



**LODESTONE  
ENERGY.**

## **Investor Presentation**

May 2011

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# Executive Summary

- Lodestone is an explorer and developer of early stage coal assets
  - Aim to unlock value through exploration and geological expertise
  - Introduce strategic partners upon exploration success to realise value
- A significant landholding in an emerging coal basin
  - In excess of 22,519 km<sup>2</sup> across the Surat coal basin west of Roma in Queensland
  - Additional projects in other coal basins close to operating coal mines
  - Historical water bore records indicate significant coal intersections across tenement position
  - At 25,434km<sup>2</sup> one of the largest coal exploration footprints in Australia
- A team with a track record of success
  - A geological team with a history of involvement in major coal resource finds in Queensland coal basins



# Corporate Overview

● Lodestone Issued Shares: 678,597,740

● Conditional Options\* 40,000,000  
exercise price @ 25c each

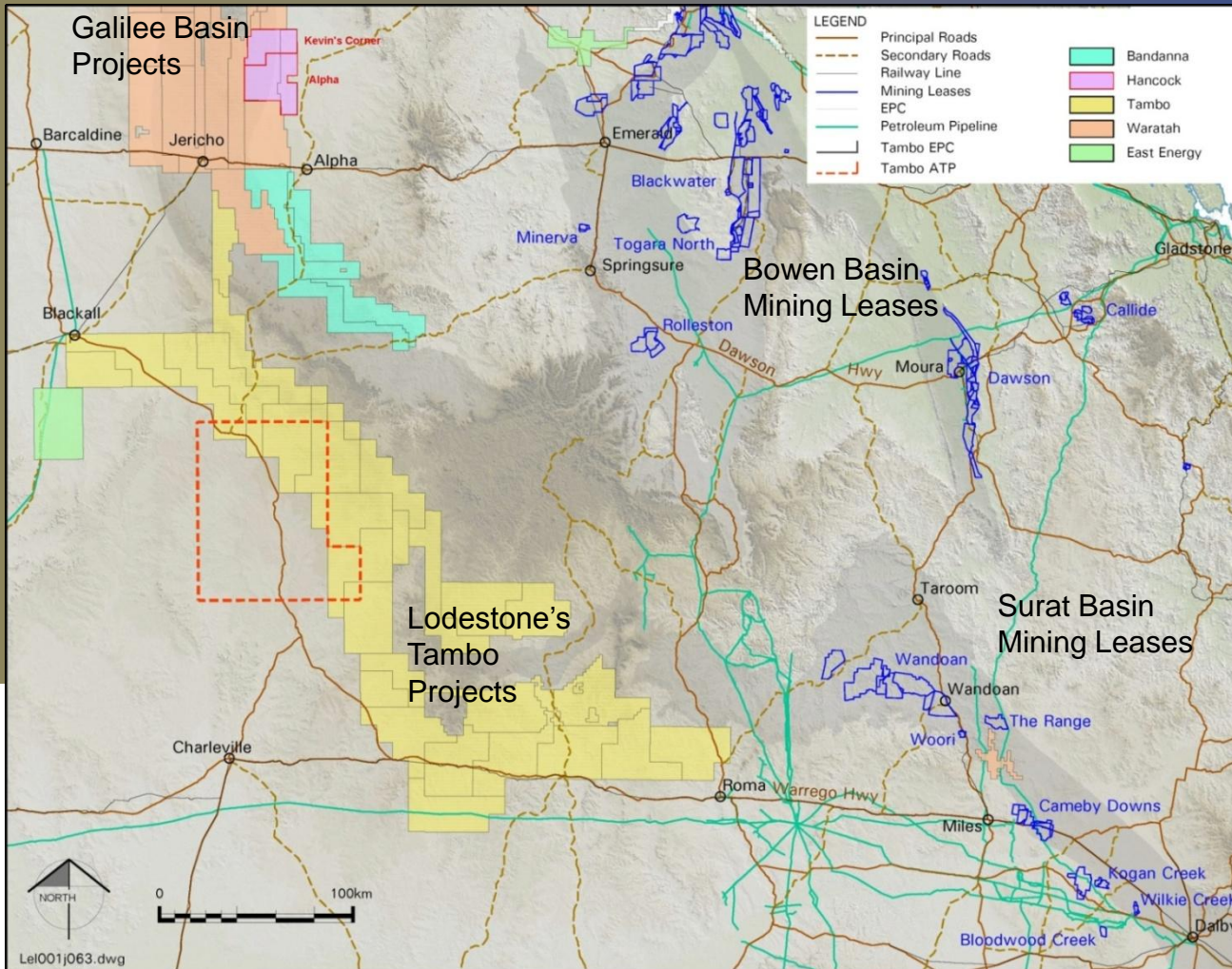
\*Vesting only on achievement of 100Mt of coal in COALBANK tenements within three years of issue date  
(Issue of Options subject to approval by Shareholders at EGM on 2 June 2011)

