ABN 24 123 511 017

AND CONTROLLED ENTITIES

Financial Report

For the Year Ended 31 December 2013

CONTENTS

CORPORATE DIRECTORY

CHAIRMAN
Steve Anastos

NON-EXECUTIVE DIRECTORS
Davide Bosio
Shannon Robinson

COMPANY SECRETARY
Rebecca Sandford
Shannon Robinson

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PERTH WA 6000

REVIEW OF COMPANY ACTIVITIES

OVERVIEW

During the financial year the Company reviewed its exploration and business development activities in Chile. As part of a refocused strategy, the Company implemented a number of cost saving initiatives, including closing its local Copiapo and Santiago based offices in Chile, ceasing all field exploration activities and assessing Chilean Exploration Projects.

The exploration activities undertaken on the projects resulted in the identification of a number of encouraging copper and gold anomalies across all of the Company's Chilean Exploration Projects. During the financial year the Company commenced discussions regarding a potential transaction in respect of its interests in the Chilean Exploration Projects with several parties. There are currently minimal expenditure commitments on the projects which have significant exploration potential.

In addition a general corporate and administrative review was undertaken to reduce ongoing costs and conserve the Company's cash position. The Company also restructured its board during the financial year with the appointments of Messrs Steve Anastos and Davide Bosio and Ms Shannon Robinson as non-executive directors following the resignations of Mr Tony Greenaway, Ms Repacholi-Muir and Mr Robert Klug.

DIRECTORS' REPORT

Your Directors present the following report on White Star Resources Limited and the entities it controlled (referred to hereafter as 'The Group') during or at the end of the six months ended 31 December 2013.

1. DETAILS OF DIRECTORS AND OFFICERS

Directors holding office during and up to the date of this report are:
Steve Anastos [1]
Davide Bosio [2]
Shannon Robinson [3]
Anthony Greenaway [4]
Felicity Repacholi-Muir [5]
Robert Klug [6]

All directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Note:

1. Mr Anastos was appointed Chairman effective 5 April 2013.
2. Mr Bosio was appointed Non-Executive Director effective 2 May 2013.
3. Ms Robinson was appointed Non-Executive Director effective 19 April 2013.
4. Mr Greenaway resigned as Managing Director effective 12 April 2013.
5. Ms Repacholi-Muir resigned as Non-Executive Director effective 19 April 2013.
6. Mr Klug resigned as Non-Executive Director effective 9 July 2013.

COMPANY SECRETARY

The joint company secretaries are Ms Rebecca Sandford and Ms Shannon Robinson.

2. PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial period were mineral exploration and project acquisition.

There were no significant changes in the nature of the Group's principal activities during the financial period.

3. REVIEW OF OPERATIONS

The Company's main activities are copper-gold exploration in South America and Australia.

In February 2013 the Company resolved to implemented a number of cost-saving initiatives following a review of its exploration and business development activities in Chile. Part of this process will involved the Company closing its offices in Copiapo and Santiago. The Company will implemented procedures to maintain the title security of its existing project tenements in Chile whilst seeking potential Joint Venture partners for these early-stage its strategic exploration projects.

The Company continues its strategy of evaluating potential transactions regarding its interests in the Chilean Projects and to conserve the Company's cash position. There are currently minimal expenditure commitments on the Chilean Projects which have significant exploration potential, as such the Company will only consider a transaction structure to maximise shareholders wealth.

The loss of the Group after providing for income tax amounted to $1,629,658 (Dec 2012: $4,688,220).

DIRECTORS' REPORT

4. FINANCIAL POSITION

The net assets of the Group have decreased from $4,646,176 at 31 December 2012 to $3,041,072 at 31 December 2013.

The Group's working capital, being current assets less current liabilities, has decreased from $4,218,275 at 31 December 2012 to $3,027,360 at 31 December 2013.

5. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the parent or controlled entity during the financial period.

7. AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. FUTURE DEVELOPMENTS

The Company continues to identify and evaluate opportunities for the company targeted at increasing shareholder wealth. In addition the Company also continues to evaluate opportunities and potential transactions regarding its existing projects.

9. ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial period. The directors will reassess this position as and when the need arises.

The directors of the Group are not aware of any breach of environmental legislation for the period.

DIRECTORS' REPORT

11. INFORMATION ON DIRECTORS

Steve Anastos	Chairman
Experience	Mr Anastos has valuable experience in capital raisings, corporate advice and company structuring gained throughout his career as a stockbroker with a national broking firm. He has served as Non-Executive Chairman at Black Mountain Resources Limited and as a Non-Executive Director at Silver Stone Resources Limited and Jameson Resources Ltd. Mr Anastos holds a Diploma of Applied Finance from the Financial Services Institute of Australasia (Finsia).
Directorships of other listed companies held in last 3 years	Black Mountain Resources Limited – resigned 3 February 2012 Jameson Resources Ltd – resigned 31 May 2011 Silver Stone Resources Limited – resigned 28 February 2013
Appointed	5 April 2013
Interest in Shares	8,200,000 Shares held by Ravenhill Investments Pty Ltd, a company of which Mr Anastos is a director and shareholder 870,000 Shares held by Mrs Michelle Denny <Pirate’s Cove A/C>, Mr Anastos is a beneficiary of the Pirate’s Cove Trust
Interest in Options	Nil
Davide Bosio	Non-Executive Director
Experience	Mr Davide Bosio has over 10 years experience in the finance industry as an Investment Advisor providing financial product advice and dealing to wholesale and retail clients. He has been a director of Emerald Oil & Gas NL. Mr Bosio is a Fellow Member of the Financial Services Institute of Australia (Finsia) and a Graduate Member of Australian Institute of Company Directors (GAICD). He holds a Bachelor of Commerce (Marketing) degree and a Graduate Diploma in applied Finance and Investment.
Directorships of other listed companies held in last 3 years	Emerald Oil & Gas NL – 20 November 2012 to 3 October 2013
Appointed	2 May 2013
Interest in Shares	Nil
Interest in Options	Nil
Shannon Robinson	Non-Executive Director
Experience	Ms Robinson a former corporate lawyer and corporate advisor with over 10 years’ experience in providing general corporate, capital raising, transaction and strategic advice to numerous ASX listed and unlisted companies. Ms Robinson is also a director of several ASX and AIM listed resource companies including Black Mountain Resources Limited and Kaboko Mining Ltd.
Directorships of other listed companies held in last 3 years	Black Mountain Resources Limited – appointed October 2012 Kaboko Mining Ltd – appointed August 2011
Appointed	19 April 2013
Interest in Shares	Nil
Interest in Options	Nil

DIRECTORS' REPORT

12. MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial period and the number of meetings attended by each director are:

Director	Directors Meetings	
	Number Eligible to Attend	**Meetings Attended**
Steve Anastos	3	2
Davide Bosio	2	2
Shannon Robinson	3	3
Anthony Greenaway	5	5
Felicity Repacholi-Muir	5	5
Robert Klug	6	6

The Group does not have a formally constituted Audit Committee. The Board has resolved that given the size and scale of the operations of the Group, the full Board will undertake the role of the Audit Committee. The Board has adopted an Audit Committee Charter which represents the duties required to be undertaken by the whole Board in their role as otherwise performed by the audit committee.

13. REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each director of White Star Resources Limited.

Remuneration Policy

Directors

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Payment to the non-executive directors is by way of fixed salary and is reviewed annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the group.

The directors receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. There are no other short or long term incentives paid to non-executive directors.

Executives

The Company had one executive for the year Mr Anthony Greenaway, who resigned 12 April 2013, since then there have been no executives appointed. The Board will consider and develop appropriate remuneration policy, setting the terms and conditions for the executives and other senior staff members as applicable.

Performance Linked Compensation

Due to the size and nature of the Company's operations, the remuneration structure is not directly linked to shareholder wealth. There are currently no short or long term incentives provided.

