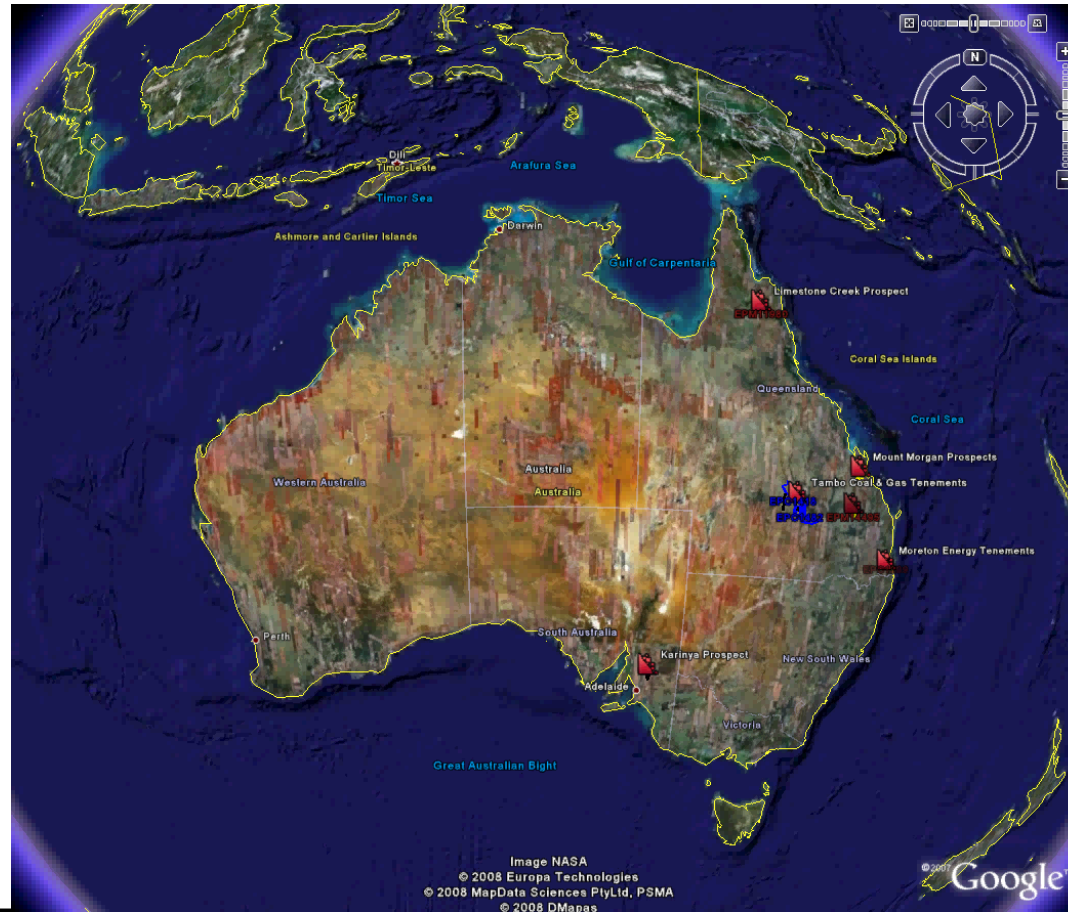


Lodestone Exploration Limited



Overview

12 December 2008



New Direction

Lodestone Exploration Limited is a Queensland company listed on the ASX originally focused upon the exploration for minerals in Queensland.

Lodestone Exploration Limited has now expanded its focus to include Coal and Coal Seam Gas in Queensland.



To Initiate the Shift in Focus

The Lodestone board and management have been restructured to include a greater strength in coal and coal seam gas.

The new Lodestone board and management has a proven track record of expertise from grassroots exploration through to mine and downstream development.

New Board and Management

Chairman ***Martin Ackland***

Directors ***Greg Baynton***

John McCawley

Bill Stubbs *

Lance Grimstone *

CEO ***Jeff Jamieson ****

* *New Lodestone board members and officers.*



Energy Credentials of the Board and Management

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

Greg Baynton - Targeted both Moreton Energy and Tambo areas

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

Jeff Jamieson - coal consultant of 28 years coal experience

The Process of Rejuvenation

Lodestone has been rejuvenated as a *minerals and energy* company by:

- Shedding unworthy mineral exploration assets
- Partnering in the exploration and development of a new coal province in Central Queensland
- Positioning itself to secure a foothold in the rapidly developing coal seam gas sector and
- Lodestone is seeking strategic partnerships to share in this new future

