# **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

LODESTONE ENERGY LIMITED	
ABN	Quarter ended ("current quarter")

20 075 877 075

**30 SEPTEMBER 2009** 

### Consolidated statement of cash flows

COL	isolidated statement of easil flows	·	
Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation (b) development (c) production	(375)	(375)
	(d) administration	(276)	(276)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	12	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(19)	(19)
	Net Operating Cash Flows	(658)	(658)
1.8	Cash flows related to investing activities Payment for purchases of: (a)prospects	_	_
1.9	(b) equity investments (c) other fixed assets Proceeds from sale of:	(16)	(16)
	<ul><li>(a)prospects</li><li>(b)equity investments</li><li>(c)other fixed assets</li></ul>	- - -	- - -
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)		
	Cash paid for security deposits	(25)	(25)
	Net investing cash flows	(41)	(41)
1.13	Total operating and investing cash flows (carried forward)	(699)	(699)

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<sup>+</sup> See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(699)	(699)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	7	7
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue costs		
	Proceeds from royalty sale	2,249	2,249
	Net financing cash flows	2,256	2,256
	Net increase (decrease) in cash held	1,557	1,557
1.20	Cash at beginning of quarter/year to date	3,356	3,356
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,913	4,913

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	130
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25	Explanation necessary for an understanding of the transactions

# 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
	Nil

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

Nil			

#### 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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

4.1	Exploration and evaluation	2,322
4.2	Development	-
	Total	2,322

#### Reconciliation of cash

show	nciliation of cash at the end of the quarter (as in the consolidated statement of cash flows) to lated items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	27	757
5.2	Deposits at call	4,940	1,846
5.3	Bank overdraft	-	-
5.4	Other (provide details) – Escrow account	-	753
	Total: cash at end of quarter (item 1.22)	4,913	3,356

## Changes in interests in mining tenements

Tenement

reference (note (2)) beginning end of of quarter quarter 6.1 Interests in mining Nil tenements relinquished, reduced or lapsed 6.2 Interests in mining Nil tenements acquired or increased

Nature of interest

Interest at

Interest at

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<sup>+</sup> See chapter 19 for defined terms.

**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)				
7.2	Changes during				
	quarter				
	(a) Increases				
	through issues				
	(b) Decreases				
	through returns of				
	capital, buy-backs,				
7.3	redemptions +Ordinary	201,509,529	195,509,529	Fully paid	Fully paid
1.3	securities	201,309,329	193,309,329	runy paid	runy paid
7.4	Changes during				
7.4	quarter				
	(a) Increases				
	through issues				
	(b) Decreases				
	through returns of				
	capital, buy-backs				
	(c) Increase	100,000	100,000	7 cents	Fully paid
	through options			, , , , , , ,	p
	exercised				
7.5	+Convertible debt	N/A			
	securities				
	(description)				
7.6	Changes during				
	quarter				
	(a) Increases				
	through issues				
	(b) Decreases				
	through securities				
	matured, converted			F	Г . 1.
7.7	Options			Exercise price	Expiry date
	(description and conversion factor)	501,000		20 cents	27/01/11
	conversion jactor)	10,000,000	-	7 cents	10/08/10
		2,000,000	-	7 cents	08/04/11
		9,000,000	_	20 cents	15/05/11
		1,900,000	-	7 cents	26/06/11
		11,000,000	-	20 cents	26/06/11
7.8	Issued during	11,000,000		20 001113	20,00,11
	quarter				
7.9	Exercised during	100,000	-	7 cents	26/06/11
	quarter	100,000		, 551165	20,00,11
7.10	Expired during				
	quarter				

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.11	Performance rights	18,000,000	-	-	-
7.12	Changes during the quarter (a) Increases through issues				

# **Compliance statement**

- 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.

Sign here: Date: 23 October 2009

Company Secretary

Print name: Leni Stanley

#### **Notes**

- 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.
- 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.
- 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.
- The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 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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<sup>+</sup> See chapter 19 for defined terms.