



Welcome and Introduction
2004 Annual General Meeting – 21 October 2004

Ladies and Gentlemen,

May I add my welcome to the Chairman's.

Lodestone has 502 shareholders, many of whom have been with us since we listed 18 months ago. Some of you have been with us even longer. We are grateful for this staunch support.

35 of our shareholders live in and around Mount Morgan, and another 70 live in other parts of Central Queensland.

This local presence encourages us, and adds to our determination to succeed.

Thank you for supporting the reappointment of John Shaw and Martin Ackland. These gentlemen have vast experience and remarkable achievements in the mining industry, and Lodestone is most fortunate to attract and maintain their interest, and to benefit from their expertise and judgement.

Eighteen months ago, when we listed, Lodestone tenements covered 600 sq kms in the Mount Morgan district, including 150 sq kms that were of particular interest.

Since then, we have added to our Mount Morgan tenement package and narrowed our search for another "Mount Morgan" to a 30 sq kms belt running south, southeast from the former Mount Morgan minesite.

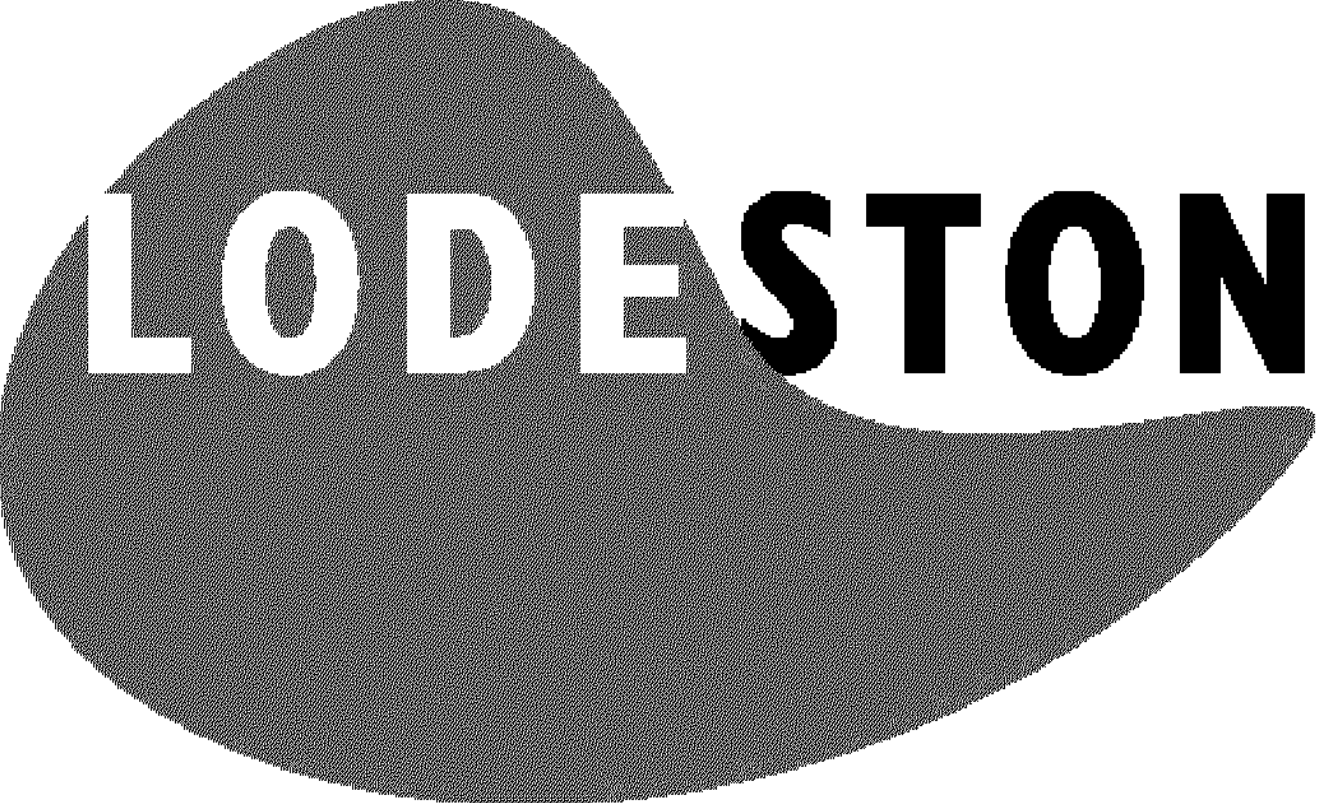
We have 3 target zones within that belt.

In short, our work in the past twelve months has added to our prospective ground, narrowed our focus and made it much more likely that we will recognise prospective horizons within that ground. A rig is now onsite at the Mt Victoria epithermal gold target and drilling is imminent. The 1105 gravity target will be drilled immediately after Mt Victoria.