● Significant Shareholders

- Allegro Capital Nominees Pty Ltd 58.5%
- Square Resources Pty Limited 3.5%
- Oliver Lennox-King 2.2%



# Regional Coal Projects



# Experienced Project Team

- **Staffan Ever** Chief Executive, *MBA, M.Sc, (Civil Eng)*

Strong experience in the coal sector. Former CEO of QCoal, former General Manager of AMCI Australia (12 years with AMCI). Strong experience in managing and financing coal projects from greenfields to production and marketing. Previously undertook and oversaw equity investments in Gunnedah, Glennies Creek, Coppabella and Moorvale mines.
- **Bruce Patrick** General Manager, *B.Sc, (Hons), Grad Dip Mgt, Cert. in Mining, MAusIMM*

Project Manager for Anglo Coal's \$800m Lake Lindsay Project, managing the project from initial exploration, through feasibility and approvals, to construction. Open-cut mining project management roles in Anglo Coal's Operations and Projects and Engineering Group. Early career as a geologist for Coal and Allied Industries and Thiess Mining Division where he assisted in further defining the stratigraphy of the Surat Basin. At Callide Mine in Central Queensland he moved to mining engineering and mine operational management roles.
- **Dr Peter Jorgensen** Senior Geologist, *BSc (Hons), PhD, MAusIMM*

Over 18 years experience in the Queensland coal industry, more than 20 years general geological experience. Previous roles as Senior Geologist with Anglo Coal, Shell Coal and as a self-employed contract geologist.

# Experienced Project Team ...continued

- **Lance Grimstone** Consultant & Director, *B.Sc. (Hons) Geol. Grad.Dipl. Mangt., F.AusIMM, CPGeo.M.MICA.*

An expert geologist with over 40 years' experience in the exploration, mining and civil engineering industries. For the last 25 years, he has operated his own consultancy practice based principally upon his expertise in eastern Australian coal operations. He was a key geological consultant to Macarthur Coal Limited prior to its IPO and for approximately eight years following its IPO and remains a specialist consultant to Macarthur Coal.

- **Greg Baynton** Deputy Chairman, *M.Econ St., MBA, B.Bus (Accounting), Grad.Dip. Finance and Investment, FFINSIA.*

Founder of Tambo Coal & Gas, Moreton Energy and Coalbank. Founding Director of Arrow Energy. Expertise in new project generation, capital raisings, corporate structuring, tenure application and administration, government relations and Joint Ventures.