In the prior period long-term incentives were deliverable through the issuance of options, delivered by the Company's Employee Share Option Scheme.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

Due to the size and nature of the Company's operations, the remuneration structure is not directly linked to shareholder wealth. The remuneration policy has been tailored to increase goal congruence between shareholders and executives primarily through the issuance of Options. Options are valued using the Black-Scholes methodology and expensed to the group over vesting period. During the current period there have been no options issued.

During the period Mr Anthony Greenaway held 6,000,000 unlisted options and Ms Felicity Repacholi-Muir held 50,001 unlisted options. All of which were forfeited or cancelled during the year.

Consequences of performance on shareholder wealth

The Group operates principally as a mineral explorer and, to date, none of its projects have reached the stage of production. Accordingly, net profit/(loss) is not at present considered as one of the financial performance targets in setting the Directors' remuneration, which is instead set after consideration of market and competitive factors of similar exploration companies listed on the Australian Securities Exchange.

	December 2013	**December 2012**	**June 2012**	**June 2011**	**June 2010**
Net Loss	1,629,658	4,688,220	735,167	4,720,446	257,649
Change in Share price	(0.022)	(0.0)	(0.05)	0.03	-
Market Capitalisation at year end	$2M	$6.5M	$6.5M	$20M	$3.5M

During the years stated above there were no return of capital to shareholders and no dividends paid.

13. REMUNERATION REPORT - AUDITED

Details of Remuneration

The remuneration for each director of the Group during the period was as follows:

	Short Term Benefits			Post-Employment		Share Based Payments (reversal)		Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
	Salary $	Other[7] $	Non-Monetary $	Superannuation $	Termination Payment $	Equity $	Options $	$	%	%
Directors										
Year ended 31 December 2013										
Stephen Anastos[1] **Chairman**	36,806	-	-	3,313	-	-	-	**40,119**	-	-
Davide Bosio[2] **Non-Executive Director**	19,919	-	-	1,793	-	-	-	**21,712**	-	-
Shannon Robinson[3] **Non-Executive Director**	21,000	-	-	1,890				**22,890**		
Anthony Greenaway[4] **Managing Director**	147,053	-	-	13,235	-	-	(20,716)	**139,572**	-	-
Felicity Repacholi-Muir[5] **Non-Executive Director**	12,000	-	-	1,080	-	-	-	**13,080**	-	-
Robert Klug[6] **Non-Executive Director**	12,000	-	-	1,080	-	-	-	**13,080**	-	-
Total Remuneration	**248,778**	**-**	**-**	**22,391**	**-**	**-**	**(20,716)**	**250,453**	**-**	**-**
6 Months ended 31 December 2012*										
Anthony Greenaway **Managing Director**	125,000	69,720	-	11,250	-	-	39,106	**245,076**	-	**15.96%**
Felicity Repacholi-Muir **Non-Executive Director**	18,000	-	-	1,620	-	-	-	**19,620**	-	-
Robert Klug **Non-Executive Director**	18,969	-	-	1,707	-	-	-	**20,676**	-	-
Total Remuneration	**161,969**	**69,720**	**-**	**14,577**	**-**	**-**	**39,106**	**285,372**	**-**	**-**

1. Mr Anastos was appointed Chairman effective 5 April 2013.
2. Mr Bosio was appointed Non-Executive Director effective 2 May 2013.
3. Ms Robinson was appointed Non-Executive Director effective 19 April 2013.
4. Mr Greenaway resigned as Managing Director effective 12 April 2013.
5. Ms Repacholi-Muir resigned as Non-Executive Director effective 19 April 2013.
6. Mr Klug resigned as Non-Executive Director effective 9 July 2013.
7. Mr Greenaway received other benefits consisting of housing and school fees for the patriation of his family to Chile

*Refer note 1(i) of financial statements

DIRECTORS' REPORT

13. REMUNERATION REPORT - AUDITED

Key Management Personnel Employment Contracts

Tony Greenaway – Managing Director- Resigned 12 April 2013

Mr Greenaway's remuneration package consisted of an annual base salary of $250,000, other benefits including housing and school fees for the repatriation of Mr Greenaway and his family to Santiago, and a long term incentive component at the discretion of the Board.

Mr Greenaway resigned on 12 April 2013 resulting in the termination of this contract.

Options issued and movements in options as part of remuneration for the 6 months ended 31 December 2012

Details of options over ordinary shares in the Company provided as remuneration to each Director of White Star Resources Limited are set out below. When exercisable, each option is converted into one ordinary share of White Star Resources Limited.

There were no options granted, exercised or lapsed relating to previously granted options, to Directors or Key Management Personnel in the period to 31 December 2012.

There are no current Key Management Personnel contracts held with the Company.

Modification of terms of equity-settled share-based payment transactions – Audited

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to key management personnel) have been altered or modified by the issuing entity during the period or the prior period.

Analysis of options and rights over equity instruments granted as compensation

Number of Options held by Directors:	**Balance 1 January 2013**	**Received as Remuner-ation**	**Vested During the Year**	**Options Exercised**	**Net Change - Other***	**Balance 31 December 2013**	**Vested and exercisable at 31 December 2013**
S Anastos	-	-	-	-	-	-	-
D Bosio	-	-	-	-	-	-	-
S Robinson	-	-	-	-	-	-	-
A Greenaway	6,000,000	-	2,000,000	-	(6,000,000)	-	-
F Repacholi-Muir	50,001	-	-	-	(50,001)	-	-
R Klug	-	-	-	-	-	-	-
	6,050,001	-	2,000,000	-	(6,050,001)	-	-

*During the year 6,050,001 options were either forfeited or expired. The options forfeited had a fair value on grant date of $0.048, $0.047, $0.048 and an exercise price of $0.12, $0.14, $0.16 respectively.

No options were granted as remuneration during the current financial period.

During the period there were no shares issued as a result of the exercise of options previously granted as compensation.

- END OF AUDITED REMUNERATION REPORT –

DIRECTORS' REPORT

14. OPTIONS

As at the date of this report the Group had the following options over unissued ordinary shares of the Group.

Number	Exercise Price	Expiry Date	Grant Date
Unlisted Options			
22,500,000	20 cents	30 April 2014	6 July 2011
500,000	8 cents	4 October 2016	28 November 2011
500,000	9 cents	4 October 2016	28 November 2011
500,000	10 cents	4 October 2016	28 November 2011
24,000,000			

There have been no ordinary shares issued as a result of the exercise of options during or since the end of the financial period.

15. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, and no proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237.

The company was not a party to any proceedings during or since 31 December 2013.

16. INDEMNIFYING OFFICERS

The Company has agreed to indemnify each of the Directors from liabilities incurred while acting as a director and to grant certain rights and privileges to the Director to the extent permitted by law.

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate, incurred any expense in relation to the indemnification.

The Company has also paid premiums to insure each of the Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company or a controlled entity in the consolidated entity, other than conduct involving a wilful breach of duty in relation to the consolidated entity. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

17. NON-AUDIT SERVICES

There was no provision of non-audit services performed during the year ended 31 December 2013.

Details of the amounts paid to the auditor of the Group for audit services provided during the period are set out in Note 6.

18. AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration required by Section 307C of the *Corporations Act 2001* is set out on page 14.

Signed in accordance with a resolution of the Board of Directors.

Steve Anastos
Chairman **Perth, 28 March 2014**

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

To: the directors of White Star Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial 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 audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

G-T Hogg

Graham Hogg
Partner

Perth

28 March 2014

Independent auditor’s report to the members of White Star Resources Limited

Report on the financial report

We have audited the accompanying financial report of White Star Resources Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2013, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 25 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 year’s end or from time to time during the financial year.

Directors’ responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 1(ii), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group’s financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of White Star Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(ii).

