



LODESTONE

Lodestone Exploration Limited

*Exploring the Mount Morgan mineral
province with advanced technologies*

10 November 2004

Introduction

Mount Morgan Mine

- Mount Morgan was historically Queensland's premier Gold mine, producing 9.5 million ounces of gold
- Traditionally, these types of deposits (VMS-style) occur in clusters

Lodestone Exploration

- Lodestone Exploration Limited (ASX:LOD) IPO in March 2003, raising \$2.5 million
- Since listing:
 - Lodestone has been actively exploring for similar deposits in the local Mount Morgan region using advanced technologies under challenging, wide-spread cover rock in the target areas
 - Lodestone has significantly increased exploration permit areas since IPO, now covering ~1,700 sq.km in Central Queensland (from 600 sq.km at IPO).
 - Drilling is currently underway at Mount Morgan, with results of program expected in late November 2004



Corporate & Financial Summary

Capital Structure

very tight... high leverage for a discovery

Market capitalisation:

\$3.1 million

Tight capital base:

40% of shares in escrow

Shares on Issue:

30.9 million shares

Listed Options:

6.25 million @ \$0.20 (expire 7/12/04)

Major Shareholders:

Directors – 20%

Cash:

\$724,000 at 30 September 2004



Key Personnel

Board & Management

John Shaw

John McCawley

Greg Baynton

Martin Ackland

Mark Dugmore

Leni Stanley

Chairman

Executive Director

Non-executive Director

Non-executive Director

General Manager

CFO/Company Secretary

Key Technical Personnel

Dr Douglas Haynes

Dr Gary Arnold

Trent Pezzot & Syd Visser

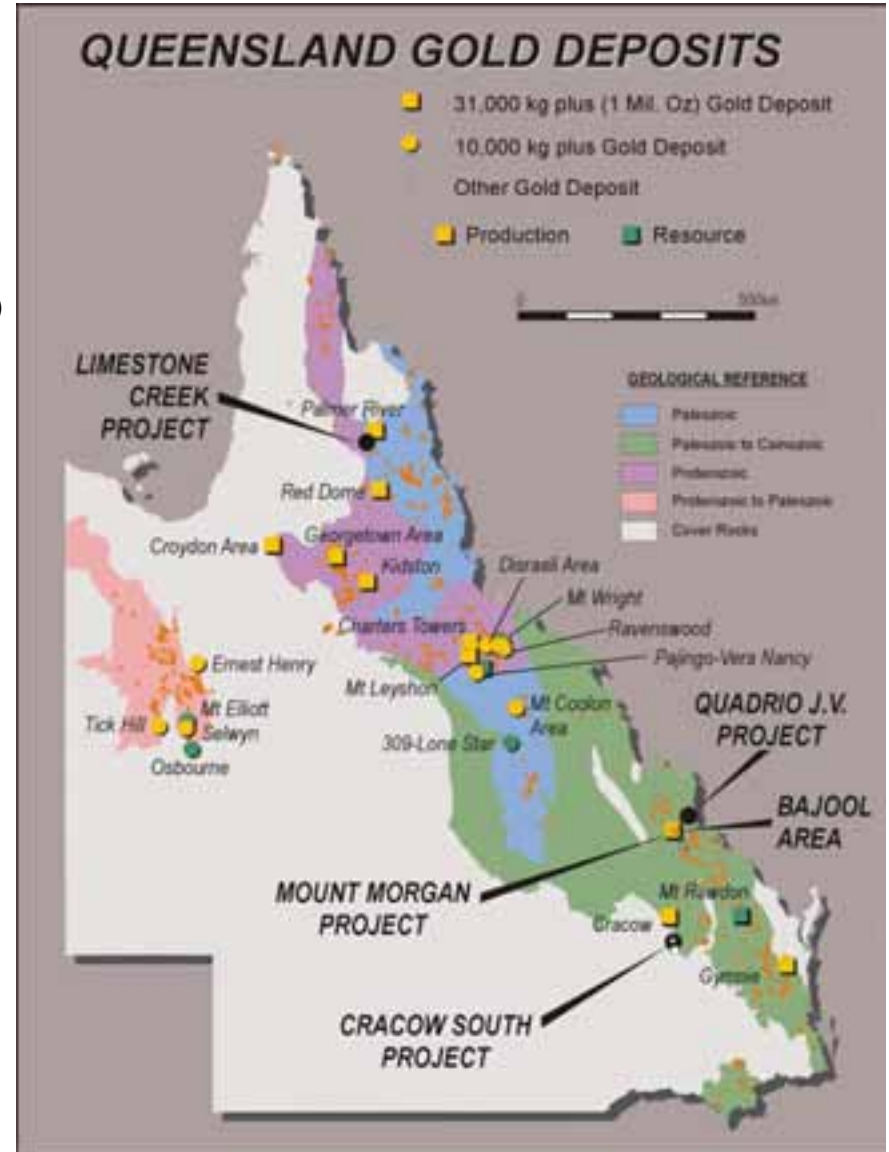
Consulting Geologist

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Consulting Geophysicists

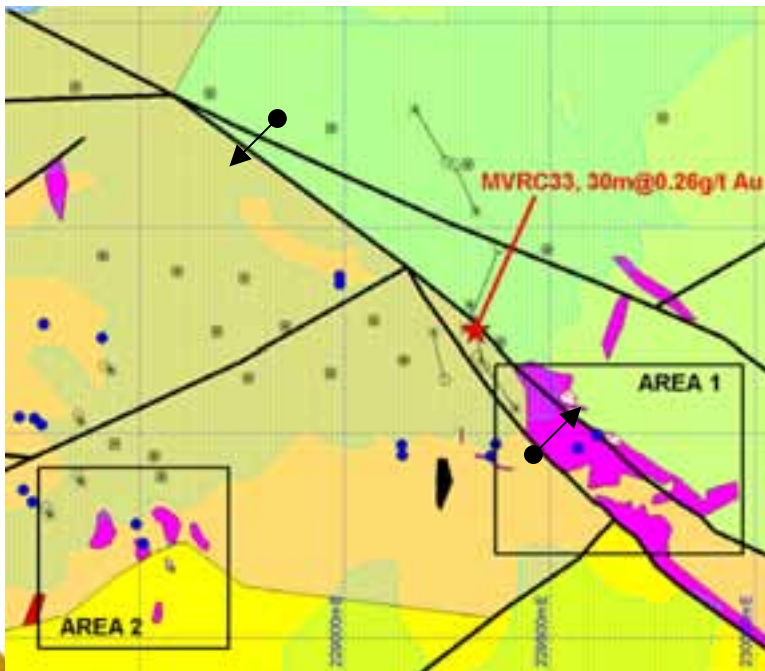
Portfolio – Multiple Projects

- Mt Morgan Area
 - VMS/epithermal copper/gold targets:
 - Mount Victoria target (epithermal)
 - '1105' gravity anomaly (VMS)
 - 'Midas' and 'Morganite' (epithermal)
- Quadrio (farm-in)
 - VMS/epithermal copper/gold
- Cracow South Project
 - High grade epithermal gold
- Limestone Creek Project
 - Sediment-hosted gold
- Bajool Project
 - Intrusion-related gold
(eg Kidston, Mt Leyshon)



