



Lodestar Minerals Limited

ABN 32 127 026 528

Registered office

Level 2, 55 Carrington Street
Nedlands WA 6009

Postal address

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Nedlands WA 6909

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Website

www.lodestarminerals.com.au

13 February 2013

ASX Limited

Electronic lodgement

Dear Sir / Madam

DECEMBER 2012 INTERIM FINANCIAL REPORT

We attach the Interim Financial Report for Lodestar Minerals Limited for the six months ended 31 December 2012.

Yours faithfully

Lodestar Minerals Limited

David McArthur
Director

LODESTAR MINERALS LIMITED

ABN 32 127 026 528

INTERIM FINANCIAL REPORT

31 DECEMBER 2012

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COMPANY DIRECTORY

DIRECTORS AND COMPANY SECRETARY:

Tim Clifton

Non-executive Chairman
Appointed 1 May 2012

William Clayton

Managing Director
Appointed 2 November 2007

David McArthur

Executive Director and Company Secretary
Appointed 13 August 2007

Mark Pitt

Non-executive Director
Appointed 13 August 2007

REGISTERED OFFICE:

Level 2
55 Carrington Street
NEDLANDS
WA 6009

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PRINCIPAL OFFICE:

Level 2
83 Havelock Street
WEST PERTH
WA 6005

Telephone: 51 8 9481 5455
Facsimile: 51 8 9481 5466

SHARE REGISTRY:

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

BANKERS:

ANZ Banking Group Limited
Business Relationship Banking
Level 6, 77 St George's Terrace
Perth WA 6000

AUDITORS:

KPMG
Level 8
235 St George's Terrace
PERTH WA 6000

SOLICITORS:

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

DOMICILE AND COUNTRY OF INCORPORATION:

Australia

WEBSITE AND EMAIL:

www.lodestarminerals.com.au
info@lodestarminerals.com.au

SECURITIES EXCHANGE:

Lodestar Minerals Limited shares are listed on the
Australian Securities Exchange (ASX) – code LSR

DIRECTORS' REPORT

The directors present their report together with the financial report for the six months ended 31 December 2012 and the audit review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of Directorship
Executive	
William Clayton	Director since 2007
David McArthur	Director since 2007
Non-executive	
Tim Clifton	Director since 2012
Mark Pitt	Director since 2007

PRINCIPAL ACTIVITIES

The principal activity of the Group during the interim period was exploration and evaluation of nickel, copper / gold and other base metal interests.

RESULTS

The net loss of the Group for the interim period after income tax expense was \$405,291 (2011 loss: \$1,222,668).

DIVIDENDS

No dividend was paid during the interim period and the directors do not recommend payment of a dividend.

REVIEW OF OPERATIONS

Lodestar Minerals Limited is a Perth-based explorer with projects in the Peak Hill-Doolgunna and Kimberley regions of Western Australia. The Peak Hill – Doolgunna project forms the core of Lodestar's project portfolio and represents a strategic tenement holding of 2,300 square kilometres covering 120 kilometres of the Jenkin Thrust Belt, a regional fault system that is adjacent to the recently discovered DeGrussa Cu-Au deposit. Lodestar is embarking on an aggressive exploration program to assess the excellent potential of this emerging and under-explored base metal province.

Other than exploration activities over its copper / gold, nickel and other base metal tenements as detailed in the quarterly exploration reports released to the market, and available on the Company's website, there have been no other significant operations by the Group during the six months to 31 December 2012.

REVIEW OF OPERATIONS (continued)

On 25th October 2012, the Company announced that it had placed 40 million shares at 3.5 cents per share to raise \$1.4 million and a 1 for 2 non-renounceable rights issue to shareholders to raise up to an additional \$2.3 million before costs.

A total of 50,375,022 shares were issued pursuant to the entitlements issue (including placement of shortfall) to raise \$1.763 million. A subscription agreement has been signed for the issue of a further 12 million shares at 3.5 cents each to raise a further \$420,000 with such shares to be subscribed for by 7 March 2013. The placement and entitlements issue raised \$3.583 million before costs, and the Company is well funded to carry out the drilling programs planned for the current period and the immediate future.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Lodestar Minerals Limited support and have adhered to the principles of good corporate governance. The Group's corporate governance statement is contained within the 30 June 2012 Annual Report and on the Company's web site.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on the next page and forms part of the directors' report, for the six months ended 31 December 2012.

Dated at Perth this 13th day of February 2013.

Signed in accordance with a resolution of the directors.



