



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

25 January 2008

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 31 DECEMBER, 2007

Lodestone is currently focused on two projects: Mount Morgan and Limestone Creek.

Mount Morgan Project: (100% Lodestone): This project is centred on the historic gold mining town of the same name, 50 kilometres south-west of Rockhampton, Queensland.

Geological and drill data published by GeoPeko Limited in the early 1970s, and Newcrest Mining Limited in 1995, is being integrated with Lodestone's 2007 geophysical data to define drill targets at the 'Discoverer 2' copper-gold-molybdenum prospect; seven kilometres east of Mount Morgan.

This work will be completed by mid-February and the prospect will then be offered for farm-out to drive a substantial drilling program.

Additional stream sampling at the Midas Prospect, scheduled for last October, will be carried out when the weather improves.

Limestone Creek Project: (100% Lodestone): This project is located 130 kilometres north of the Chillagoe township in North Queensland. Exploration is aimed at locating gold and base metals within the Chillagoe Formation that hosts the Red Dome and Mungana deposits near Chillagoe.

Lodestone reported a promising new copper discovery; Leane's Prospect, to the Australian Stock Exchange on 11 October 2007.

A comprehensive assessment has since been completed. Fieldwork aimed at optimising drill sites will resume when the wet season ends.

Lodestone Exploration Limited

Exploring the Mount Morgan metals region with advanced technologies

Lodestone Exploration Limited GPO Box 762 Brisbane QLD 4001 Australia

Karinya Project (51% Lodestone and 49% Sedex Minerals Pty Ltd): This zinc-lead-silver project is located 80 kilometres north-east of Adelaide.

Lodestone is targeting stratabound mineralisation within the Lower Kanmantoo Group. This group hosts the Aclair, Talisker and Angus lead-zinc deposits, and the Kanmantoo copper deposit. These deposits are located 70 - 90 kilometres south of Lodestone's and Sedex's ground.

Attention has now turned to an area centred six kilometres north of Frankton (the focus of Lodestone's 2007 work) and four kilometres east of Neales Flat; where several targets, recognised by earlier explorers, remain undrilled. Lodestone is re-examining these targets, in the light of knowledge gained at Frankton in 2007.

Forward Programs: Lodestone will continue to advance the Mount Morgan, Limestone Creek and Karinya Projects in the next three months in preparation for drilling, and will also continue to pursue fresh opportunities.

Yours faithfully,



John McCawley
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