

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of **Lodestone Energy Limited ACN 075 877 075** ('Company' or 'Lodestone') will be held at 11.00 am on Monday 9 November 2009 at Stamford Plaza Brisbane Hotel, Corner of Edward and Margaret Streets, Brisbane, Queensland 4000.

### AGENDA

Ordinary business

#### **Financial Reports**

To receive and consider the Company's Annual Report comprising the Directors' Report, Auditors' Report, Directors' Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the Financial Statements for the Company for the financial year ended 30 June 2009.

#### **Resolution 1: Remuneration Report**

To consider, and if thought fit, pass the following Advisory Resolution:

*"That the Remuneration Report for the year ended 30 June 2009 (as set out in the Directors' Report) is adopted."*

NB: This resolution shall be determined as if it were an ordinary resolution, but under Section 250R(3) of the Corporations Act, the vote does not bind the directors of the Company.

#### **Resolution 2: Re-Election of Director – Mr Martin Ackland**

To consider, and if thought fit, pass the following Ordinary Resolution:

*"That in accordance with the Company's Constitution, Mr Martin Ackland, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

**Resolution 3: Re-Election of Director – Mr John McCawley**

To consider, and if thought fit, pass the following Ordinary Resolution:

*“That in accordance with the Company’s Constitution, Mr John McCawley, who retires in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

**Resolution 4: Election of Director – Mr Grahame Baker**

To consider, and if thought fit, pass the following Ordinary Resolution:

*“That in accordance with the Company’s Constitution, Mr Grahame Baker, who retires in accordance with the Company’s Constitution and, being eligible, offers himself for election, be elected as a Director of the Company.”*

**Resolution 5: Directors Fees**

To consider and, if thought fit, pass the following Ordinary Resolution:

*“That for the purposes of clause 13.3 of the Company’s constitution and Listing Rule 10.17 and for all other purposes, the maximum aggregate amount of remuneration that may be paid out of the funds of the Company to the Directors (excluding executive Directors) for their services be increased by \$100,000 to a maximum of \$400,000, to be divided among those Directors in such manner as they may determine.”*

Voting exclusion statement

The Company will disregard any votes cast on Resolution 5 by:

- Mr Martin Ackland, Mr Greg Baynton, Mr John McCawley, Mr Bill Stubbs, Mr Lance Grimstone and Mr Grahame Baker; and
- any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as their proxy decides.

**Resolution 6: Appointment of Auditor**

To consider, and if thought fit, pass the following Ordinary Resolution:

*“That for the purposes of section 327B of the Corporations Act and all other purposes, BDO Kendalls Audit & Assurance (QLD) Pty Ltd (having been nominated by a member of the Company and consented in writing to act in the capacity of auditor and having not withdrawn that consent) be appointed auditors of The Company.”*

**GENERAL BUSINESS**

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

**By Order of the Board**

Leni Stanley  
Company Secretary  
1 October 2009

**EXPLANATORY NOTES**  
**LODESTONE ENERGY LIMITED**  
**A.C.N. 075 877 075**

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**Resolution 1: Remuneration Report**

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution.

The Remuneration Report is set out in the Company's 2009 Annual Report.

A vote on this resolution is advisory only and does not bind the Directors or the Company, however the Company will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

**Resolution 2: Re-Election of Director – Mr Martin Ackland**

In accordance with the Company's Constitution, Mr Ackland will retire at the Annual General Meeting and being eligible, offers himself for re-election.

**2.1 Biography**

Mr Martin Ackland, B.App.Sc. (PrimMet), M.AusIMM, FAICD, MAIME. Mr Ackland has been a Director of the Company since 1 July 2002. Mr Ackland is Chairman of Lodestone Energy Limited and is also a member of the Audit Committee.

Mr Ackland is a director with over 40 years experience in the minerals and engineering industry. He has specific experience in the development and commercial exploitation of new projects.

**2.2 Directors' recommendation**

All Directors support Mr Ackland's re-election as a Director and recommend that shareholders vote in favour of this resolution.

**Resolution 3: Re-Election of Director – Mr John McCawley**

In accordance with the Company's Constitution, Mr McCawley will retire at the Annual General Meeting and being eligible, offers himself for re-election.

**3.1 Biography**

Mr John McCawley B.Com (Hons). Mr McCawley has extensive experience in exploration, project management and evaluation. His experience spans more than 30 years, including 13 years sampling, surveying, drilling and managing base metals exploration prospects and programs, largely in remote regions of Australia and North America, for Carpentaria Exploration, Noranda, Placer and Amax Exploration. These include McArthur River, Burra, Cobar and Endako respectively.

Mr McCawley is a non-executive director, but he held the position of executive director for 5 years up to 31 December 2008.

**3.2 Directors' recommendation**

All Directors support Mr McCawley's re-election as a Director and recommend that shareholders vote in favour of this resolution.

## **Resolution 4: Election of Director – Mr Grahame Baker**

Mr Baker was appointed a Director on 15 April 2009 and in accordance with the Company's Constitution, Mr Baker will retire at the Annual General Meeting and being eligible, offers himself for election.