Energy Prospects

Moreton Energy farm-in

- Presentation made at the AGM on November 28, 2008
- Lodestone will earn 50% by farming-in (signed in July) to the 3 EPC applications (one granted) held by Moreton Energy
- Both parties envisage the establishment of a surgical mining operation

Tambo Coal & Gas farm-in

- The ink is barely dry on the Agreements
- Lodestone will earn 50% by farming-in to 7 EPC applications and 1 EPP application held by Tambo Coal & Gas
- As a result of Lodestone work, both parties have jointly applied for an additional 7 EPCs

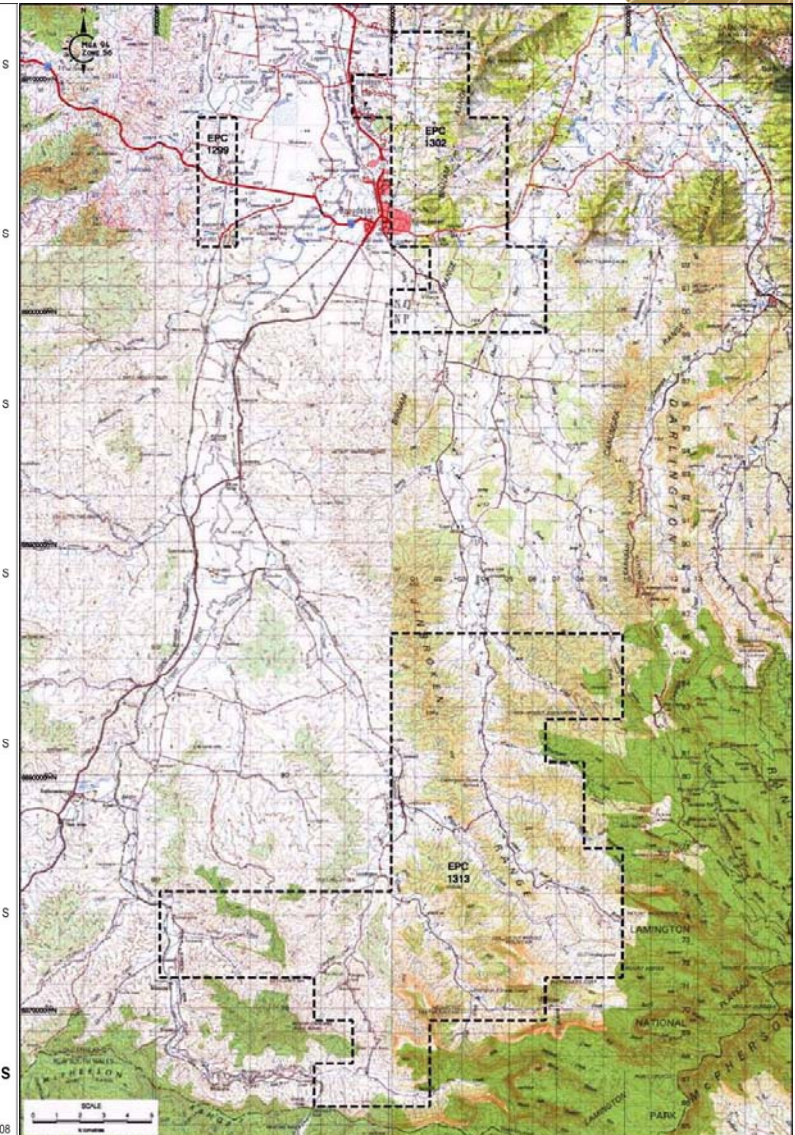
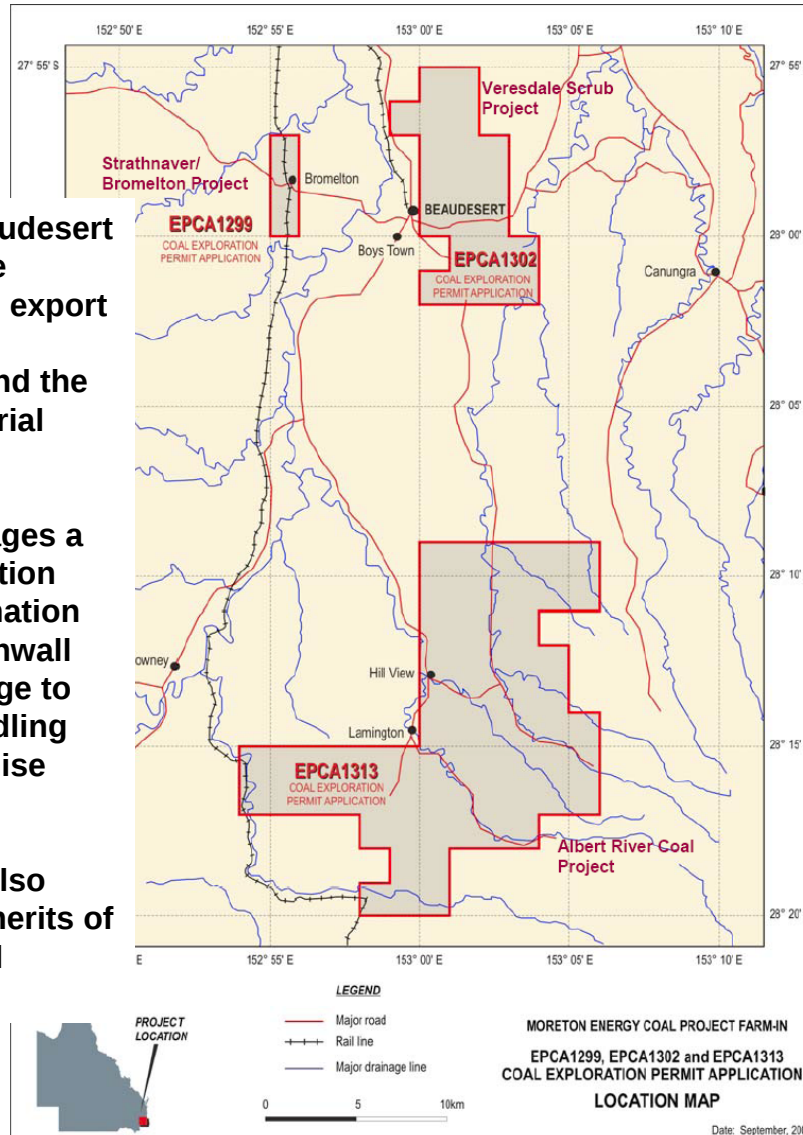


