

BLUE BOOK

RESOURCES SECTOR

Exploration Review

Quarterly

April 2004

Volume 1

Contents

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Lodestone Exploration Ltd
ASX Code: LOD

Status:



Core Commodities	Gold, Copper
Price (as at 25-Mar-04)	\$0.09
Market Cap (\$M)	2.8
Cash (\$M)	1.2
Cash / Share (\$)	0.04
Turnover (\$M pa)	0.4
Top Shareholders	
John McCawley	16.4%
Patrick and Maria Barron	9.7%
Foxcorp Holdings	6.4%

Summary activity for the current quarter		Quantity	Budget
Soil/Rock Chipping			
RAB			
RC/Diamond	6 holes/1200 metres		\$0.132M
Assays		800	\$0.009M
Geophysics	high precision gravity & magnetics		\$0.033M
Other	geological mapping		\$0.024M
Total Expenditure			\$0.20M

Exploration Project 1: Mount Morgan South

Location	Mount Morgan QLD	This Project area covers 20km of mapped and inferred 'mine corridor' volcanics and their equivalents. The prospective corridor is overlain by younger volcanics and is being explored with deep-penetration airborne electromagnetic systems, precision vehicle-borne gravity and diamond tailed RC drilling. The current priority is to confirm and define recently identified reconnaissance gravity anomalies.
Commodity	Gold / Copper	
Style	VHMS / VHMS	
Best Intersection		

Exploration Project 2: Mount Morgan West

Location	Mount Morgan QLD	This Project area covers 5km of a prominent fault that is thought to have influenced deposition of the historic nine million ounce Mount Morgan orebody, located 1500-2000 metres East of Lodestone's ground. Prospective volcanics are partly covered with sandstone and will soon be explored with precision gravity, magnetics, and diamond drilling. Fieldwork commenced March 17.
Commodity	Gold	
Style	VHMS / Epithermal	
Best Intersection		

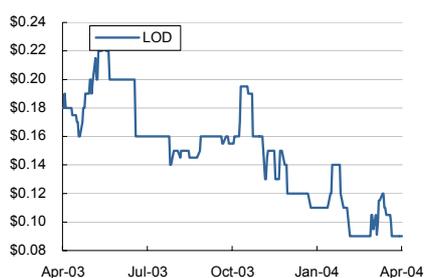
Exploration Project 3: Mount Morgan North

Location	Mount Morgan QLD	This Project area includes historic gold workings; Midas, Turner and others, in a belt that extends from 3km to 10km North of Mount Morgan. This is the most recently acquired ground and will be explored later this year with heliborne geophysics, precision gravity and diamond drilling.
Commodity	Gold	
Style	VHMS / Epithermal	
Best Intersection		

Aegis Equities Comments

- **Projects:** LOD's clear focus is on the search for new ore bodies in the Mount Morgan gold/copper region of Queensland. Modern airborne EM survey techniques are being employed in the region as part of the first-ever large-scale exploration of the region south-east of Mount Morgan. Additional ground is also being acquired; since listing in March 2003, 425 sqkm have been added, an increase of 65%. Drill testing of Ulam and other targets will be carried out in the first half 2004.
- **Potential:** The Mount Morgan ore body was Australia's premier volcanic-hosted massive sulphide (VHMS) deposit, which yielded 9.4Moz of gold and 360Kt copper. VHMS deposits usually occur as clusters and rarely in isolation, making the existence of similar deposits in the area likely. BHP recognised the potential of the area in the 1990's and carried out airborne surveys but decided to let its holdings revert to LOD. BHP retains an alliance with LOD over original nine tenements.
- **Overall:** In pursuing the company's clear strategy of exploring the Mt Morgan environs, acquiring new ground and identifying targets, LOD has become the largest tenement holder in the district. It places the company in an excellent position to search for another Mt Morgan. This is a captivating concept, modeled on similar situations overseas, that lends itself to this area, one that has not been systematically explored on a large scale in modern times. It has a reasonable level of cash at present.

Share price performance



Source: Bloomberg



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