



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

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The Manager
Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam

MOUNT MORGAN PROJECT : MIDAS PROSPECT UPDATE

Lodestone has confirmed significant gold-copper mineralisation at the Midas Prospect, three kilometres north-west of the former Mount Morgan Open Pit. A total of 85 rock chip samples was collected. Results are listed in Table 1 and locations shown in Figure 1. Previously announced rock chip samples from earlier exploration at the Midas workings returned gold and copper assays up to 89 g/t and 6% respectively.

Literature research indicates the Midas–Clanricarde line of workings were sporadically active between 1890–1948. Total recorded production is 1,920 oz from 1,301 tons of ore (45.9 g/t) with an additional 416 oz recovered from tailings. An approximate total of 5.5 tons of copper was also produced (0.4%). Mineralisation consists of narrow quartz veining (records indicate 6" to 1 ft wide) within strongly chloritic andesitic volcanics.

Lodestone's sampling confirms that gold and lesser copper values up to 103 g/t gold and 3.45% copper occur along the two main structures trending north-east and north-south for approximately 650 metres and 350 metres respectively. The north-east structure trends underneath Jurassic cover to the north-east and appears to be truncated by the mineralised north-south structure at its western end.

Further geological mapping and interpretation are required to understand if the host lithologies are part of the Mount Morgan mine sequence.

An initial program of approximately 1000 metres RC drilling is scheduled in the first quarter of 2007.

Yours faithfully

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Mr Michael Seed B.Sc (App Geol) MAusIMM, a consultant geologist to Lodestone Exploration Limited, has over 25 years experience in mineral exploration. He has more than five years relevant experience in the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code of Reporting of Exploration Results". Mr Seed consents to the inclusion in the announcement of the matters based on information in the form and context in which it appears.

TABLE 1 : MOUNT MORGAN PROJECT : MIDAS PROSPECT UPDATE

Sample ID	Copper ppm*	Gold ppm**	Sample ID	Copper ppm*	Gold ppm**	Sample ID	Copper ppm*	Gold ppm**
MM01	4,730	12.05	MM29	-	-	MM63	329	1.26
MM02	-	-	MM30	-	-	MM64	-	-
MM03	376	✓	MM31	-	0.13	MM65	282	✓
MM04	-	0.41	MM32	-	-	MM66	-	-
MM05	-	0.53	MM33	-	-	MM67	-	-
MM06	-	-	MM34	-	-	MM68	-	-
MM07	371	12.35	MM35	-	-	MM69	-	-
MM08	-	2.95	MM36	-	-	MM71	-	-
MM09	-	4.71	MM37	-	-	MM72	-	0.24
MM10	-	0.19	MM38	-	2.45	MM73	-	0.33
MM11	691	22.7	MM39	4,130	19.05	MM74	-	-
MM12	+10,000	1.59	MM40	-	-	MM75	-	-
MM13	1,650	5.40	MM41	602	-	MM76	-	-
MM14	3,240	2.79	MM42	-	✓	MM77	-	-
MM15	-	0.45	MM43	3,270	4.83	MM78	-	-
MM16	-	6.23	MM44	-	-	MM79	-	-
MM17	-	✓	MM51	-	✓	MM80	-	-
MM18	-	-	MM52	-	-	MM81	-	-
MM19	-	2.86	MM53	-	-	MM82	-	✓
MM20	-	-	MM54	-	-	MM83	-	-
MM21	460	0.23	MM55	-	-	MM84	-	-
MM22	-	-	MM56	-	-	MM85	-	-
MM23	-	-	MM57	-	-	MM86	-	-
MM24	1,160	-	MM58	-	-	MM87	-	-
MM25	-	-	MM59	-	-	MM88	-	0.2
MM26	-	-	MM60	-	0.52	MM89	608	1.13
MM27	+10,000	103	MM61	-	-	MM90	-	✓
MM28	330	0.17	MM62	1,590	2.08	MM91	-	-
						MM92	-	-

Note 1: One ppm Gold equals 1.0 gram per tonne

Note 2: Gold values above 0.10 ppm are itemised. Those between 0.05ppm and 0.10ppm are flagged with a tick

Note 3: Copper values above 250ppm are tabled

