



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

21 July 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Electronic Lodgment System

Dear Sir,

APPENDIX 3B - RIGHTS ISSUE ALLOTMENT OF SHARES AND OPTIONS

Lodestone Exploration Limited (**ASX: LOD**) is pleased to advise that it has today allotted 61,892,953 ordinary shares and 30,946,501 listed options under the Rights Issue announced on 16 June 2006. Shareholder Statements for the new shares and options are being despatched today.

Attached are Appendix 3B and also details of the 20 largest holders of the additional securities in each class of security and a distribution schedule of the option holders and shareholders after allocation of new issue.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Leni Stanley". The signature is written in a cursive, flowing style.

Leni Stanley
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

LODESTONE EXPLORATION LIMITED

ABN

20 075 877 075

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Fully Paid Shares
Options – Listed |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 61,892,953 Ordinary Fully Paid Shares
30,946,501 Options – Listed |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Options are exercisable at 5 cents each from date of issue and expire at 5.00pm on 21 July 2008. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Fully paid shares will rank pari passu with existing ordinary shares.</p> <p>Shares issued when options exercised will rank equally with existing ordinary shares.</p>						
<p>5 Issue price or consideration</p>	<p>Fully paid ordinary shares – 3.8 cents Options – listed – free</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issued pursuant to a Renounceable Rights Issue.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>21 July 2006</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="721 1367 1024 1394">Number</th> <th data-bbox="1029 1367 1263 1394">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="721 1423 1024 1451">108,312,668</td> <td data-bbox="1029 1423 1263 1451">LOD FPO</td> </tr> <tr> <td data-bbox="721 1486 1024 1514">30,946,501</td> <td data-bbox="1029 1486 1263 1514">Options LODO</td> </tr> </tbody> </table>	Number	+Class	108,312,668	LOD FPO	30,946,501	Options LODO
Number	+Class						
108,312,668	LOD FPO						
30,946,501	Options LODO						

+ See chapter 19 for defined terms.

	Number	+Class
9	800,000 501,000 2,000,000	Options - LODAU Options – LODAI Options – LODAK
10	N/A	

Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|----|---|--|
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |

+ See chapter 19 for defined terms.

- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

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39 Class of +securities for which
 quotation is sought

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40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

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41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

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	Number	+Class
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	

+ See chapter 19 for defined terms.

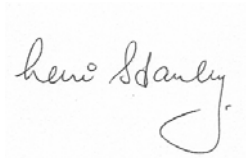
Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Company secretary)

Date: 21 July 2006

Print name: Leni Stanley

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+ See chapter 19 for defined terms.

LODESTONE EXPLORATION LIMITED

**FIRST 20 INVESTORS REPORT
 FRIDAY 21 JULY 2006**

<u>Rank</u>	<u>Investor</u>	<u>Current Balance</u>	<u>% Issued Capital</u>
Sec. Group: LOD - ORDINARY SHARES			
1	MR NICHOLAS PLAYFORD FORGAN	17,978,742	16.60%
2	JOHN LACHLAN MCCAWLEY	5,162,532	4.77%
3	PASO HOLDINGS PTY LTD	2,871,362	2.65%
4	PATERSONS SECURITIES LIMITED	2,447,448	2.26%
5	T B I C PTY LTD	2,279,487	2.10%
6	BERNE NO 132 NOMINEES PTY LTD <323731 A/C>	2,261,537	2.09%
7	ANZ NOMINEES LIMITED <CASH INCOME A/C>	2,225,000	2.05%
8	MR RAUL USED <THE RAUL USED FAMILY A/C>	2,183,334	2.02%
9	GOFFACAN PTY LTD	1,512,000	1.40%
10	TOLTEC HOLDINGS PTY LTD	1,502,223	1.39%
11	MARIA JULIENNE BARRON	1,455,691	1.34%
12	GECKO RESOURCES PTY LTD	1,400,000	1.29%
13	MR CARLO CHIDO	1,398,582	1.29%
14	ALLEGRO CAPITAL NOMINEES PTY LTD <ALLEGRO CAPITAL ACCOUNT>	1,354,846	1.25%
15	MR LESLIE MARTA	1,200,000	1.11%
16	MOHIDIEN KHAN <H/LINK PHCY BEECHBORO A/C>	1,141,507	1.05%
17	NOEL CLARENCE WHITE	1,000,000	.92%
18	ROYAL SUNSET PTY LTD	997,858	.92%
19	J & E KERR INVESTMENTS P/L <SUPER FUND A/C>	937,821	.87%

