



PRESENTATION TO ANNUAL GENERAL MEETING

9th NOVEMBER 2009



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World Energy Growth

Martin Ferguson

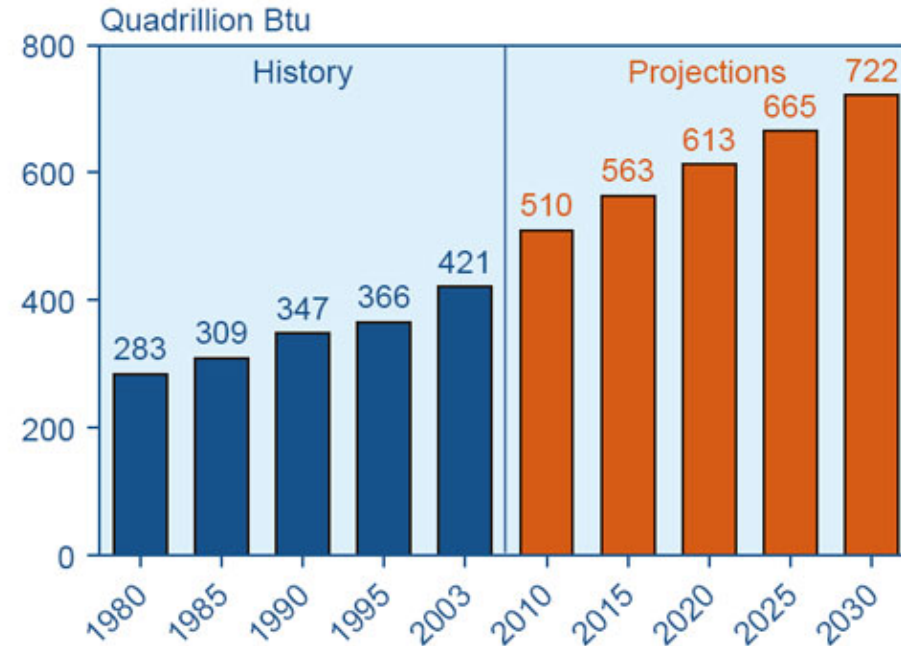
The Australian, 24th July, 2009

'...There are 1.6 billion people in the world with no access to electricity. They are the poorest people on the planet. As the developing world continues to modernise and OECD economies continue to grow, global energy consumption is set to nearly double in the next 20 years.

China is the obvious case study. It already has 11 nuclear power stations in operation and a further 29 under construction or announced. China's LNG imports are set to double this year and increase a further 50 per cent next year. It already has more renewable energy capacity than any other nation and renewable energy's share of domestic capacity in China will grow to 15 per cent in 2020.

And every four months, from now until 2020, China will build new coal-fired power stations possessing the same capacity as Australia's entire coal-fired power sector.....'

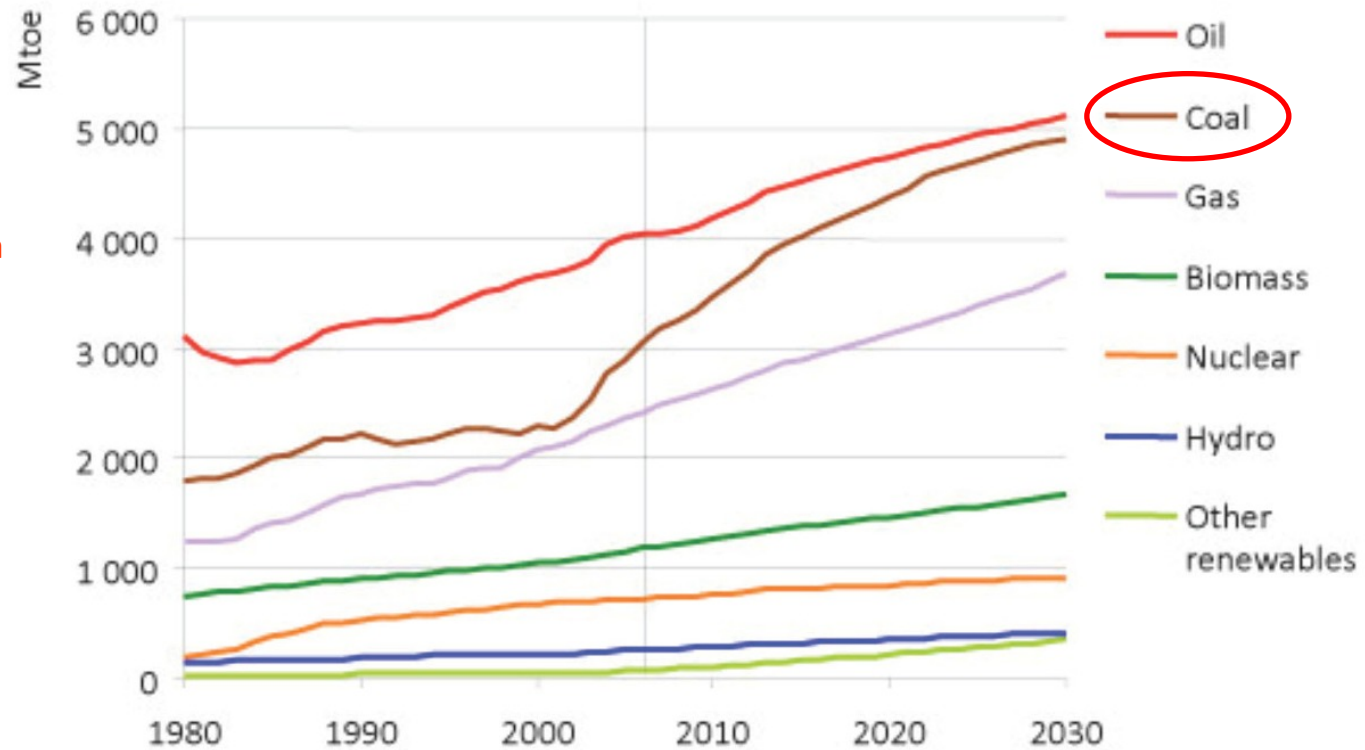
Figure 7. World Marketed Energy Consumption, 1980-2030



Sources: **History:** Energy Information Administration (EIA), *International Energy Annual 2003* (May-July 2005), web site www.eia.doe.gov/iea/. **Projections:** EIA, *System for the Analysis of Global Energy Markets* (2006).

World Energy Demand by Fuel

Note the steeper uptake of coal, principally from Asia



World energy demand expands by 45% between now and 2030 –an average rate of increase of 1.6% per year – with coal accounting for more than a third of the overall rise (World Energy Outlook - OECD/IEA 2008).

Source: World Energy Outlook – OECD / IEA 2008.

CURRENT CSG OUTPUT vs GLOBAL LNG DEMAND

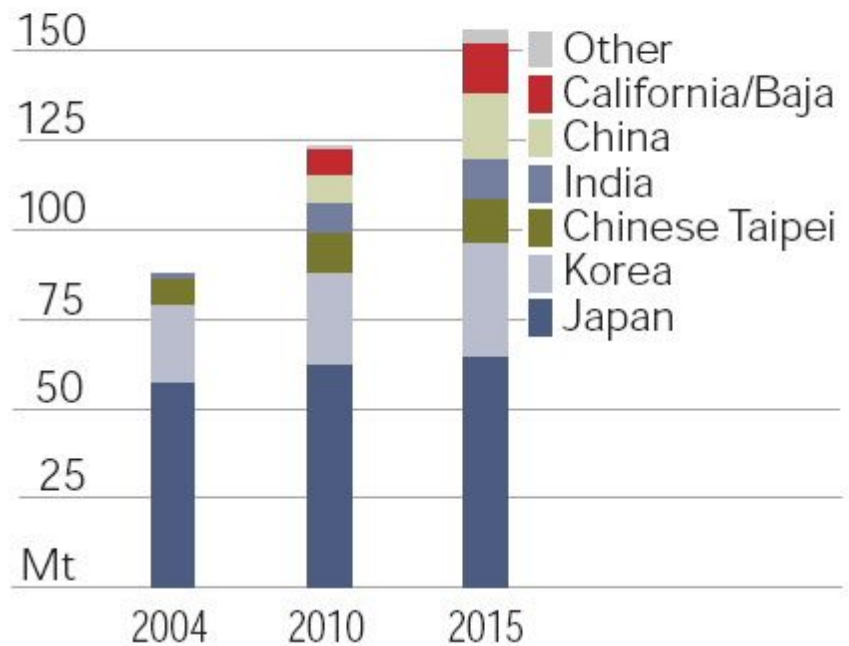
From a production of 1 PJ in 1996 from the Bowen Basin, CSG output in eastern Australia has grown rapidly to 458 TJ per day or 167 PJ per year (as at 31 December 2008).

CSG output now meets 25% of Eastern Australian gas demand of 670 PJ per year and continues to increase as existing fields expand and new projects are brought into production

96.7% of this CSG production (443 TJ per day) is from Queensland

CSG developments mostly have been focused in regions relatively close to existing gas transmission infrastructure

Projected LNG demand by importing country

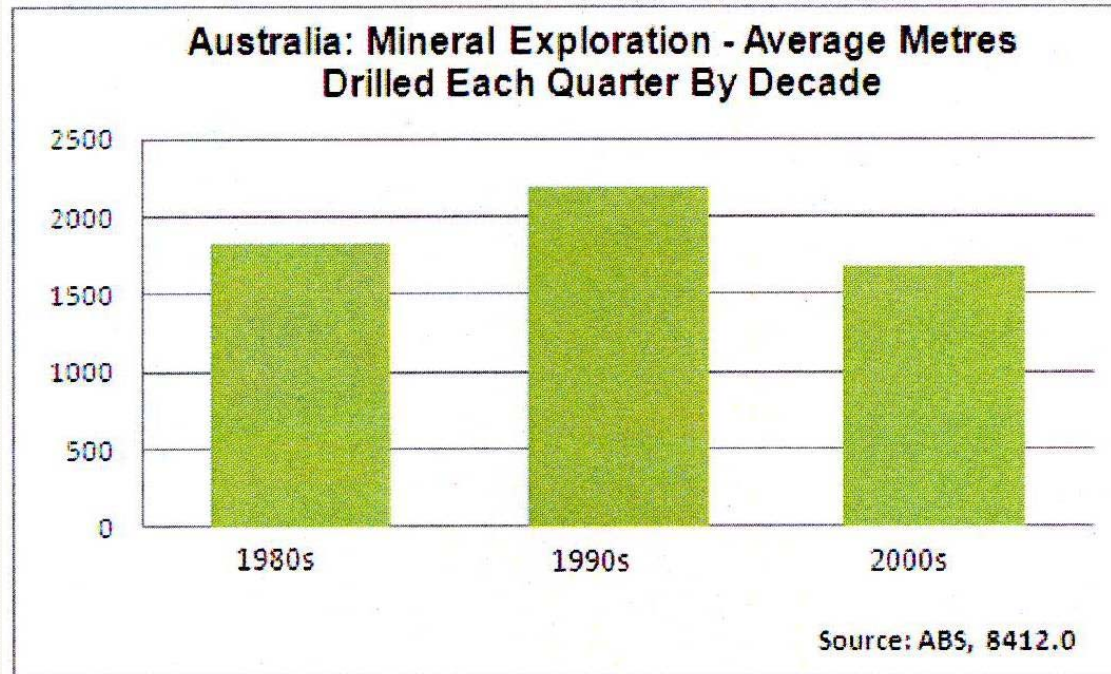


Pointers to Global Recovery

June to October 2009

- **BHP's BMA coking coal operations** - cranked up to meet Chinese demand.
- **Whitehaven Coal, Macarthur Coal and Coal & Allied** –increased sales.
- Coal shipments from the **Port of Newcastle** up 11 % .
- **Mine expansion plans are still on foot** such as BHP Billiton Ltd's \$A4 billion Caval Ridge opencut coking coal project and \$260m to expand output at the Mt Arthur thermal coal mine by 30%.
- **Xstrata** announced a new coal port at Gladstone for Wandoan coal and expansion of Abott Point
- A number of large **mining and construction contracts** have recently been let.
- **Xstrata Coal** will restart mining at the Oaky No. 1 longwall mine.
- China's refined nickel and copper imports set records in June.
- Nippon and Bluescope announce starting or **restarting of blast furnaces**.
- **Rio Tinto's** global iron ore production up 8%, with its Pilbara iron ore **operations running at full capacity**.
- **Waratah Coal** has started a feasibility study into building a low emission IGC 900MW coal-fired power station with carbon capture and storage technology adjacent to its China First project in Central Queensland.
- The **export LNG business** shows no sign of abating in Queensland. **BG Group's**Qld Curtis LNG project has taken another step towards development with the release of its EIS.
- **ERM Poweris** investigating the feasibility of building a 900km, \$500M gas pipeline between NSW and QLD. The proposed pipeline would allow transportation of gas from prospective coal seam gas fields in Queensland, and secure electricity generation in NSW.
- **GE** has formed a consortium to build the world's first low emission coal power plant near Wandoan in Queensland.

Discovery without Exploration?



Source: State of the Sector – QRC - September Quarter 09 Edition 3

Lodestone's New Direction

During the past 12 months, the board has re-positioned the company to be able to respond to the inevitable surge in world energy requirements over the next two decades, particularly in Asia. The company has achieved this by securing a substantial foothold in the Upper Surat Basin.



The company intends to confirm that this area represents a genuine extension of the Surat Energy Province, both for thermal coal and coal seam gas.

Board and Management

To initiate the company's shift in focus, the Lodestone board and management have been restructured to include people with a greater strength in coal, coal seam gas, exploration and development.

Chairman

Martin Ackland

Directors

Greg Baynton

John McCawley

Bill Stubbs

Lance Grimstone

Grahame Baker (May 2009)

CEO

Jeff Jamieson

Manager Tambo

Bruce Patrick (June 2009)

Energy Credentials

Martin Ackland - former advisory board member of Conoco Australia and former CEO of Southern Cross Resources Inc.

Greg Baynton – founding Director of Arrow Energy NL.

Bill Stubbs - founding Chairman of Arrow Energy NL and founding Director of Bligh Coal Ltd.

Lance Grimstone - senior coal industry consultant formerly retained by the board of Macarthur Coal Limited.

Grahame Baker – senior consultant to chemical, process and energy industries.

Jeff Jamieson - coal consultant of 28 years coal experience.

Bruce Patrick – ex-Anglo Coal, with 32 years experience in exploration, development and production.

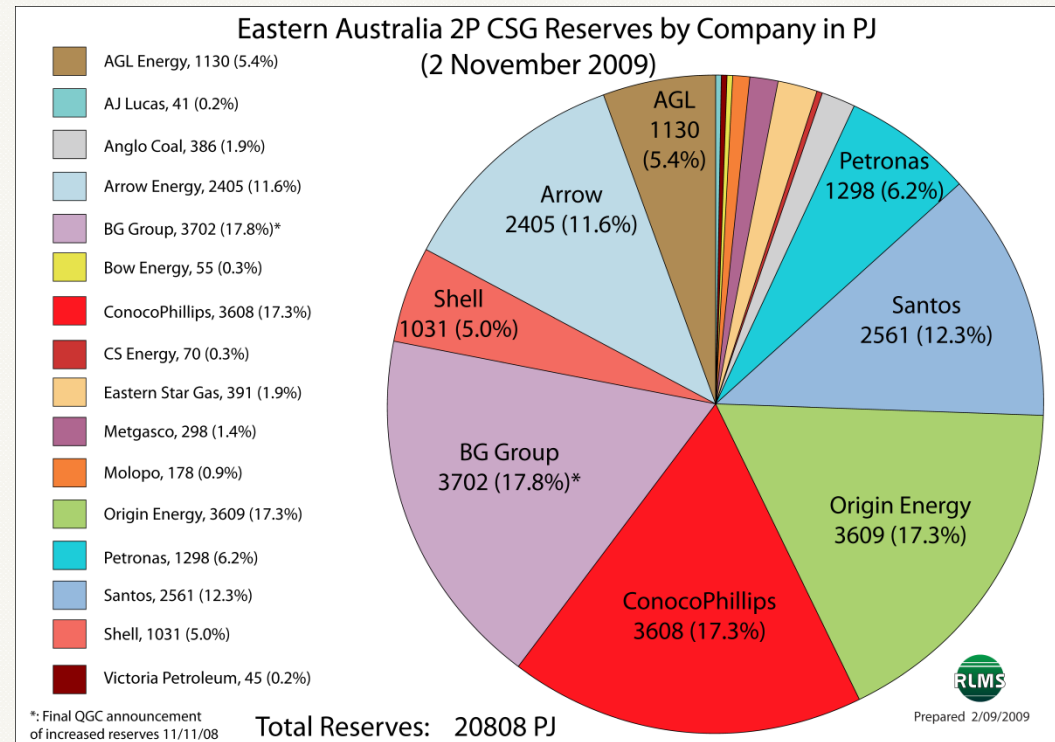
Tambo and Moreton Farm-ins

Lodestone entered into the energy business by farming-in to two projects, both centred upon the Walloon Coal Measures from the Surat Basin:

- Tambo Coal and Gas Project; and
- Moreton Energy Project

Lodestone's Objective

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



Key Milestones



The first milestones have been met:

- The company is now restructured and renamed.
- It is positioned to secure a foothold in the rapidly developing coal seam gas sector which has altered the economic landscape in Queensland.
- It has partnered in the exploration and development of a new energy coal province in the Upper Surat Basin.
- Funding for the initial phase of the exploration program has been secured, and steps in place to raise additional exploration funding.