Report on the remuneration report

We have audited the Remuneration Report included in section 13 of the directors' report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of White Star Resources Limited for the year ended 31 December 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Graham Hogg
Partner

Perth

28 March 2014

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

	Note	12 Months to 31 Dec 2013 $	6 Months to 31 Dec* 2012 $
Other income	2	202,495	126,936
Administration		(120,431)	(88,236)
Communication		(9,743)	(13,961)
Compliance and regulatory expenses		(212,517)	(297,243)
Consultancy costs		(118,665)	(23,485)
Directors fees		(271,169)	(177,219)
Employee salaries	3	(418,942)	(573,468)
Occupancy		(57,993)	(33,046)
Travel		(94,009)	(134,970)
Other		(22,637)	(24,217)
Depreciation	3	(27,253)	(34,856)
Investor relations		(15,375)	(19,859)
Exploration expenditure	3	(104,744)	(124,091)
Impairment of exploration evaluation asset	13	-	(3,098,160)
Option based payments		(35,739)	(172,276)
Loss on the sale of assets		(61,130)	-
Diminution in share value		-	(60)
Loss on foreign exchange		(24)	(9)
Provision for indirect tax receivable	3	(261,782)	-
Loss before income taxes		(1,629,658)	(4,688,220)
Income tax benefit	4	-	-
Loss for the period		**(1,629,658)**	**(4,688,220)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		(11,185)	77,428
Total comprehensive loss for the period		**(1,640,843)**	**(4,610,792)**
Loss attributable to:			
Owners of the parent		**(1,623,008)**	**(4,672,634)**
Non-controlling interest		**(6,650)**	**(15,586)**
		(1,629,658)	**(4,688,220)**
Total comprehensive loss for the period is attributable to:			
Owners of the parent		**(1,633,075)**	**(4,594,732)**
Non-controlling interest		**(7,768)**	**(16,060)**
		(1,640,843)	**(4,610,792)**
Earnings per share			
Basic and diluted earnings (loss) per share (cents per share)	7	(0.65)	(1.9)

* See Note 1 (i).

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31 December 2013 $	31 December 2012 $
CURRENT ASSETS			
Cash and cash equivalents	8	247,476	247,913
Term deposits	8	2,828,504	4,200,000
Trade and other receivables	9	44,537	113,100
Assets held for trading	12	10,540	10,540
TOTAL CURRENT ASSETS		**3,131,057**	**4,571,553**
NON CURRENT ASSETS			
Plant and equipment	11	13,712	176,162
Exploration and evaluation expenditure	13	-	-
Other non-current assets		-	251,739
TOTAL NON CURRENT ASSETS		**13,712**	**427,901**
TOTAL ASSETS		**3,144,769**	**4,999,454**
CURRENT LIABILITIES			
Trade and other payables	14	69,932	320,918
Provisions		33,765	32,360
TOTAL CURRENT LIABILITIES		**103,697**	**353,278**
TOTAL LIABILITIES		**103,697**	**353,278**
NET ASSETS		**3,041,072**	**4,646,176**
EQUITY			
Issued Capital	15	18,060,958	18,060,958
Reserves	15	1,591,556	1,565,884
Accumulated losses		(16,555,207)	(14,932,199)
Parent entity interest		3,097,307	4,694,643
Non-controlling interest	15	(56,235)	(48,467)
TOTAL EQUITY		**3,041,072**	**4,646,176**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2013

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Reserve	Non-Controlling Interest	Total
	$	$	$	$	$	$
Balance at 30 June 2012	**18,060,958**	**(10,259,565)**	**1,467,529**	**(151,823)**	**(32,407)**	**9,084,692**
Loss for the period	-	(4,672,634)	-	-	(15,586)	(4,688,220)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	77,902	(474)	77,428
Total comprehensive income for the period	-	**(4,672,634)**	-	**77,902**	**(16,060)**	**(4,610,792)**
Transactions with owners, in their capacity as owners, and other transfers						
Option based payments	-	-	172,276	-	-	172,276
Sub-Total	-	-	**172,276**	-	-	**172,276**
Balance at 31 December 2012	**18,060,958**	**(14,932,199)**	**1,639,805**	**(73,921)**	**(48,467)**	**4,646,176**
Balance at 1 January 2013	**18,060,958**	**(14,932,199)**	**1,639,805**	**(73,921)**	**(48,467)**	**4,646,176**
Loss for the period	-	(1,623,008)	-	-	(6,650)	(1,629,658)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(10,067)	(1,118)	(11,185)
Total comprehensive income for the period	-	**(1,623,008)**	-	**(10,067)**	**(7,768)**	**(1,640,843)**
Transactions with owners, in their capacity as owners, and other transfers						
Option based payments	-	-	35,739	-	-	35,739
Sub-Total	-	-	-	-	-	-
Balance at 31 December 2013	**18,060,958**	**(16,555,207)**	**1,675,544**	**(83,988)**	**(56,235)**	**3,041,072**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2013

	Note	Period 31 December 2013 $	Period 31 December 2012 $
Cash Flows from Operating Activities			
- Payments to suppliers and employees		(1,491,477)	(1,655,068)
- Payments for exploration and evaluation		(97,605)	(85,835)
Receipts from interest received		3,417	-
Other receipts		1,304	-
Net cash used in operating activities	20(i)	(1,584,361)	(1,740,903)
Cash Flows from Investing Activities			
- Purchase of plant and equipment		-	(14,930)
- Receipts from the sale of plant and equipment		87,804	-
- Net reduction in term deposits		1,371,496	1,550,000
- Interest received on term deposits		124,624	160,697
Net cash used in/provided by investing activities		1,583,924	1,695,767
Cash Flows from Financing Activities			
- Proceeds from issue of shares		-	-
Net cash provided by financing activities		-	-
Net increase / (decrease) in cash held		(437)	(45,136)
Cash at beginning of financial period		247,913	292,252
Exchange rate adjustments		-	797
Cash at end of financial period	8	**247,476**	**247,913**

* See Note 4.

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION

(i) Reporting Entity

White Star Resources Limited (the "Company") is a publicly listed Company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the twelve months ended 31 December 2013 comprise of the Company and its subsidiaries. The Group is a for profit entity, and its principal activity during the period was the exploration and evaluation of mineral resources in Australia and Chile. The address of the Company's registered office is 1 Havelock Street, West Perth, WA, 6005.

Change of Financial Period

During the six months to 31 December 2012, the financial period of the Company was changed from 30 June to 31 December to align the Company's financial year with that of its Chilean subsidiary. Accordingly comparative figures for the Financial Statements cover the six month period from 1 July 2012 to 31 December 2012. The results for the period are therefore not directly comparable with the results for the year ended 31 December 2013.

(ii) Statement of Compliance

The consolidated financial statements are a general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 28 March 2014.

(iii) Basis of Measurement

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(iv) Functional Currency

The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency. The functional currency of the Company's Chilean subsidiary is the Chilean Peso.

(v) Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in Note 1(t), which addresses new accounting policies.

When the Group applies and accounting policy retrospectively, makes a retrospective statement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative is disclosed, if applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION (cont)

(a) Principles of Consolidation

A controlled entity is any entity over which White Star Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 11 to the financial statements. As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the period then ended. Where controlled entities have entered (left) the consolidated group during the period, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(b) Income Tax

The income tax revenue for the period comprises current income tax income and deferred tax income.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax assets are therefore measured at the amounts expected to be recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax income is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(b) Income Tax (Cont)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Plant and Equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all plant and equipment is depreciated on a declining balance basis over the assets useful life to the group commencing from the time the asset is held ready for use.

The depreciation rate used for plant and equipment is 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration and Evaluation Expenditure

Pre-licence costs are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditure incurred on licences where the technical feasibility and commercial viability of extracting mineral resources has not yet been established is expensed as incurred. The directors of the Company generally consider a project to be economically viable on the satisfactory completion of a feasibility study and a JORC reserve estimate.

