

COALBANK

Overview of Acquisition by
Lodestone Energy Limited
(ASX:LOD)

15 March 2011

Lodestone to Acquire COALBANK

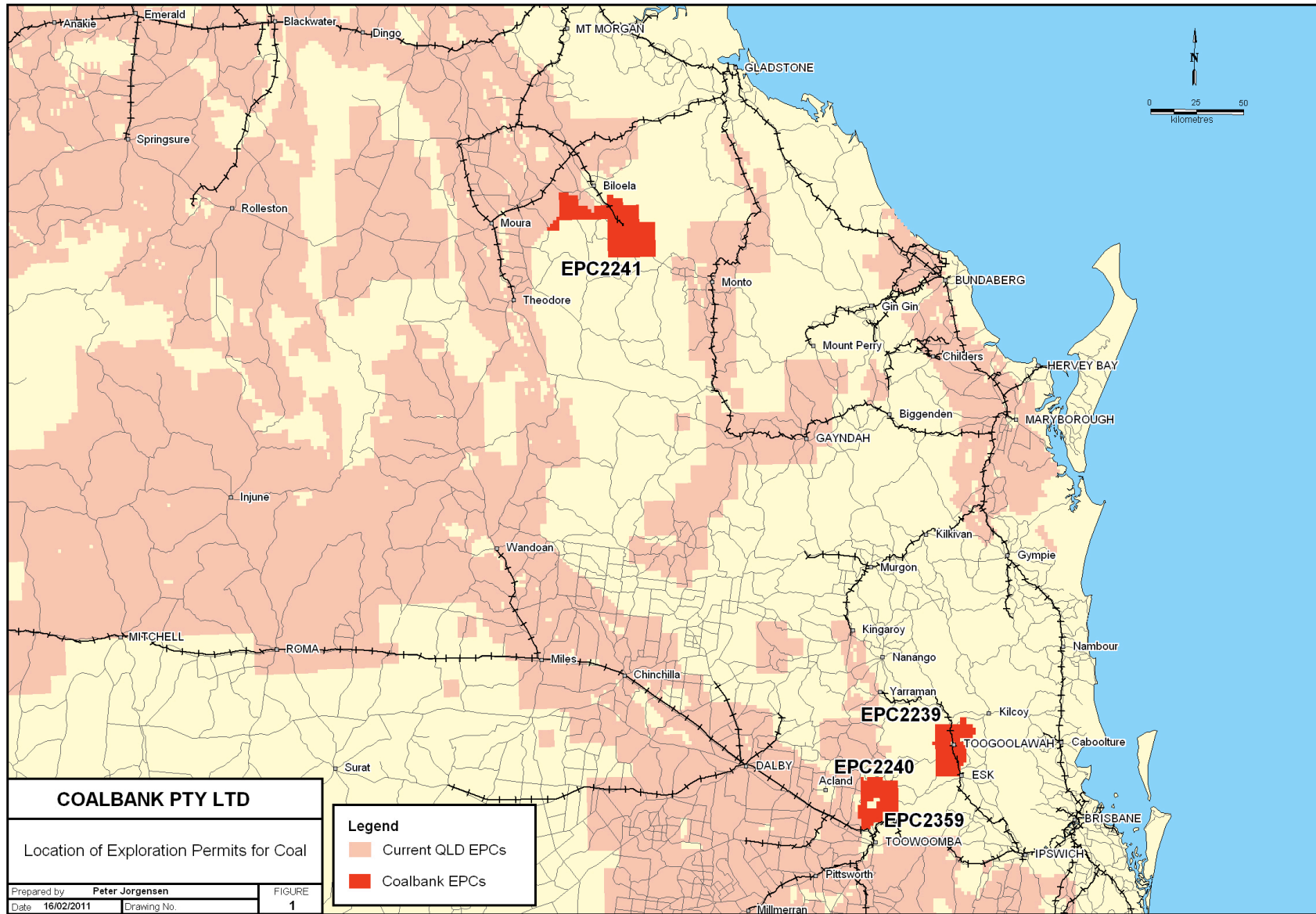
- **Lodestone Energy Limited (ASX:LOD)** has secured the right to acquire **COALBANK PTY LTD**, holder of three coal exploration projects in central and south east Queensland.
- **Success-based consideration agreed:** i.e. 40 million Lodestone Options exercisable at \$0.25 per share within three years of issue, conditional on at least 100Mt of total coal resources defined to JORC code reporting standards from any one or combination of the Coalbank projects.
- **Lodestone will seek shareholder approval** for the acquisition and to rename Lodestone “**COALBANK LIMITED**” to reflect its intensified focus on coal exploration.
- **The acquisition expands and diversifies Lodestone’s coal exploration portfolio** with benefits including new options for transport infrastructure, site alternatives to mitigate the impact of weather conditions, and ultimately, the potential for diversity of coal qualities and markets.