Lodestone's field office at Mount Morgan provides a convenient base for exploration south of Cracow, and east of Rockhampton: where have farmed into the Quadrio project.

Mark Dugmore, Lodestone's General Manager, will now make a technical presentation that has just been lodged with the Australian Stock Exchange, and can be seen on Lodestone's website: www.lodestonex.com

John McCawley
Executive Director



LODESTONE

Lodestone Exploration Limited

*Exploring the Mount Morgan mineral
province with advanced technologies*

Annual General Meeting

21 October 2004

Introduction & Overview

- Mount Morgan was historically Queensland's premier Gold mine, producing more than 9.5 million ounces
- Traditionally, these types of deposits (VMS) occur in clusters
- Lodestone is seeking similar deposits in the local area using advanced technologies under the wide spread cover rock in the target areas
- Lodestone now has exploration permits covering ~1700 sq.km in Central Queensland

Presentation Overview

- Strategy & Objectives
- Milestones / Exploration Work To Date
- Future Programs



Mt Morgan –The Target



World class gold-copper deposit

“Australia’s premier VMS deposit”

“....find another Mount Morgan VMS deposit”

- 9.5 million Oz gold produced
- Average 5 g/t Gold
- 360,000 tonnes Copper
- 1.6 million Oz Silver
- Gross Value
> A\$6.4billion

Deposit	Au Grade g/t	Million Oz Au
Kalgoorlie	4.3	54
Telfer	1.3	26
Mount Morgan	5.0	9.5
Boddington	1.4	8.6
St Ives	3.7	6.4

Lodestone's Strategic Objectives

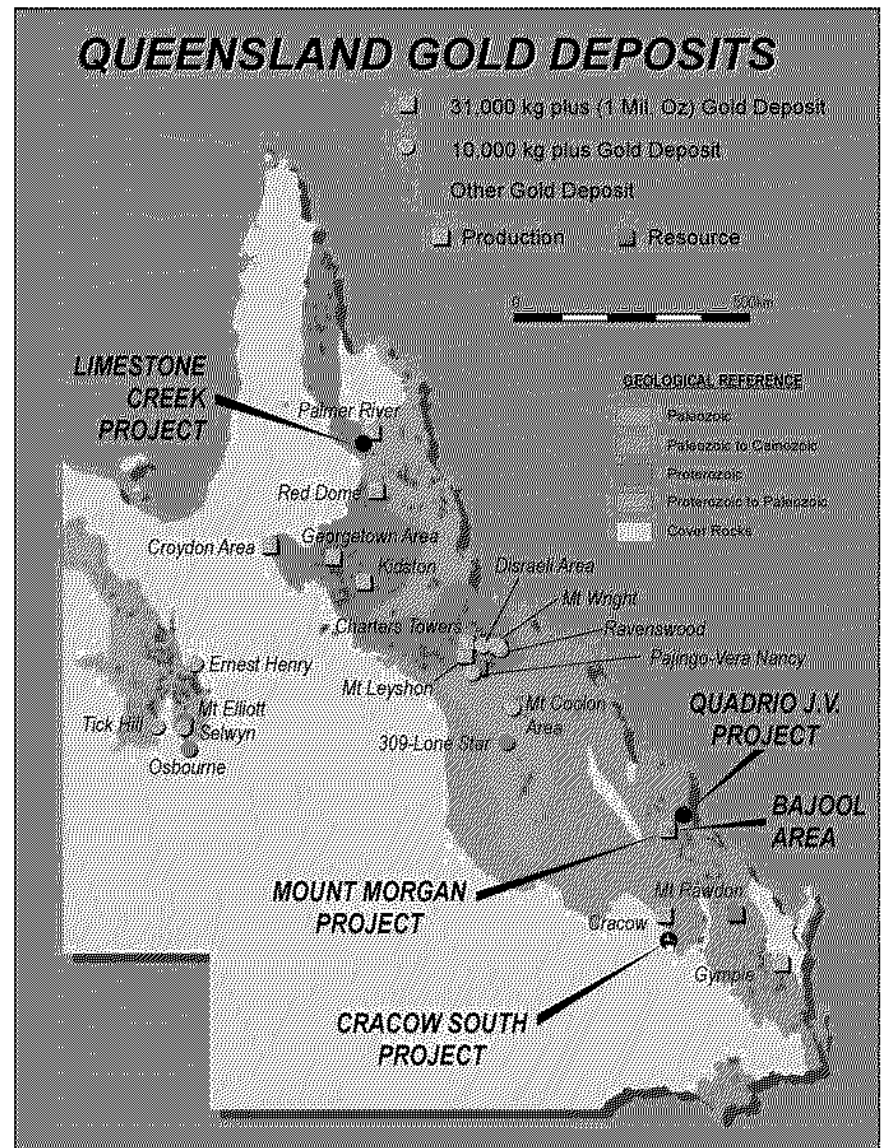
During the past year Lodestone has maintained its focus on the Mount Morgan area, with our four objectives continuing to be:

- Discovering major gold and/or gold-copper deposits similar to Mount Morgan
- Generating drill targets by using advanced exploration tools and concepts
- Enhancing our strategic tenement holding in the Mount Morgan region. Assessing new opportunities in Central Queensland.
- Maintaining, where possible, a tight capital structure intended to maximise shareholder wealth in the event of exploration success



Portfolio

- Mt Morgan Project
 - VMS/epithermal copper/gold
- Bajool Project
 - Intrusion-related gold (eg Kidston, Mt Leyshon)
- Quadrio JV
 - VMS/epithermal copper/gold
- Cracow South Project
 - High grade epithermal gold
- Limestone Creek Project
 - Sediment hosted gold

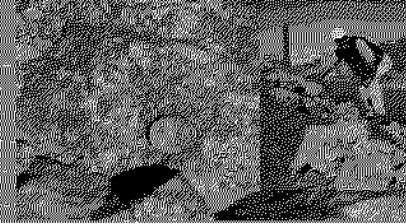


2004 Milestones

In line with strategic objectives, Lodestone achieved significant milestones during 2004:

- ☛ Properly resourced our second year search
 - ☛ Added to our knowledge, narrowed our focus, reinforced our hopes for success
- ☛ Continued detailed assessment of 3 distinct Areas at Mt Morgan
 - ☛ Mt Morgan South, Mine Corridor & Mt Victoria-Mt Battery
- ☛ Drill targets were defined at Mt Morgan
 - ☛ 1 gravity target & 2 geochemical targets confirmed for drilling
- ☛ Eight additional tenements were acquired in Central Queensland
 - ☛ covering >800 square kilometres that offers prospective geological targets

2004 Program Summary



DRILLING

- Results advanced our understanding of local geology and provided data for refinement of ongoing programs

GEOPHYSICS

- Ground gravity survey at Mt Morgan over ~100 km² identified 10 anomalies.

TARGET GENERATION & AREA ACQUISITION

- Engaged consultants to progress new target generation in Central Qld
- New tenement applications over 800 square Km
 - covering Mt Morgan and Mt Leyshon/Kidston type targets to the W, N and E of Mt Morgan.
 - Acquired Cracow South tenements, Quadrio JV and Mt Victoria farm-in

