

PRESENTATION TO ANNUAL GENERAL MEETING

8th NOVEMBER 2010

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Lodestone's Objective

To build an energy business supplying coal seam gas and lower carbon thermal coals from its Surat Basin projects to export and domestic markets.

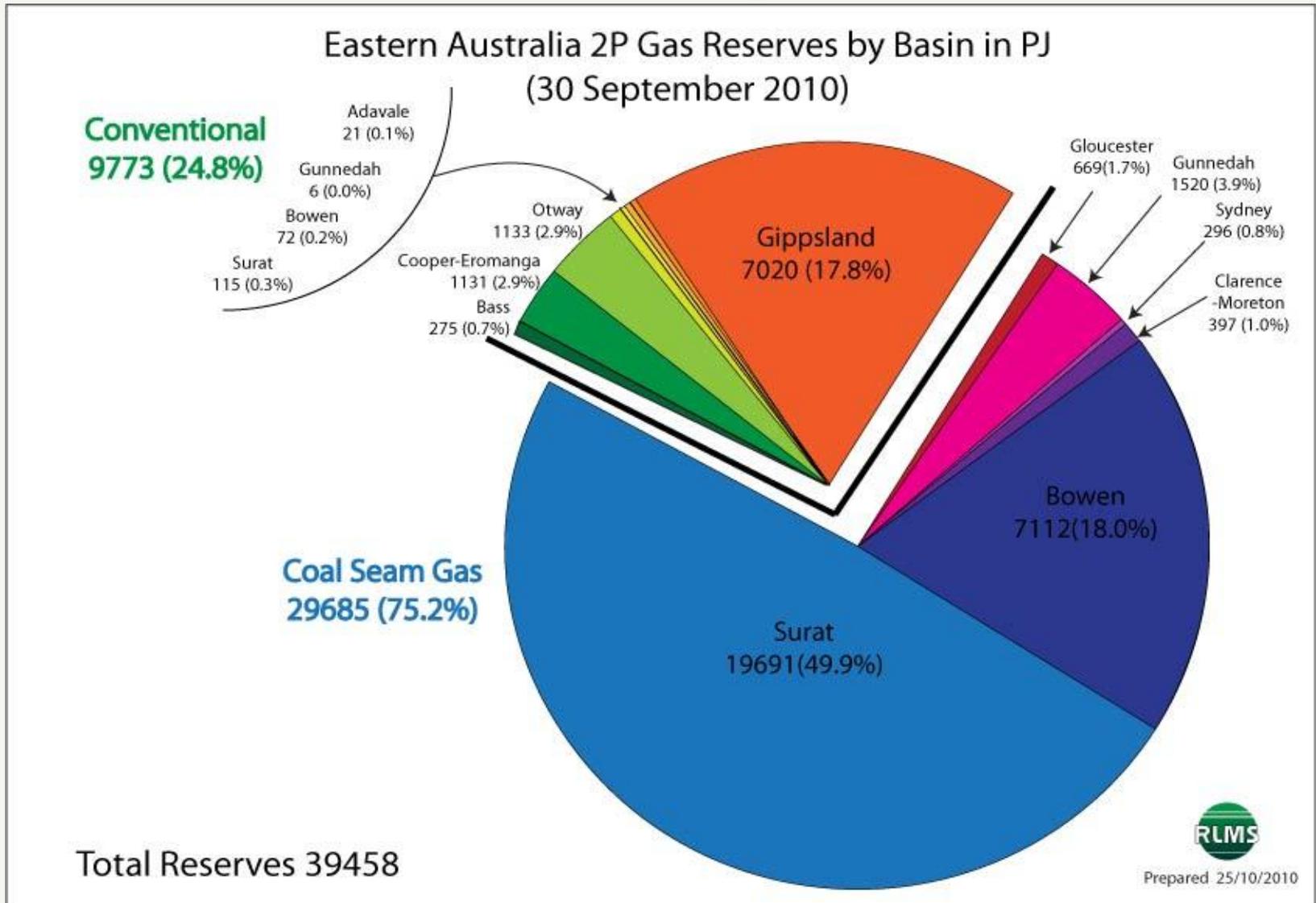


Ongoing firm coal price and demand indicators have encouraged continued progress towards coal mine developments in the Surat and Galilee Basins.

Lodestone's direction supported by go-ahead for first CSG-LNG project commitment in Gladstone.

