



ASX ANNOUNCEMENT

24 February 2014

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS

Bill Clayton, Managing Director
+61 8 9481 5455

Principal Office

Level 2, 83 Havelock Street
West Perth, WA 6005

Registered Corporate Office

Level 2, 55 Carrington Street
Nedlands, WA 6009

PO Box 985
Nedlands, WA, 6909

admin@lodestarminerals.com.au

www.lodestarminerals.com.au

CAPITAL STRUCTURE

Shares on Issue:
222,233,215 (LSR)

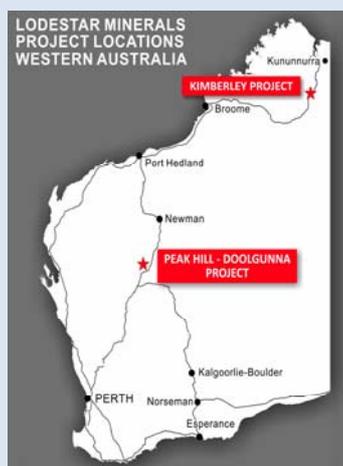
Options on Issue:
9,750,000 (Unlisted)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:
Base metals, gold

Kimberley:
Nickel, copper, PGM's



DECEMBER 2013 INTERIM FINANCIAL REPORT

We attach the Interim Financial Report for Lodestar Minerals Limited for the six months ended 31 December 2013.

For and on behalf of the Board

David McArthur
Director and Company Secretary



LODESTAR MINERALS LIMITED

ABN 32 127 026 528

INTERIM FINANCIAL REPORT

31 DECEMBER 2013

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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

REGISTERED OFFICE:

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55 Carrington Street
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WA 6009

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PRINCIPAL OFFICE:

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Telephone: 61 8 9481 5455
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SHARE REGISTRY:

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Level 2, Reserve Bank Building
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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
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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 2013 and the 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

PRINCIPAL ACTIVITIES

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

RESULTS

The net loss of the Group for the interim period after income tax expense was \$374,829 (2012 loss: \$405,291).

DIVIDENDS

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

REVIEW OF OPERATIONS

Exploration

Lodestar maintained a strong exploration focus on the Neds Creek tenements, targeting sediment-hosted copper, base metal and gold mineralisation, along the northern margin of the Yerrida Basin (Figure 1).

Exploration completed by Lodestar indicates that Contessa forms part of a large gold mineralising system that can be traced along the margins of a granite stock for 5 kilometres. Continued exploration of this zone remains a high priority, with the objective of locating a primary source of gold at Contessa and extending the drilling along strike to test the entire Contessa trend.

A second large gold trend has been identified as a soil lag anomaly extending for 10 kilometres, parallel to the McDonald Well Fault (Figures 2 and 3). Regional magnetic and gravity data suggests that the McDonald Well Fault is a northern extension of major Archaean structures recognised within the Kalgoorlie Terrane to the south. The Kalgoorlie Terrane is a remarkably endowed gold province and host to some of Western Australia's largest gold deposits. The extensive gold anomaly at McDonald Well, associated with a major structure that may extend at depth to Archaean basement, represents a second, high priority gold target.

In-fill geochemical sampling for gold was completed on the Marymia tenement E52/2493. An in-fill surface lag sampling programme was completed over areas in the north of the tenement that are interpreted extensions of the adjacent, mineralised Archaean Plutonic Well and Baumgarten greenstone terranes. Anomalous values of gold, copper and pathfinder elements were reported from the programme and follow up sampling is required.

Lodestar acknowledges the difficulty experienced by junior exploration companies in raising funds to advance early-stage exploration projects and scaled back its exploration activities during the second half of 2013. Nonetheless there is a focus on re-activating gold exploration at Neds Creek and measures to resume activities are being actively pursued.

Other Activities

- In December the Company lodged applications for a number of tenements that lie within highly prospective, mineralised Proterozoic metamorphic belts in Western Australia.
 - **Troy Creek – (Au, Cu)**
 - **Fraser Range - (Ni, Cu)**
- The Fraser Range applications are subject to competition and will be decided by ballot.

REVIEW OF OPERATIONS (continued)

INTRODUCTION

Lodestar’s Peak Hill – Doolgunna project tenements extend for 100 kilometres along the northern margin of the Yerrida Basin (Figure 1), a major terrain boundary within the Doolgunna district. Historic and recent copper discoveries at Thaduna, DeGrussa and Enigma lie adjacent to this margin, reflecting distinct mineralising events within a prospective north east trending volcanosedimentary sequence that continues into Lodestar’s Neds Creek tenements. The sediments of the basin margin share important characteristics with documented sedimentary sequences in major Proterozoic sediment-hosted copper provinces.

Exploration continued at Neds Creek throughout 2013 to define and test several large base metal anomalies with first-pass drilling. Detailed geological mapping has significantly improved our understanding of the regional relationships, confirming that the dolomite-sandstone unit that hosts Sipa Resource’s neighbouring Enigma copper prospect extends into Lodestar’s tenements.

Follow up of gold anomalies in geochemical lag and rock sampling and scout drilling resulted in the discovery of gold mineralisation in aircore drilling at Contessa.

The success at Contessa, which is part of a newly identified, extensive and under explored gold mineralised trend, has necessitated a re-alignment of priorities in order to concentrate efforts on this high priority target.