# Tambo Coal Projects



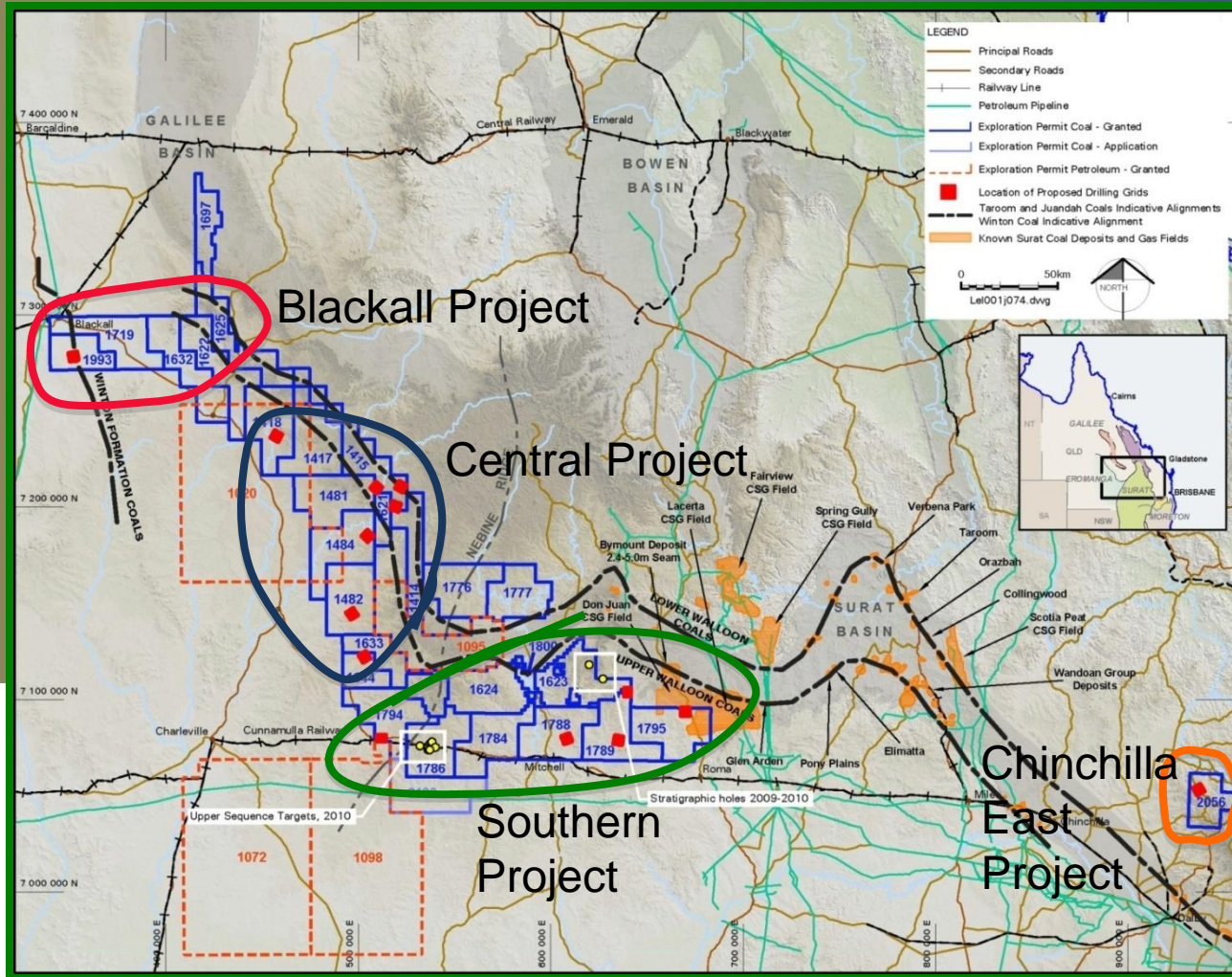
Lodestone's Primary Asset

 **LODESTONE  
ENERGY.**

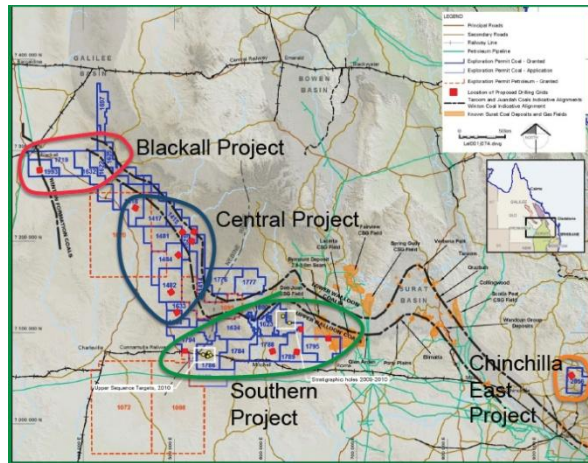
**COALBANK**



# Project Areas & New Targets



# Blackall Project



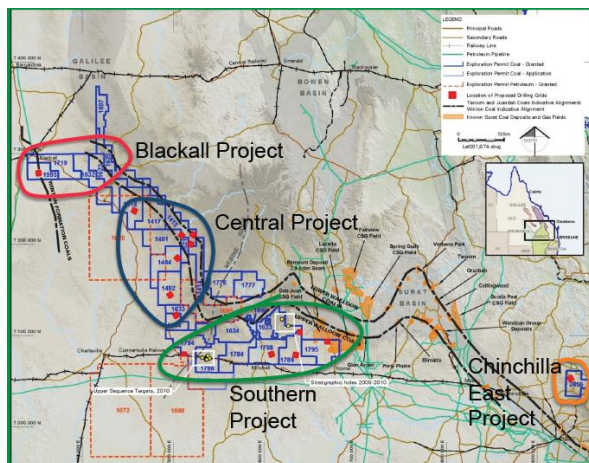
## Blackall Project

## Key Details

Est coal depths	20m
Number of initial target deposits	1
Region size	1,484 km <sup>2</sup>
Indicative drilling time	July/August

EPC No.	Historical Data Source	Target (all information from original drilling log descriptions)
1993	Registered water bore	62m shale and coal seams from 22m (coaly thickness unspecified)

