



# LODESTONE

**Lodestone Exploration Limited**

*Exploring the Mount Morgan metals  
district with advanced technologies*

Annual General Meeting 2003

# Overview

- Mount Morgan was historically Queensland's premier Gold mine, producing more than 9.5 million Oz
- Traditionally, these types of deposits occur in clusters
- Lodestone is seeking similar deposits in the local area using advanced technologies under the wide spread cover rock in the target areas

## **Presentation Overview**

- Strategy & Objectives
- Milestones / Exploration Work To Date
- Results & Implications
- Future Programs

# Mt Morgan –The Target



World class gold-copper deposit

*“Australia’s premier VHMS deposit”*

**“....find another Mount Morgan VHMS deposit”**

- 9.5 million Oz gold produced
- Average 5 g/t Au
- 360,000 tonnes Cu
- 1.6 million Oz Silver
- Gross Value  
> A\$6.4billion

Deposit	Au Grade g/t	Million Oz Au
Kalgoorlie	4.3	54
Telfer	1.3	26
<b>Mount Morgan</b>	<b>5.0</b>	<b>9.5</b>
Boddington	1.4	8.6
St Ives	3.7	6.4

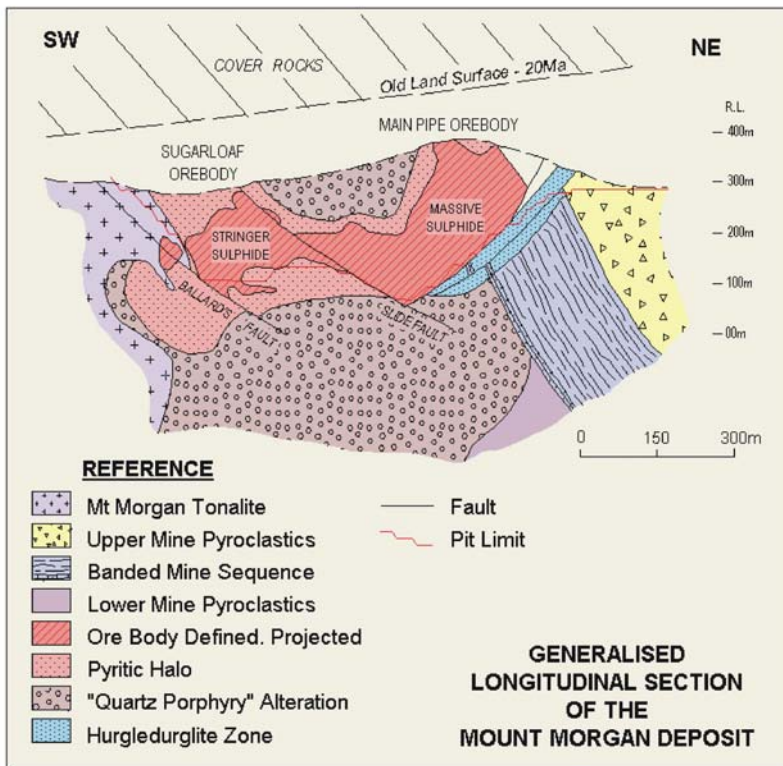
# Lodestone's Strategy

During the past year your Board has maintained its focus on the Company's exploration strategy within the Mount Morgan area, with our four objectives continuing to be:

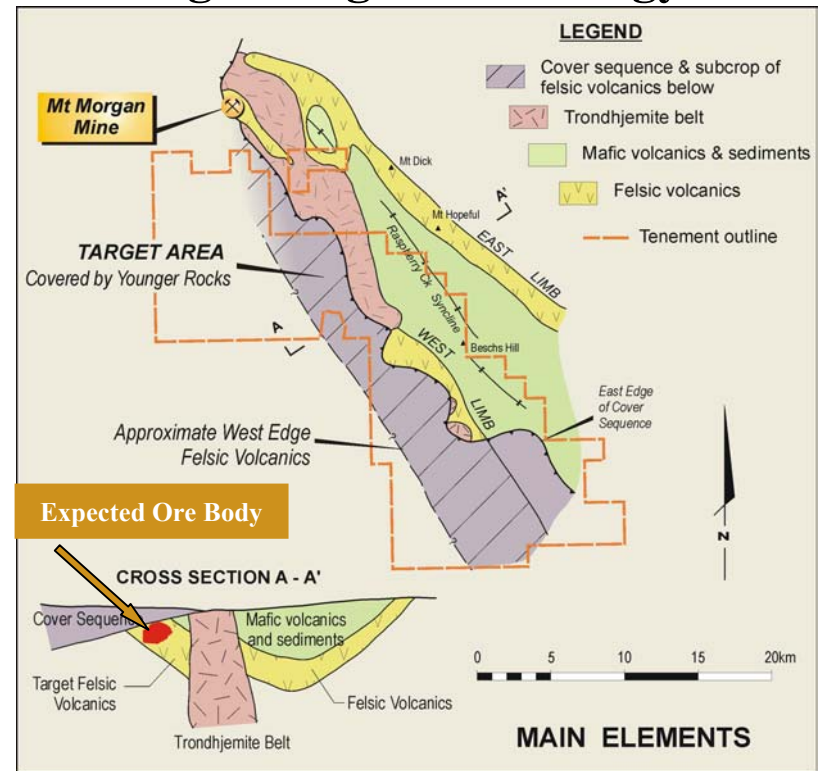
- Discovering major gold and/or gold-copper deposits similar to Mount Morgan
- Generating drill targets by using advanced exploration tools and concepts
- Enhancing our strategic tenement holding in the Mount Morgan region
- Maintaining, where possible, a tight capital structure intended to maximise shareholder wealth in the event of exploration success

# VHMS Deposit

## Mt Morgan Cross-Section



## Mt Morgan Regional Geology



- Prior exploration restricted by overlying cover rocks and the prior limitations of exploration technology.

# 2003 Milestones

In line with strategic objectives, Lodestone achieved some significant milestones during the year:

- Capital base was broadened and strengthened
  - successful \$2.5 million raising introduced 450 new shareholders to the register
- Undertook a comprehensive assessment of its tenements
  - completed TEMPEST airborne geophysical survey, ground gravity and ground electromagnetic surveys
- Two drilling programs were completed
  - six readily accessible electromagnetic targets were drilled
  - The results assisted in the understanding of the local geology and provided valuable data for the development of future programs
- Three additional tenements were acquired in Central Queensland
  - covers some 240 square kilometres, and offers prospective geological targets

# 2003 Program Summary



## PHASE 1 DRILLING PROGRAM

- 7 drillholes for 944.4 metres on 4 priority EM targets
- No significant mineralisation
- Results advanced our understanding of local geology and provided data for development of ongoing programs

## PHASE II PROGRAM

- 15 line km ground EM to define Tempest targets
- 4 drillholes for 623 metres on 3 priority EM targets
- Prospective basement rocks intersected in 2 drillholes...at +190m depth
- Ground gravity survey over ~175 km<sup>2</sup>

## TARGET GENERATION

- Engagement of consultants to progress new target generation
- New tenement applications over 240 square km covering Mt Morgan and Mt Leyshon/Kidston type targets to the W, N and E of Mt Morgan

## BHP BILLITON ALLIANCE

- Access to specialist technology and expertise from a strategic alliance with BHP Billiton on the Mount Morgan project

