



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

27 APRIL 2005

ASX ANNOUNCEMENT

KEY CORPORATE INFORMATION

ASX CODE: LOD

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%

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.

MARCH 2005 QUARTER ACTIVITIES REPORT - SUMMARY

KEY HIGHLIGHTS

Mount Morgan Project

- Interpretation of 2004 aerial magnetics survey completed for Mount Victoria area.
- Survey results reveal two sizeable features that resemble the interpreted magnetic signature of the nearby (3 kms) Mount Morgan orebody.
- New high-priority 'Jasper' drill target at Mount Victoria identified from survey –1.2 kms from LOD drilling conducted in late 2004.
- An area with increasing gold grades and intersection thicknesses NW of 2004 Mount Victoria drillholes shows a wide halo of low-level gold.
- Drilling to recommence at Mount Morgan project in May/June 2005.

Cracow South Project

- Interpretation of 2004 aerial magnetics survey also completed for Cracow South area (30 kms south of Cracow Gold Mine).
- Survey reveals 'an alteration and structural setting more favorable for the occurrences of large gold or copper deposits than that in the area of the Cracow gold mineralisation...'
- Five (5) Cracow-style gold drill targets selected within LOD tenements.
- Drilling to commence at Cracow South as soon as possible in mid-2005.



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27 April 2005

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

Dear Sir/Madam,

ACTIVITIES REPORT FOR QUARTER ENDED MARCH 31, 2005

During the quarter ended March 31, 2005, Lodestone Exploration Limited (ASX:LOD) focused on its projects 3 kms west of Mount Morgan and 30 kms south of Cracow.

Summary:

- Interpretation of a detailed geophysical survey at Mount Morgan, flown in November 2004, has revealed two distinctive geophysical features that resemble the interpreted magnetic signature of the Mount Morgan orebody close to drilling conducted by Lodestone in late 2004. These two large features sit astride the interpreted 'Mount Morgan North East Structure' and are centred approximately 3 kms. south west of the former Mount Morgan mine site on optioned tenements. Drilling is planned for May and June 2005.
- Interpretation of data from a similar survey, also flown in November 2004, has confirmed and further defined five Cracow-style drill targets within Lodestone's wholly-owned Cracow South tenements. Drilling is expected to commence in July 2005.

Additional outlines of these and other activities and outcomes follow:-

Mount Morgan Project: Mount Victoria-Mount Battery-Jasper – This cluster of prospects on optioned tenements is 1,500-4,000 metres west of the former Mount Morgan mine site.

Geological, geochemical, geophysical and drill data collected in the December quarter was integrated and comprehensively assessed in the March quarter.

At Mount Victoria, where the company's November 2004 drilling program took place, results showed a clear trend for increasing gold grades and intersection thicknesses to the north west from Lodestone's drill holes. In concert with this trend is the increasing size of the halo of low-level gold surrounding the main intersections. Further infill and extensions to drilling will be carried out in this locality, based on results of the new aeromagnetic data (refer Figure 1) and related field work.