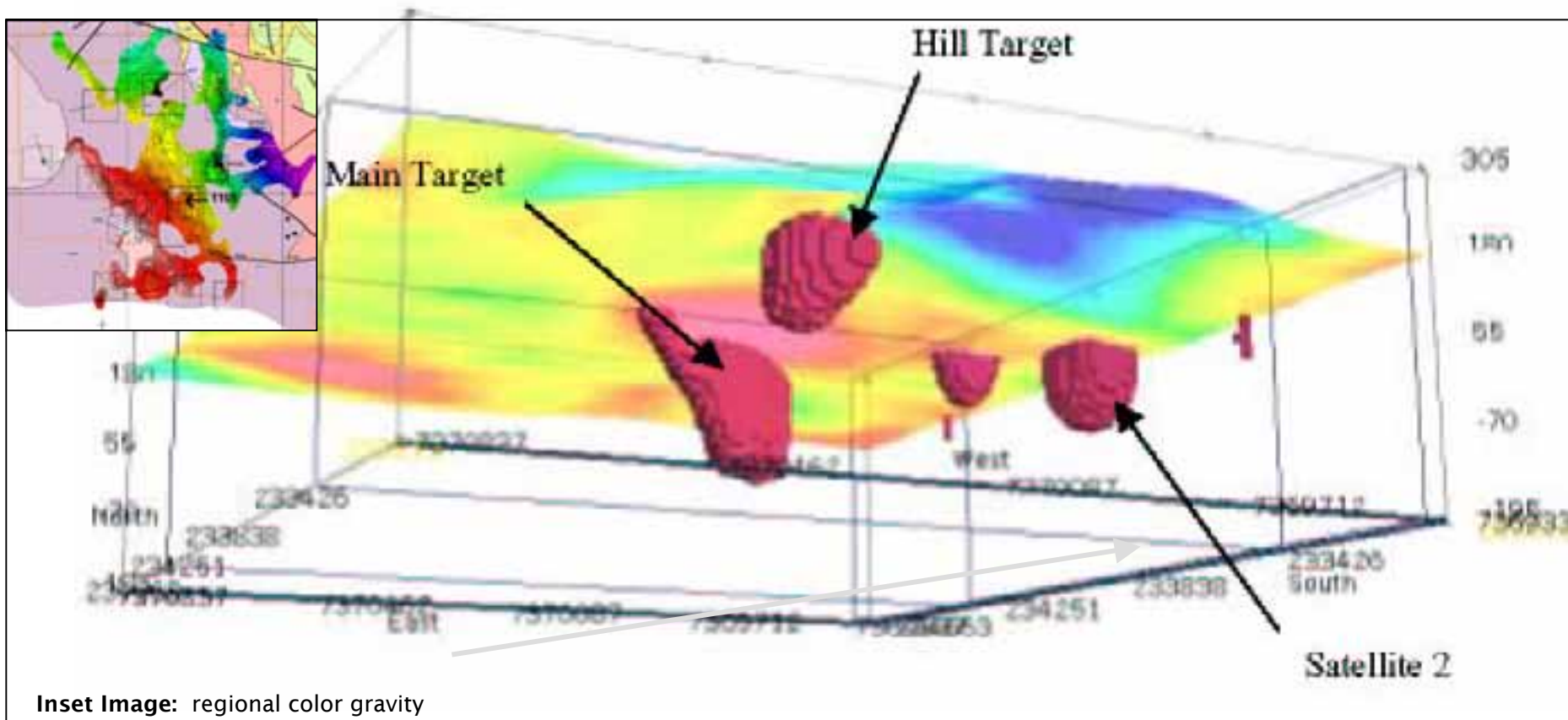
Mt Victoria Prospect

- A preferred target identified by Dr Gary Arnold as a mineralised structure extending from Mt.Morgan mine to Mt Victoria (1.5km from Mount Morgan pit).
- Newcrest previously intersected 30m averaging 0.26g/t gold (including 6m @ 0.58 g/t gold). Upper intersection of 2m averaging 9.49 g/t gold. No follow-up drilling conducted.



- Strong gold anomalies in rocks, soils & stream sediments surround area.
- Dr Arnold believes that an extensive system could exist under cover rocks, and has recommended a three-hole drilling program to determine the extent of the structure.
- Drilling is currently underway, with results expected to be released in late November 2004.

