

Date: 30 July 2010

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

ACTIVITIES REPORT FOR QUARTER ENDED 30 June 2010

Lodestone finalized several key corporate activities during the quarter.

ACTIVITIES RELATED TO ENERGY PROJECTS:

Tambo Project

Following suspension of drilling activities due to record high rainfall and flooding in the previous quarter field activities were limited to rehabilitation of sites previously drilled.

Seven new Exploration Permits for Coal (EPCs) were granted during the quarter bringing the total to seventeen in the Tambo Project area.

Planning for the resumption of drilling is well advanced, including access arrangements and target definition in newly granted EPCs. Drilling activity is targeted to commence towards the end of the July-September quarter.

The program will first focus on relatively shallow thick coaly intersections identified in historical petroleum well logs from past drilling near the rail corridor in the south east of the Tambo Project area.

Moreton Energy Project

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 previously are awaited from the laboratory.

ACTIVITIES RELATED TO MINERAL PROJECTS:

Lodestone is considering funding and farm-out options for both properties.

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.

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.

CORPORATE ACTIVITY:**Shareholder Approval for Acquisition of Tambo and Moreton Projects**

On June 29, Lodestone Energy held an Extraordinary General Meeting of shareholders to seek approval of the acquisition of Tambo Coal and Gas Pty Limited and Moreton Energy Pty Limited. Shareholders strongly supported the acquisition of both companies, with 98% voting in favour of the transactions.

Shareholder approval and completion of these acquisitions means that Lodestone now owns and controls 100% of the Tambo Coal and Gas and Moreton Energy Projects.

The new ownership structure will give Lodestone greater flexibility and simplify the legal and commercial arrangements for future joint ventures, farm-outs, spin-offs and capital raisings.

Appointment of New CEO

Also on 29 June, Lodestone Energy Limited announced the appointment of Mr Staffan Ever as its Chief Executive Officer.

Mr Ever is a highly experienced executive in the energy sector, with previous roles including CEO of QCoal, and 12 years with AMCI Australia.

Placement Completed

Lodestone Energy has completed a private placement during June and July with key sophisticated investors, led by strategic investor Square Resources.

The placement raised \$3.82million and was priced at \$0.08 per share.

The placement will fund the recommencement of the exploration program for the Tambo Coal and Gas Project along with related project expenditures and general corporate overheads.

Yours faithfully,



Martin Ackland
Chairman

Staffan Ever
Chief Executive Officer
07-3229-6606