

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Firestone Energy Limited

ABN

71 058 436 794

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	385 (67)	- (257)
1.3 Dividends received	18	51
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	336	(206)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(2,725) (20)	(3,213) (21)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	 58	 58
1.10 Loans to other entities	20	106
1.11 Loans repaid by other entities		
1.12 Other (Bonds – net movement)		
Net investing cash flows	(2,667)	(3,070)
1.13 Total operating and investing cash flows (carried forward)	(2,331)	(3,276)

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1.13	Total operating and investing cash flows (brought forward)	(2,331)	(3,276)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	747	1,662
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	100
1.17	Repayment of borrowings	(100)	(100)
1.18	Other- share issue expenses		
1.19	Other		
	Net financing cash flows	647	1,662
Net increase (decrease) in cash held			
		(1,684)	(1,614)
1.20	Cash at beginning of quarter/year to date	2,240	2,170
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	556	556

Note – The exploration at 1.2(a) was moved to 1.8(a)

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.2 Aggregate amount of payments to the parties included in item 1.2 (YTD)	92
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Consulting fees, salaries and super.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development / Project Generation	410
Total	410

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	56	1,730
5.2 Deposits at call	500	510
5.3 Bank overdraft		
5.4 Other		
Total: cash at end of quarter (item 1.22)	556	2,240

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities (description)	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3 +Ordinary securities CME	1,278,019,477	1,278,019,477		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	427,560,598 Options Converted 49,750,000	427,560,598 Nil	N/a N/a	Fully Paid N/a
7.5 +Convertible debt securities BURAS				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options	2,500,000 30,000,000 110,000,000 90,000,000	Nil Nil Nil Nil	Exercise Price 1 cent 5 cents 6 cents 6 cents	Expiry 30 Jun 09 30 Nov 12 31 May 13 30 Jun 13
7.8 Issued during quarter				
7.9 Exercised during quarter	49,750,000	Nil	1 cent	30 Jun 09
7.10 Expired during quarter				
7.11 Debentures (totals only)				

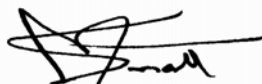
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 January 2009

(Director)

Print name: Malcolm Smartt

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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