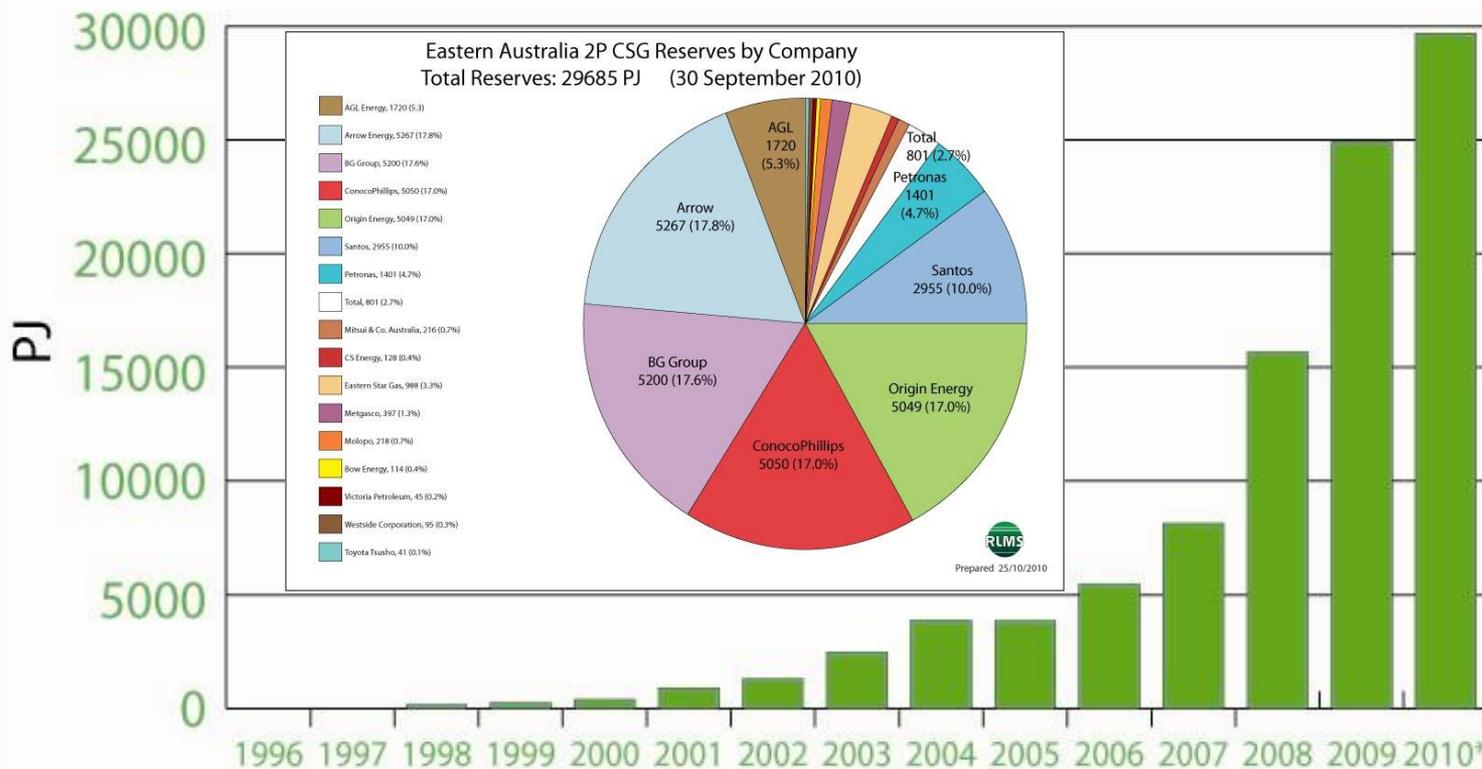


Coal Seam Gas Coming to Prominence



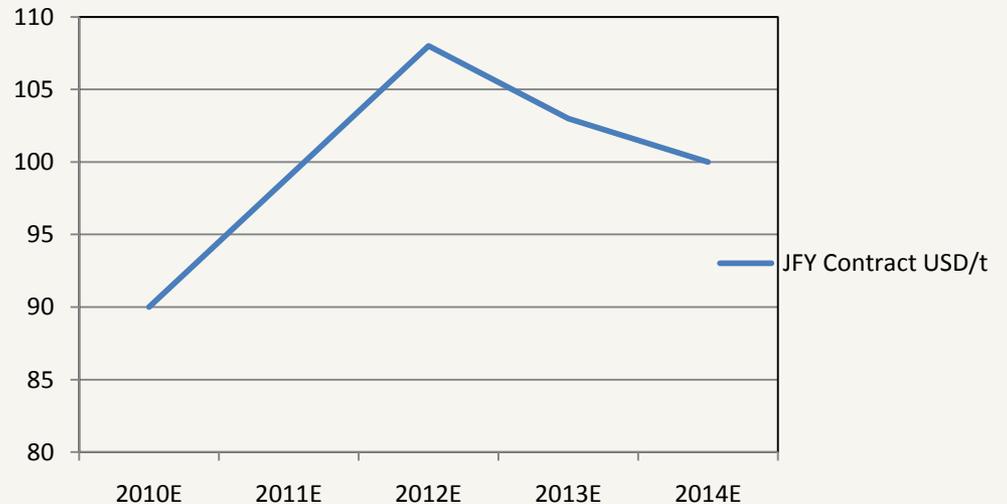
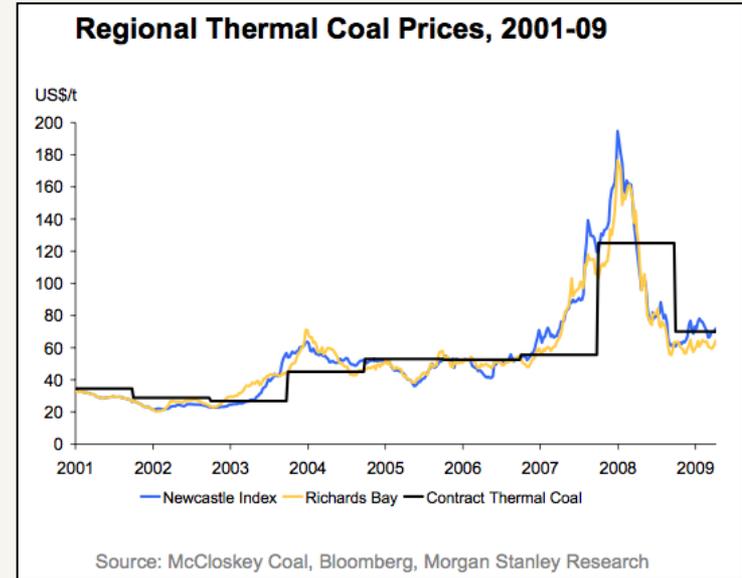
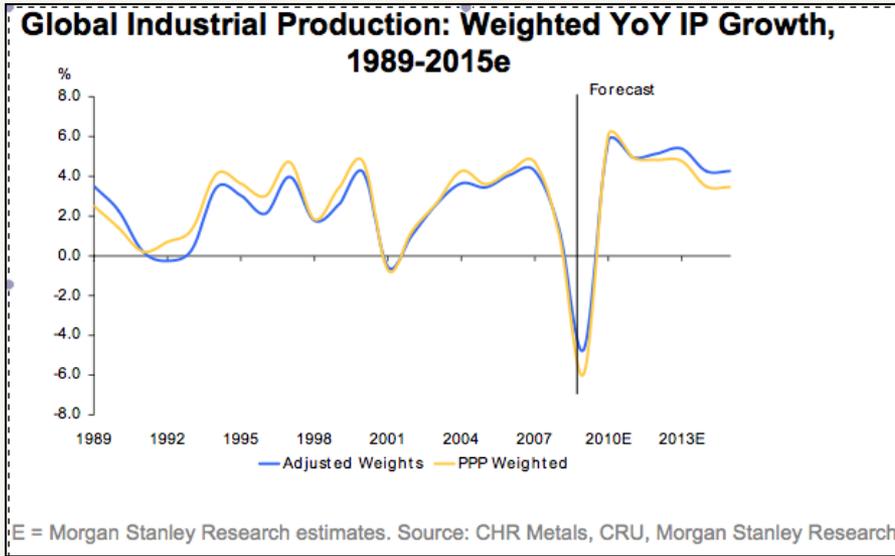
CSG Exploration Has Accelerated

Growth of 2P CSG Reserves in Eastern Australia in PJ
(30 September 2010)