# MOUNT MORGAN PROJECT WORK PROGRESS



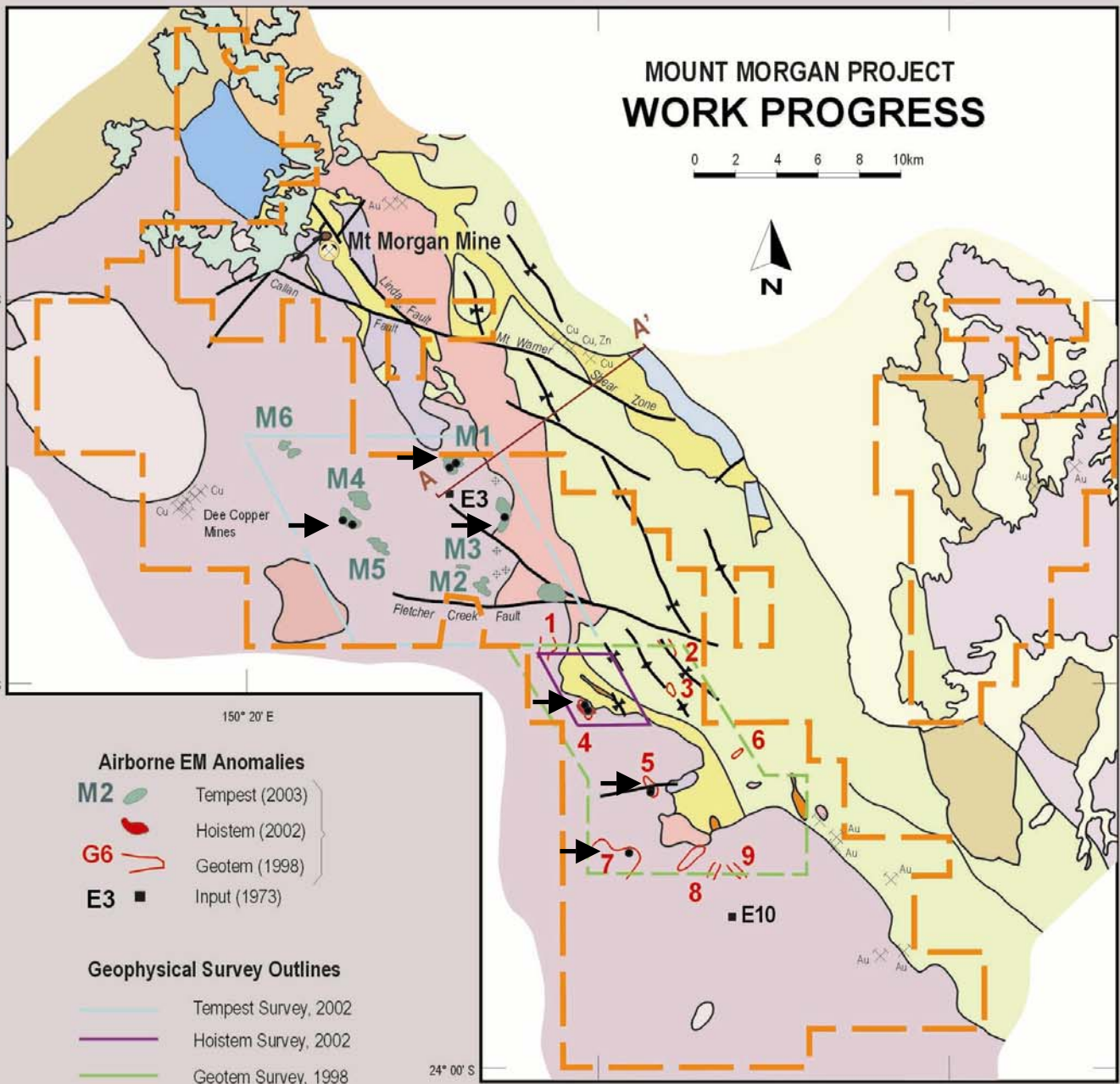
## GEOLOGICAL REFERENCE

- QUATERNARY**
  - Alluvium
- JURASSIC**
  - Precipice Sandstone
- CARBONIFEROUS - PERMIAN**
  - Sediments
- DEVONIAN - CARBONIFEROUS**
  - Sediments, andesitic flows and pyroclastics including Mount Hoopbound Formation
  - Sandstone, siltstone, conglomerate
- MIDDLE DEVONIAN VOLCANIC SUITE**
  - Capella Creek Group*
    - Mafic volcanoclastics & flows, dacites & sediments - Raspberry Creek Formation
    - Sodic rhyolitic volcanoclastics - includes Mine Corridor volcanics
  - Siltstone
- INTRUSIVE ROCKS**
  - Sugarloaf intrusion
  - Permian granodiorite
  - Bouldercombe intrusions
  - Trondhjemite
  - Mount Morgan Tonalite
  - Permo-Triassic granitoids

- Fault
- Fold Axis - Anticline
- Fold Axis - Syncline
- Silicified rhyolite and pyritic breccia
- Au X Prospect
- + Percussion drill hole, BHP (1983)
- Lodestone drill hole (2003)

- Airborne EM Anomalies**
- M2 ● Tempest (2003)
- G6 ● Hoistem (2002)
- E3 ■ Input (1973)

- Geophysical Survey Outlines**
- Tempest Survey, 2002
- Hoistem Survey, 2002
- Geotem Survey, 1998