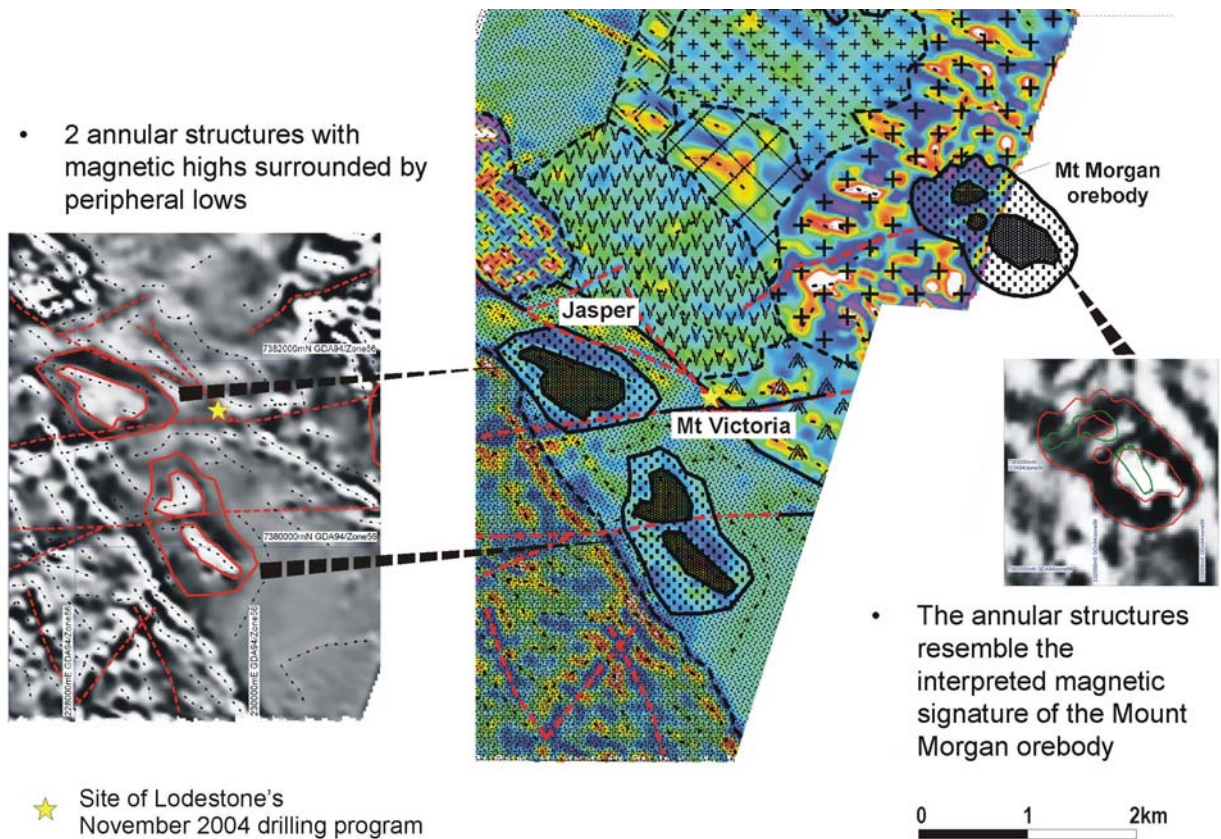


Figure 1: Jasper / Mt Victoria / Mt Morgan Magnetics

The main features of interest that emerged from interpretation of the November 2004 detailed airborne magnetic survey include two distinctive structures, shown above, that resemble the interpreted magnetic signature of the Mount Morgan orebody.

The prospect newly labelled 'Jasper' is within the central magnetic high zone of one of these structures, and is inferred to be the likely source of gold in the historic Mount Victoria alluvial workings.

The 'Jasper Prospect' is centred some 1,200 metres west of Lodestone's Mount Victoria drill sites. Figure 2 attached, shows locations of Mount Victoria and Jasper.

'Jasper' has become Lodestone's highest priority, and field work to choose drill sites for a program scheduled for May and June is underway.

Mount Morgan Mine Corridor – A low level-high resolution aeromagnetic survey was flown in November by Perth-based UTS Geophysics Limited, www.uts.com.au. The survey centred on Mount Victoria, covered 60 sq kms and included the Midas and Morganite prospects 3 kms north of Mount Morgan, the former Mount Morgan mine site, and the historic Golden Gully alluvial workings 3 kms south west of Mount Victoria.

Assessment of data collected in the northern half of the survey area continues. This new data is being integrated with geological and geochemical data from 22 mostly shallow pre-1992 drill holes to choose sites for deeper drilling.

