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ABN 71 058 436 794

Half Year Financial Report

31 December 2009

These half year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2009, and any public announcements made by Firestone Energy Ltd during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

FIRESTONE ENERGY LIMITED

CORPORATE DIRECTORY

DIRECTORS

John Dreyer
Non Executive Chairman

John Wallington
Managing Director

Amanda Matthee
Non Executive Director

Colin McIntyre
Non Executive Director

Tim Tebeila
Non Executive Director

COMPANY SECRETARY

Rance Dorrington

REGISTERED OFFICE

Level 1, 63 Hay Street
SUBIACO WA 6008

Telephone: (08) 9381 2755
Facsimile: (08) 9381 4799
Email: enquiries@firestoneenergy.net

SOLICITORS TO THE COMPANY

Steinepreis Paganin
Level 4
16 Milligan Street
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA, 6000
Ph 08 9323 2000
Fax 08 9323 2033

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

ASX CODE

"FSE"

JSE CODE

"FSE"

FIRESTONE ENERGY LIMITED

Half yearly financial statements for 6 months ended 31 December 2009

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2009 and the review report thereon.

Directors

The names of the Directors of Firestone Energy Limited throughout the reporting period and at the date of this report are:

MR John Dreyer
Non-Executive Chairman

MR John Wallington
Managing Director

MR Colin McIntyre (Appointed 17 July 2009)
Non-Executive Director

MR Timothy Tebeila
Non-Executive Director

MS Amanda Matthee
Non-Executive Director

Results of Operations

The net loss from continuing operations for the six months to 31 December 2009, amounted to \$1,532,146 (Half year ended 31 December 2008: Net Loss \$283,066).

Review of Operations

As reported to the ASX, the company has concluded a second transaction with its joint venture partner, Sekoko Coal (Pty) Ltd, which was approved by its shareholders on 9 September 2009.

The Board is pleased to announce that the pre feasibility study was completed and approved in January 2010 and the bankable feasibility study is expected to be completed in the third quarter of 2010. During the half year, the group raised \$25 million to complete the bankable feasibility study.

Post Balance Sheet Date Events

During the half year Utafutaji Trading 75 (Pty) Ltd, a 100% subsidiary of Lexshell 126 General Trading (Pty) Ltd negotiated to secure the surface rights of the farm Smitspan, which were then secured on 24 February 2010. Sekoko Coal (Pty) Ltd, the group's joint venture partner, hold the exploration right for Smitspan. The farm was purchased for a total amount of \$3,471,850, and a deposit amounting to \$1,177,410 was paid in December 2009. During January a further deposit of \$784,940 was paid. At the date of this report, the remaining balance of \$1,509,500 is payable in two equal instalments in six monthly intervals from the date of registration, 24 February 2010.

On 28 January 2010 the company signed a third Joint Venture agreement with Sekoko Coal (Pty) Ltd and Lexshell 126 General Trading (Pty) Ltd, whereby the company effectively purchase the right to two additional exploration properties in the South African Waterberg, for a consideration of \$2,000,000 and the issue of 200,000,000 shares.

FIRESTONE ENERGY LIMITED

Half yearly financial statements for 6 months ended 31 December 2009

DIRECTORS' REPORT - CONTINUED

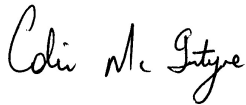
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 14 and forms part of this report.

This report is made in accordance with a resolution of directors.

Dated at Perth this 16th day of March 2010

Signed in accordance with a resolution of the Directors.



.....
Colin McIntyre
Director

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FIRESTONE ENERGY LIMITED

Half yearly financial statements for 6 months ended 31 December 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Half-Year Ended 31 December 2009

	December 2009	December 2008
	\$	\$
Continuing operations		
Foreign exchange gain	139,983	-
Interest income	29,189	51,808
Occupancy costs	(19,371)	(74,986)
Legal fees	(114,232)	(76,411)
Administration costs	(1,131,019)	(118,563)
Directors fees	(125,002)	(64,914)
Finance cost	(311,694)	-
Loss before income tax	(1,532,146)	(283,066)
Income tax expense	-	-
Loss from continuing operations	(1,532,146)	(283,066)
Loss for the half year	(1,532,146)	(283,066)
Other comprehensive income for the half year		
Foreign currency translation reserve	(17,941)	-
Total comprehensive income for the half year attributable to the owners of the group	(1,550,087)	(283,066)
Loss per share		
<i>Loss per share on loss from continuing operations attributable to the ordinary equity holders of the company</i>		
Basic loss per share (cents per share)	(0.08)	(0.003)
Diluted loss per share (cents per share)	N/a	N/a

