



31 May 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: Revised Drilling Schedule**

Drilling planned for May/June 2005 at Mount Victoria, at Lodestone Exploration's Mount Morgan project, is now expected to begin on June 23, with the deployment of a suitable drill rig from Mt Isa. This delay, due to a shortage of rigs in Eastern Queensland, will be mitigated by the arrival of a second rig in early July.

Drilling planned at nearby Quadrio for July/August is expected to begin on time.

The June/July program will consist of five holes, at Mount Victoria–Jasper, and five holes at Quadrio, for a total of 1,500 metres of reverse circulation and diamond tailed reverse circulation on no fewer than 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