



## March 2016 Quarterly Activities Report

### The Waterberg Coal Project

Firestone Energy Limited (the **Company**) is a participant in the Waterberg coal project joint venture (the **Waterberg Project**), situated in the Limpopo Province, South Africa. The Waterberg Project currently has identified coal resources of 3.4 billion tonnes of coal contained within the granted mining and prospecting rights (Appendix 1).

Accruing from the various work streams and technical studies that have been carried out to date, the Waterberg Project now comprises the following projects:

- The Eskom Project;
- The Export Project; and
- The IPP Project.

The Company, in conjunction with its parent company, The Waterberg Coal Company Limited (**WCC**), has been focused during the quarter on engaging with prospective working capital and project development financiers.

On 25 February 2016 the Company announced that Sibanye Gold Ltd (**Sibanye**) had submitted an offer to WCC for purchase of the underlying coal resource assets only. This offer was a unilaterally and materially changed condition by Sibanye compared to the terms and conditions which had previously formed the basis of negotiations. Sibanye's offer required an effective 24 hour response time which was insufficient for the Company to evaluate it and liaise with key stakeholders. Sibanye therefore terminated negotiations.

On 10 March 2016 the Company announced that it and WCC were in discussions with AME International Limited (**AME**) to assist in recapitalisation of the Company's balance sheet, including, inter alia the provision of working capital and a potential transaction to acquire the WCC secured convertible note held by Standard Bank of South Africa Limited (**SBSA**) and other participants. These discussions are progressing. We are advised that if AME is successful in negotiations with SBSA it is their intention to convert the WCC debt to ordinary equity in the Company.

The Company has previously announced that it had entered into a mandate arrangement with a significant organisation in respect of arranging suitable project finance for the prospective development of all three limbs of the Waterberg Coal project. Due diligence is nearing completion by this organisation.

In addition, and as part of progression towards project start up, the Company is in negotiations with prospective coal off-taking parties and logistics operators for delivery of coal via the port of Richards Bay.

#### ASX Release

29 April 2016

#### FIRESTONE ENERGY LIMITED

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#### Registered office

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#### Contact

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Director & Company Secretary

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#### Directors

Dr Mathews Phosa  
Chairman

Lee Boyd  
Director & Company Secretary

Gavin Rodie  
Non-Executive Director

#### ASX / JSE Symbol

FSE

**Other Corporate**

On 10 March 2016 the Company advised that Mr Stephen Miller, a director since 2013, had resigned as a director and CEO to facilitate the appointment of South African resident Mr Mark Craddock to the board. Mr Gavin Rodie was then appointed as the required second Australian domiciled director.

On 29 March 2016 Mr Craddock tendered his resignation from the board.

The company remains in voluntary suspension from trading on ASX pending the outcome of the re-financing activities mentioned above.

**E L Boyd**  
**Director**  
**Firestone Energy limited**

Appendix I: Resource Statement<sup>1 2</sup>

**Coal Resource on all six Waterberg Coal Project Properties under both Prospecting Permit and Mining Right**

<b>Resource Classification</b>	<b>Coal Resource* (Mt)</b>	<b>Ash % (ad)</b>	<b>IM % (ad)</b>	<b>Vol % (ad)</b>	<b>CV (Mj/kg) (ad)</b>	<b>TS % (ad)</b>
Measured	1314.51	57.6	2.2	17.9	10.7	1.00
Indicated	1247.2	57.4	2.3	17.8	10.7	1.13
Inferred	838	58.5	2.2	17.6	10.4	1.19
<b>Total Resources</b>	<b>3400</b>	<b>57.7</b>	<b>2.2</b>	<b>17.8</b>	<b>10.6</b>	<b>1.09</b>

*\*Coal resource is based on a minimum thickness cut-off of 0.5m*

<sup>1</sup> Please note that this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2013 on the basis that the information has not materially changed since it was last reported.

<sup>2</sup> Competent Person Statement - Gemecs (Pty) Limited was commissioned by the Company to undertake an Updated Independent Persons Geological Report for the Waterberg Coal Project. The Coal Resources were estimated in accordance with the South African code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (**SAMREC Code**), Australasian Code for Reporting of Exploration Results. Mineral Resources and Ore Reserves (the **JORC Code**) and South African National Standard (SANS 10320:2004) guidelines. The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Coenraad D van Niekerk, Pr.Sci.Nat (Reg. No 400066/98), M.Sc Hons (Geology), MDP, an employee of Gemecs (Pty) Limited, who is a Fellow of the Geological Society of South Africa. Mr Coenraad D van Niekerk is a mining geologist with 38 years' experience in the mining industry, sufficient experience 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 Joint Ore Reserves Committee (**JORC**) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Coenraad D van Niekerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Any discrepancy is due to rounding.