

**Date:** 31 January 2011

**To:** Australian Securities Exchange  
Companies Announcement Office  
Electronic Lodgment System

Dear Sir,

**AGM-Approved Options not issued due to administrative oversight**

Lodestone Energy Limited (LOD) wishes to advise that shareholders approved the issue of 3,000,000 unlisted options to Mr Roger Clarke at its Annual General Meeting held on 8 November 2010. In accordance with that approval, the options were to have been issued within one month of receiving that approval, ie before 8 December 2010.

Due to an administrative oversight, the options were not issued in accordance with that time frame and consequently the shareholder approval has lapsed.

Accordingly, Lodestone will be seeking renewed shareholder approval for the issue of those options at its next meeting of shareholders (as yet unscheduled) on the same terms and conditions as previously approved by shareholders which are set out below:

- the options will be issued for no consideration;
- each option will, on exercise, will entitle the holder to acquire one Share;
- the exercise price of the options is 10.33 cents being a 20% premium to the volume weighted average price of Shares over the 14 days on which the Shares were traded on ASX Limited (**ASX**) from the date of the original Notice of Meeting dated 5 October 2010;
- each option will have an expiry date of two years from the date of issue; and
- although the options are not being issued under the Company's employee share option scheme (**ESOP**), the terms of issue of options under the ESOP will, so far as they are applicable and are not inconsistent with the above terms and conditions, apply to the options.

Yours faithfully,



Leni Stanley  
Company Secretary