# Central Project



## Central Project

Est coal depths

Number of initial target deposits

Region size

Indicative drilling time

## Key Details

18-270m

6

12,624 km<sup>2</sup>

July

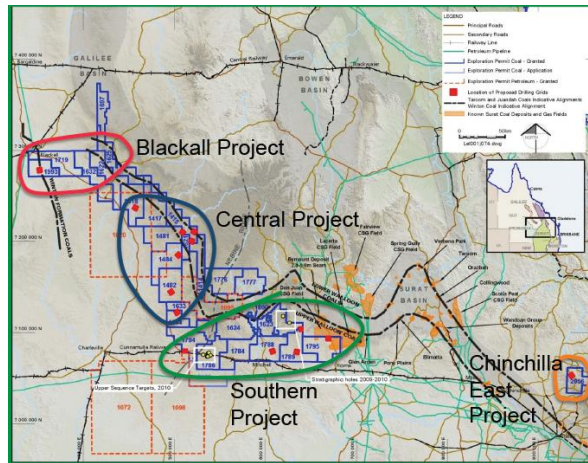
EPC No.	Historical Data Source	Target (all information from original drilling log descriptions)
1415	Registered water bore	Over 10 coaly horizons (up to 5.8m thick) between 18 and 124m
1415	Registered water bore	3m of coal at 30m plus 3m of coal at 70m
1418	Registered water bore	9m of coal at 52.5m
1482	Registered water bore	15m of coal at 201m plus 10m of banded coal at 275m
1484	Registered water bore	7m interbedded coal, black shale, siltstone & sandstone at 24m
1644	Registered water bore	30m coal at 270m



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# Southern Project



## Southern Project

## Key Details

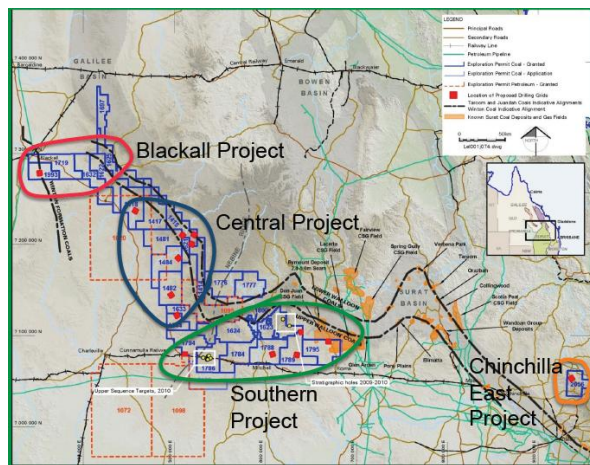
Est coal depths	20m – 150m
Number of initial target deposits	5
Region size	7,490 km <sup>2</sup>
Indicative drilling time	September

### EPC No. Historical Data Source Target (all information from original drilling log descriptions)

1623	Registered water bore	6m coal at 18m
1788	Registered water bore	30m of interbedded shale siltstone & coal at 148m
1789	Registered water bore	22.5m of interbedded coal and shale/sandstone at 120m
1794	Registered water bore	2m coal at 31m plus 28m interbedded coal/shale/sand at 110m
1795	Registered water bore	16m interbedded coal & stone bands at 85m



# Chinchilla East Project



## Chinchilla East Project

## Key Details

Est coal depths	20 – 70m
Number of initial target deposits	1
Region size	537 km <sup>2</sup>
Indicative drilling time	December

EPC No.	Historical Data Source	Target (all information from original drilling log descriptions)
2056	Exploration Bore	6.25m interbedded coal and stone bands between 17 and 38m
2056	Registered water bore	9.9m coal & shale at 20.4m
2056	Registered water bore	5.9m coal, 15.6-66.6m



# 2011 Exploration Plans – Program Details

<b>Number Of Holes</b>	<b>82 (80 chip, 2 part-cored)</b>	<b>Notes</b>
Timing	June – December 2011	
Depth Range	50 – 300m	
No. of Rigs	2	Subject to availability

Further targets being identified & prioritised from recently granted EPCs.

## Implementation

Task	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
First-pass drilling on selected targets		■	■	■				
Drill follow-up targets to JORC Resource level				■		■	■	
First-pass drilling on selected targets for newer EPCs						■	■	
Concept Study Drilling								■



# East Surat and Bowen Basin Projects



Acquired through COALBANK  
(Subject to Shareholder approval at EGM on 2 June 2011)



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# East Surat and Bowen Basin Projects