Moreton Energy Project

Located near Beaudesert with access to the interstate railway, export market, potential domestic users and the Bromelton Industrial Estate.

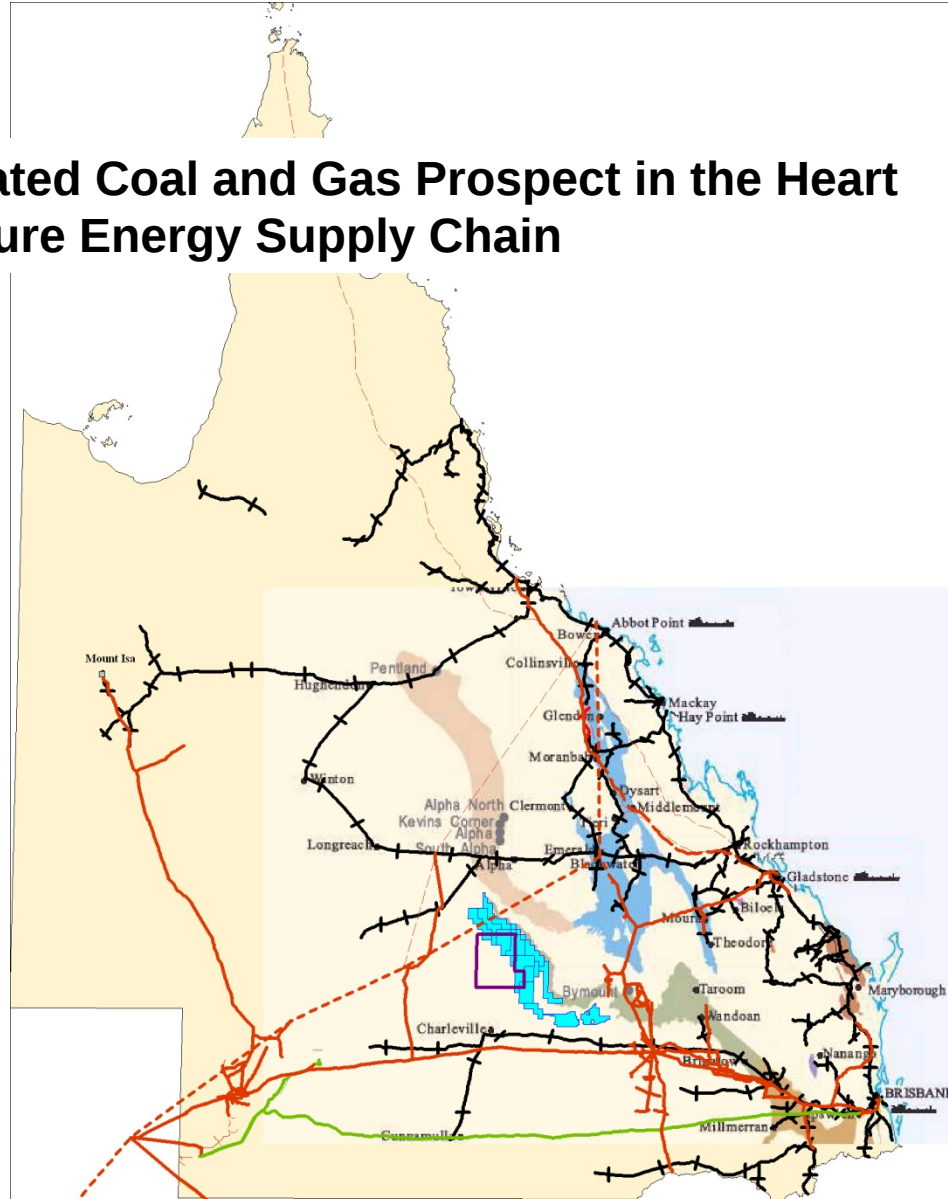
Lodestone envisages a small scale operation utilising a combination of trench and highwall mining and haulage to existing coal handling facilities to minimise impacts.

