



Lodestar Minerals Limited

ABN 32 127 026 528

*Registered office*

Level 2, 55 Carrington Street  
Nedlands WA 6009

*Postal address*

PO Box 985  
Nedlands WA 6909

Tel: +61 8 9423 3200

Fax: +61 8 9389 8327

*Website*

[www.lodestarminerals.com.au](http://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**

A handwritten signature in black ink that reads "D McArthur".

**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

PO Box 985  
NEDLANDS  
WA 6909

Telephone: +61 8 9423 3200

Facsimile: +61 8 9389 8327

### 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](http://www.lodestarminerals.com.au)  
[info@lodestarminerals.com.au](mailto: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 25<sup>th</sup> 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 13<sup>th</sup> 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**

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

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<br>2012<br>\$ | 31 December<br>2011<br>\$ |
|---|-------|---------------------------|---------------------------|
| 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)                 |
| <b>Results from operating activities</b>                                  |       | <b>(416,542)</b>          | <b>(1,253,799)</b>        |
| Finance income  |       | 11,251                    | 31,131                    |
| <b>Net finance income</b>   |       | <b>11,251</b>             | <b>31,131</b>             |
| <b>Loss before income tax</b>   |       | <b>(405,291)</b>          | <b>(1,222,668)</b>        |
| Income tax expense  |       | -                         | -                         |
| <b>Loss from continuing operations</b>                                    |       | <b>(405,291)</b>          | <b>(1,222,668)</b>        |
| <b>Loss for the period</b>  |       | <b>(405,291)</b>          | <b>(1,222,668)</b>        |
| <b>Other comprehensive loss for the period,<br/>net of income tax</b>     |       | <b>-</b>                  | <b>-</b>                  |
| <b>Total comprehensive loss for the period</b>                            |       | <b>(405,291)</b>          | <b>(1,222,668)</b>        |
| <b>Loss attributable to owners of the Company</b>                         |       | <b>(405,291)</b>          | <b>(1,222,668)</b>        |
| <b>Total comprehensive loss attributable to owners<br/>of the Company</b> |       | <b>(405,291)</b>          | <b>(1,222,668)</b>        |
| <b>Loss per share</b>   |       |                           |                           |
| 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<br>\$ |
|--|-------|---|---|-----------------------------|-------------|
|  |       | Share<br>capital<br>\$                        | Equity-based<br>benefits<br>reserve<br>\$ | Accumulated<br>losses<br>\$ |             |
| Balance at 1 July 2012                                       |       | 15,767,077                                    | 472,245                                   | (9,588,807)                 | 6,650,515   |
| <b>Total comprehensive loss for the period</b>               |       |   |   |                             |             |
| Loss for the period  |       | -   | -   | (405,291)                   | (405,291)   |
| Total other comprehensive loss                               |       | -   | -   | -                           | -           |
| Total comprehensive loss for the period                      |       | -   | -   | (405,291)                   | (405,291)   |
| <b>Transactions with owners, recorded directly in equity</b> |       |   |   |                             |             |
| <b>Contributions by and distributions to owners</b>          |       |   |   |                             |             |
| 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<br>\$ |
|--|-------|---|---|-----------------------------|-------------|
|  |       | Share<br>capital<br>\$                        | Equity-based<br>benefits<br>reserve<br>\$ | Accumulated<br>losses<br>\$ |             |
| Balance at 1 July 2011                                       |       | 13,706,527                                    | 353,543                                   | (3,442,022)                 | 10,618,048  |
| <b>Total comprehensive loss for the period</b>               |       |   |   |                             |             |
| 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) |
| <b>Transactions with owners, recorded directly in equity</b> |       |   |   |                             |             |
| <b>Contributions by and distributions to owners</b>          |       |   |   |                             |             |
| 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<br>2012<br>\$ | 31 December<br>2011<br>\$ |
|--|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>          |                           |                           |
| Cash receipts from customers                         | -                         | 23,433                    |
| Cash paid to suppliers and employees                 | (397,090)                 | (389,475)                 |
| <b>Net cash used in operating activities</b>         | <b>(397,090)</b>          | <b>(366,042)</b>          |
| <b>Cash flows from investing activities</b>          |                           |                           |
| 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)               |
| <b>Net cash used in investing activities</b>         | <b>(870,390)</b>          | <b>(1,052,644)</b>        |
| <b>Cash flows from financing activities</b>          |                           |                           |
| Proceeds from issue of shares                        | 3,058,123                 | 2,200,000                 |
| Capital raising costs                                | (179,429)                 | (139,450)                 |
| <b>Net cash from financing activities</b>            | <b>2,878,694</b>          | <b>2,060,550</b>          |
| <b>Net increase in cash and cash equivalents</b>     | <b>1,611,214</b>          | <b>641,864</b>            |
| Cash and cash equivalents at 1 July                  | 1,083,282                 | 1,596,099                 |
| <b>Cash and cash equivalents at 31 December</b>      | <b>2,694,496</b>          | <b>2,237,963</b>          |

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<br>2012 | 31 December<br>2011 | 31 December<br>2012 | 31 December<br>2011 | 31 December<br>2012 | 31 December<br>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<br>2012 | 30 June<br>2012 | 31 December<br>2012 | 30 June<br>2012 | 31 December<br>2012 | 30 June<br>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**

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

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<br>2012<br>\$ | 30 June<br>2012<br>\$ |
|---|---------------------------|-----------------------|
| <b>Costs carried forward in respect of areas of interest:</b> |                           |                       |
| Exploration and evaluation expenditure                        | 6,594,152                 | 5,759,192             |
| <b>Movements for the period:</b>                              |                           |                       |
| <b>Exploration and evaluation expenditure</b>                 |                           |                       |
| 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<br>2012<br>\$ | 31 December<br>2011<br>\$ |
|----------------------------|---------------------------|---------------------------|
| <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 13<sup>th</sup> 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

R Gambitta  
*Partner*

Perth

13 February 2013