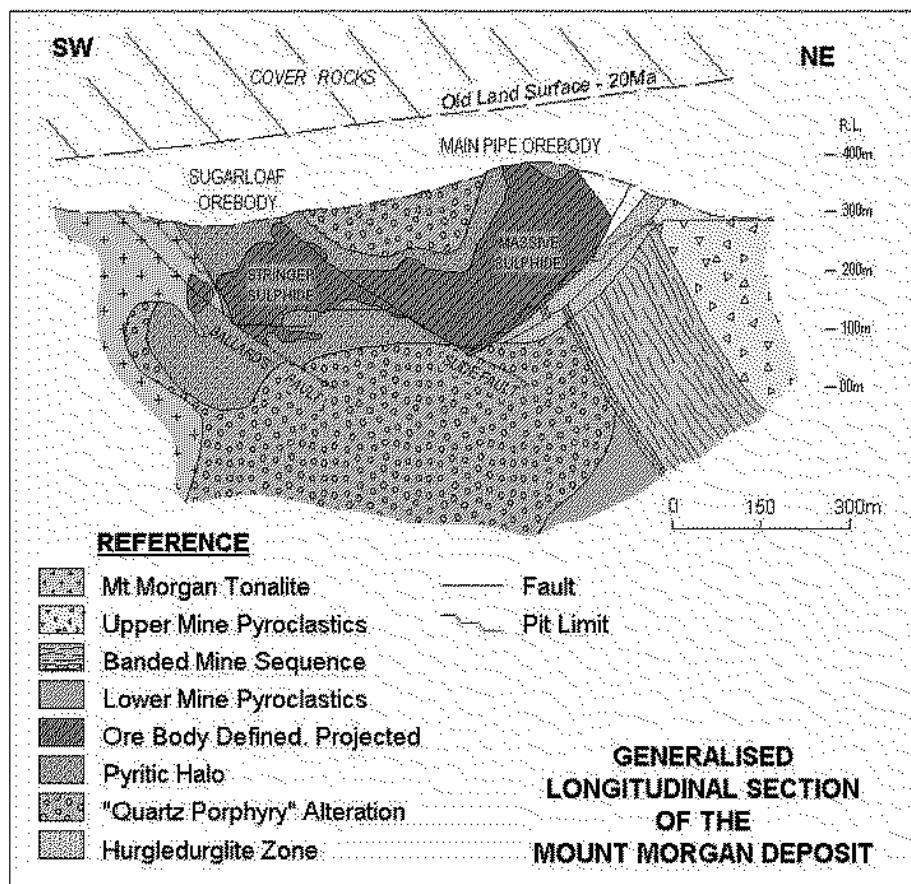
BHP BILLITON ALLIANCE

- Strategic alliance with BHP Billiton on the Mount Morgan project

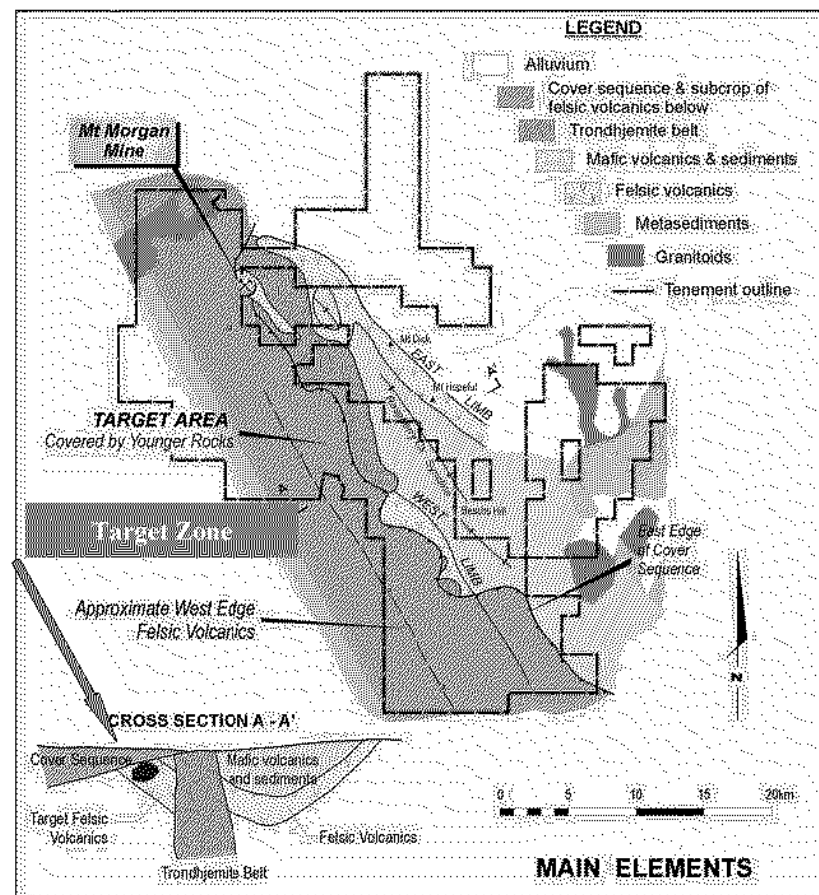


Mt Morgan Project & VMS Deposits

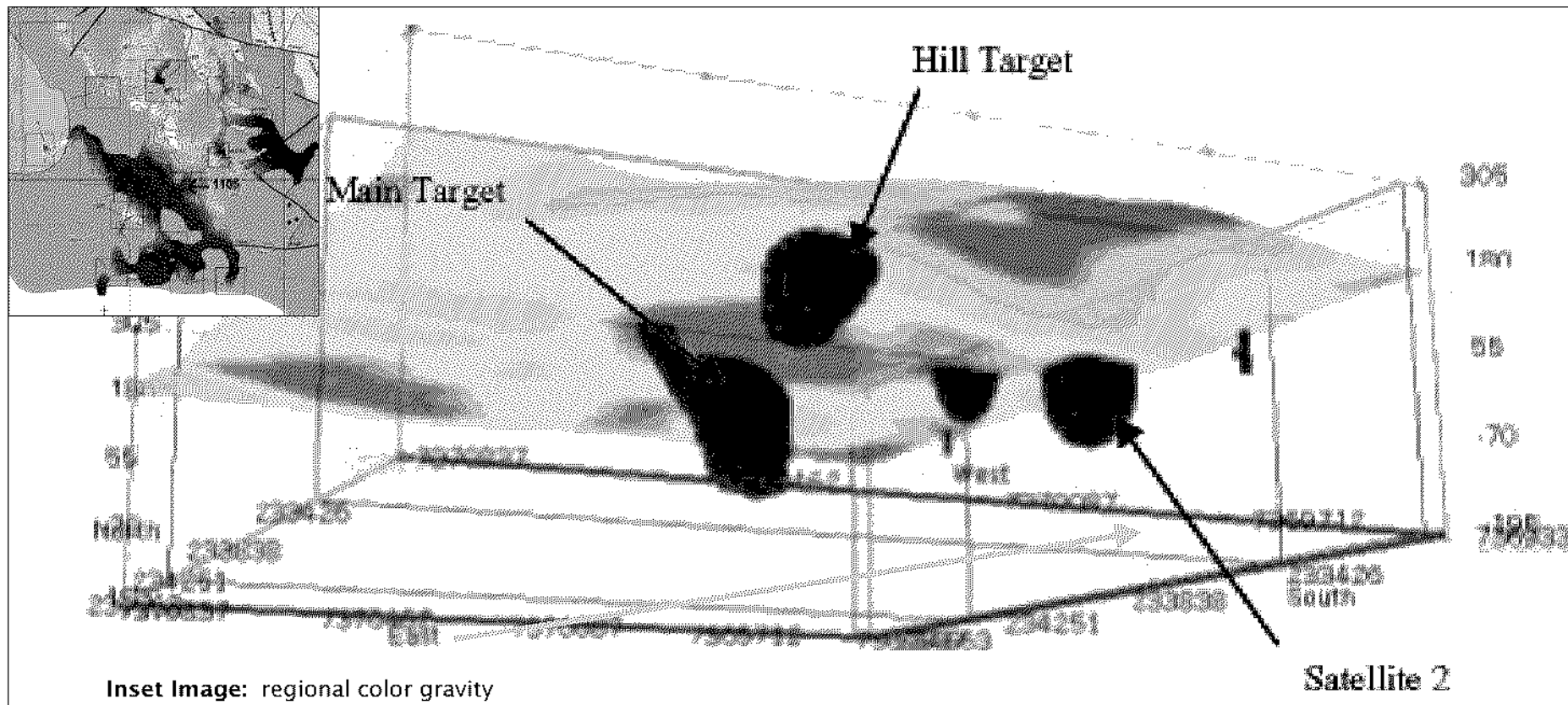
Mt Morgan Cross-Section