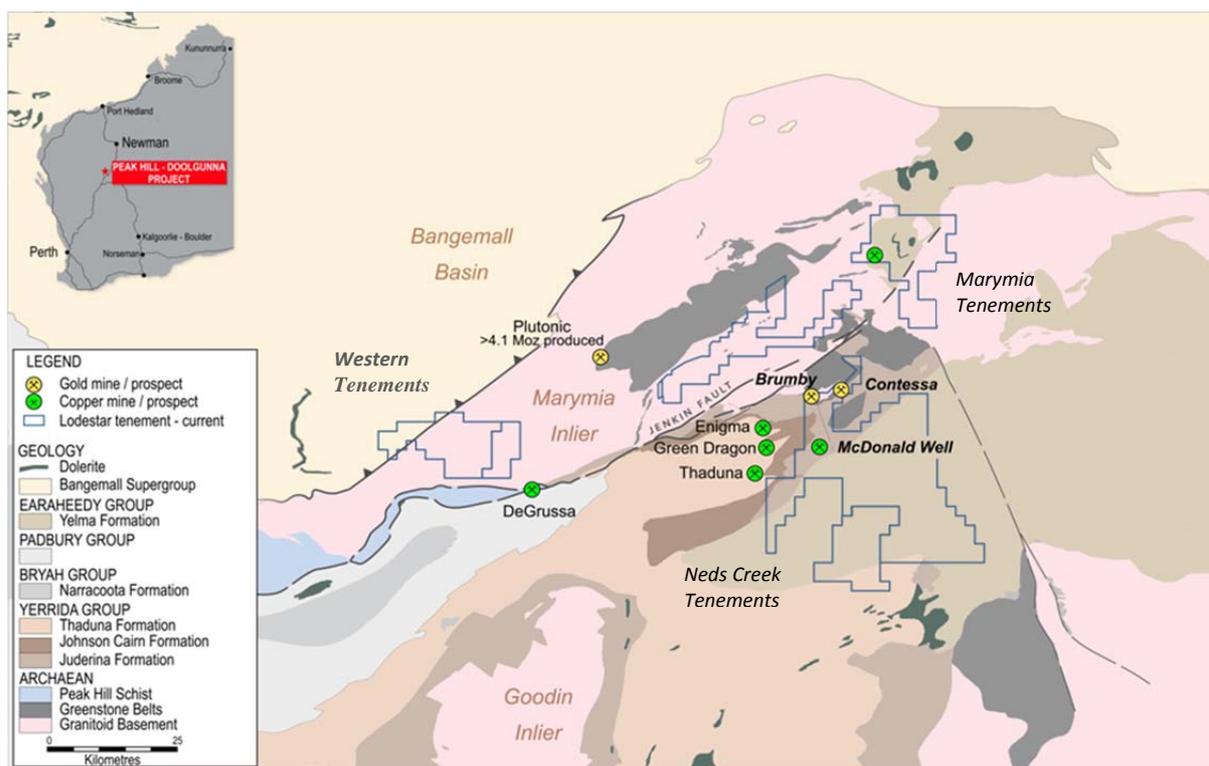


Figure 1 Lodestar's Peak Hill-Doolgunna Project tenements

REVIEW OF OPERATIONS (continued)

PEAK HILL-DOOLGUNNA PROJECT

The Peak Hill-Doolgunna project is located 150 kilometres north east of Meekatharra in the northern Murchison district. The project spans a distance of 100 kilometres in an east north easterly direction, along the northern margin of the Yerrida Basin. The tenements flank the Jenkin Fault zone, a regional deformation zone that marks the northern boundary of the Bryah – Yerrida volcanosedimentary succession against crystalline basement. This zone is a major tectonic boundary that influenced basin architecture and these first-order structures play an important role in the development of the large hydrothermal mineralising systems recognised in major Proterozoic base metal provinces.

Lodestar’s Peak Hill-Doolgunna project is divided into three tenement blocks comprising the Neds Creek, Marymia and Western project areas, having a combined area of 1,469 square kilometres.

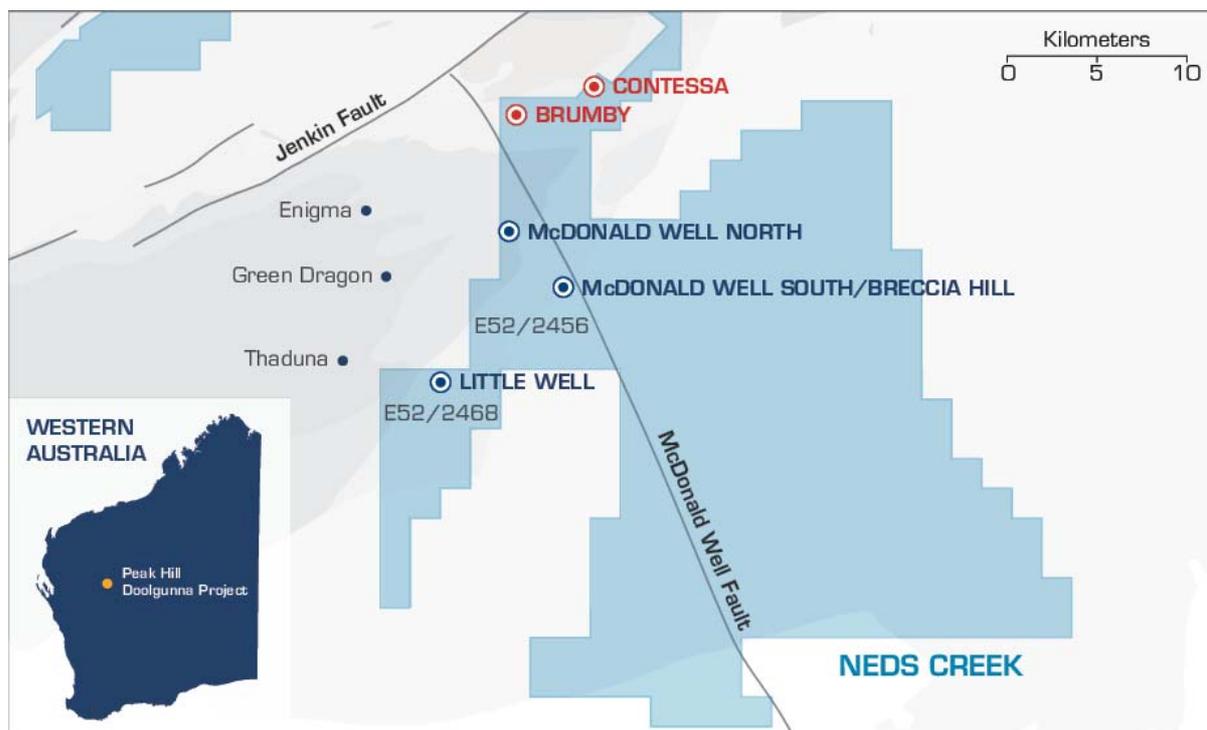


Figure 2 Neds Creek project, showing prospect locations (red=gold, blue=copper)

