

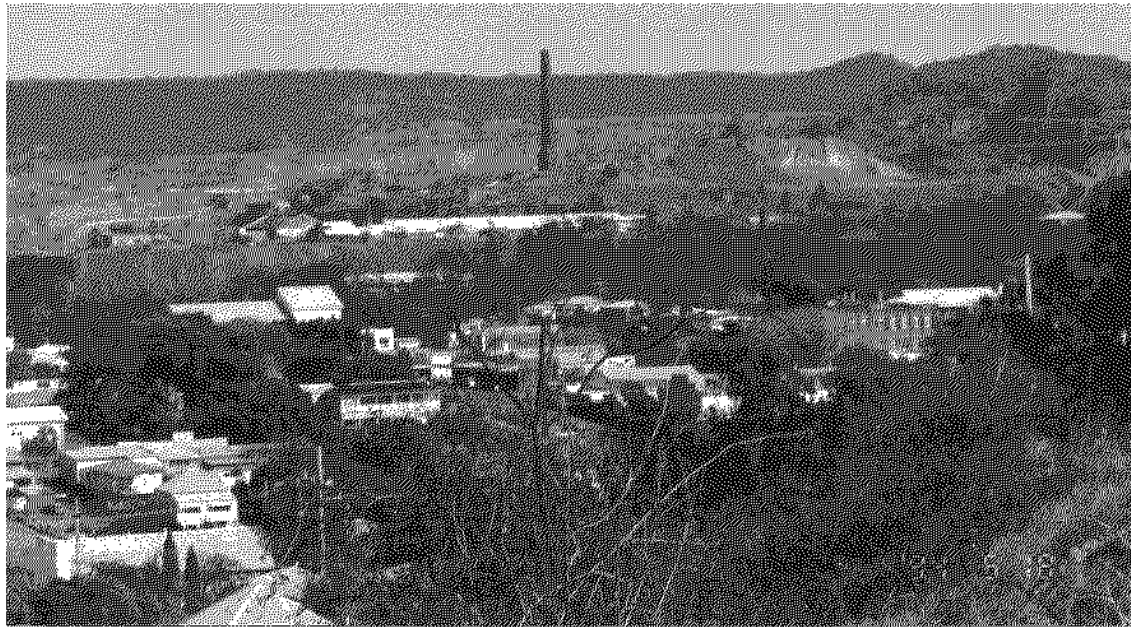


Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

*Exploring historic mineral fields with
modern techniques*



Market Update Presentation 26 October 2005

Introduction: Lodestone

Lodestone Exploration Limited

- Lodestone Exploration Ltd (ASX:LOD) IPO March 2003, raised \$2.5 million, and made a \$0.4 million placement in November 2004
- An SPP raised \$0.4 million and a placement* raised \$0.3 million in Sept 05 (*subject to shareholder approval)

- Since listing Lodestone :
 - Continues to explore for Mount Morgan-style deposits in the Mount Morgan District using modern techniques under challenging, widespread cover rock
 - Has broadened its interests to include the historic Cracow & Mt Chalmers Mineral Fields which are under-explored
 - Has been granted its Limestone Creek Permit after a lengthy process

- This year's drilling near Mount Morgan, Mount Chalmers and next Cracow South began in August
 - 1300 metres drilled on 5 targets to date

- Additional drilling of up to 3,500 metres on 10 other targets is envisaged between November this year and February 2006



Portfolio – Multiple Projects & Targets

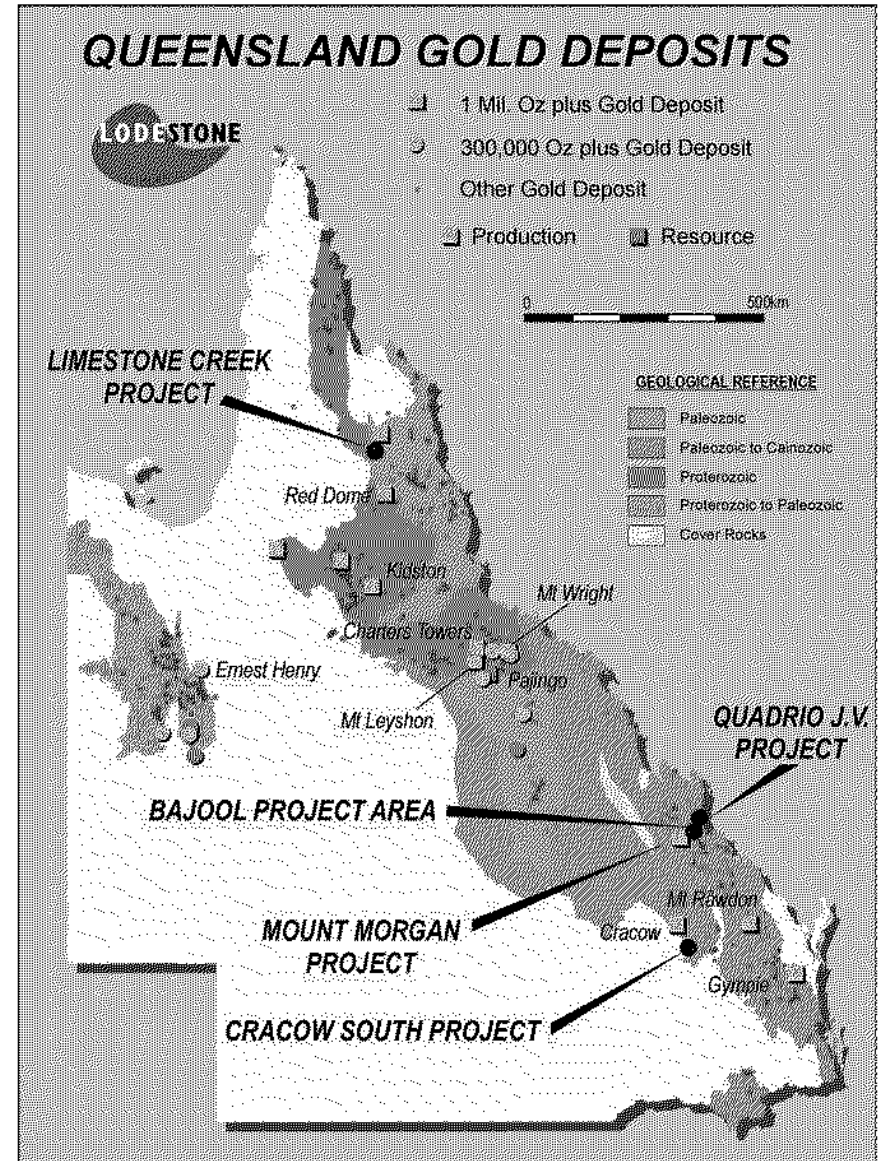
- Mt Morgan District Projects**
 - VMS/epithermal copper/gold targets
 - Eg Mount Morgan & Mt Wright
 - 4 drill targets

