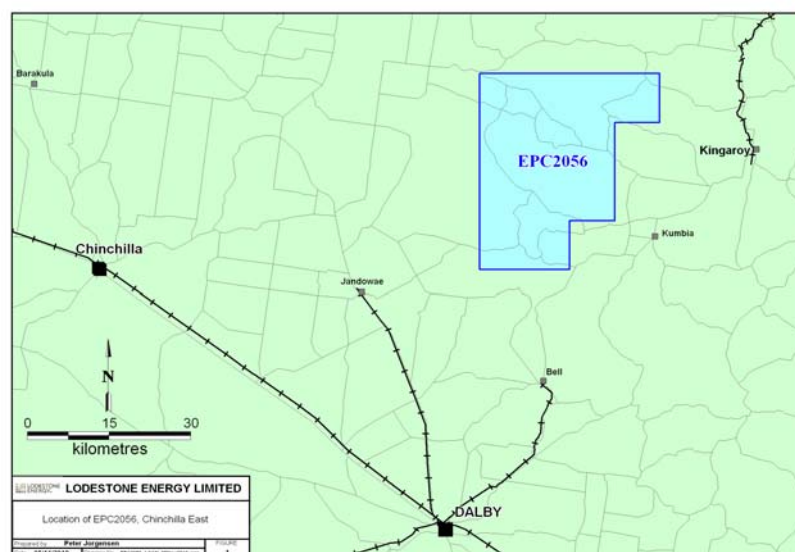


5 November 2010

CHINCHILLA EAST COAL PROJECT ACQUIRED

LODESTONE ENERGY LIMITED (ASX: LOD) is pleased to announce that it has acquired the rights to EPC 2056 (Chinchilla East) for no consideration, from interests associated with Lodestone Director and major shareholder, Greg Baynton.

**PROJECT LOCATION MAP – EPC 2056 “CHINCHILLA EAST”**

The prospectivity of this EPC, located approximately 65km east of Chinchilla (refer Project Location Map), includes a cluster of intersections of ‘coal’ in four (4) shallow water bores, which lie close to the basal Jurassic unconformity within an embayment of the basement.

These water bore ‘coal’ intercepts are described as including between 2m and 4m ‘coal’ and up to 6m ‘coal (& shale)’, with multiple coal intersections identified in each log.

The Chinchilla East EPC straddles a gently southwest-dipping, Jurassic sedimentary package unconformably overlying basement comprising Carboniferous and Permian metamorphic and igneous complexes.

Magnetics and gravity suggest that the basal Jurassic, basement embayment and the local cluster of ‘coal’ intercepts may be associated with a Jurassic depocentre localised along a crude ENE- WSW graben structure.

An initial drilling program to confirm the water bore intercepts is planned after field geological review and analysis during early 2011.



Lodestone has executed a Deed of Assignment with Eastern Coal Pty Limited for the assignment of the EPC 2056 application which has recently been offered for grant and is expected to be formally granted by the Department of Mines & Energy during the coming months.

The acquisition of the Chinchilla East EPC rights is consistent with the company's broader focus on Surat Basin coal and gas projects.

Ends

Further information:

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