

DECEMBER 2008 QUARTERLY ACTIVITIES REPORT

Waterberg Coal Field - South Africa

Olieboomsfontein 220LQ

A single Reverse Circulation (RC) bore hole was drilled on the farm prior to the December break. The borehole was the most northerly of four holes to be drilled to determine the position and possible vertical displacement of a number of interpreted east-west orientated intra-basin faults. It is now planned to drill an east-west line of four RC bore holes to determine the position of a major north-south orientated fault which downthrows the coal stratigraphy on the east side of the farm. Thereafter follow-up diamond drilling will target that portion of the farm where coal zones 5-11 lie close to ground surface.

Vetleegte 304LQ

In the reporting period our joint venture partner, Sekoko Resources (Pty) Ltd, completed the drilling of a 22 diamond bore hole programme on the farm. A full review of the drilling will be undertaken in the next reporting period when all outstanding data issues have been resolved and coal quality data from the laboratory is available.

Northern Territory - Australia

The two exploration licenses (ELs 7810 and 10166) near Tennant Creek in the Northern Territory continue to be explored by Emmerson Resources Ltd, on behalf of the Company, for Tennant Creek style iron oxide copper-gold deposits.

Corporate

During the quarter all regulatory approvals were received for the coal joint venture with Sekoko Resources from the Reserve Bank of South Africa and the Johannesburg Stock Exchange (JSE). Firestone Energy's securities were dual listed on the JSE with effect from 30 October 2008.

As a result of the joint venture, Sekoko Resources has become a substantial shareholder in the Company and Timothy Tebeila and Amanda Matthee have been appointed to the Board as non-executive Directors.

During November 2008, the Company announced the appointment of Mr. Garth Higgs to the position of Chief Executive Officer. Mr Higgs brings extensive executive experience in both South Africa and Australia to the Company. Mr Higgs also has significant experience in managing joint ventures involving Black Economic Empowerment.

Garth Higgs
Chief Executive Officer

Firestone Energy is an independent Australian exploration company focused on developing coal and copper-gold projects in South Africa and Australia. The company is currently exploring the richly endowed Waterberg coal field in the Limpopo Province of South Africa.

The Company is committed to value-added growth through becoming an independent coal and energy producer at its projects in South Africa. Drilling and assay test work is underway on its two tenements, Vetleegte 304 LQ and Olieboomsfontein 220 LQ in the Waterberg coal field.

The Company has entered into a joint venture with Sekoko Resources, a South African black empowerment company (BEE) and Sekoko has two directors on the Board of Firestone Energy.

Corporate Details

ASX: FSE
JSE: FSE

1,278.0M Ordinary Shares

Substantial Shareholders:
Sekoko Resources (Pty) Ltd
Colbern Fiduciary Nominees Ltd

Directors and Officers:

Non Executive Directors:

Lee Boyd
Daryl Henthorn
Amanda Matthee
Malcolm Smartt
Timothy Tebeila

Chief Executive Officer

Garth Higgs

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