*As at 30/09/2010

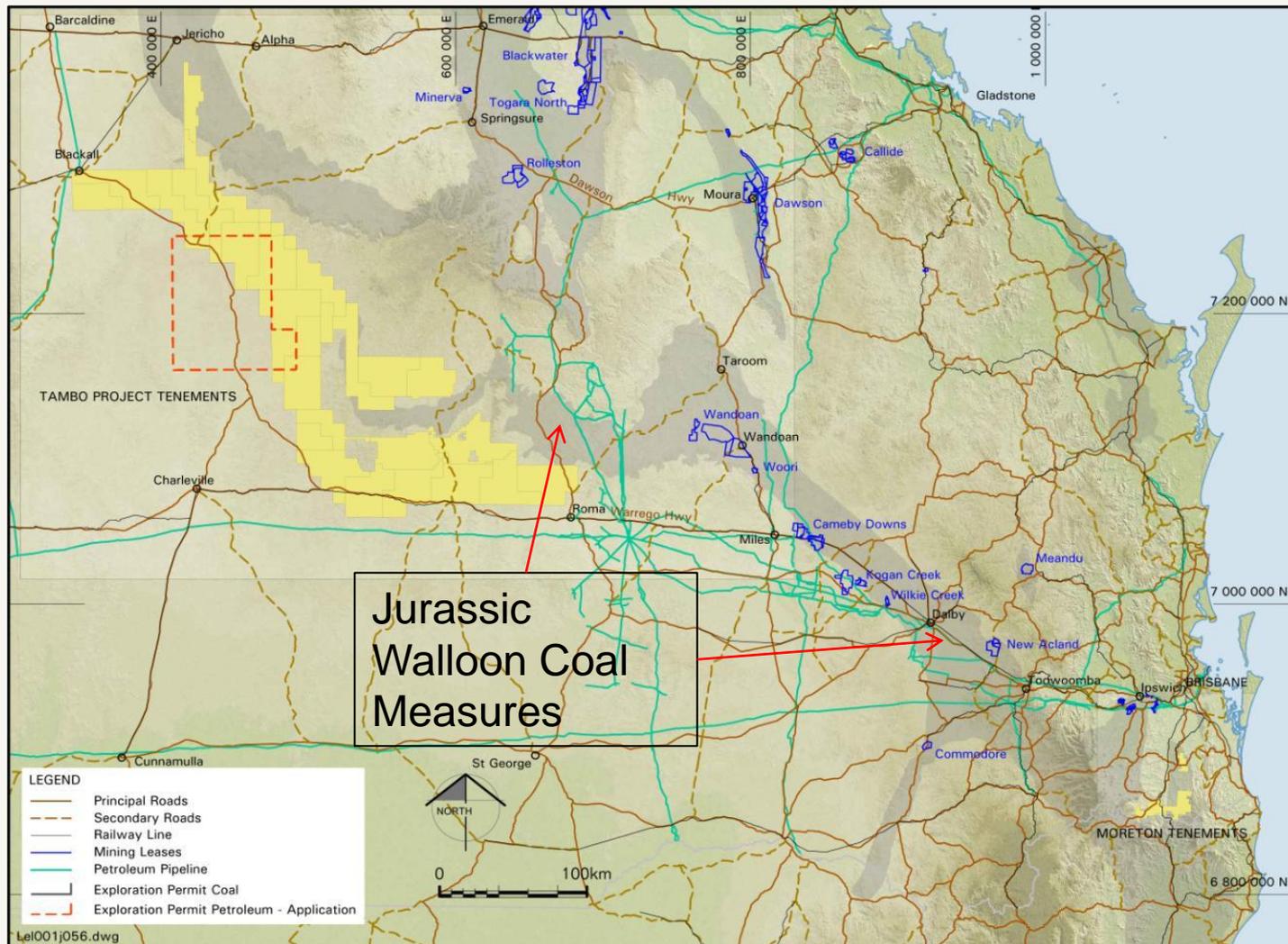
Thermal Coal Outlook



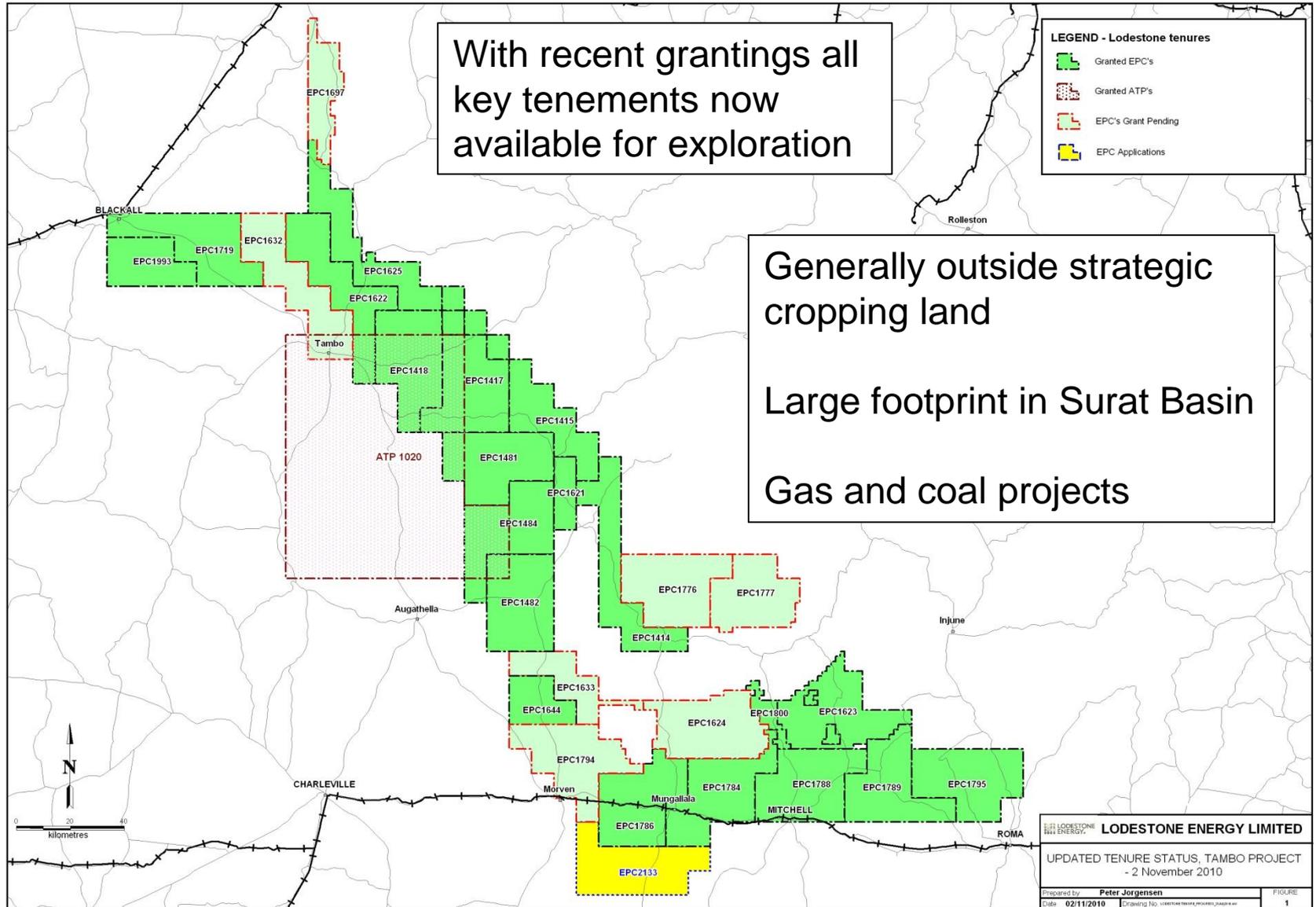
Source: Credit Suisse Commodities Quarterly 20 October 2010

THE TAMBO PROJECT

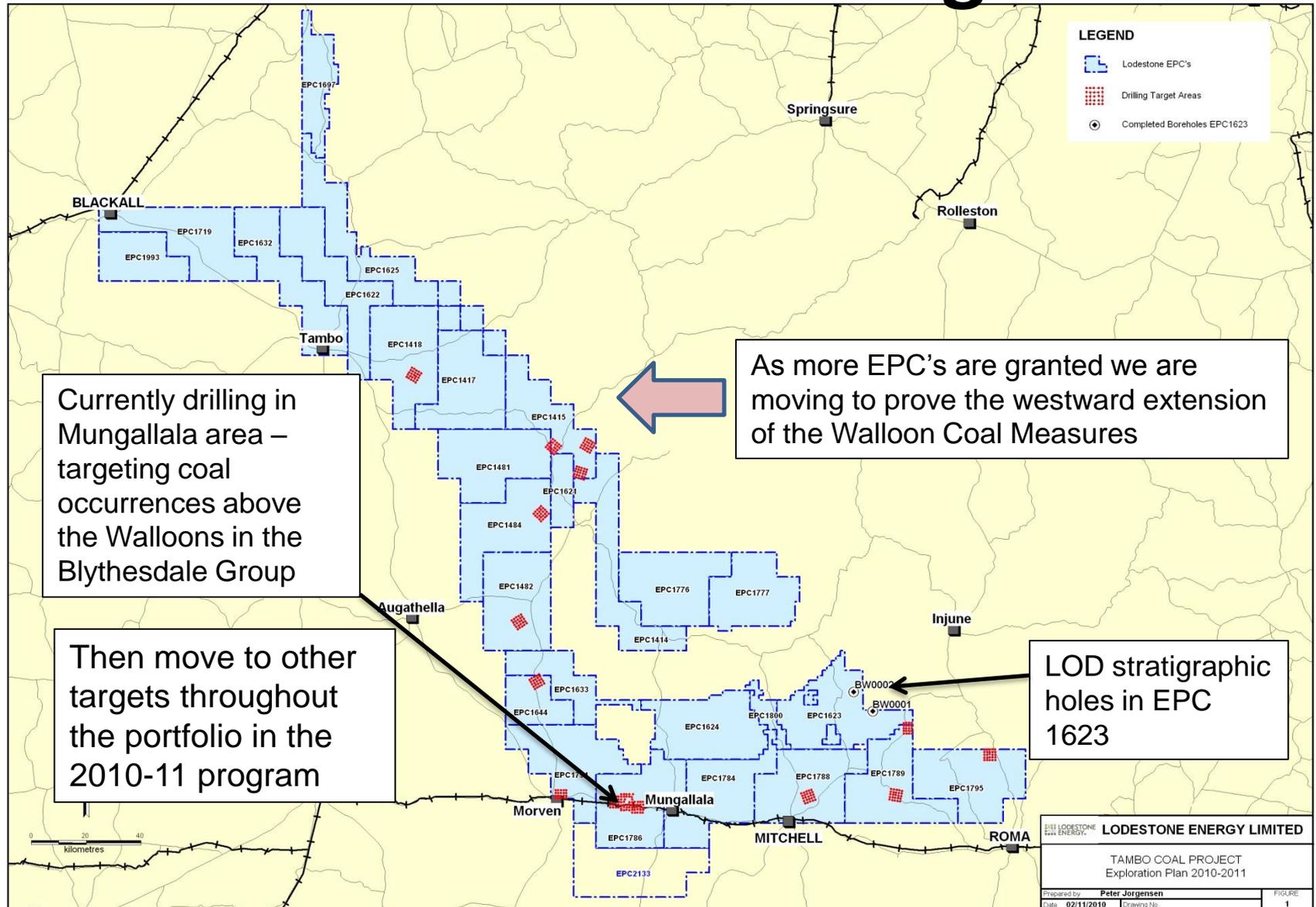
Tambo Project – Walloon Coal Measures Extending Westwards