COALBANK

COALBANK Portfolio

- Three eastern Queensland projects
 - Close to major coal deposits
 - Rail infrastructure and
 - Ports
- All containing numerous historical boreholes with coal intersections of up to 24.4 metres of coal at shallow depths
- Low minimum annual expenditure commitments

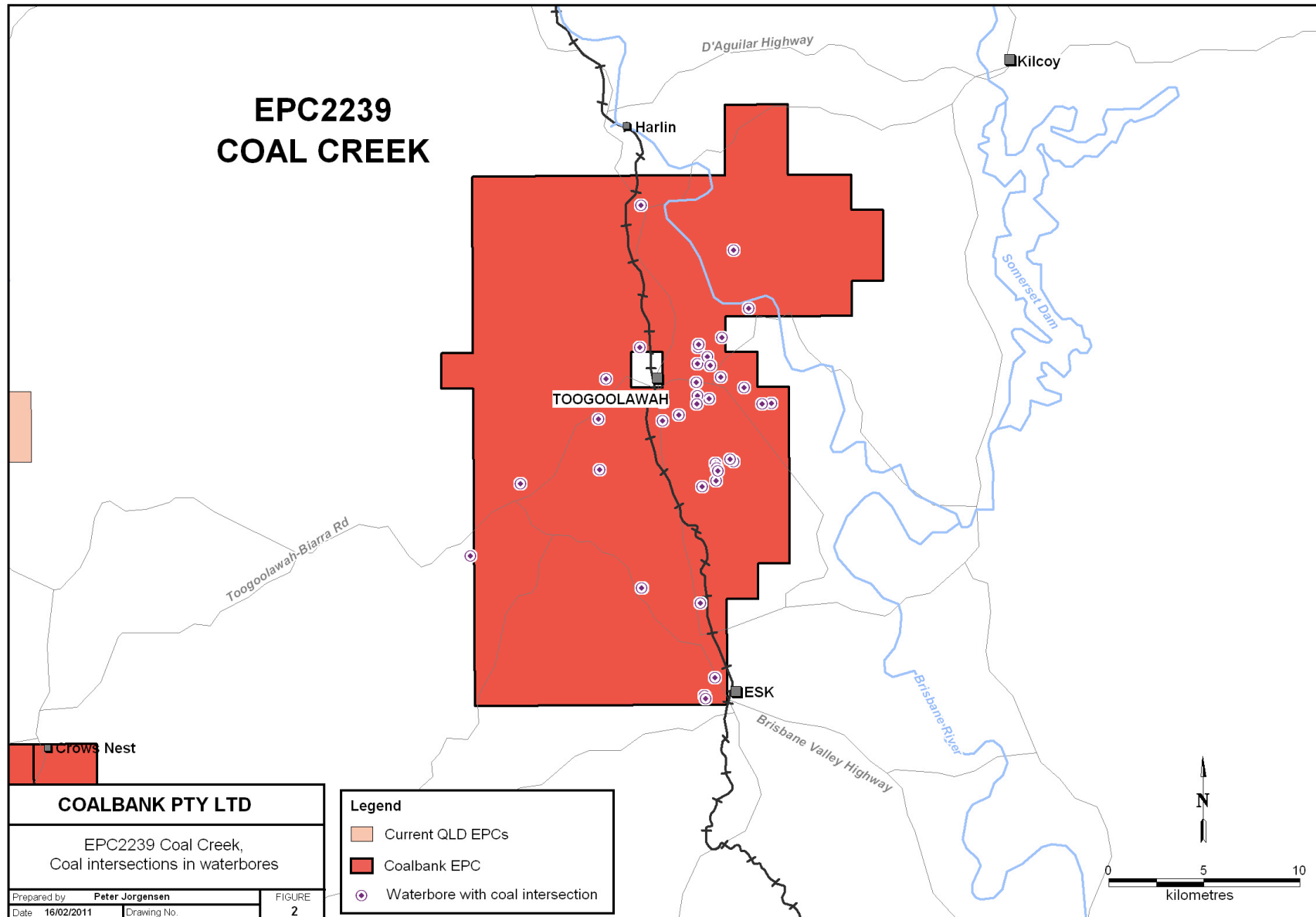
COALBANK Tenements



Nearby Coal Mines

- **EPC 2239 - Coal Creek**
 - 45km south east of Meandu Mine
 - 55km north of Jeebropilly Mine
- **EPCs 2240 & 2349 - Coalbank South**
 - 15km east of New Acland Mine
- **EPC 2241 - Biloela South**
 - 20km south of Callide Mine
 - 40km west of proposed Monto Mine
- **EPC 2376 (competing application) – Walloon West**
 - Surrounding the West Moreton coal mines
 - Bordering the Rosewood and Jeebropilly Mines

