



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

18 June 2008

The Manager
Companies Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
Sydney NSW 2000

Dear Sir,

Capital Raising and Corporate Activities

Lodestone Exploration Limited (“**Lodestone Exploration**” or “the **Company**”) today announced its proposed Farm-In to the Moreton Energy Coal Project, subject to shareholder approval, and its proposed exploration activities for the next six months (refer announcements entitled “**Farm-In to Moreton Energy Coal Project**” and “**Activities Program**” released to ASX today).

To fund these activities, the Company is seeking to raise a total of \$1.53 million in additional capital (**Capital Program**).

As part of the Capital Program the Company has finalised the placement to sophisticated and other exempt investors of 16,998,680 fully paid ordinary shares at an issue price of \$0.03 per share, raising a total of \$0.51 million.

In addition, Lodestone Exploration has executed placement agreements with Directors for the placement of an additional 7,333,332 shares at \$0.03 each to raise a total of \$220,000 (see full details below).

The placements to Directors are subject to shareholder approval, and will be put to shareholders for approval at an extraordinary general meeting to be convened shortly. Further details on the EGM are outlined later in this announcement.

The Company will seek to raise the balance of the funds to be raised under the Capital Program, a total of \$800,000, under a Share Purchase Plan (“**Plan**” or “**SPP**”). Shares issued under the Plan will be issued at \$0.03 being equal to the issue price of the shares to be issued under the placements described above.

The SPP is designed to reward current Shareholders and the record date has been set to allow participation by eligible investors who held, or who acquired in normal trade on ASX, shares in the Company prior to this announcement. Full details of the SPP will be announced today. The record date for eligibility to participate in the SPP is 7pm (Brisbane time) on 20 June 2008. Investors who purchase shares on the ASX after this announcement will not be entitled to participate in the SPP.

Lodestone Exploration Limited
Exploring Queensland

Lodestone Exploration Limited GPO Box 762 Brisbane QLD 4001 Australia

Extraordinary General Meeting of Shareholders

Lodestone will shortly be issuing a Notice of General Meeting of Shareholders, Explanatory Memorandum and Independent Expert's Report. The matters to be put before shareholders for approval are:

- Approval of the Farm-In Deed relating to the Moreton Energy Coal Project between Lodestone Exploration, Moreton Energy Pty Limited and Orbit Capital Pty Limited (both Moreton Energy and Orbit Capital are controlled by Mr Greg Baynton, a Director of the Company), including the issue of up to 9,000,000 shares to Orbit Capital.
- Approval of the Placement of 7,333,332 shares to Directors at a price of \$0.03 (being the same price at which shares were issued under the recent placement to sophisticated investors and offered to shareholders under the SPP), to raise a total of \$220,000. Proposed allotments are as follows:

Mr M Ackland (indirect holding)	1,000,000
Mr J McCawley (direct holding)	1,666,666
Mr G Baynton (indirect holding)	1,666,666
Mr W Stubbs (indirect holding)	3,000,000

- Approval of the placement to sophisticated and other exempt investors, as detailed above, for the purposes of Listing Rule 7.2
- Approval of an Employee Share Option Scheme
- Approval of an issue to each Director of Lodestone of 2,000,000 options (ie. a total of 8,000,000 options) exercisable at 7 cents with an expiry period of two years after the date of issue.

The issue of shares under the Farm-In Deed, and the placement of shares and the issue of options to Directors will not occur unless shareholder approval is obtained at the EGM.

Yours sincerely
Lodestone Exploration Limited



Leni Stanley
Company Secretary