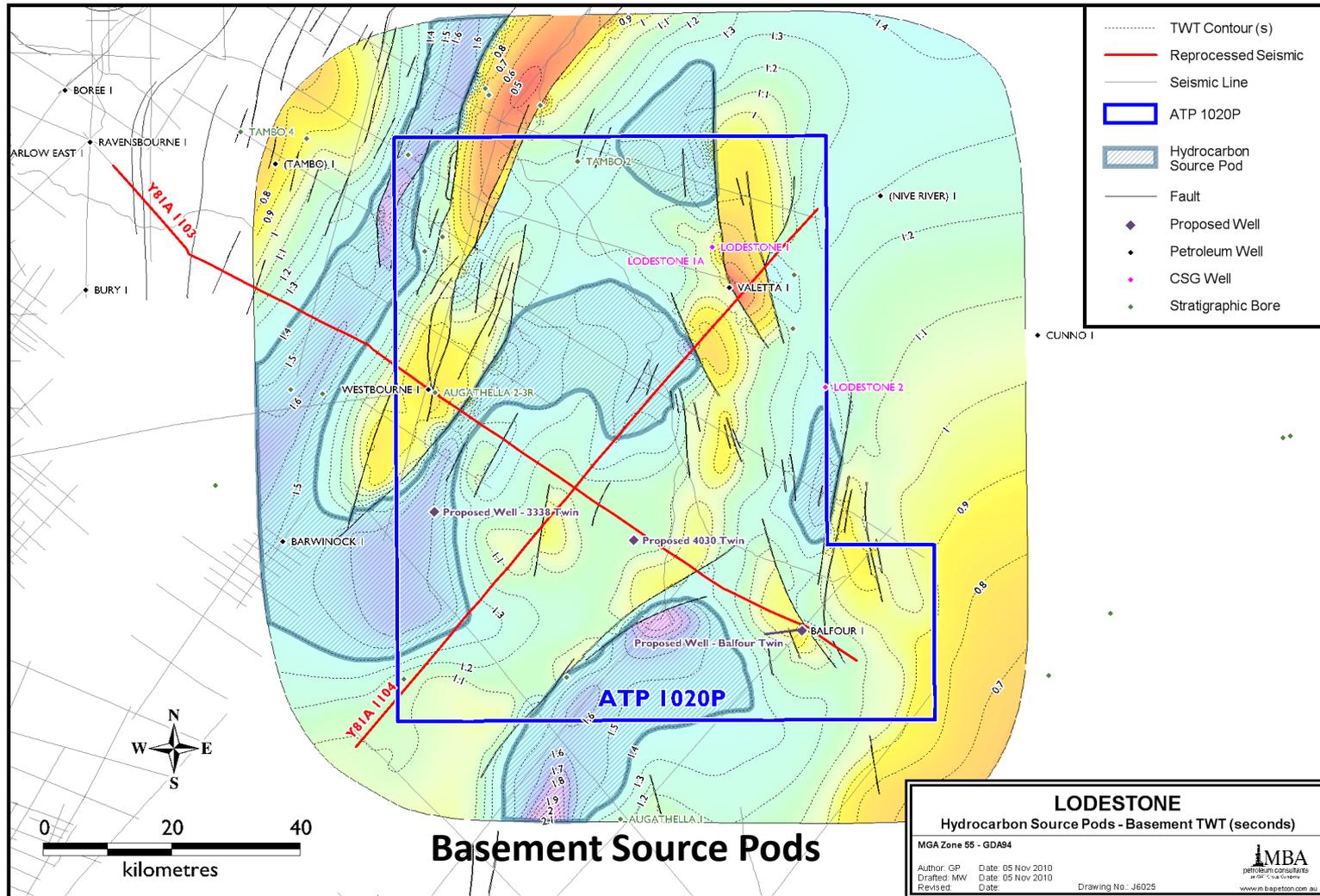
Tambo Tenure Status



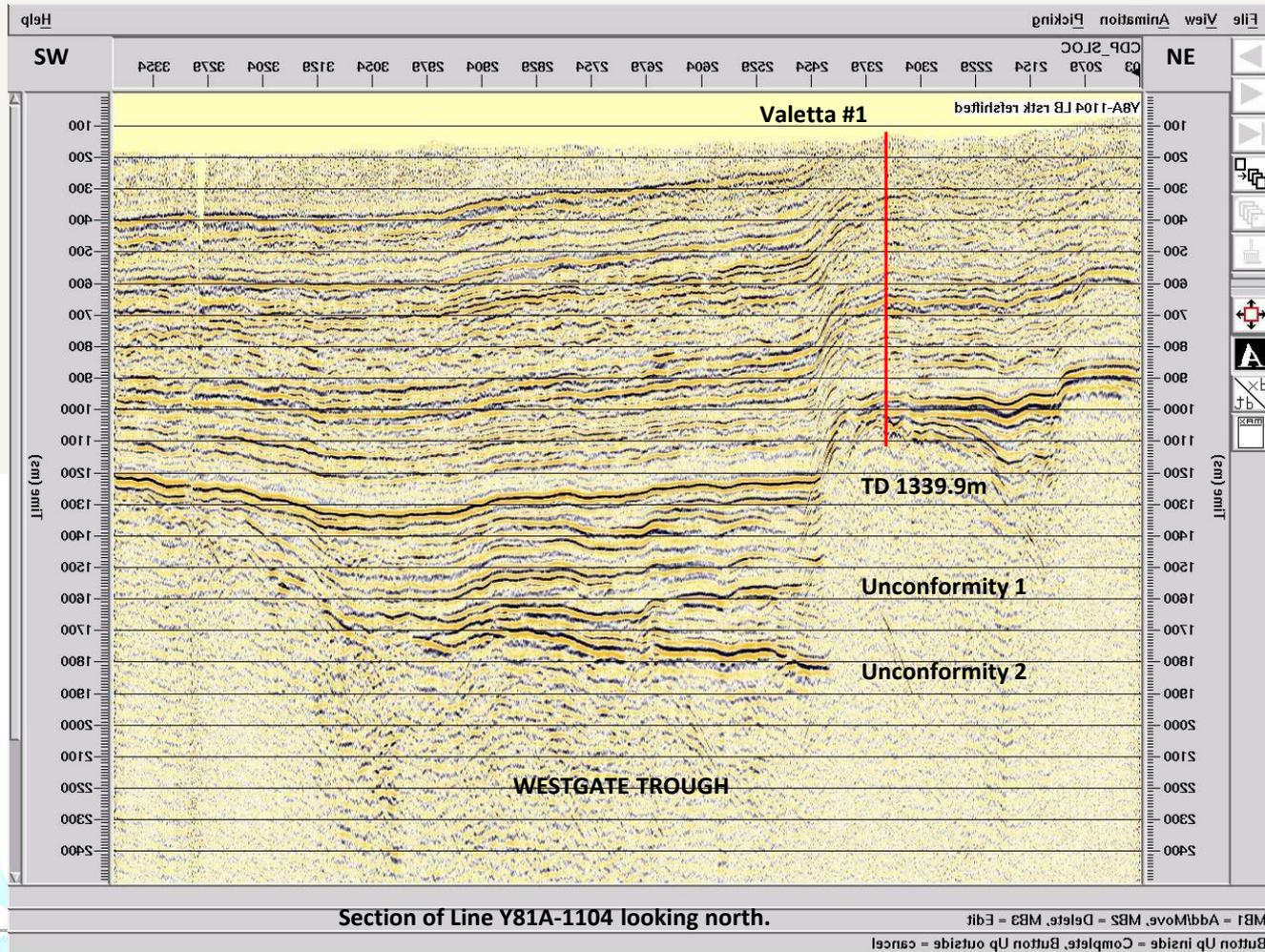
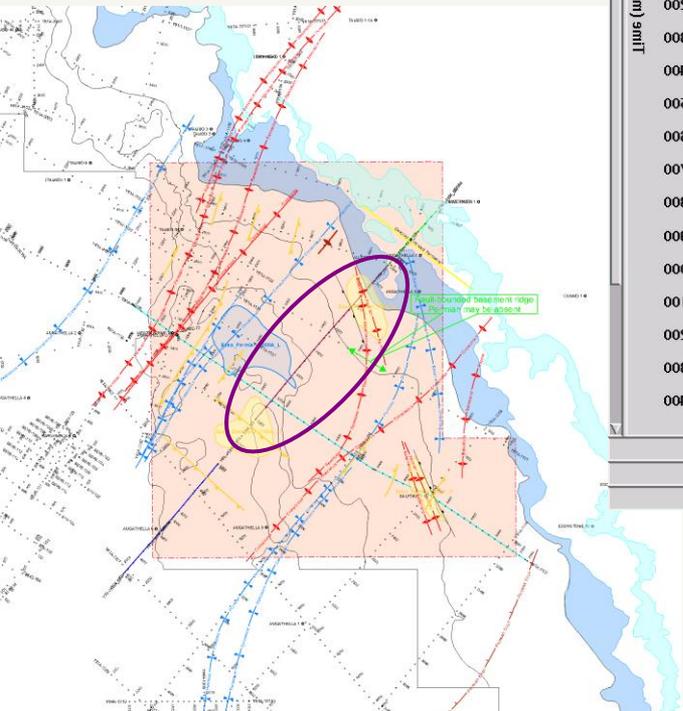
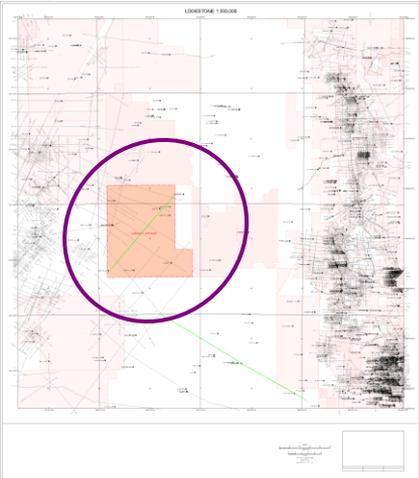
Tambo EPC Drilling



