

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Firestone Energy Limited

ABN

71 058 436 794

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(8)	(8)
(b) development	-	-
(c) production	-	-
(d) administration	(80)	(257)
1.3 Dividends received	-	-
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 – GST receipts	4	22
Net Operating Cash Flows	(84)	(243)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(116)	(119)
1.11 Loans repaid by other entities	22	47
1.12 Other (provide details if material)	-	-
Net investing cash flows	(94)	(72)
1.13 Total operating and investing cash flows (carried forward)	(178)	(315)

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1.13	Total operating and investing cash flows (brought forward)	(178)	(315)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	205	440
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – payment of convertible note transaction costs	(50)	(150)
	Net financing cash flows	155	290
	Net increase / (decrease) in cash held	(23)	(25)
1.20	Cash at beginning of quarter/year to date	26	28
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3	3

Payments to directors of the entity, associates of the directors, 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	7
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Re 1.2: Payment of directors' fees, administration and superannuation for FSE and South African subsidiaries.

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

None

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- 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

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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	6,181*	4,472
3.2 Credit standby arrangements		

* The Company has in place a project funding loan with its major shareholder The Waterberg Coal Company Limited (A\$6m) and also had bridging finance available at 31 December 2014 (A\$181k).

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,600
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	3,800

As announced to the market on 10 November 2014 FSE has entered into a Convertible Note financing agreement raising funds up to US\$5million (approximately AU\$6.2m). The first tranche of AU\$3.3, before costs, was received on 13 January 2015. The second tranche of approximately AU\$2.9m is anticipated to be received during February 2015.

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	3	26
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3	26

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Changes in interests in mining tenements and petroleum tenements

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

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	3,549,698,723	3,549,698,723	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			

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7.5	+Convertible debt securities <i>(description)</i>	Unlisted Convertible Notes	Conversion number into shares	Repayment dates	
	Ariona Company SA	Con Note – A\$5million	200,000,000	30 January 2017	
	BBY Nominees Pty Ltd	Con Note – A\$22.145million	885,800,000	30 January 2017	
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options	<i>Total number</i>	<i>Number quoted</i>	<i>Exercise price</i>	<i>Expiry date</i>
	FSEAA	300,000,000	Nil	2.5 cents	31 Jan 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
	FSEO				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Lee Boyd
Company Secretary

Date: 30 January 2015

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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TENEMENTS

The Group's interest in the Waterberg Coal Project, located in South Africa:

Properties	Right under which the properties are held	Relevant Joint Venture	Holder	Interest*	Issue Date	Expiry Date
Vetleegte	Vetleegte Prospecting Right	First Joint Venture	Uzalile Joint Venture (Sekoko Resources and Uzalile)	60%	Granted New Order Prospecting Right No. 651/2006, on 19/10/06	Renewal lodged 19 September 2011 and prior to the expiry date. Section 18(5) of the MPRDA provides that prospecting right in respect of which an application for renewal has been lodged will remain in force until such time as the renewal application has been granted or refused.
Olieboomsfontein	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal	60%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05. Renewal on 3 July 2013	3 July 2016
Duikerfontein	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal	60%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05. Renewal on 3 July 2013	3 July 2016
Swanepoelpan	Duikerfontein Prospecting Right	First Joint Venture	Sekoko Coal	60%	Granted New Order Prospecting Right No. 681/2007, on 13/10/05	3 July 2016
Smitspan	Mining Right	Second Joint Venture	Sekoko Coal	60%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16/09/2041
Massenberg	Mining Right	Second Joint Venture	Sekoko Coal	60%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16/09/2041
Minnasvlakte	Mining Right	Second Joint Venture	Sekoko Coal	60%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16/09/2041
Hooikraal	Mining Right	Second Joint Venture	Sekoko Coal	60%	Granted New Order Mining Right No. 22/2011, on 17/09/11	16/09/2041

* Firestone Energy has entered into a Joint Venture with Sekoko Coal Pty Ltd through which the Company has acquired the right to a 60% "participation interest" in the project area that forms The Waterberg Joint Venture.

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