The next milestones for Lodestone are:

- Dilling programs to confirm:
 - that coal intercepts in water-bores west of Bymont, Lacerta and Don Juan translate into typical Walloon-style coal deposits.
 - and the likelihood of coal and coal seam gas resources.
- To consolidate LOD interest in the tenements
- To attract a strategic partnership to share in Lodestone's new future, perhaps an operator or future customer.

THE TAMBO PROJECT

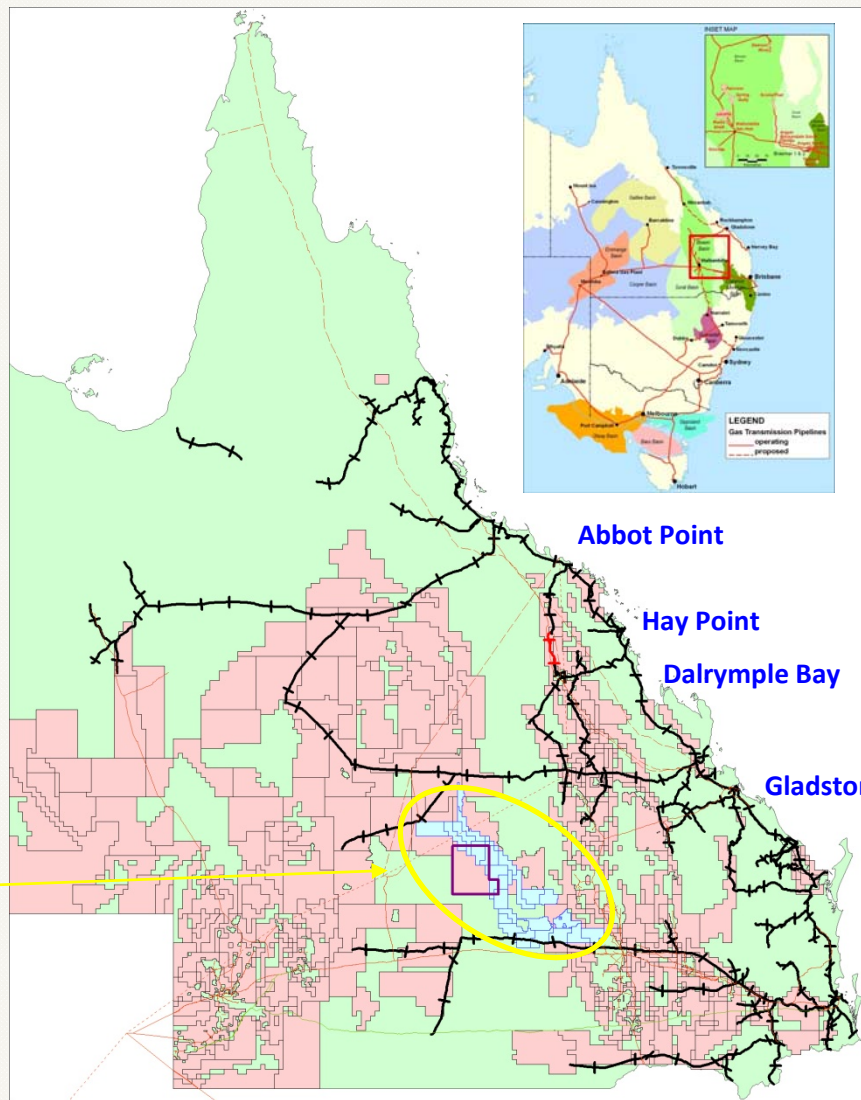
Updated 9 November 2009









Integrated Coal and Gas Project with access to pipelines, rail and port infrastructure

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In such a grassroots endeavour, the large coal acreage provides the company with the chance to achieve the critical mass of resources to generate a large enough coal mining project to fund the necessary investment in infrastructure.

Tambo Coal & Gas project



-  Gas Pipeline
-  Gas Pipeline - proposed
-  Oil Pipeline
-  Rail
- Abbot Point**  Coal Export Port
-  Gas Tenements
-  Tambo Gas Tenements
-  Tambo Coal Tenements

Tambo Tenement Schedule



A Lodestone Energy Ltd subsidiary has farmed-in to earn 50% of 7 EPCs 1414-15, 1417-18, 1481-2, 1484 held by Tambo Coal & Gas Pty Ltd

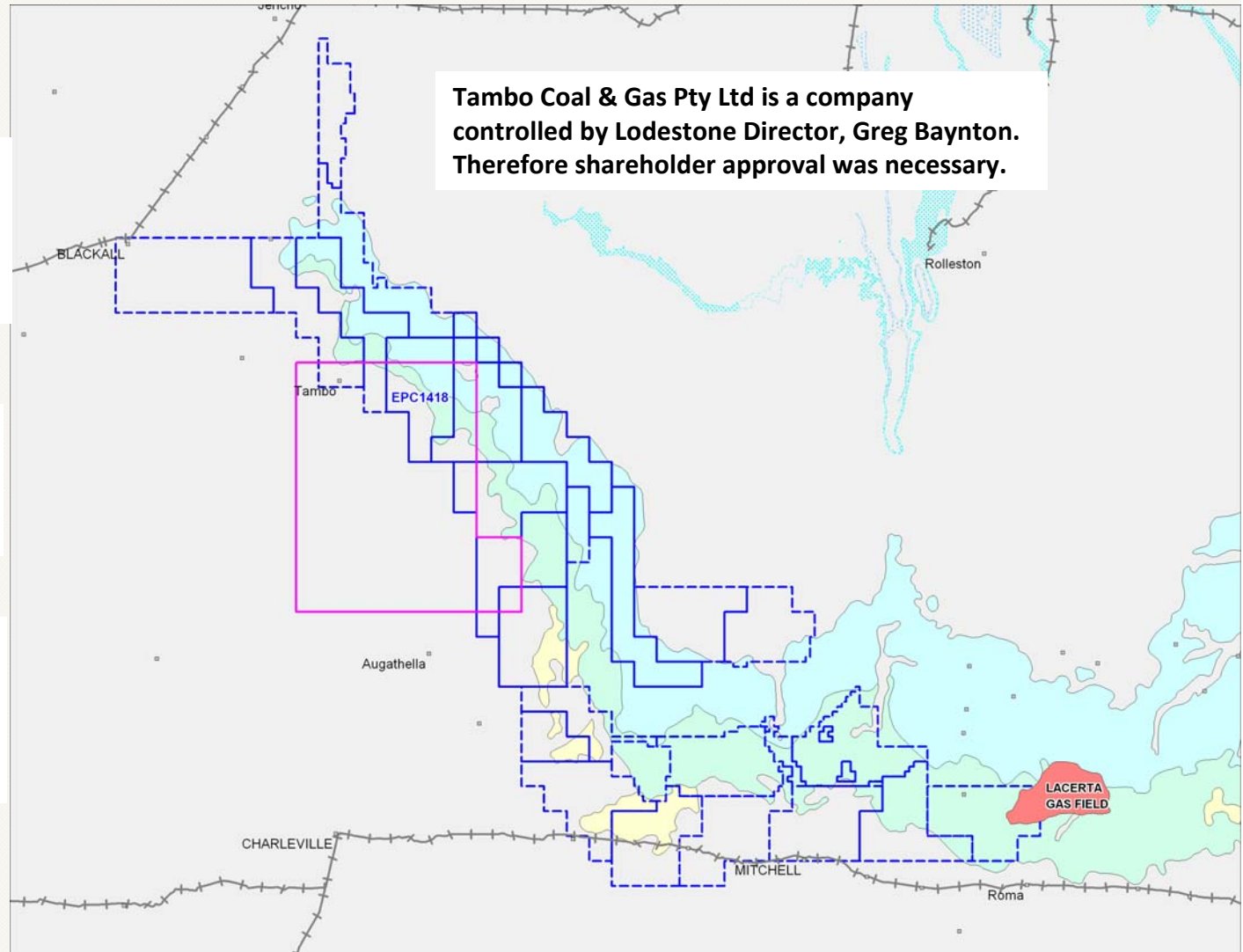


A Lodestone Energy Ltd subsidiary has farmed-in to earn 50% of ATP 1020 held by Tambo Coal & Gas Pty Ltd



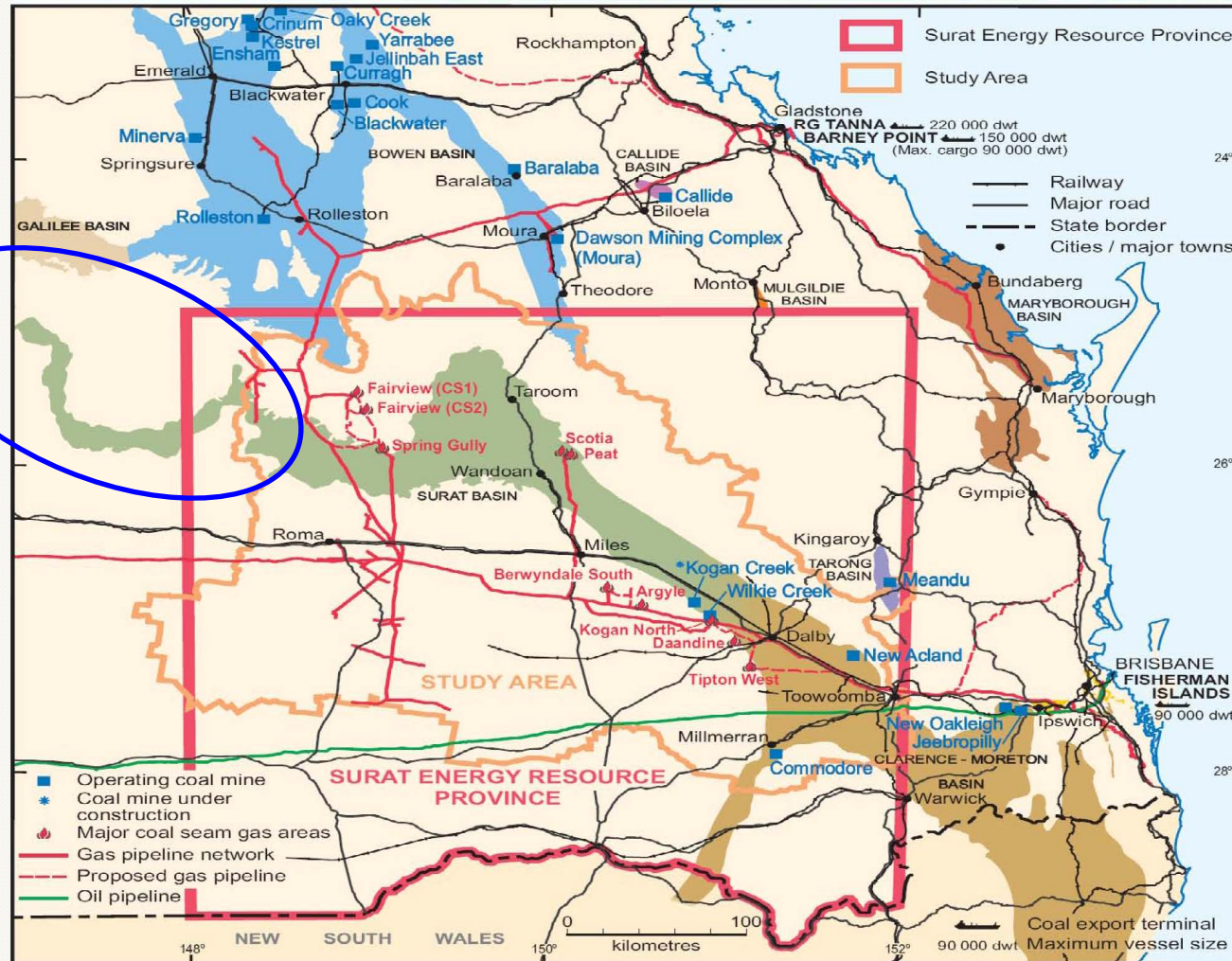
As a result of Lodestone work, both parties jointly pegged another 19 EPCs (1621-7, 1632-3, 1644, 1697, 1719, 1776-7, 1784, 1786, 1788-9, 1794-5)

Tambo Coal & Gas Pty Ltd is a company controlled by Lodestone Director, Greg Baynton. Therefore shareholder approval was necessary.



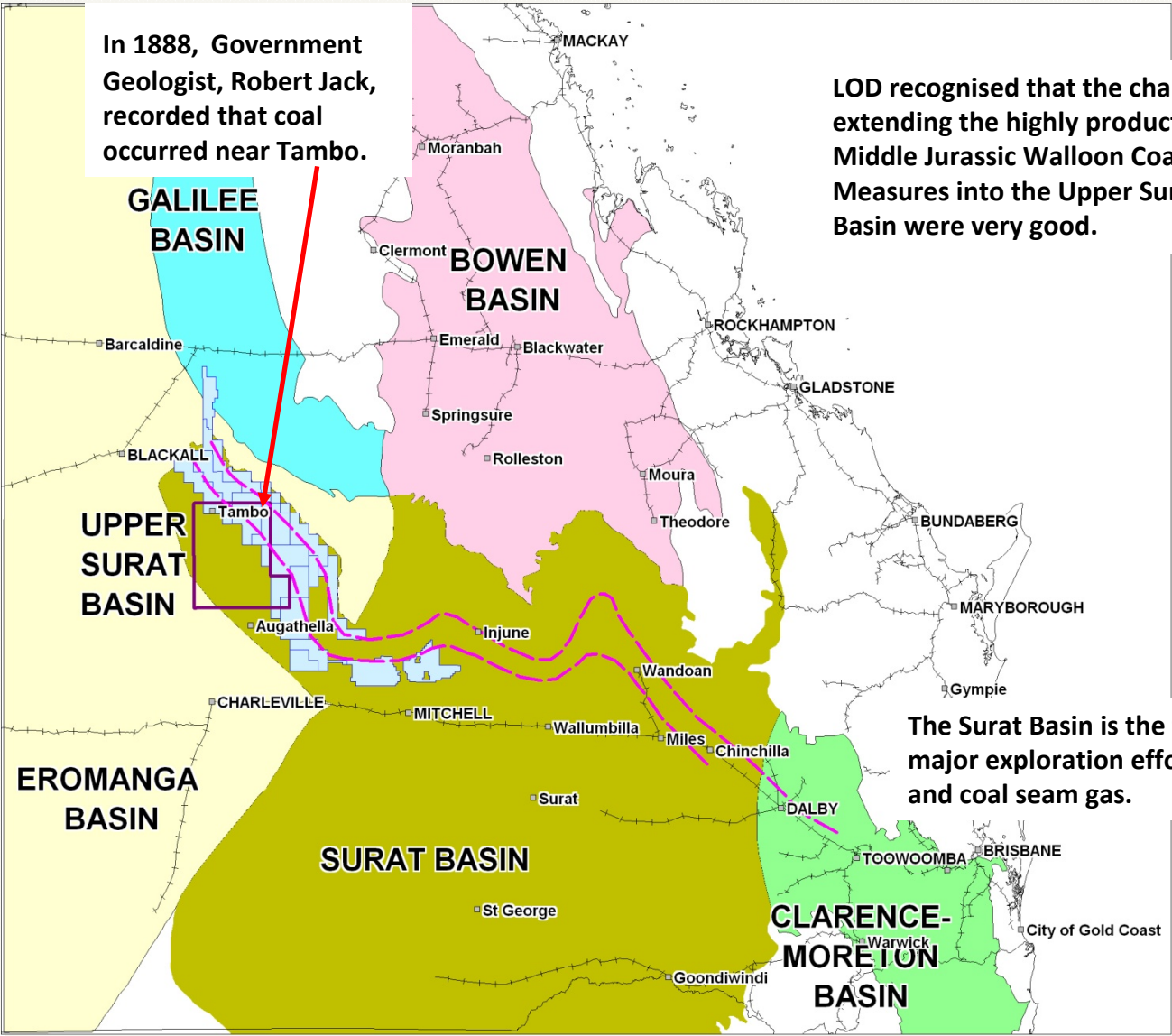
Why the Tambo Region?