REVIEW OF OPERATIONS (continued)

PEAK HILL-DOOLGUNNA PROJECT (continued)

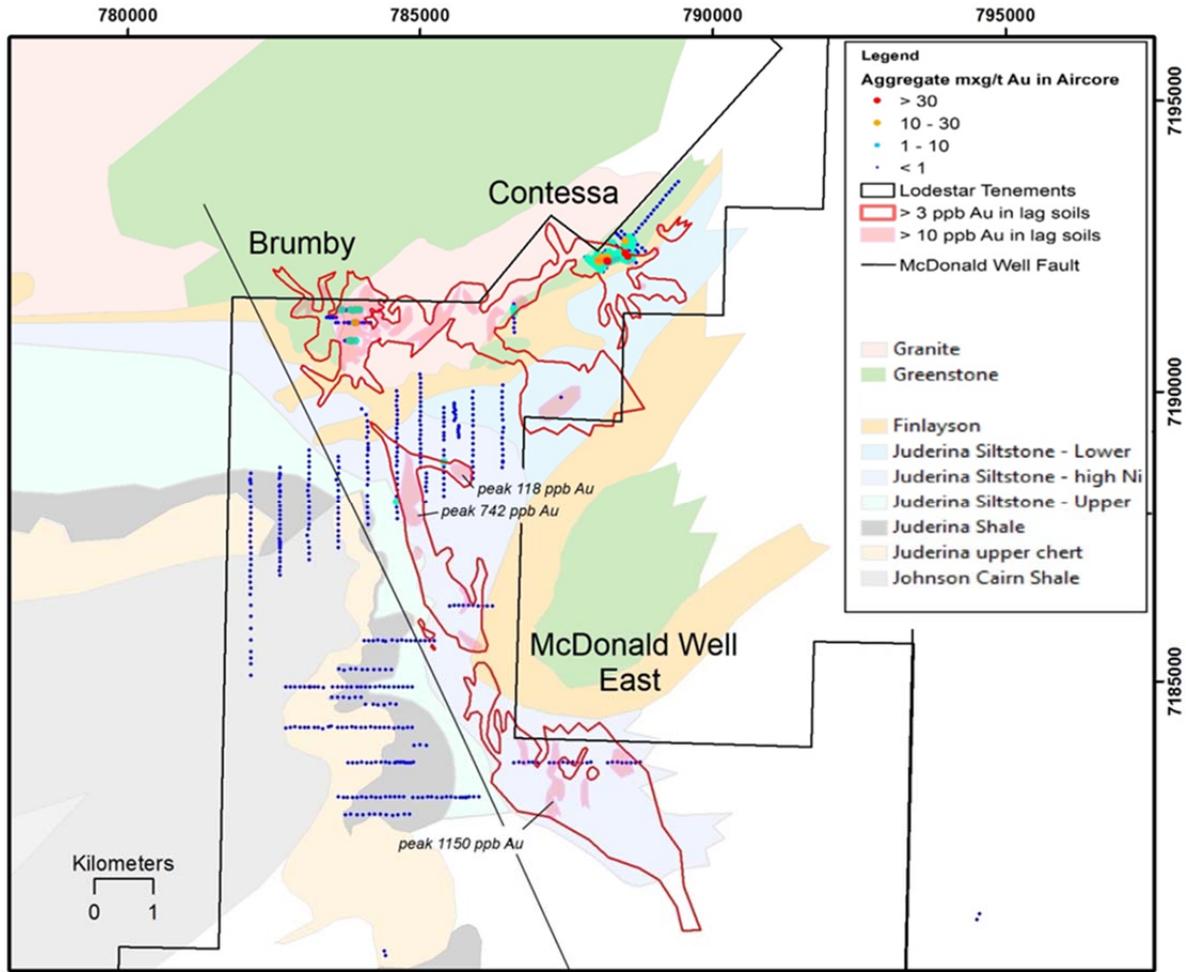


Figure 3 McDonald Well East gold anomaly aligned with the McDonald Well Fault (MGA94 Zone 50)

MARYMIA

A total of 163 surface lag samples were collected to in-fill anomalies reported from regional, 1 kilometre spaced, sampling (See LSR's ASX announcement dated 30th October 2013). The sampling in-filled the grid to 500m x 500m. Results of the sampling were encouraging, with samples reporting maxima up to 17ppb gold, 353ppm Cu, 87ppm As and 4.45ppm Ag. Sample results are shown in Figures 4 to 7.

REVIEW OF OPERATIONS (continued)

MARYMIA (continued)

