

**Date:** 27 August 2009

**To:** Australian Securities Exchange  
Companies Announcement Office  
Electronic Lodgment System

Dear Sir

### **ROYALTY AGREEMENTS EXECUTED**

Lodestone Energy Limited is pleased to advise that the Royalty Agreements previously advised to ASX on 5 May 2009 have now been executed.

The agreements were entered into by Oliver Lennox-King, a Canadian based resource investor and Lodestone Energy Ltd and relevant group subsidiaries.

The sale of the 2% royalty interest under the Royalty Agreements for a total price of AUD\$3 million entitles the holder to receive a future royalty, in respect of Lodestone's share of sales of coal and gas produced from all tenements currently held or obtained prior to 31 December 2009 by Lodestone, in the areas of the Moreton Energy Coal Project in the Clarence-Moreton Basin and the Tambo Coal & Gas Project in the Upper Surat Basin. The royalty is payable by the relevant Lodestone group tenement holder and only after interests have been acquired in those tenements and production has commenced. The royalty is calculated on the same basis as applicable Queensland statutory royalties except that it allows for the deduction of any State royalty paid (i.e. it will only apply to value after the application of the Queensland Government royalty).

Lodestone is delighted to complete the royalty documentation which will provide an important source of funding to Lodestone, which is non dilutive to existing shareholders, to advance its coal and coal seam gas interests in Queensland.

Yours sincerely  
**Lodestone Energy Limited**



Leni Stanley  
Company Secretary