The company is also considering the merits of underground coal gasification.



Tambo Energy Prospect

An Integrated Coal and Gas Prospect in the Heart of the Future Energy Supply Chain



- Tambo Coal Tenements
- Tambo Gas Tenements

Major Queensland Coal Basins

- Deposit
- Township
- Coal export port

Coal measures

- Bowen Basin
- Calen Coal Measures
- Callide Basin
- Galilee Basin
- Ipswich Basin
- Laura Basin
- Maryborough Basin
- Clarence-Moreton Basin
- Mulgildie Basin
- Styx Basin
- Surat Basin
- Tarong Basin

Tambo Coal & Gas Tenements



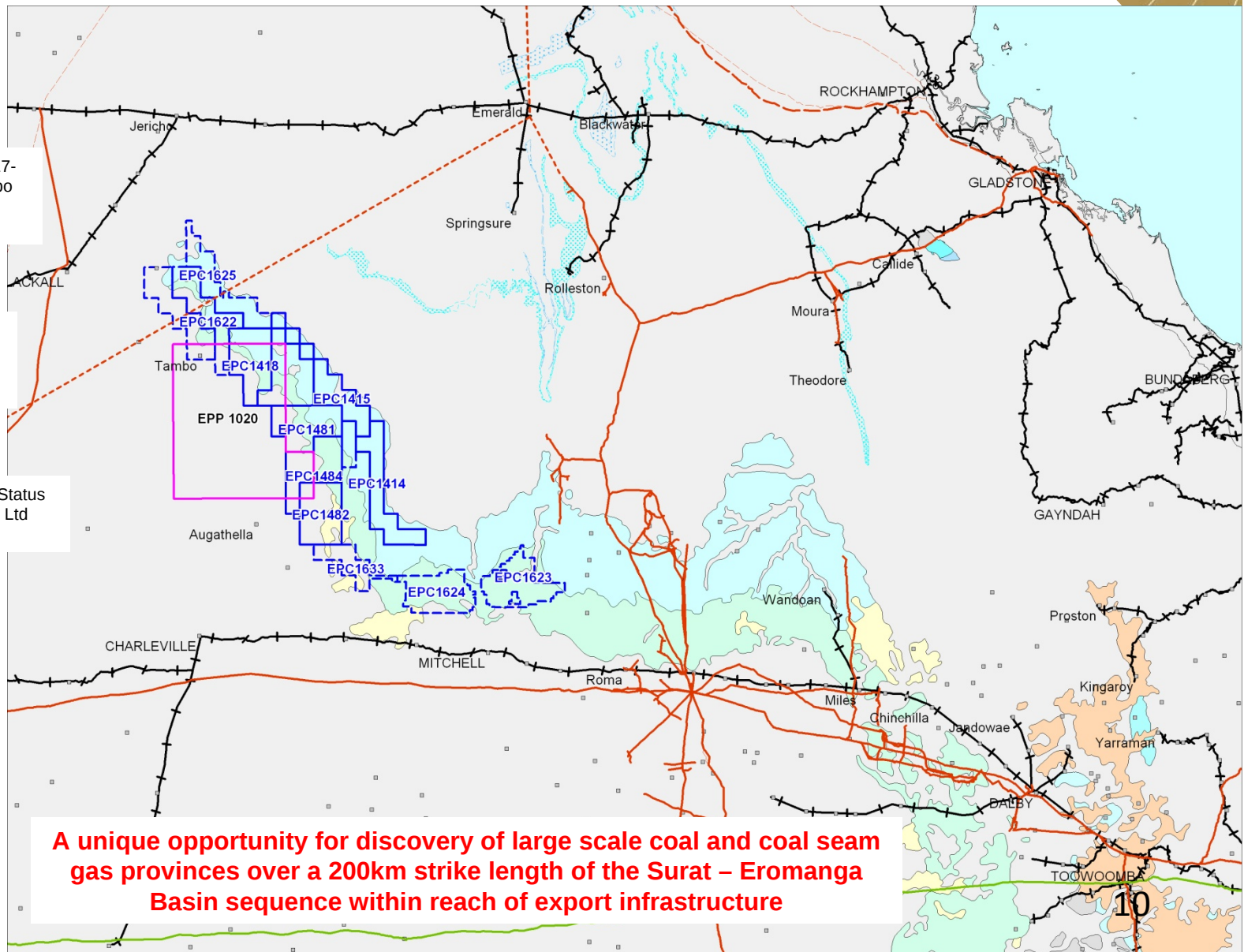
EPC applications 1414-15, 1417-18, 1481-2, 1484 held by Tambo Coal & Gas Pty Ltd (formerly Galilee Coal Pty Ltd)