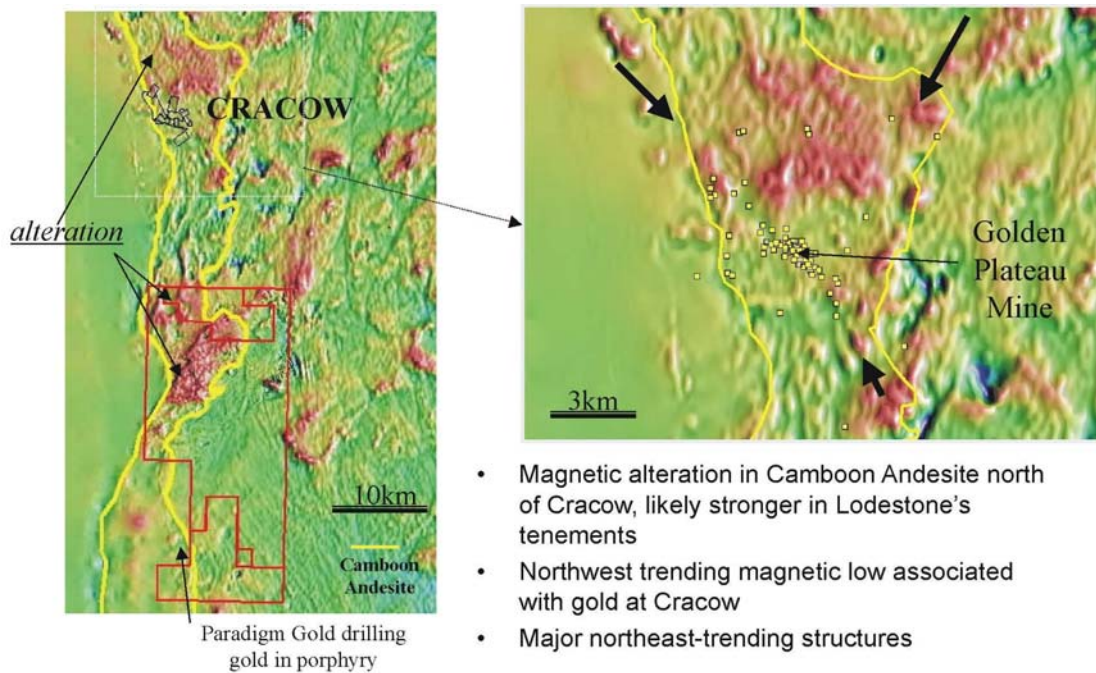


Figure 3: Cracow South Magnetics

Cracow South Project (100% Lodestone) – This project is centred 30 kms south of Cracow. The target is high-grade epithermal gold mineralisation like that at the Sedimentary Holdings-Newcrest mine development nearby.

Detailed magnetic data was collected for Lodestone over eight specific areas of interest within Lodestone's Cracow South project in November, 2004.

Interpretation of this magnetic data is now complete and reveals *“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 mineralisation.....”*. Five Cracow-style targets will be drilled as soon as possible in mid-2005.

Potential Joint Ventures – Talks that could lead to a major mining company farming into parts of Lodestone's Mount Morgan project were put 'on hold' by Lodestone pending interpretation of the high-resolution magnetics survey and recommendations from consulting geologists, and may resume shortly.

Field work on the Quadrio project, east of Rockhampton, will begin this month. Six drill holes totaling 1,200 metres are planned for July and August.

An offer to farm into the Cracow South project received by Lodestone in March, is being considered.

Tenement Additions – Lodestone has applied for an additional 46 sq kms centred 20 kms south of Cracow.

Forward Programs – Lodestone is planning drill programs for the Mount Victoria and Jasper prospects at Mount Morgan in May and June, 2005, and the Quadrio and Cracow South projects in July and August. Approximately 6,000 metres drilling on 17

targets is envisaged. These programs will be advanced by Lodestone, alone or in joint venture, depending on funding and the merits of any farm-in offer.