- Quadrio farm-in Project**
 - VMS/epithermal copper/gold targets
 - Eg Mount Morgan & Pajingo
 - 7 drill targets

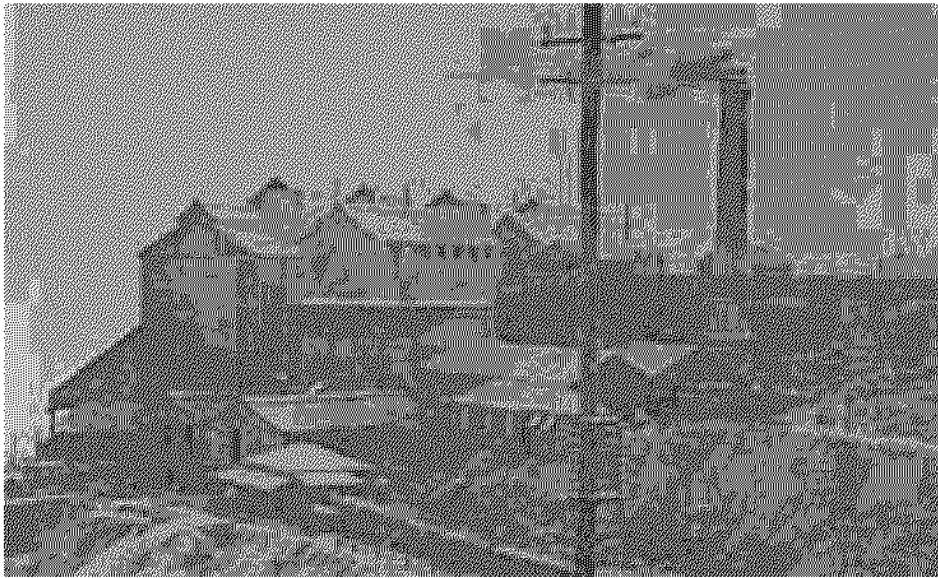
- Bajool Project**
 - Intrusion-related gold targets
 - Eg Kidston, Mt Leyshon
 - 5 target areas

- Cracow South Project**
 - High grade epithermal gold targets
 - Eg Cracow & Pajingo
 - 9 drill targets

- Limestone Creek Project**
 - Sediment hosted gold targets
 - Eg Red Dome
 - 3 target areas



Mt Morgan –The Endowment



World class gold-copper deposit

“Australia’s premier VMS deposit”

“...find another Mount Morgan VMS deposit”

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

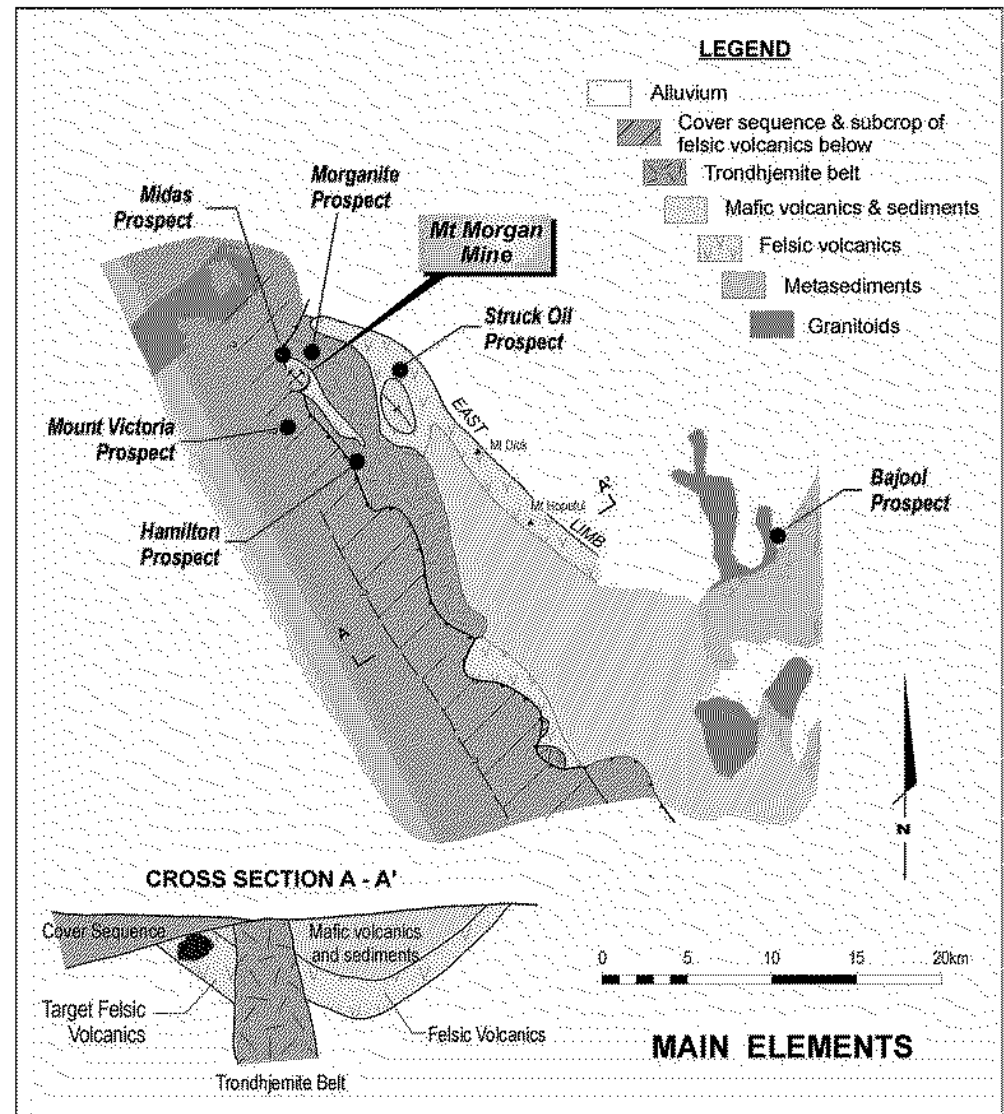
Deposit	Au Grade grams/tonne	Million Oz Au
Kalgoorlie	4.3	54
Telfer	1.3	26
<i>Mount Morgan</i>	<i>5.0</i>	<i>9.5</i>
Boddington	1.4	8.6
St Ives	3.7	6.4

