



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

26 JULY 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

SUBSTANTIAL SHAREHOLDERS:

John Lachlan McCawley	14.6%
Maria Julienne Barron	7.1%
Foxcorp Holdings Ltd	5.7%
Top 20 Shareholders hold:	53.8%

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. The Company also holds 100% of the Limestone Creek gold project 20 kms west of the historic Maytown goldfield in North Queensland.

JUNE 2005 QUARTER ACTIVITIES REPORT - SUMMARY

KEY HIGHLIGHTS

Mount Morgan Project – Drilling Program

- Drill sites have been prepared at the Mount Victoria Prospect, 3km south west of the historic Mount Morgan gold/copper mine. Two holes and a total of 365 metres of drilling during July/August 2005 will pursue higher-grade extensions of the gold-bearing mineralized halo confirmed in the Company's November 2004 drilling program at Mount Victoria.
- Drill sites have also been prepared at the Jasper prospect, 1.2km west of Mount Victoria, for immediate drilling to determine whether this prospect provided a source of nearby gold in the old Mount Victoria workings and alluvial gold found in adjacent 'Golden Gully'.

Quadrio Project/Tungamull Prospect – Drilling Program

- Drill sites have been prepared for 800 metres of drilling to commence during August at Tungamull, located 50km north east of Mount Morgan. Drilling at Tungamull will be targeted at sites located 2.5km south east of the historic Mount Chalmers open pit gold/copper mine.

Cracow South Project (100% LOD)

- Five high-grade epithermal Cracow-style gold/copper targets will be drilled as soon as possible, depending upon budgetary constraints.

Limestone Creek Gold Project (100% LOD)

- The Limestone Creek project, 20km west of Maytown goldfield in North Queensland, includes surface gold grades of up to 1.30g/t and coarse gold in adjacent stream sediments. The Limestone Creek tenement was granted in May 2005, and the project area has had no on-ground exploration since the late 1980s. Field exploration will commence in September 2005, with farm-in offers also considered.

Lodestone Exploration Limited

Exploring Central Queensland metals districts with advanced technologies

Lodestone Exploration Limited GPO Box 762 Brisbane QLD 4001 Australia



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July 26, 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 JUNE 30, 2005

Mount Morgan Project: Mount Victoria Prospect. (Optioned Ground) - Lodestone's November 2004 three-hole drilling program and Newcrest's earlier MVRC 33 drill hole, have demonstrated significant gold-bearing mineralisation on optioned ground 1800 metres south west of the former Mount Morgan mine site.

Drill sites have been readied, and two more holes will soon be drilled to 165 metres and 200 metres to further test the mineralised system at Mount Victoria.

Mount Morgan Project: Jasper Prospect. (Optioned Ground) – This prospect is centred on optioned ground 1200 metres west of the Mount Victoria prospect, as shown on the attached image.

Two sites have been prepared for immediate drilling.

Gold mineralisation that could have provided a source for gold in the old Mount Victoria workings and the alluvial gold in Golden Gully, is likely to be located to the south east of the Jasper outcrop that lends its name to this prospect.

Initially, two holes will be drilled through sandstone cover 100 metres south east of the Jasper outcrop at the eastern end of the "Jasper" annular magnetic feature, outlined in Lodestone's March Quarterly Activities Report and in the attached image.

Mount Morgan Project: Morganite Prospect (100% Lodestone) – Mapping of this prospect, located 2100 metres north of the former Mount Morgan mine site, has commenced and data from the 22 mostly shallow pre-1992 drill holes is being incorporated into a 3D model to optimise selection of sites for deeper drilling later in the year.

Quadrio Project: Tungamull Prospect (Optioned Ground) – Drill sites have been cleared on optioned ground at Tungamull, 2500 metres south east of the historic Mount Chalmers open pit gold and copper mine located 50 kms north east of Mount Morgan.

The first three holes have targeted depths of 250 metres, 250 metres and 300 metres, and will be drilled after Mount Victoria's two holes.

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 new Sedimentary Holdings-Newcrest mine at Cracow.

Interpretation of detailed magnetic data 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. The timetable will be influenced by the availability of funds.

Limestone Creek Project: (100% Lodestone) – Lodestone's longstanding application for a tenement covering the Limestone Creek copper-gold prospect, 20 kms west of the historic Maytown goldfield in North Queensland, was granted in June 2005.

This prospect includes three main target areas hosted by the Chillagoe Formation in a similar geological setting to the former Red Dome mine.

Known mineralisation at Limestone Creek includes surface gold grades of up to 1.39 grams per tonne and coarse gold in adjacent stream sediments.

Limestone Creek has had no on-ground exploration since the late 1980s, and Lodestone will begin field work in September 2005.

Potential Joint Ventures – Talks that could lead to a major mining company farming into parts of Lodestone's Mount Morgan Project remain 'on hold'.

An offer to farm into the Cracow South Project received by Lodestone in March, was declined in favour of proceeding alone for now. A well-regarded exploration company has already shown interest in the Limestone Creek Project.

Tenement Reductions – Lodestone has relinquished 175 square kms in the Mount Morgan district.

Forward Programs – Lodestone will drill the Mount Victoria and Jasper prospects at Mount Morgan in July and August 2005, and the Quadrio and Cracow South Projects in August and September. A month's slippage in the timetable has been caused by heavy rains and changes to the drilling contractor's Mount Isa program. Approximately 6000 metres' drilling at Mount Victoria, Jasper, Quadrio and Cracow South is envisaged in the second half of 2005. 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.



MOUNT MORGAN PROJECT MOUNT VICTORIA and JASPER PROSPECTS