Yours faithfully,

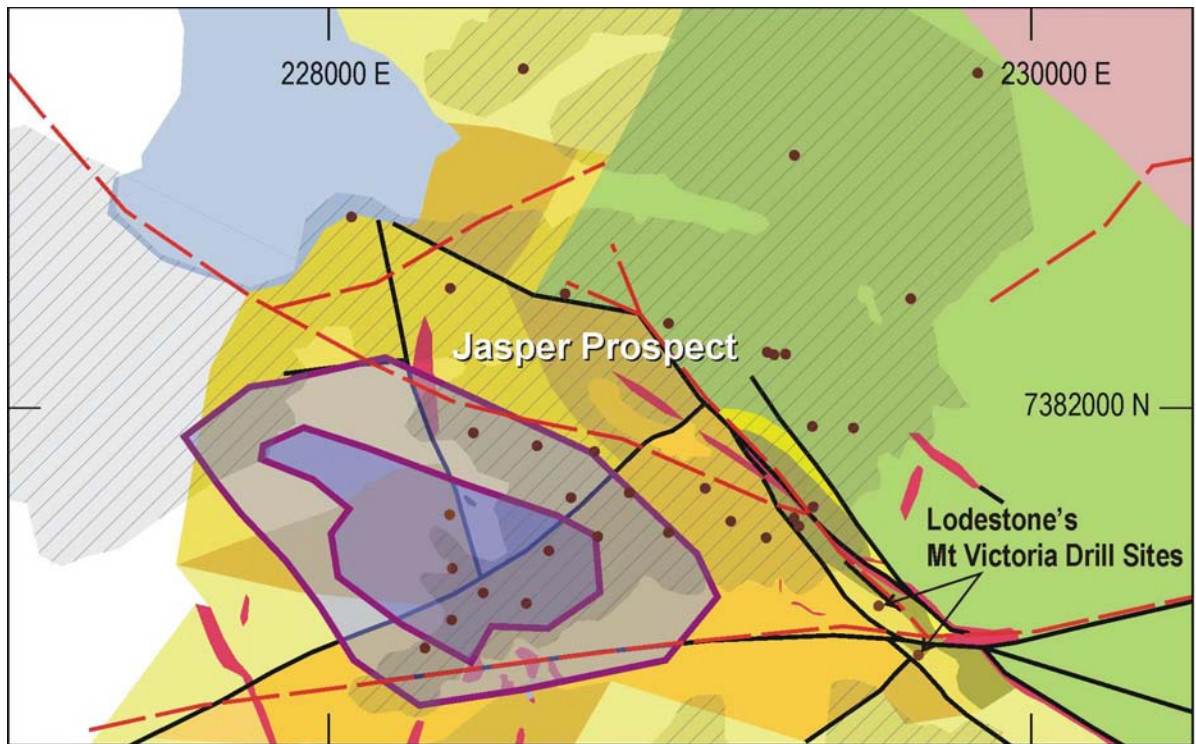


John McCawley
Executive Director

Information regarding exploration results contained in this report has been compiled by Mark Dugmore who is a “competent person” for the purposes of the Australian Stock Exchange Listing Rules. Mr. Dugmore is General Manager of Lodestone Exploration Limited and has consented in writing to the inclusion in this report of the matters based on the information in the form and context in which it appears.
















About Lodestone Exploration Limited (ASX:LOD) – Lodestone 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 districts where Lodestone tenements and optioned tenements are being explored with modern techniques.

Figure 2: Attachment – Jasper / Mount Victoria Project



LEGEND



- | | |
|---|--|
| Precipice Formation | |
|  | Overlies bedrock units |
| Geological Units | |
|  | Felsic dyke or plug |
|  | Diorite, microdiorite |
|  | Acid volcanics undivided |
|  | Greywacke facies acid v'clastics |
|  | Acid volcanics & volcanics |
|  | Cherty, felspathic, carbonaceous sediments |
|  | Basalt unit dominantly andesitic clasts |
|  | Dacitic volcanics & volcanics |
|  | Andesite volcanics, volcanics |
|  | Part of Mt Morgan tonalite suite |
|  | Drill hole |
|  | Fault |
|  | Magnetic low structure |
|  | Magnetic annular feature |

**MT VICTORIA AND JASPER AREAS
GEOLOGY AND
MAGNETIC INTERPRETATION**

21 April, 2005