23° 40' S

23° 40' S

23° 50' S

23° 50' S

150° 20' E

24° 00' S

24° 00' S

150° 30' E

150° 40' E

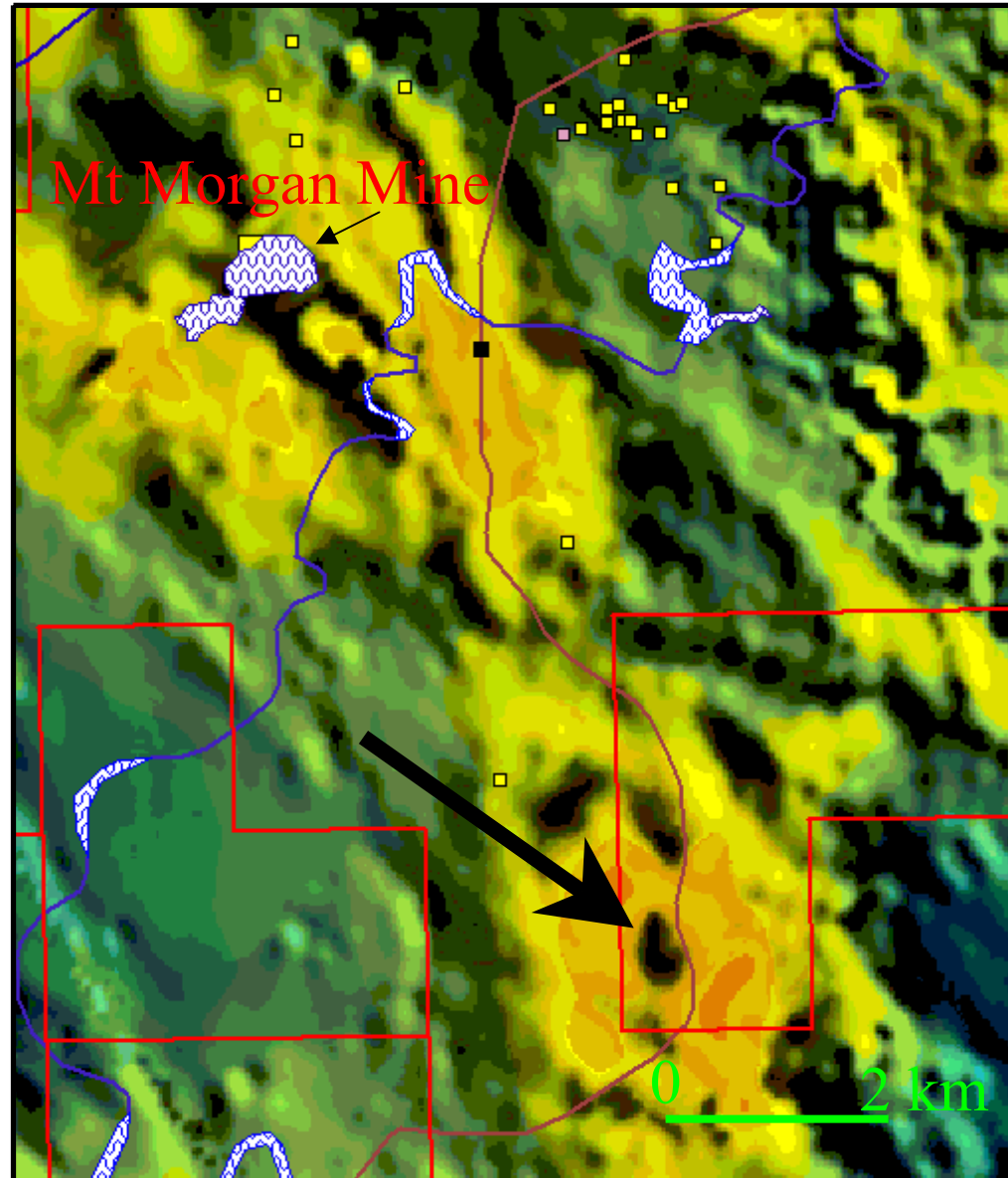


# Future Work Planned

- Drill test Hamilton Ck November 2003
- Interpret gravity results November 2003
- Ground geophysics Ulam Early 2004
- Drill test Ulam target Early 2004
- Drill test gravity targets Early 2004
- Continue target generation Ongoing

# Hamilton Creek Target

- Magnetic signature similar to Mt Morgan. Classic for intrusion-related mineralisation
- Discrete magnetic low
- Within interpreted prospective rock sequence
- Covered by transported creek alluvium (~20m) in broad valley
- Anomalous Copper & Gold in soils on flank of adjacent hill to NW



# Ulam Target – EPM 13743

- Classic magnetic signature intrusion-related gold
- Discrete magnetic low with magnetically active rim (?alteration)
- Historic gold production from Queenslander Gold Mine
- Covered by transported creek alluvium (~20m) with historic alluvial gold production