The Tambo Project area is a logical extension of the known Surat Energy Province



A New Coal and CSG Frontier?

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In 1888, Government Geologist, Robert Jack, recorded that coal occurred near Tambo.

LOD recognised that the chances of extending the highly productive Middle Jurassic Walloon Coal Measures into the Upper Surat Basin were very good.

If LOD is correct, a new coal and gas basin could emerge.

The Surat Basin is the focus of a major exploration effort for coal and coal seam gas.

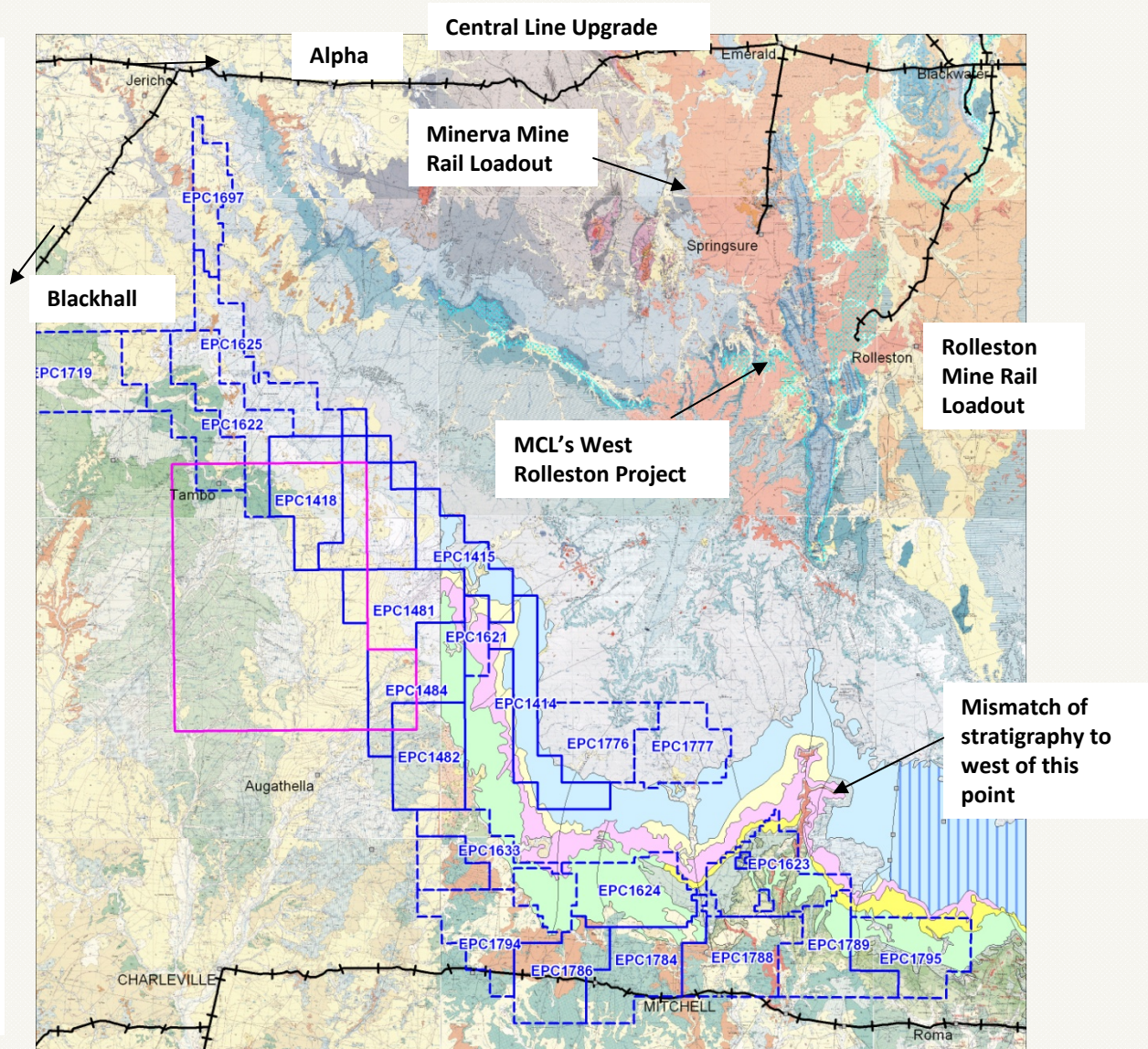
Why Has It Been Ignored?

We believe that an enormous opportunity for coal and gas resources has been missed because the stratigraphy of the region was unresolved until now.

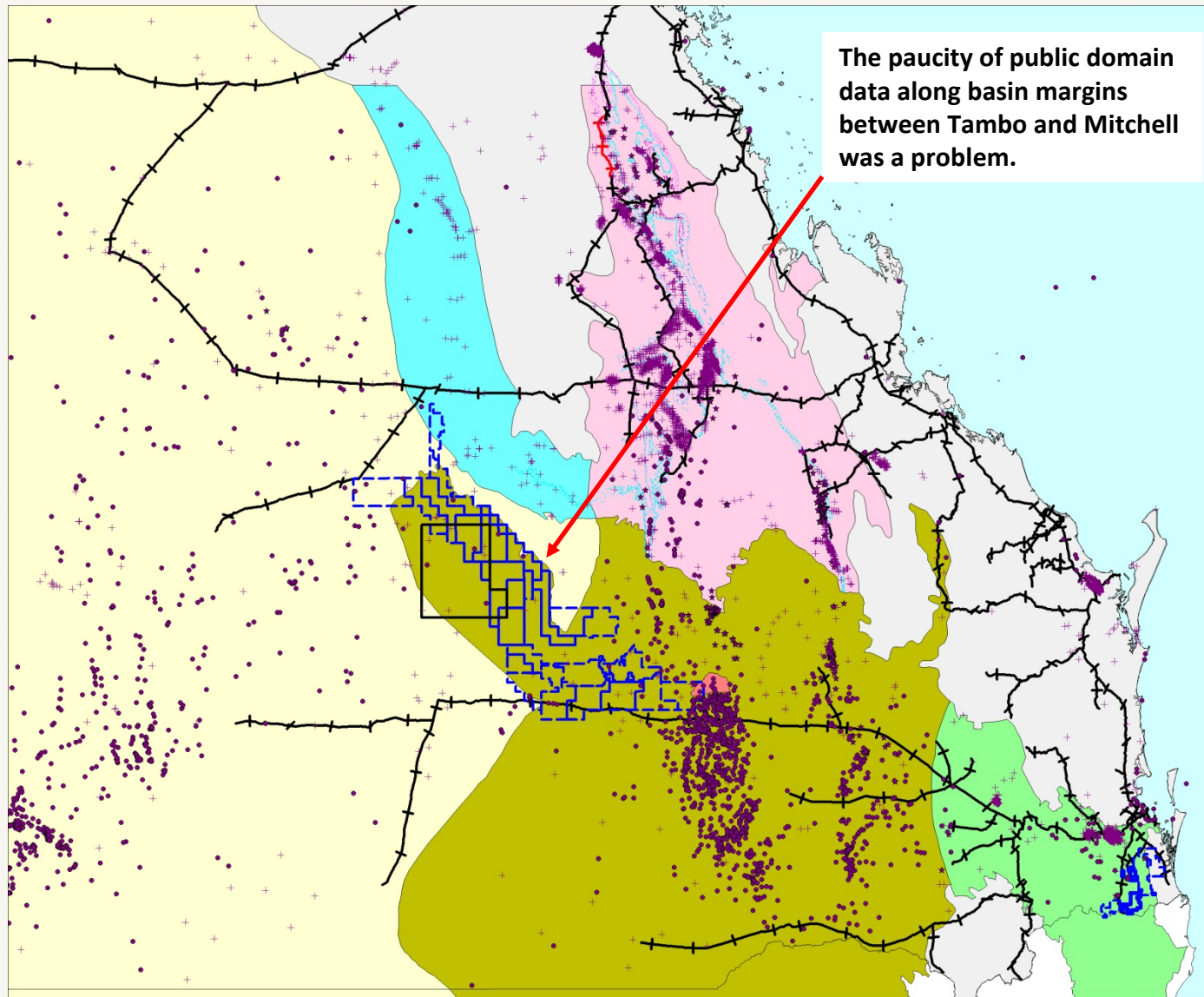
Limitations of the original stratigraphic assignment by BMR field mapping crews in the 1960s are noted on the 1:250,000 sheets.

With no coal exploration to help stimulate its revision this mapping has remained largely in place for the past 40 years.

Since conventional oil and gas explorers targeted the Permian below, the Jurassic sediments were rarely examined.



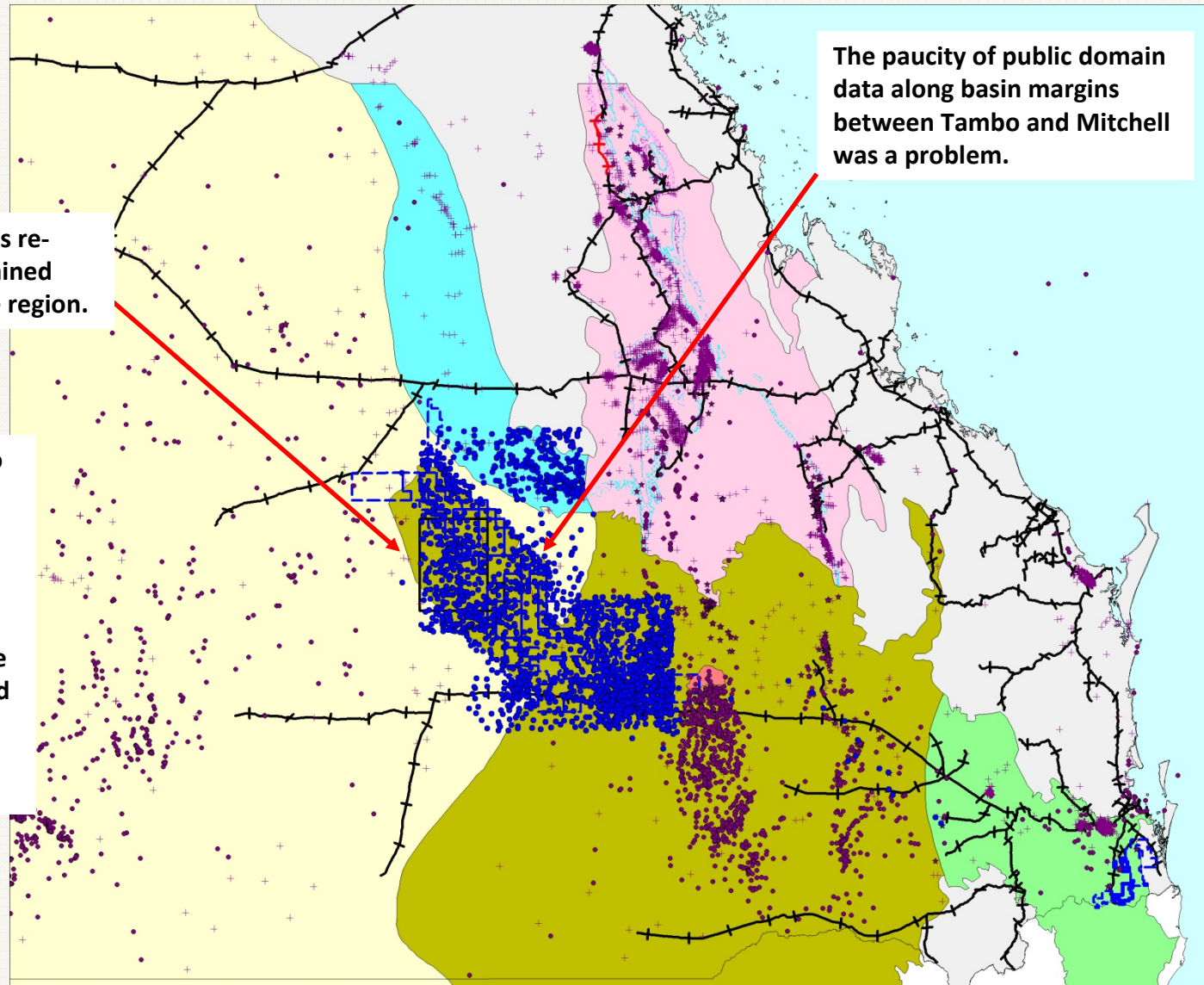
Paucity of Data Required a Rethink



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Paucity of Data Required a Rethink

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The paucity of public domain data along basin margins between Tambo and Mitchell was a problem.

Therefore Lodestone has re-evaluated the data obtained from water-bores in the region.

