



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

30 October 2008

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

Dear Sir,

ACTIVITIES REPORT FOR QUARTER ENDED 30 SEPTEMBER 2008

Lodestone's activities in the September Quarter have been mainly in the energy sector:

- Lodestone's shareholders ratified an agreement to earn 50% equity in the Moreton Energy project, which includes three thermal coal tenements in the Beaudesert District, near Brisbane.
- Lodestone recruited Mr Jeff Jamieson, a mining engineer with extensive experience as an open pit consultant in the coal industry. Mr Jamieson is appointed Chief Executive Officer.
- The Company completed a \$250,000 placement to Directors, in addition to the \$1,497,000 raised from shareholders and sophisticated investors in the June Quarter. Both capital raisings were completed at a price of \$0.03 per share.

Activities related to Lodestone's Mount Morgan, Limestone Creek, and Botswana Projects continued.

Moreton Energy Project (50% Lodestone): Subject to grants of tenement applications, Lodestone has farmed into three potentially coal-bearing areas in the Moreton Basin near Beaudesert. These areas include the Veresdale Scrub Deposit, the former Strathnaver Colliery near Bromelton, the former Stansfield's Colliery, and the Albert River Prospect.

Each of these areas are close to road and rail infrastructure, with good access to the Port of Brisbane. Lodestone's initial focus will be on the Veresdale Scrub and Bromelton areas following the grant of these permits. Fieldwork planned includes mapping, seismic surveys and drilling.

Lodestone Exploration Limited
Exploring Queensland

Lodestone Exploration Limited GPO Box 762 Brisbane QLD 4001 Australia

Mount Morgan Project (100% Lodestone): This project is centred on the historic gold mining town of the same name, and is situated 50 kilometres south-west of Rockhampton, Queensland. Lodestone is exploring for gold and copper - molybdenum orebodies.

Two major mining companies have been given data sets to encourage farm-in proposals for the Discoverer Two copper-molybdenum prospect, seven kilometres east of Mount Morgan.

Limestone Creek Project (100% Lodestone): This project is situated 130 kilometres north of the Chillagoe township in North Queensland. Exploration is aimed at locating gold and/or base metals orebodies within the Chillagoe Formation that hosts the Red Dome and Mungana deposits near Chillagoe.

A team of Western Yalanji Cultural Surveyors cleared ground along and east of Leane's Prospect, where potentially significant copper mineralisation was discovered by Lodestone last year. Detailed geological mapping and geochemical sampling is scheduled to begin on November 12.

Botswana Project:

AUSMEC Geoscience carried out reconnaissance fieldwork in Botswana in September to assess the uranium exploration potential of five uranium Prospecting Licences that partly cover Eccca Group Sediments. Uranium occurs in these rocks elsewhere in Botswana and Southern Africa. Deposit models are calcrete and sandstone-type uranium.

The aims of the fieldwork were to check areas shown as uranium 'highs' images, and try to locate direct evidence of uranium mineralisation using vehicle-borne radiometric traverses and visiting existing boreholes. AUSMEC found that radiometric 'highs', represented slightly elevated radioactivity on the ground, and not anomalous zones that might indicate uranium mineralisation. No anomalous radioactivity was encountered on the Prospecting Licences and no 'walk up' targets to follow up were found during the fieldwork. Consequently, Lodestone will withdraw from the Botswana Project.

Forward Programs: Lodestone will continue to expand its energy portfolio and encourage farm-ins at its Mount Morgan Project, map and sample at Limestone Creek, and (subject to grant of tenement applications) begin coal exploration in the Beaudesert District.

Yours faithfully,



Jeff Jamieson
Chief Executive Officer
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