



Lodestone Exploration Limited

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**Lodestone Exploration Limited announces Karinya Farm-In
Agreement**

Lodestone Exploration Limited (Lodestone) is pleased to advise that it has signed a Farm-in Agreement with Sedex Minerals Pty Ltd (Sedex) in which Lodestone may acquire up to 70% of Sedex's Karinya Zinc-Silver Project 80 kms north-east of Adelaide.

This agreement replaces Lodestone's option to earn up to 70% of Sedex, announced on 3 May 2006, and offers a direct interest in the project on similar terms.

Lodestone has the right to earn a 51% interest in the project by spending \$500,000 on exploration within approximately 12 months, and issuing 5 million Lodestone shares.

The Company may then acquire an additional 19% interest in the project by issuing 2.5 million shares or paying Sedex \$250,000, at Sedex's choice.

Sedex's Karinya Project exhibits 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).

Yours faithfully,

John McCawley
Executive Director
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