Exploration and evaluation expenditure include the costs of acquiring and maintaining the rights to explore, investigate, examine and evaluate an area of mineralisation, and assessing the technical feasibility and commercial viability of extracting the mineral resources from that area.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(d) Exploration and Evaluation Expenditure (Cont)

Cash flows arising from exploration and evaluation expenditure

Cash flows arising from exploration and evaluation expenditure are included in the statement of cash flows as an operating activity.

(e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with the Group’s documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise of investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see below), are recognised as profit or loss.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(f) Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets (except for deferred tax assets) to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation current are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(h) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. These largely relate to benefits accruing to employees in respect of wages and salaries and annual leave.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of Financial Position.

Deposits held at call with banks and other short-term highly liquid investments with original maturities beyond three months have been separately identified from cash and cash equivalents.

(k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of indirect taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(l) Indirect Taxes

Revenues, expenses and assets are recognised net of the amount of indirect tax, except where the amount of indirect tax incurred is not recoverable from the relevant taxing authority. In these circumstances the indirect tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of indirect tax.

The net amount of indirect tax recoverable from, or payable to, the relevant taxing authority is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The indirect tax components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant taxing authority are classified as operating cash flows.

(m) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(n) Share Based Payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’); refer to Note 20. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model using measurement inputs of share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the option (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds) Note 20.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

(o) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

(p) Earnings Per Share

Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for a bonus element.

Diluted EPS is calculated as net earnings attributable to members, adjusted for:

costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Option Reserve

The option reserve records items recognised as expenses on valuation of director and employee share options.

(r) Foreign Exchange Reserve

The foreign exchange reserve records unrealised gains or losses due to movement in foreign currency exchange rate translations.

(s) Critical accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes option pricing model.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company’s development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(t) Changes in accounting policy

The group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

AASB 10 Consolidated Financial Statements

AASB 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee and ability to use its power to affect those returns. The application of this standard have not resulted in any change to the consolidated group as previously reported under AASB 127 Consolidated and Separate Financial Statements.

AASB 11 Joint Arrangements

Under AASB 11 there has been a change to the definition of joint arrangements. Joint arrangements are based on the definition of control as set out in AASB 10. Depending on the underlying rights and obligation arising from the arrangement; joint arrangements are accounted for as either joint operations or joint ventures. AASB 11 requires that joint operations be proportionately consolidated and joint venture be equity accounted for. The Group has no joint arrangements and therefore the amendments have not resulted in a change for the Group.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 sets out the requirements for disclosures relating to an entity’s interest in subsidiaries, joint arrangements, associates and structured entities. Application of this standard does not affect any amounts recognised in the financial statements.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all far value measurements and enhances fair value disclosures. Application of AASB 13 has not materially impacted the fair value measurements of the Group. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Presentation of Items of Other Comprehensive Income (Amendments to AASB 101)

As a result of amendments to AASB 101, the Group has modified the presentation of items of Other Comprehensive Income in its statement of profit or loss and Other Comprehensive Income, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

AASB 119 Employee Benefits (2011)

The revised standard changes the accounting for defined benefit plans. Interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a net interest amount, calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. The revised standard has also introduced a distinction between short-term and other long term benefits which are now valued based on when payment is expected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(u) New Standards and interpretations not yet adopted

New standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is expected to have an impact on the Group’s financial assets, but no impact on the Group’s financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

	Year ended 31 December 2013 $	6 months ended 31 December 2012 $

2. *OTHER INCOME*

- interest	116,562	126,936
- rental income	7,933	-
- sundry income*	78,000	-
	202,495	126,936

*This represents the reversal of a contingent payable of 5,000,000 shares originally raised as part of the acquisition of Mystic Sands Pty Ltd (valued at $78,000 at the date of acquisition). Due to the fact that the performance requirements for payment of these shares was not satisfied during the year the obligation has been reversed.

3. *LOSS FOR THE PERIOD*

Loss for the period includes the following expenses:

(i) Expenses

Employee benefits expense		
- Salaries	409,150	567,888
- Superannuation	9,792	5,580
	418,942	573,468
Exploration and evaluation	104,744	124,091
Depreciation	27,253	34,856
Impairment of exploration evaluation asset	-	3,098,160
Provision for indirect tax receivable[1]	261,782	-

[1.] During the year a provision of $261,782 has been recognised against indirect tax credits. The recoverability of these credits is dependent on future cash flows from mining operations, which is considered unlikely based on the current status of exploration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

4. INCOME TAX EXPENSE

	Year ended 31 December 2013	6 months ended 31 December 2012
The components of the tax expense/(income) comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	Year ended 31 December 2013	6 months ended 31 December 2012
Net loss before tax	(1,629,658)	(4,688,220)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2012: 30%)	(488,897)	(1,406,466)
Increase in income tax due to:		
Non-deductible expenses	340,983	1,321,102
Current period tax losses not recognised	156,071	81,568
Derecognition of previously recognised tax losses	-	364
Decrease in income tax expense due to:		
Movement in unrecognised temporary differences	(2,734)	6,143
Deductible equity raising costs	(5,423)	(2,711)
Income tax expense attributable to entity	-	-

(b) Unrecognised deferred tax assets

	Year ended 31 December 2013	6 months ended 31 December 2012
Deferred tax assets have not been recognised in respect of the following:		
Deductible temporary differences	13,159	21,315
Tax revenue losses	1,398,418	1,242,347
	1,411,577	1,263,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

Deferred tax assets and deferred tax liabilities

	Assets		Liabilities		Net	
	Dec 2013	**Dec 2012**	**Dec 2013**	**Dec 2012**	**Dec 2013**	**Dec 2012**
Accruals	7,530	13,919	-	-	7,530	13,919
Plant and equipment	-	3,150	-	-	-	3,150
Prepayments	-	-	-	(10,944)	-	(10,944)
Interest	-	-	-	-	-	-
Investments	-	438	-	-	-	438
Capital raising costs	-	14,752	-	-	-	14,752
Unearned income	-	-	(7,530)	-	(7,530)	-
	7,530	**32,259**	**(7,530)**	**(10,944)**	**-**	**21,315**

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

5. *KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION*

a) Name and positions held by directors in office at any time during the financial period are:

Mr Stephen Anastos	Chairman
Mr Davide Bosio	Non-Executive Director
Ms Shannon Robinson	Non-Executive Director
Mr Anthony Greenaway	Managing Director and Chief Executive Officer
Ms Felicity Repacholi-Muir	Non-Executive Director
Mr Robert Klug	Non-Executive Director

	Short term benefits $	**Post-employment benefits $**	**Termination payment $**	**Share-based payment (reversed) $**	**Total $**
Year ended 31 December 2013					
Total compensation	248,778	22,391	-	(20,716)	250,453
6 months ended 31 December 2012					
Total compensation	231,689	14,577	-	39,106	285,372

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

b) KMP Shareholdings and Options

Number of Shares held by Directors:

	Balance 1 January 2013	**Received as Remuneration**	**Options Exercised**	**Net Change - Other ***	**Balance 31 December 2013**
S Anastos[1]	-	-	-	9,070,000	9,070,000
D Bosio[2]	-	-	-	-	
S Robinson[3]	-	-	-		
A Greenaway[4]	-	-	-	-	-
F Repacholi-Muir[5]	100,001	-	-	(100,001)	-
R Klug [6]	-	-	-	-	-
	100,001	-	-	8,969,999	9,070,000

1. Mr Anastos was appointed Chairman effective 5 April 2013.
2. Mr Bosio was appointed Non-Executive Director effective 2 May 2013.
3. Ms Robinson was appointed Non-Executive Director effective 19 April 2013.
4. Mr Greenaway resigned as Managing Director effective 12 April 2013.
5. Ms Repacholi-Muir resigned as Non-Executive Director effective 19 April 2013.
6. Mr Klug resigned as Non-Executive Director effective 9 July 2013.

