



9 December 2004

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

Dear Sir,

OPTIONS EXPIRING 7 DECEMBER 2004 (LODO)– SHORTFALL NOTIFICATIONS

Lodestone Exploration Limited (LOD) wishes to advise that a total of 51,250 options exercisable at 20 cents prior to 7 December 2004 were duly exercised before the expiry date by the option holders and fully paid ordinary shares in respect of these were allotted on 8 December 2004.

A total of 6,193,750 options exercisable at 20 cents were not exercised by the due date of 7 December 2004 and have now lapsed.

Yours sincerely

A handwritten signature in black ink that reads "L P Stanley". The signature is written in a cursive style with a large, stylized initial "S" at the end.

L P Stanley
Company secretary