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

FIRESTONE ENERGY LIMITED

Half yearly financial statements for 6 months ended 31 December 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	December 2009 \$	June 2009 \$
Current assets			
Cash and cash equivalents	4	1,550,146	1,870,754
Trade and other receivables		232,481	30,047
Prepayments		1,177,410	-
Total current assets		<u>2,960,037</u>	<u>1,900,801</u>
Non-current assets			
Property, plant and equipment		33,747	30,454
Interest in joint venture	11	71,269,680	19,645,502
Receivables		-	179,649
Total non-current assets		<u>71,303,427</u>	<u>19,855,605</u>
Total assets		<u>74,263,464</u>	<u>21,756,406</u>
Current liabilities			
Trade and other payables		1,122,761	1,914,532
Borrowings		-	600,000
Total current liabilities		<u>1,122,761</u>	<u>2,514,532</u>
Non-current liabilities			
Borrowings	3	7,489,206	-
Total non-current liabilities		<u>7,489,206</u>	<u>-</u>
Total liabilities		<u>8,611,967</u>	<u>2,514,532</u>
Net assets		<u>65,651,497</u>	<u>19,241,874</u>
Equity			
Issued capital	7	62,704,850	14,781,022
Reserves		5,794,857	5,776,916
Accumulated losses		(2,848,210)	(1,316,064)
Total Equity		<u>65,651,497</u>	<u>19,241,874</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

FIRESTONE ENERGY LIMITED

Half yearly financial statements for 6 months ended 31 December 2009

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the Half-Year Ended 31 December 2009

Group	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payment reserve \$	Total \$
Balance at 1 July 2008	57,819,282	(58,297,793)	-	2,590,000	2,111,488
Comprehensive income for the half year					
Loss for the half year	-	(283,066)	-	-	(283,066)
Other comprehensive income					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for the half year	-	(283,066)	-	-	(283,066)
Transactions with owners recorded directly in equity					
Contributions by and distributions to owners					
Equity-based payments	-	-	-	1,480,000	1,480,000
Issue of shares, net of transaction costs	11,335,334	-	-	-	11,335,334
Issue of shares (Option Conversions)	1,662,500	-	-	-	1,662,500
Reduction of capital	(58,297,793)	58,297,793	-	-	-
Total transactions with owners	(45,299,960)	58,297,793	-	1,480,000	14,477,833
Balance at 31 Dec 2008	12,519,322	(283,066)	-	4,070,000	16,306,256

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FIRESTONE ENERGY LIMITED

Half yearly financial statements for 6 months ended 31 December 2009

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) For the Half-Year Ended 31 December 2009

Group	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payment reserve \$	Total \$
Balance at 1 July 2009	14,781,022	(1,316,064)	1,695,271	4,081,645	19,241,874
Comprehensive income for the half year					
Loss for the half year	-	(1,532,146)	-	-	(1,532,146)
Other comprehensive income					
Foreign currency translation	-	-	17,941	-	17,941
Total other comprehensive income	-	-	17,941	-	17,941
Total comprehensive income for the half year	-	(1,532,146)	17,941	-	(1,514,205)
Transactions with owners recorded directly in equity					
Contributions by and distributions to owners					
Issue of shares, net of transaction costs	47,923,828	-	-	-	47,923,828
Total transactions with owners	47,923,828	-	-	-	47,923,828
Balance at 31 Dec 2009	62,704,850	(2,848,210)	1,713,212	4,081,645	65,651,497

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FIRESTONE ENERGY LIMITED

Half yearly financial statements for 6 months ended 31 December 2009

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Loss for the half year		(1,532,146)	(283,066)
Adjusted for:			
Depreciation		6,042	-
Amortisation of transaction cost		89,206	-
Change in trade and other receivables		(22,785)	76,269
Change in current liabilities		(1,391,771)	-
Interest paid		222,488	-
Net cash used in operating activities		(2,628,966)	(206,797)
Cash flows from investing activities			
Expenditure to acquire JV interest		(6,362,409)	(3,212,938)
Loans repaid by other entities		-	106,496
Payments to acquire fixed assets		(9,335)	(21,436)
Sale of office property plant and equipment		-	58,104
Prepayment to acquire fixed property		(1,177,410)	-
Net cash used in investing activities		(7,549,154)	(3,069,774)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,662,500
Proceeds from the issue of convertible notes		11,680,000	-
Transaction cost		(1,600,000)	-
Interest paid		(222,488)	-
Net cash from financing activities		9,857,512	1,662,500
Net decrease in cash and cash equivalents		(320,608)	(1,614,071)
Cash and cash equivalents at 1 July		1,870,754	2,169,804
Cash and cash equivalents at 31 Dec	4	1,550,146	555,733

The above statement of cash flows should be read in conjunction with the accompanying notes.

