

Company:	Lodestone Exploration Limited (ASX: LOD)
Purpose:	Record of Interview with John McCawley, Executive Director - Lodestone Exploration Limited
Subject:	Update on Lodestone's progress and upcoming drilling programs at Mount Morgan and Cracow South
Date:	16 May 2005

BriefingNotes: What is Lodestone's core focus?

John McCawley: We are targeting exploration in the vicinity of large, historic gold and copper mines in Central Queensland, where there is strong potential for major new gold or copper discoveries.

BriefingNotes: Where are Lodestone's major exploration projects located?

John McCawley: Our two main projects are located close to the historic Mount Morgan gold and copper mine in Central Queensland, and 30 kms south of the new gold mine at Cracow also in Queensland.

Our tenements at Mount Morgan cover an area of 875 sq kms, while our tenements at Cracow South cover approximately 650 sq kms.

BriefingNotes: Why are Mount Morgan and Cracow key exploration areas?

John McCawley: The historic **Mount Morgan gold and copper mine** was Australia's premier volcanic-hosted massive sulphide (VMS) deposit. The former mine yielded 9 million ounces of gold and 360,000 tonnes of copper and was described as one of the "*largest mountains of gold ever discovered*". At today's gold price, the gold production

alone from the Mount Morgan mine would be worth more than US\$4 billion.

In other countries, significant satellite deposits have often been discovered around similar VMS-style ore bodies.

Historical gold production within the entire **Cracow Goldfield** amounts to 850,000 oz between 1932 and 1993.

At the new Cracow Gold Mine, production commenced in 24 November 2004 with the first gold pour by joint venture partners Newcrest Mining Limited (70%) and Sedimentary Holdings Limited (30%).

The current development plan for the Cracow Gold Mine envisages an initial production of at least 680,000 ounces of gold over a seven year life for the joint venture. Grades are expected to be between 11-14g/t Au, while metallurgical recoveries are estimated at 90%-94%.

BriefingNotes: Why is Lodestone excited about its Mount Morgan project?

John McCawley: Lodestone's optioned Jasper-Mount Victoria prospect is centred approximately 3 kms west of the former Mount Morgan mine site and has three particularly compelling features:

1. The magnetic signature of these two features **resembles the magnetic signature of the Mount Morgan mine** (refer Fig. 1 attached) and its associated 'car park' mineralisation.
2. The two magnetic features at Mount Morgan are located astride a **north-east fault structure that trends through the former Mount Morgan deposit** and the associated 'car park' mineralisation.
3. The larger and western-most feature at Mount Victoria is the **likely source of the historic alluvial gold at Mount Victoria** and "Golden Gully"; which drains the area of the this larger magnetic feature. The source of the significant alluvial gold at Mount Victoria has been of great interest over the past 100 years, but has eluded previous explorers for over a century.

BriefingNotes: What are the main features attracting Lodestone to Cracow South?

John McCawley: Lodestone's exploration at Cracow South is targeting epithermal gold mineralization like that at the Cracow mine, within Lodestone's own tenements (refer Figure 2 attached).

Recent interpretation of a detailed aerial magnetic survey completed in late 2004, has revealed that the Cracow South project has *"an alteration and structural setting **more** favourable for the occurrences of large gold or copper deposits than that in the area of the Cracow gold mineralization..."*.

Five Cracow-style targets have been recommended for drilling in mid 2005.

When do you expect to commence drilling at Mount Victoria and Cracow South?

John McCawley: At Jasper-Mount Victoria, at least six holes are planned to commence in May/June 2005.

At Cracow South, a program of up to 44 holes is planned, expected to commence soon after the Mount Victoria program in mid-2005.

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ILLUSTRATIONS & ADDITIONAL INFORMATION

