



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

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

Farm-In to Moreton Energy Coal Project

Lodestone Exploration Limited (“Lodestone Exploration” or “the Company”) is pleased to announce that it has executed a Farm-In Deed with Moreton Energy Pty Limited (“Moreton Energy”) and Orbit Capital Pty Ltd (“Orbit Capital”) to farm in to four coal project areas in the Beaudesert District of the Moreton Basin in SouthEast Queensland.

The areas subject to farm-in are EPC Application 1302 (Veresdale Scrub Deposit), EPC Application 1299 (Former Strathnaver Colliery/Bromelton Project) and EPC Application 1313 (Albert River Coal Project). These areas are under applications held by Orbit Capital and Moreton Energy, who are both controlled by Mr Greg Baynton, a Director of Lodestone Exploration. Further information on the permit areas is set out in the Company’s “Activities Program” announced today.

The Farm-In Deed is subject to a number of conditions precedent, including shareholder approval and ASX granting the Company a waiver of Listing Rule 10.13.3 to permit it to issue shares pursuant to the Farm-In Deed in the manner described below without the need for further shareholder approvals. An Extraordinary General Meeting of the Company will be convened for the purposes of obtaining shareholder approval, and approval of a number of other matters recently announced by the Company. A Notice of Meeting, Explanatory Memorandum and Independent Expert Report will be circulated to shareholders shortly.

Under the Farm-In Deed, subject to satisfying exploration and expenditure commitments, Lodestone Exploration has the right to earn a 50% interest in all three permits. The Company’s earn-in obligations require it to spend \$2 million on exploration on the Permits over a period of three years.

Under the Farm-In Deed, Lodestone Exploration has agreed to issue up to 9 million fully paid ordinary shares to Orbit Capital or a related corporate entity in three tranches. The timing of these issues may depend on the terms of any waiver of Listing Rule 10.13.3 granted by ASX, if one is granted.

Lodestone Exploration Limited
Exploring Queensland

Lodestone Exploration Limited GPO Box 762 Brisbane QLD 4001 Australia

The Farm-In Deed provides that the initial tranche of 3 million shares be issued immediately upon shareholders approving the Farm-In Deed and after all other conditions precedent to the Deed have been satisfied or waived. The second tranche of up to 3 million shares will be issued following the grant of the Permits (1 million shares per Permit). The final tranche of up to 3 million shares will be issued after Lodestone Exploration has spent an initial \$1 million on exploration of the Permits at which time 1 million shares will be issued in respect of each Permit that Lodestone has elected to retain an interest in.

Further details of the Farm-In Deed will be provided to shareholders in the Notice of Meeting and accompanying documents to be circulated to shareholders shortly for the purposes of the Extraordinary General Meeting.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'M. Ackland', is positioned below the closing text.

Martin Ackland
Chairman