Coal Creek EPC 2239



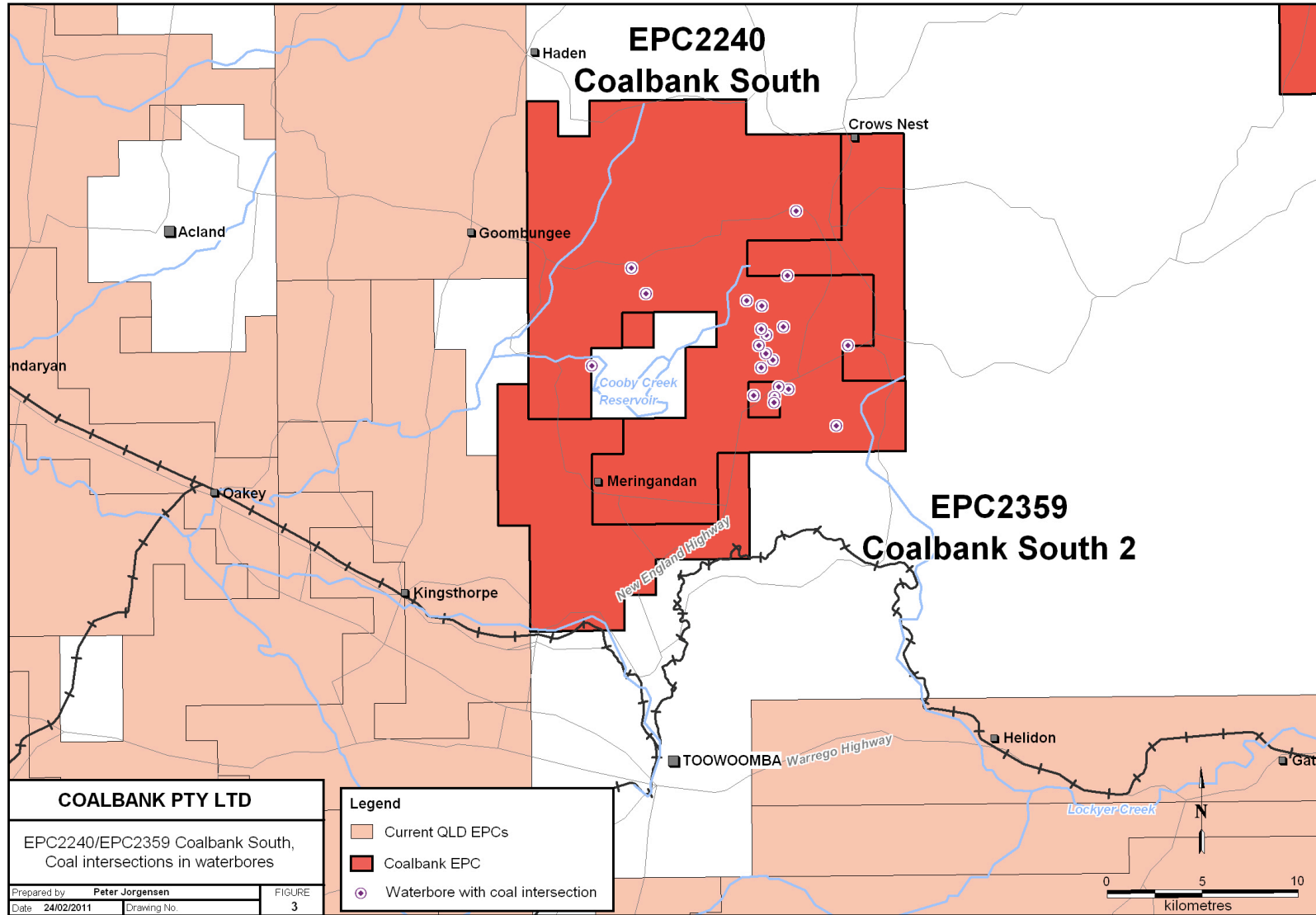
Coal Creek

- Multiple waterbores showing coal intersections, e.g.:

EPC 2239 - Coal Creek

Target Hole	Data Source	TOP (m)	THICKNESS (m)	Target horizon (all information from original driller's log descriptions)
106835	Registered water bore	10.40	24.40	COAL
73781	Registered water bore	12.00	10.00	SHALE WITH COAL BANDS
106296	Registered water bore	10.60	7.00	SHALE & COAL
129040	Registered water bore	27.40	5.50	COAL
106561	Registered water bore	56.40	3.10	COAL AND CARBONATE
75814	Registered water bore	25.00	3.00	COAL
75914	Registered water bore	24.40	3.00	SHALE & COAL
106561	Registered water bore	21.30	2.20	SANDSTONE WITH COAL
129040	Registered water bore	12.20	2.10	SHALE & COAL
106500	Registered water bore	52.00	2.00	COAL, SOOT, SHALE
75914	Registered water bore	19.80	1.50	SHALE & COAL
106839	Registered water bore	51.00	1.50	COAL