WILLIAM F CLAYTON
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Lodestar Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

R Gambitta
Partner

Perth

13 February 2013

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

		31 December 2012 \$	30 June 2012 \$
	Notes		
Assets			
Cash and cash equivalents		2,694,496	1,083,282
Other receivables		107,183	302
Prepayments		81,828	10,811
Total current assets		2,883,507	1,094,395
Other receivables		21,800	25,803
Property, plant and equipment		38,113	36,618
Exploration and evaluation	6	6,594,152	5,759,192
Total non-current assets		6,654,065	5,821,613
Total assets		9,537,572	6,916,008
Liabilities			
Trade and other payables		196,583	202,060
Employee benefits		87,485	63,433
Total current liabilities		284,068	265,493
Total liabilities		284,068	265,493
Net assets		9,253,504	6,650,515
Equity			
Share capital	7	18,750,773	15,767,077
Reserves	7	187,820	472,245
Accumulated losses		(9,685,089)	(9,588,807)
Total equity attributable to equity holders of the Company		9,253,504	6,650,515

The condensed notes on pages 12 to 17 are an integral part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

	Notes	31 December 2012 \$	31 December 2011 \$
Other income		841	25,235
Administrative expenses		(320,136)	(303,347)
Exploration expenditure written off	6	(6,865)	(869,988)
Other expenses		(90,382)	(105,699)
Results from operating activities		(416,542)	(1,253,799)
Finance income		11,251	31,131
Net finance income		11,251	31,131
Loss before income tax		(405,291)	(1,222,668)
Income tax expense		-	-
Loss from continuing operations		(405,291)	(1,222,668)
Loss for the period		(405,291)	(1,222,668)
Other comprehensive loss for the period, net of income tax		-	-
Total comprehensive loss for the period		(405,291)	(1,222,668)
Loss attributable to owners of the Company		(405,291)	(1,222,668)
Total comprehensive loss attributable to owners of the Company		(405,291)	(1,222,668)
Loss per share			
Basic and diluted (cents per share)		(0.31)	(1.30)

The condensed notes on pages 12 to 17 are an integral part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

	Notes	Attributable to equity holders of the Company			Total \$
		Share capital \$	Equity-based benefits reserve \$	Accumulated losses \$	
Balance at 1 July 2012		15,767,077	472,245	(9,588,807)	6,650,515
Total comprehensive loss for the period					
Loss for the period		-	-	(405,291)	(405,291)
Total other comprehensive loss		-	-	-	-
Total comprehensive loss for the period		-	-	(405,291)	(405,291)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares		3,163,125	-	-	3,163,125
Capital raising costs		(179,429)	-	-	(179,429)
Share-based payment transactions		-	(284,425)	309,009	24,584
Total contributions by and distributions to owners		2,983,696	(284,425)	309,009	3,008,280
Total changes in ownership interests in subsidiaries		-	-	-	-
Total transactions with owners		2,983,696	(284,425)	309,009	3,008,280
Balance at 31 December 2012		18,750,773	187,820	(9,685,089)	9,253,504

The condensed notes on pages 12 to 17 are an integral part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

	Notes	Attributable to equity holders of the Company			Total \$
		Share capital \$	Equity-based benefits reserve \$	Accumulated losses \$	
Balance at 1 July 2011		13,706,527	353,543	(3,442,022)	10,618,048
Total comprehensive loss for the period					
Loss for the period		-	-	(1,222,668)	(1,222,668)
Total other comprehensive loss		-	-	-	-
Total comprehensive loss for the period		-	-	(1,222,668)	(1,222,668)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares		2,200,000	-	-	2,200,000
Capital raising costs		(139,450)	-	-	(139,450)
Share-based payment transactions		-	67,009	-	67,009
Total contributions by and distributions to owners		2,060,550	67,009	-	2,127,559
Total changes in ownership interests in subsidiaries		-	-	-	-
Total transactions with owners		2,060,550	67,009	-	2,127,559
Balance at 31 December 2011		15,767,077	420,552	(4,664,690)	11,522,939

The condensed notes on pages 12 to 17 are an integral part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

	Notes	31 December 2012 \$	31 December 2011 \$
Cash flows from operating activities			
Cash receipts from customers		-	23,433
Cash paid to suppliers and employees		(397,090)	(389,475)
Net cash used in operating activities		(397,090)	(366,042)
Cash flows from investing activities			
Interest received		11,143	28,625
Acquisition of property, plant and equipment		(7,232)	(5,117)
Payments for exploration, evaluation and development		(874,301)	(1,076,152)
Net cash used in investing activities		(870,390)	(1,052,644)
Cash flows from financing activities			
Proceeds from issue of shares		3,058,123	2,200,000
Capital raising costs		(179,429)	(139,450)
Net cash from financing activities		2,878,694	2,060,550
Net increase in cash and cash equivalents		1,611,214	641,864
Cash and cash equivalents at 1 July		1,083,282	1,596,099
Cash and cash equivalents at 31 December		2,694,496	2,237,963

The condensed notes on pages 12 to 17 are an integral part of these financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

1. REPORTING ENTITY

Lodestar Minerals Limited (the “Company”) is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiary (together referred to as the “Group”).