* Opening and closing balance of shareholding as at date of appointment and resignation.

	Balance 1 July 2012	**Received as Remuneration**	**Options Exercised**	**Net Change - Other**	**Balance 31 December 2012**
A Greenaway	-	-	-	-	-
F Repacholi-Muir	100,001	-	-	-	100,001
R Klug *	-	-	-	-	-
	100,001	-	-	-	100,001

* Mr Robert Klug was appointed on the 21 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

Number of Options held by Directors:

	Balance 1 January 2013	**Received as Remuner-ation**	**Vested During the Year**	**Options Exercised**	**Net Change - Other***	**Balance 31 December 2013**	**Vested and exercisable at 31 December 2013**
S Anastos	-	-	-	-	-	-	-
D Bosio	-	-	-	-	-	-	-
S Robinson	-	-	-	-	-	-	-
A Greenaway	6,000,000	-	2,000,000	-	(6,000,000)	-	-
F Repacholi-Muir	50,001	-	-	-	(50,001)	-	-
R Klug	-	-	-	-	-	-	-
	6,050,001	-	2,000,000	-	(6,050,001)	-	-

* During the year 6,050,001 unlisted options were forfeited or expired under the employee incentive scheme.

	Balance 1 July 2012	**Received as Remuner-ation**	**Vested During the Period**	**Options Exercised**	**Net Change - Other**	**Balance 31 December 2012**	**Vested and exercisable at 31 December 2012**
A Greenaway	6,000,000	-	-	-	-	6,000,000	2,000,000
F Repacholi-Muir	50,001	-	-	-	-	50,001	50,001
R Klug	-	-	-	-	-	-	-
	6,050,001	-	-	-	-	6,050,001	6,050,001

6. AUDITORS' REMUNERATION

	Year ended 31 December 2013	**6 months ended 31 December 2012**
	$	**$**
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	50,260	15,573
	50,260	15,573

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

	Year ended 31 December 2013 $	6 months ended 31 December 2012 $
7. EARNINGS PER SHARE		
(a) Loss used in the calculation of basic EPS	(1,629,658)	(4,688,220)
	31 December 2013 #	**31 December 2012 #**
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted earnings loss per share:	250,085,003	250,085,003

8. CASH, CASH EQUIVALENTS AND TERM DEPOSITS	31 December 2013 $	31 December 2012 $
Cash at bank	247,476	247,913
Short term deposits (i),(ii)	403,945	800,000
Term deposits (iii), (iv)	2,424,559	3,400,000
	3,075,980	4,447,913

(i) Included in short term deposits are cash deposits maturing 90 days as at 31 December 2013 paying interest at rates between 3.35% per annum.

(ii) Included in short term deposits are cash deposits maturing 90 days as at 31 December 2012 paying interest at rates between 3.61% and 4.1% per annum.

(iii) Included in term deposits are cash deposits maturing 6 months and as at 31 December 2013 paying interest at rates between 3.85% per annum.

(iv) Included in term deposits are cash deposits maturing between 90 and 152 days and as at 31 December 2012 paying interest at rates between 4.1% and 4.14% per annum.

9. TRADE AND OTHER RECEIVABLES

Current		
Accrued interest	25,000	36,479
Prepayments	7,333	20,026
Other debtors	12,204	56,595
	44,537	**113,100**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10. CONTROLLED ENTITIES

Controlled Entities

Subsidiaries of White Star Resources Limited:

Name	Country of Incorporation	Ownership Interest 31 December 2013 %	31 December 2012 %
Whinnen Mineral Resources (Pty) Ltd	Namibia	100	100
Mystic Sands Pty Ltd	Australia	100	100
White Star Resources Chile S.C.M (*formerly Puna Resources S.C.M)*	Chile	99	99

11. PLANT AND EQUIPMENT

Plant and Equipment	**31 December 2013 $**	**31 December 2012 $**
At cost	35,118	246,462
Accumulated depreciation	(21,406)	(70,300)
	13,712	176,162

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial period:

Consolidated group

Office equipment

Balance at the beginning of the period	176,162	195,320
Additions	-	10,053
Disposals and write offs	(149,933)	-
Depreciation expense	(27,253)	(34,856)
Exchange differences	14,736	5,645
Carrying amount at the end of the period	13,712	176,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

12. ASSETS HELD FOR TRADING

	31 December 2013 $	31 December 2012 $
Assets held for trading at fair value through profit and loss		
Shares at fair value through profit and loss		
- listed entities	10,540	10,540

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2013 Financial assets:	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value through profit or loss:				
- investments – held-for-trading	10,540	-	-	10,540

13. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013 $	31 December 2012 $
Non-Current		
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases – at acquisition cost	-	-
Movement		
Opening balance	-	3,098,160
Impairment of acquisition costs (i)	-	(3,098,160)
Closing balance	-	-

(i) Whilst the Company's intention is to continue to search for an advanced copper/gold project in Chile through White Star Chile S.C.M, the operations of the Company have been reviewed and all business development activities have been relocated to Perth, with minimal expenditure in the Chilean subsidiary. With this move, future cash flows from the investment in the Chilean entity are uncertain and consequently, the exploration and evaluation expenditure incurred in Chile has been considered for impairment as at 31 December 2012 and written down to its estimated fair value of nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

	31 December 2013 $	31 December 2012 $
14. TRADE AND OTHER PAYABLES		
Current		
Unsecured		
Trade creditors	31,781	71,408
Other creditors and accrued expenses	38,151	249,510
	69,932	320,918

15. CONTRIBUTED EQUITY AND RESERVES

(a) The Group has authorised share capital amounting to 250,085,003 shares with no par value. There were no movements in shares issued during the year (2012: Nil).

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

As of 31 December 2013, there are 24,000,000 (December 2012: 92,142,502) options outstanding. No dividends were paid or declared during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PEROD ENDED 31 DECEMBER 2012

(b) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

The Group's working capital, being current assets less current liabilities excluding amounts to be settled by way of shares, has decreased from $4,218,275 at 31 December 2012 to $3,027,360 at 31 December 2013.

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior period.

(c) Reserves	**Option Reserve**	**Foreign Currency Reserve**	**Total**
	$	**$**	**$**
Balance at 31 December 2012	**1,639,805**	**(73,921)**	**1,565,884**
Exchange differences on translation of foreign operations	-	(10,067)	(10,067)
Option based payments expense	35,739	-	35,739
Balance at 31 December 2013	**1,675,544**	**(83,988)**	**1,591,556**

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Option Reserve
This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. The reserve is also used to record the value of share based payments provided to suppliers.

(d) Non-Controlling Interests

	Consolidated	
	31 December 2013	**31 December 2012**
	$	**$**
Interest in:		
Accumulated losses	(54,857)	(48,207)
Reserves	(1,378)	(260)
	(56,235)	**(48,467)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

16. COMMITMENTS

Exploration

In order to maintain current rights of tenure to mining tenements, the Group has the following discretionary exploration expenditure requirement up until expiry of leases. These obligations are subject to renegotiation on expiry of the leases, and are not provided for in the financial statements and are payable:

	31 December 2013 $	31 December 2012 $
Not longer than one year	53,572	153,936
Longer than one year, but no longer than five years	-	225,244
	53,572	379,180

The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

17. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at 31 December 2013.

18. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the period the consolidated entity operated in two geographical segments being Australia and Chile, and one business segment (for primary reporting) being mineral exploration.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual Financial Statements of the Group.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory Financial Statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

19. OPERATING SEGMENTS (cont)

Segment Information

	Exploration $	Reconciliation of Segment $	Consolidated $
Period Ended 31 December 2013			
Other income			
Interest revenue	-	116,562	116,562
Total segment income	**-**	**116,562**	**116,562**
Segment Result	**(983,297)**	**(646,361)**	**(1,629,658)**
Segment Assets	**269,414**	**2,875,355**	**3,144,769**
Segment Liabilities	**(42,439)**	**(61,258)**	**(103,697)**
Included within segment result;			
Exploration expense	(101,112)	(3,632)	(104,744)
Period Ended 31 December 2012			
Other income			
Interest revenue	822	126,114	126,936
Total segment income	**822**	**126,114**	**126,936**
Segment Result	**(4,070,144)**	**(618,076)**	**(4,688,220)**
Segment Assets	**592,485**	**4,406,969**	**4,999,454**
Segment Liabilities	**151,838**	**201,440**	**353,278**
Included within segment result;			
Exploration expense	(124,091)	-	(124,091)
Impairment of exploration and evaluation asset	(3,098,160)	-	(3,098,160)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

19. OPERATING SEGMENTS (cont)

Geographical Information

The Group operates in two principal geographical areas – Australia and Chile. There are no external revenues earned by the Group that relate to the Chilean geographical area.

31 December 2013	**Australia**	**Chile**	**Total**
Non-Current Assets	**$**	**$**	**$**
Property, Plant and Equipment	13,712	-	13,712
Other non-current asset	-	-	-
	13,712	**-**	**13,712**

31 December 2012	**Australia**	**Chile**	**Total**
Non-Current Assets	**$**	**$**	**$**
Property, Plant and Equipment	25,713	150,449	176,162
Other non-current asset	-	251,739	251,739
	25,713	**402,188**	**427,901**

20. CASH FLOW INFORMATION

	31 December 2013 $	**31 December 2012 $**
(i) Reconciliation of cash flows from operating activities with profit/(loss) after income tax		
Profit / (loss) for the period after income tax	(1,629,658)	(4,688,220)
Adjustments for:		
Interest reclassified	(124,624)	(160,697)
Loss on sale of assets	61,130	-
Depreciation	27,253	34,856
Impairment of exploration evaluation asset	-	3,098,160
Option based payments	35,739	172,176
Diminution in share value	-	60
Foreign exchange	(24,922)	74,963
	(1,655,082)	(1,468,702)
Change in trade and other receivables	68,563	35,965
Change in trade and other payables	(250,986)	49,398
Change in other non-current assets	251,739	(251,739)
Change in provisions	1,405	(105,825)
Net cash outflows from operating activities	**(1,584,361)**	**(1,740,903)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

21. SHARE BASED PAYMENTS

At 31 December 2013, the Group has the following outstanding share and option based payments arrangements in place.

Note: the below options were issued in prior periods. There have been no new share based payments during the current period.

Options – issued during the period to 31 December 2012	**$**
- 14.5 million options issued to Sandfire Resources NL	475,600
- 8 million options issued as consideration for Mystic Sands Pty Ltd	259,200

The weighted average fair value of the options referred to above were calculated by using the Black and Scholes options pricing model applying the following inputs:

	Options issued to Consultants- Sandfire Resources NL	**Options issued as part of Acquisition of Mystic Sands Pty Ltd (on 8/11/2011)**
Number of options issued	14,500,000	8,000,000
Exercise price	$0.20	$0.20
Expiry date	30 April 2014	30 April 2014
Weighted average life of options	1020 days	1029 days
Underlying share price at grant date	$0.081	$0.078
Volatility	95.1%	95.1%
Risk free rate	4.75%	4.75%
Fair value at grant date	$0.0328	$0.0324

* The fair value of options issued to consultants is expensed as "option based payments" over the life of the Technical Services Agreement from 27 May 2011 to 27 May 2013

The historical volatility of the Company's share price has been used as the basis for determining expected share price volatility. The life of the options is based on the days remaining until expiry.

The Company has the following options outstanding:

	31 December 2013	**Weighted Average Exercise Price $**
Option balance at the beginning of the period	92,142,502	0.193
Options cancelled during the period	(62,092,501)	(0.199)
Forfeited during the period (employee incentive scheme)	(6,050,001)	(0.139)
Option balance at the end of the period	24,000,000	0.193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

22. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

23. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The Group does not speculate in the trading of derivative instruments. The main risks the Group is exposed to through its financial instruments are:

- Credit risk
- Liquidity risk
- Market risk

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The board as a whole has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return

Interest rate risk

The Group has no current or non-current corporate borrowings at 31 December 2013 or 31 December 2012. The Group has interest rate exposure to the cash and other financial assets (term deposits) held at bank, which are subject to both fixed and variable interest rates. Interest rate risk results principally from changes in the benchmark interest rate. However, as the interest earned on deposited cash is fixed, the Group has elected not to actively manage this interest rate outside of ordinary monitoring activities.

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The tables indicates the impact of how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

23. FINANCIAL INSTRUMENTS (Cont)

At 31 December 2013, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

Year ended 31 December 2013

CHANGE IN LOSS	**Change $**
Increase in interest rate by 200 basis points	+61,520
Decrease in interest rate by 200 basis points	-61,520

CHANGE IN EQUITY	**Change $**
Increase in interest rate by 200 basis points	+61,520
Decrease in interest rate by 200 basis points	-61,520

6 months ended 31 December 2012

CHANGE IN LOSS	**Change $**
Increase in interest rate by 200 basis points	+88,958
Decrease in interest rate by 200 basis points	-88,958

CHANGE IN EQUITY	**Change $**
Increase in interest rate by 200 basis points	+88,958
Decrease in interest rate by 200 basis points	-88,958

The interest rate profile of the Group's interest-bearing financial instruments is provided further below.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages interest rate and liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

The details of the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, is provided further below.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

23. FINANCIAL INSTRUMENTS (cont.)

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The Board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Group's surplus funds are invested with AA Rated financial institutions.

The credit risk for counterparties included in cash and cash equivalents is detailed below:

	31 December 2013 $	**31 December 2012 $**
Financial assets:		
Cash and cash equivalents and term deposits		
- Cash and cash equivalents AA rated counterparties	247,476	247,913
- Term deposits AA rated counterparties	2,828,504	4,200,000

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

23. FINANCIAL INSTRUMENTS (Cont)

31 December 2013	**Floating Interest Rate**	**Fixed Interest maturing in 1 year or less**	**Fixed Interest maturing over 1 to 5 years**	**Non-interest bearing in 1 year or less**	**2013 total**
Financial assets					
Cash	-	-	-	247,476	247,476
Term deposits	-	2,828,504	-	-	2,828,504
Receivables	-	-	-	44,537	44,537
	-	2,828,504	-	292,013	3,120,517
Weighted average Interest rate	-	3.6%	-	-	-
Financial Liabilities					
Payables	-	-	-	69,932	69,932
	-	-	-	69,932	69,932
Weighted average interest rate	-	-	-	-	-

31 December 2012	**Floating Interest Rate**	**Fixed Interest maturing in 1 year or less**	**Fixed Interest maturing over 1 to 5 years**	**Non-interest bearing in 1 year or less**	**2012 total**
Financial assets					
Cash	-	-	-	247,913	247,913
Term deposits	-	4,200,000	-	-	4,200,000
Receivables	-	-	-	93,074	93,074
	-	4,200,000	-	340,987	4,540,987
Weighted average Interest rate	-	4.45%	-	-	-
Financial Liabilities					
Payables	-	-	-	320,918	320,918
	-	-	-	320,918	320,918
Weighted average interest rate	-	-	-	-	-

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss due to fair value changes.

The Group’s income and operating cash flows are substantially independent of changes in market interest rates.