A critical first step was to adjust their collar elevations to a single, more accurate datum via the Shuttle Radar Topographic mapping. With accurate collars, the waterbore dataset gained credibility for use in compiling detailed cross-sections

Typical Coal-Rich Interval

**Hole 5638 Driller's Log
depth in metres**

BORE #	TOP (m)	BOTTOM (m)	THK (m)	DESCRIPTION
5638	0	2.74	2.74	RED SAND 4FT RED GRAVEL 5FT
5638	2.74	17.07	14.33	WHITE SANDSTONE
5638	17.06	21.94	4.88	WHITE PUG CLAY
5638	21.94	29.26	7.32	GREY SHALE WITH BLACK SEAMS
5638	29.26	29.56	0.3	SEAM COAL 1FT
5638	29.56	31.39	1.83	BROWN SHALE WITH OILY SUBSTANCE
5638	31.39	42.67	11.28	GREY SHALE
5638	42.67	43.28	0.61	GREY ROCK
5638	43.28	52.42	9.14	BROWN SHALE WITH OILY SUBSTANCE & COAL
5638	52.42	61.57	9.15	COAL
5638	61.57	80.16	18.59	GREY SHALE
5638	80.16	92.66	12.5	GREY SHALE
5638	92.66	143.86	51.2	GREY & BROWN SHALE
5638	143.86	147.52	3.66	SANDSTONE
5638	147.52	164.28	16.76	GREY SHALE CLAY & SANDSTONE
5638	164.28	168.25	3.97	SANDSTONE
5638	168.25	190.8	22.55	SANDSTONE
5638	190.8	193.85	3.05	DRIFT SAND & GRAVEL
5638	193.85	195.07	1.22	HARD ROCK
5638	195.07	199.64	4.57	BLUE STICKY SHALE
5638	199.64	202.69	3.05	BLUE SHALE & WHITE CLAY 4FT SANDSTONE
5638	202.69	221.89	19.2	SANDSTONE 48FT BROWN SHALE 15FT

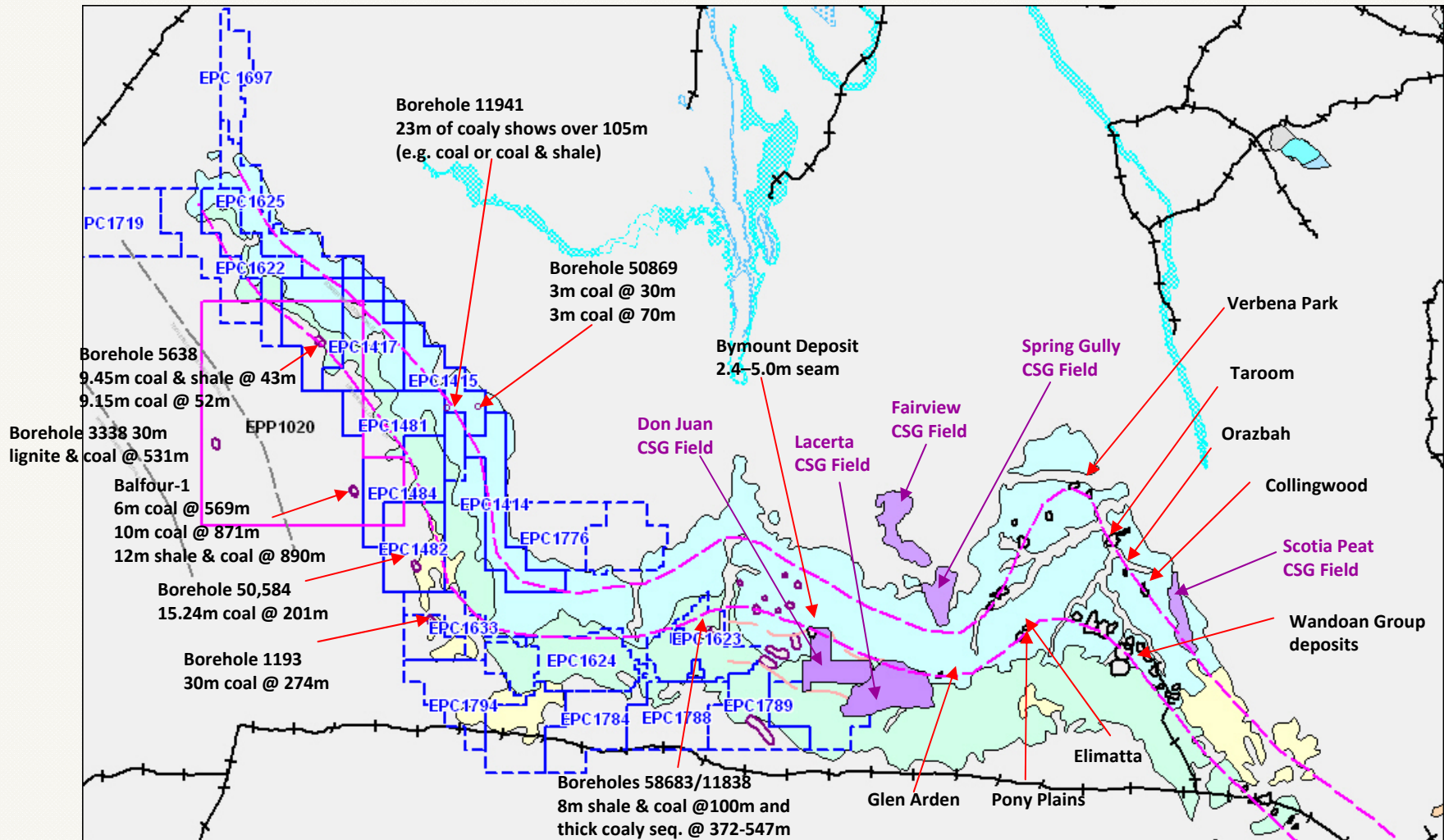
RN	TOP	BOTTOM	THICK	ORIGINAL FORM DESC	NEW FORM DESC
5638	0.00	52.40	52.4	HOORAY SANDSTONE	JUANDAH COAL MEASURES
5638	52.40	147.50	95.1	WESTBOURNE FORMATION	JUANDAH COAL MEASURES
5638	147.50	164.28	16.78	ADORI SANDSTONE	JUANDAH COAL MEASURES
5638	164.28	193.85	29.57	ADORI SANDSTONE	TANGALOOMA SANDSTONE
5638	193.85	217.30	23.45	ADORI SANDSTONE	TAROOM COAL MEASURES
5638	217.30	221.90	4.6	BIRKHEAD FORMATION	TAROOM COAL MEASURES

LOD Stratigraphic Assignment

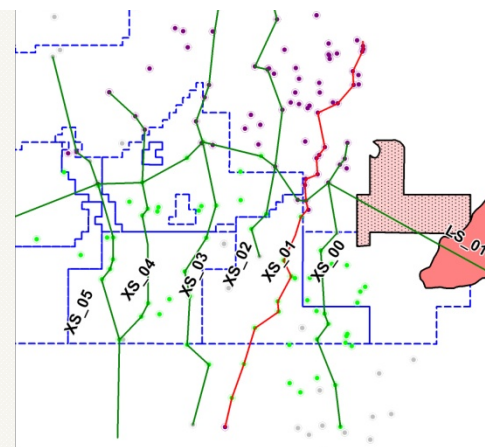
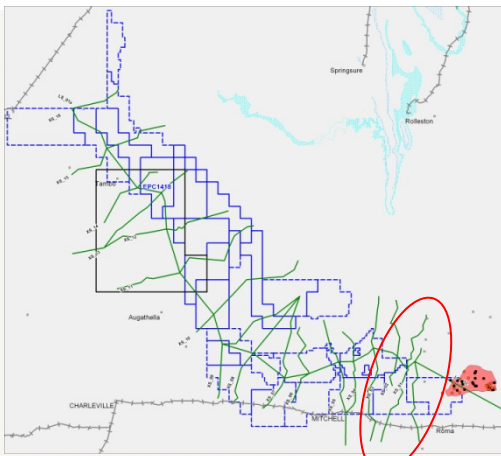
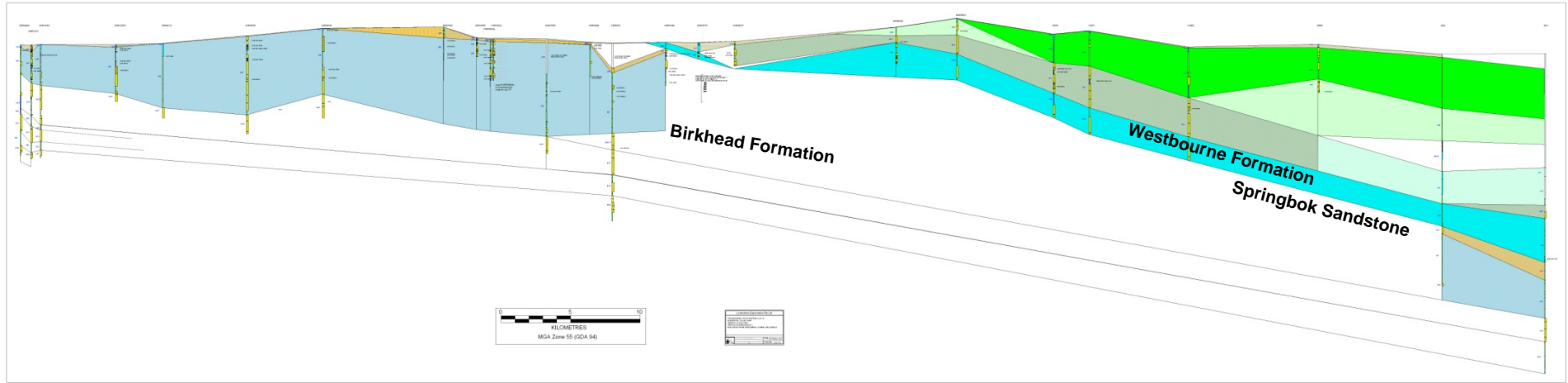
Downloads of 2300 such holes from the Department were reformatted into a modern borehole database so we could interrogate and utilise the data contained. The match between the frequency of the word 'coal' in the lithological descriptions and the projected crop zone of the Juandah and Taroom Coal Measures is extraordinary.

The bores were drilled from the early 1900s to the present day, using a variety of equipment from cable tool rigs to modern rotary table rigs. The similarity of detection across generations of drillers is also remarkable.

The Evidence Is Accumulating Fast



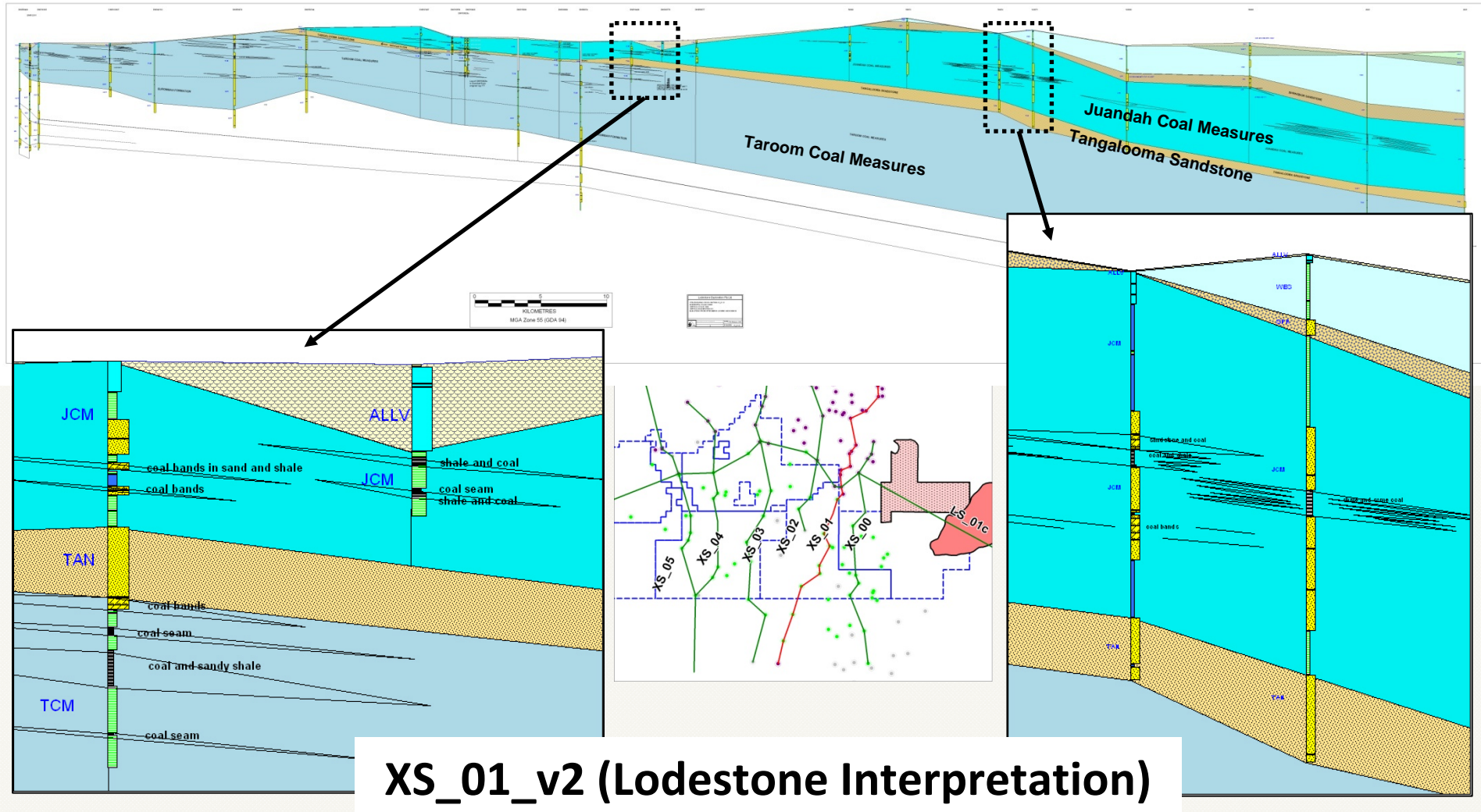
Cross-section XS_01 Alongstrike from Lacerta



XS_01_v1 (Traditional Interpretation)

Cross-section XS_01 Alongstrike from Lacerta

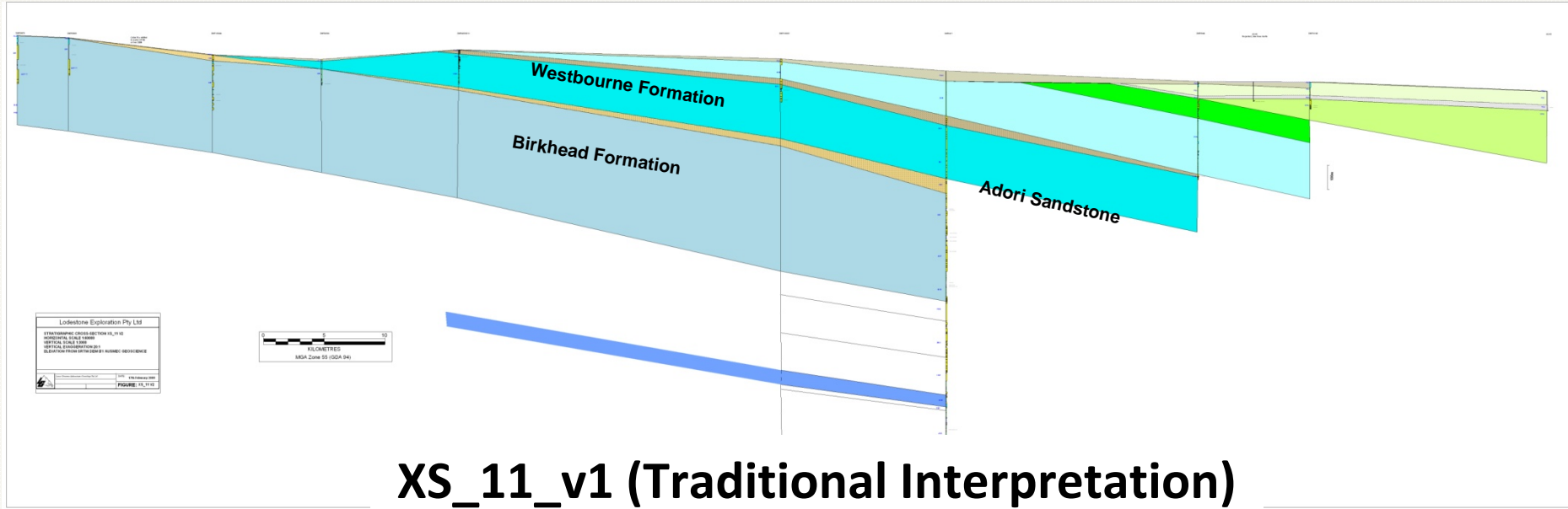
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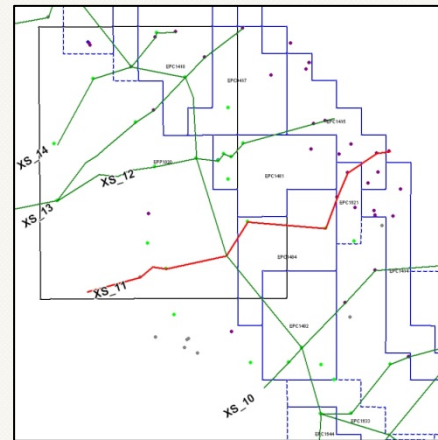
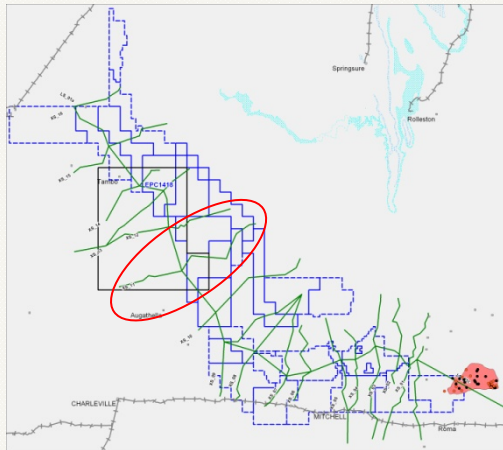
XS_01_v2 (Lodestone Interpretation)