Mt Morgan Regional Geology



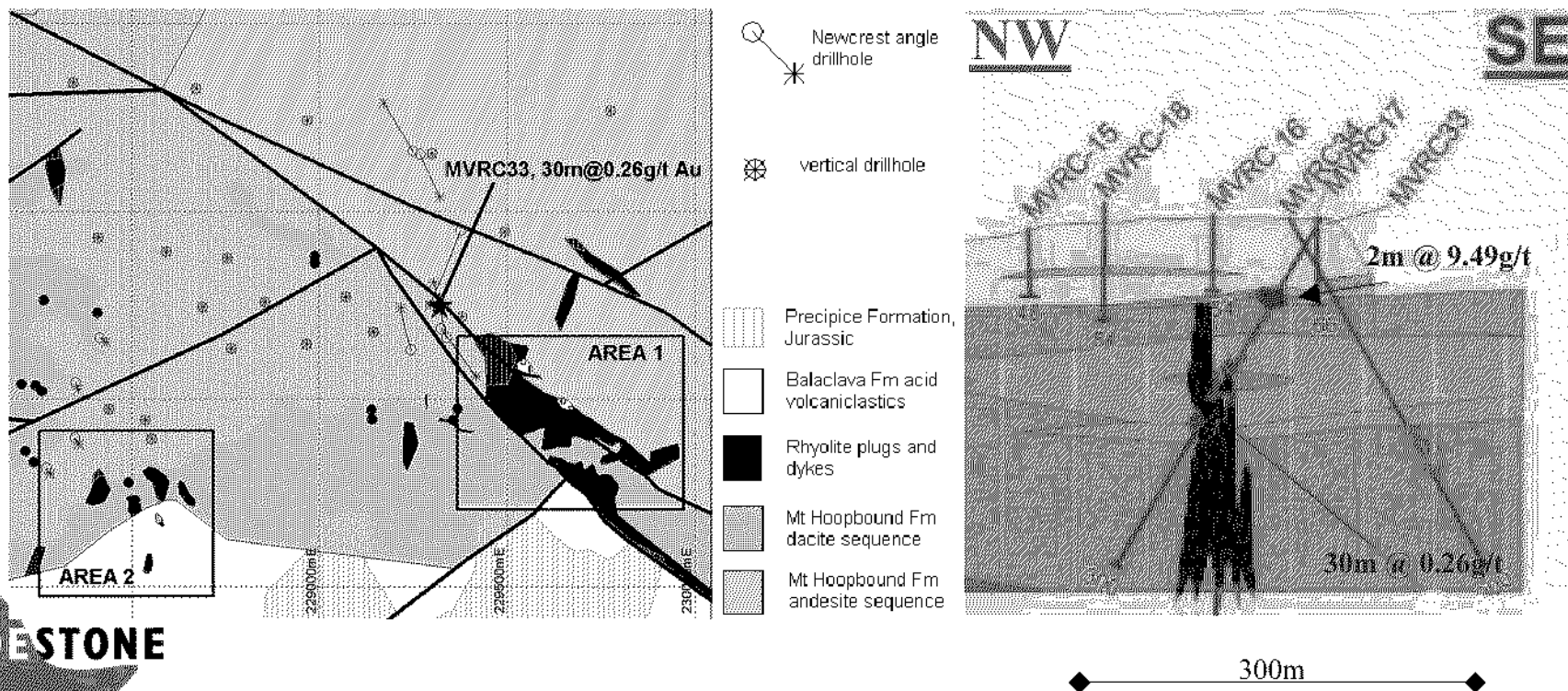
Mt Morgan Gravity Survey



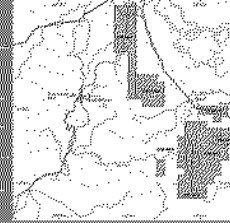
- Ground gravity survey over >100 sq.km south of Mt Morgan (inset)
- 10 anomalies
- Planned Drill testing of Main target ("1105")