Tambo Gas Exploration

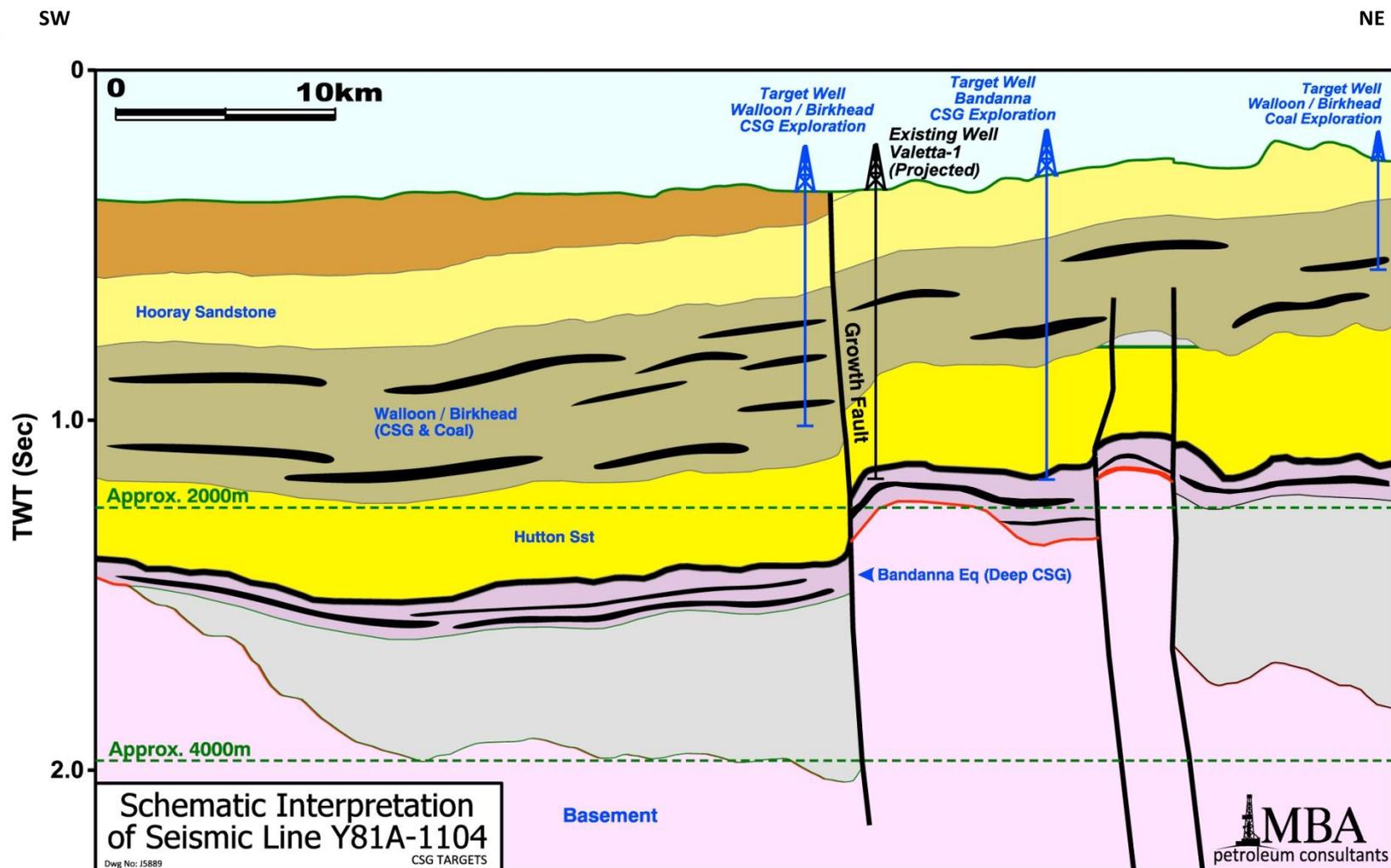


RE-PROCESSED SEISMIC HAS ENHANCED PROSPECTIVITY FOR GAS



MBA's reprocessing of old seismic data captured the upper 300-400ms normally discarded in old paper sections in reports. It has also highlighted the northern arm of the Westgate Trough and the prospect for considerable Early Permian hydrocarbon accumulation within the sedimentary pile.