LODESTONE EXPLORATION LIMITED

**FIRST 20 INVESTORS REPORT
 FRIDAY 21 JULY 2006**

<u>Rank</u>	<u>Investor</u>	<u>Current Balance</u>		<u>% Issued Capital</u>
20	MR IANAKI SEMERDZIEV	900,000		.83%
TOTAL FOR TOP 20:		52,209,970	Investors 20	48.20%
TOTAL IN THIS REPORT:		52,209,970	Investors 20	48.20%
TOTAL OTHER INVESTORS:		56,102,698	633	51.80%
GRAND TOTAL:		108,312,668	653	100.00%

end of report

LODESTONE EXPLORATION LIMITED

**FIRST 20 INVESTORS REPORT
 FRIDAY 21 JULY 2006**

<u>Rank</u>	<u>Investor</u>	<u>Current Balance</u>	<u>% Issued Capital</u>
Sec. Group: OPT - OPTIONS 2008			
1	MR NICHOLAS PLAYFORD FORGAN	8,989,371	29.05%
2	PATERSONS SECURITIES LIMITED	1,223,724	3.95%
3	PASO HOLDINGS PTY LTD	927,532	3.00%
4	TOLTEC HOLDINGS PTY LTD	751,112	2.43%
5	GOFFACAN PTY LTD	750,000	2.42%
6	MR CARLO CHIODO	699,291	2.26%
7	MR RAUL USED <THE RAUL USED FAMILY A/C>	666,667	2.15%
8	T B I C PTY LTD	651,282	2.10%
9	BERNE NO 132 NOMINEES PTY LTD <323731 A/C>	646,154	2.09%
10	MOHIDIEN KHAN <H/LINK PHCY BEECHBORO A/C>	570,754	1.84%
11	ROYAL SUNSET PTY LTD	498,929	1.61%
12	GECKO RESOURCES PTY LTD	400,000	1.29%
13	MR IAN RANDAL THOMPSON	385,377	1.25%
14	MR BRUCE GRAHAM BARKER + MRS WENDY ANN BARKER <BARKER RETIREMENT FUND A/C>	370,990	1.20%
15	THE A KHAN ACCOUNT	370,990	1.20%
16	MR KEVIN ARTHUR THOMAS + MRS BARBARA THOMAS	370,990	1.20%
17	MR PETER JOHN DOUGLASS <NEEHAR SUPER FUND A/C>	350,000	1.13%
18	CITY CORP PTY LTD	336,667	1.09%
19	MR JULIAN JONES	306,839	.99%

LODESTONE EXPLORATION LIMITED

**FIRST 20 INVESTORS REPORT
 FRIDAY 21 JULY 2006**

<u>Rank</u>	<u>Investor</u>	<u>Current Balance</u>		<u>% Issued Capital</u>
20	ERIC ROBERT TERACE + JUDITH FAY TERACE	300,397		.97%
TOTAL FOR TOP 20:		19,567,066	Investors 20	63.23%
TOTAL IN THIS REPORT:		19,567,066	Investors 20	63.23%
TOTAL OTHER INVESTORS:		11,379,435	153	36.77%
GRAND TOTAL:		30,946,501	173	100.00%

end of report



LODESTONE EXPLORATION LIMITED

**INVESTOR RANGES
FRIDAY 21 JULY 2006**

Ranges Investors Securities % Issued Capital

Security Group: OPT OPTIONS 2008

Totals for Security Group OPT

1 to 1000	1	1,000	.00
1001 to 5000	8	29,935	.10
5001 to 10000	15	121,897	.39
10001 to 100000	88	4,264,365	13.78
100001 and Over	61	26,529,304	85.73
Total	173	30,946,501	100.00

end of report

LODESTONE EXPLORATION LIMITED

**INVESTOR RANGES
FRIDAY 21 JULY 2006**

<u>Ranges</u>	<u>Investors</u>	<u>Securities</u>	<u>% Issued Capital</u>
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Security Group: LOD ORDINARY SHARES

Totals for Security Group LOD

1 to 1000	11	1,572	.00
1001 to 5000	28	100,489	.09
5001 to 10000	160	1,467,502	1.36
10001 to 100000	291	11,939,519	11.02
100001 and Over	163	94,803,586	87.53
Total	653	108,312,668	100.00

end of report