## EPC 2241 - Biloela South

- 20km south of Callide Mine
- 40km west of proposed Monto Mine

## EPC 2239 - Coal Creek

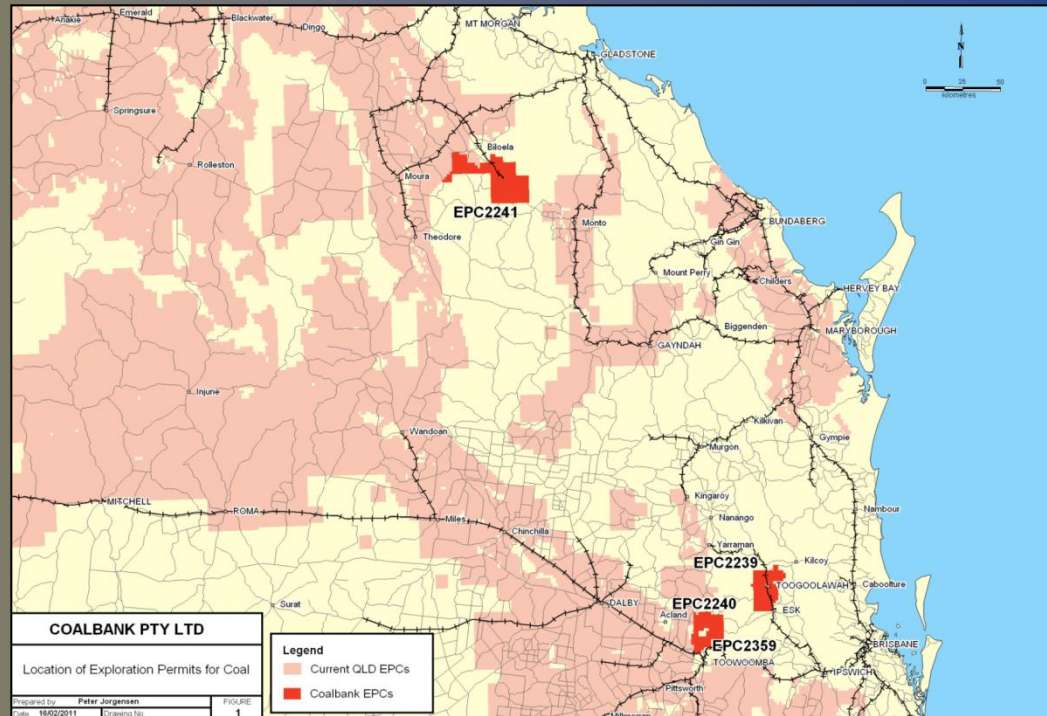
- 45km south east of Meandu Mine
- 55km north of Jeebropilly Mine

## EPCs 2240 & 2359 - Coalbank South

- 15km east of New Acland Mine

## EPC 2376 (competing application) – Walloon West

- Surrounding the West Moreton coal mines
- Bordering the Rosewood and Jeebropilly Mines



- Three Eastern Queensland projects
  - Close to major coal deposits, rail infrastructure and ports
- All have coal intersections at shallow depths reported in the waterbore logs eg. 24.4 metres of coal in EPC2239
- Geographical diversity should mitigate the impact of adverse weather within the combined portfolio



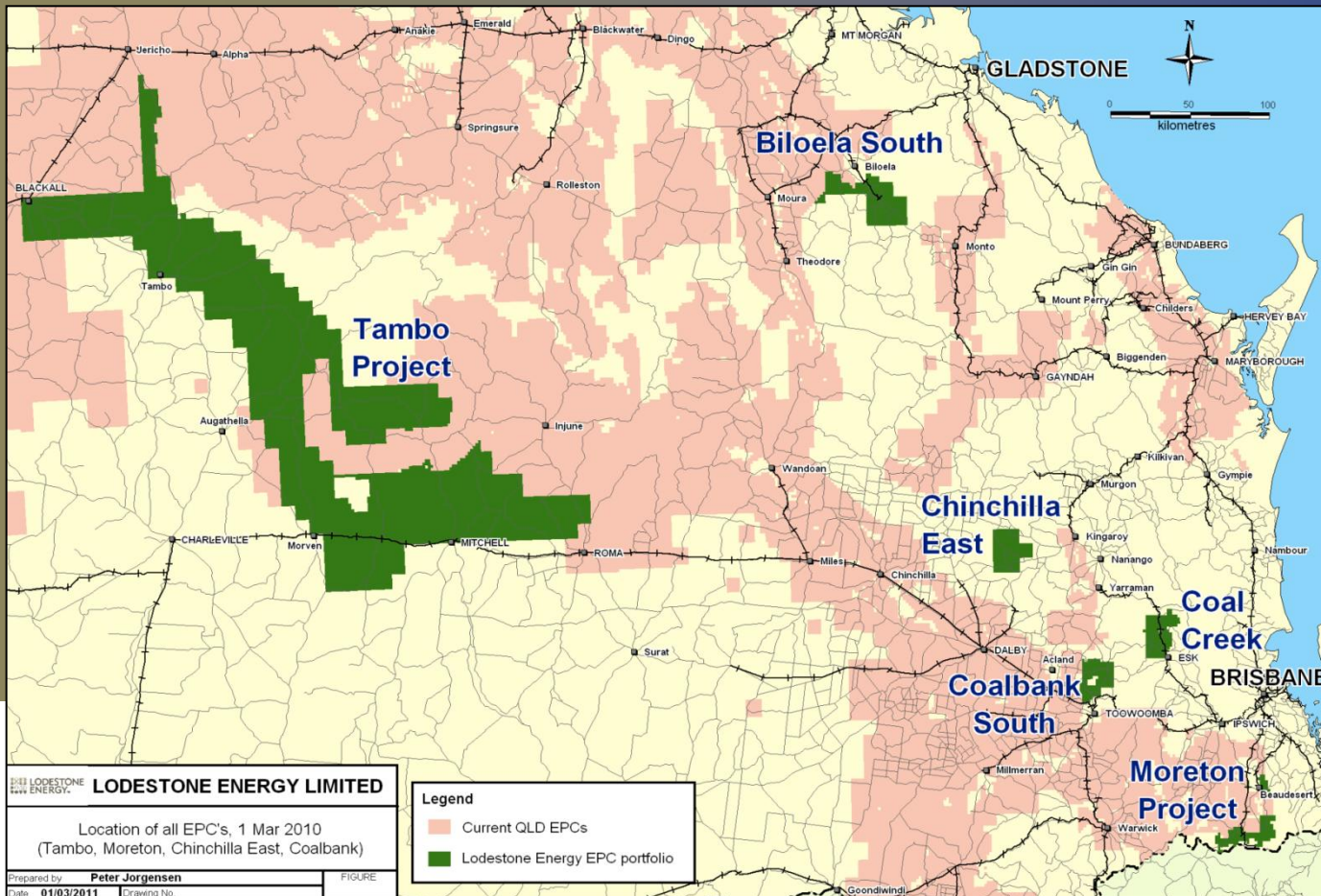
# East Surat and Bowen Basin – Selected Targets