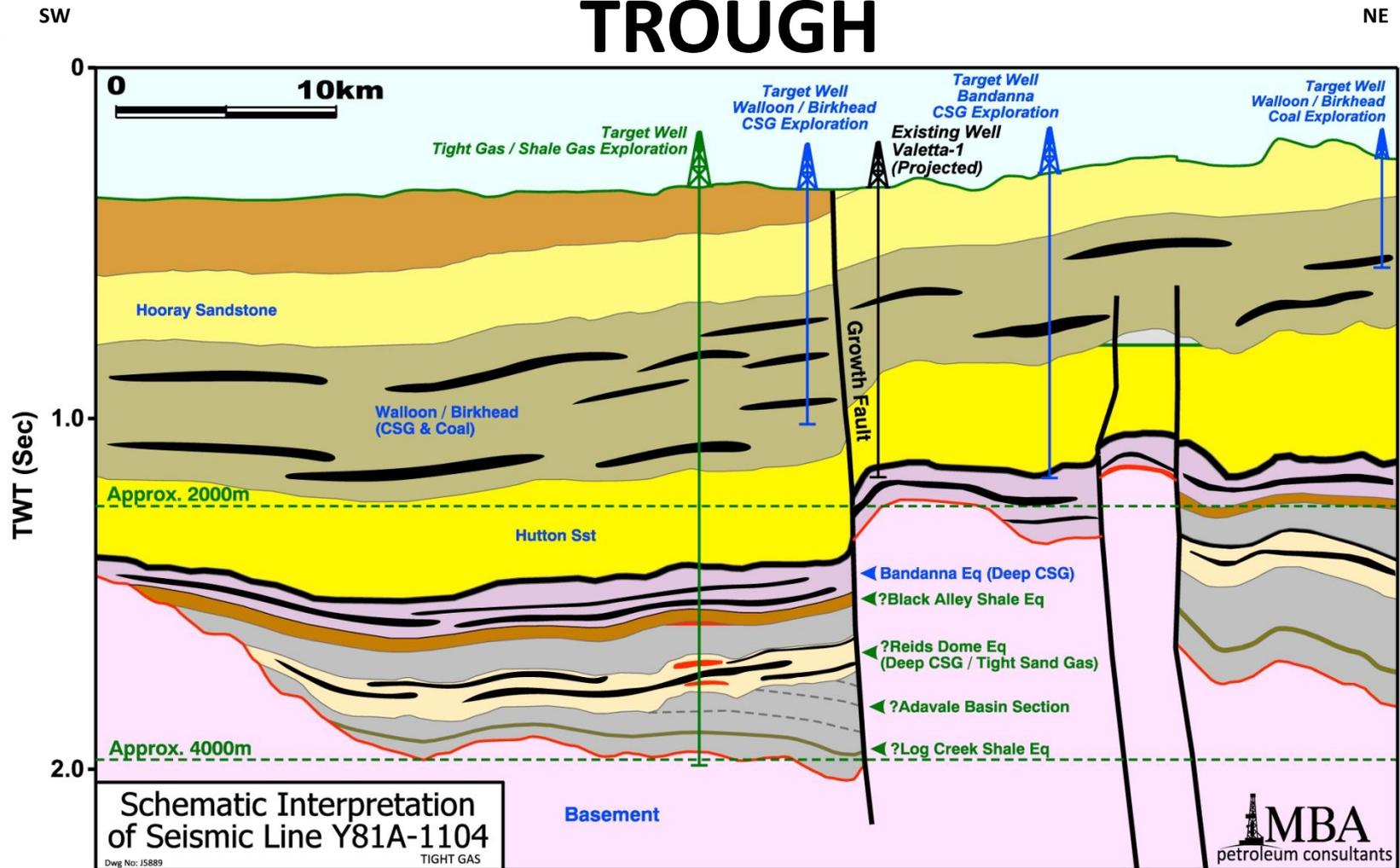
CSG PLAYS WITHIN ATP 1020



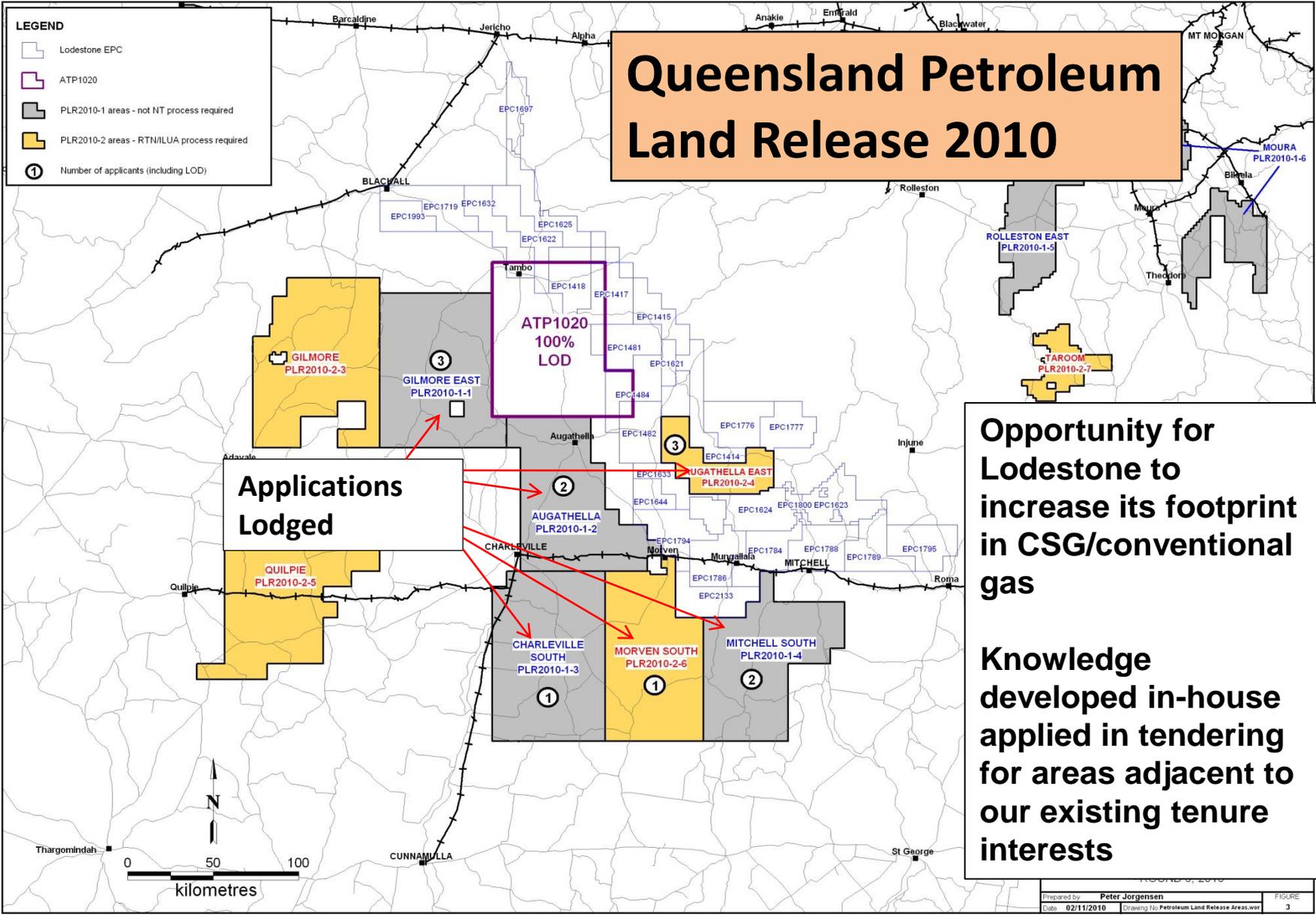
Significant coaly intersections have been mapped throughout the Walloon-Birkhead horizons within ATP 1020.

+ TIGHT GAS PLAYS WITHIN WESTGATE

TROUGH



By using the significant hydrocarbon accumulations within the nearby Arbroath Trough as an analogue, MBA have produced a schematic representation of likely plays within that part of the Westgate Trough detected in ATP 1020.



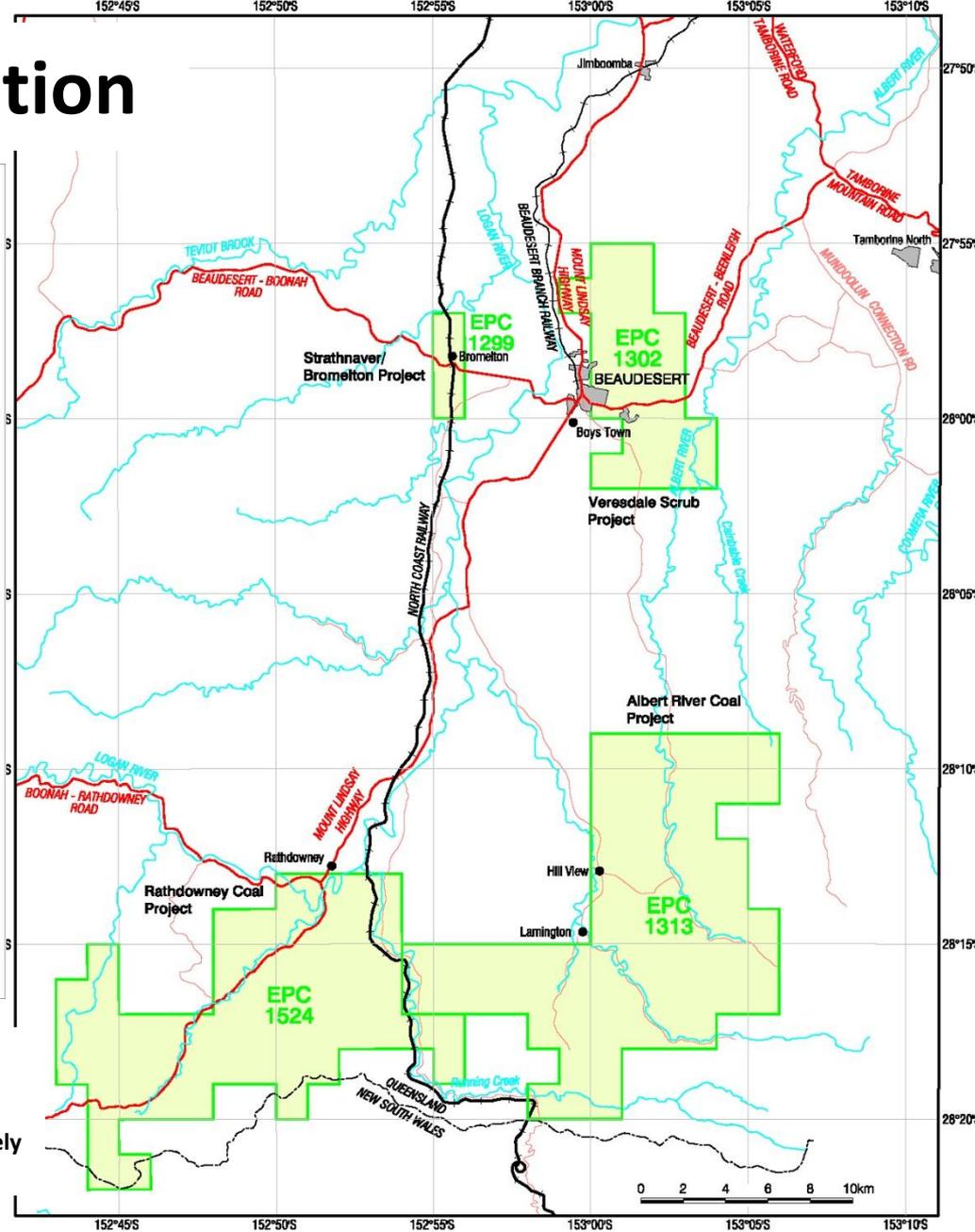
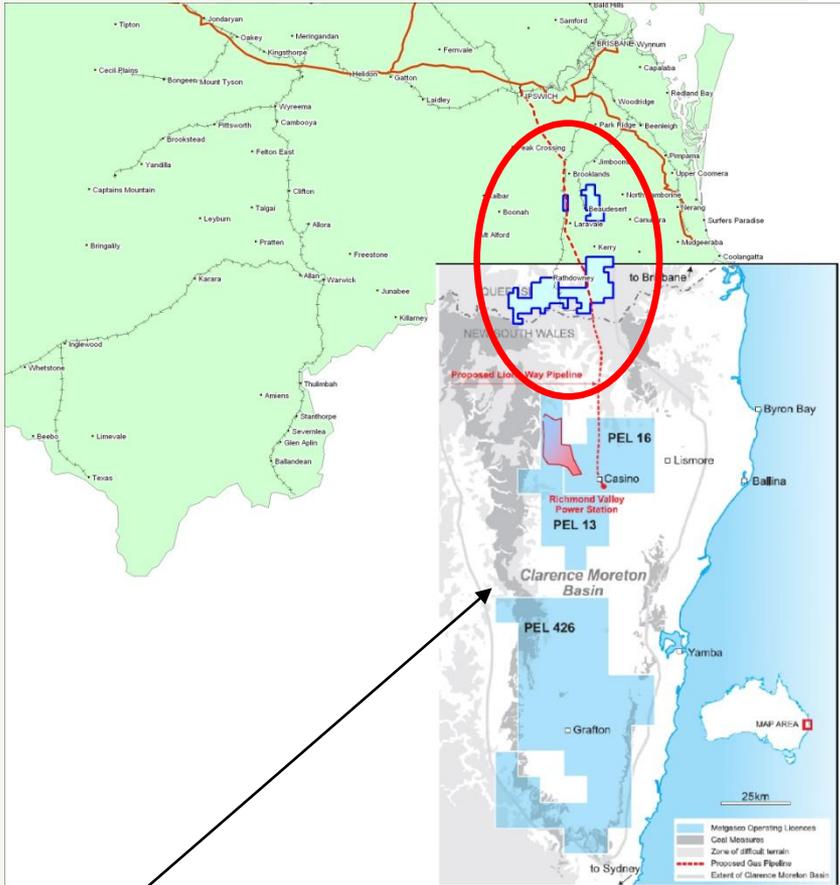
Opportunity for Lodestone to increase its footprint in CSG/conventional gas