Net fair value
The fair value has been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

24. PARENT ENTITY DISCLOSURES

White Star Resources Limited

Financial Position	**31 December 2013**	**31 December 2012**
Assets		
Current Assets	3,109,471	4,377,555
Non-Current Assets	24,252	25,713
Total Assets	3,133,723	4,403,268
Liabilities		
Current Liabilities	61,258	201,440
Non-Current Liabilities	-	-
Total Liabilities	61,258	201,440
Net Assets	3,072,465	4,201,828
Equity		
Issued Capital	18,060,958	18,060,958
Accumulated losses	(16,664,037)	(15,498,933)
Option benefit reserve	1,675,544	1,639,805
Total Equity	3,072,465	4,201,829

Financial Performance		
Profit/(Loss) for the period	(1,165,104)	(5,459,438)
Other Comprehensive Income	-	-
Total Comprehensive Income	(1,165,104)	(5,459,438)

Guarantees of the Parent Entity

There are no guarantees of the parent entity.

Contingent Liabilities of the Parent Entity

There are no contingent liabilities of the parent entity.

Commitments for the acquisition of property, plant and equipment by the Parent Entity

There are no capital commitments of the parent entity.

25. TRANSACTIONS WITH RELATED ENTITIES

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Remuneration (excluding the reimbursement of costs) received or receivable by the directors of the Group and aggregate amounts paid to superannuation plans in connection with the retirement of directors are disclosed in Note 5 to the accounts.

The Company entered into a Technical Service Agreement with Sandfire Resources in the prior year, this has since been terminated as at 9 July 2013.

There have been no further transactions with Key Management Personnel.

DIRECTORS' DECLARATION

1. In the opinion of the directors of White Star Resources ('the Company'):

   (a) the consolidated financial statements and notes that are set out on pages 17 to 51 and the Remuneration report in section 13 in the Directors' report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 There are reasonable grounds to believe that the Company and the group entities identified in Note 10 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the company secretary for the financial year ended 31 December 2013.

4. The directors draw attention to Note 1 (ii) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

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Stephen Anastos
Chairman

Perth,
28 March 2014

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The issued capital of the Group as at 27 March 2014 is 250,085,003 ordinary fully paid shares, 22,500,000 unlisted options (exercisable at 20 cents, on or before 30 April 2014), 500,000 unlisted options (exercisable at 8 cents, on or before 6 October 2016), 500,000 unlisted options (exercisable at 9 cents, on or before 6 October 2016), and 500,000 unlisted options (exercisable at 10 cents, on or before 6 October 2016). All issued ordinary fully paid shares carry one vote per share.

The distribution of members and their holdings of equity securities in the Group as at 27 March 2014 was as follows:

Number Held as at 27 March 2014	**Fully Paid Ordinary Shares**
1-1,000	12,796
1,001 - 5,000	210,078
5,001 – 10,000	976,134
10,001 - 100,000	8,825,982
100,001 and over	240,060,013
TOTALS	**250,085,003**
Holders of less than a marketable parcel	332
- fully paid shares	5,435,704

Substantial Shareholders

The company has the following substantial shareholders listed in the Company's register as at 27 March 2014:

SANDFIRE RESOURCES NL	17.394%
ZERO NOMINEES PTY LTD	10.659%

Restricted Securities

The Group has no restricted securities on issue.

ADDITIONAL SHAREHOLDER INFORMATION (CONT)

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 27 March 2014 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
SANDFIRE RESOURCES NL	43,500,000	17.394
ZERO NOMINEES PTY LTD	26,657,144	10.659
KEYRATE ENTERPRISES PTY LTD	10,000,000	3.999
RAVENHILL INVESTMENTS PTY LTD	8,200,000	3.279
MR ALAN BRIEN & MRS MELINDA BRIEN <A & M BRIEN SUPER FUND A/C>	6,569,800	2.627
PERSHING AUSTRALIA NOMINEES PTY LTD <INDIAN OCEAN A/C>	6,135,000	2.453
GREATSIDE HOLDINGS PTY LTD	5,450,000	2.179
INKESE PTY LTD	4,000,000	1.599
KEYRATE ENTERPRISES PTY LTD	3,775,000	1.509
THREE ZEBRAS PTY LTD	3,350,000	1.340
PETER FRANCIS MEAGHER & OLGA MEAGHER <P MEAGHER SUPER FUND>	3,256,579	1.302
ICE COLD INVESTMENTS PTY LTD	3,132,471	1.253
NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	3,114,286	1.245
HENRY CECIL FLOYD LUIS MATTE LARRAIN	3,013,157	1.205
WALLOON SECURITIES PTY LTD	3,000,000	1.200
MR PETER FRANCIS MEAGHER <P&O MEAGHER SUPER FUND A/C>	2,979,333	1.191
MR PHILIP REES <PIDGEON GROVE SUPER A/C>	2,914,286	1.165
MR JEREMY TOBIAS	2,740,026	1.096
ROSS CURTIS BROWN & AUDREY BROWN	2,565,789	1.026
SAMMY RESOURCES PTY LIMITED	2,500,000	1.000
Total	**146,852,871**	**58.721**

CORPORATE GOVERNANCE STATEMENT

The Board of Directors are responsible for the overall strategy, governance and performance of White Star Resources Limited and its controlled entities. The Group is an exploration group whose strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialisation of its projects. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Group.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, White Star Resources Limited is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where White Star Resources Limited has not followed a recommendation, this has been identified and an explanation for the departure has been given. Further details can be found on the Group's website.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
1.	***Lay solid foundations for management and oversight***	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Satisfied. Refer the Corporate Governance section on the Group website. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The Board is responsibile for the day-to-day operations and administration of the Company.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The Board has established formal processes to review its own performance and the performance of individual directors and any committees of the Board annually.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1*.	Satisfied. Refer to Annual Report and the Corporate Governance section on the Group website. The Company does not currently have any senior executives.
2.	***Structure the board to add value***	
2.1	A majority of the board should be independent directors.	Satisfied. The majority of the directors on the board are considered independent.
2.2	The chair should be an independent director.	Not satisfied. The chair of the Board is a substantial shareholder of the Company.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company does not have a chief executive officer and all operational matters are dealt with by the full board.
2.4	The board should establish a nomination committee.	Not satisfied. The Board considers that given the current size of the board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage. The Company's Corporate Governance Plan includes a Nomination Committee Charter, which discloses the specific responsibilities of the committee. In addition, the Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Group, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied.
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2*.	Satisfied.
3.	***Promote ethical and responsible decision-making***	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: ▪ the practices necessary to maintain confidence in the company's integrity ▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Not Satisfied. The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people. Under the Company's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation. Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet established a Diversity Policy. However, as the Company develops the Board will consider adopting such a policy.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	Not Satisfied. Given the size of the Company, the Company has not yet set measurable objectives for achieving gender diversity. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Satisfied. Given the size of the Board and the Company, the Board considers that this function is efficiently achieved with Ms Robinson as a non-executive director and joint company secretary and Ms Sandford as joint Company Secretary holding

		senior positions in the Company.
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3*.	Satisfied.
4.	***Safeguard integrity in financial reporting***	
4.1	The board should establish an audit committee.	Not Satisfied. The Directors believe that it would not increase efficiency or effectiveness to have a separate audit committee, and that audit matters are of such significance that they should be considered by the full Board. The Board may seek independent external professional advice as considered necessary if it requires assistance in this area.
4.2	The audit committee should be structured so that it: ▪ consists only of non-executive directors ▪ consists of a majority of independent directors ▪ is chaired by an independent chair, who is not chair of the board ▪ has at least three members.	Not satisfied. Refer 4.1.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter, which discloses the manner and process to consider audit and risk management matters.
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4*.	Satisfied.
5.	***Make timely and balanced disclosure***	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available in the Corporate Governance section on the Group website.
5.2	Companies should provide the information indicated in *Guide to Reporting on Principle 5.*	Satisfied. Refer to the Corporate Governance section on the Company's website.
6.	***Respect the rights of shareholders***	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Satisfied. Communications with Shareholders policy is available in the Corporate Governance section on the Company's website, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6*.	Satisfied. Refer to the Corporate Governance section on the Company's website.
7.	***Recognise and manage risk***	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management policy is available in the Corporate Governance section on the Company's website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its	Satisfied. Refer 7.1 & 7.3.

	material business risks.	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied.
7.4	Companies should provide the information indicated in *Guide to Reporting on Principle 7*.	Satisfied. Refer 7.1.
8.	***Remunerate fairly and responsibly***	
8.1	The board should establish a remuneration committee.	Not satisfied. The Board considered this recommendation and formed the view that it would not increase efficiency or effectiveness to have a separate committee, and that remuneration matters are of such significance that they should be considered by the full Board. The Board may seek independent external professional advice as considered necessary if it requires assistance in this area. The Company's Corporate Governance Plan includes a Remuneration Committee Charter, which discloses its specific responsibilities.
8.2	The remuneration committee should be structured so that it: ▪ consists of a majority of independent directors ▪ is chaired by an independent director ▪ has at least three members	Not satisfied. Refer to 8.1.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Satisfied.
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8*.	Satisfied.