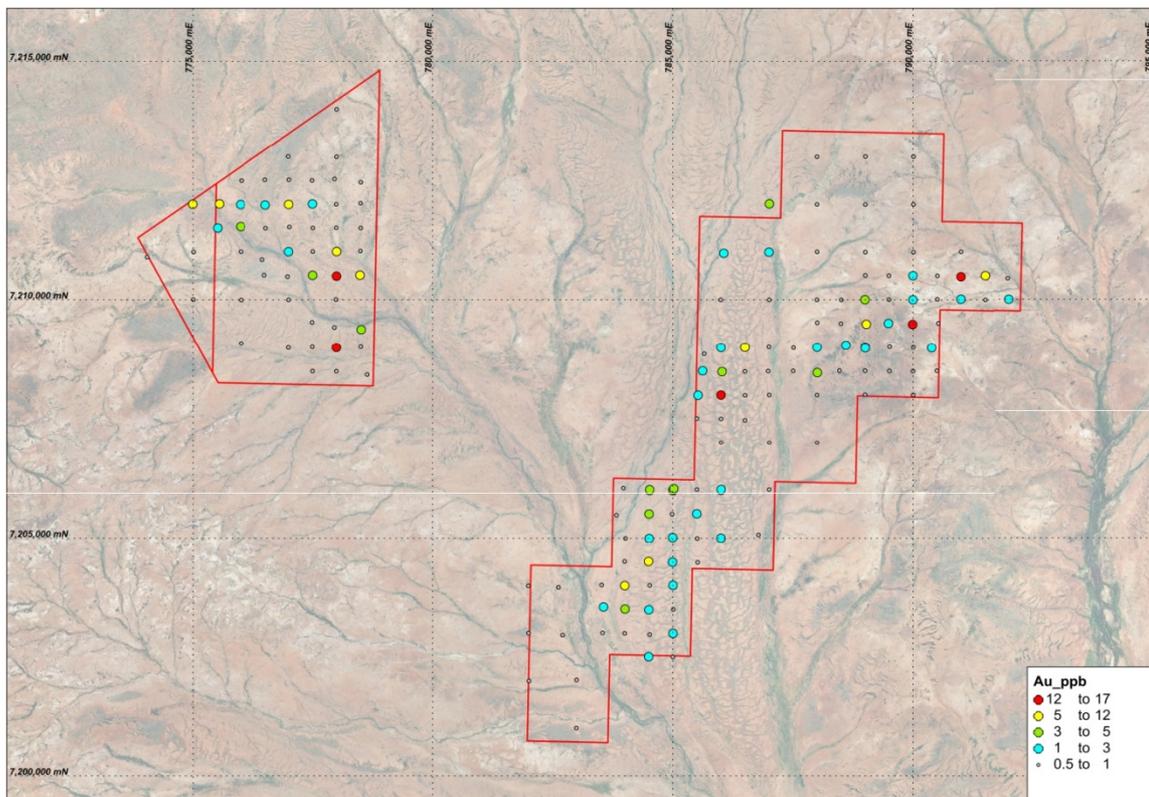


Figure 4 Geochemical lag sampling E52/2493 gold results (MGA94 Zone 50)

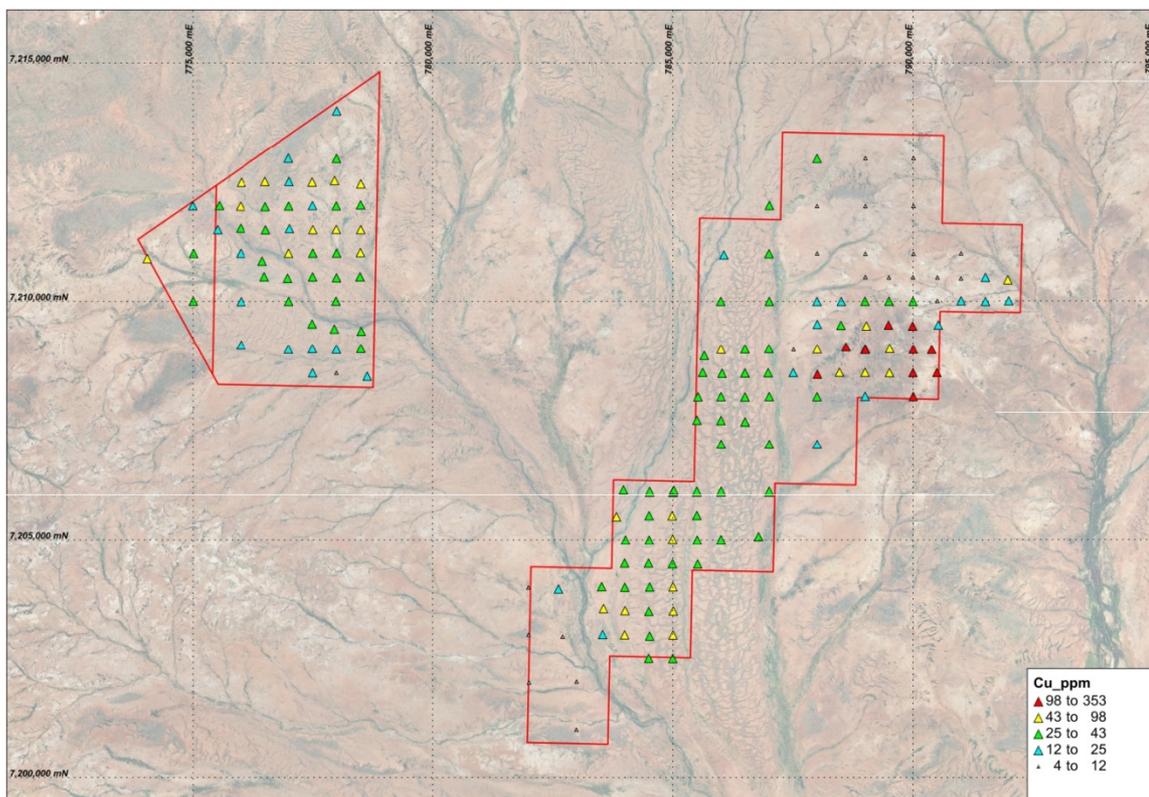


Figure 5 Geochemical lag sampling E52/2493 copper results (MGA94 Zone 50)

REVIEW OF OPERATIONS (continued)

MARYMIA (continued)

