

Date: 1 September 2010

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir,

UNLISTED PERFORMANCE RIGHTS CANCELLED

Lodestone Energy Limited (ASX:LOD) advises that 1,000,000 unlisted Performance Rights have lapsed unvested in accordance with the provisions of the Performance Rights Plan.

After cancellation of these performance rights, Lodestone has the following Performance Rights on issue:

- a) 2,000,000 which have vested
- b) 8,250,000 subject to vesting conditions.

In addition Lodestone also has the following unlisted options on issue:

Number of Options	Expiry Date	Exercise Price
167,000	27/01/2011	20 cents
167,000	27/01/2011	25 cents
167,000	27/1/2011	30 cents
10,000,000	10/09/2010	7 cents
9,000,000	15/05/2011	20 cents
1,900,000	26/06/2011	7 cents
11,000,000	26/06/2011	20 cents

Yours faithfully,



Leni Stanley
Company Secretary