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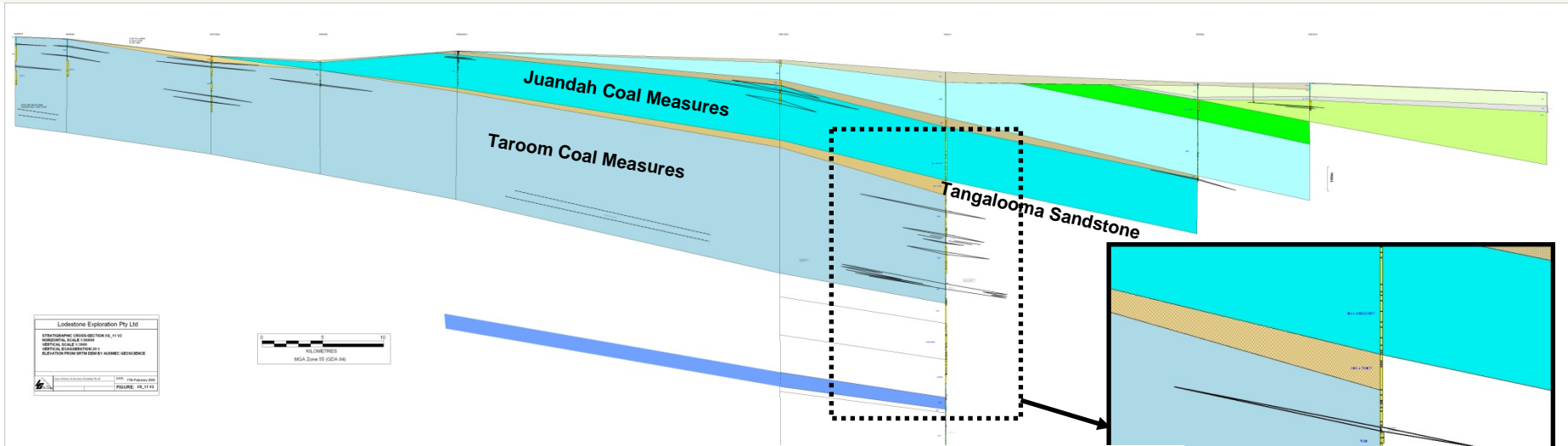
Cross-section XS_11 North of Nebine Ridge



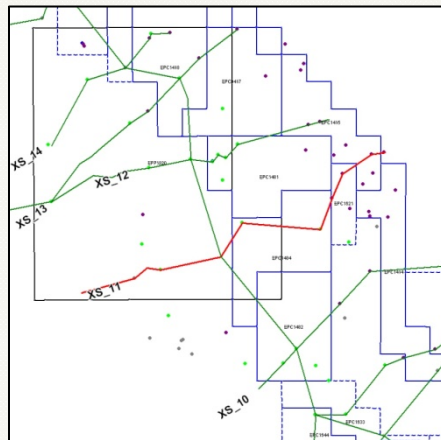
XS_11_v1 (Traditional Interpretation)



Cross-section XS_11 North of Nebine Ridge

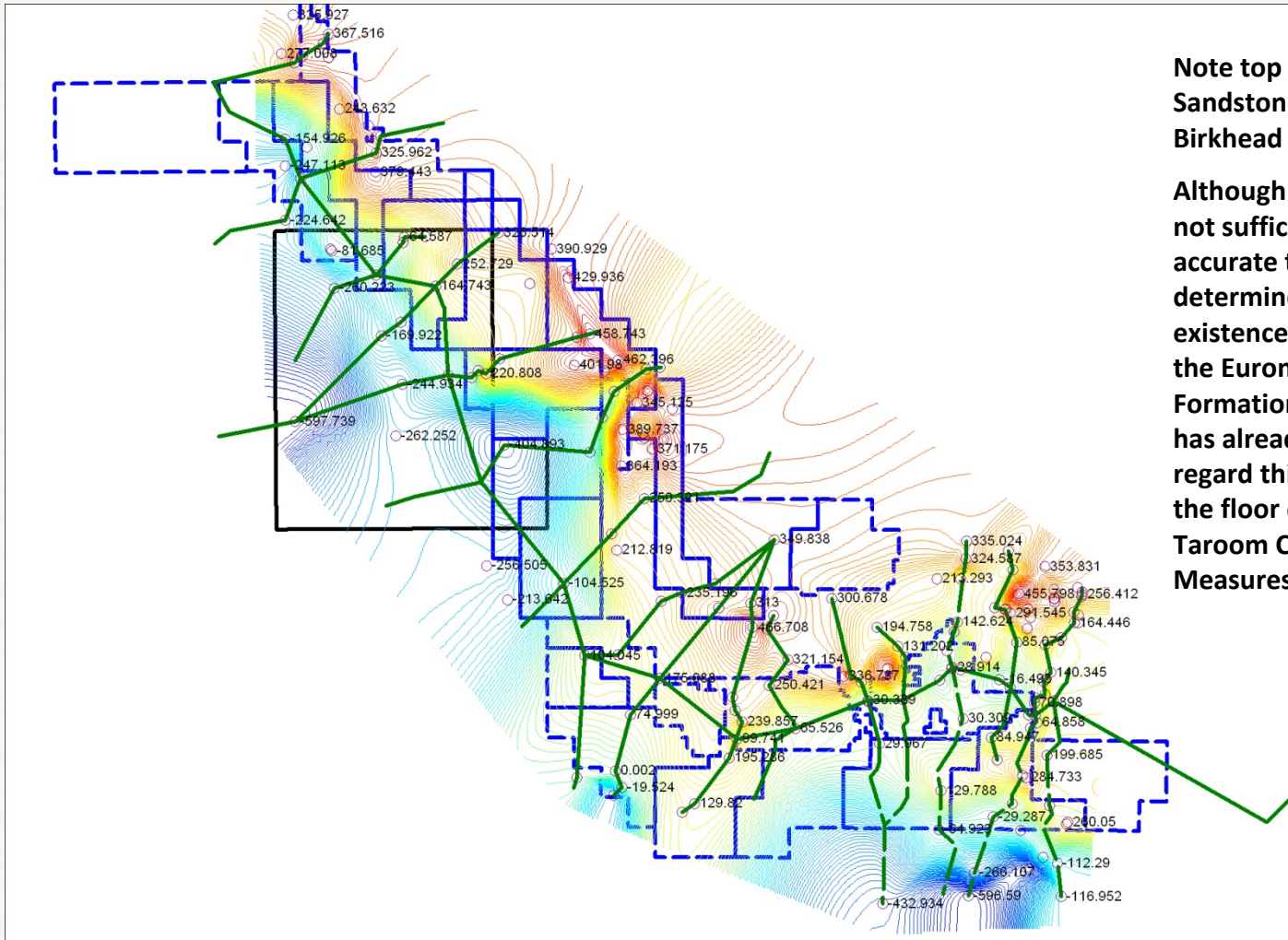


XS_11_v2 (Lodestone Interpretation)



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Structure Contours Floor of TCM

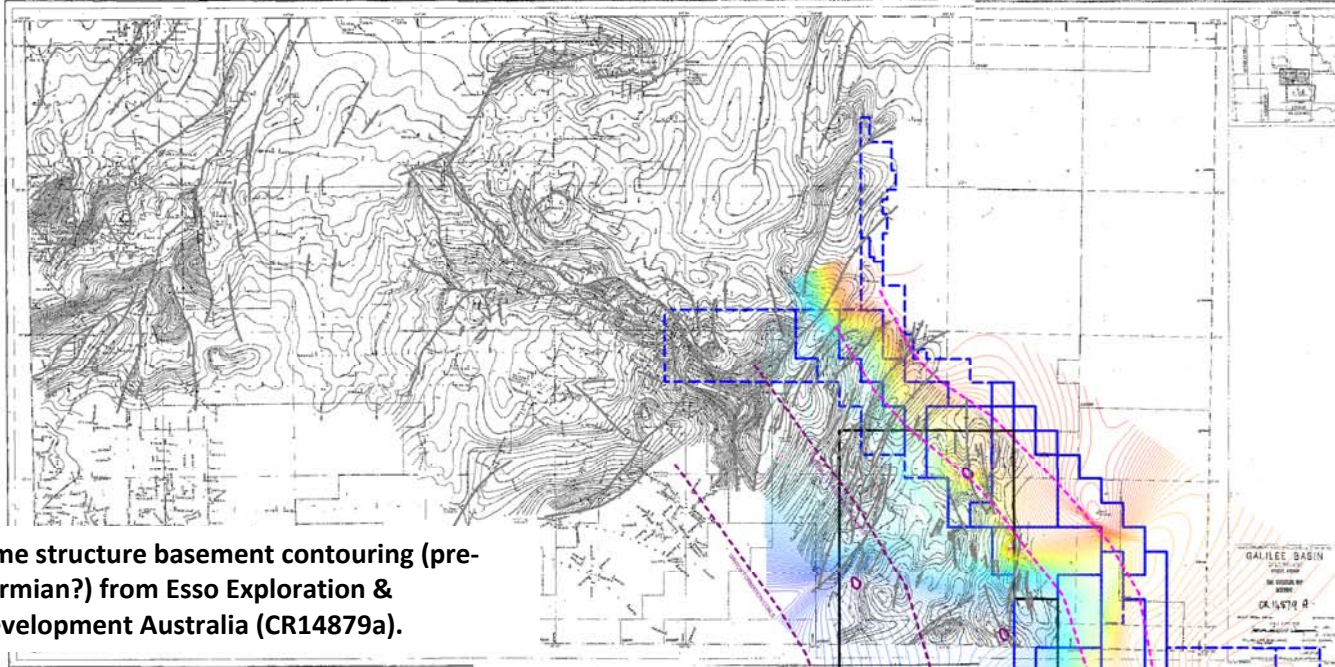


Note top of Hutton Sandstone is Base of Birkhead Formation.

Although the data is not sufficiently accurate to determine the existence or extent of the Eurombah Formation, Lodestone has already begun to regard this surface as the floor of the Taroom Coal Measures.

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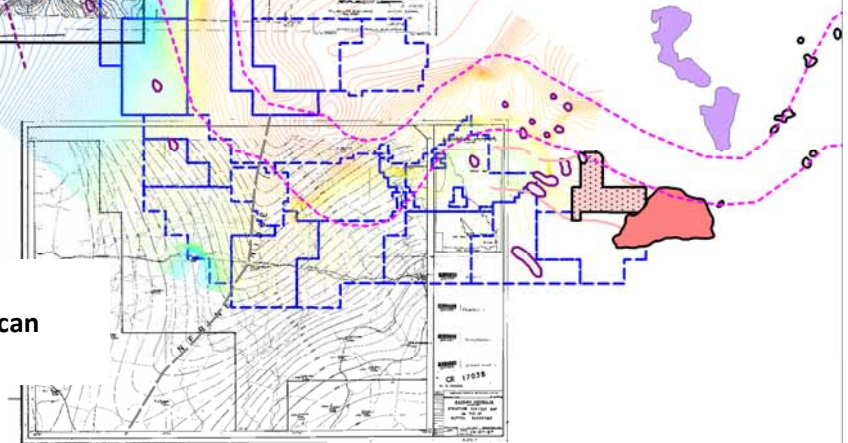
Basement Structure - Upper Surat Basin



Time structure basement contouring (pre-Permian?) from Esso Exploration & Development Australia (CR14879a).

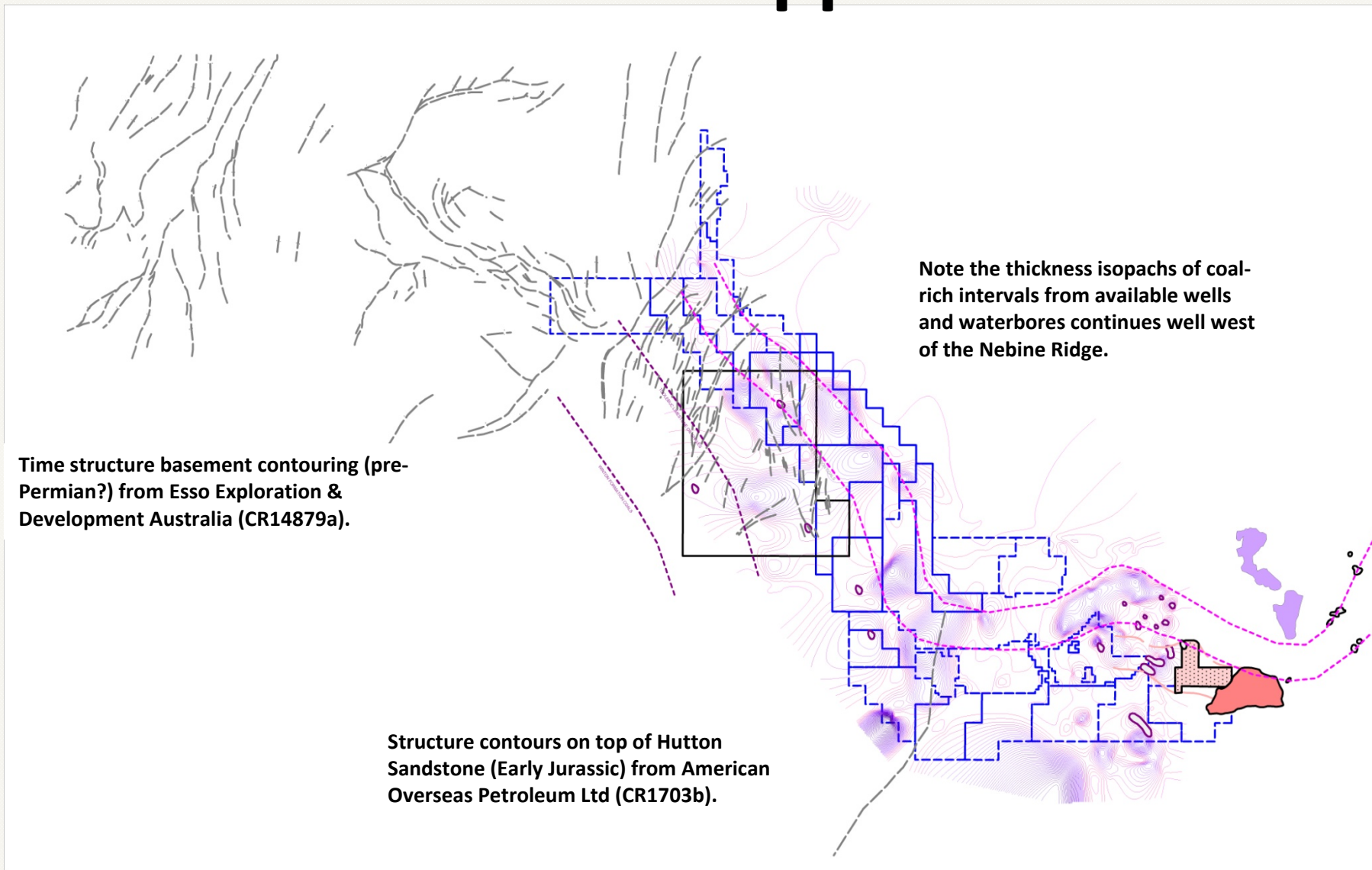
Structure contours on top of Hutton Sandstone from Lodestone work.

Structure contours on top of Hutton Sandstone (Early Jurassic) from American Overseas Petroleum Ltd (CR1703b).



