

NOTICE OF ANNUAL GENERAL MEETING

Lodestone Exploration Limited ACN 075 877 075

Notice is given that the Annual General Meeting of Lodestone Exploration Limited ('Company' or 'Lodestone') will be held at 11.00 am on 27 October 2005 at Riverside Centre auditorium, Level 6, The Riverside Centre, 123 Eagle Street, Brisbane.

AGENDA

Ordinary business

1. Financial statements and reports

To receive and consider the Company's financial reports and the report of the directors and the auditor for the financial year ended 30 June 2005.

2. Directors' Remuneration Report

To consider and, if thought fit, to pass the following in accordance with s250R(2) of the Corporations Act:

'That the section of the report of the directors dealing with the remuneration of the Company's directors, Company Secretary and Senior Executives be adopted.'

NB: This resolution shall be determined as if it were an ordinary (majority) resolution, but under s250R(3) of the Corporations Act, the vote does not bind the directors of the Company.

3. Election of Greg Baynton

To consider and, if thought fit, to pass the following as an ordinary resolution:

'That Greg Baynton, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a director of the Company.'

NB: Information about the candidate appears in the accompanying Explanatory Memorandum.

Special business

4. Ratification and approval of 13 November 2004 placement

To consider and, if thought fit, pass the following as an ordinary resolution:

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 4,000,000 shares issued to institutional and sophisticated investors (as set out in the Explanatory Memorandum) at \$0.10 per share on 13 November 2004.'

NB: The information required to be provided by Listing Rule 7.5 to assist shareholders in voting on this resolution is set out in the accompanying Explanatory Memorandum.

5. Approval of proposed placement announced on 20 September 2005

To consider and, if thought fit, pass the following as an ordinary resolution:

'That for the purposes of Listing Rule 7.1, shareholders approve the issue of 4,864,618 shares to be issued to sophisticated investors (as set out in the Explanatory Memorandum) at \$0.065 per share on 20 September 2005.'

NB: The information required to be provided by Listing Rule 7.3 to assist shareholders in voting on this resolution is set out in the accompanying Explanatory Memorandum.

6. Approval of issue of options to Dr Douglas Haynes

To consider and, if thought fit, pass the following as an ordinary resolution:

'That for the purposes of Listing Rule 7.1, shareholders approve the issue of the following options to Dr Douglas Haynes, or his nominee, (on the terms set out in the Explanatory Memorandum) in partial consideration for those contracting services described in the Explanatory Memorandum:

- *167,000 options at an exercise price of \$0.20 per option exercisable from the first anniversary of the issue of the options until the fifth anniversary of the issue of the options*
- *167,000 options at an exercise price of \$0.25 per option exercisable from the second anniversary of the issue of the options until the fifth anniversary of the issue of the options*
- *167,000 options at an exercise price of \$0.30 per option exercisable from the third anniversary of the issue of the options until the fifth anniversary of the issue of the options.'*

NB: The information required to be provided by Listing Rule 7.3 to assist shareholders in voting on this resolution is set out in the accompanying Explanatory Memorandum.

7. Approval of issue of options to Dr Gary Arnold

To consider and, if thought fit, pass the following as an ordinary resolution:

'That for the purposes of Listing Rule 7.1, shareholders approve the issue of the following options to Dr Gary Arnold, or his nominee, (on the terms set out in the Explanatory Memorandum) in partial consideration for those contracting services described in the Explanatory Memorandum:

- *167,000 options at an exercise price of \$0.20 per option exercisable from the first anniversary of the issue of the options until the fifth anniversary of the issue of the options*
- *167,000 options at an exercise price of \$0.25 per option exercisable from the second anniversary of the issue of the options until the fifth anniversary of the issue of the options*
- *167,000 options at an exercise price of \$0.30 per option exercisable from the third anniversary of the issue of the options until the fifth anniversary of the issue of the options.'*

NB: The information required to be provided by Listing Rule 7.3 to assist shareholders in voting on this resolution is set out in the accompanying Explanatory Memorandum.

