



**Lodestone Exploration Limited**

ABN 20 075 877 075

[www.lodestonex.com](http://www.lodestonex.com)

9 September 2005

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
**SYDNEY NSW 2000**

Dear Sir,

**MARKET UPDATE : DRILLING PROGRESS REPORT**

**Mount Morgan Project:**

Four drill holes have been completed on optioned ground west of the former Mount Morgan mine site at the Jasper and Mount Victoria Prospects.

**Mount Victoria Prospect:**

Two holes were drilled to 169 metres and 212 metres, targeting higher gold grades than those previously intersected by Newcrest and Lodestone.

Untested areas in the vicinity of Newcrest's MVRC 33 drill hole intersection were targeted by Lodestone in August 2005. Sulphidic core has been sampled and sent for assay.

**Jasper Prospect:**

Two holes were drilled to 78 metres and 90 metres at the eastern end of this prospect, in pursuit of the buried source of gold mined in the historic Golden Gully and Mount Victoria workings.

While alteration and weak mineralisation were intersected, neither hole offered an explanation, and the source of the alluvial gold in the area remains to be found. Consequently, a 'fence' of three 160 metre holes will be drilled 150 metres east of the two initial holes when funds become available.

**Mount Chalmers Project:**

Drilling is underway on optioned ground at Tungamull, 2500 metres east of the former Mount Chalmers gold and copper mine.

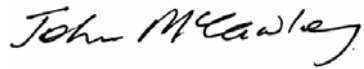
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Drilling by previous explorers intersected up to 21 metres (including seven metres of 3.5% zinc) of 0.8% combined lead and zinc, and eight metres of strongly anomalous gold. Three of the earlier holes bottomed in mineralisation.

Lodestone is drilling a further 80 metres to 130 metres below the known mineralisation to depths of between 250 metres and 300 metres. The company's first hole at Tungamull has intersected disseminated copper and zinc sulphides between 168 metres and 184 metres.

Lodestone began its second hole at Tungamull yesterday.

Yours faithfully,

A handwritten signature in black ink that reads "John McCawley". The signature is written in a cursive, slightly slanted style.

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.