Lodestone Exploration Limited
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www.lodestonex.com

Exploring historic mineral fields with modern techniques

MARKET UPDATE PRESENTATION 5 May 2005
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.

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.

Drilling near Mount Morgan, Mount Chalmers and at Cracow South is planned between May and September 2005:
- 5800 metres on 17 targets.

Additional drilling of up to 4,700 metres on 9 other targets is envisaged between October & December this year.
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

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

World class gold-copper deposit

“….find another Mount Morgan VMS deposit”

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Au Grade grams/tonne</th>
<th>Million Oz Au</th>
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<tbody>
<tr>
<td>Kalgoorlie</td>
<td>4.3</td>
<td>54</td>
</tr>
<tr>
<td>Telfer</td>
<td>1.3</td>
<td>26</td>
</tr>
<tr>
<td>Mount Morgan</td>
<td>5.0</td>
<td>9.5</td>
</tr>
<tr>
<td>Boddington</td>
<td>1.4</td>
<td>8.6</td>
</tr>
<tr>
<td>St Ives</td>
<td>3.7</td>
<td>6.4</td>
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“Australia’s premier VMS deposit”
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

- 2 annular structures with magnetic highs surrounded by peripheral lows

- The annular structures resemble the interpreted magnetic signature of the Mount Morgan orebody

Site of Lodestone’s November 2004 drilling program
Mount Morgan District Project:
Mt Victoria Prospect

View of Mount Morgan mine & township from Mt Victoria drillsite
Cracow South Project

- Cracow opportunity recognised by Lodestone’s Key Consultant – 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 in July 2005
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
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
<table>
<thead>
<tr>
<th>Capital Structure</th>
<th>very tight...high leverage for a discovery</th>
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</thead>
<tbody>
<tr>
<td>Shares on Issue:</td>
<td>35 million shares</td>
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<tr>
<td>Market Capitalisation:</td>
<td>$2.1 million</td>
</tr>
<tr>
<td>Cash</td>
<td>A$400,000</td>
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<tr>
<td>Major S/holders:</td>
<td>Directors – 20%</td>
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</table>
Board and Management

John Shaw
Chairman

John McCawley
Executive Director

Greg Baynton
Non-Exec Director

Martin Ackland
Non-Exec Director

Mark Dugmore
General Manager

Leni Stanley
CFO/Company Secretary

Plus: Technical Leadership and Support from Lodestone’s panel of Senior Consultants
Summary

Drilling at Mount Morgan District Projects, 3,400 metres on 6 targets. May - December

Drilling at Quadrio Farm-in Project, 1200 metres on 7 targets. July/August

Drilling at Bajool Project, 900 metres on 3 targets. November/December

Drilling at Cracow South, 3200 metres on 9 targets. July/August

Awaiting grant of Limestone Creek Permit with drilling to follow in late 2005. Notionally 1000 metres on 3 targets

Total drilling envisaged is 10,000+ metres on 20+ targets
Additional slides
Mt Morgan VMS Deposit

Mt Morgan Cross-Section

REFERENCE
- Mt Morgan Tonalite
- Upper Mine Pyroclastics
- Banded Mine Sequence
- Lower Mine Pyroclastics
- Ore Body Defined, Projected
- Pyritic Halo
- "Quartz Porphyry" Alteration
- Hurgledurglite Zone

GENERALISED LONGITUDINAL SECTION OF THE MOUNT MORGAN DEPOSIT
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 prospectivity and generated new targets to be drilled this year.

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.
Mount Morgan District Project: Other Prospects

**Morganite Prospect**
- 3 kms north of Mount Morgan
- 22+ holes drilled pre-1992. Possibilities at depth?

**Midas Prospect**
- 3 kms north of Mount Morgan
- Distinctive magnetic anomaly. Mine Corridor rocks under cover?

**Struck Oil Prospect**
- 7 kms east of Mount Morgan
- 30+ holes drilled in 1970’s-80’s. New concepts?

**Hamilton Prospect**
- 6 kms south of Mount Morgan.
- 17+ holes drilled in early 1980’s. Limited gold assays?
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
- 22+ holes drilled pre-1992
- Lodestone flew detailed aeromagnetics in December 2004
- Remapping and deeper drilling is warranted
Mount Morgan District Project: Midas Prospect

- 3 kms north of Mount Morgan
- Excellent structural setting
- Strongly anomalous gold response
- Distinctive magnetic feature
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
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
Quadrio Farm-in Project

- Introduced by Dr Gary Arnold, who has a royalty interest
- 60 kms northeast of Mount Morgan
- Farm-in with Dominion Mining Ltd subsidiary
- 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 are to be drilled in July/August
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 1.3 grams/tonne

- No on-ground exploration since late-1980’s
Forward Work Plan for 2005

Mount Morgan District Project
- Drill Mt Victoria gold Prospect...May/June
- Map & drill Morganite gold prospect...July - October
- Map & drill Hamilton Cu/Au prospect...November
- Map & drill Struck Oil porphyry Cu/Au prospect...December

Quadrio Farm-in Project
- Drill 7 targets...July - August

Bajool Project
- Drill 3 targets...October

Cracow South Project
- Drill 9 targets...July/August

Limestone Creek Project
- Await permit grant – anticipated soon
- Surface sampling to define mineralised zones...July
- Drill 3 targets...September/October
Forward Looking Statement

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.