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**HIGH QUALITY DRILL TARGETS IDENTIFIED FOLLOWING SUCCESSFUL  
SURVEYS AT KARINYA ZINC-LEAD-SILVER PROJECT**

Geophysical surveys at the Frankton Prospect in Lodestone's Karinya Zinc-Lead-Silver Project have identified two high-quality targets for drilling. These will be drilled as soon as a rig can be mobilised, probably early in May.

At the Karinya Project, 80 kilometres north-east of Adelaide, Lodestone is exploring in the Kanmantoo Trough, Australia's oldest mining province. The company is targeting stratabound mineralisation within the Karinya Shale, part of the Lower Kanmantoo Group which hosts lead-zinc and copper deposits. Lodestone can earn up to 70% in a farm-in.

A detailed airborne magnetic and radiometric survey and ground gravity and electromagnetic (EM) surveys have been completed at the Frankton Prospect at Karinya. The EM survey has outlined two strong anomalies (conductors) which are essentially coincident with two magnetic low features. A plan showing the results of the EM and magnetic surveys is attached.

Modelling of the EM survey results indicates that the southern conductor dips westerly and plunges or deepens in a northerly direction. Modelling of the magnetic data indicates a magnetic feature with a similar plunge but possibly at a greater depth.

At its southern extremity, the conductive body appears to be approximately 250 metres wide at a depth of at least 100 metres and it appears to plunge at a moderate angle to a depth of 300 metres to 400 metres below the surface. For a significant part of its strike length, the location of the conductive body is coincident with a gravity anomaly.

Conductive Karinya Shale is a possible explanation of the conductor. However the localised nature of the conductor, its apparent northern plunge, and its coincidence with a magnetic and a gravity anomaly, suggest another explanation. The old Frankton Zinc-Lead-Silver Prospect, shown on geological maps of the area, is located approximately at the position of the southern EM anomaly. These old workings have apparently been covered by farming activities.

The northern conductor appears to be deeper than the southern conductor. Its top is probably at least 300 metres below the surface. It is roughly similar in size to the southern conductor. Further modelling of this anomaly is to be completed.

The northern anomaly is approximately coincident with a broader more deeply sourced magnetic anomaly (see attached plan).

The two conductors are separated by cross structures and are possibly related.

Five drill holes, totalling 1000 metres or more, will target the southern conductive body and associated magnetic anomaly. And at least three holes, totalling 1500 metres, will target the northern conductive body.

Data sets underpinning this drill program were collected by:

- [www.uts.com.au](http://www.uts.com.au) Magnetic Data, January, 2007
- [www.daishsat.com](http://www.daishsat.com) Gravity Data, January and February, 2007
- [www.outer-rim.com.au](http://www.outer-rim.com.au) Electromagnetic Data, March and April, 2007

The successive aeromagnetic gravity and electromagnetic surveys were designed, managed, and interpreted by Dr Jovan Silic. [www.flagstaff-geoconsultants.com.au](http://www.flagstaff-geoconsultants.com.au)

Yours faithfully,



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