Coalbank South EPCs 2240 & 2359



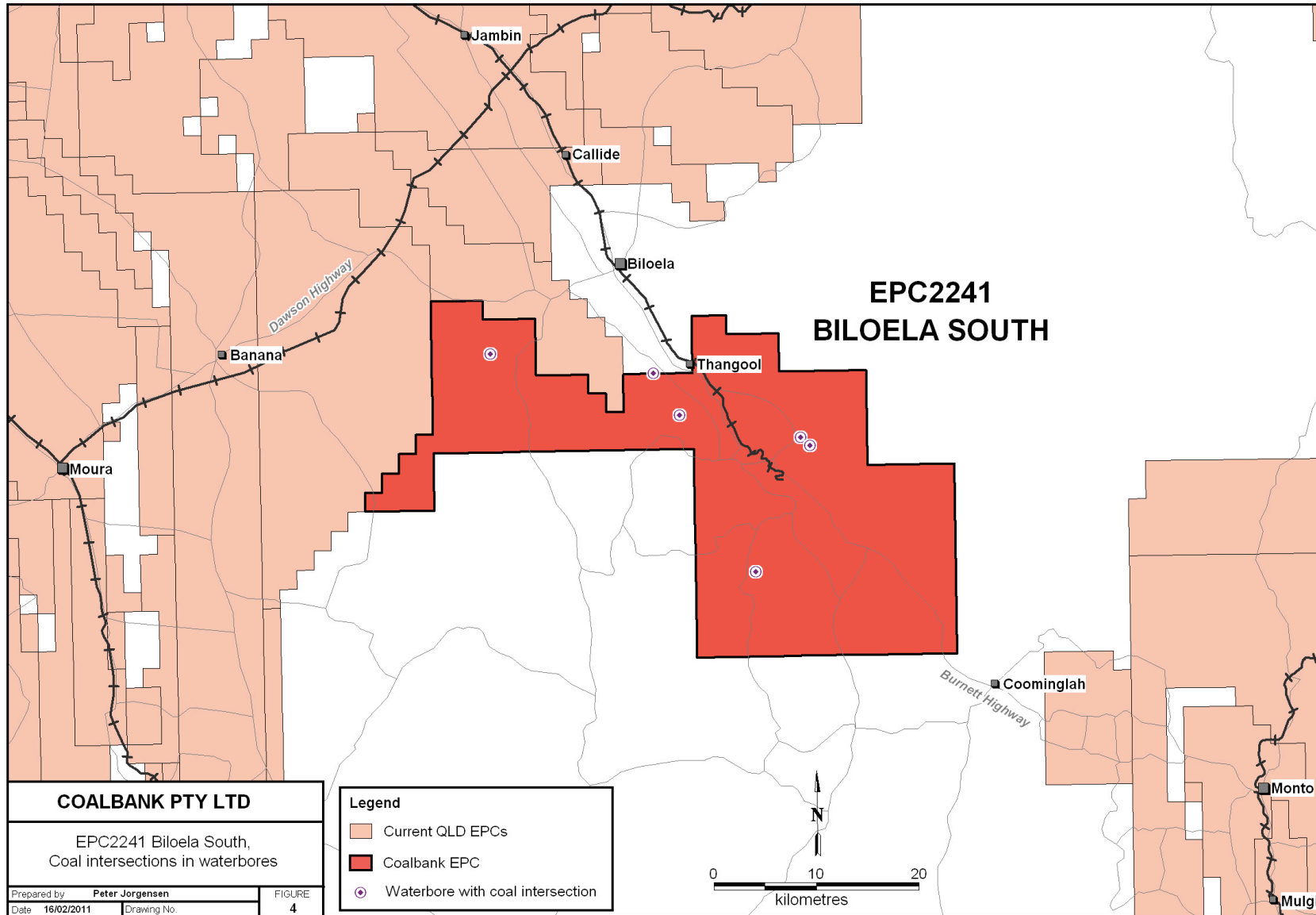
Coalbank South

- Multiple waterbores showing coal intersections, e.g.:

EPCs 2240 & 2349 - Coalbank South

Target Hole	Data Source	TOP (m)	THICKNESS (m)	Target horizon (all information from original driller's log descriptions)
137467	Registered water bore	15.24	6.71	COAL
119843	Registered water bore	80.00	6.00	BLACK COAL
119843	Registered water bore	205.00	4.00	COAL
19711	Registered water bore	148.74	3.66	COAL
71100	Registered water bore	83.00	3.00	COAL
64424	Registered water bore	197.21	7.92	GREY SHALE & BAND COAL & SANDSTONE
61061	Registered water bore	48.00	7.00	SILTSTONE BANDS OF SHALE AND COAL
55092	Registered water bore	89.10	6.30	SHALE WITH BANDS OF COAL
94236	Registered water bore	52.00	5.00	COAL & SHALE BANDS
64424	Registered water bore	192.63	4.58	GREY SHALE & BANDS COAL
137626	Registered water bore	48.00	3.00	COAL & SHALE
64424	Registered water bore	185.32	2.74	COAL SHALE
61061	Registered water bore	20.00	2.00	CARBON SHALE AND COAL
94512	Registered water bore	30.00	2.00	COAL
56034	Registered water bore	19.81	1.83	COAL
86646	Registered water bore	13.00	1.50	MUDSTONE BANDS OF COAL
52799	Registered water bore	20.10	1.20	COAL

Biloela South EPC 2241



Biloela South

- Multiple waterbores showing coal intersections, e.g.:

EPC 2241 - Biloela South

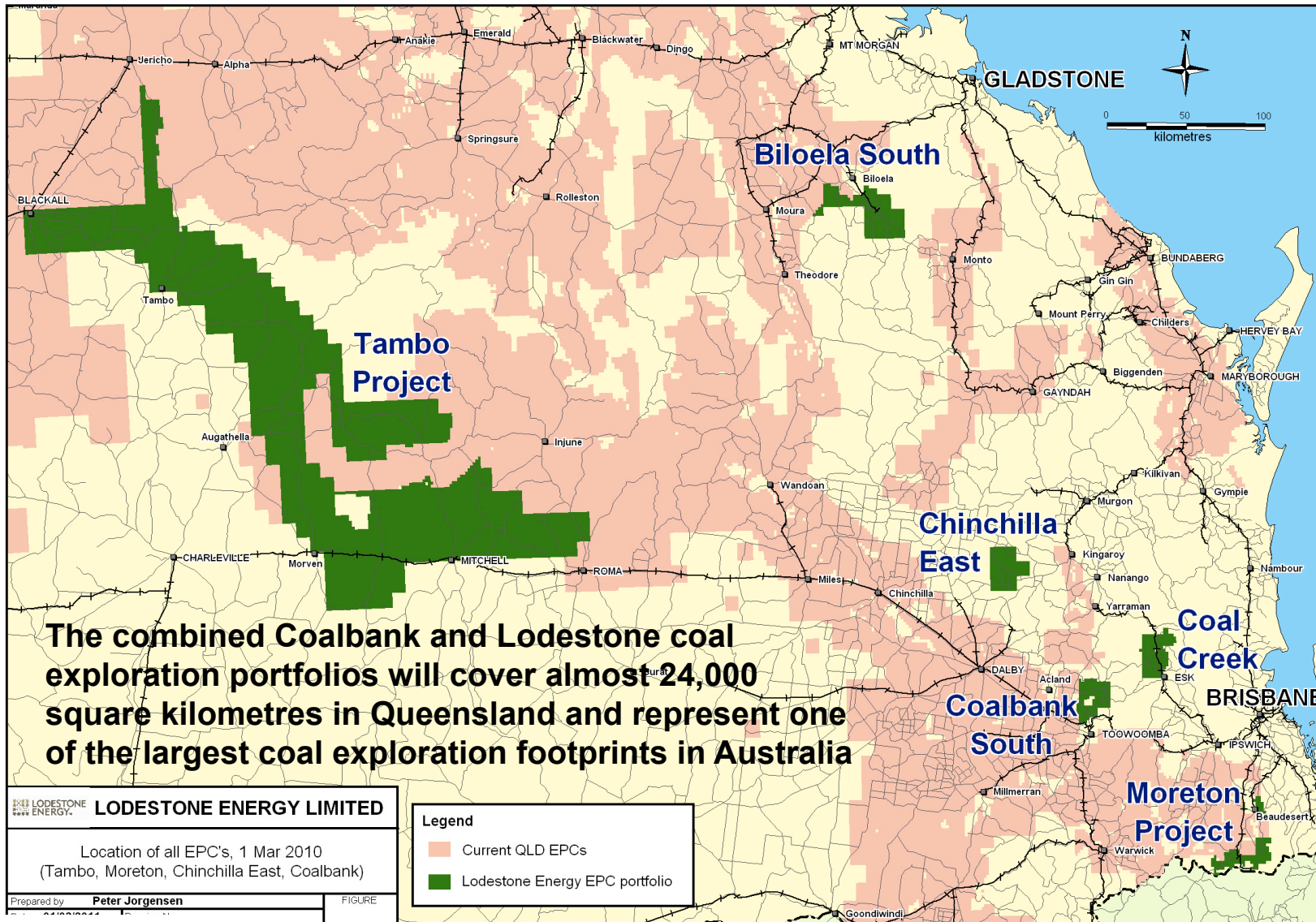
Target Hole	Data Source	TOP (m)	THICKNESS (m)	Target horizon (all information from original driller's log descriptions)
68883	Registered water bore	14.00	2.00	COAL
68883	Registered water bore	19.00	1.00	COAL
68972	Registered water bore	35.00	2.00	COAL
34429	Registered water bore	30.20	1.20	COAL SEAM
128178	Registered water bore	18.00	5.00	BROWN COAL
128338	Registered water bore	22.40	4.40	BROWN SHALY COAL
506	Registered water bore	33.22	0.92	COAL SEAM

Low Expenditure Commitments

- Minimum expenditure commitments for combined COALBANK projects:

PERIOD	MINIMUM EXPENDITURE
Year 1	\$468,400
Year 2	\$538,200
Year 3	\$697,600
Total	\$1,704,200

Combined Coal Portfolio



Coalbank Domain Names

- COALBANK PTY LTD is the registered holder of the following Internet Domain Names:
 - www.coalbank.com
 - www.coalbank.com.au
- Subject to ASIC and shareholder approval at an upcoming Extraordinary General Meeting, Lodestone will change its name to **COALBANK LIMITED**