The consolidated financial report of the Group as at and for the year ended 30 June 2012 is available upon request from the Company’s registered office at Level 2, 55 Carrington Street, Nedlands, Western Australia, 6009 and is available for review on the Company’s web site.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. It does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual consolidated financial report of the Group as at and for the year ended 30 June 2012.

The condensed consolidated interim financial report was approved by the Board of Directors on 13 February 2013.

(b) Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the condensed consolidated interim financial report are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2012.

No new accounting policies are expected nor will they be reflected in the Groups financial statements as at and for the year ending 30 June 2013.

4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2012.

5. OPERATING SEGMENTS

At the reporting date the Group had two reportable segments, being nickel and copper / gold exploration and evaluation in Western Australia.

Information about reportable segments

	Copper / Gold		Nickel		Total	
	31 December 2012 \$	31 December 2011 \$	31 December 2012 \$	31 December 2011 \$	31 December 2012 \$	31 December 2011 \$
Reportable segment loss before income tax	-	-	(6,865)	(869,988)	(6,865)	(869,988)
Other material non-cash items:						
Impairment loss on exploration and evaluation	-	-	(6,865)	(869,988)	(6,865)	(869,988)

	Copper / Gold		Nickel		Total	
	31 December 2012 \$	30 June 2012 \$	31 December 2012 \$	30 June 2012 \$	31 December 2012 \$	30 June 2012 \$
Reportable segment assets	6,541,979	5,721,705	52,173	37,487	6,594,152	5,759,192
Other material non-cash items:						
Capitalised exploration & evaluation expenditure						
- additions	820,274	2,083,764	21,551	13,191	841,825	2,096,955

5. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment loss and assets

	31 December 2012 \$	31 December 2011 \$
Loss		
Total loss for reportable segments	(6,865)	(869,988)
Unallocated amounts: other corporate expenses	(409,677)	(383,811)
Finance income	11,251	31,131
	(405,291)	(1,222,668)
	31 December 2012 \$	30 June 2012 \$
Assets		
Total assets for reportable segments	6,594,152	5,759,192
Other assets	2,943,420	1,156,816
	9,537,572	6,916,008
Liabilities		
Total liabilities for reportable segments	(59,490)	(108,175)
Other liabilities	(224,578)	(157,318)
	(284,068)	(265,493)

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2012.

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2012 \$	30 June 2012 \$
Costs carried forward in respect of areas of interest:		
Exploration and evaluation expenditure	6,594,152	5,759,192
Movements for the period:		
Exploration and evaluation expenditure		
Opening balance	5,759,192	9,093,821
Additions	841,825	2,096,955
Written off	(6,865)	(5,431,584)
	6,594,152	5,759,192

Exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The ultimate recovery of exploration and evaluation phase expenditure is primarily dependent upon the successful development and commercial exploitation, or alternatively, sale of the areas of interest.

7. CAPITAL AND RESERVES

(a) Share capital

On 5 November 2012 the Company issued 15 million shares at an issue price of 3.5 cents each.

On 3 December 2012 the Company issued 25 million shares at an issue price of 3.5 cents each.

On 12 December 2012 the Company issued 30,303,594 shares at an issue price of 3.5 cents each.

On 20 December 2012 the Company issued 20,071,428 shares at an issue price of 3.5 cents each.

The number of shares on issue at 31 December 2012 was 206,864,499 (31 December 2011: 116,489,477).

Other receivables include \$105,000 of share capital received in January 2013, included in the above issue.

The Company has entered into a subscription agreement for the issue of a further 12 million shares, to be issued at 3.5c each to raise \$420,000. This subscription is to be settled by 7 March 2013. This has not been recognised in the financial statements.

(b) Reserves

The equity-based benefits reserve arises on the grant of equity instruments to key management personnel and consultants.

8. CONTINGENCIES

The Company has no contingent assets or liabilities.

9. COMMITMENTS

Commitments for approved mineral exploration expenditure are scheduled as follows:

	31 December 2012 \$	31 December 2011 \$
<i>Mineral exploration</i>		
Not later than one year	1,017,500	1,084,000

10. SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of Lodestar Minerals Limited (the "Company"):

- (1) the financial statements and notes set out on pages 7 to 17 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance, for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



WILLIAM F CLAYTON
Director

Dated at Perth this 13th day of February 2013.



Independent auditor's review report to the members of Lodestar Minerals Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Lodestar Minerals Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year period ended on that date, accompanying notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lodestar Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lodestar Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in blue ink, appearing to be 'R Gambitta', written over a faint circular stamp.

R Gambitta
Partner

Perth

13 February 2013