Knowledge developed in-house applied in tendering for areas adjacent to our existing tenure interests



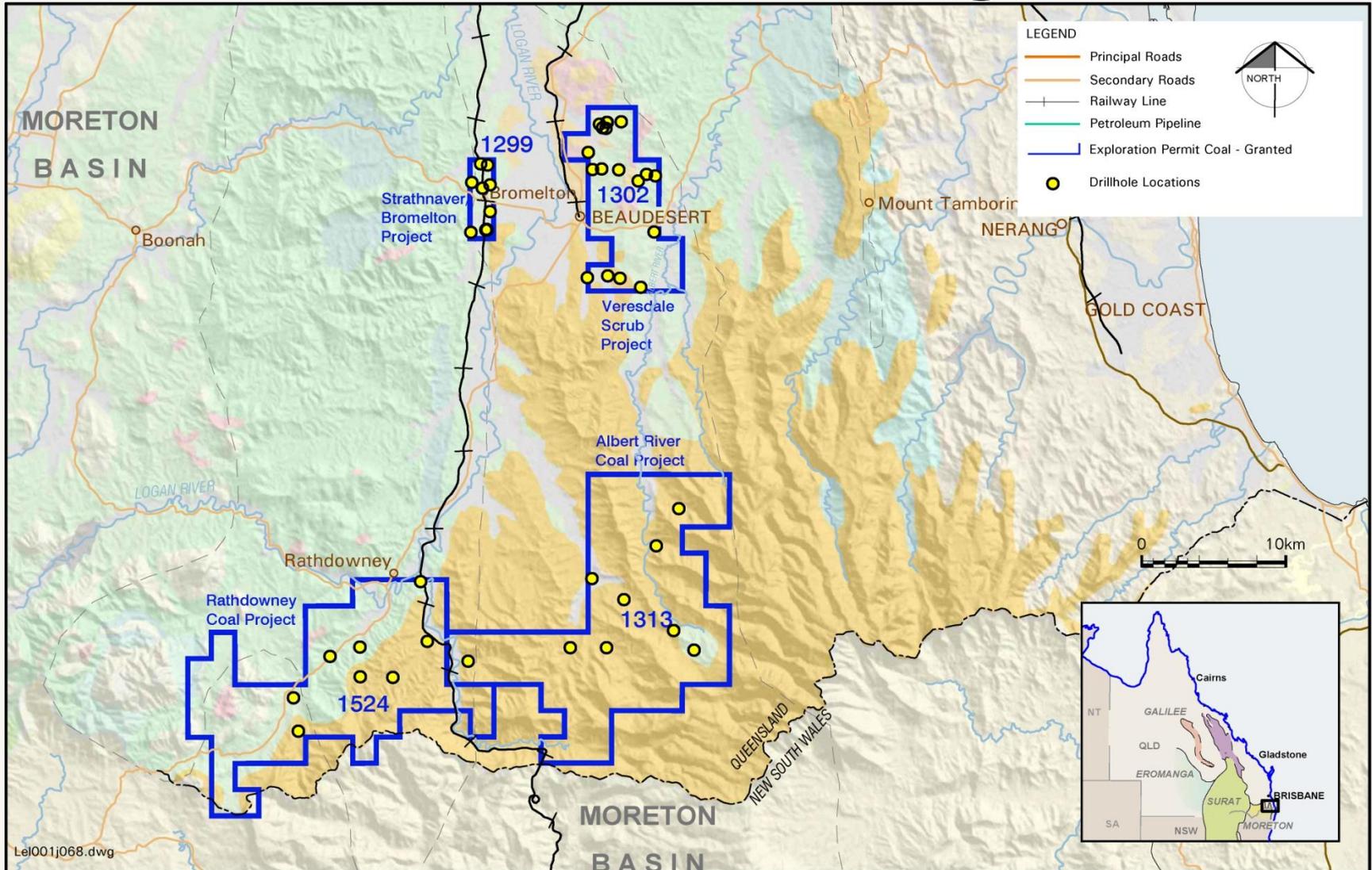
THE MORETON PROJECT

Moreton Project Location



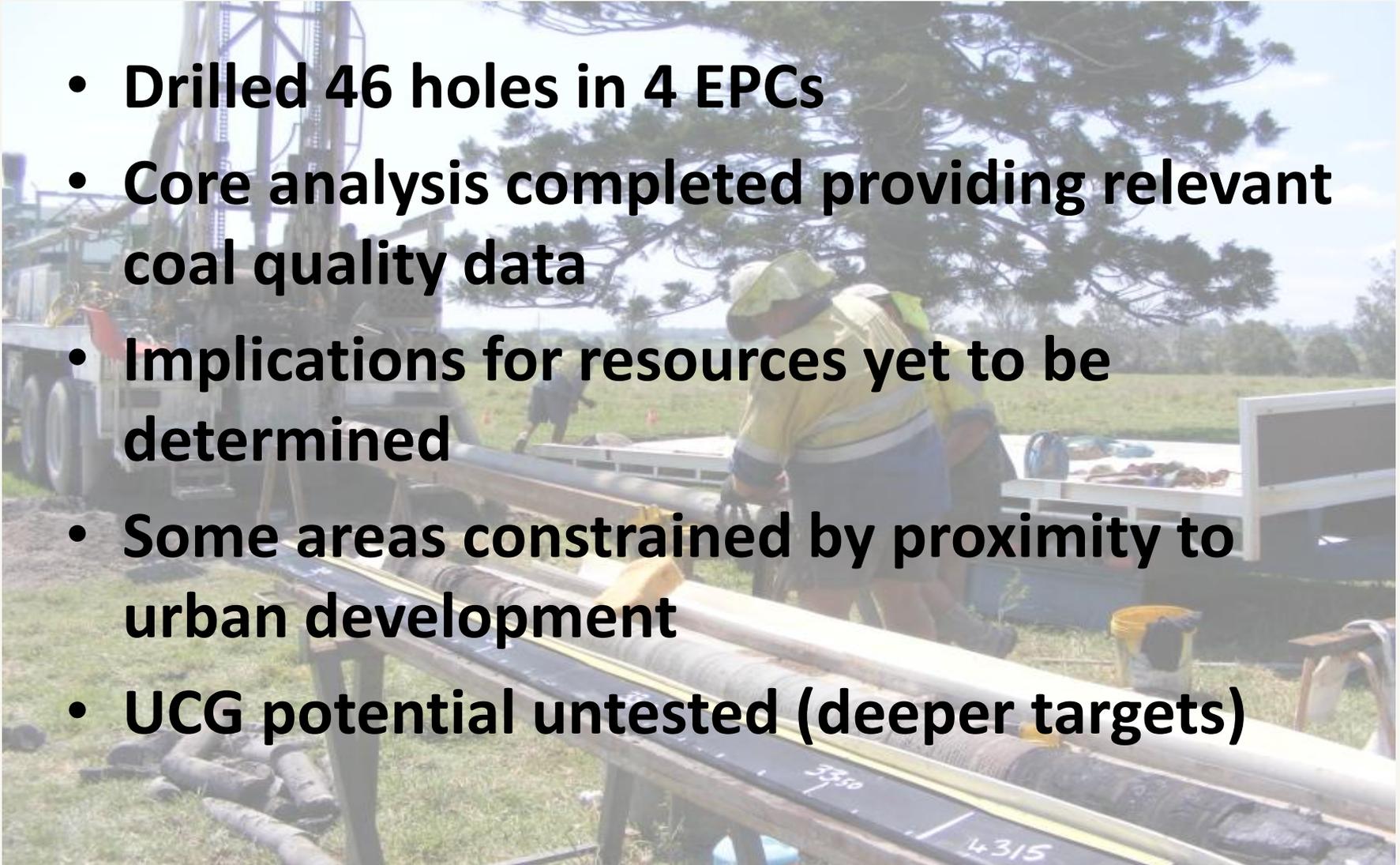
WALLOON EQUIVALENTS EXTEND THROUGHOUT CLARENCE-MORETON BASIN
 Walloon Coal Measures are recorded in NSW part of Clarence-Moreton Basin where Metgasco reports thick coals as lateral equivalents of Juandah and Taroom CM and not unlike those intersected in Arrow Energy holes immediately downdip of southern end of EPC 1302