Mt Victoria Prospect

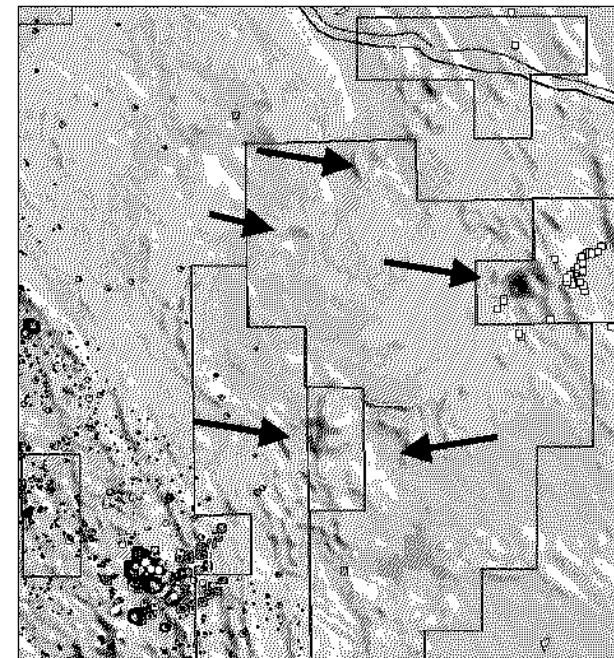
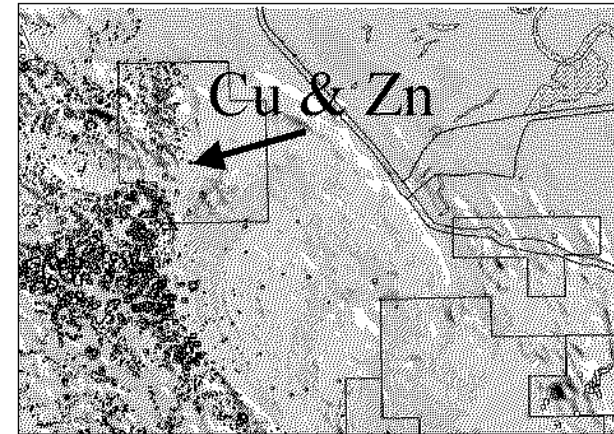
- Mineralised structure extends from Mt.Morgan mine to Mt Victoria (1.5km)
- Previous Newcrest drilling intersected 30m averaging 0.26g/t gold (including 6m @ 0.58 g/t gold). Upper intersection of 2m averaging 9.49 g/t gold.
- Strong gold anomalies in rocks, soils & stream sediments surround area