EPC applications 1621-7 held jointly by Tambo Coal & Gas Pty Ltd and Lodestone Exploration Ltd

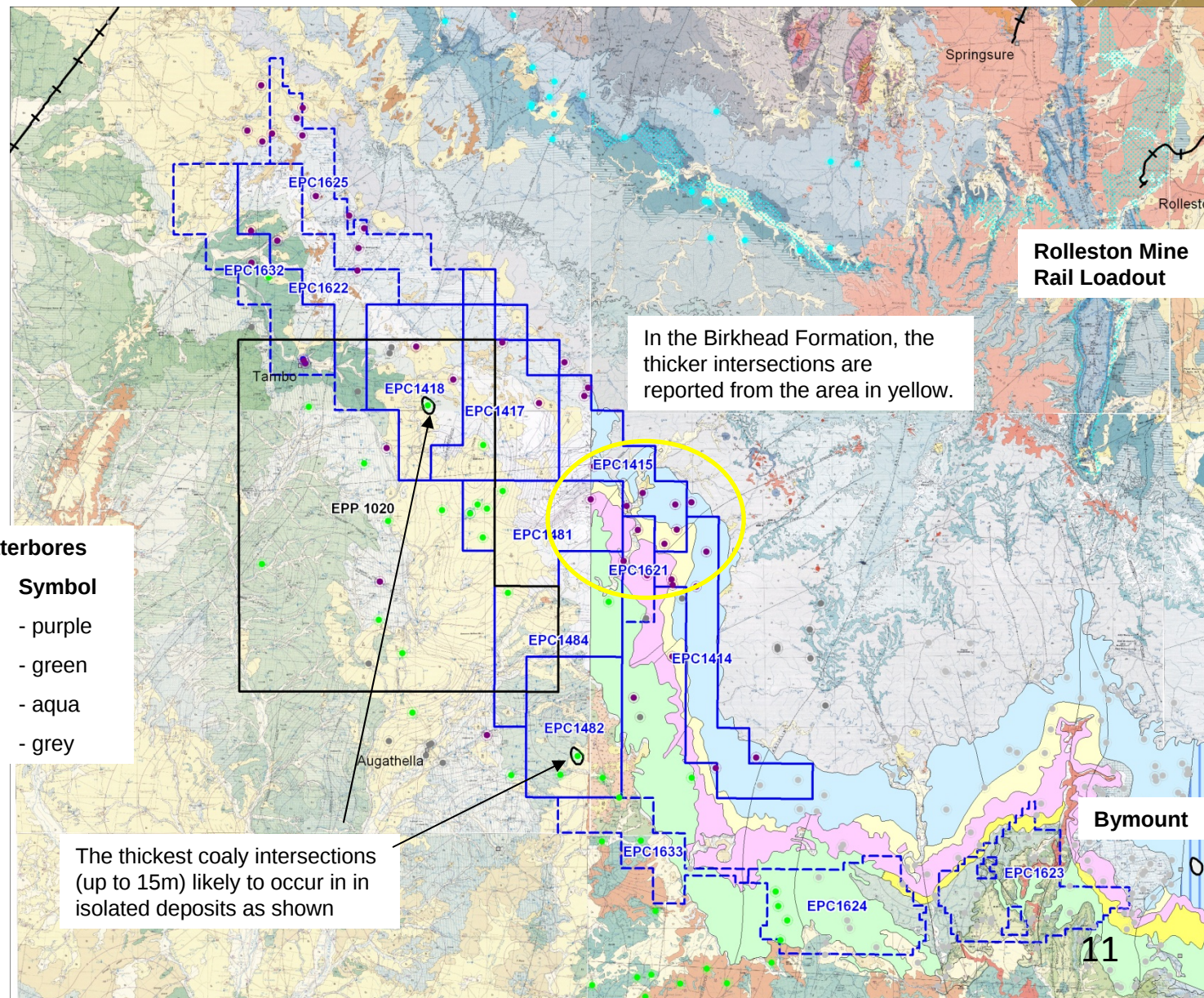
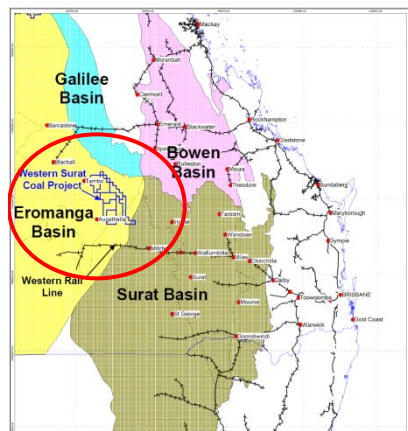


