

Date: 16 April 2010

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

ACTIVITIES REPORT FOR QUARTER ENDED 31 March 2010

Lodestone's activities in the March Quarter of 2010 were focused principally on the company's energy projects.

ACTIVITIES RELATED TO ENERGY PROJECTS:

Tambo Project (Lodestone Earning up to 50%)

Activities were affected significantly by the record high rainfall and flooding experienced throughout much of south west Queensland. Agreement was reached with the drilling contractor to suspend the contracts with anticipated resumption in June 2010,

During the quarter Lodestone completed a major photogeological mapping program across its Tambo tenements. The photo-geological work, which extended from Roma to Blackall, corrected numerous errors in the published maps compiled in the late 1960's. In conjunction with recent seismic reprocessing commissioned by Lodestone, the outcome has crystallized the understanding of the structural controls active during deposition of the important coal sequences. This assists in developing future CSG, coal and UCG drilling targets.

Tambo Coal Seam Gas Exploration Campaign

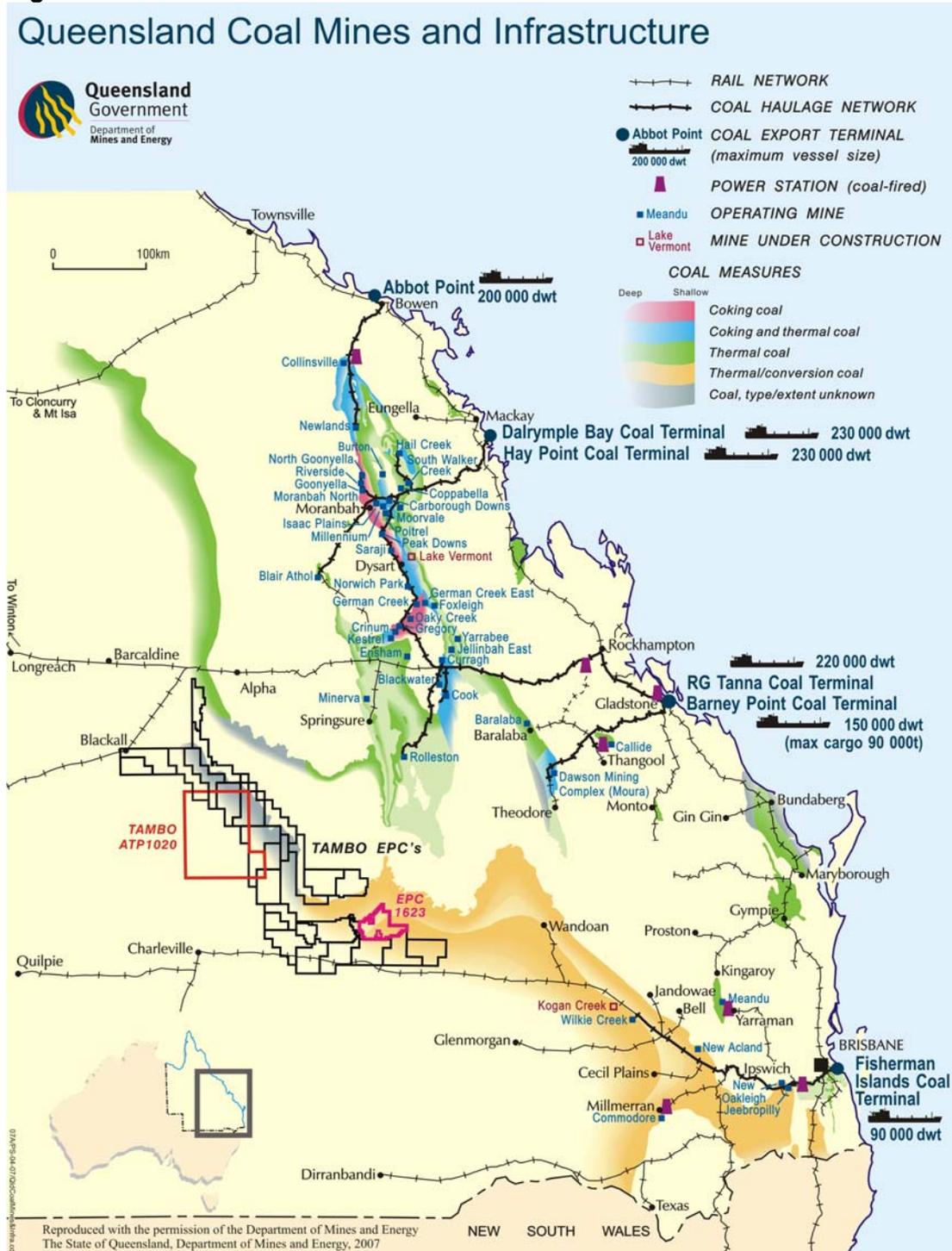
Two wells were drilled on the eastern side of ATP 1020. LOD #1 was completed in Tangalooma Sandstone between the Juandah and Taroom Coal Measures at TD 200m. LOD #2 was completed in the Hutton Sandstone at TD 345m. The wells were partially cored, and geophysically logged on completion and provide stratigraphic markers for incorporation into LOD's models. The location of ATP 1020 is shown on Figure 1.

Data obtained from the reprocessing of old data tapes from pre-existing seismic survey data in and near ATP 1020, together with new photogeological interpretation, indicates the potential to target basin lows, whereas previous petroleum wells in the vicinity were sited on anticlinal structures.

Tambo Coal Exploration Campaign

Two deep coal exploration holes were completed during the quarter, both within EPC1623 (Figure 1). These were chip holes were targeted to confirm the presence of coal and to provide stratigraphic information. The holes were geophysically logged on completion.

Figure 1: Tenement Locations



Both holes intersected coal seams of a style consistent with the Walloon Coal Measures and cumulative thicknesses were encouraging.

Moreton Energy Project (Lodestone Earning 50%)

Lodestone's Moreton Project consists of four EPCs located near Beaudesert in South Queensland. No field activity was undertaken in the quarter. Core samples from two holes drilled in the December quarter are at the laboratory for analysis.

ACTIVITIES RELATED TO MINERAL PROJECTS:

Mount Morgan District Project (100% Lodestone)

This project is centred on the historic gold mining town of the same name, and is situated 50km southwest of Rockhampton, Queensland. Lodestone is exploring for gold and copper – molybdenum orebodies. Detailed discussions with a farm-in candidate took place in December and are expected to resume during the current quarter.

Chillagoe District Project (100% Lodestone)

This 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. Geochemical sampling and mapping south and west of Leane's copper-gold prospect was completed in November. Integration and assessment of data from that fieldwork is underway.

CORPORATE ACTIVITY:

During the previous quarter, Lodestone announced that it has completed negotiations to acquire 100% of the Tambo and Moreton Projects.

As previously announced, Lodestone entered into a share sale and purchase agreement to acquire Tambo Coal and Gas Pty Limited and Moreton Energy Pty Limited from entities associated with Greg Baynton, a Lodestone Director. The transaction is conditional on the approval of shareholders at an Extraordinary General Meeting (EGM) planned for May 2010. Required documentation for the EGM was prepared during the quarter and is currently being reviewed by the regulatory authorities.

Yours faithfully,



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