Multiple waterbores showing coal intersections, e.g.:

EPC No.	Historical Data Source	Target (all information from original drilling log descriptions)
2239	Registered water bore	3m of coal at 25m
2239	Registered water bore	24.4m of coal at 10.4m
2239	Registered water bore	2.1m of shale & coal at 12.2m plus 5.5m of coal at 27.4m
2240	Registered water bore	6m of black coal at 80m plus 4m of coal at 205m
2240	Registered water bore	6.7m of coal at 15.2m
2240	Registered water bore	3m of coal and shale at 48m
2241	Registered water bore	2m of coal at 14m plus 1m of coal at 19m
2241	Registered water bore	5m of brown coal at 18m
2359	Registered water bore	1.8m of coal at 19.8m
2359	Registered water bore	5m of coal and shale bands at 52m
2359	Registered water bore	2m of coal at 30m plus 1m of coal at 95m



# Combined Coal Portfolio



The combined COALBANK and Lodestone coal exploration portfolios will cover almost 24,000 square kilometres in Queensland and represent one of the largest coal exploration footprints in Australia





# Value Generation Approach

- We aim to unlock the full development potential of our upstream energy projects by
  - adding value through exploration and expertise
  - introducing strategic partners if beneficial, and potentially
  - spinning off commodity-specific assets
- A number of multinational energy companies have expressed interest in strategic partnering to advance Lodestone's coal projects
- After compilation of drilling results from the 2011 program, the Company plans to engage with potential strategic

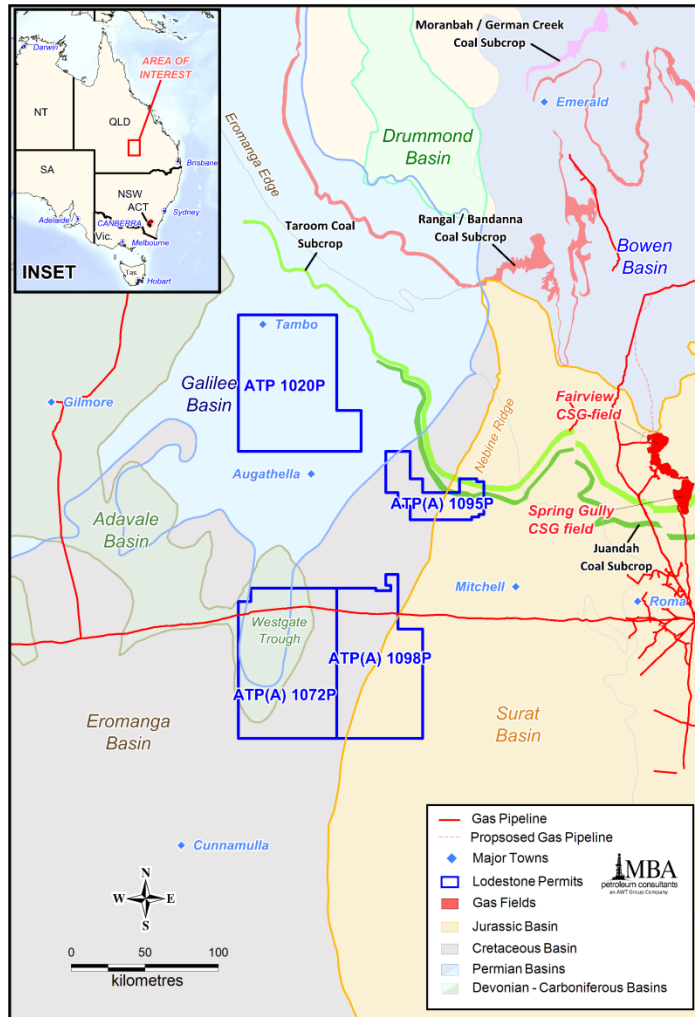


A wholly-owned subsidiary of Lodestone Energy Limited (ASX:LOD)