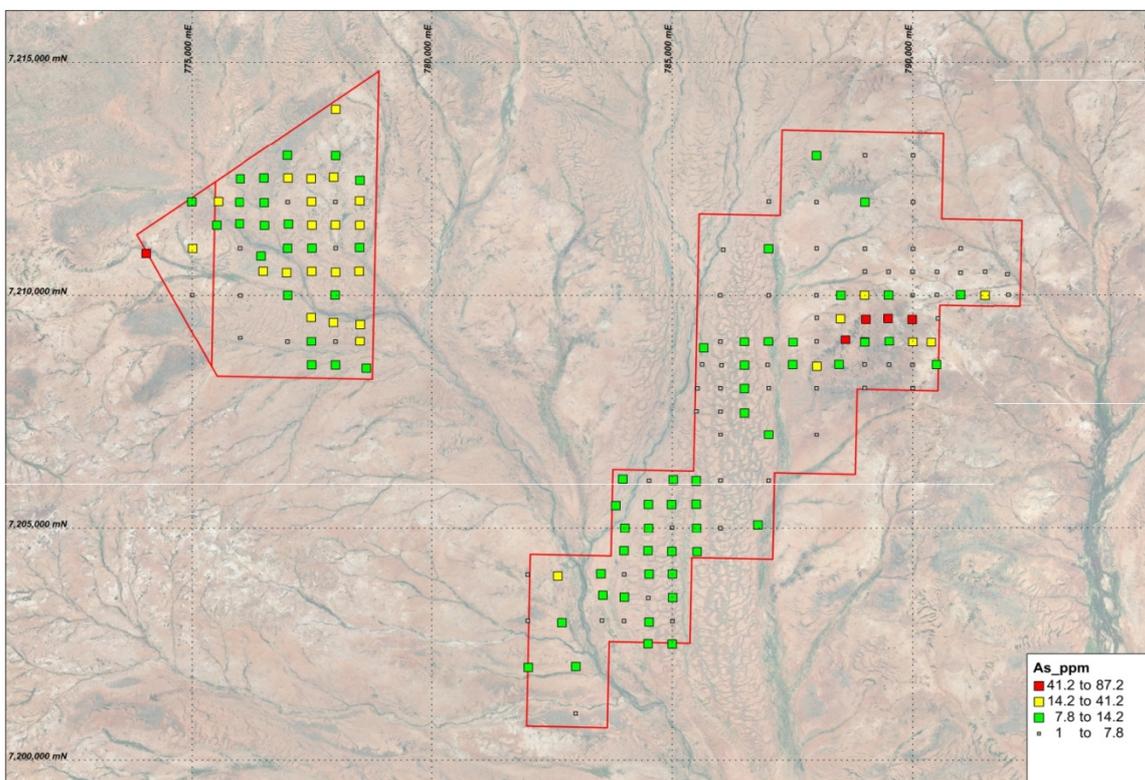


Figure 6 Geochemical lag sampling E52/2493 Arsenic results (gold pathfinder) (MGA94 Zone 50)

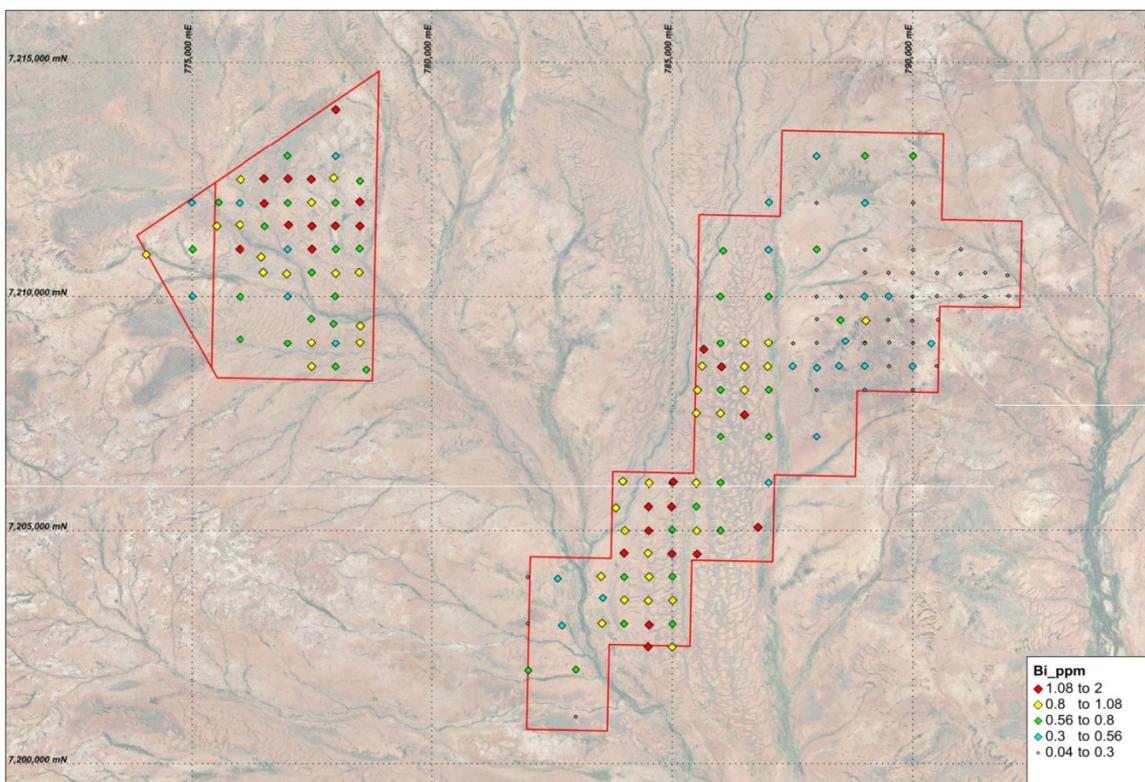


Figure 7 Geochemical lag sampling E52/2493 Bismuth results (chalcophile or pathfinder element) (MGA94 Zone 50)

REVIEW OF OPERATIONS (continued)

MARYMIA (continued)

The main outcomes of the sampling programme are

- Low-level gold anomalies in a predominantly depositional regolith environment require follow up sampling, prospecting and geological mapping to identify bed rock lithologies and improve the definition of the anomalies.
- The interpreted extension to the Baumgarten greenstone terrain in the eastern part of the sampled area displays co-incident gold-copper-arsenic anomalies, characteristic of mineralisation within the surrounding greenstone terranes. This area also appears to be transected by a series of northwest trending structures that may be important in localising mineralisation.
- Contiguous regions of relatively elevated bismuth occur over areas of colluvial cover, in one area strongly elevated silver is reported in association with bismuth. These values are unexpected and follow up sampling is required.

TENEMENT APPLICATIONS

Applications have been submitted recently for a number of exploration licences at Troy Creek and Fraser Range, both areas of high mineral potential.

Troy Creek

The Troy Creek region is located 260 kilometres northeast of Wiluna. Recent dating of the Frere Iron Formation in this region gave ages similar to those expected for the upper Bryah Basin, implying that the rocks stratigraphically below the Frere may be Bryah Basin age equivalents. The Bryah Basin hosts a number of significant copper and gold deposits, including the DeGrussa discovery of Sandfire Resources NL, and equivalent age rocks along the northern margin of the Yilgarn Craton may have similar prospectivity.

Troy Creek has been subject to sporadic exploration dating back to 1990. Exploration completed by Sons of Gwalia, Aztec, Stockdale, Mount Isa Mines (MIM) and most recently Empire Resources, has targeted sediment-hosted base metal (Cu-Pb-Zn-Au), diamonds, shear-hosted epigenetic gold, shale-hosted Au-PGM and IOCG (Cu-U-Au) deposits.