“1105” Gravity Anomaly Cluster

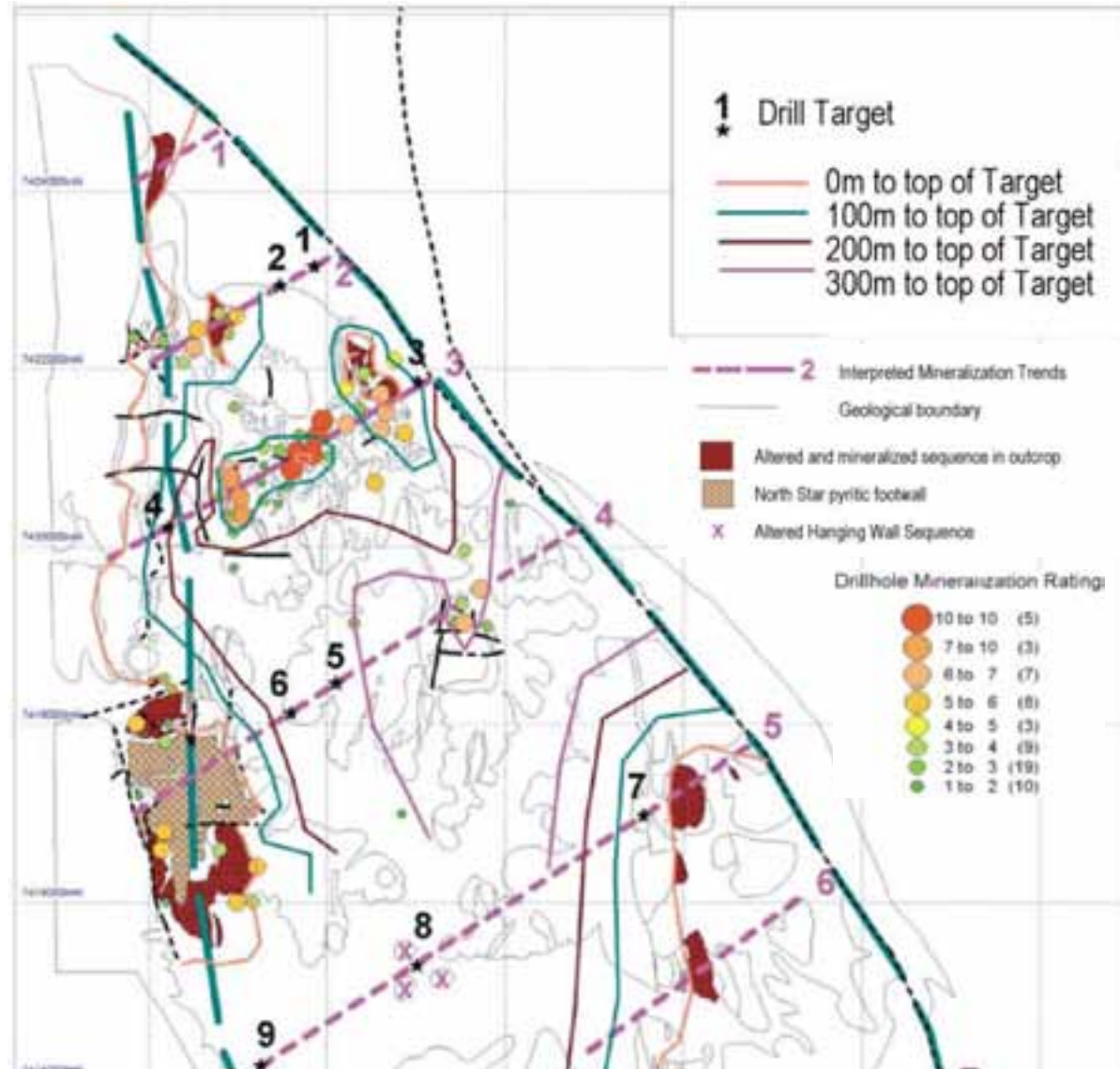


Inset Image: regional color gravity

- Gravity target(s) identified by Trent Pezzot (SJ Geophysics) following 2004 ground gravity survey over >100 sq.km south of Mt Morgan (inset)
- SJ Geophysics involved in discovery of ‘blind’ Tambo Grande VMS deposits (refer Appendix)
- Three gravity targets defined at Mount Morgan under flat, shallow (~50m) cover
- Drilling main target (“1105”) during November 2004, with possible follow-up drilling of surrounding targets based on initial success.

Quadrio Gold Project

- Quadrio/Mt Chalmers recommended by Dr Gary Arnold (farm-in opportunity)
- Mt Chalmers was another C.Q. Au-rich VMS orebody
