



Lodestone Exploration Limited

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EXPLORATION UPDATE

Outlines of exploration during the past month, and plans for the six weeks to 30 June 2007, follow:

800 line kilometres of heliborne electromagnetics were flown at Lodestone's Mount Morgan Project last week. Geotech Limited, of Ontario, Canada, deployed its VTEM system in search of conductive bodies buried under cover rock. Preliminary analysis of the VTEM data will begin shortly.

At the Karinya Project in South Australia (Lodestone can earn up to 70%) Lodestone's drilling contractor now expects to arrive on 11 June 2007, because heavy rain has slowed its current program.

Eight holes, totalling 2500 metres, are envisaged for phase one drilling. The number and total metres of holes will vary according to outcomes.

Lodestone will drill geophysical targets in search of stratabound zinc, lead, and silver mineralisation in the Karinya Shale 80 kilometres north-east of Adelaide.

Recent mapping and sampling at the Cracow South Project in Central Queensland (100% Lodestone) suggests a need for additional geophysics at the Camboon and Aeroplane epithermal gold prospects, and has downgraded the potential of porphyry gold prospects in the district.

Efficacy of induced polarisation as an exploration tool at the Bocoolima Project's Springlands Zinc Prospect near Gladstone (where Lodestone can earn up to 51%) is being tested on site this week.

Mapping and geochemical sampling at the Limestone Creek Copper-Gold Project north of Chillagoe (100% Lodestone) will resume in June.

In conclusion, most emphasis during the next six weeks will be on the Karinya, Mount Morgan, and Limestone Creek Projects, with secondary emphasis on Bocoolima and Cracow South.

Yours faithfully,

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