FIRESTONE ENERGY LIMITED

Half yearly report for 6 months ended 31 December 2009

1 Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2009 had been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

These half year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Firestone Energy Ltd during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period except as noted below.

Changes in accounting policy

The following amending Standards have been adopted from 1 July 2009. Adoption of these Standards did not have any material effect on the financial position or performance of the Group.

AASB101 (Revised) *Presentation of Financial Statements*

The revised Standard separates owner and non-owner changes in equity and requires a statement of comprehensive income to be prepared which discloses all changes in equity during a period resulting from non-owner transactions. The Company has elected to present comprehensive income using the single statement approach.

AASB8 *Operating Segments*

The Company has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the Board of Directors.

AASB3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements*

The adoption of AASB 3 and AASB 127 will change the accounting policy of the Company for future acquisitions and changes in ownership interests. These standards are applied prospectively and had no material impact on prior combinations. The Company has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

Basis of consolidation

The consolidated half year financial statements comprise the interim financial statements of Firestone Energy Ltd (the Company) and its subsidiaries (the Group) as at 31 December each year.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The half year financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated half year financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For The Period Ended 31 December 2009 (Continued)

Investment in joint venture

The Group's investment in joint ventures are considered to be jointly controlled operations.

In respect of its interests in jointly controlled operations, the group recognise in its financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

	December 2009	December 2008
	\$	\$
2. Expenses		
Legal fees	114,232	76,411
Audit fees	23,233	14,519
Share registry costs	93,639	32,056
Directors fees	125,002	64,914
	<u>125,002</u>	<u>64,914</u>
	December 2009	June 2009
	\$	\$
3. Borrowings		
Convertible notes	7,489,206	-
	<u>7,489,206</u>	<u>-</u>
<p>The above amount is shown net of transaction costs attributable to the convertible note, and these costs are amortised over the life of the loan. As at 31 December 2009, the face value of the liability is \$9million.</p> <p>The total draw down facility is \$25 million with a maturity date of 3 years from the date of issue. The notes can be converted at any time before the maturity date and bears interest at a rate of 10% per annum.</p>		
4. Cash & Cash Equivalent		
Cash at bank	1,550,146	1,870,754
	<u>1,550,146</u>	<u>1,870,754</u>
5. Dividends		
<p>No dividend has been paid during or is recommended for the financial period ended 31 December 2009.</p>		

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For The Period Ended 31 December 2009 (Continued)

	December 2009 \$	December 2008 \$
6. Commitments		
Operating lease:		
No later than 1 year	41,180	51,331
Later than 1 year but not later than 5 years	54,907	-
Total operating lease	<u>96,087</u>	<u>51,331</u>
Surface rights - Smitspan		
No later than 1 year	1,539,690	-
Later than 1 year but not later than 5 years	754,750	-
Total surface rights - Smitspan	<u>2,294,440</u>	<u>-</u>

	31 December 2008	
	Shares	\$
7. Issued capital		
Reconciliation of movement in issued capital attributable to equity holders of the Company.		
(a) Movements in Ordinary Shares		
At 1 July 2008	709,208,879	57,819,282
17 Jul 08 – Options converted	24,000,000	240,000
14 Aug 08 – Options converted	67,500,000	675,000
29 Oct 08 – Issued shares	400,000,000	11,200,000
19 Nov 08 – Options converted	49,750,000	497,500
24 Nov 08 – Issued shares	4,833,325	135,333
24 Dec 08 - Issued shares	22,727,273	250,000
Reduction of capital		(58,297,793)
Ordinary shares at end of half year	<u>1,278,019,477</u>	<u>12,519,322</u>
(b) Movements in Options		
At 1 July 2008	173,750,000	-
Converted as above	(171,250,000)	-
Options at end of half year	<u>2,500,000</u>	<u>-</u>

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For The Period Ended 31 December 2009 (Continued)

31 December 2009

	Shares	\$
7. Issued capital (Continued)		
Reconciliation of movement in issued capital attributable to equity holders of the Company.		
(a) Movements in Ordinary Shares		
At 1 July 2009	1,354,951,295	14,781,022
16 Sep - Loan converted	15,172,606	545,000
16 Sep – Loan converted	67,000,000	2,680,000
30 Sep - Issued	868,176,563	43,408,828
30 Sep - Issued	25,000,000	1,250,000
30 Sep - Issued	1,000,000	40,000
	<hr/>	<hr/>
Ordinary shares at end of half year	2,331,300,464	62,704,850
	<hr/>	<hr/>
(b) Movements in Options		
At 1 July 2009	262,779,767	4,081,645
Options at end of half year	<hr/>	<hr/>
	262,779,767	4,081,645

8. Related Party Transactions

During the period, each of the directors were paid a quarterly director's fee of \$12,500. In addition to the director's fee, Mrs A Matthee was paid a salary of \$77,387 and Mr J Wallington was paid a salary of \$31,670.