Moreton Drilling

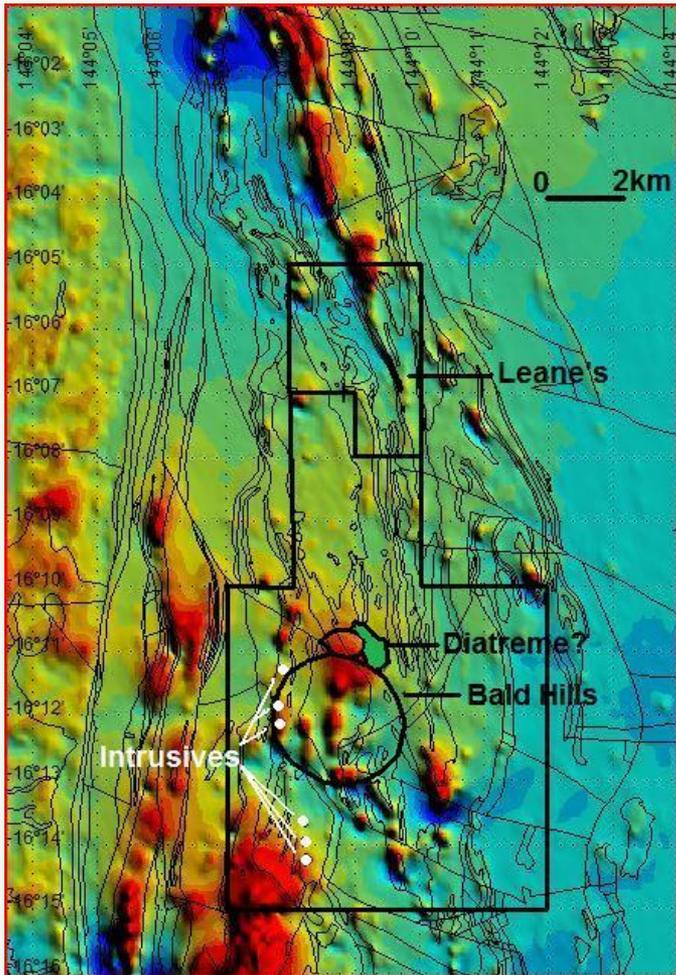


Moreton Outcomes

- Drilled 46 holes in 4 EPCs
- Core analysis completed providing relevant coal quality data
- Implications for resources yet to be determined
- Some areas constrained by proximity to urban development
- UCG potential untested (deeper targets)



Minerals Projects: Chillagoe & Mt Morgan

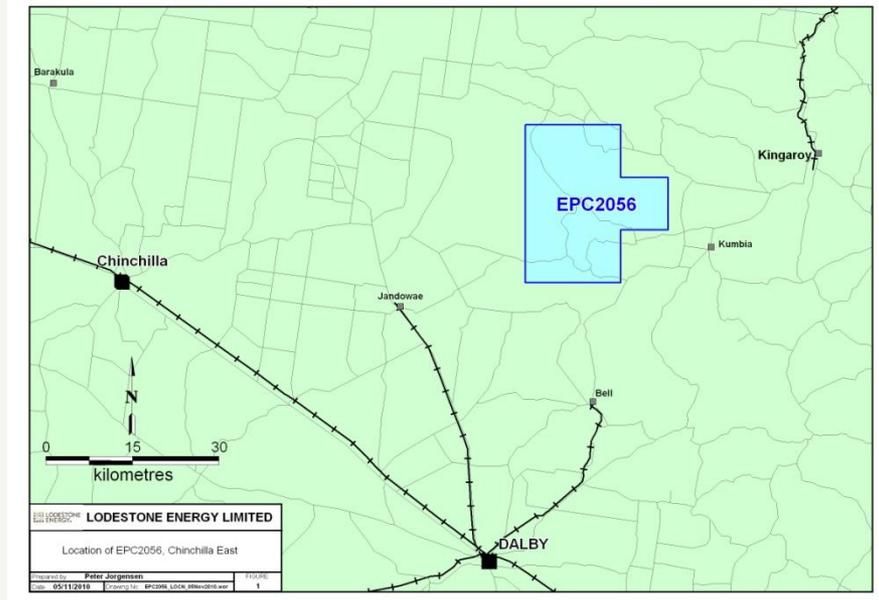


- 10 reverse circulation holes were drilled on three targets at the Limestone Creek copper-gold project.
- Assays of 492 samples together with microscope examination of samples will be completed before deciding on future work.
- The concept remains valid that the bulging sections of breccia development are rooted at depth in porphyry bodies.
- Mt Morgan EPM's consolidated.

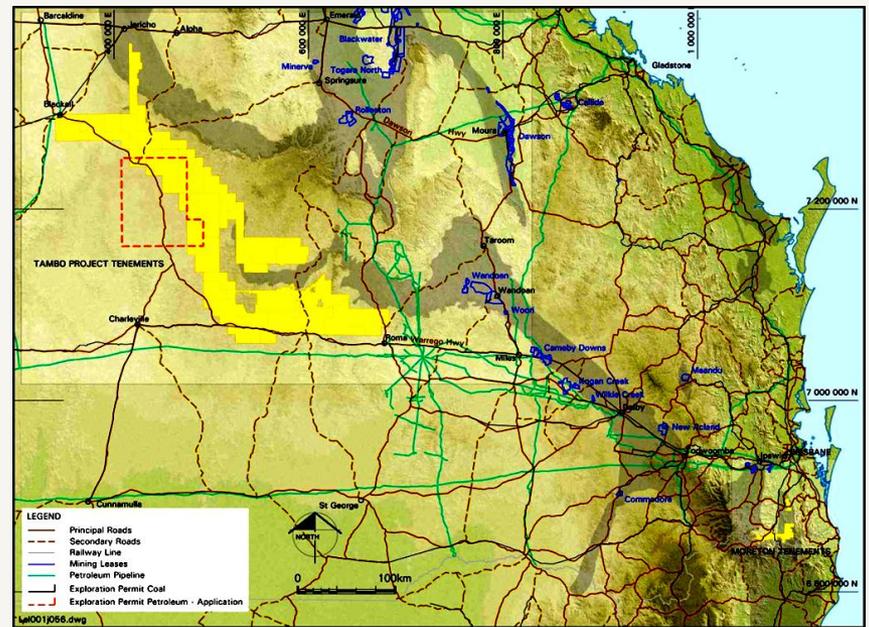
Corporate

- Completed acquisition of Tambo Coal & Gas Pty Limited and Moreton Energy Pty Limited. All tenements owned 100%.
- Chinchilla East EPC application (EPC 2056) transferred to Lodestone from a company controlled by Lodestone director Greg Baynton
 - Walloon Coal Measures
 - Close to other Surat developments
- Wiggins Island Stage II application lodged

Chinchilla East Coal Project



In Summary, What Lodestone Offers Is:



- **Ground floor entry platform into a new energy province**
- **Large strategic contiguous tenement position in the Surat Basin**, largely unencumbered by strategic cropping land issues
- **Carbon trading value** - Walloon Coals have the lowest CO₂ emissions of internationally-traded coals
- **Substantial UCG-nominated tenure portfolio**
- **Elimination of tenure conflict potential** via CSG, UCG/coal permits held under single ownership structure
- **Sound geological knowledge-base** in the Western/Upper Surat Basin
- **Significant increase its CSG acreage likely** from the Queensland Petroleum Land Release 2010
- **Exploring commercial opportunities with potential to maximise value of portfolio including farm-outs, spinoffs and partnerships**

Competent Persons Statement

'The information in this report that relates to previous waterbore and petroleum well drilling results at the Tambo Coal & Gas project is derived from data provided by the Queensland Government Department of Water and Natural Resources and open file reports obtained via the Queensland Department of Mines and Energy, with information compiled by Mr Lance Grimstone BSc(Hons)(Geol), Grad Dipl Mngt, FAusIMM, CPGeo, MMICA. Mr Lance Grimstone is employed by Lance Grimstone & Associates (Consulting) Pty Limited (ABN 114 977 829) and is a Director of Lodestone Energy Limited. Mr Lance Grimstone 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. Mr Lance Grimstone 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
8th November 2010