Basement Structure - Upper Surat Basin

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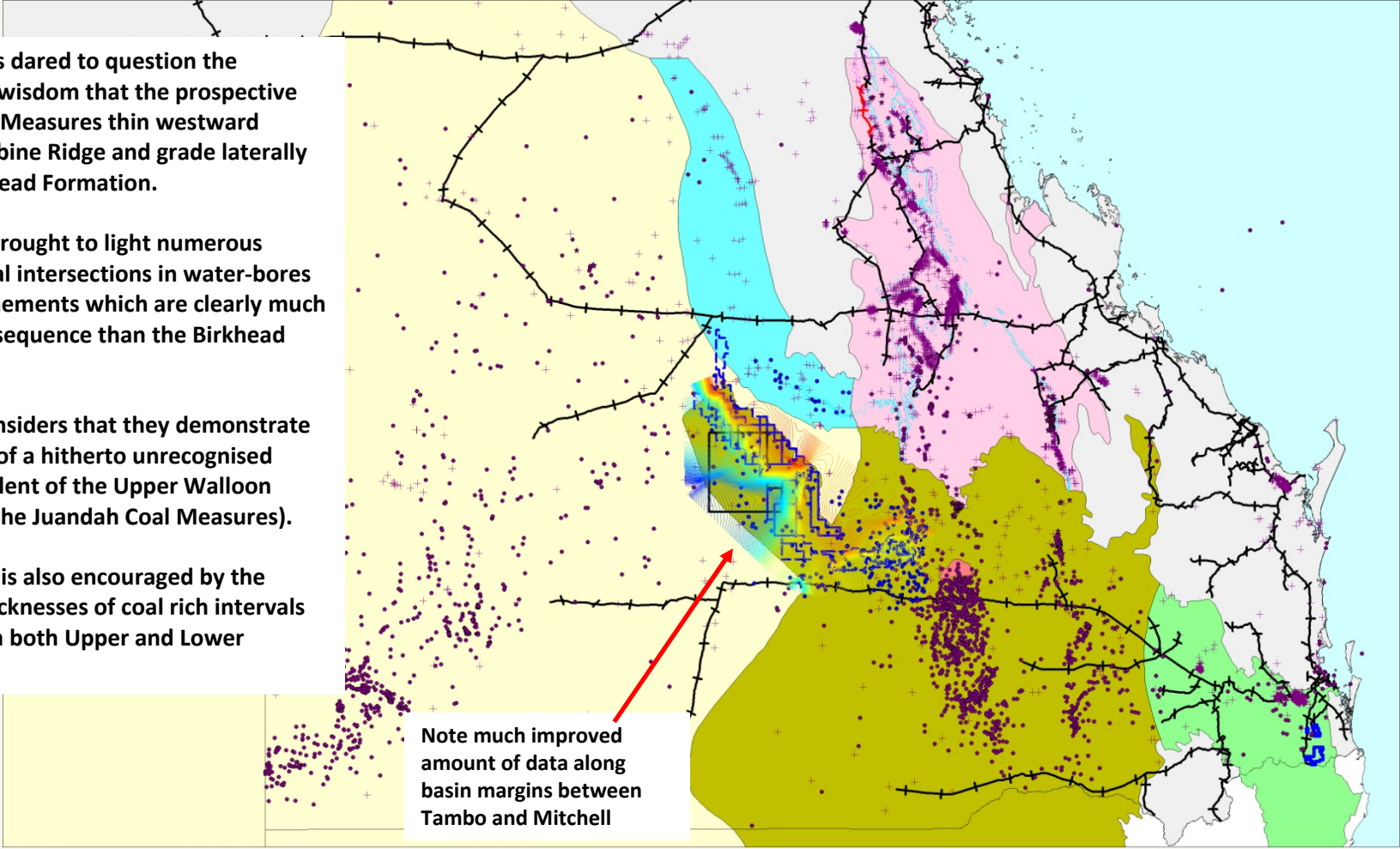
The Upper Surat Basin?

Lodestone has dared to question the conventional wisdom that the prospective Walloon Coal Measures thin westward across the Nebine Ridge and grade laterally into the Birkhead Formation.

Its work has brought to light numerous significant coal intersections in water-bores across the tenements which are clearly much higher in the sequence than the Birkhead Formation.

Lodestone considers that they demonstrate the presence of a hitherto unrecognised lateral equivalent of the Upper Walloon sequence (ie the Juandah Coal Measures).

The company is also encouraged by the significant thicknesses of coal rich intervals reported from both Upper and Lower Walloons.



Note much improved amount of data along basin margins between Tambo and Mitchell

Lodestone state of knowledge today – holes with coal-rich intervals only.

Photo-geological Mapping

Recent photo-geological mapping commissioned by Lodestone from SPOT imagery has demonstrated the immense clarity in discernible mappable units throughout AP1020.

In question is the stratigraphic sequence on the published maps.

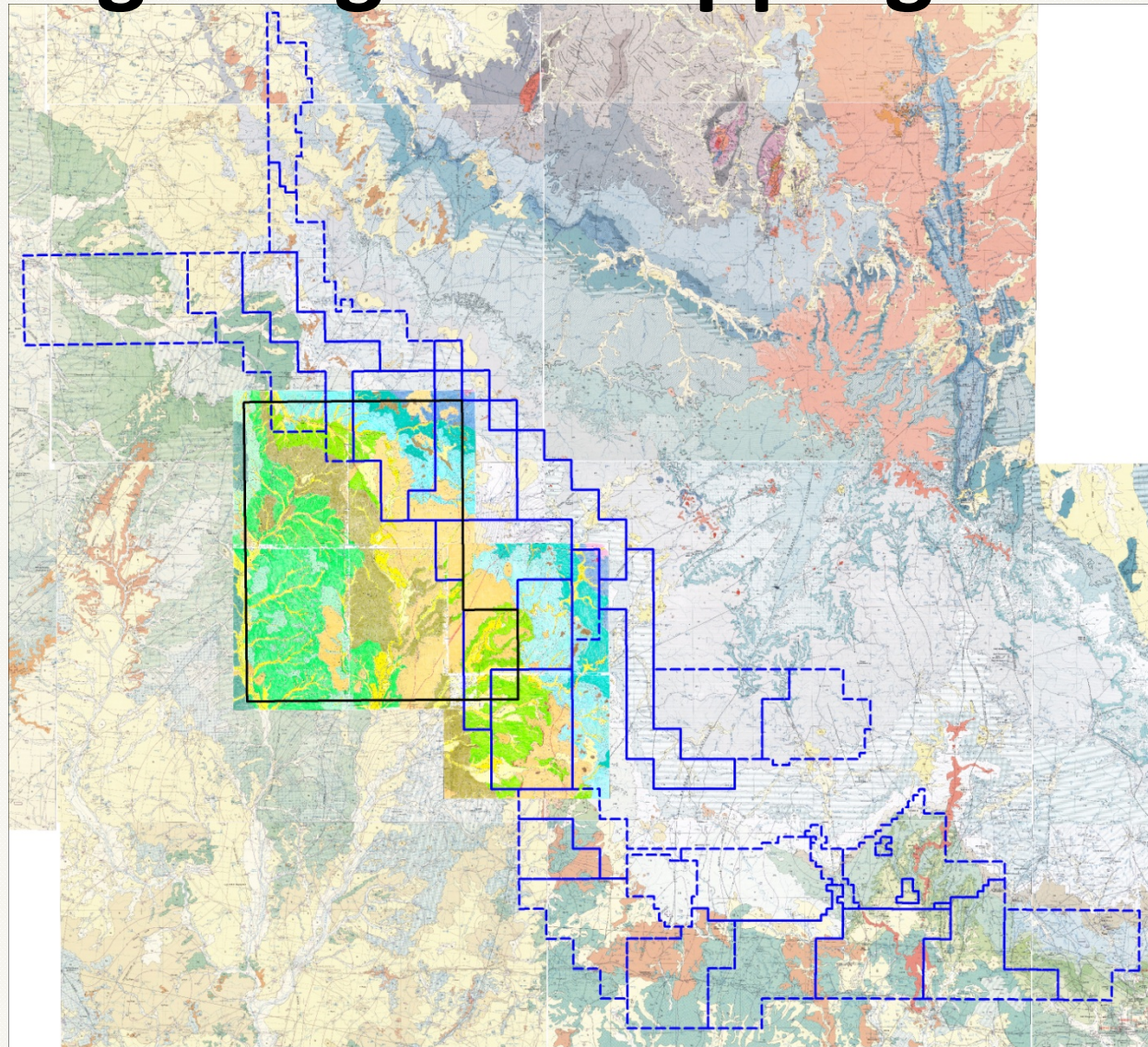
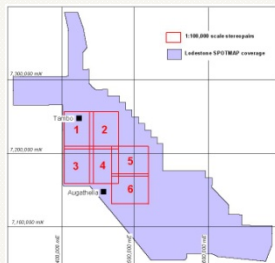
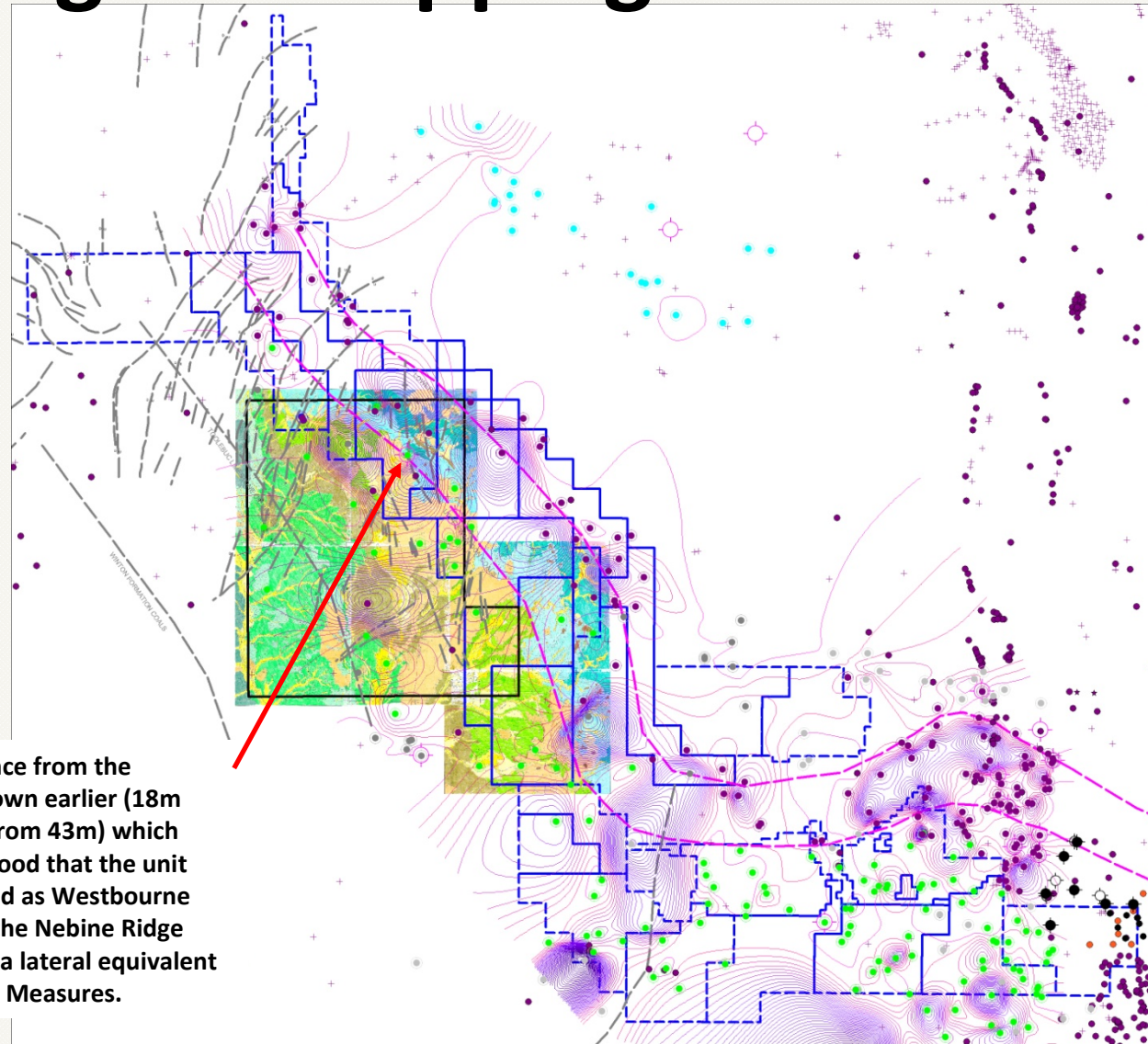
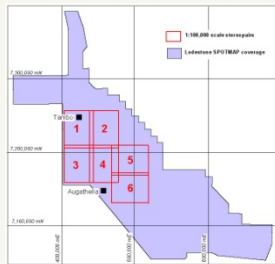


Photo-geological Mapping vs Bore Data

Recent photo-geological mapping commissioned by Lodestone from SPOT imagery has demonstrated the immense clarity in discernible mappable units throughout AP1020.

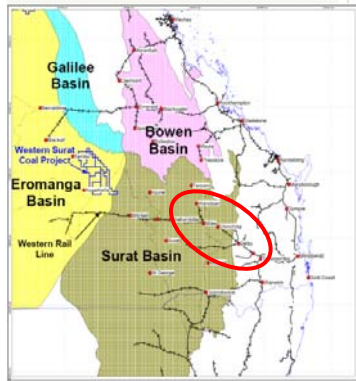
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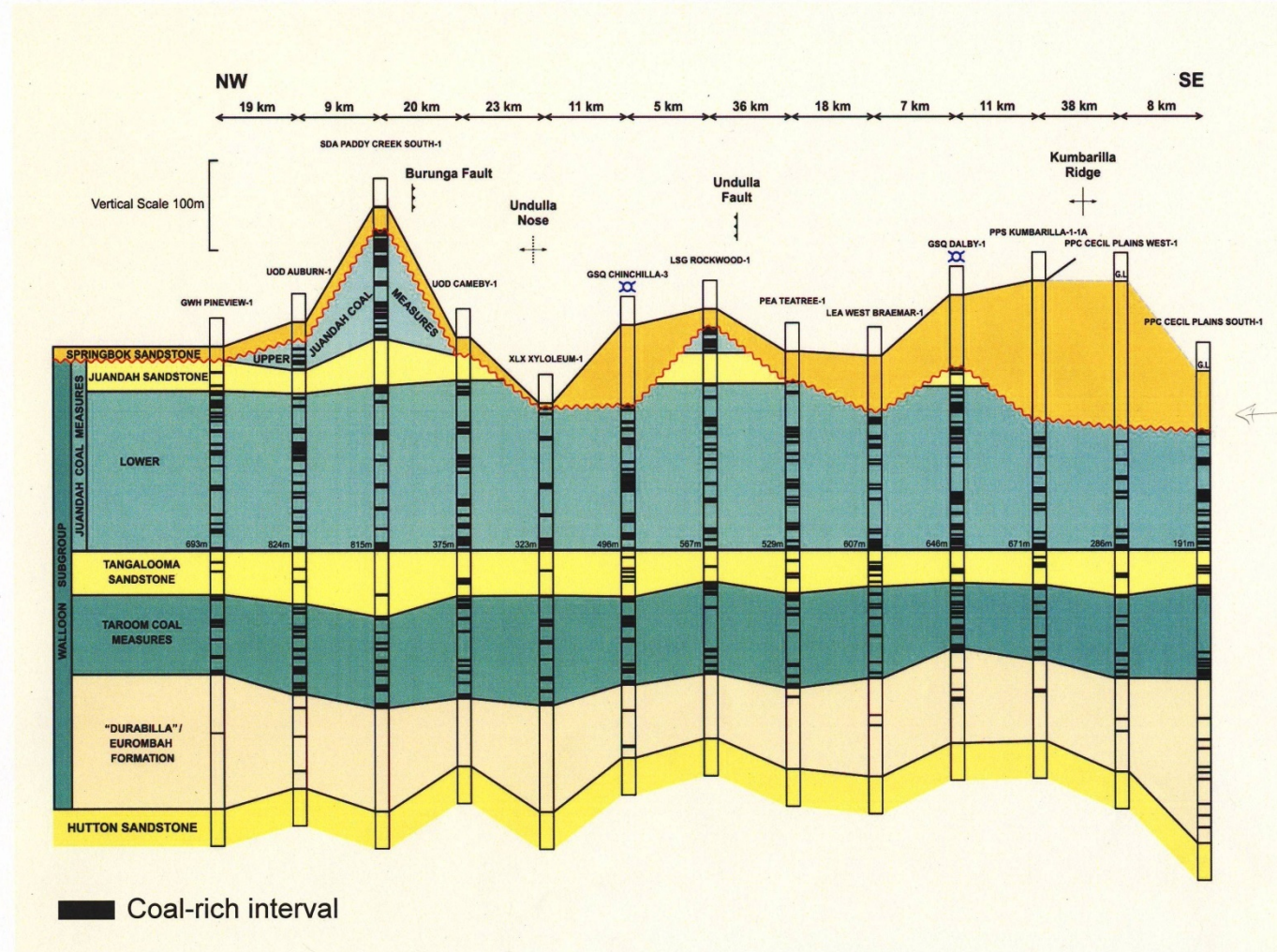
Consider the evidence from the waterbore 5638 shown earlier (18m banded coal seam from 43m) which points to the likelihood that the unit traditionally mapped as Westbourne Formation west of the Nebine Ridge could be, in reality, a lateral equivalent of the Juandah Coal Measures.

Our Job Going Forward

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EXTEND THIS STRATIGRAPHY WESTWARD IN DRILLING PROGRAM

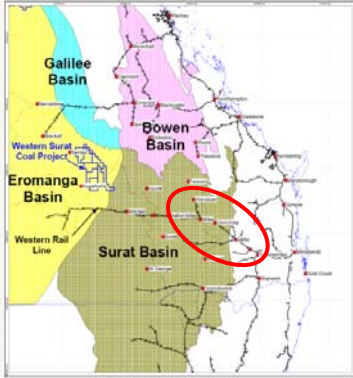


WALLOON COAL MEASURE STRATIGRAPHY

After Hamilton (Sept 2007)

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Target Seam Geometry



DEPOSIT STYLE MEANS THAT NETT COAL THICKNESS CAN VARY RAPIDLY ALONG STRIKE

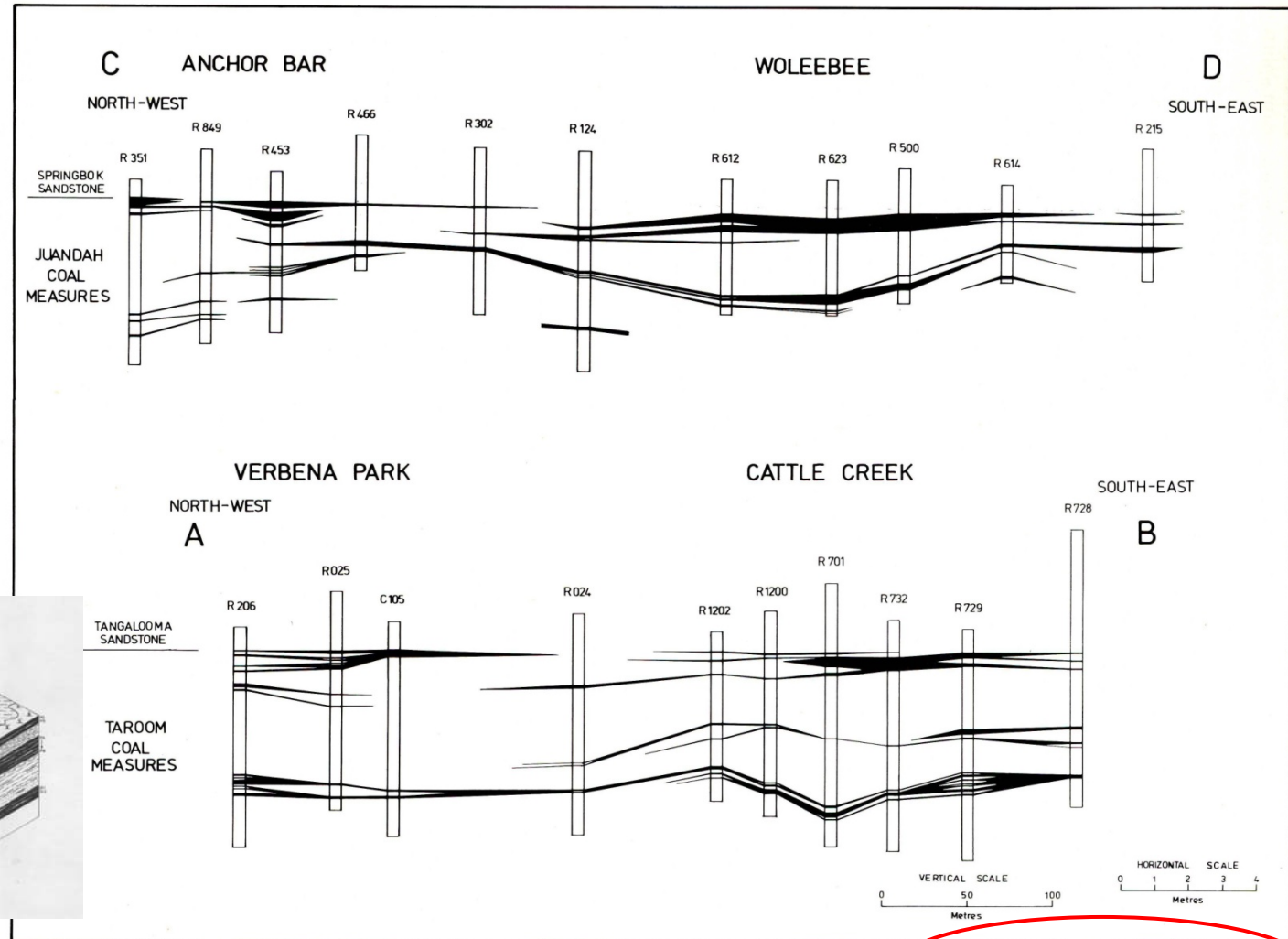
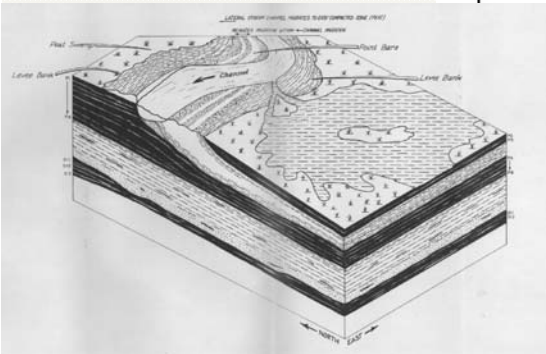


Fig. 3. Lateral seam development **WALLOON COAL MEASURE SEAM GEOMETRY**

After Jones & Patrick (1981)

Lodestone's Coal and CSG Resource Specialists

Lodestone has appointed the very best people to assist in its quest

MBA PETROLEUM CONSULTANTS

Who are arguably the recognised experts in coal seam gas exploration of the Surat Basin.

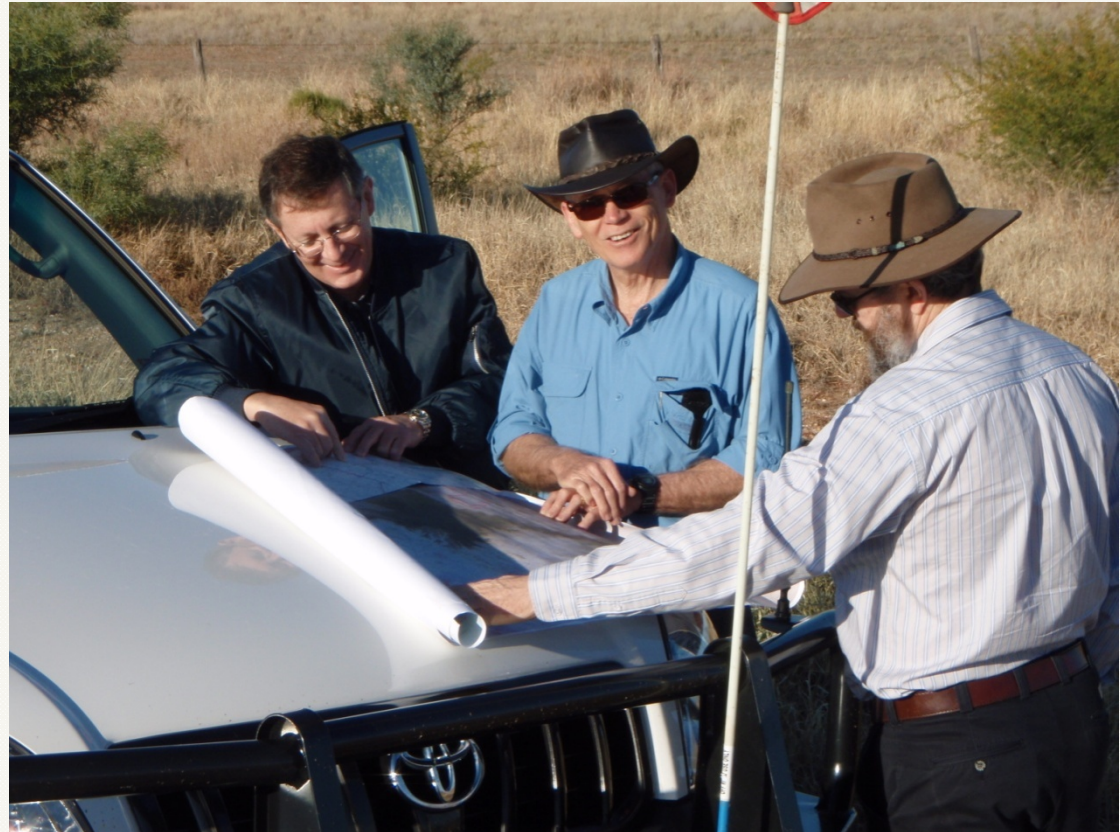
JB MINING SERVICES

Who are perhaps the most senior coal resource estimators in Queensland.

GREG JONES, who along with our own **BRUCE PATRICK**, first established the true coal seam stratigraphy of the Surat Basin in 1981.

Who better to assist in our quest to extend the Walloon Coal Measures into the Upper Surat? They are pictured during a recent field inspection tracing those same rock sequences westward into the Lodestone tenements.

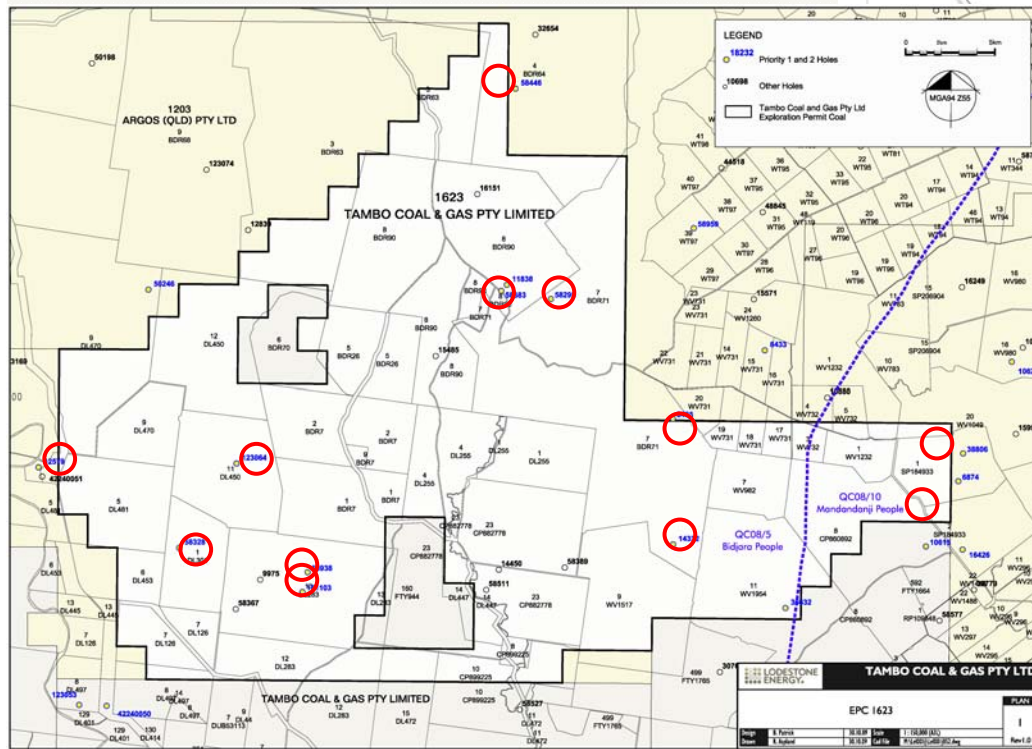
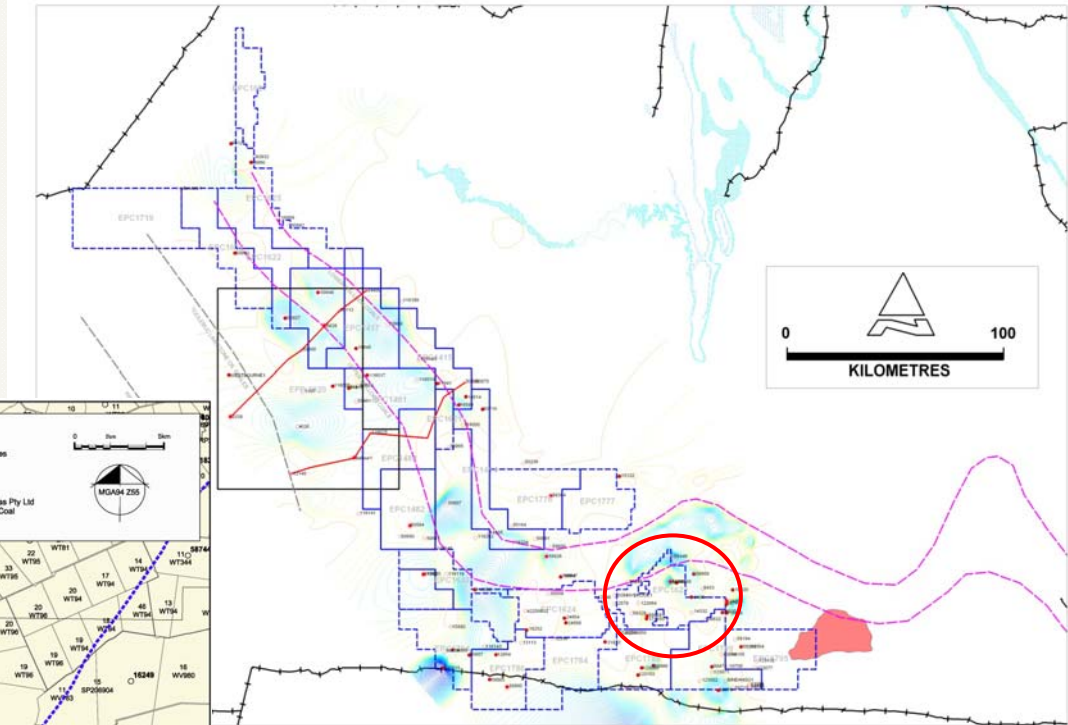
Greg and Bruce provide us with that 'X Factor' that every exploration outfit needs.



Initial Drill Targets to Confirm Coal-Rich Intervals

Four of the EPCs are granted and tenders for an initial drilling program have closed

The preliminaries for field work have commenced.