868,176,563 fully paid up shares were issued to Sekoko Coal (Pty) Ltd as part consideration for the 2nd joint venture transaction with Sekoko Coal (Pty) Ltd. There was also a cash consideration of \$5,139,993.

Other related party transactions continue without significant variation. For details of these, please refer to the 30 June 2009 financial statements.

9. Events occurring after balance sheet date

During the half year Utafutaji Trading 75 (Pty) Ltd, a 100% subsidiary of Lexshell 126 General Trading (Pty) Ltd negotiated to secure the surface rights of the farm Smitspan, which were then secured on 24 February 2010. Sekoko Coal (Pty) Ltd, the group's joint venture partner, hold the exploration right for Smitspan. The farm was purchased for a total amount of \$3,471,850, and a deposit amounting to \$1,177,410 was paid in December 2009. During January a further deposit of \$784,940 was paid. At the date of this report, the remaining balance of \$1,509,500 is payable in two equal instalments in six monthly intervals from the date of registration, 24 February 2010.

10. Contingent Liabilities

The Company does not have any contingent liabilities other than those previously disclosed.

11. Interest in Joint Venture

As at 31 December 2009, the Company had entered into two Joint Venture Agreements with Sekoko Coal (Pty) Ltd for a coal project in the Waterberg locality in South Africa.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For The Period Ended 31 December 2009 (Continued)

11. Interest in Joint Venture (continued)

At the half year, the participation interest is that Checkered Flag (a wholly owned subsidiary) has a total holding of 30% in the projects relating to the jointly controlled operation (T1).

At the half year, the participation interest is that Lexshell (a wholly owned subsidiary) has a total holding of 42% in the projects relating to the jointly controlled operation (T2).

	Half year ended Dec 2009	Year ended June 2009
	\$	\$
Opening balance	19,645,502	-
Acquisition costs	48,548,821	15,619,898
Project costs	3,057,416	2,330,333
Foreign exchange movements	17,941	1,695,271
Closing balance	<u>71,269,680</u>	<u>19,645,502</u>

12. Segment Information

Management has determined that the consolidated group has one reportable segment, being coal exploration in South Africa. As the company is focused on mineral exploration, the Board monitors the consolidated group based on actual versus budgeted exploration expenditure incurred by area of interest.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the consolidated group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Segment information provided to the Board:

	December 2009	December 2008
	\$	\$
Revenue from external sources	-	-
Reportable segment loss	(258,384)	-
Reportable segment assets	<u>71,269,680</u>	<u>16,354,271</u>

A reconciliation of reportable segment loss to operating loss before income tax is provided as follows:

	December 2009	December 2008
	\$	\$
Total loss for reportable segment	(258,384)	-
Unallocated		
Foreign exchange gain	139,983	-
Occupancy costs	(19,371)	(74,986)
Legal fees	(114,232)	(76,411)
Administration costs	(872,634)	(118,563)
Directors fees	(125,002)	(64,914)
Net finance costs	<u>(282,506)</u>	<u>51,808</u>
Loss before income tax from continuing operations	(1,532,146)	(283,066)

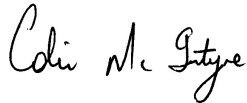
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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The consolidated financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year then ended on that date.
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Colin McIntyre
Director

Dated at Perth this 16th day of March 2010

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16 March 2010

The Directors
Firestone Energy Limited
PO Box 8115
Subiaco East WA 6008


Dear Board Members

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF FIRESTONE ENERGY LIMITED

As lead auditor of Firestone Energy Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review

This declaration is in respect of Firestone Energy Limited and the entities it controlled during the period.



Brad McVeigh
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRESTONE ENERGY LIMITED

Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Firestone Energy Limited for the period ended 31 December 2009 included on Firestone Energy Limited's web site. The disclosing entity's directors are responsible for the integrity of Firestone Energy Limited's web site. We have not been engaged to report on the integrity of Firestone Energy Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Firestone Energy Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Firestone Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

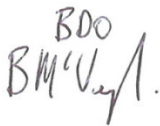
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Firestone Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd



Brad McVeigh
Director

Dated this 16th day of March 2010
Perth, Western Australia

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