 - 250,000 ounces gold equivalent produced
- Similar VMS orebodies possible nearby
- Past drilling tested only 10% of prospective area
- Main target is 'blind' mineralisation close to prospective stratigraphy



Cracow South Project



- Cracow opportunity identified by Dr Douglas Haynes - tenements applied for by Lodestone
- Magnetic signature similar to Cracow deposit setting
- 30km south of Cracow Gold Mine (Sedimentary/Newcrest)
- Covered by younger rocks therefore escaping effective previous exploration
- Potential for high-grade gold deposits
- Detail aeromagnetic survey to be flown in this month to locate drill targets

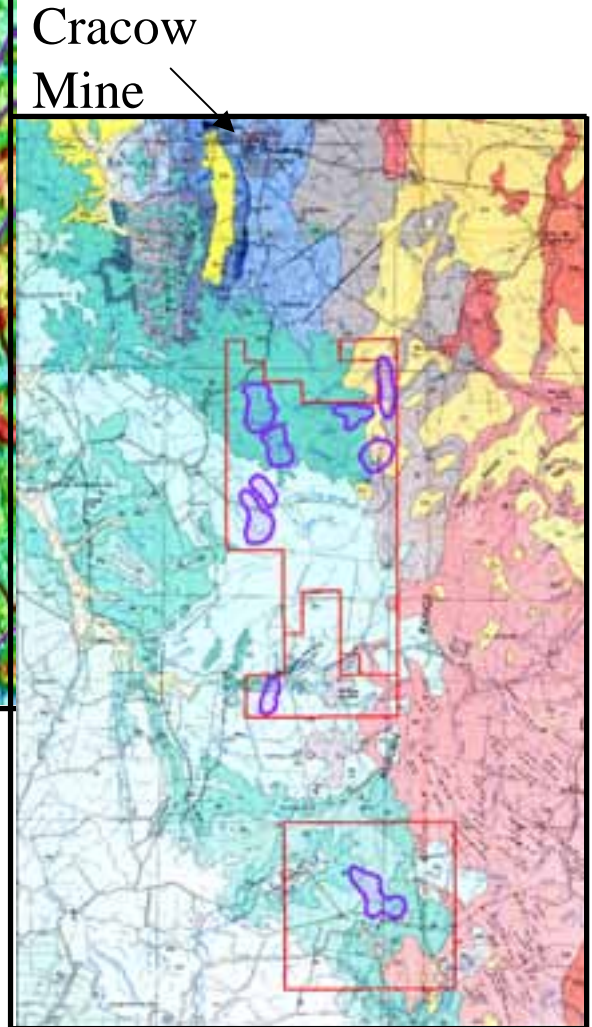
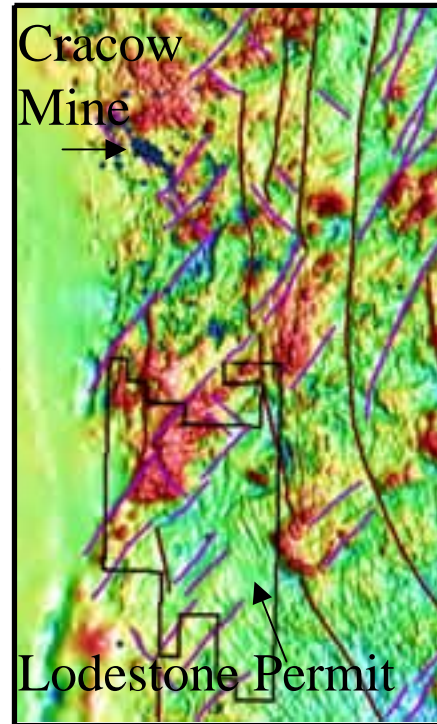


