

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 2009

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	(948)	(948)
(b) development	-	-
(c) production	-	-
(d) administration	(486)	(1,075)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	31
1.5 Interest and other costs of finance paid	(21)	(27)
1.6 Income taxes paid	-	-
1.7 Other – African project related costs	-	(193)
Net Operating Cash Flows	(1,439)	(2,212)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(4,573)	(6,871)
(b) equity investments	-	-
(c) other fixed assets	(1,116)	(1,125)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(5,689)	(7,996)
1.13 Total operating and investing cash flows (carried forward)	(7,128)	(10,208)

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1.13	Total operating and investing cash flows (brought forward)	(7,128)	(10,208)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	9,000	11,680
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(100)
1.18	Other – Share Issue and Underwriters Costs	(1,622)	(1,713)
1.19	Other (provide details if material)		
	Net financing cash flows	7,378	9,867
	Net increase (decrease) in cash held	250	(341)
1.20	Cash at beginning of quarter/year to date	1,277	1,870
1.21	Exchange rate adjustments to item 1.20	-	(2)
1.22	Cash at end of quarter	1,527	1,527

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	
1.23	Aggregate amount of payments to the parties included in item 1.2 & 1.8	5,620
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to Sekoko Resources (Director related entity) pursuant to JV agreement - \$5,620K
Directors, consulting, company secretarial and accounting fees - \$98K

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

1,000,000 ordinary shares @ 4 cents per share issued to consultant in relation to capital raising.
25,000,000 ordinary shares @ 5 cents per share issued to consultant in relation to completion of T2 transaction.
868,176,563 ordinary shares @ 4.5 cents per share issued to Sekoko Resources for part settlement of T2 transaction.

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

N/A

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	-

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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,300
4.2	Development	-
Total		1,300

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	1,527	11
5.2 Deposits at call	-	1,266
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,527	1,277

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		Nil		
6.2		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 <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter				
(a) Increases through issues	Nil	Nil		
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities FSE	2,331,300,464	2,331,300,464		Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	1,000,000 25,000,000 868,176,563	1,000,000 25,000,000 868,176,563	4 cents 5 cents 4.5 cents	4 cents 5 cents 4.5 cents
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities Unsecured Convertible Notes - Each converting to 12.5M ordinary shares and paying a coupon rate of 10% pa				
7.6 Changes during quarter				
(a) Increases through issues	18	Nil	\$500,000 each	\$500,000 each
(b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
FSEAK	30,000,000	Nil	5 cents	30 Nov 2012
FSEAM	110,000,000	Nil	6 cents	31 May 2013
FSEAO	96,904,767	Nil	6 cents	30 June 2013
FSEAI	25,875,000	Nil	6 cents	30 June 2014
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>				

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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.



..... Date: 28 January 2010
Company Secretary

Print name: Rance Dorrington

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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