Two applications cover approximately 40 kilometres of strike of a belt of strongly deformed sedimentary and mafic intrusive rocks (the Troy Creek Schists) that are partly exposed to the north of the Earraheedy Basin.

Historic exploration has identified a number of gossanous ironstones developed in pyritic carbonaceous shale, dolomitic siltstone and pyritic chert. The gossans are associated with steeply dipping shear zones and where drilled, display silica-sericite-carbonate-sulphide alteration. The most intensive work has been completed around the Main Gossan (Figure 4) which is anomalous in Au, As, Cu, Ag and Pt. Wide spaced diamond drilling of the gossan completed by Aztec intersected disseminated and massive sulphide mineralisation anomalous in copper and gold. Follow-up drilling has generally been shallow, of limited extent and has not systematically tested geochemical anomalies or potential extensions to mineralisation.

Collectively, the prospects identified at Troy Creek are evidence of a large mineralised zone related to a major northwest trending shear zone and extend over at least 19 kilometres. Lodestar will complete a review of all historic data to confirm exploration targets.

REVIEW OF OPERATIONS (continued)

TENEMENT APPLICATIONS (continued)

Troy Creek (continued)

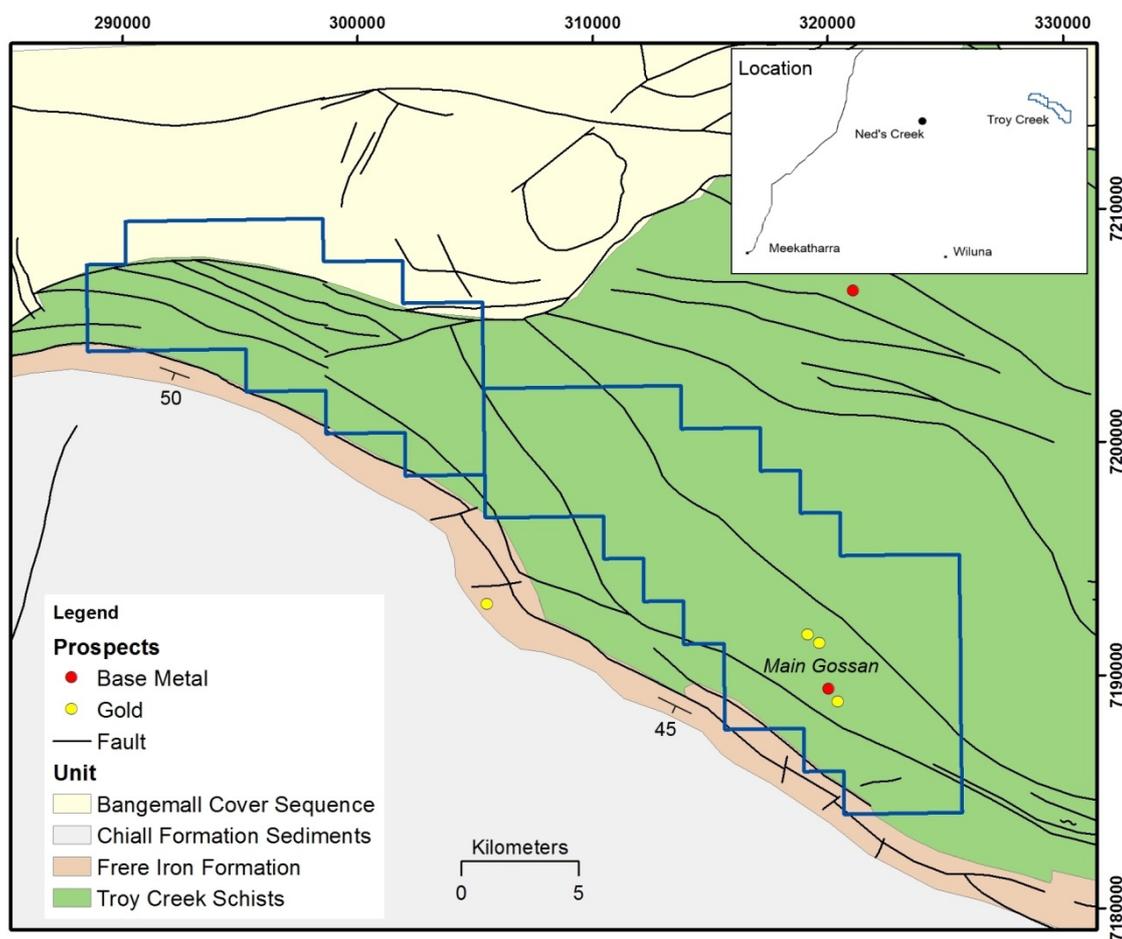


Figure 8 Troy Creek prospect locations - MGA94 Zone 51. Geology based on Naberu 1:250 000 sheet SG 51-5.

REVIEW OF OPERATIONS (continued)

TENEMENT APPLICATIONS (continued)

Fraser Range

Lodestar applied for seven exploration licences within the Fraser Range Metamorphic Belt that hosts Sirius Resource's Nova-Bollinger Ni-Cu deposit (10.2Mt at 2.4% Ni, 1.0% Cu and 0.08% Co; source Sirius Resources, 20th March 2013). The applications lie on the northern extension of the Fraser Range gravity high, approximately 100 kilometres north of the Nova discovery (Figure 6). Nova represents a new style of potentially large, mafic-intrusive hosted nickel sulphide deposit in a relatively unexplored and extensive province. The tenement applications are subject to competition and the outcome will be determined by ballot.