Image: Colour TMI wetlook magnetics
Lodestone tenements in pink outline
Blue/Yellow squares: old gold workings

Limestone Creek Project

- Located NW of Cairns - permitting process well underway

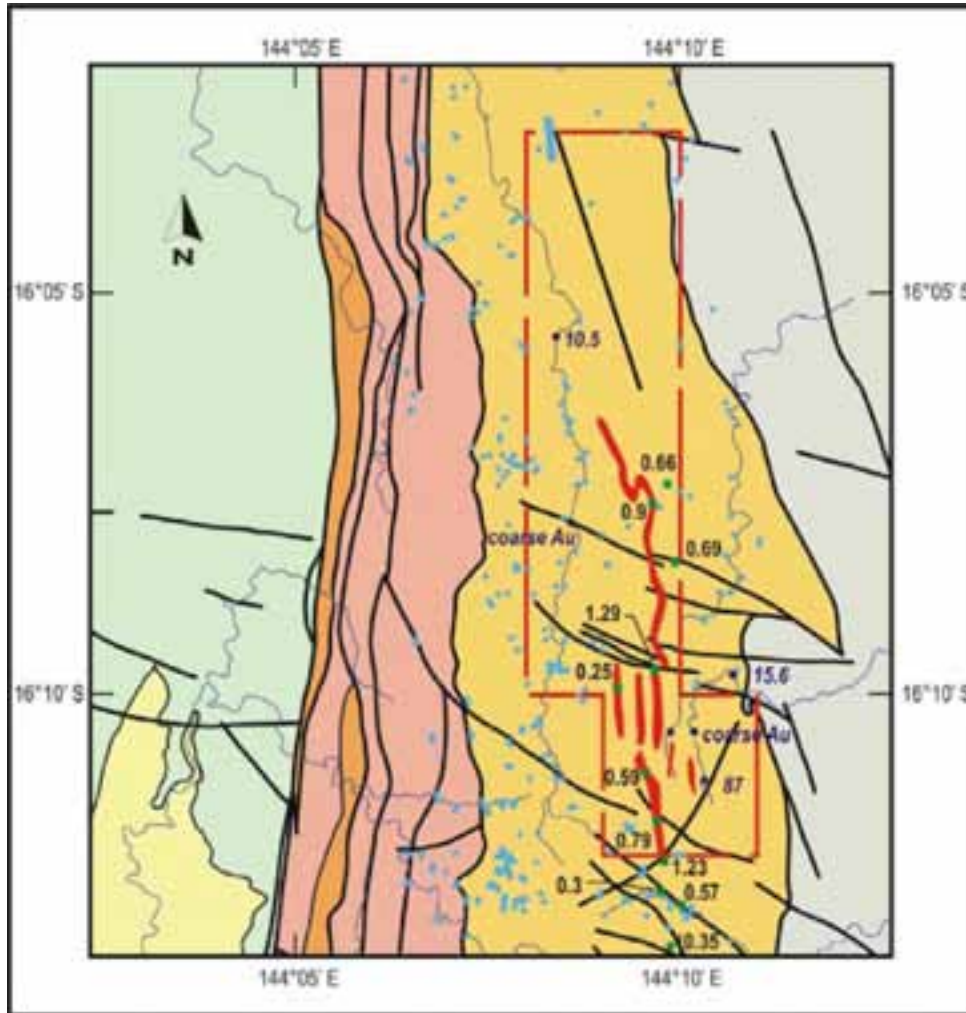
- Sediment-hosted gold target in Chillagoe Formation