EPP 1020 Preferred Tenderer Status held by Tambo Coal & Gas Pty Ltd (formerly Galilee Coal Pty Ltd)



LODESTONE

Significant Coal Intersections Reported in Waterbores at Tambo



Coaly Intersections in Waterbores

Unit

Birkhead Fm

Hooray Sst

Permian

As yet undetermined

Symbol

- purple

- green

- aqua

- grey

LODESTONE

Tambo Coal Quality Data

Limited coal quality data for the Birkhead Formation in the southeast part of the prospect area disclosed by CRA (1981) indicate a medium ash, low rank (sub-bituminous) coal, with low sulphur content (Hewitt, 1981). The specific energy (16.5-25.09 MJ/kg) is slightly lower than that typically found in the Walloon coals of the Surat Basin (DME, 1999).

Maceral analyses of the coal indicate that it mainly comprises of vitrinite and liptinite, with only minor intertinite present. Mean maximum vitrinite reflectance data (Ro_{max}) range from 0.47 to 0.49%, which is in line with regional isorank data for the Walloon Coal Measures (SRK, 2008). The data indicate a low rank, sub-bituminous coal.

There is no available coal quality data on the coal seams which occur higher in the sequence.

Tambo In Summary

THERE ARE TWO PRINCIPAL COAL BEARING TARGET ROCK UNITS.

- An **upper unit** which appears to host thick localised coal deposits. Coal intersections include:
 - Hole 5638 in EPC 1418: **9.15m** coal seam from 52.42m *
 - Hole 50584 in EPC 1482: **15.24m** coal seam from 201m *
 - Numerous intersections of (indurated) coal in sandstone, evidence of erosional deposition from nearby coal swamps.*
- A **lower unit** which hosts the most laterally consistent coal units within the Birkhead Formation, a correlative of the Walloon Coal Measures. Typical coal intersections include:
 - Hole 50869 in EPC 1415: Two **3.00m** coal seams from 30m and 70m respectively*
 - Hole 11941 in EPC 1415: a thick interval of banded coal, shale and sandstone between 54.6m and 124.1m *

* Data extracted from the Waterbore Database as supplied by the Department of Mines and Energy in Queensland

Contact Details

MAILING ADDRESS:

Chief Executive Officer,
Lodestone Exploration Limited
GPO Box 762,
BRISBANE Q 4001

STREET ADDRESS:

Level 1, 101 Edward Street
Brisbane QLD 4000

WEB ADDRESS:

www.lodestonex.com

e-mail: jammo@lodestonex.com

Telephone: +61 7 32296606

Facsimile: +61 7 32216625