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Mt Morgan District Project & Prospects

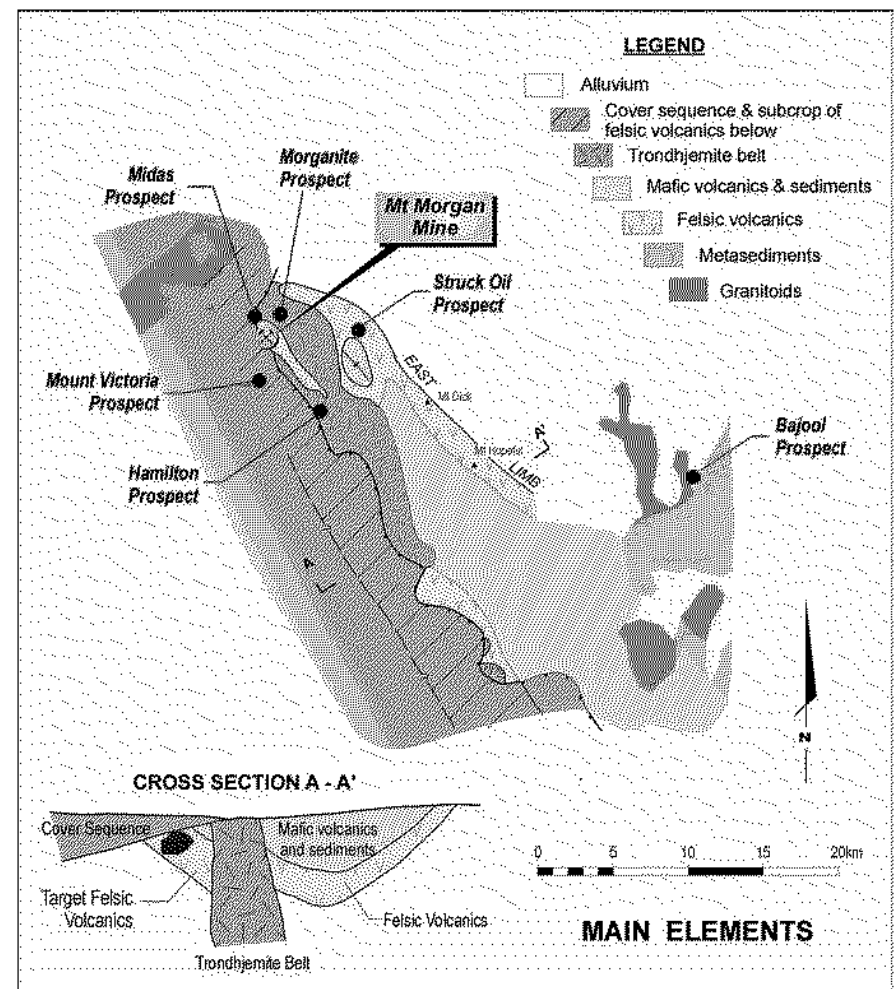
- Prior exploration restricted by overlying cover rocks
- Lodestone explored the southern area with modern geophysical systems, and drilled 8 targets in 2003 & 2004 without success.
- Recent detailed aeromagnetics has confirmed Mt Victoria's and Morganite's prospectivity
- Lodestone's focus has moved progressively closer to Mt Morgan, as ground became available
- Each of Lodestone's six priority prospects partly outcrops, and cover rocks are less challenging than those further south

Regional Geology & Prospects



Mount Morgan District Project: Mt Victoria Prospect

- Mount Victoria opportunity recognised by Dr Gary Arnold and tenements optioned by Lodestone
- Intrusion-related gold mineralisation, VMS mineralisation, and 2 distinctive magnetic features sit astride “the Mount Morgan Northeast cross structure”
- Gold grades and intersection thicknesses increase NW of 2004 drillholes, and a widening halo of low-level gold surrounds the main intersections
- Golden Gully, the site of historic alluvial gold workings and ‘jasper’ float drains the distinctive northern magnetic feature



Mount Morgan District Project: Mt Victoria Prospect



View of Mount Morgan mine &
township from Mt Victoria drillsite

Mount Morgan District Project: Morganite Prospect

- ☛ 3 kms north of Mount Morgan
- ☛ Part of a major cluster of silica-pyrite alteration zones and hydrothermal breccias
- ☛ 25 holes drilled pre-1992
- ☛ Lodestone flew detailed aeromagnetics in December 2004
- ☛ Possibilities at depth
- ☛ Major drilling program envisaged for March-May 2006, subject to dedicated placement or farmout



Mount Morgan District Project: Midas Prospect

- ☛ 3 kms north of Mount Morgan
- ☛ Excellent structural setting
- ☛ Strongly anomalous gold response
- ☛ Distinctive magnetic feature
- ☛ Mine Corridor rocks under cover
- ☛ Remapping, then drilling
- ☛ Timetable tbd, but after Morganite, Hamilton and Struck Oil



