



ASX Release
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The Manager
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EXPLORATION UPDATE

Outlines of exploration during the past month, and plans for the six weeks to 31 July 2007, follow:

Drilling began on 11 June 2007 at the South Australian Karinya Zinc-Lead-Silver Project; where Lodestone can earn up to 70% equity. Drill Hole One was stopped at 60 metres because of technical difficulties, and restarted nearby as Drill Hole One A with a programmed depth of 200 metres.

At least three drill holes, each 200 metres deep, will test the shallow end of the southern geophysical target where high conductivity overlies a magnetic low. These holes will be drilled by the rig that is now on site.

Two drill holes, each of 350 metres, will target the gravity anomaly and underlying magnetic low 300 metres north of Drill Hole One.

Two similar drill holes will explore coincident electromagnetic and magnetic features between 2000 and 2300 metres north of Drill Hole One.

The tempo and length of this drill program is dependent on ground conditions, penetration rates, and on the availability of a heavy rig to drill the 350 metre holes. This rig's deployment timetable is not yet known. Moreover, the number and depth of holes will vary according to outcomes.

An induced polarisation geophysical survey and additional geological mapping was carried out in May at the Bocoilima Project's Springlands Zinc Prospect near Gladstone; where Lodestone can earn up to 51%. Consultants' reports on this work are due shortly.

Geological mapping and geochemical sampling at the Limestone Creek Copper-Gold Project (100% Lodestone) is underway.

VTEM survey data collected at Lodestone's Mount Morgan Project in May has been checked and accepted. Detailed interpretation begins in early July.

As in the past month, Lodestone's main focus in the next six weeks will be on the Karinya, Mount Morgan, and Limestone Creek Projects.

Yours faithfully,

John McCawley
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