SCHEDULE OF MINERAL TENEMENTS
AS AT 28 MARCH 2014

Project	Mining Tenement (License)		Location	Interest Held
Project Amigo	AMIGO 2, 1-30	1013-2010	Chile	100%
Project Amigo	AMIGO 6, 1-30	1014-2010	Chile	100%
Project Amigo	AMIGO 7, 1-27	1015-2010	Chile	100%
Project Amigo	AMIGO 8,1-30	1016-2010	Chile	100%
Project Amigo	AMIGO 9, 1-20	1017-2010	Chile	100%
Project Amigo	AMIGO 1-A	386-2011	Chile	100%
Project Amigo	AMIGO 2-A	387-2011	Chile	100%
Project Amigo	AMIGO 6-A	728-2011	Chile	100%
Project Amigo	AMIGO 7-A	389-2011	Chile	100%
Project Amigo	AMIGO 8-A	390-2011	Chile	100%
Project Amigo	AMIGO 9-A	729-2011	Chile	100%
Project Condor	CONDOR 1-55	50622-2010	Chile	100%
Project Condor	CONDOR 2, 1-30	50623-2010	Chile	100%
Project Condor	CONDOR CINCO 1-60	1759-2011	Chile	100%
Project Condor	CONDOR NUEVE 1 AL 10	1391-2011	Chile	100%
Project Condor	SAN PABO UNO AL TRES	-	Chile	50%
Project Condor	CATHERINE	V-212-2012	Chile	100%
Project Condor	CONDOR 9	V-735-2012	Chile	100%
Project Condor	CONDOR 4	V-736-2013	Chile	100%
Project Condor	CONDOR SEIS	V-1388-2011	Chile	100%
Project Condor	CONDOR SIETE	V-1389-2011	Chile	100%
Project Condor	NICOLE	V-113-2012	Chile	100%
Project Dundee	DUNDEE 1 AL 10	1167-2008	Chile	100%
Project Henry	DANIELA 1 AL 20	1279-2011	Chile	100%
Project Henry	DANIELA DOS 1 AL 20	1280-2011	Chile	100%
Project Henry	FLETE 1 AL 60	22962-2009	Chile	100%
Project Henry	HENRY A 1 AL 2	24411-2010	Chile	100%
Project Henry	HENRY B 1 AL 2	24412-2010	Chile	100%
Project Henry	HENRY DOS 1 AL 60	23614-2009	Chile	100%
Project Henry	HENRY TRES 1 AL 60	1281-2011	Chile	100%
Project Henry	HENRY UNO 1 AL 40	48635-2009	Chile	100%
Project Henry	ORITO 7 1	V-470-2012	Chile	100%
Project Henry	ORITO 8 1	V-471-2012	Chile	100%
Project Henry	ORITO DOS A 1 AL 13	V-927-2011	Chile	100%
Project Henry	ORITO DOS A 1 AL 17	1350-2011	Chile	100%
Project Henry	ORITO DOS C 1	1348-2011	Chile	100%
Project Henry	ORITO DOS D1	1347-2011	Chile	100%
Project Henry	ORITO DOS E1	1346-2011	Chile	100%
Project Henry	ORITO DOS G1 AL 4	1345-2011	Chile	100%
Project Henry	ORITO TRES A 1	1276-2011	Chile	100%
Project Henry	ORITO UNO 1 AL 53	926-2011	Chile	100%
Project Henry	ORITO UNO F1	1275-2011	Chile	100%
Project Henry	RAMON 1 AL 20	1140-2011	Chile	100%
Project Henry	ROSS 1 AL 40	23613-2009	Chile	100%
Project Henry	ANDROMEDA 1	V-991-2012	Chile	100%
Project Henry	ANDROMEDA 2	V-990-2012	Chile	100%
Project Henry	ANDROMEDA 3	V-989-2012	Chile	100%
Project Henry	ANDROMEDA 4	V-988-2012	Chile	100%
Project Henry	ANDROMEDA 5	V-987-2012	Chile	100%
Project Henry	ANDROMEDA 6	V-986-2012	Chile	100%
Project Henry	ANDROMEDA 7	V-984-2012	Chile	100%
Project Henry	ANDROMEDA 8	V-984-2012	Chile	100%

Project	Mining Tenement (License)		Location	Interest Held
Project Henry	ORION 1	V-1264-2011	Chile	100%
Project Henry	ORION 2	V-1265-2011	Chile	100%
Project Henry	ORION 3	V-1266-2011	Chile	100%
Project Henry	ORION 4	V-1267-2-11	Chile	100%
Project Henry	ORION 5	V-1268-2011	Chile	100%
Project Henry	ORION 6	V-1269-2011	Chile	100%
Project Henry	ORION 7	V-1270-2011	Chile	100%
Project Henry	ORION 8	V-1271-2011	Chile	100%
Project Henry	ORION 9	V-1272-2011	Chile	100%
Project Henry	ORION 10	V-1273-2011	Chile	100%
Project Nany	NANY 1 AL 12	15017	Chile	100%
Project Nany	NANY 1, 1 AL 9	V-2377-2010	Chile	100%
Project Nany	NANY 2, 1 AL 13	V-2378-2010	Chile	100%
Project Nany	NANY 3, 1 AL 13	V-2379-2010	Chile	100%
Project Nany	NANY 4, 1 AL 11	V-2380-2010	Chile	100%
Project Nany	NANY A, 1 AL 3	V-3896-2011	Chile	100%
Project Nany	NANY B 1, AL 5	V-3897-2011	Chile	100%
Project Nany	NANY C, 1 AL 5	V-3927-2011	Chile	100%
Project Nany	NANY D, 1 AL 5	V-3898-2011	Chile	100%
Project Nany	NANY E1 AL 5	V-3899-2011	Chile	100%
Project Nany	NANY F1 AL 9	V-3900-2011	Chile	100%
Project Nany	NANY G1	V-3901-2011	Chile	100%
Project Nany	NANY H1	V-3902-2011	Chile	100%
Project Nany	NANY I1	V-5000-2011	Chile	100%
Project Nany	DOMINO CERO 1 AL 5	V-1958-2013	Chile	100%
Hinklers Well North	E53/1449	-	Western Australia	100%

* White Star Resources Limited owns 100% of Mystic Sands Pty Ltd which is turn owns 99% of White Star Chile SCM (formerly known as Puna Resources SCM). White Star Chile is the registered licence holder of these interests.

P Prospecting Licence
E Exploration Licence
M Mining Licence
EPC Exploitation Concession (Chile)
EXC Exploration Concession (Chile)
EMC Exploration Mining Concession (Chile)
MC Mining Claim (Chile)
MP Mining Petition (Chile)