Bajool Project

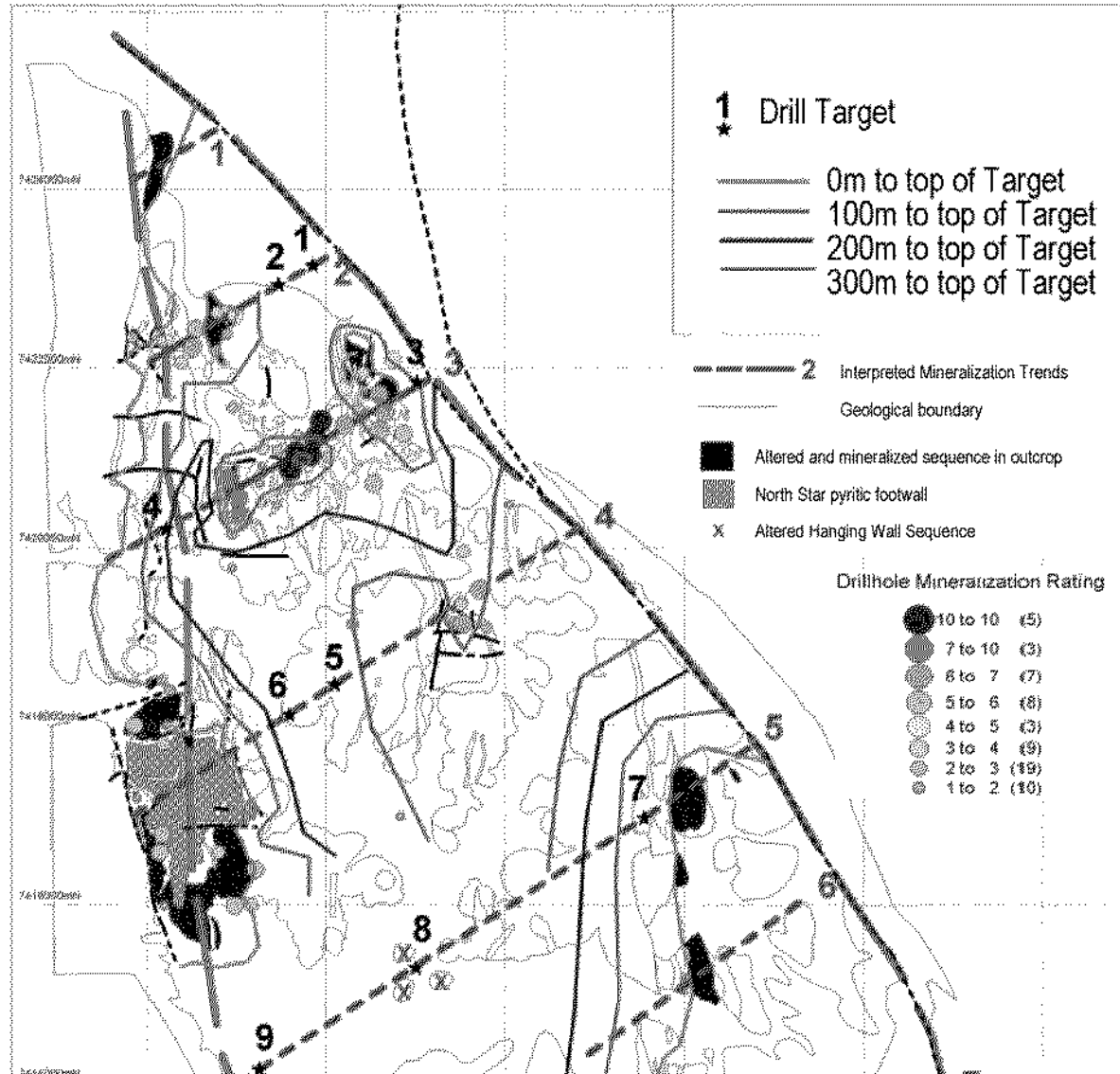


- Intrusion-related gold targets
 - Eg Kidston, Mt Leyshon
- Area immediately east of Mt Morgan
- A number of magnetic targets similar to Kidston/Mt Leyshon with associated gold anomalism
- One area with strongly anomalous Cu & Zn adjacent to covered target
- Targets are under Recent alluvium



Quadrio Joint Venture

- JV with Dominion Mining Ltd
- Mt Chalmers was attractive Au-rich VMS orebody
 - 250,000 ounces gold equivalent
- Clusters of similar orebodies are possible
- Past drilling effectively tested only 10% of prospective area
- Main target is blind mineralisation close to prospective stratigraphy



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Cracow South Project

- Magnetic signature similar to Cracow deposit setting
- Magnetics show alteration along faults
- Covered by younger rocks therefore escaping effective previous exploration
- 30km south of Cracow Gold Mine Development
- Potential for high-grade gold deposit