8. Approval of proposed share placement

To consider and, if thought fit, pass the following as an ordinary resolution:

'That for the purposes of Listing Rule 7.1, shareholders approve the issue of a number of shares not exceeding 13,389,000 shares in the Company as at the date of the placement, to be allotted to selected institutional and sophisticated investors within 3 months of the date of this resolution being approved by shareholders, on the terms set out in the Explanatory Memorandum.'

NB: The information required to be provided by Listing Rule 7.3 to assist shareholders in voting on this resolution is set out in the accompanying Explanatory Memorandum.

Dated this 20th day of September 2005

By Order of the Board

Leni Stanley

Company Secretary

NOTES

- (a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form.
- (d) A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the *Corporations Act 2001* in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) The Company has determined in accordance with Regulation 7.11.37 *Corporations Regulation 2001* that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of members as at 11.00 am on 25 October 2005.

VOTING EXCLUSION STATEMENT

1. Lodestone will disregard any vote cast on :
 - (a) item 4 by :
 - any person who participated in the issue; and
 - any associate of any person who participated in the issue.
 - (b) items 5 by:
 - any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
 - (c) item 6 by:
 - Dr Douglas Haynes; and
 - any associate of Dr Douglas Haynes.
 - (d) item 7 by:
 - Dr Gary Arnold; and
 - any associate of Dr Gary Arnold.
 - (e) item 8 by:
 - any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

However, Lodestone need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM

Lodestone Exploration Limited
ACN 075 877 075

Information about the candidate for election as director

A summary of Mr Baynton's experience and qualifications is as follows:

Mr Greg Baynton

Age 36. M.Econ St, MBA, B.Bus (Accounting), ASIA, FAICD

Mr Baynton was appointed as a non-executive director on 5 November 2001 and was since re-elected at the 2003 Annual General Meeting. He is also a non-executive director of Pipe Networks Limited, an executive director of Tissue Therapies Limited and the founder and managing director of Orbit Capital, a boutique investment bank.

Mr Baynton comes from a background in merchant banking and was previously employed as a Principal Analyst with the Queensland Treasury.

Special business

Ratification and approval of share placement (item 4)

The purpose of this resolution is for shareholders to ratify and approve, pursuant to Listing Rule 7.4, the issue of shares that occurred during the 12 months before the date of this Annual General Meeting which count toward the Company's 15% limit under Listing Rule 7.1.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the securities on issue at the commencement of that 12 month period.

The allotment and issue of shares detailed in this resolution did not exceed the 15% threshold. However, Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further securities up to that limit.

The resolution proposes the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
13/11/04	4,000,000	\$0.10	Rank equally with all fully paid ordinary shares on issue	Institutional and sophisticated investors	<p>The shares were issued on the basis of confirmed indications of interest from selected institutional and sophisticated investors.</p> <p>The allotment and issue was made to provide further working capital to assist with ongoing exploration at the Company's Mount Morgan gold exploration project along with additional projects in the Company's growing portfolio.</p>

Approval of proposed issue of options and shares (items 5, 6, 7 and 8)

The purpose of these resolutions is for shareholders to approve, pursuant to Listing Rule 7.1, the proposed issue of shares and options that would otherwise count toward the Company's 15% limit under Listing Rule 7.1.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) a company must not issue or agree to issue securities during any 12 month period exceeding 15% of the number of the securities on issue at the commencement of that 12 month period.

These resolutions propose the approval of the allotment and issue of shares and options for the purpose of these allotments and issues not counting towards the Company's 15% limit under Listing Rule 7.1. The shares and options which are the subject of the approval must be issued within 3 months of the date of approval.

The information required to be provided to shareholders to satisfy Listing Rule 7.1 is specified in Listing Rule 7.3. In compliance with the information requirements of Listing Rule 7.3, members are advised of the following particulars in relation to each allotment and issue:

Issue of shares under proposed share placement announced on 20 September 2005 (item 5)

On 20 September 2005, Lodestone announced a conditional placement to selected sophisticated investors to raise approximately \$316,000 to provide additional working capital and funding for further exploration at the Company's 100% owned or optioned projects at Mount Morgan, Mount Chalmers, Cracow South and Limestone Creek. The placement was conditional on shareholder approval to be sought at the annual general meeting. Accordingly, the purpose of this resolution is to satisfy this condition. If the resolution is approved, 4,864,618 shares will be allotted at 6.5 cents per share to the selected sophisticated and institutional investors. It is anticipated that the shares will be allotted on 3 November 2005.