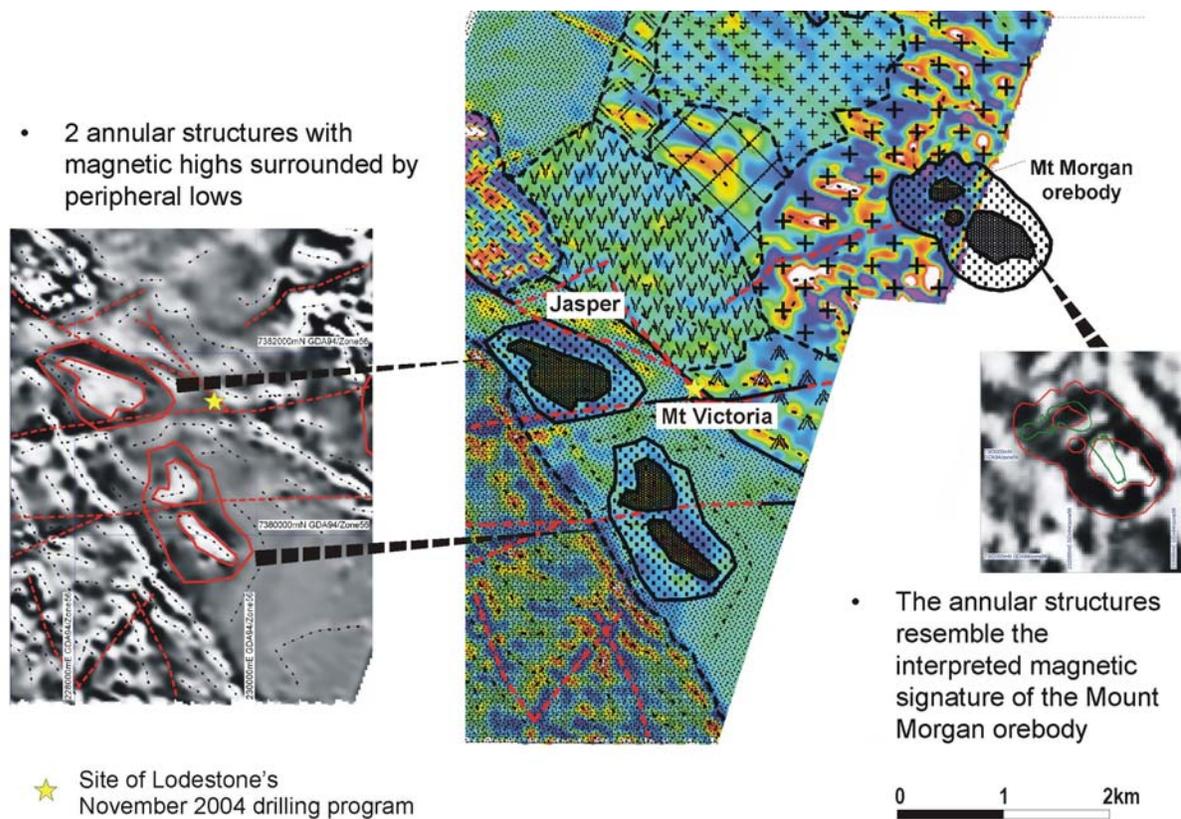


Figure 1: Jasper / Mt Victoria / Mt Morgan Magnetics

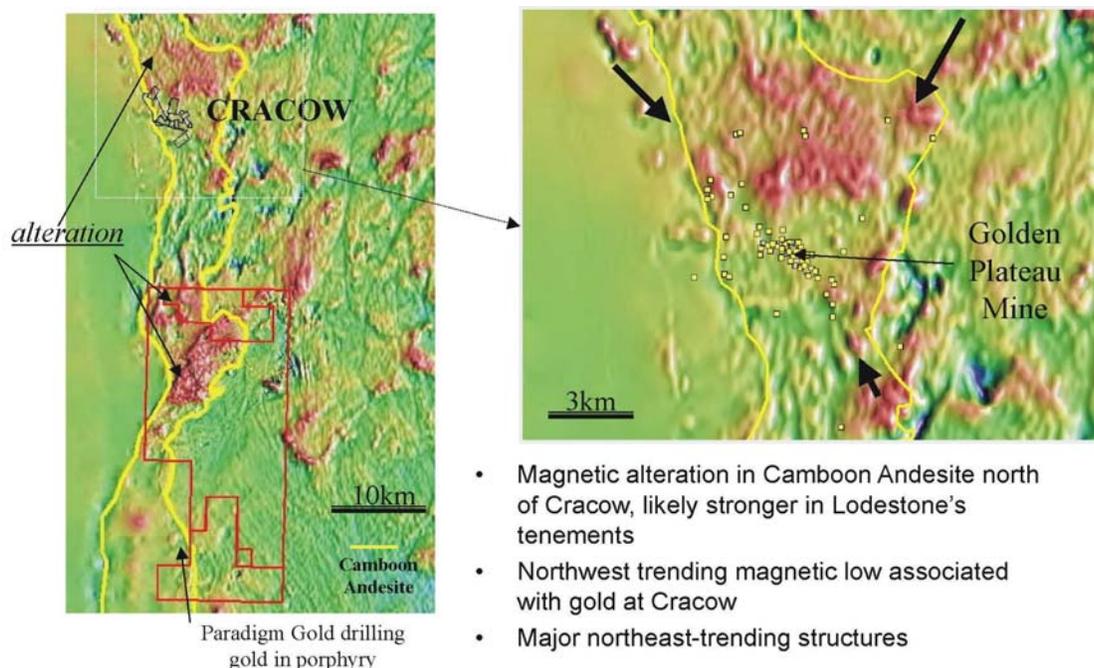


Figure 2: Magnetics at Cracow South Project, 30 kms south of the Cracow mine development

LODESTONE EXPLORATION LIMITED - KEY CORPORATE INFORMATION

ASX CODE: LOD

CORPORATE STRATEGY: Lodestone Exploration is an Australian gold and base metals exploration company focusing on richly endowed mining districts in Central Queensland. These include the historic Mount Morgan, Mount Chalmers, and Cracow gold/copper districts where Lodestone tenements and optioned tenements are being explored with modern techniques.

DIRECTORS:

John T Shaw (Chairman)
 John L McCawley (Executive Director)
 Martin C Ackland
 Gregory AJ Baynton

ISSUED CAPITAL:

34,967,404 Ordinary Shares
 900,000 Options (\$0.30 exercise price)

SUBSTANTIAL SHAREHOLDERS:

John Lachlan McCawley	15%
Maria Julienne Barron	9%
Foxcorp Holdings Ltd	6%

Top 20 Shareholders hold: 56%