



30 July 2008

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
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SYDNEY NSW 2000

**ACTIVITIES REPORT FOR QUARTER ENDED 30 JUNE 2008**

Lodestone's activities in the June Quarter have been mainly corporate:

- Completion of a \$510,000 placement to sophisticated investors;
- Initiation of an \$800,000 share purchase plan that raised \$987,000;
- Negotiation of an agreement to acquire 50% equities in four thermal coal projects in the Beaudesert District, south-east of Brisbane; and
- Appointment of a new Director, Mr Lance Grimstone, who has a distinguished record of coal exploration and discovery.

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

**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, copper, and molybdenum.

Historic drill hole logs, geological reports, and recent target models, have been given to a large company that visited the Discoverer Two Prospect twice. This material will assist the company in deciding whether to submit a detailed farm-in proposal to Lodestone.

**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 base metals within the Chillagoe Formation that hosts the Red Dome and Mungana deposits near Chillagoe.

Lodestone reported a promising new copper discovery; Leane's Prospect, to the Australian Stock Exchange in October 2007.

Fieldwork aimed at optimising drill sites, which was to have resumed in June, will now recommence in August.

**Botswana Project: (100% Lodestone):** This uranium project is situated in eastern Botswana. Five Prospecting Licences are centred between 75 kilometres and 250 kilometres from Gaborone, Botswana's Capital.

Geological and radiometric data sets have been interpreted and maps generated for initial fieldwork in the September Quarter. This work will examine radiometric hotspots to determine their significance, or otherwise.

**Beaudesert Project:** Subject to Shareholders' approvals and grants of tenement applications, Lodestone has farmed into four coal-bearing areas in the Moreton Basin near Beaudesert.

These projects include the former Strathnaver Colliery, the Veresdale Scrub Deposit, the former Stansfield's Colliery, and the Albert River Prospect.

All four are close to road, rail, and port infrastructure.

Lodestone's initial focus will be on the Veresdale Scrub Deposit, with infill and down-dip drilling to determine the geometry, thickness and continuity of coal seams, and confirm technical specifications.

Additional details will be provided in an independent expert's report that will be distributed to Shareholders ahead of the Extraordinary General Meeting of Shareholders to be held in the near future.

**Forward Programs:** Lodestone will continue to encourage farm-ins at its Mount Morgan Project, resume fieldwork at Mount Morgan and Limestone Creek, conduct a first-pass field assessment of its Botswana Project and (subject to Shareholders' approvals and grant of tenement applications) begin coal exploration in the Beaudesert District.

Yours faithfully,



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