Cracow Mine

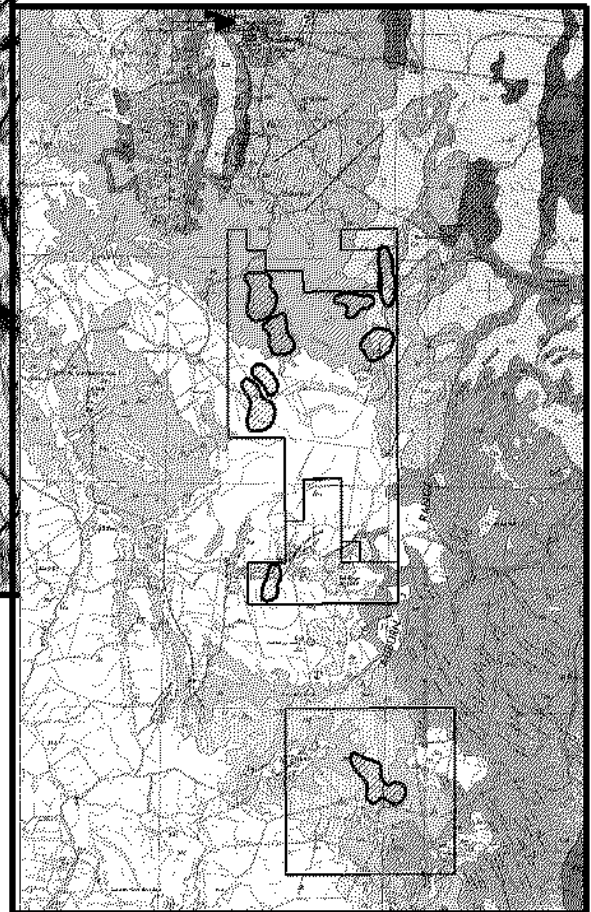
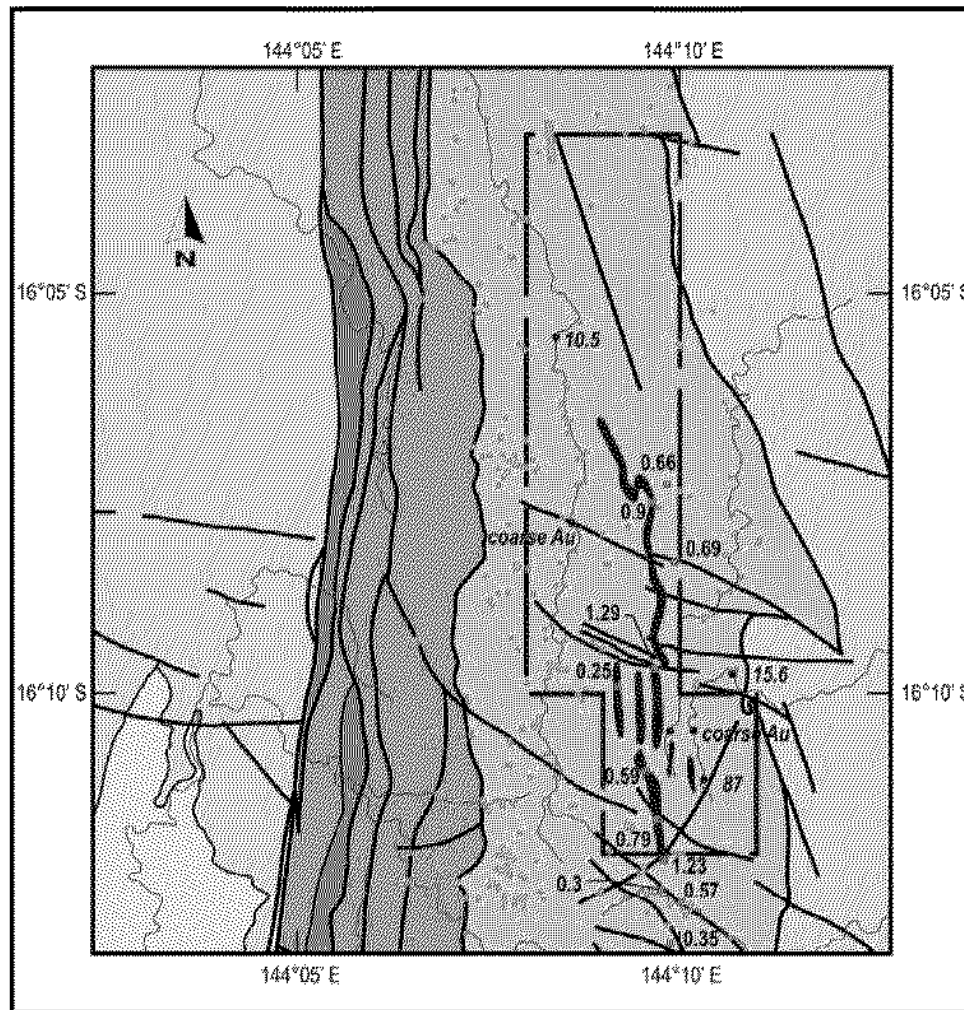


Image: colour TMI wetlook magnetics
Lodestone tenements in pink outline
Blue/Yellow squares: old gold workings

Limestone Creek Project

- N. Queensland location
- Sediment-hosted gold target in Chillagoe Formation
- Silicified zones up to 20km length
- Surface gold grades <1.3 g/t
- No exploration since mid-1990's



LIMESTONE CREEK GEOLOGY

0 5km



GEOLOGICAL REFERENCE

- Quaternary
- Hodgkinson Formation
- Chillagoe Formation
- Yambo Metamorphic Group
- Gold bearing structure
- Fault
- 87 * Stream panned sample - showing ppm Au
- 1.23 = Hard rock sample - showing g/t Au
- Historic Sampling

Future Work Planned – Next 12 months

☛ Mt Morgan Project

- ☛ Drill test “1105” gravity target and Mt Victoria Gold Prospect; 800m
- ☛ Fly detailed aeromagnetic survey in northern permits

☛ Quadrio Joint Venture

- ☛ Refine 9 drillhole targets for drill testing; 1,200m
- ☛ Surface stream, soil & rockchip geochemical sampling for gold

☛ Cracow South Project

- ☛ Fly detailed aeromagnetic survey
- ☛ Detailed aeromagnetic interpretation and target evaluation/selection
- ☛ Drill targets

☛ Limestone Creek Project

- ☛ Await permit grant
- ☛ Surface sampling to define mineralised zones
- ☛ Drill best mineralised zones