The information required to be provided to shareholders to satisfy Listing Rule 7.3 is specified in Listing Rule 7.5. In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to each allotment and issue:

Date by which shares will be issued	Maximum Number of shares to be issued	Issue price per share	Persons to whom shares will be issued	Terms of shares to be issued	Intended use of funds to be raised
27/01/06 It is intended that the shares will be issued following shareholder approval.	4,864,618	\$0.065	The shares will be issued on the basis of confirmed indications of interest from sophisticated investors.	Rank equally with all fully paid ordinary shares on issue.	The allotment and issue will be made to provide funding for further exploration at the Company's 100% owned or optioned projects at Mount Morgan, nearby Mount Chalmers, Cracow South and Limestone Creek, and additional working capital.

Issue of options to Dr Douglas Haynes (item 6)

Dr Douglas Haynes has provided contracting services to the Company from April 2003 until now. These services have led to the recognition and consequent acquisition of the Cracow South project and other valuable outcomes. In partial consideration for these services, the Company and Dr Haynes have agreed that, subject to shareholder approval at the Annual General Meeting, Dr Haynes (or his nominee) be issued:

- 167,000 options at an exercise price of \$0.20 per option exercisable from the first anniversary of the issue of the options until the fifth anniversary of the issue of the options
- 167,000 options at an exercise price of \$0.25 per option exercisable from the second anniversary of the issue of the options until the fifth anniversary of the issue of the options
- 167,000 options at an exercise price of \$0.30 per option exercisable from the third anniversary of the issue of the options until the fifth anniversary of the issue of the options.

As required by the Listing Rules, these options will be issued within 3 months of approval.

If all 501,000 options proposed to be issued to Mr Haynes are exercised, the shares issued on the exercise of those options will constitute approximately 1.36% of the ordinary share capital of the company on a fully diluted basis (i.e. assuming that all of the options proposed to be issued to Dr Arnold have been exercised, that the other 900,000 options on issue have been exercised and that there are no other changes in the ordinary share capital of the company). This does not take into account the shares that may be issued pursuant to the proposed placement (item 8 of this Notice of Meeting). It is anticipated that the options will be allotted on 3 November 2005.

The full terms of these options are set out in the Schedule. For the purposes of satisfying Listing Rule 7.3, members are also advised of the following particulars:

Maximum Number of options to be issued	Date by which options will be issued	Issue price per option	Persons to whom options will be issued	Terms of options to be issued	Intended use of funds to be raised
501,000	27/01/06	The options are being issued as partial consideration for contracting services which have been provided to Lodestone. Therefore, no issue price will be payable.	Dr Douglas Haynes or his nominee	See the Schedule	<p>The options are being issued as partial consideration for contracting services which have been provided to Lodestone. Therefore, no funds are being raised by the issue of the options.</p> <p>The total funds that will be raised if all of the options proposed to be issued to Dr Haynes are exercised is \$125,250. These funds are intended to be used for working capital.</p>

Issue of options to Dr Gary Arnold (item 7)

Dr Gary Arnold has provided contracting services to the Company from July 2003 until now. These services have led to the acquisition of the Morganite prospect at Mount Morgan, the Mount Chalmers project and other valuable outcomes. In partial consideration for these, the Company and Dr Arnold have agreed that, subject to shareholder approval at the Annual General Meeting, Dr Arnold (or his nominee) be issued:

- 167,000 options at an exercise price of \$0.20 per option exercisable from the first anniversary of the issue of the options until the fifth anniversary of the issue of the options
- 167,000 options at an exercise price of \$0.25 per option exercisable from the second anniversary of the issue of the options until the fifth anniversary of the issue of the options
- 167,000 options at an exercise price of \$0.30 per option exercisable from the third anniversary of the issue of the options until the fifth anniversary of the issue of the options.

As required by the Listing Rules, these options will be issued within 3 months of approval.