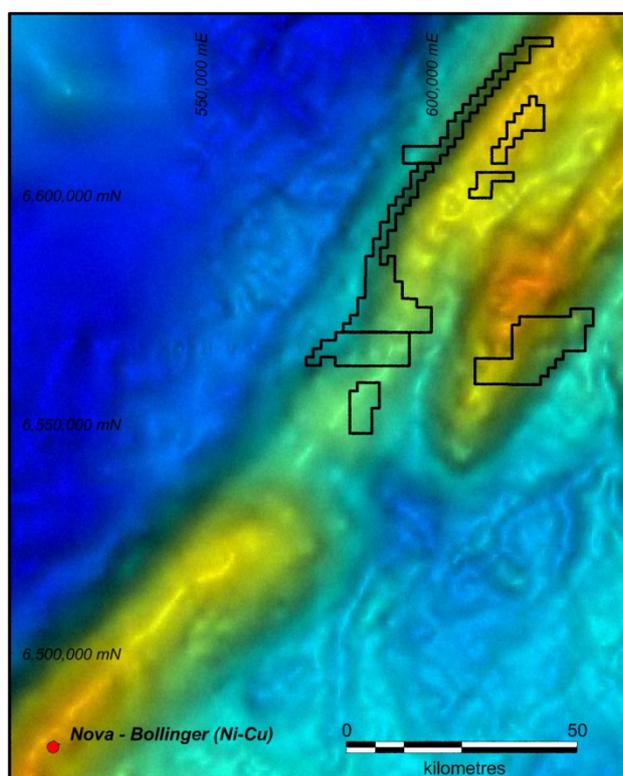


Figure 9 Location plan - Fraser Range tenement applications on gravity image, showing the outline of the Fraser Range gravity high (MGA94 Zone 51).

The Company confirms that it is not aware of any new information or data that materially affects the information or results included in this review of operations.

DIRECTORS' REMUNERATION

In view of the need to preserve cash and in light of the current financial climate and market conditions, the Board has implemented the following reductions in remuneration effective from 1 December 2013:

- Bill Clayton's executive remuneration was reduced from \$230,000 p.a. inclusive of superannuation to \$130,000 p.a. inclusive of superannuation.
- David McArthur's total remuneration was reduced from \$81,500 p.a. plus superannuation to \$60,000 p.a. plus superannuation. This comprises payment of \$20,000 p.a. plus superannuation for directors' fees (previously \$31,500 plus superannuation) and \$40,000 plus superannuation for management fees for his role as Company Secretary (previously \$50,000 plus superannuation).
- Tim Clifton's directors' fees were reduced from \$38,500 p.a. plus superannuation to \$20,000 p.a. plus superannuation.

SHARE OPTIONS

Options granted to directors of the Group

No options have been granted to directors of the Group during the interim period.

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, where appropriate to the principles of good corporate governance. The Group's corporate governance statement is contained within the 30 June 2013 Annual Report and on the Company's web site.

SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the reporting period 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.

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 2013.

Dated at Perth this 24th day of February 2014.

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 2013 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

24 February 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 December 2013 \$	30 June 2013 \$
Assets			
Cash and cash equivalents		824,721	1,609,218
Other receivables		3,522	1,333
Prepayments		28,384	8,372
Total current assets		856,627	1,618,923
Other receivables		40,800	40,800
Property, plant and equipment		47,738	33,034
Exploration and evaluation	6	7,007,520	6,668,694
Total non-current assets		7,096,058	6,742,528
Total assets		7,952,685	8,361,451
Liabilities			
Trade and other payables		59,324	116,987
Employee benefits		39,717	79,600
Total current liabilities		99,041	196,587
Total liabilities		99,041	196,587
Net assets		7,853,644	8,164,864
Equity			
Share capital		19,271,006	19,271,006
Reserves		267,959	204,350
Accumulated losses		(11,685,321)	(11,310,492)
Total equity attributable to equity holders of the Company		7,853,644	8,164,864

The condensed notes on pages 19 to 25 are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Note	31 December 2013 \$	31 December 2012 \$
Continuing operations			
Other income		-	841
Administrative expenses		(208,820)	(320,136)
Exploration expenditure written off	6	(37,114)	(6,865)
Other expenses		(146,114)	(90,382)
Results from operating activities		(392,048)	(416,542)
Finance income		17,219	11,251
Net finance income		17,219	11,251
Loss before income tax		(374,829)	(405,291)
Income tax expense		-	-
Loss from continuing operations		(374,829)	(405,291)
Loss for the period		(374,829)	(405,291)
Other comprehensive expense			
Items that will not be reclassified to profit or loss		-	-
<i>Total items that will not be reclassified to profit or loss</i>		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<i>Total items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive loss for the period, net of income tax		-	-
Total comprehensive loss for the period		(374,829)	(405,291)
Loss attributable to owners of the Company		(374,829)	(405,291)
Total comprehensive loss attributable to owners		(374,829)	(405,291)
Loss per share			
Basic and diluted (cents per share)		(0.17)	(0.31)

The condensed notes on pages 19 to 25 are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Attributable to equity holders of the Company			
	Share capital \$	Equity-settled benefits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2013	19,271,006	204,350	(11,310,492)	8,164,864
Total comprehensive loss for the period				
Loss for the period	-	-	(374,829)	(374,829)
Total other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	-	(374,829)	(374,829)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share-based payment transactions	-	63,609	-	63,609
Total contributions by and distributions to owners	-	63,609	-	63,609
Total changes in ownership interests in subsidiaries	-	-	-	-
Total transactions with owners	-	63,609	-	63,609
Balance at 31 December 2013	19,271,006	267,959	(11,685,321)	7,853,644

The condensed notes on pages 19 to 25 are an integral part of these financial statements.

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

	Attributable to equity holders of the Company			Total \$
	Share capital \$	Equity-settled 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 19 to 25 are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	31 December 2013 \$	31 December 2012 \$
Cash flows from operating activities		
Cash paid to suppliers and employees	(370,826)	(397,090)
Net cash used in operating activities	(370,826)	(397,090)
Cash flows from investing activities		
Interest received	15,504	11,143
Acquisition of property, plant and equipment	(21,705)	(7,232)
Payments for exploration, evaluation and development	(407,470)	(874,301)
Net cash used in investing activities	(413,671)	(870,390)
Cash flows from financing activities		
Proceeds from issue of shares	-	3,058,123
Capital raising costs	-	(179,429)
Net cash from financing activities	-	2,878,694
Net (decrease) / increase in cash and cash equivalents	(784,497)	1,611,214
Cash and cash equivalents at 1 July	1,609,218	1,083,282
Cash and cash equivalents at 31 December	824,721	2,694,496

The condensed notes on pages 19 to 25 are an integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

1. REPORTING ENTITY

Lodestar Minerals Limited (the "Company") is a for-profit company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiary (together referred to as the "Group"). The Group is primarily involved in the mineral exploration industry in Australia.

