



**Lodestone Exploration Limited**

ABN 20 075 877 075

[www.lodestonex.com](http://www.lodestonex.com)

**ASX Release**  
**3 May 2006**

**ASX Code**  
**LOD**

---

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
**SYDNEY NSW 2000**

### **Lodestone earns into Karinya Zinc Project, South Australia**

- **in resurgent Kanmantoo Trough metals hot spot**

Lodestone Exploration Limited (Lodestone) has acquired an option over a majority interest in the Karinya Zinc Project in the resurgent base and precious metals region of Kanmantoo in South Australia.

Karinya is situated 80 km north-east of Adelaide in an area with well-developed infrastructure. There is a railhead nearby and the major lead-zinc smelter refinery at Port Pirie is 200 km away by rail.

The Kanmantoo Trough, Australia's oldest mining province, is now a base and precious metals hot spot where new and revived mines are currently being planned and exploration activity increased.

Terramin's Angas zinc-lead-silver-gold deposit is scheduled for production next year, and the reopening of Hillgrove's historic Kanmantoo copper-gold open cut mine is in pre-feasibility study together with an expanded underground operation.

Exploration by the South Australian Government has established the presence of zinc, lead and silver at Karinya as part of the widespread lead-zinc mineralisation within the Lower Kanmantoo Group in which the Karinya Shale is located.

Previous exploration in the Karinya Shale resulted in zinc-lead gossans assaying up to 17% zinc; follow up drill holes yielded intersections of two metres at 8.1% zinc, 2.37% lead and 33 ppm silver and 12 metres at 1.53% zinc and 0.45% lead.

Sedex Minerals Pty Ltd ("Sedex") has identified attractive zinc targets in the same prospective belt. Sedex's Karinya Project contains abundant pyritic black shales, stratigraphic gossans with anomalous geochemistry, complex structures, and other features indicative of a classical shale hosted lead-zinc environment similar to that of the major zinc-lead deposits of Mount Isa, Sullivan (Canada) and Red Dog (Alaska)."

Lodestone will issue two million one year five cent options, and may issue an additional 7.5 million shares, or 5 million shares plus \$250,000, and spend \$500,000 on the project over two years to earn 70% equity in Sedex Minerals Pty Ltd whose sole asset is the Karinya project.

#### About Lodestone

Brisbane-based Lodestone explores in the well-known Queensland gold producing areas of Mount Morgan, Mount Chalmers, Cracow and Maytown using advanced exploration techniques aimed at blind geophysical targets masked by thick cover rock. While maintaining this initial high risk, high reward approach, the company has recently broadened its exploration strategy to encompass targets that can be defined more rapidly: last month with a farm-in to the Bocoilima Gold Project near Gladstone, Queensland, and now this option over the Karinya Zinc Project near Kanmantoo, Lodestone's first project outside Queensland.

Yours faithfully,

A handwritten signature in black ink that reads "John McCawley". The signature is written in a cursive, flowing style.

John McCawley  
Executive Director  
jmccawley@lodestonex.com