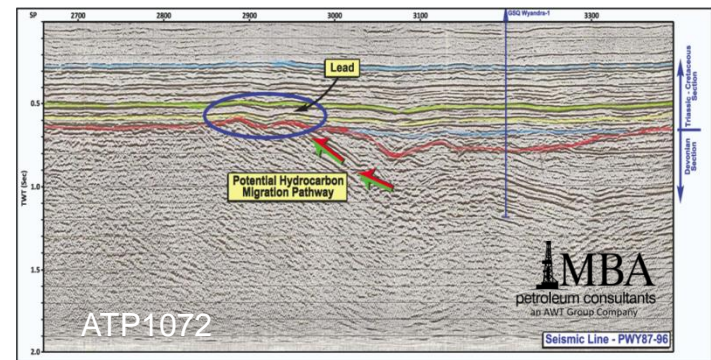


**COALBANK**

# Surat Gas: Key Highlights



- Four ATPs - more than 20,000 sq km
- Traversed by, or near to gas pipelines
- Prospectivity review completed by MBA Petroleum Consultants
  - Unconventional and conventional petroleum targets
  - Permian and Jurassic coal seam gas targets
  - Shale gas plays
  - Conventional oil targets



# Surat Gas Strategic Approach

- Lodestone has had preliminary discussions with potential partners for its petroleum projects
- The Company has recently received expert advice that has yielded new conventional oil and gas targets and unconventional targets (including CSG)
- Next steps include strategic partnering of our petroleum assets and/or spin-off of Surat Gas
- Commercial options may include the separate ASX listing of Surat Gas



# Precious and Base Metals Projects

- Lodestone continues to hold two metals projects from its prior history as a minerals exploration company:

## **Mount Morgan District Project (100% Lodestone):**

The Mount Morgan project is centred on the historic gold mining town of the same name, and is situated 50km southwest of Rockhampton, Queensland. This project is prospective for gold, copper, and molybdenum

## **Chillagoe District Project (100% Lodestone):**

The Chillagoe District project is situated 130km north of the Chillagoe township in North Queensland. The structural and lithological setting of this project is similar to the Mungana and Red Dome gold-copper deposits near Chillagoe. Lodestone has Queensland Government Collaborative Drilling Grant to reimburse 50% of the direct drilling costs of a drilling program for its Leane's copper-gold prospect near Chillagoe. The Government initiative is provided to support the testing of high quality exploration targets in under explored areas of Queensland

- Lodestone is working towards the spin off and separate ASX listing of its metals projects





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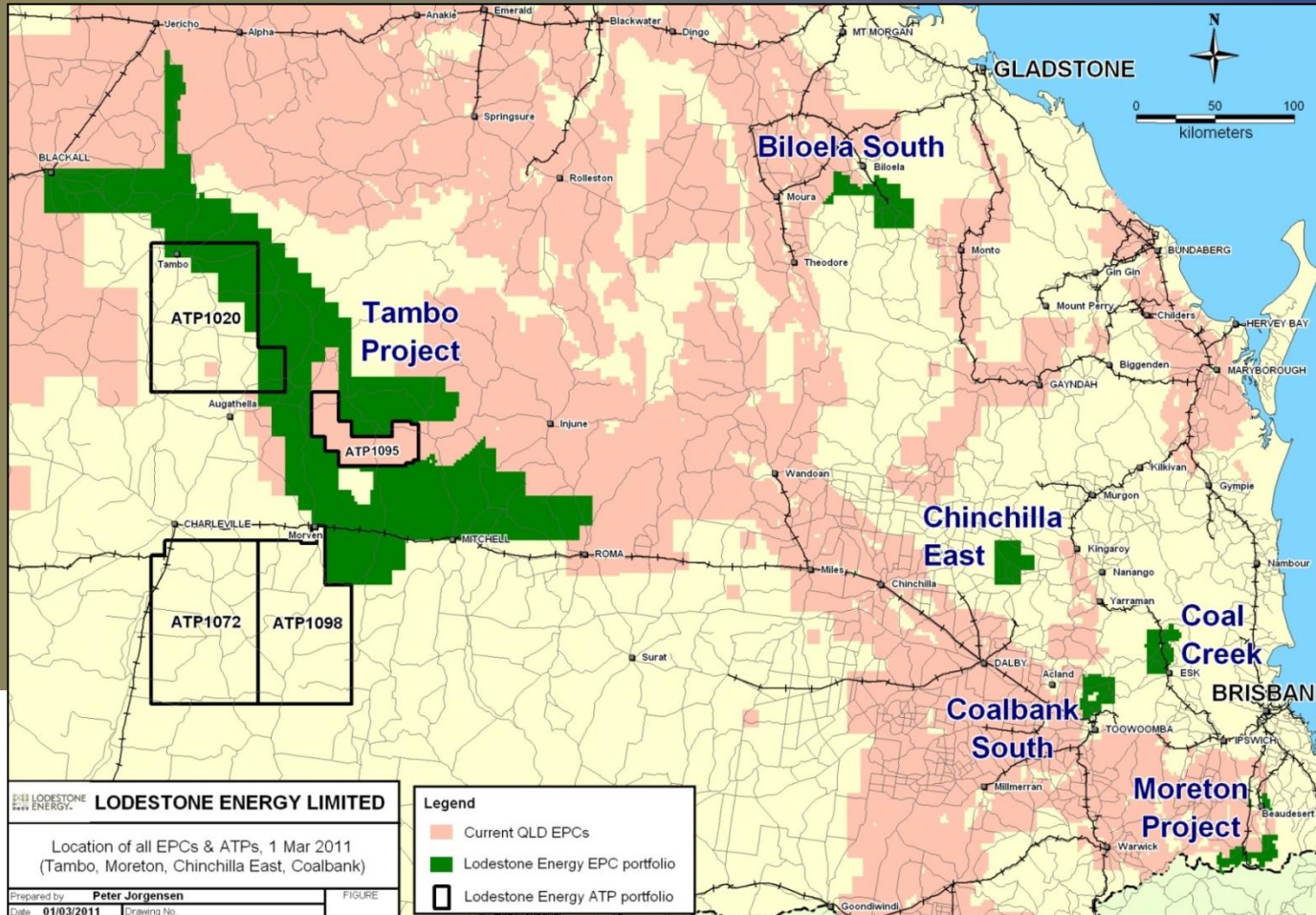
# Competent Persons Statement