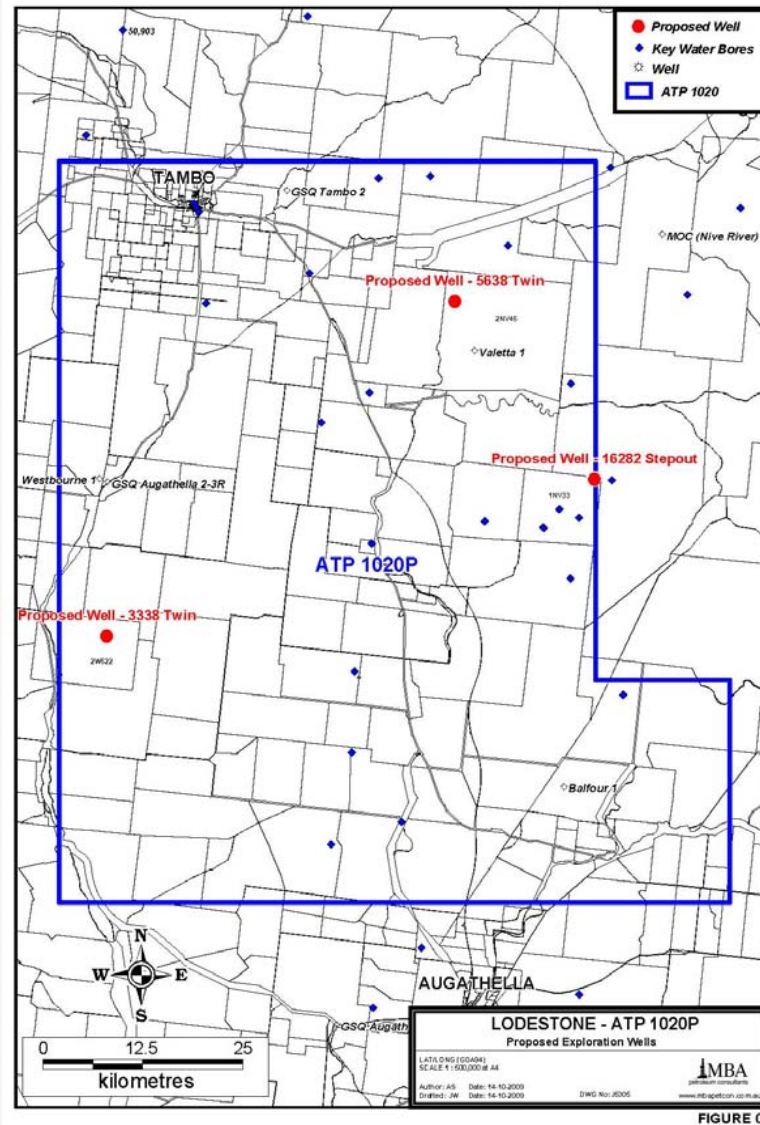


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Proposed Exploration Wells

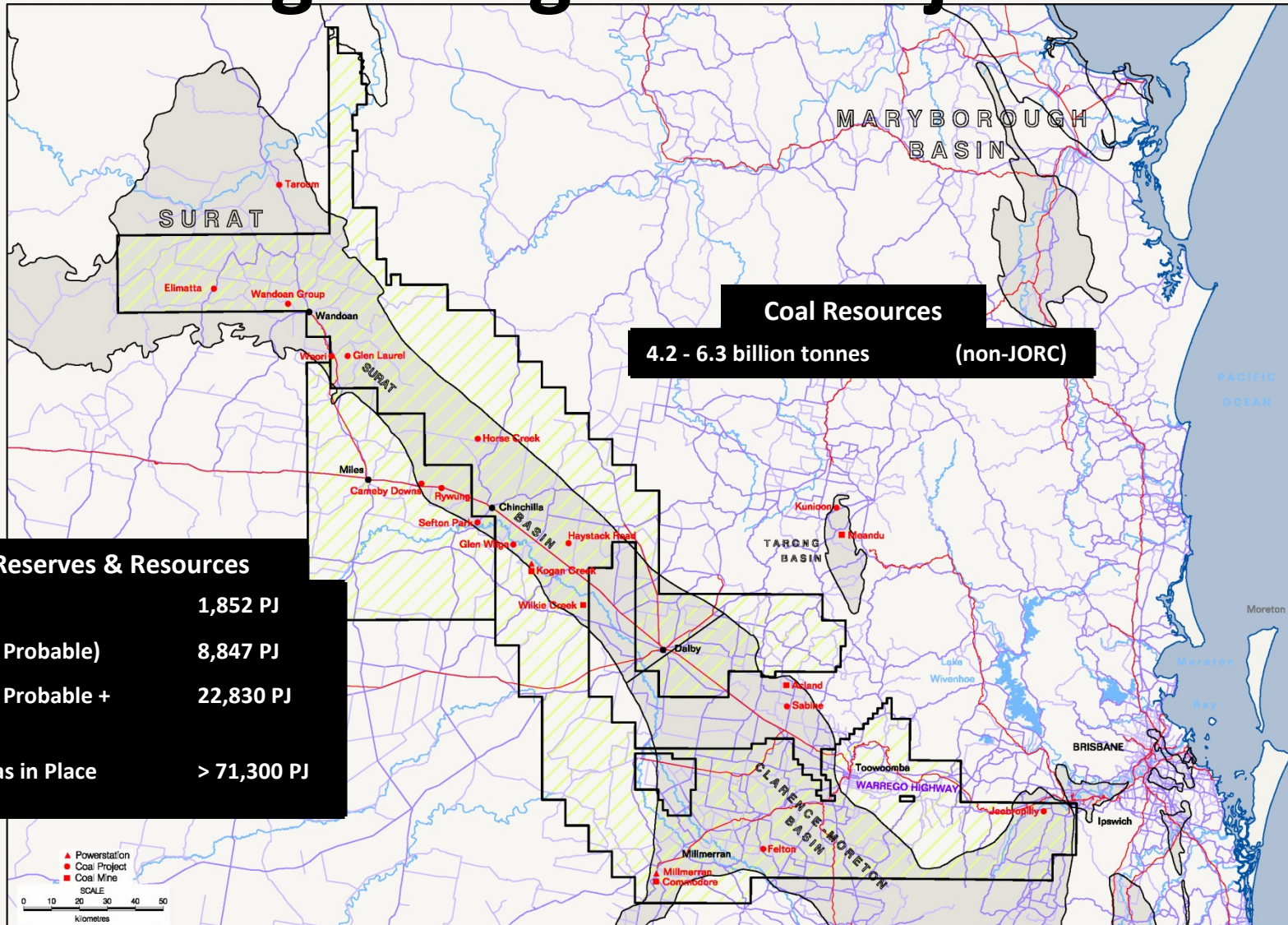
ATP 1020 is granted and MBA has been appointed to manage the initial three well program

The preliminaries for field work have commenced.



A Parting Thought on Project Scale

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CSG figures courtesy of Grahame Baker, RLMS, 28th July, 2009. Coal figures courtesy of Queensland Coals, 14th Ed, 2003 and Qld Dept of Regional Development and Industry, 2008.



THE MORETON PROJECT

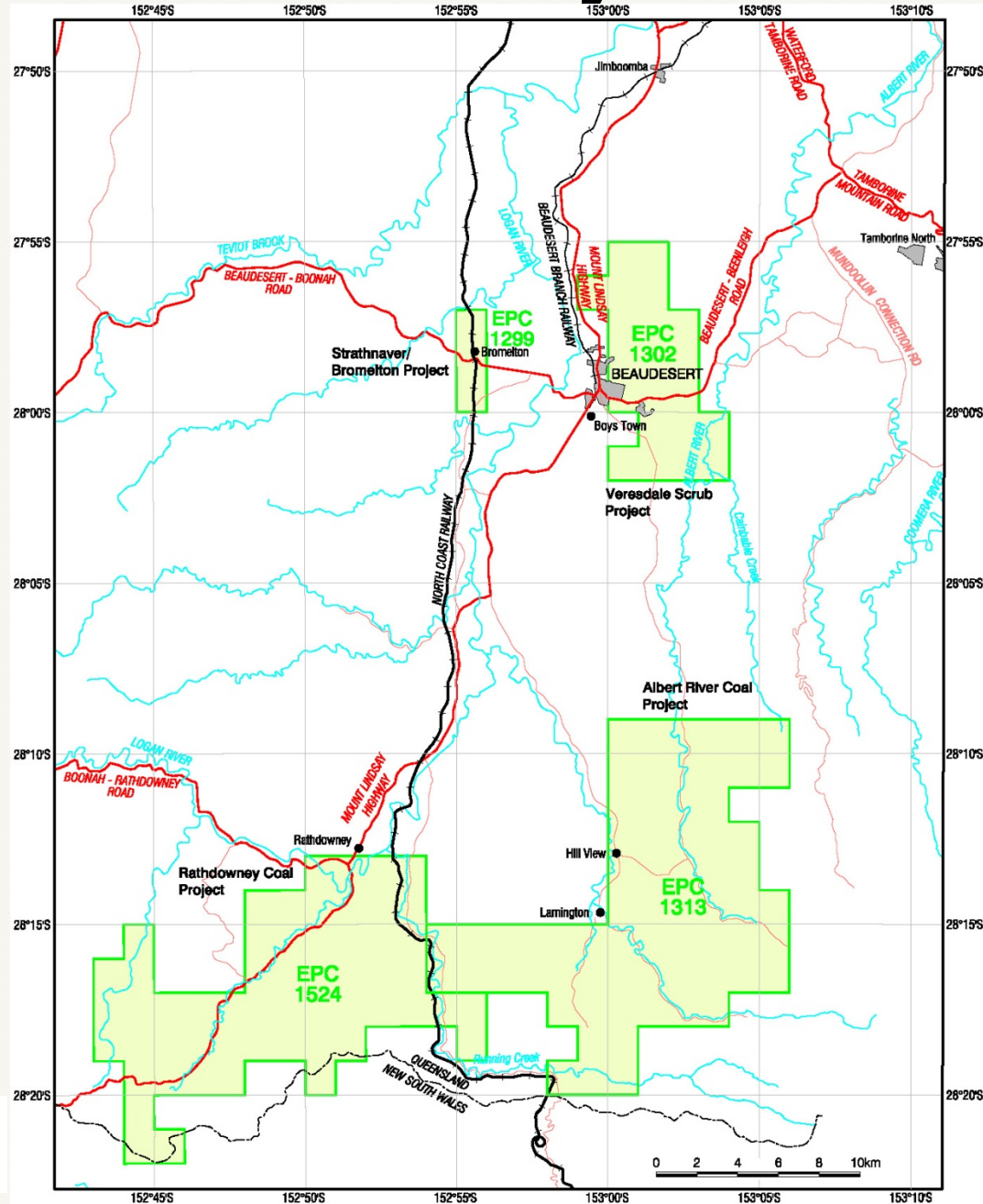
Updated 9 November 2009

Moreton Project Location

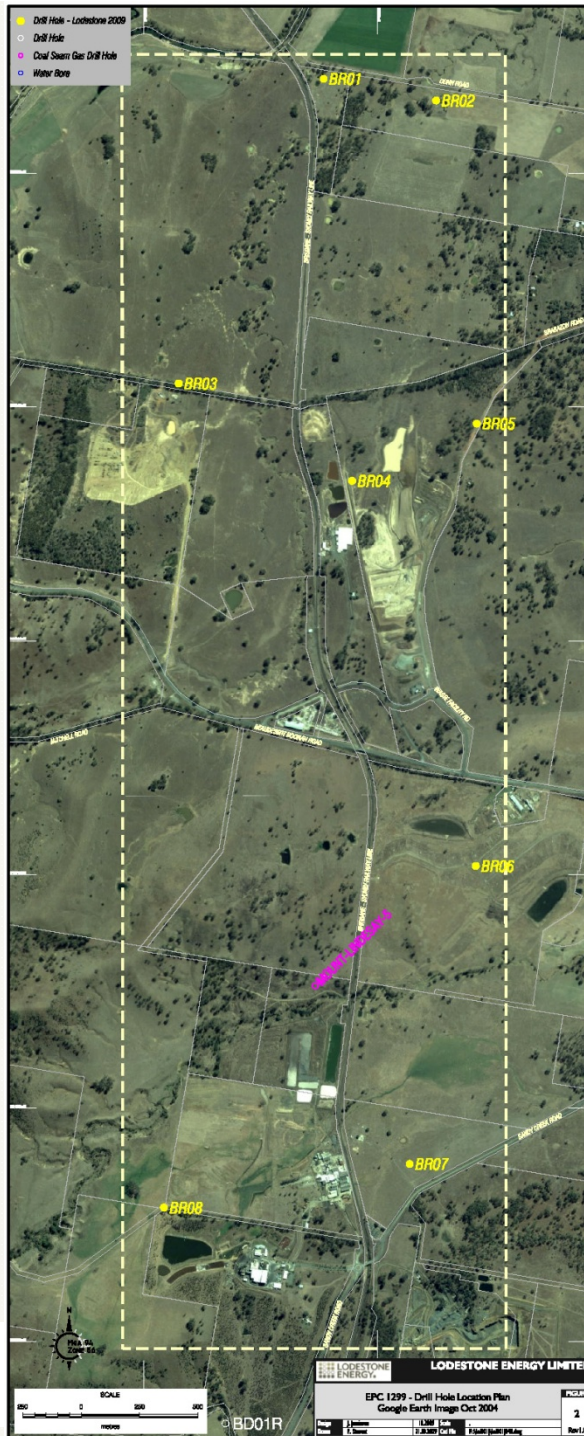
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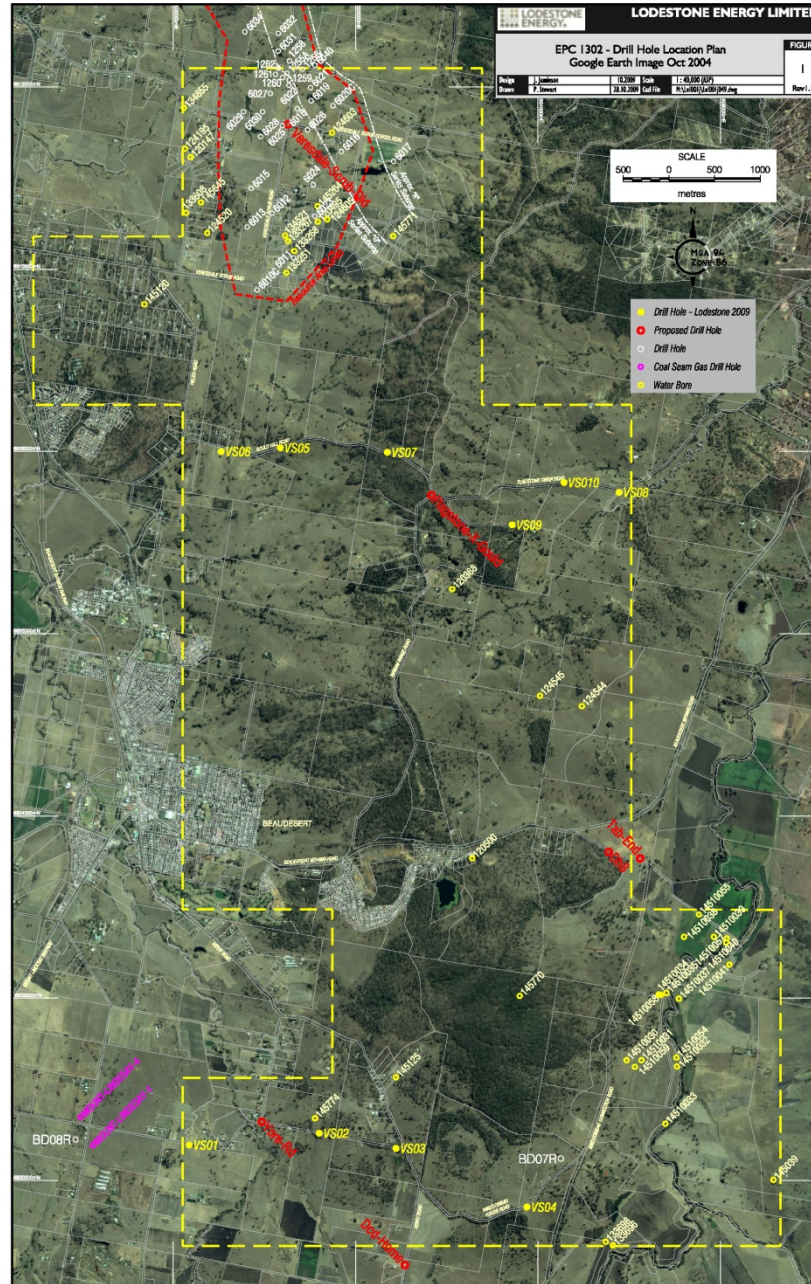
Moreton Project EPCs



Drill Hole Location EPC 1299



Drill Hole Location EPC 1302



Competent Persons Statement

The Competent Persons Statement below relates to the Investor Presentation released by Lodestone Energy Limited yesterday. This Competent Persons Statement was erroneously excluded from yesterdays release.

'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
9th November 2009