The consolidated financial report of the Group as at and for the year ended 30 June 2013 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 2013 and any public announcements made by Lodestar Minerals Limited during the interim period.

The condensed consolidated interim financial report was approved by the Board of Directors on 24 February 2014.

(b) Judgements and 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 2013.

(c) Going concern

The condensed consolidated interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the settlement of liabilities in the normal course of business.

The Group has approximately \$825,000 in cash as at 31 December 2013. The Company has prepared a 12 month cash flow budget from the date of signing the financial report which demonstrates that non-discretionary expenditure can be funded by existing cash reserves.

Additional funds will need to be sourced for the Company to continue its business as budgeted. The ability of the Group to continue funding its exploration and development activities is dependent on the Group securing further working capital by additional equity (placement, entitlements issue or share purchase plan) or entering into a farm-out or joint venture arrangement in relation to its assets such that exploration expenditure is borne by a third party. The Company has advised the market that it has commenced discussions with interested parties in relation to farm-out / joint venture possibilities.

The timing of raising additional capital will depend on the investment markets, current and future planned exploration and development activities.

2. BASIS OF PREPARATION (continued)

(c) Going concern (continued)

Whilst there is uncertainty regarding the outcomes of funding alternatives, the Board believes that it will be able to raise further capital or farm-out / joint venture to fund its exploration and development activities. If necessary, the Company will delay discretionary exploration, none of which is contractually binding. If necessary the Directors can also institute cost saving measures to further reduce corporate and administration costs.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities which might be necessary if the Group was not to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) New accounting standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated interim financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpretations as of 1 July 2013, noted below:

(i) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011)

AASB 10 introduces a single control model to determine whether an investee should be consolidated. The Group does not need to change its consolidation conclusion as there are no investees and only 100% owned subsidiaries.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
- The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The Group does not have any joint arrangements which may lead to changes in current accounting treatment.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The adoption of AASB 10, AASB 11 and AASB 12 had no effect on the financial position or performance of the Group.

(ii) AASB 13 Fair Value Measurement

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs.

The adoption of AASB 13 had no effect on the financial position or performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) New accounting standards, interpretations and amendments thereof, adopted by the Group (continued)

(iii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and long-term employee benefits to clarify the distinction between the two. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.

The adoption of AASB 119 had no effect on the financial position or performance of the Group

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 2014.

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 2013.

5. OPERATING SEGMENTS

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

Information about reportable segments

	Copper / Gold		Nickel		Total	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	\$	\$	\$	\$	\$	\$
Reportable segment loss before income tax	-	-	(37,114)	(6,865)	(37,114)	(6,865)
Other material non-cash items:						
Impairment loss on exploration and evaluation	-	-	(37,114)	(6,865)	(37,114)	(6,865)

	Copper / Gold		Nickel		Total	
	31 December 2013	30 June 2013	31 December 2013	30 June 2013	31 December 2013	30 June 2013
	\$	\$	\$	\$	\$	\$
Reportable segment assets	7,007,520	6,668,694	-	-	7,007,520	6,668,694
Other material non-cash items:						
Capitalised exploration & evaluation expenditure						
- additions	374,509	2,207,706	1,431	25,422	375,940	2,233,128
Reportable segment liabilities	(19,255)	(62,755)	-	-	(19,255)	(62,755)

5. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment loss and assets

	31 December 2013 \$	31 December 2012 \$
Loss		
Total loss for reportable segments	(37,114)	(6,865)
Unallocated amounts: other corporate expenses	(354,934)	(409,677)
Finance income	17,219	11,251
Total loss before income tax	(374,829)	(405,291)
	31 December 2013 \$	30 June 2013 \$
Assets		
Total assets for reportable segments	7,007,520	6,668,694
Other assets	945,165	1,692,757
Total assets	7,952,685	8,361,451
Liabilities		
Total liabilities for reportable segments	(19,255)	(62,755)
Other liabilities	(79,786)	(133,832)
Total liabilities	(99,041)	(196,587)

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2013.

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013 \$	30 June 2013 \$
Costs carried forward in respect of areas of interest:		
Exploration and evaluation expenditure	7,007,520	6,668,694
Movements for the period:		
Exploration and evaluation expenditure		
Opening balance	6,668,694	5,759,192
Additions	375,940	2,233,128
Written off	(37,114)	(1,323,626)
	7,007,520	6,668,694

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

The number of shares on issue at 31 December 2013 was 222,233,215 (31 December 2012: 206,864,499).

(b) Reserves

The equity-based benefits reserve represents the cost of options that have been granted and vested as share-based payments but not exercised. This reserve will be transferred to accumulated losses should these options be exercised, or reversed through profit or loss should certain vesting conditions not be met.

8. SHARE-BASED PAYMENT PLANS

On 16 December 2013, the Company issued to a consultant for no consideration 5,000,000 options exercisable at 5 cents by 16 December 2017 with a calculated value of 0.95 cents each. The value of these options was expensed as consulting fees.

The inputs used in the measurement of the fair values at grant date of these options are as follows:

Fair value at grant date	0.95 cents
Share price	1.1 cents
Exercise price	5 cents
Expected volatility	181.53%
Option life	4 years
Vesting period	On granting
Risk free rate	2.71%
Grant date	16 December 2013
Vesting date	16 December 2013
Expiry date	16 December 2017

9. CONTINGENCIES

The Company has no contingent assets or liabilities.

10. COMMITMENTS

Commitments for approved mineral exploration expenditure are scheduled as follows:

	31 December 2013 \$	31 December 2012 \$
<i>Mineral exploration</i>		
Not later than one year	666,250	1,017,500

11. SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the reporting period 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 14 to 25 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 2013 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 24th day of February 2014.



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

Report on the financial report

We have reviewed the accompanying interim financial report of Lodestar Minerals Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2013, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year 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 interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim 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 interim 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 2013 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 an interim 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 interim 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 2013 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

R Gambitta
Partner

Perth

24 February 2014