The Competent Persons Statement below relates to the Investor Presentation by Lodestone Energy Limited.

*'The information in this report that relates to previous waterbore and petroleum well drilling results is derived from data provided by the Queensland Government Department of Natural Resources and Water and open file reports obtained via the Queensland Department of Mines and Energy, with information compiled by Dr Peter Jorgensen BSc(Hons), PhD, MAusIMM. Dr Peter Jorgensen is employed by Jorgensen Geological Services Pty Ltd (ABN 32 080 949 775). Dr Peter Jorgensen has sufficient coal geology experience to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Peter Jorgensen consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.'*



# End of Presentation



# Appendix



**COALBANK**

# Board Experience

- **Roger Clarke** Chairman, *B.Com, CA.*  
Chairman of the RBS Morgans Limited Board of Advice and former Chairman of ABN AMRO Morgans Limited. Over 30 years commercial experience in the investment banking industry, with responsibilities in fund management, banking and corporate finance. He has been involved in a large number of initial public offerings, capital raisings, advisory roles and corporate transactions. Mr Clarke is the Vice Chairman of Maverick Drilling and Exploration Limited, Chairman of Tissue Therapies Limited, and NEXTDC Limited. Former Chairman of PIPE Networks Limited.
- **Greg Baynton** Deputy Chairman, *M.Econ St., MBA, B.Bus (Accounting), Grad.Dip. Finance and Investment, FFINSIA.*  
Founder of Tambo Coal & Gas, Moreton Energy and Coalbank. Founding Director of Arrow Energy. Expertise in new project generation, capital raisings, corporate structuring, tenure application and administration, government relations and Joint Ventures. Founder and Director of Orbit Capital, former Director of PIPE Networks Limited, current Director of NEXTDC Limited and Tissue Therapies Limited.
- **Lance Grimstone** Director, *B.Sc. (Hons) Geol. Grad.Dipl. Mangt., F.AusIMM, CPGeo.M.MICA.*  
An expert geologist with over 40 years' experience in the exploration, mining and civil engineering industries. For the last 25 years, he has operated his own consultancy practice based principally upon his expertise in eastern Australian coal operations. He was a key geological consultant to Macarthur Coal Limited prior to its IPO and for approximately eight years following its IPO and remains a specialist consultant to Macarthur Coal.





# Board Experience...*continued*

- **William R Stubbs** Director, *LLB.*

Mr Stubbs practised as a lawyer for 30 years. He is the co-founder of the legal firm Stubbs Barbeler. He practised in the area of commercial law, including stock exchange listings and all areas of mining law. He has held the position of director of various public companies over the past 25 years in the mineral exploration and biotech fields. He is also the former Chairman of Alchemia Limited, Bemax Resources N.L. and Arrow Energy Limited. He is also Chairman of D'agular Gold Limited.

- **Grahame L Baker** Director, *B.E., B.App.Sc., B.Econ., M.Sc., FIE Aust., F Aus IMM., CP Eng.*

Mr Baker is a chemical engineer by profession with over 40 years' experience. He is an independent consultant in the energy industry with expertise in upstream petroleum, particularly in coal seam gas.