- Surface gold grades <1.3 g/t

- No exploration since mid-1990's

- Gold occurs widely in rock chip samples and stream sediment

- Area is undrilled



LIMESTONE CREEK GEOLOGY

0 5km



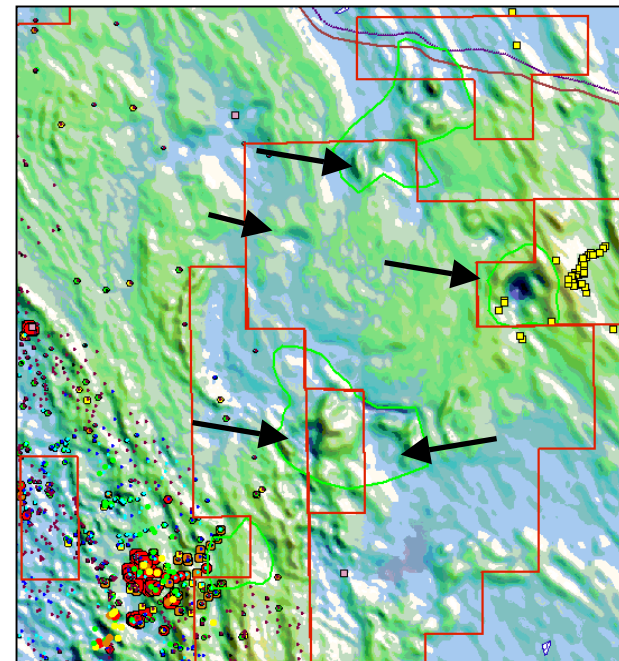
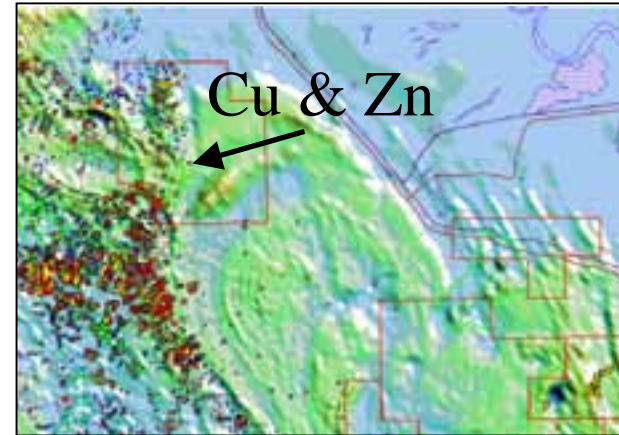
GEOLOGICAL REFERENCE

- Quaternary
- Hodgkinson Formation
- Chillagoe Formation
- Chillagoe Formation
- Yambo Metamorphic Group
- Gold bearing structure
- Fault
- 87 • Stream panned sample - showing ppm Au
- 1.23 ■ Hard rock sample - showing g/t Au
- Historic Sampling

Bajool Project



- Project identified/recommended by Dr Douglas Haynes - area immediately east of Mt Morgan
- Intrusion-related gold targets
 - eg. Kidston, Mt Leyshon
- A number of magnetic targets similar to Kidston/Mt Leyshon with associated gold anomalism
- One area with strongly anomalous Cu & Zn adjacent to covered target
- Targets are under recent shallow alluvium
- Lodestone will seek to JV this project



Current Work Plan – 12 Months

● Mt Morgan Project

- Currently drilling Mt Victoria Gold Prospect, then “1105” gravity target this month
- Investigate northern targets (“Midas” and “Morganite”) located 3 km north of Mount Morgan pit, recommended separately by Haynes, Arnold and Hopwood
- Fly detailed aeromagnetic survey over “Midas” & “Morganite” this month

● Quadrio Joint Venture

- Surface stream, soil & rockchip geochemical sampling for gold
- Refine 9 drillhole targets for drill testing; 1,200m – early 2005

● Cracow South Project

- Fly detailed aeromagnetic survey
- Detailed aeromagnetic interpretation and target selection
- Drill targets – mid-2005

● Limestone Creek Project

- Await permit grant – expected during 2005
- Surface sampling to define mineralised zones
- Drill best mineralised zones – mid-late 2005

Summary

- Mount Morgan Drilling results expected by end-November
 - Testing main areas of interest:
 - Mount Victoria target
 - “1105” gravity anomaly cluster
 - November results could generate further Mount Morgan targets
- Aerial magnetic survey (this month) north of Mount Morgan pit
 - Survey results may reveal further drill targets
- Drilling at Quadrio project during early 2005
- Proposed drilling at Cracow South project mid-2005
- Awaiting grant of Limestone Creek permit, with drilling to follow during 2005
- Consider farm-out of non-core projects, depending on funding

Appendices – further background material

Mt Morgan –The Target



World class gold-copper deposit

“Australia’s premier VMS deposit”

