

Date: 2 February 2010

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir,

UPDATE ON STRATEGIC PLACEMENT: TRANCHE 2

Lodestone Energy Limited (ASX:LOD) wishes to advise that by mutual agreement, Lodestone and Square Resources Pty Ltd have elected to extend the terms of the Tranche 2 investment option by one month. In terms of the revised timing arrangements, Square Resources, a related company to Moss Capital, will have the right to notify Lodestone of its intention to invest in Tranche 2 of the placement by 1 March 2010, with settlement by 31 March 2010.

About Lodestone Energy Limited

Lodestone Energy Limited (Lodestone) is an Australian company focusing on the identification and appraisal of energy prospects, in particular coal seam gas (CSG) and lower carbon emission coals in Queensland's Surat and Clarence-Moreton Basins.

Lodestone plans to build an energy business supplying CSG and coal from its Walloon Coal projects to domestic and export markets.

Lodestone's energy projects are close to existing infrastructure and include:

- The Tambo Coal & Gas Project in the Upper Surat Basin, which Lodestone believes to be a new energy province in Queensland. The project is targeting both coal and CSG resources in a very large area, centred on Tambo and Augathella. Subject to successful exploration this project is likely to enable Lodestone to secure a foothold in the rapidly developing CSG sector in Queensland; and
- The Moreton Energy Coal Project in the Clarence-Moreton Basin south west of Brisbane. Given its proximity to rail infrastructure, and subject to exploration success, this project may facilitate the export of thermal coal via the Port of Brisbane.

Lodestone has also retained its two key mineral prospects.

About Square Resources Pty Limited

- Square Resources Pty Limited is an Australian company investing globally in early-stage natural resources projects and companies.
- Square Resources aims to deploy both capital and the team's combined experience of 150 years in natural resources to create significant shareholder value in the energy and steel making material industries.

For more information:

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