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LOD - COMPANY ANNOUNCEMENT

Lodestone Exploration acquires new tenements

Lodestone Exploration's Board has today confirmed it has applied for two new tenements, extending its exploration area by 231 square kilometres to the north, east and west of the historic Mount Morgan mine.

The Queensland based junior explorer now has a tenement area of more than 850 square kilometres, commencing three kilometres outside the historic gold and copper mining town of Mount Morgan in Central Queensland.

The Company has also completed Phase I of its exploration program and will commence Phase II of the exploration program later this month.

Lodestone Chairman, Mr John Shaw said the new tenements were acquired as a result of the recommendations of an independent regional review commissioned by the Company.

He said they provided further exploration prospects for investigation and added to Lodestone's strategic tenement portfolio around the historic Mount Morgan mine.

"As part of the independent review process, the Company identified these new tenement areas that include new prospects warranting geophysical and geological investigation.

"By extending our tenement area, we are increasing the potential for further electromagnetic (EM) anomalies and the possibilities for a new economic discovery in the future.

"We applied for additional ground to cover a possible northern extension of the Mine Series Volcanics that host the Mount Morgan mine. The new area has an excellent structural setting and a number of small historic gold prospects. Part of the new tenement area includes a small gold occurrence that might be significant in indicating associated Mount Morgan-style mineralisation," he said.

Mr Shaw said the results from Phase I of the exploration program, which included a short program of shallow holes to investigate four EM conductor anomalies, had assisted in understanding the local geology and provided valuable data for the development of a Phase II drilling plan.

He said while no significant mineralisation was encountered in the shallow Phase I drilling program, the results provided the information required to progress to Phase II of the program.

"The Phase I program focused on three EM anomalies and drilled a total of 992 metres. We found the cover rocks at two sites were deeper than expected.

"While data retrieved so far has not conclusively explained those anomalies, we anticipate further exploration and deeper drilling will provide more conclusive information."

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Mr Shaw said Lodestone's Phase II exploration program, due to commence later this month, would include follow-up drilling on Phase I targets, drilling of three additional EM anomalies, and ground EM surveys.

He said Phase II would attempt to learn more about the source of selected conductors and contribute further to the overall geological model.

"We also plan to conduct a heliborne EM survey in less-accessible terrain held by Lodestone some three to five kilometres south of the Mount Morgan mine," he said.

"Through the use of airborne EM survey techniques, Lodestone has previously discovered more than 15 significant EM anomalies in our existing tenement area. As part of the recent review process, we have re-ranked and assessed those anomalies to help us plan for future drilling programs."

ENDS

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LODESTONE EXPLORATION - FACTS

- Lodestone Exploration (LOD) is an Australian listed junior explorer, founded in 1996.
- The Company was founded to identify and investigate potential economic blind ore bodies in a prospective gold-copper region south of Mount Morgan in Central Queensland.
- The original Mount Morgan ore deposit was Australia's premier volcanic-hosted massive sulphide deposit. The original mine yielded 9.4 million ounces of gold and was described as one of the largest mountains of gold ever discovered.
- In other countries, satellite deposits have been discovered around similar ore bodies. Until recently, the limitations of available technologies meant that the detection of conductors that may include similar satellite deposits under thick cover rocks in the Mount Morgan area wasn't possible.
- Lodestone has been able to leverage the advances made in airborne electromagnetic survey techniques to conduct the first-ever, large-scale exploration of the region south-east of the original Mount Morgan deposit.
- The Company has deployed modern airborne electromagnetic survey equipment, including GEOTEM, HOISTEM and TEMPEST systems.