Mount Morgan District Project: Struck Oil Prospect

- Subeconomic porphyry copper-molybdenite system
- Historic alluvial gold workings at surface
- 30+ holes drilled in 1970's-80's indicated patchy low-level gold values
- Multi-element soil & rockchip anomalies, and scattered old workings occur within an area of approximately 2km x 1km
- Peripheral breccia-style gold mineralisation remains a qualified possibility, though not a high priority
- New concept
- To be drilled after Morganite and Hamilton Prospects



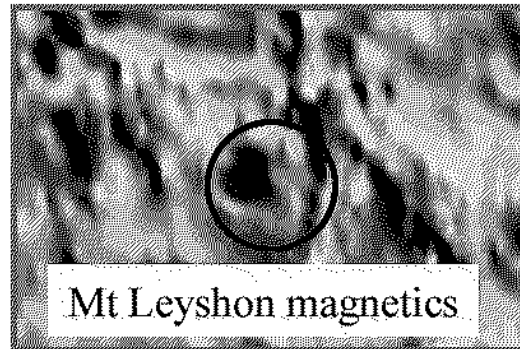
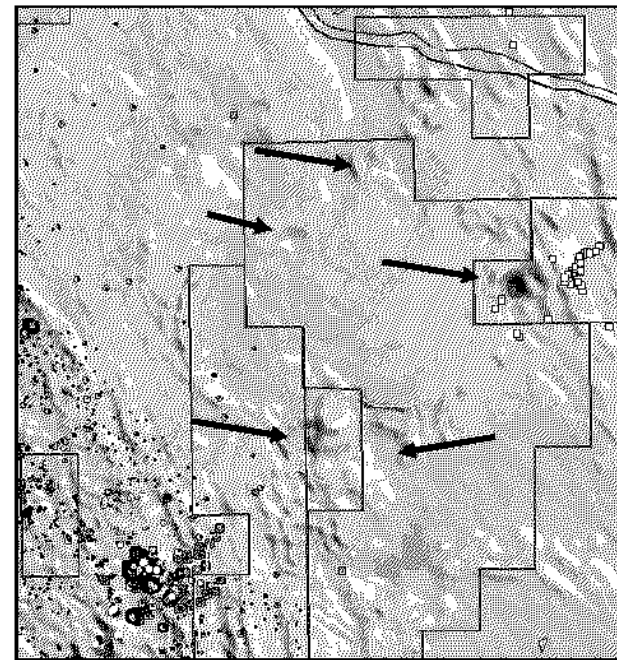
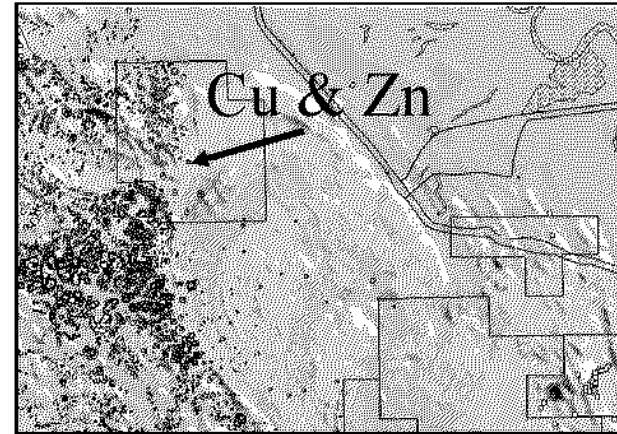
Mount Morgan District Project: Hamilton Prospect

- Partly an extension of Mine Corridor Zone
- Silica-pyrite alteration & hydrothermal breccias in intrusive rhyolite
- 17+ holes drilled in early 1980's for Cu, might not have been comprehensively assayed for gold
- 7 shallow holes to bedrock drilled nearby in 2003 by Lodestone without success
- Remapping and detailed magnetics might produce significantly different perspectives



Bajool Project

- Area centred 25km east of Mount Morgan
- Intrusion-related gold targets
 - eg Kidston, Mt Leyshon
- Five magnetic targets similar to Kidston and Mt Leyshon signatures with associated gold mineralisation
- One area with strongly anomalous Cu and Zn adjacent to covered target
- Targets are under Recent shallow alluvium



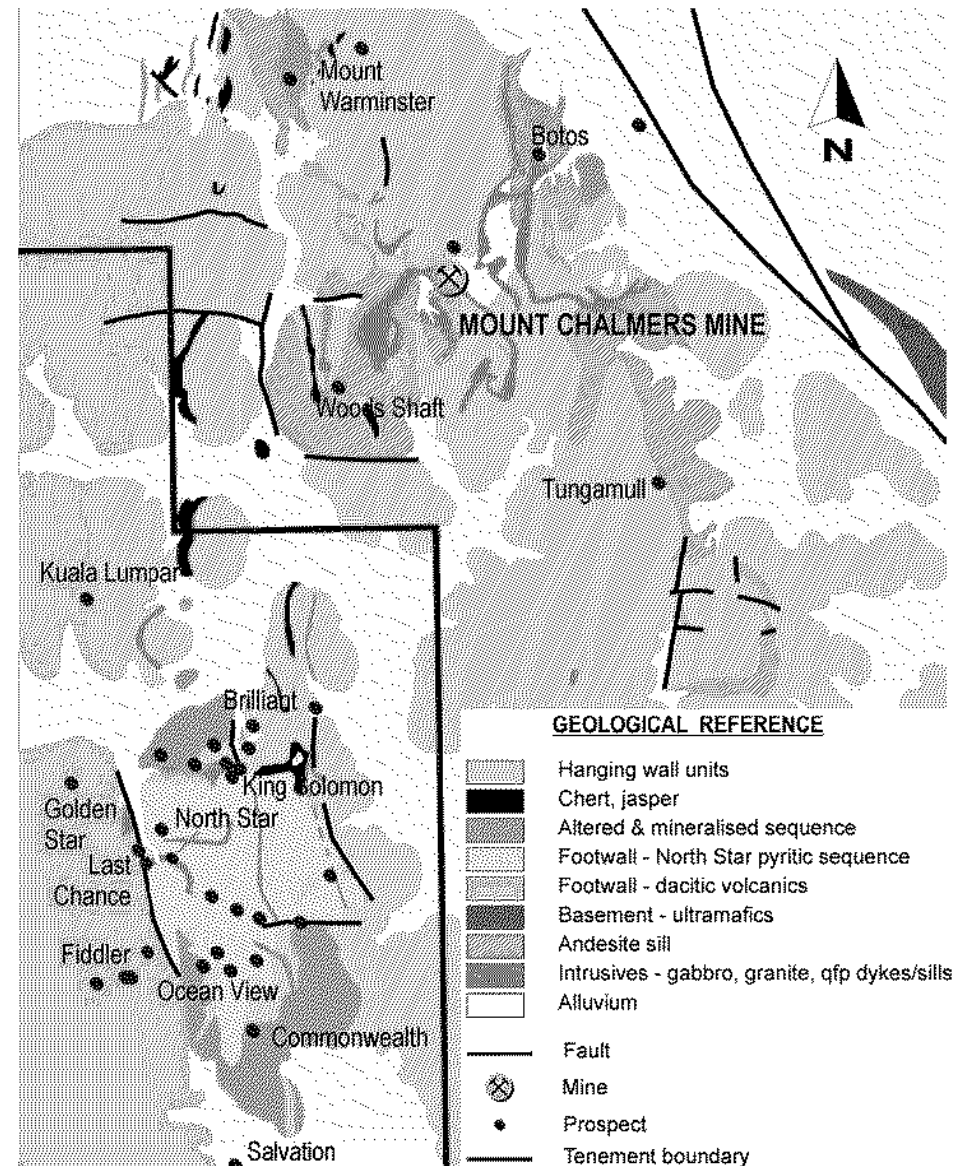
Mount Chalmers District Farm-in Project (Quadrio)

- Introduced by Dr Gary Arnold, who has a royalty interest
- 50 kms northeast of Mount Morgan
- Farm-in with Dominion Mining Ltd subsidiary (Quadrio)
- 2 tenements surrounding the former Mt Chalmers minesite
- Mt Chalmers, owned by another company, was a Au-rich VMS orebody
 - 250,000 ounces gold equivalent (~A\$125 million)
- Clusters of similar orebodies are possible
- Past drilling effectively tested only 10% of prospective area
- 110 metres @ 0.8% Zinc intersected by previous explorers
- Main target is blind mineralisation close to prospective stratigraphy



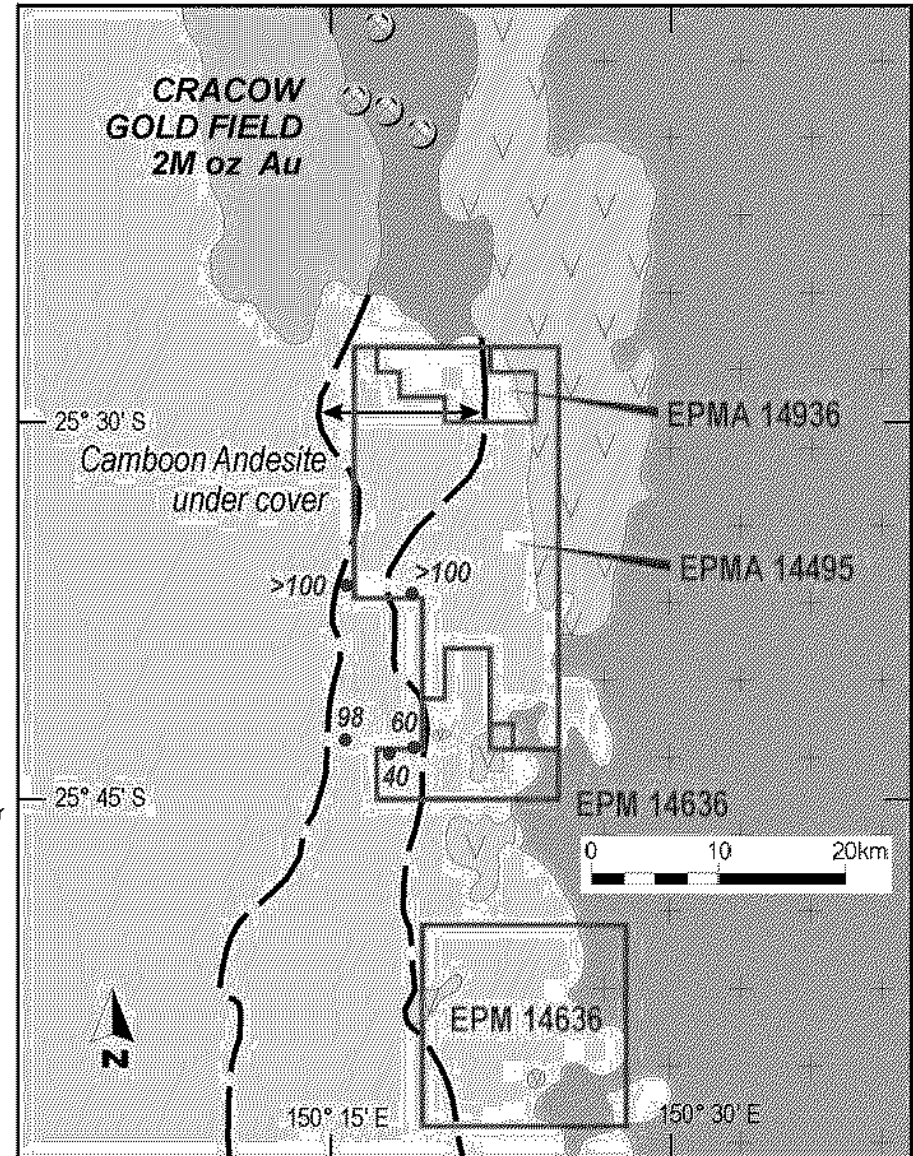
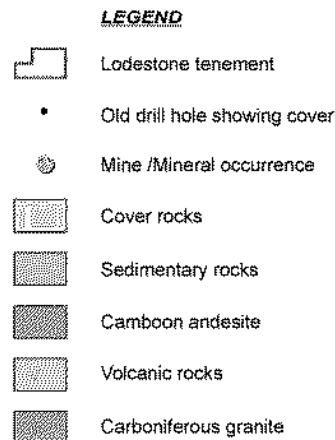
Quadrio Farm-in Project

- ☛ Lodestone has identified 4 main mineralised trends
- ☛ 7 targets nominated overall
- ☛ 2 targets at Tungamull drilled by Lodestone in Sept 05
- ☛ 2.5km from old Mount Chalmers open pit
- ☛ Previous drilling values up to 1.2 g/t gold, 0.45% Pb (lead)
- ☛ 2 other targets to be drilled October-November 2005

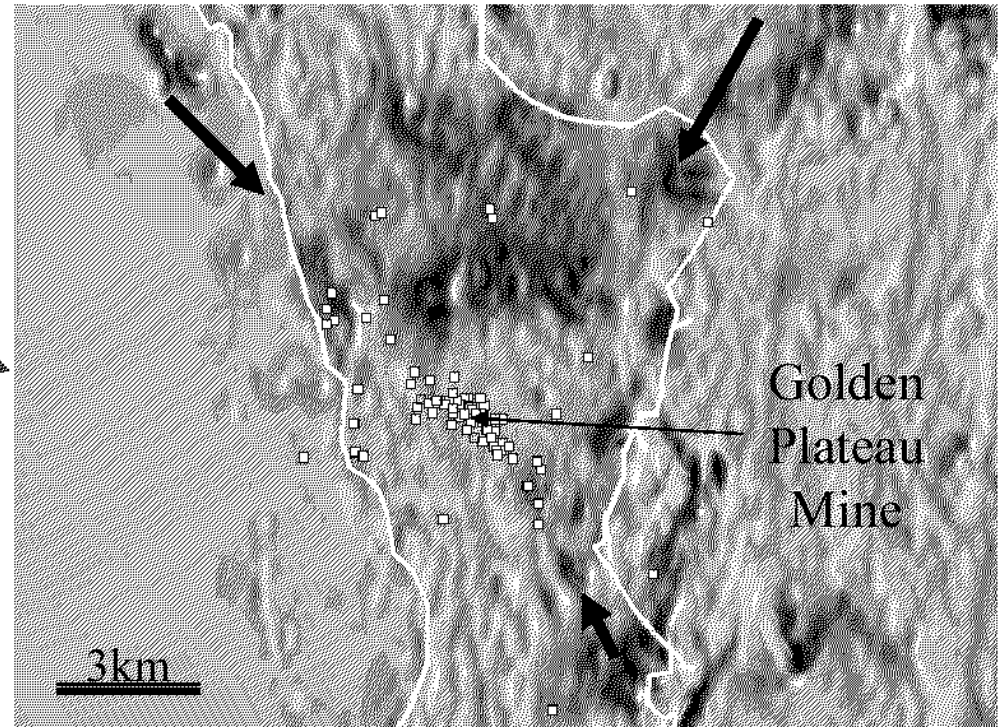
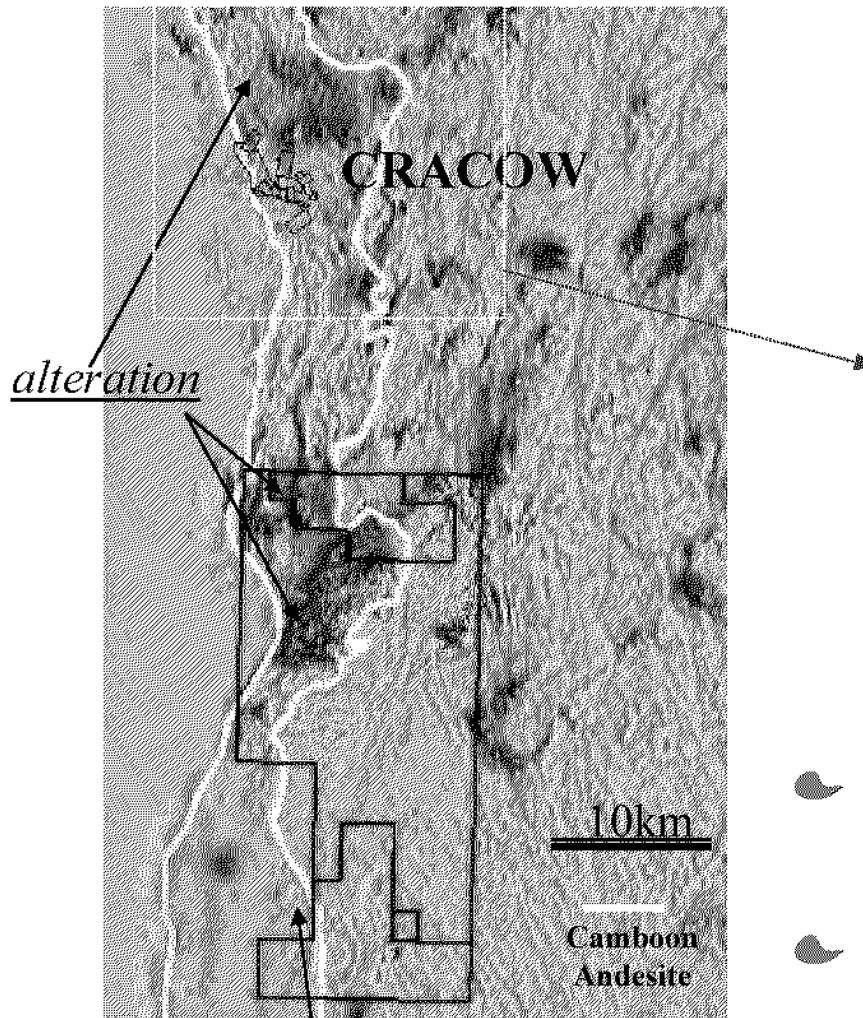


Cracow South Project

- Cracow opportunity recognised by Senior Consultant to Lodestone – tenements applied for by Lodestone
- 30km south of Cracow Gold Mine (Newcrest/Sedimentary Holdings)
- Magnetic signature similar to Cracow deposit setting
- Covered by younger rocks therefore escaping effective previous exploration
- Detailed aeromagnetic survey flown for Lodestone in December 2004
- Nine drill targets confirmed
- Drilling to begin Dec 05



Regional & Cracow Magnetics



- Magnetic alteration in Camboon Andesite north of Cracow, likely stronger in Lodestone's tenements
- Northwest trending magnetic low associated with gold at Cracow
- Major northeast-trending structures

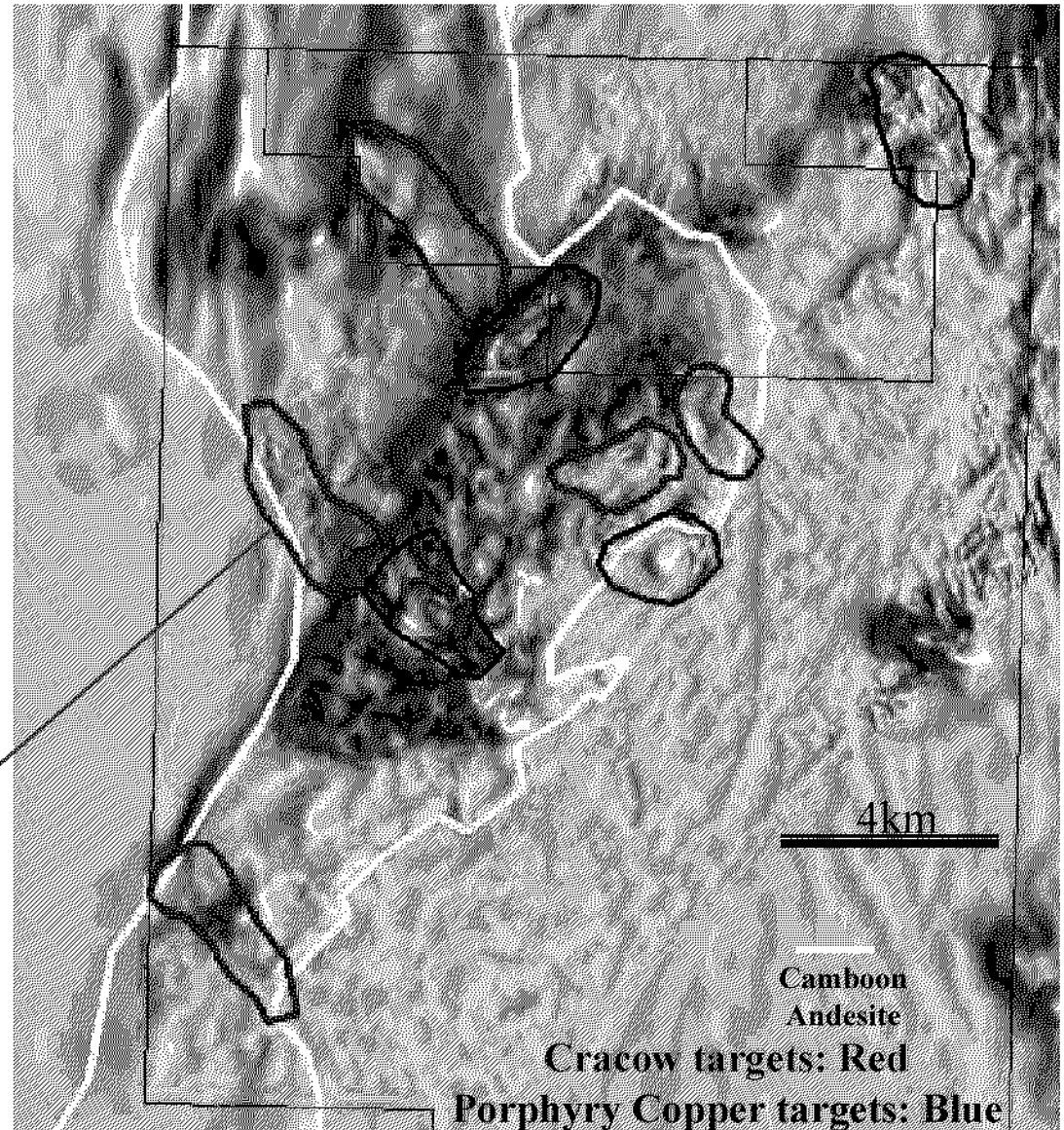
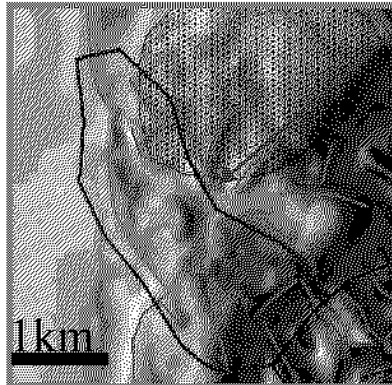


Paradigm Gold drilling
gold in porphyry

Cracow South Magnetics

Drill Targets








- 5 Cracow analogues
 - Broad magnetic alteration
 - Major northeast-trending structures
 - Northwest-trending magnetic lows
 - Subadjacent intrusive rocks interpreted
- 4 porphyry copper style
 - Paradigm drilling nearby
 - Also known at Cracow

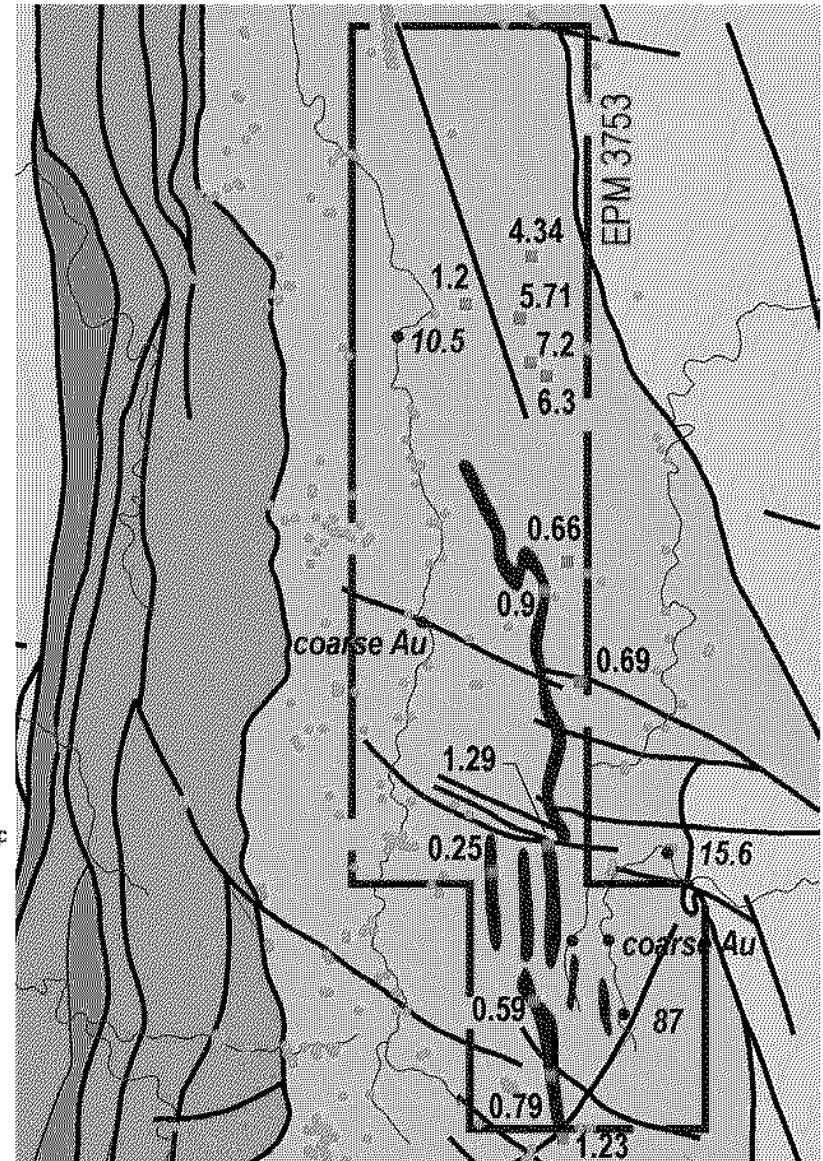


Limestone Creek Project

- 200 kms northwest of Cairns
- Sediment-hosted gold target in Chillagoe Formation
- Similar geological setting to former Red Dome mine
- Coarse gold in adjacent stream sediments
- Surface gold grades up to 7.2 grams/tonne
- No on-ground exploration since late-1980's

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



Corporate & Financial Summary

Capital Structure

high leverage for a discovery

Shares on Issue:

46 million shares

Market Capitalisation:

\$2.8 million

Cash

A\$400,000+

Major S/holders:

Directors – 15%



Board and Management

John Shaw

John McCawley

Greg Baynton

Martin Ackland

Mark Dugmore

Leni Stanley

Chairman

Executive Director

Non-Exec Director

Non-Exec Director

General Manager

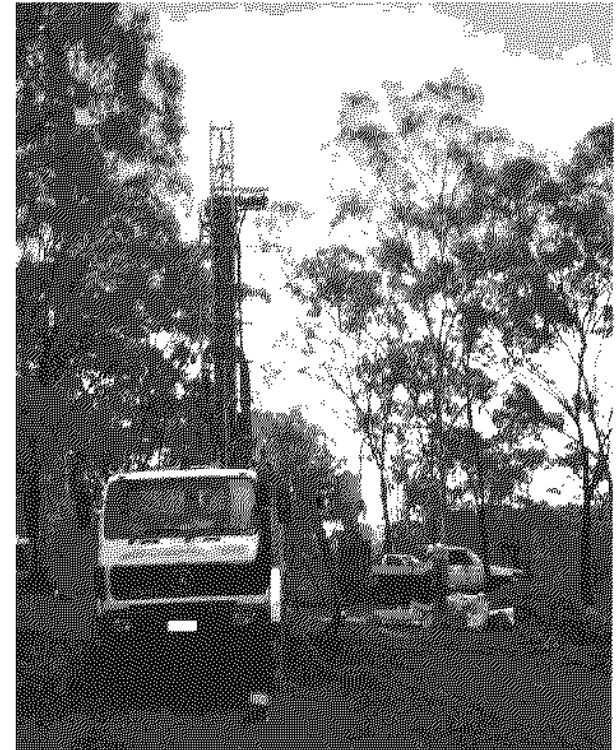
CFO/Company Secretary

**Plus: Technical Leadership and Support from Lodestone's panel
of Senior Consultants**



Forward Work Plan for 2005

- ☛ Mount Morgan District Project
 - ☛ Drill Morganite gold prospect...March-May 2006
 - ☛ Map & drill Hamilton Cu/Au prospect...June-July 2006
 - ☛ Map & drill Struck Oil porphyry Cu/Au prospect...August-Sep 06
- ☛ Mount Chalmers (Quadrio) Farm-in Project
 - ☛ Drill Tungamull Cu/Au Prospect...November 2005
- ☛ Bajool Project
 - ☛ Drill 3 targets...October 2006
- ☛ Cracow South Project
 - ☛ Drill 9 targets...December 2005 – February 2006
- ☛ Limestone Creek Project
 - ☛ Surface sampling to define mineralised zones...April 2006
 - ☛ Drill 3 targets...date tbd



Summary

- Drilling at Mount Morgan District Project, 5,500 metres on 3 targets
 - March – September 2006

- Drilling at Tungamull Prospect now, 1200 metres on 4 targets
 - September – November 2005

- Drilling at Bajool Project, 900 metres on 3 targets.
 - October 2006

- Drilling at Cracow South, 3200 metres on 9 targets
 - December 2005 – February 2006

- Surface sampling at Limestone Creek with drilling to follow in late 2006.
Notionally 1000metres on 3 targets

- **Total drilling envisaged is 10,000+ metres on 20+ targets**



Forward Looking Statements

The contents of this presentation includes forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties.

Actual timetables and outcomes may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