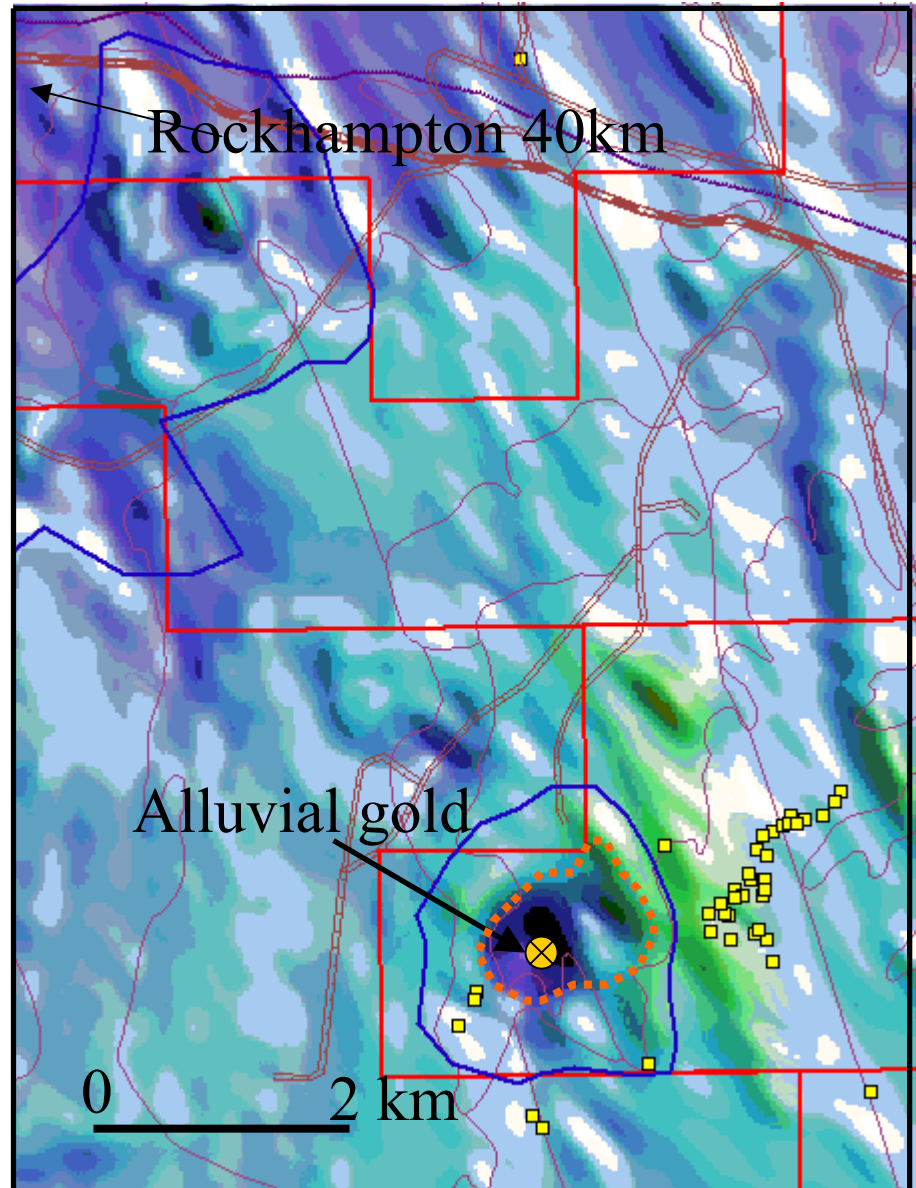


Image: colour TMI wetlook magnetics  
Lodestone tenements in red outline  
Thin line is outcrop extent  
Yellow squares: old gold workings

# Budget Tracking

- Two year planned program
  - (March 2003 to March 2005)
- Exploration spend is on-track with forecast budget

<i>\$'000</i>	<b>Year 1 (to 3/2004)</b>	<b>* Actual to date (9/2003)</b>	<b>Year 2 (to 3/2005)</b>	<b>Total Planned</b>
Exploration Program	994	524	669	1,663
Corporate Overheads	293	157	292	585
Cost of Public Offer	290	290	0	290
<b>Total Expenditure</b>	<b>1,577</b>	<b>971</b>	<b>961</b>	<b>2,538</b>

\* \$ amount for first six months spent since listing in March 2003