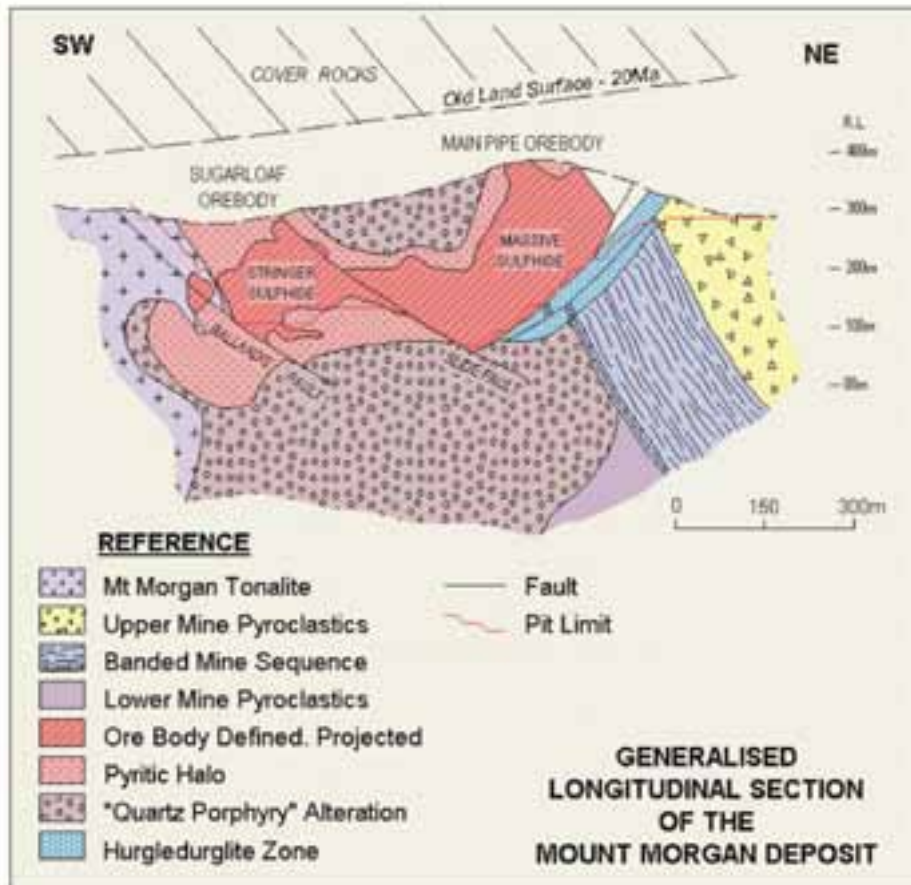
“...find another Mount Morgan VMS deposit”

- 9.5 million Oz gold produced
- Average 5 g/t Gold
- 360,000 tonnes Copper
- 1.6 million Oz Silver
- Gross Value
> A\$6.4billion

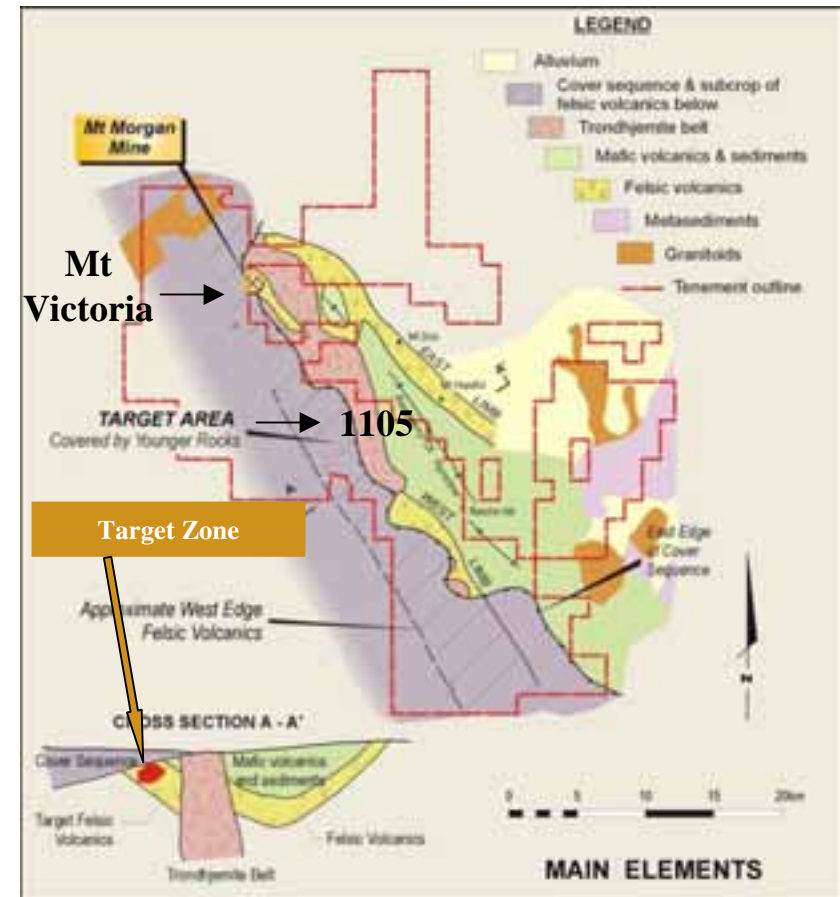
| Deposit | Au Grade g/t | Million Oz Au |
|---------------------|--------------|---------------|
| Kalgoorlie | 4.3 | 54 |
| Telfer | 1.3 | 26 |
| Mount Morgan | 5.0 | 9.5 |
| Boddington | 1.4 | 8.6 |
| St Ives | 3.7 | 6.4 |

Mt Morgan Project & VMS Deposits

Cross-Section of Historic Mount Morgan Orebody



Mount Morgan Regional Geology



- Prior exploration restricted by overlying cover rocks and the prior limitations of exploration technology.

