



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

14 October, 2005

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

Dear Sir,

MARKET UPDATE : DRILLING PROGRESS REPORT

Mount Morgan Project: Mount Victoria Prospect -

As reported on 8 September, 2005, two holes were drilled to 169 metres and 212 metres on optioned ground in the vicinity of Newcrest's MVRC 33 drill hole, targeting higher gold grades than those previously intersected by Newcrest and Lodestone.

Sulphidic core was sampled and sent for assay. Results are now to hand and reveal that drill holes MVLD05 and MVLD06 didn't produce significant metal values.

The prospect is being re-evaluated, with deeper holes as an option.

Yours faithfully,

John McCawley
Executive Director

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. The Company also holds 100% of the Limestone Creek gold project at Mareeba in an area highly prospective for gold.