If all 501,000 options proposed to be issued to Dr Arnold are exercised, the shares issued on the exercise of those options will constitute approximately 1.36% of the ordinary share capital of the company on a fully diluted basis (i.e. assuming that all of the options proposed to be issued to Dr Haynes have been exercised, that the other 900,000 options on issue have been exercised and that there are no other changes in the ordinary share capital of the company). This does not take into account the shares that may be issued pursuant to the proposed placement (item 8 of this Notice of Meeting). It is anticipated that the options will be allotted on 3 November 2005.

The full terms of these options are set out in the Schedule. For the purposes of satisfying Listing Rule 7.3, members are also advised of the following particulars:

Maximum Number of options to be issued	Date by which options will be issued	Issue price per option	Persons to whom options will be issued	Terms of options to be issued	Intended use of funds to be raised
501,000	27/01/06	The options are being issued as partial consideration for contracting services which have been provided to Lodestone. Therefore, no issue price will be payable.	Dr Gary Arnold or his nominee	See the Schedule	<p>The options are being issued as partial consideration for contracting services which have been provided to Lodestone. Therefore, no funds are being raised by the issue of the options.</p> <p>The total funds that will be raised if all of the options proposed to be issued to Dr Arnold are exercised is \$125,250. These funds are intended to be used for working capital.</p>

Issue of shares under proposed placement (item 8)

Lodestone is considering a further placement of shares up to a maximum number of 13,389,000 shares in the Company for the purpose of raising funds to provide further exploration funding to accelerate exploration efforts at the Company's wholly-owned and/or optioned projects at Mount Morgan, Mount Chalmers, Cracow South and Limestone Creek. The proceeds from any such additional placement would also provide working capital for corporate overheads and strategic opportunities. It is anticipated that more than 75% of the proceeds from any such placement, if completed, would be applied for exploration activities. More specifically the funds will be applied to funding up to 3,500 metres of deep diamond drilling at Mount Morgan (5-7 drillholes), double the Mount Chalmers drilling program (to 2400 metres with 4 more drillholes), initiate a 3,000 metre reverse circulation drilling program south of Cracow (approximately 25 drillholes) and carry out detailed geochemical sampling at Limestone Creek.

The issue price of the shares to be issued under any such placement will be determined by reference to the prevailing share price of Lodestone shares at the time of the Board's approval of a placement after applying a discount of no more than 20% to the average share price at that time. The average share price will be calculated over the last 5 days on which sales in the securities are recorded before the date of making the placement. It is anticipated that any shares issued in respect of this proposed placement will be issued 5 business days after placement is made.

As required by the Listing Rules, the allotment and issue of the shares will occur within 3 months of approval.

For the purposes of satisfying Listing Rule 7.3, members are also advised of the following particulars:

Maximum Number of shares to be issued	Date by which shares will be issued	Issue price per shares	Persons to whom shares will be issued	Terms of shares to be issued	Intended use of funds to be raised
A number of shares not exceeding 13,389,000 shares	27/01/06	To be determined by reference to Lodestone's prevailing share price at the time, after applying a discount no more than 20% to that price.	Shares will be issued on the basis of confirmed indications of interest from selected institutional and sophisticated investors.	Rank equally with all fully paid ordinary shares on issue	The allotment and issue is proposed to provide further working capital to assist with ongoing exploration at the Company's wholly-owned and/or optioned projects at Mount Morgan, Mount Chalmers, Cracow South and Limestone Creek and corporate overheads. Details are set out above.

SCHEDULE

Option Terms

LODESTONE EXPLORATION LIMITED (“COMPANY”) CONTRACTOR OPTIONS TERMS AND CONDITIONS

The Options issued to **Dr Douglas Haynes and Dr Gary Arnold (“Holders”)** will be issued on the following terms and conditions:

1. Each Holder will be issued 501,000 Options. The date on which the Options are issued to the Holders will be the issue date (“**Issue Date**”).
2. All Options will expire on the 5th anniversary of the Issue Date (“**Expiry Date**”).
3. Each Option entitles the Holders to subscribe for 1 fully paid ordinary share in the Company (“**Share**”) upon exercise of the Option and payment of the Exercise Price.
4. In respect of each Holder:
 - a. 167,000 Options are exercisable from the 1st anniversary of the Issue Date until the Expiry Date at an exercise price of 20 cents per Option;
 - b. 167,000 Options are exercisable from the 2nd anniversary of the Issue Date until the Expiry Date at an exercise price of 25 cents per Option;
 - c. 167,000 Options are exercisable from the 3rd anniversary of the Issue Date until the Expiry Date at an exercise price of 30 cents per Option.
5. An Option will be exercisable by giving written notice of exercise to the Company, and paying the Exercise Price for the Option at any time during the period which that option may be exercised as stated in clause 4.
6. The Options will not confer an entitlement to receive dividends declared and paid by the Company, nor an entitlement to vote at general meetings of the Company.
7. Subject to the Company’s constitution, each Share issued pursuant to the exercise of an Option will rank equally in all respects with the issued Shares.
8. The Options will not confer on the Holders an entitlement to participate in bonus issues or rights issues of securities made or offered pro-rata to shareholders of the Company without exercising such Options.
9. The Company will not apply to ASX for official quotation of the Options.
10. The Company will apply for official quotation by ASX of the Shares issued upon exercise of Options within the time period required by the Listing Rules.
11. The Options may not be assigned or transferred except to a Company controlled by a Holder or to a trust in which a Holder is a principal beneficiary or (in the case of death) to the deceased’s personal representative.
12. All unexercised Options will lapse, if the relevant Holder’s contract is terminated:
 - i. by the Company, on the ground of that Holder’s material breach of any term or condition of his contract or on the ground of that Holder’s material misconduct or neglect in the discharge of his duties, immediately upon termination;
 - ii. by the Company, on any other lawful ground, 3 months after that Holder ceases to be under contract;
 - iii. by that Holder’s termination, 3 months after that Holder ceases to be under contract;
 - iv. for any other reason, prior to the Expiry Date.
13. Options not exercised or lapsed prior to the Expiry Date will lapse on the Expiry Date.
14. All Options may be exercised if a takeover bid (as defined in the Corporations Act) is made for Shares.
15. In the event of a reorganisation of the capital of the Company, the rights of the Holders will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
16. If the capital of the Company is reconstructed, the number of Options and/or the exercise price of the Options will be correspondingly reconstructed in a manner which shall not result in any additional benefits being conferred on the Holders which are not conferred on Shareholders.



LODESTONE EXPLORATION LIMITED

ABN 20 075 877 075

Please return your Proxy forms to:
ASX Perpetual Registrars Limited
Level 8, 580 George Street, Sydney, NSW, 2000
Locked Bag A14, Sydney South, NSW, 1235
Telephone: (02) 8280 7454
Facsimile: (02) 9287 0309
ASX Code: LOD
Email: registrars@asxperpetual.com.au
Website: www.asxperpetual.com.au

APPOINTMENT OF PROXY

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.



X99999999999

DRAFT

I/We being a member(s) of Lodestone Exploration Limited and entitled to attend and vote hereby appoint

A the **Chairman of the Meeting (mark box)** **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 11.00am on Thursday, 27 October 2005 and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

B To direct your proxy how to vote on any resolution please insert in the appropriate box below.

	For	Against	Abstain*		For	Against	Abstain*
Resolution 2 Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Approval of issue of options to Dr Douglas Haynes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Greg Baynton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7 Approval of issue of options to Dr Gary Arnold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification & approval of 13 November 2004 placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8 Approval of proposed share placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of proposed placement announced on 20 September 2005	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

C SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual) <input type="text"/>	Joint Securityholder 2 (Individual) <input type="text"/>	Joint Securityholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwth).

ASX Perpetual Registrars Limited advises that Chapter 2C of the Corporations Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.asxperpetual.com.au).

LOD PRX541



How to complete this Proxy Form

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11.00am on Tuesday, 25 November 2005, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Lodestone Exploration Limited's share registry as follows:
Lodestone Exploration Limited
C/- ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South NSW 1235
Facsimile: (02) 9287 0309
- delivering it to Level 8, 580 George Street, Sydney NSW 2000.