



27 October 2005

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

Dear Sir,

ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

On behalf of the Board of Lodestone Exploration I am pleased to welcome you to our third Annual General Meeting since our Company listed on the ASX in 2003.

The long-term theme for Lodestone since its establishment in 1996 has been low-cost exploration focused on richly endowed mining districts in Central Queensland.

As you may know, Lodestone listed on the ASX in March 2003, raising \$2.28 million after costs of the IPO, and raised a further \$0.4 million in November 2004. Our stated and consistent strategy has been to follow a carefully focused exploration plan, raising minimal funds when required to advance our highest priority exploration targets.

In so doing, we have also strived to maintain a relatively tight capital structure.

As evidence of our low-cost approach, our Company was ranked as having the sixth-lowest and third-lowest administration costs of 68 listed Australian exploration companies, in the March 2005 and June 2005 Quarters respectively.

With our low-cost and focused strategy, Lodestone is pursuing the discovery of significant new gold/copper deposits around historically successful mines in Queensland. We have brought a combination of modern exploration techniques and industry-leading technical experts to these carefully-chosen exploration prospects.

To consider our activities in perspective, Lodestone is an exploration company, and exploration is seldom an "instant gratification" pursuit.

Exploration efforts are rewarded by a persistent, thorough, systematic approach which requires dedication and patience.

In our case, the Company has now drilled 12 targets in the Mount Morgan district, including two during the August-September 2005 program drilling, and is currently drilling its third and fourth hole at nearby Mount Chalmers.

The Company's core projects suit our long-term corporate theme:

- they are well located in highly-prospective areas - the historic Mount Morgan, Mount Chalmers, Chillagoe, and Cracow gold/copper districts;
- they offer large and potentially highly-valuable potential targets
- they can be explored using a relatively low-cost approach
- and they will benefit from our application of modern exploration techniques and expert advisors.

During September and October this year, the Company strengthened its financial resources with a placement of \$316,000 and offered all shareholders the opportunity to participate in a Share Purchase Plan that raised \$428,000.

With the Company's working capital refreshed, we will accelerate further drilling and field exploration during the remainder of 2005 and early next year at the Mount Morgan, Mount Chalmers, Cracow South and Limestone Creek gold-copper projects.

In terms of the overall market environment, we are in a favourable position, with metal prices continuing to remain strong. This is partially driven by the China factor and a suspect US dollar. Major industry players are predicting this situation to persist, which bodes well for our industry, and for our Company in the event of exploration success.

I am pleased to hand-over to Mark Dugmore, our General Manager, to provide a specific update on each of our key projects.

However, before I hand-over to Mark, I'd like to take this opportunity to acknowledge those shareholders who have remained with us since listing, and earlier, welcome our newer shareholders, especially those joining us in the past year, and thank you all for your support.



John T Shaw
Chairman