The Team

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Leni Stanley

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Technical Personnel

Dr Douglas Haynes

Dr Gary Arnold

Dr Peter Fox

Tim Hopwood

Alex Taube

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Consulting Geologist

Consulting Field Geologist

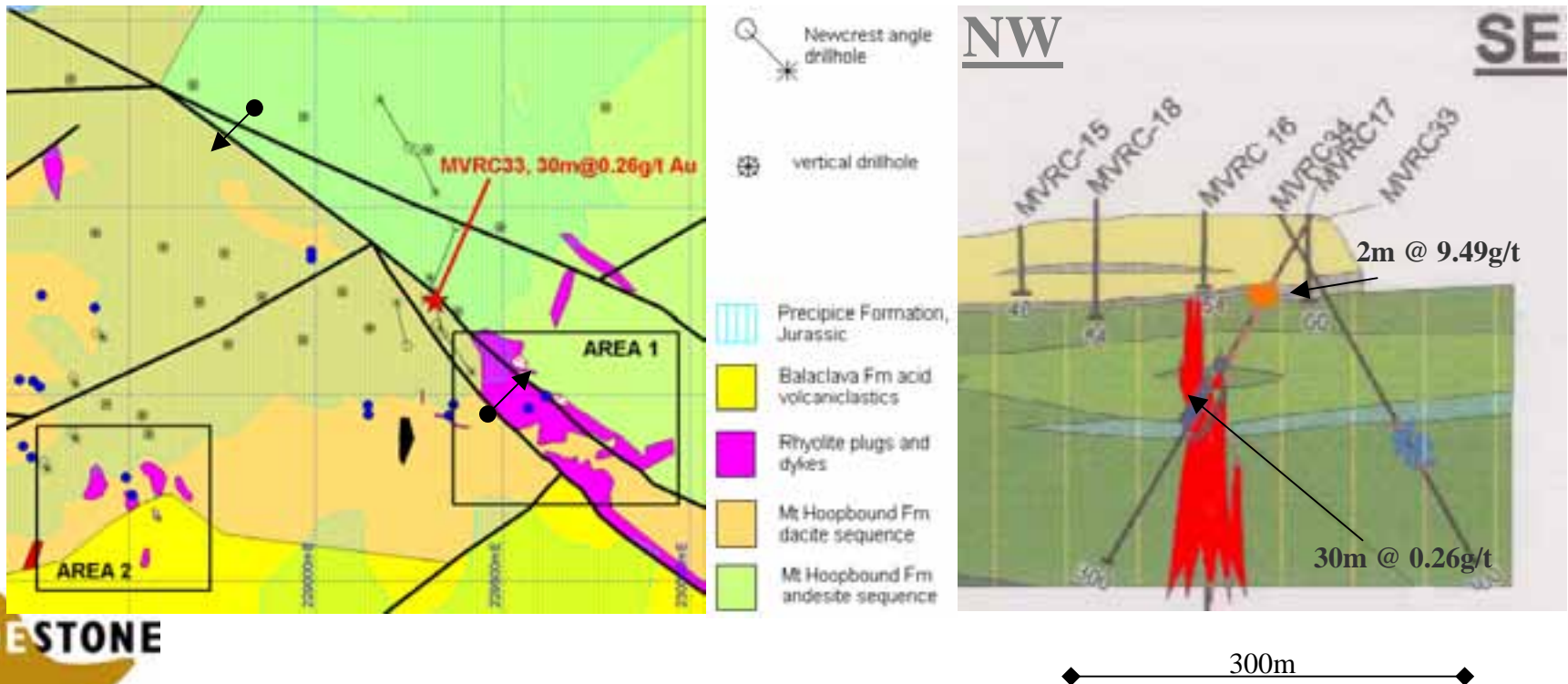
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Tambo Grande VMS Geophysics

- Precious metal-bearing, volcanogenic massive sulphide (VMS) deposits in the Tambo Grande region of northern Peru rank among the largest of all VMS occurrences in the world. This project is owned by Manhattan Minerals and the Peruvian Government.
- Mineral exploration in the Tambo Grande region is hampered by a lack of outcrop and geophysical techniques have become the dominant exploration tool.
- To date, three sulphide deposits are known and geological and geophysical data imply that additional occurrences remain to be found.
- Gravity surveys have been directly responsible for the latest two massive sulphide discoveries. These recent gravity surveys have been interpreted by SJ Geophysics.

SJ Geophysics has also been engaged by Lodestone to oversee and interpret Lodestone's gravity surveys at Mount Morgan

www.sjgeophysics.com

Source:

