



6 July 2005

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

Dear Sir,

Market Update: Revised Drilling Schedule

Lodestone's Drilling Contractor advises that he expects to begin work at Mount Victoria – Jasper, elements of Lodestone's Mount Morgan Project, on 20 July 2005. Delays will be mitigated by the arrival of two rigs.

Drilling planned at nearby Quadrio for July/August is expected to begin in the first week of August.

The July/August program will consist of four holes, at Mount Victoria – Jasper, and three holes at Quadrio, for a total of 1,500 metres of reverse circulation and diamond tailed reverse circulation on four targets.

Lodestone's drilling program has been contracted to GML, headed by Greg Schonknecht, formerly of Rockdrill and UDD.

A handwritten signature in black ink, reading "John McCawley". The signature is written in a cursive, flowing style.

John McCawley
Executive Director