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COMPANY ANNOUNCEMENT

LODESTONE ON TARGET TO DRILL

After a successful capital raising and stable debut on the ASX in March, Lodestone is ready to move forward with the commencement of its drilling program and has appointed Underground Diamond Drilling (UDD) and Terra Search as contractors for the first phase of the project.

UDD will commence the drilling program at the Mount Morgan project by the end of April 2003.

Lodestone chairman Mr Shaw said that in the first phase of the drilling program, four or five electromagnetic (EM) targets would be drilled, using reverse-circulation and diamond drilling.

He said the program would initially focus on these drill targets and commence additional aerial surveys of our tenement area that have been previously unexplored using the latest, advanced technologies.

"The results from this initial drilling investigation will provide data for the refinement of our geological model.

"These initial investigations will deepen our understanding of the area, which will in turn, improve our prospects for a commercial discovery in this prospective geological belt.

"We expect the drilling program to take six weeks to complete, and we intend to report on the program after the results have been received," he said.

Mr Shaw said that exploration management and logistics firm, Terra Search had been contracted to carry out the preliminary field work and site preparation as well as drilling supervision.

He said Terra Search commenced the initial preparation work in the field last week, in readiness for the drilling program to begin later this month.

Lodestone Exploration (LOD)

Lodestone is an Australian gold and base metals exploration company with strategically located tenements in Central Queensland. The junior explorer has a tenement area of more than 600 square kilometres, commencing 3 km outside the historic gold and copper mining town of Mount Morgan. The Company has a formal exploration alliance with BHP Billiton for its Mount Morgan project.

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