

# Investor Update

## Lodestone Shareholders approve acquisition of Tambo and Moreton Projects

On 29 June, Lodestone Energy held an Extraordinary General Meeting of Shareholders to seek approval of the acquisition of Tambo Coal & Gas Pty Limited and Moreton Energy Pty Limited. Shareholders strongly supported the acquisition of both companies, with 98% in favour of the transactions.

Shareholder approval and completion of these acquisitions means that Lodestone now owns and controls 100% of the Tambo Coal & Gas and Moreton Energy Projects.

The new ownership structure will give Lodestone greater commercial flexibility and simplify the legal and commercial arrangements for future joint ventures, farm-outs, spin-offs and capital raisings.

## Appointment of new CEO

On 29 June, Lodestone Energy Limited announced the appointment of Mr Staffan Ever as its Chief Executive Officer.

Mr Ever is a highly experienced executive in the energy sector, with previous roles including former CEO of QCoal, 12 years with AMCI, former General Manager of AMCI Australia, founder and former Managing Partner of Triangle Resource Fund and Founder of Square Resources.

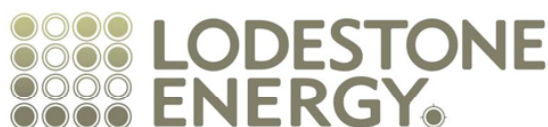
Mr Ever has strong experience in managing and financing coal projects from greenfields to production and marketing. In his previous roles, he has undertaken and overseen equity investments in Gunnedah, Glennies Creek, Coppabella and Moorvale mines.

His academic qualifications include a Masters of Business Administration and a Masters of Science in Civil Engineering.

Mr Ever's appointment follows the completion of Mr Jeff Jamieson's contract in May 2010 in the role of part-time consulting CEO.

The Board of Lodestone is excited by the appointment of Mr Ever as CEO and looks forward to the sector experience, networks and energy he brings to the Company and its projects.

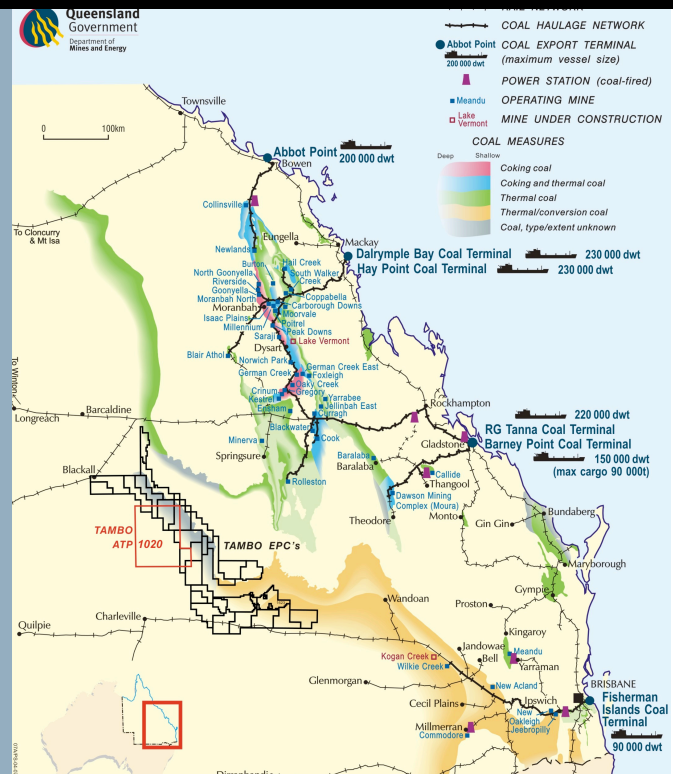
Since the announcement of his appointment as CEO in late June, the Company has received heightened industry and media interest.



THE ADJACENT LOCATION MAP SHOWS THE LARGE FOOTPRINT OF LODESTONE'S TAMBO COAL & GAS PROJECT - AN AREA EXCEEDING ONE PERCENT OF QUEENSLAND.

Lodestone's Tambo Coal & Gas Project represents:

- one of the largest grass roots acreages prospective for coal in Australia
- a large acreage prospective for coal seam gas in Queensland
- a logical extension of the Walloon Coal Measures of the Surat Basin which host established mines and CSG fields, and
- a project close to existing rail corridors and pipeline infrastructure, while not within Queensland's prime agricultural regions.



**PLACEMENT COMPLETED**

During July, Lodestone completed a private placement with key sophisticated investors, led by strategic investor Square Resources.

The placement raised \$3.82 million and was priced at \$0.08 per share.

The placement proceeds will fund the recommencement of the exploration program for the Tambo Coal & Gas Project along with related project expenditures and general corporate overheads. The drilling program at the Tambo Project will recommence with an initial shallow-target focused coal exploration program due to commence as soon as access arrangements are finalised.

The new shares issued under the revised placement arrangements represented 7.7 per cent of the issued capital of the Company.

**CULTURAL HERITAGE CLEARANCE & NATIVE TITLE**

An initial meeting has been held with the representative of the Bidjara People, the native title claimants for parts of the Tambo Project.

The objective of the meeting was to start a positive dialogue and ultimately establish a long-term working relationship with the Bidjara People. We look forward to progressing our discussions with them.

**DRILLING CONTRACT PROGRESS**

Negotiations have recently commenced with drilling contractors. From its early discussions, Lodestone expects to be in a position to let a drilling contract for the initial shallow coal program shortly. The drilling program will first focus on relatively shallow, thick coal intersections as identified in historical petroleum well logs from past drilling near the railway corridor in the south east of the Tambo Project area.

We look forward to providing further updates as our activities progress throughout the remainder of 2010.

**FURTHER INFORMATION**

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