbered and will rank <i>pari passu</i> in all respects with the fully paid ordinary shares in the Company on issue at the time of Conversion.

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## SCHEDULE 3 – TERMS AND CONDITIONS OF ETP OPTIONS

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The key terms of the ETP Options the subject of Resolution 7 is set out below:

(c) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(d) **Exercise Price**

Subject to paragraph (l), the amount payable upon exercise of each Option will be ZAR0.15 (**Exercise Price**).

(e) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 November 2016 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(f) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(g) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(l) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(m) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(n) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(o) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(p) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 4 – ISSUE OF EQUITY SECURITIES SINCE 29 NOVEMBER 2013

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – To be issued shortly after the date of this Notice of Meeting.  Appendix 3B – N/A	385,714,286	Convertible Notes	Ephyra Trading Proprietary Limited (and/or nominees)	ZAR0.07	Cash Consideration: ZAR 27,000,000 Purpose: working capital and advancement of the Waterberg Coal Project Terms and conditions: See Schedule 2 Amount spent: Nil Amount remaining: ZAR 27,000,000
Issue – To be issued shortly after the date of this Notice of Meeting.  Appendix 3B – N/A	146,740,523	Options	Ephyra Trading Proprietary Limited (and/or nominees)	Nil free attaching to Convertible Notes	Consideration: Options free attaching to Convertible Notes issued on the same day to Ephyra Trading Proprietary Limited (and/or nominees) Expiry 30 November 2016 Purpose: working capital and advancement of the Waterberg Coal Project Terms and conditions: See Schedule 3 Current value: AUD32,283 (AUD0.00022 per option)

### Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities..
2. Unquoted Options, exercisable at ZAR0.15 each, on or before 30 November 2016. The full terms and conditions are disclosed Schedule 3
3. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.005) on the ASX on the trading day prior to the date of this Notice. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares.



## PROXY FORM

**FIRESTONE ENERGY LIMITED**  
**ACN 058 436 794**

### ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:** ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 3:00 pm (WST), on 28 November 2014 at 35 Station Street, Subiaco, Western Australia, and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Mr Edwin Leith Boyd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – Mr George Magashula	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Director – Dr Mathews Phosa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Convertible Notes on Conversion of Debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Issue of Convertible Notes and Options - Ephyra Trading Proprietary Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Convertible Notes and Options - Ephyra Trading Proprietary Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail  
in relation to this Proxy Form:

YES ☐ NO ☐

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) deliver the proxy form by hand to the Company's registered office at Level 2, 1 Walker Avenue, West Perth Western Australia;
  - (b) mail the proxy form to the Company's registered office at PO Box 8136 Subiaco East, Western Australia; or
  - (c) send the proxy form by facsimile to the Company on facsimile number +61 8 9485 0077,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**