### **4.1 Biography**

Mr Grahame Baker B.E., B.App.Sc., B.Econ., M.Sc., FIE Aust., F.AusIMM, CP Eng. Mr Baker is a chemical engineer by profession. He is an independent consultant to the energy industry with particular expertise in upstream petroleum, particularly in coal seam gas.

### **4.2 Directors' recommendation**

All Directors support Mr Baker's election as a Director and recommend that shareholders vote in favour of this resolution.

## **Resolution 5 – Directors' remuneration**

### **5.1 Why is Shareholder Approval required?**

Under the Company's constitution, the fees payable to non-executive directors for their services are determined by the Board within a maximum aggregate amount approved by the shareholders for that purpose. The present maximum of \$300,000 per annum was approved by the shareholders on 9 September 2008.

Shareholder approval is sought for the purposes of clause 13.3 of the Company's constitution, Listing Rule 10.17 and for all other purposes, to increase the maximum aggregate amount of remuneration that may be paid out of the funds of the Company to the Directors (other than executive Directors) for their services to \$400,000, an increase of \$100,000.

Increasing the maximum amount of non-executive remuneration payable does not mean that the whole of the new maximum aggregate fee pool will be used immediately. There are currently no plans to increase the remuneration of specific Directors. The Company undertakes periodic reviews of the fees paid to non-executive Directors to ensure that the fees paid by the Company are competitive, and to enable the Company to attract and retain high calibre Directors. Increasing the fee pool will provide the Board with the flexibility to increase the non-executive Director's fees over time, to ensure that the fees paid remain competitive and if appropriate, to appoint additional Directors without needing to seek further shareholder approval to increase the fee pool. Since the last increase in Directors' fees was approved, the Company has appointed one additional Director, Mr Graham Baker.

Shareholders should note that the proposed increase in the Directors' remuneration does not relate to the salaries paid to executive Directors, of which there are none at this time.

### **5.2 Director's interests and recommendations**

Each of the Company's Directors has an interest in Resolution 5 and makes no recommendation in relation to it.

## **Resolution 6 – Appointment of Auditor**

In accordance with section 327C(2) of the Corporations Act, Hacketts DFK, who were appointed by the Board as auditor of the Company to fill a casual vacancy on 9 February 2009, will only hold office until the date of the Annual General Meeting.

Under the Corporations Act, the Company is required to appoint an auditor to fill the vacancy in the office of auditor at the Annual General Meeting. The Company has reviewed various auditing firms and has selected BDO Kendalls Audit & Assurance (QLD) Pty Ltd as the most appropriate auditing firm for the needs of the Company. In accordance with section 328B(1) of the Corporations Act, Mr

John McCawley, a member of the Company, has nominated BDO Kendalls Audit & Assurance (QLD) Pty Ltd to be the Company's auditor. In accordance with section 328B(3) of the Corporations Act, a copy of this nomination has been sent to BDO Kendalls Audit & Assurance (QLD) Pty Ltd and is attached to this notice of meeting.

The Board recommends Shareholders vote in favour of the resolution to appoint BDO Kendalls Audit & Assurance (QLD) Pty Ltd as auditor of the Company.

1 October 2009

The Company Secretary  
Lodestone Energy Limited  
Level 1, 101 Edward Street  
Brisbane Qld 4000

Attention: Ms Leni Stanley

Dear Ms Stanley,


The undersigned being a member of Lodestone Energy Limited hereby nominates BDO Kendalls Audit & Assurance (QLD) Pty Ltd for appointment of the company at the forthcoming Annual General Meeting.


Yours sincerely

A handwritten signature in black ink that reads "John McCawley". The signature is written in a cursive style with a long, sweeping tail on the final letter.

John McCawley  
Director and Member


**LODGE YOUR VOTE**

 **By mail:**  
 Lodestone Energy Limited  
 C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235 Australia

 **By fax:** +61 2 9287 0309

 **ONLINE** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

All enquiries to:

 **Telephone:** +61 2 8280 7454


**X99999999999**
**SHAREHOLDER VOTING FORM**

I/We being a member(s) of Lodestone Energy Limited and entitled to attend and vote hereby appoint:

**STEP 1 APPOINT A PROXY**


the Chairman of the Meeting (mark box)

 OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am on Monday, 9th November 2009, at Stamford Plaza Brisbane Hotel, Corner of Edward and Margaret Streets, Brisbane, Queensland 4000 and at any adjournment or postponement of the meeting.

 Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an **X**
**STEP 2 VOTING DIRECTIONS**

	For	Against	Abstain*		For	Against	Abstain*
<b>Resolution 1</b> Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 4</b> Re-Election of Director - Mr Grahame Baker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Re-Election of Director - Mr Martin Ackland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 5</b> Directors Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Re-Election of Director - Mr John McCawley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 6</b> Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 3 IMPORTANT - VOTING EXCLUSIONS**

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 5 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 5 and your votes will not be counted in calculating the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 5.

**STEP 4 SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

 This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**LOD PRX902**




## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.


### Corporate Representatives


If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:00am on Saturday, 7th November 2009, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.


Proxy Forms may be lodged using the reply paid envelope or:

 **by mail:**  
Lodestone Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia

 **by fax:**  
+61 2 9287 0309

 **online:** **ONLINE** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

lodging it online at Link's website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website);

 **by hand:**  
delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.