



30 July 2009

The Manager  
Companies Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

Dear Sir

**ACTIVITIES REPORT FOR QUARTER ENDED 30 JUNE 2009**

Lodestone's activities in the June Quarter of 2009, along with significant other events, consisted of:

**Activities related to Energy Projects:**

**Tambo Project (50% Lodestone)**

- Lodestone entered into two Farm-in Agreements for gas and coal tenements in the Tambo area of Southern Queensland with Tambo Coal & Gas Pty Ltd. These two Farm-in Agreements were ratified by Lodestone's shareholders at a General Meeting of Shareholders on 26 June 2009.
- Geological studies performed by Lodestone during the quarter on existing drilling from water bores indicates that the Tambo Project area is prospective for Surat Basin coal and coal seam gas as indications are that the Surat Basin extends through Tambo tenure to the northwest.
- Lodestone plan is to confirm this concept in stages, initially proving the concept by continuing geological field work, studies and drilling. Once proof of concept is confirmed, the area will be systematically further explored for coal seam methane gas and commercially viable coal resources.
- Lodestone as manager of the Tambo Project appointed Mr Bruce Patrick as Tambo Project Manager being responsible for all aspects of the Tambo Project. Mr Patrick has contributed previously to the geological understanding of the Surat Basin.

### Tambo Coal Seam Gas (CSG) Project (50% Lodestone)

- EPP 1020 has now been granted by DME to Tambo and has therefore transformed into ATP 1020, which overlies a number of the Tambo coal EPCAs thereby both simplifying the tenure arrangements and allowing for a common exploration approach, particularly in respect of property owners and the required cultural and environmental clearances.
- The planned exploration for Tambo has been based on early exploration of the ATP1020 and will part be aimed at proving that the Surat Basin exists throughout the area and adjacent EPC's.

### Tambo Coal Project (50% Lodestone)

- The second Farm-in Agreement relates to seven coal EPCAs (1414, 1415, 1417, 1418, 1481, 1482 and 1484). These are relatively large EPC application areas, six of them being 300 sub-blocks.
- Lodestone and Tambo Coal & Gas Pty Ltd also applied for an additional nineteen EPCAs on a 50:50 basis so the total Tambo project area applied for is very large. The areas are shown in Table 1.

**Table 1**  
**Tambo Project Tenure**

Permit Number	Applicant(s)	Description	Subblocks
<b>TAMBO PROJECT</b>			
EPC 1414	TAMBO	MARANOA	300
EPC 1415	TAMBO	WARREGO	300
EPC 1417	TAMBO	TAMBO EAST 1	300
EPC 1418	TAMBO	TAMBO EAST 2	300
EPC 1481	TAMBO	AUGATHELLA EAST 1	300
EPC 1482	TAMBO	AUGATHELLA EAST 2	300
EPC 1484	TAMBO	AUGATHELLA NORTH EAST	300
EPC 1621	TAMBO & LOD	TAMBO SOUTH EAST GAP	75
EPC 1622	TAMBO & LOD	ALPHA SOUTH WEST 1	300
EPC 1623	TAMBO & LOD	BYMOUNT WEST	300
EPC 1624	TAMBO & LOD	MORVEN NORTH EAST	300
EPC 1625	TAMBO & LOD	ALPHA SOUTH WEST 2	300
EPC 1632	TAMBO & LOD	TAMBO	300
EPC 1633	TAMBO & LOD	AUGATHELLA SOUTH EAST 1	162
EPC 1644	TAMBO & LOD	AUGATHELLA SOUTH EAST 2	125
EPC 1697	TAMBO & LOD	ALPHA RAIL	157
EPC 1719	TAMBO & LOD	BARCOO RIVER BLACKALL RAIL	475
EPC 1776	TAMBO & LOD	UPPER SURAT EAST 1	300
EPC 1777	TAMBO & LOD	UPPER SURAT EAST 2	247
EPC 1784	TAMBO & LOD	WAROONGA	300
EPC 1786	TAMBO & LOD	DUBYDILLA	284
EPC 1788	TAMBO & LOD	MUCKADILLA NORTH	300
EPC 1789	TAMBO & LOD	MUCKADILLA NORTH EAST	300
EPC 1794	TAMBO & LOD	MORVEN NORTH	299
EPC 1795	TAMBO & LOD	ROMA NORTH WEST	300
EPC 1800	TAMBO & LOD	MARANOA RIVER PROJECT	50
			<b>6974</b>
<b>Tambo Gas Project</b>			
ATP 1020	TAMBO	TAMBO GAS PERMIT	<b>2150</b>

### **Moreton Energy Project (50% Lodestone)**

Lodestone has an agreement to earn 50% equity in the Moreton Energy Project, which now consists of four thermal coal tenements in the Beaudesert District, near Brisbane. Exploration programs for each of the EPC's are now well advanced, with drilling planned to commence in August 2009.

### **Activities related to Lodestone's Mount Morgan, Limestone Creek, and Eastern Botswana Projects:**

#### **Mount Morgan Project**

This project is centred on the historic gold mining town of the same name, and is situated 50 kilometres southwest of Rockhampton, Queensland. Lodestone is exploring for gold and copper – molybdenum orebodies. The company invites farm-in proposals to fund drilling of several deep geophysical and conceptual targets.

#### **Limestone Creek Project (100% Lodestone)**

This project is situated 130 kilometres 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 invites farm-in proposals for this project.

#### **Botswana Project**

The Eastern Botswana Project has been sold for a nominal consideration to First Mining Limited.

### **Funding**

During the period \$5 million dollars was raised to fund Lodestone' proposed exploration programs by way of placements and sale of royalty as previously announced

### **Re-Naming To Lodestone Energy Limited**

At the General Meeting of Shareholders on 26 June 2009 it was agreed that the company's name be changed to lodestone Energy Limited so as to more accurately reflect the objectives and plans of the company.

**Work Program:**

The company will continue to develop the regional geological model for the Tambo Coal & Gas project during the coming months, as well as planning the exploration program for the area.

Drilling is to commence in Moreton Project EPC's in late August 2009.

Lodestone will continue discussions with potential partners encourage farm-ins at its Mount Morgan and Limestone Creek Projects.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'M. Ackland', written in a cursive style.

**Martin Ackland**  
**Chairman**

Jeff Jamieson  
Chief Executive Officer  
07-3229-6606  
jammo@lodestonenergy.com